

**A decade of Performance Management at local level: The case of  
the Saldanha Bay Municipality: 2005 to 2015**

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## **ABSTRACT**

South Africa is plagued by municipal service delivery protest actions on a perennial basis. This observable fact is confirmed in the municipal audit reports of the Auditor General (AG) for the 2010-11 and 2011-12 financial years. One of the reasons cited for these poor audit results by the office of the Auditor General is problems linked to the management of performance, or the absence of a proper Performance Management System (PMS).

This study aims to establish why a municipality finds it difficult to develop, implement and sustain a proper PMS, and what factors contribute to an efficient PMS in a municipality. This research is based on a case study of a category B-municipality, namely the Saldanha Bay Municipality and explores various factors necessary to ensure the effective implementation of a performance management system. The primary aim of the study is to identify and discuss the negative and the positive factors regarding the case of the Saldanha Bay Municipality over a period of 10 years. It analyses the PMS problem areas and endeavours to understand what contributed to the Auditor General's 'clean audit' finding in the 2013/14 and 2014/15 financial periods.

The study utilized the case study approach as this is arguably the most appropriate approach to understand and interpret the phenomenon that was studied. The study also concentrates on both primary and secondary sources of data. Secondary sources include books, journal articles and government reports whilst the primary sources include personal observations, structured interviews and a survey questionnaire. The survey questionnaire was adapted from the de Waal and Counet (2009) questionnaire and applied to the management / staff of this municipality. This instrument is appropriate in that it allowed the researcher to probe and explore the 31 performance categories against which the implementation of a Performance Management System in the Saldanha Bay Municipality was assessed.

The key findings of this study, especially in the first 5 years of the decade in discussion, indicate that the lack of management commitment, leadership and support played a role in the problems related to the implementation of a PMS. Other factors that were also evident were the lack of enough time and resources for the implementation of a PMS and the lack of a comprehensive change management process during the implementation phase. A fourth finding was that the PMS did not present enough benefits for management, particularly in their daily management activities, which resulted in a culture of compliance, rather than a culture of performance.

## **DECLARATION**

By submitting this dissertation electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof (save to the extent explicitly otherwise stated), and that all the sources I have used or quoted have been indicated and acknowledged as complete references. I further declare that reproduction and publication of this dissertation by the University of the Western Cape will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

**Signed:**

.....

**Abraham Erasmus du Plessis**

**Date:**

.....

## **DEDICATIONS**

I would like to dedicate this work to my wife, Dorette, for your endless love, support, and being the best mother my children could ask for. You are the best.

## ACKNOWLEDGEMENTS

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## **LIST OF ABBREVIATIONS / ACRONYMS**

AG	Auditor General
COGTA	(Department of) Cooperative Governance and Traditional Affairs
DPLG	Department of Provincial and Local Government
IDP	Integrated Development Plan
LG	Local Government
LGTAS	Local Government Turnaround Strategy
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MSA	Municipal Systems Act
NPM	New Public Management
OECD	Organisation for Economic Cooperation and Development
OPM	Organisational Performance Management
PDOs	Pre Determined Objectives
PM	Performance Management
PMS	Performance Management System
PSEM	Public Service Excellence Model
SBM	Saldanha Bay Municipality
SDBIP	Service Delivery and Budget Implementation Plan
TASK	Tuned Assessment of Skills and Knowledge

## **CHAPTER 1**

### **OVERVIEW OF THE STUDY**

#### **1.1 Introduction to the Study**

There has been a global focus, since the mid-1980s, on the improvement of service delivery in the public sector. One of the key issues that have emerged from this focus relates to the management of performance in the delivery of services by the three levels of government, National, Provincial and Local Government. This focus is more pronounced at the level of local government, as the level of government at the grassroots providing basic services to the people of South Africa. Consequently, the South African government has introduced a variety of legislative and policy frameworks that refer, either directly or indirectly, to ensuring the monitoring and evaluation of performance. At the local government level, for example, the White Paper on Local Government, 1998 and the Municipal Systems Act, 2000 clearly articulate the need for municipalities to establish, develop and implement performance management systems within its organisation.

The Constitutional objectives of Local Government (LG) in South Africa (SA) are determined by chapter 7 of the country's Constitution, which states the following in section 152:

- To provide democratic and accountable local government for local communities;
- To ensure the provision of services to the communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

This section of the Constitution requires local government to ensure proper performance management systems, identify relevant key performance indicators to measure performance with regard to outputs and outcomes, linked to the development priorities of a municipality's development priorities and objectives. Added to this, a municipality must also set realistic performance targets and monitoring and review systems in place to ensure that performance indicators that were linked to the Integrated Development Plan (IDP), are achieved, and if not, establish the reasons for underperforming. The

publishing of Annual and Oversight reports are required in terms of the Municipal Systems Act and must be made available to the public and other spheres of government.

A study undertaken by Van der Waldt in 2006 (p.129) revealed that various municipalities in South Africa indicate that the implementation of a Performance Management System (PMS) is dealt with in an incremental, developmental fashion. Therefore, and in spite of the legislative framework, the majority of municipalities in South Africa are not able to function economically, effectively and efficiently (AG 2012). Van der Waldt's (2006) study is in the same way applicable to the situation that prevailed at the Saldanha Bay Municipality (SBM) during the period 2005 to 2011 in that the establishment of a PMS and related monitoring and oversight mechanisms were neglected and in some instances not complied with.

Reflecting on performance management and its importance in the South African local government context, two issues come to mind. In the first instance, the democratic government's initial emphasis during the post-apartheid (1994-1998) period was on policy development. Subsequently, the community's demands for basic and better services shifted the emphasis to the provision of effective, efficient and economical implementation of policies. Although one can argue that policies existed, clearly stipulated roles and responsibilities, monitoring and performance assessments were lacking. No emphasis was placed on a performance management framework for municipalities during this phase by the national government. The issue of performance management was left to individual municipalities to develop and implement. The Municipal Systems Act, legalising performance management, was only introduced in 2003. Secondly, in an effort to improve this situation, the White Paper on Local Government (1998) initiated the introduction of performance management to local government, which was followed by the implementation of the Local Government Municipal Systems Act in 2003 to implement a PMS. The launch of the Strategic Agenda for Local Government in 2006 (Van Donk et al 2008, p 8.) created a more focused effort to entrench performance management in municipalities. This strategic agenda speaks to the expectation that national performance targets must inform municipal targets, the discussion documents on the concept of a "single public service", the reform of the financial management systems of local government and the area of "monitoring and evaluation". The greater effort to establish mechanisms for better interdepartmental cooperation is also included in this agenda.

Nonetheless, on the submission of performance reports on predetermined objectives (PDOs) or performance targets, the Auditor General SA in the Consolidated General Report on the Local Government 2009-10 audit outcomes (p. 28), reports that only 18 (8%) of the 286 municipalities in South Africa published performance reports that satisfied regulatory requirements and were both useful and reliable. In this report the Auditor General also stated that this finding can be attributed to the fact that leadership does not assign the same level of commitment to addressing audit findings. The 2010-11 Auditor General report on Local Government audit outcomes (AG, 2012, p.27) presented specific problems with regard to performance management, which included the following findings:

- Inadequate performance management of accounting officers and employees and a lack of consequences due to poor performance;
- The controls and performance objectives of the municipality do not filter through to the performance contracts of municipal officials in order to direct their daily operations.
- Lack of discipline, an absence of commitment to serving the public interest and non-adherence to the code of conduct for municipal officials were identified as root causes by oversight role players.

Comparing these findings with the situation at SBM during the same period, the Auditor General's report (AG, 2012, page 5) indicates that the accounting officer (Municipal Manager) did not adhere to his statutory responsibilities. Additionally, the SBM had not detailed the performance indicators for that financial year, did not establish and implement a PMS and the managers directly accountable to the Municipal Manager did not sign individual and separate annual performance agreements.

With regard to the functionality of local government and institutional performance, the Consolidated General Report on the Local Government 2009-10 audit outcomes (2011, p.30) highlights frequent incidences of non-compliance, either as it relates to the establishment of the system or the signing of performance contracts. One of the root causes of the problem regarding insufficient institutional and organisational professionalism / accountability in municipalities was that performance management policies were not rolled out to all levels in Councils as presented in the Overview Report on the 'State of Local Government' (Dept of COGTA, 2011, p.29). Secondly, a 'performance management culture,' referred to in section 38 (b) of the Municipal Systems Act, is absent. Several attempts in the past by government to improve the performance of municipalities by means of special programmes failed or did not produce the required results. Programmes such as the 2002 Project Consolidate (CoGTA, 2009, p 25) and the 2009 Local Government Turnaround Strategy did not achieve a turnaround for the majority of municipalities (Van Der Waldt, 2014, p 133).

Against this background it is important to conduct a study on the implementation of performance management systems at local government level to establish the factors why local governments, and specifically the SBM failed to implement and maintain a proper PMS.

## **1.2 Statement of the Problem**

Saldanha Bay Municipality (SBM) is a Category B municipality (non-metro or district) established in terms of the Municipal Structures Act 117 of 1998 and is situated on the west coast of South Africa, 140km north-west of Cape Town. It forms part of the West Coast District Municipality. SBM covers an area of 2015km and has 238km of coastline. The population is 99 193 (SBM 2010/11 Annual Report) with a population growth of 3,45% per annum and 28 835 households. SBM consists of the following six towns: Vredenburg, Saldanha, Langebaan, Hopefield, St Helena Bay and Paternoster. It also includes the smaller coastal villages of Jacobsbaai and Paternoster (LG Handbook, 2015, p. 303 and p. 307). In terms of the stipulations of the Municipal Demarcation Act 27 of 1998, SBM qualified for a municipal council of 25 councillors consisting of 13 ward and 12 proportional councillors (until the 2016 elections). The Council, which is controlled by the Democratic Alliance (DA) was elected during the 2011 local government elections, the fourth local government elections since 1995. Based on the recent local government elections in August 2016, the Council remains under DA control. The staff establishment for the 2014/2015 financial year was 1046, consisting of 5 Directorates, including 13 departments in total. The total budget (capital and operational) for the 2014/15 financial year amounted to R 1 051 million, with a current ratio of 3.5 and R 319 million on short term investment. The debt to total operating revenue was 5.7%.

Since the 2001 local government elections, SBM was subjected to political instability, since the major political parties were not able to secure an outright majority at local government elections to control the Council. This resulted in the smaller parties or independent councillor(s) dictating proceedings and being *ōkingmakersō*. In the period 2001 until 2011 SBM had a total of ten mayors and six municipal managers (including acting municipal managers). Suffice to say that this political instability influenced the administration and management negatively, which had an impact on service delivery and compliance as illustrated in the audit reports by the office of the Auditor General (AG) in the 2008/2009 and 2009/2010 financial years.



One key area of non-compliance was the issue of performance management. Performance management and a performance management system (PMS) is a legislative requirement in local government as stipulated in chapter six of the Local Government: Municipal Systems Act 32 of 2000. The performance management function is audited annually by the office of the Auditor General as part of the municipalities' predetermined objectives (PDOs). In the AG report on the PDOs of the 2010/2011 financial year (AG, 2012) several non-compliance issues were identified.

Firstly, the accounting officer did not, by 25 January 2011, assess the performance of the municipality during the first half of the 2010/11 financial year. This officer was supposed to take into account the municipal service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72(1)(ii) of the Municipal Finance Management Act (MFMA). Consequently, the results of the assessment could not be sent to the mayor of the municipality, the National Treasury and the provincial treasury, as required by section 72(1)(b) of the MFMA.

Secondly, the Annual Performance Report did not contain a comparison of the performance of the municipality and each external service provider with development priorities, objectives and performance indicators set out in its Integrated Development Plan (IDP), as required by section 46 of the Municipal Systems Act (MSA). The municipality did not implement a framework that describes and represents how the municipality's cycle and process of performance planning, monitoring, measurement, review, reporting and improvements will be conducted, organised and managed, including determining the roles of different role players as required by sections 38, 39, 40 and 41 of the MSA, read with regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Thirdly, the internal auditors of the municipality did not audit the performance measurements on a continuous basis and/or did not submit quarterly reports on their audit to the municipal manager and audit committee. In spite of the SBM being regarded as a high capacity municipality by National Treasury, it obtained qualified audits for the financial years of 2008/9 and 2009/10. The 2009/10 Performance Audit Report found that the PMS of SBM was not operational and was not measuring the pre-determined objectives (PDOs) of the Service Delivery and Budget Implementation Plan (SDBIP) of Council. This is echoed by Davids (2012, p. 5) who stated that contrary to expectations, the SBM performance management implementation process did not result in an operational and

functional PMS. In this context, various opinions exist regarding why SBM failed in this regard. According to Davids (2012, p. 5) high levels of political volatility (changing of political leadership and parties in control) in SBM, the continuous changing of senior officials and the lack of institutionalisation of PMS are some of the variables that have influenced the implementation of performance management in SBM.

### **1.3 Aims and Objectives of the Study**

In this context, the primary objective of the study is to examine the implementation of the performance management system through the case of the Saldanha Bay Municipality (SBM) with specific reference to the period 2005 ó 2015. This period spans the introduction of performance management at the SBM and the turnaround period towards an effective performance management system. Therefore, the researcher was able to gain insight into the challenges experienced during the initial phase and the factors that contributed to a more successful performance management system.

The secondary objectives were:

1. To critically analyse, discuss and present scholarly debates on the practice and implementation of performance management systems in the public sector;
2. To present the regulatory framework for the introduction and implementation of a performance management system in the South African local government context;
3. To critically examine the implementation of performance management in SBM during the period 2005 to 2015;
4. To identify, examine and critically discuss the strengths and challenges or influences during these periods using the survey from De Waal and Counet (2009);
5. To explore the experiences of the stakeholders during this period with specific reference to top, senior and middle management in an effort to gauge their insights, knowledge, expertise and attitudes towards performance management;
6. To present, interpret and discuss the findings of the survey questionnaire administered at top and senior management levels;
7. To propose recommendations for improvements in future.

The research was guided by the following question:

What factors, negatively or positively, impacted on the implementation and sustainability of a Performance Management System in the case of Saldanha Bay Municipality, specifically during the period 2005/2006 until 2014/2015?

The study was guided by the following assumptions:

- Assumption 1 - The implementation failure of a PMS is due to a lack of commitment and low prioritisation of PM by top management;
- Assumption 2 - A PMS system is dependent on performance culture linked with a change management intervention;
- Assumption 3 - A PMS fails because management does not see enough benefit from it and merely complies;
- Assumption 4 - The failure of a PMS can be attributed to a lack of understanding by management on key technical PMS concepts.

#### **1.4 Research Design and Methodology**

This research used a case study approach, using primary and secondary data sources to understand why a municipality found it difficult to implement and sustain a proper performance management system. The reason for using the case study was based on the principles of Winegardner (2001), stating that the case study is well established in the qualitative research tradition. Winegardner elaborates further that the case study lends itself well to a process where the aim of the researcher is to interpret and to inductively develop further constructs. The view was also held that the case study is suitable to answer the 'how' and 'why' questions, but unlike the experiment does not require control over the behavioural events (Williams, 2004). Brignall and Modell (2000, p.301) in their study on performance measurement and management in the 'new public sector' adopted the case-study approach because according to them, the core concepts of integration and balance in PMS design and use are complex phenomena that may require intensive studies. Primary and secondary data sources were relied upon to gather information related to the subject matter under investigation. Primary sources included the survey questionnaire, structured interviews and personal observations. Secondary sources of data included books, journal articles and government documents.

The De Waal and Counet (2009, p.367) survey questionnaire was used in its original form to explore the views and experiences of a panel of performance management experts on the implementation challenges of the performance management system in the SBM. Their survey was premised on the fact that the most severe problems that organisations encounter when implementing a PMS are:

- É lack of top management commitment;
- É not having a performance management (PM) culture;
- É PM getting a low priority or its use being abandoned after a change of management (which is a regular occurrence in South African municipalities, with management putting low priority on the implementation), and
- É People not seeing (enough) benefit from PM.

By using the De Waal and Counet questionnaire (2009) that was developed to test the validity and relevance of the problems associated with the implementation of a PMS, the top, senior and junior management at SBM were requested to complete the questionnaire. The questionnaire was used in its original form and no adaptations were made for the SBM research. The rationale for this decision was that the questions contained in this questionnaire were generic enough in nature and applicable to the South African municipal environment. Formal permission was requested and obtained from the authors to use this questionnaire. The nature of these questions relates to performance management culture in the organisation, management commitment, priority on the PMS implementation, the benefits of PMS, resistance to PMS, the role of change management and the lack or existence of an organisational strategy. The major findings of the De Waal and Counet study revealed 7 factors (reasons) that were problematic during the implementation of a PMS. These factors include, unstable foundation (unclear goals and strategy), immaturity, lack of relevancy, employee resistance, low management priority, insufficient resources and uselessness (not supporting managers in their daily activity). The study by De Waal and Counet was conducted using academic experts in the field of performance management, and practitioners working in organisations using PMS. The relevance of the De Waal and Counet findings relate to the fact that this study was conducted with practitioners, but also academics, who conduct research and studies on PMS using the workplace as samples. There findings and the feedback from practitioners are to some extent generic for all organisations and useful for local studies to draw comparisons.

To control the validity and reliability of the data, a pilot survey was conducted on 9 managers to elicit possible problem areas that might emerge and affect the administration of the survey questionnaire and/or data. This number represented 15% of the sample population (60 posts). In collecting the data, the 'purposeful sampling' method was used. This is where the researcher, prior to the project, decides

what important criteria should be studied (31 problem categories). SBM also represented a single case design that is more or less typical of any Category-B municipality in SA. As a case study, the study was largely qualitative in nature, and can be described as evaluative research in that it evaluated the problems associated with the implementation of a performance management system. It also used descriptive statistics in an effort to make sense of the data. Descriptive statistics are used to describe the basic features of the data in a study and provide simple summaries about the sample and the measures. When analysing data, descriptive statistics summarise data in a meaningful way, such as patterns that might emerge from data. However, it does not allow the researcher to make conclusions beyond the data that was analysed, or reach research conclusions regarding hypotheses that the researcher might have made (Laerd-Statistics, 2016).

The sample group included 36 top, senior and middle managers of SBM who entered into a performance agreement and who were involved in the management of performance in the municipality in the period under investigation. The Tuned Assessment of Skills and Knowledge (TASK) job evaluation grades 18 to 14 was the sample frame of officials currently in service and who were in service during the period 2005 - 2015. The TASK job evaluation system is used by the local government sector in SA and consists of 26 job levels, 26 being the highest and 1 being the lowest level. The top level for TASK in SBM starts at T18 (senior manager) and the first level managers are on T14.

## **1.5 Significance of the Study**

The need exists to analyse the case of SBM to learn and sustain the effectiveness of the PMS, not only in SBM, but for all 286 municipalities in South Africa. Without further research and interventions to try and limit the negative factors regarding PMS, SBM and other municipalities will be confronted with the same problems constantly resulting in negative audit reports as in the past. Therefore, research into this specific topic is required to ensure that better prospects exist for Councils, management and citizens to benefit from an efficient PMS. "Efficient" in this sense means that a Performance Framework exists, key performance indicators are developed and linked to the Integrated Development Plan (IDP) and budget of the municipality, and that that outputs / outcomes are clearly defined. It also means that there are sufficient resources and commitment on the part of management to manage the PMS and that monitoring and evaluation is conducted in a structured manner.

The study is of interest for a number of reasons. Firstly, it is in the interest of the local community (and leaders/management) of SBM to understand why a high capacity municipality with adequate resources was unable to effectively establish and maintain a PMS during the period 2005/06 - 2011/12. Secondly, it is important to illustrate how the SBM was able to achieve a turnaround and overcome its challenges with regard to the implementation of the performance management system. Thirdly, the case of the SBM may provide useful insights and experiences to other similar municipalities that may be struggling to implement performance management. Finally, a study of this nature highlights the necessary preconditions upon which the successful implementation of performance management depends.

## **1.6 Literature Review**

Improving the efficiency and effectiveness of the state's machinery has preoccupied the minds of governments since the mid-19<sup>th</sup> century. In 1853 Northcote and Trevelyan published their report on the organisation of the permanent civil service in Britain. In their view, enhancing efficiencies and effectiveness resonated in the appointment of individuals who demonstrated competence in the performance of their duties. Their investigation was premised on the fact that incumbents of the Civil Service in Britain were 'unambitious' and 'incapable' of discharging their duties in the desired manner. Northcote and Trevelyan (1853) proposed a system that ensured the meritorious appointment of individuals who possessed the intellectual capital and commitment to advancing the purposes of the Civil Service.

A century later (but maintaining the emphasis), the Fulton Committee was established to investigate and report on the management and structure of the Civil Service (Fulton Report, 1968). Essentially, their recommendations were very similar to those proposed by Northcote and Trevelyan (1853). They emphasised: (a) the need to appoint graduates with relevant specialisation; (b) the unification of grades and classes; (c) the establishment of a Civil Service College to provide training in management, data analysis, economics and other related skills; (d) the creation of a Civil Service Department; and (e) more competitive approaches to the appointment of individuals to the Civil Service (Jones and Kavanagh 1995, pp.171-172). In the late 1970s Margaret Thatcher, former British Prime Minister, in response to frustrations with the lack of responsiveness of the Civil Service, introduced the Next Steps Agencies. Essentially, the agency approach entailed government 'opting out' of the bureaucracy as the key provider of basic and other social welfare services to ordinary

citizens. The 'agencification' approach led to the delivery of services by free-standing agencies that were closely monitored according to performance targets that included the reduction of costs and quicker delivery of services (Jones and Kavanagh 1995, p.176).

Following on from these reforms, interest in private sector approaches grew. The Public Sector turned to managerialism in an effort to overcome lethargy, rigidity and lack of responsiveness of the state's machinery. Hood (1991 p.1), in distinguishing between the constructs of public administration and public management, describes the latter as a term that makes government more business-like. Following a more business-like or managerial approach therefore requires emphasis on the customer, value for money, inputs versus outputs, amongst other things. According to Bovaird and Löffler (2003, p.5), public management refers to 'an approach which uses managerial techniques (often originating in the private sector) to increase the value for money achieved by public services.'

Fox et al (1991, p 2) state that public administration is a functional societal system and defines it as

'that system of structures and processes, operating within a particular society as environment, with the objective of facilitating the formulation of appropriate governmental policy, and the efficient execution of the formulated policy.'

Therefore, public administration focuses on structures and processes for delivering public services, whilst public management focuses on how effectively these structures and processes function in the delivery of public services.

Consequently, the New Public Management (NPM) is premised on the employment of professional managers; explicit standards and measures of performance; greater emphasis on consistency of service; decentralisation; increased competition between organisations and sub-units; emphasis on private sector management styles; and increased accountability and parsimony in resource use (Hood 1991, pp 4-5).

While much of the focus on the NPM appears to highlight inherent gains for the state machinery insofar as improved service delivery is concerned, Pollitt and Bouckaert (2004, p. 62) term the 'NPM story' as misleading. Three general points provide the basis for their criticism. According to them, there has not been just one type of administrative organisation in existence prior to NPM, but several.

Secondly, even if some parts of the public sector "fitted" the image of the traditional bureaucracy, others definitely do not. In the third instance they state that the accounts given by the "NPM School" of the traditional bureaucracies tend to be one-sided, focusing only on the negative, and ignoring the positives. Manning (2001, p. 300), argues that NPM presented itself unambiguously as the best model for policy implementation in the late 1980s and early 1990s. The mechanisms through which PMS creates value for organisations are not yet fully understood and a better understanding of the role of internal and external factors within the implementation process of PMS might improve their effectiveness (Sole 2009, p. 9). Sole (2009, pp. 7-9) identifies the following internal factors as key to understanding the value of PMS: leadership and internal management commitment, internal resources, performance orientated culture, employee engagement and the maturity of PMS. Factors such as citizens and elected officials, labour unions and legal requirements form part of Sole's external influences.

In their study on the paradoxes of improving performance management (systems) in public administration Van Dooren and Thijs (2010, p. 13) indicated that performance management in public administration has had a long ascent, and in all probability, a long road ahead. Research by Williams (2004 p. 643) analysed management practices in early twentieth-century New York and established that many of the features of the current performance measurements were present at that time. According to Williams the origins of measuring performance can be traced as far back as 1912 to the systems of the New York Bureau of Municipal Research that redefine the budget from a tool for accounting, to an instrument capable of displaying the performance of government. Circa 1930 it is reported that performance measurement had advanced to a well-developed management tool for monitoring government at work (Holzer and Kloby 2005). Van Dooren et al (2010) identify eight movements that have spread performance management in the twentieth century and cluster them into three time segments: (a) pre-World War II, (b) the 1950s to 1970s, and (c) the 1980s onwards. In the period 1900 to 1940 three performance movements developed: (a) the social survey movement, (b) scientific management and the science of administration, and (c) cost accounting. According to Van Doorn et al (2010) the bureaus of Municipal Research and their offspring formed the fourth movement. The next generation covered the period 1950-1970 and included the next movement, performance budgeting. In addition, Van Dooren et al (2010, pp. 2-3) distinguish between four perspectives on performance namely, attention to the task; capacity or competence of the individual; the organisational performance; and finally the productive organisation as measured through outputs.



Holzer and Kloby (2005, p 522) assert that to include citizens in the implementation process of PMS adds value to the overall process. This view relates to the current legislative requirements stipulated in the South African Local Government: Municipal Systems Act (MSA), 2000 (Act No.32 of 2000) that formalise the participation of the public (ordinary citizens) in the PMS of each municipality in South Africa. This includes the right to: (a) provide inputs on the PMS of a municipality; (b) be part of the compilation of the Integrated Development Plan (IDP) (c) assist with the formulation of the Predetermined Objectives (PDOs) as contained in the annual Service Delivery and Budget Implementation Plan (SDBIP); (d) comment on the mid-year and Annual Reports of Council; and (e) to monitor and make comments on the performance agreements and performance evaluations of senior staff.

Scholarly debates highlight the importance and value of approaches that emphasise performance on the responsiveness of the state to the needs of citizens. Naturally, monitoring the activities of both individuals and organisations is necessary to ensure that the government delivers on its mandate to the citizens. However, the complexities and considerations (some of which have been referred to above) that have to be taken into account with specific reference to the establishment, development and implementation of a PMS, remains a challenge.

## **1.7 Definition of Terms**

### **1.7.1 Performance Management (PM)**

Performance Management is a process of creating a work environment or setting in which people are enabled to perform to the best of their abilities for the achievement of shared goals. Performance Management is a whole system that begins when a job is defined as needed and ends when an employee leaves the organisation (Nel et al, 2012, p 407).

### **1.7.2 Performance Management System (PMS)**

A Performance Management System can be defined as a strategic approach to management, which equips councillors, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact (Saldanha Bay Municipality, 2011b, p. 6).

### **1.7.3 Public Administration**

According to Fox et al (1991) Public Administration is that system of structures and processes, operating within a particular society as environment, with the objective of facilitating the formulation of appropriate governmental policy, and the efficient execution of the formulated policy.

### **1.7.4 Change Management**

Change Management in the public service can be described using the following themes:

1. Increasing emphasis on quality, efficiency, and cost effectiveness;
2. Ensuring greater accountability and devolution of managerial authority and resource control;
3. More effective customer orientation and stronger service ethos;
4. Increased emphasis on human resource development and participative management; and
5. Greater reliance on information technology and computerised management information (Van der Westhuizen et al, 2012, p. 108).

### **1.7.5 New Public Management (NPM)**

New Public Management is defined by Hood (1991, pp. 4-5) in the following key doctrinal components: hands-on professional management, explicit standards and measurement of performance, greater emphasis on output controls, disaggregation of units in the public sector, greater competition in the public sector, private sector styles of management practice and greater discipline and parsimony in resource use.

### **1.7.6 Accountability**

Accountability refers to the process whereby public sector organisations and the individuals within them are held responsible for their actions and transactions.

## **1.8 Organisation of the Study**

### **Chapter 1: Overview of the Study**

This chapter provides an overview of the study through delineating the primary and secondary aims of the study, research questions guiding the study and methodological approach that was employed to explore the research problem. The chapter also provides a succinct overview of the scholarly debates that have an influence on the study.

## **Chapter 2: A Conceptual Framework for understanding Performance Management in the Public Sector**

Chapter 2 discusses performance management systems in the context of public administration. The intention of this chapter is to illustrate how, through reforms in public administration, the emphasis on monitoring, evaluating and assessing both organisational and individual performance emerged in the public sector context. Performance management is defined and discussed in detail through tracing the evolution of the concept, linking it to public administration reforms and examining the different strategies and/or approaches to monitoring and evaluating performance.

## **Chapter 3: The Legislative Environment of Local Government in South Africa**

Performance Management in Local Government operates within a legal framework and this chapter explains and describes this framework within a constitutional democracy. This chapter focuses on the historical context of local government and discusses its primary functions, responsibilities and duties as set out in the South African Constitution (RSA, 1996). Emphasis is also placed on developmental local government and the legislative and policy prescripts that govern organisational and individual performance and the implementation of performance management systems.

## **Chapter 4: Research Design and Methodology**

This chapter presents the research design and methodology. The research is primarily qualitative in nature. In addition, descriptive statistics are used to provide a basis upon which the respondents' perceptions and experiences of the problems of non-compliance in the context of the SBM can be better understood. The chapter provides information on the sample population identified and the reasons for choosing the specific sample population. The chapter also details the decision to use the De Waal and Counet survey questionnaire and its relevance in achieving the research aims and objectives.

## **Chapter 5: A Conceptual Review of the Implementation of a Performance Management System at Saldanha Bay Municipality**

Chapter 5 is two-fold in its focus. The first part is a conceptualisation of the generic problems experienced by local government. The second part of the chapter focuses on the implementation of performance management in the SBM during the period 2005-2015. The primary purpose of this chapter is to highlight and contextualise the problem of non-compliance. Thereafter, it is the intention

to illustrate how the SBM responded to issues of non-compliance in an effort to improve the implementation of performance management.

### **Chapter 6: Presentation of Findings**

Chapter 6 contains the presentation, analysis and discussion of the main findings of the survey questionnaire.

### **Chapter 7: Summary of Main Findings, Recommendations and Conclusion**

Chapter 7 summarises the study in the context of the theoretical context and main findings; proposes recommendations that may be useful for other similar municipalities struggling to implement performance management; and concludes the study.

## **CHAPTER 2**

### **A CONCEPTUAL FRAMEWORK FOR UNDERSTANDING PERFORMANCE MANAGEMENT IN THE PUBLIC SECTOR**

#### **2.1 Introduction**

To fully understand the research problem and question described in Chapter one, a literature review of Public Administration (PA) and Performance Management (PM) needs to be presented. This chapter will focus on the evolution of Public Administration and the development of Performance Management in the context of New Public Management (NPM). The concept and principles of Strategic Human Resource Management (SHRM) in the public sector will also be discussed since the implementation and maintenance is mostly dependent on human resources. In this context the internal and external influences on PM and Performance Management Systems (PMS) will be perused to explain that the success of PM pivots according to influences in the system. In conclusion, an analysis of the preconditions needed for the effective implementation of a PMS will be addressed.

#### **2.2 The Evolution of Public Administration**

Prior to the discussion on the evolution of public administration and public management, it will be prudent to define these two terms. Fox et al (1991, p 2) state that public administration is a functional societal system and defines it as:

“That system of structures and processes, operating within a particular society as environment, with the objective of facilitating the formulation of appropriate governmental policy, and the efficient execution of the formulated policy.”

On the other hand, public management refers to “an approach which uses managerial techniques (often originating in the private sector) to increase the value for money achieved by public services” (Bovaird and Loffler, 2003, p.5). Therefore, public administration focuses on structures and processes for delivering public services, whilst public management focuses on how effectively these structures and processes function in the delivery of public services. Du Toit and Van der Waldt (1999, p. 64) define public administration as “a broad spectrum combination of practice and theory which aims to:

- Promote public policy-making which is sensitive to the needs and aspirations of society;
- Cultivate a greater understanding of the relationship between government and governed society;
- Establish managerial practices directed at efficiency, effectiveness and a sensitivity to people's innermost needs.

Van Dijk and Thornhill (2011, p. 8) reflect that the practice of PA is as old as human beings and is directed by the political, social, economic, scientific and technological factors evident in a society. They state that the argument can be made that PA emerged out of the concern that politics corrupts and that administration inherently strives to serve. Whilst Hanekom (1983, p.41) acknowledges that PA might have been evident in the teachings of Socrates, Plato and Aristotle, he is of the opinion that the discipline of PA originated in the United States of America via Woodrow Wilson's *Study of Administration*.

It is interesting to note that in a study focusing on an undergraduate curriculum analysis of PA by Van Dijk and Thornhill (2011, p.6-7), they identified a number of paradigms in the development of PA education that are useful to describe the evolution of PA as a discipline. The following PA paradigms were included in their work:

- The classical school in which the principles of administration were taught (1900-1940);
  - The behaviourists which comprised an empirical period where behaviour was studied (1940-1970);
  - The administration-as-politics school (1950-1970) which placed PA back in the folds of Political Science, but as a second rate citizen;
  - The administration-as-management school (1956-1970) which focuses on using economic principles to predict human behaviour with the subsequent emerging of the subfields of comparative and developmental administration;
  - New Public Administration (1986-1990s) which stresses organisational humanism, policy advocacy, participatory bureaucracy and client-focused service delivery;
  - Public Administration as Public Administration (1970-current) with the establishment of professional associations with renewed focus on professionalism and creating accredited standards for Public Administration Education; and
- The refounding movement (1980-current) which has emerged as a result of Gaebler and Osborne's *Reinventing Government*, privatisation and public choice theory with an emphasis on public accountability and equity

Du Toit and van der Waldt (1999, p. 62) state that paradigm phases refer to distinct periods dominated by a specific paradigm (frame of reference). According to these authors PA went through various periods in the history of its development and during that shift from one phase to the other, a shift of emphasis took place which involved two important aspects:

- The specific place where the aspects in the study of PA are found (the locus of PA); and
- The specific aspects that received particular attention in the study of PA (the focus of PA).

The following table developed by Henry (1992) is used by Du Toit and van Der Waldt (1999, p. 63) to illustrate the paradigm phases and emphasis during the periods of dominance:

**Table 2.1: The paradigm phases and emphasis during periods of dominance**

<b>Paradigm phase</b>	<b>Period of dominance</b>	<b>Emphasis</b>
Political and administrative dichotomy	1900 - 1926	Locus
Principles of administration	1927 - 1937	Focus
The challenge	1938 - 1950	The principles of administration were challenged and questioned.
Public Administration as political science	1950 - 1970	Locus
Public Administration as management	1956 - 1970	Focus
Public Administration as Public Administration	1970 -	Locus

**Source: Du Toit and van Der Waldt (1999, p. 63)**

The classical school mentioned by Van Dijk and Thornhill (2011) above refers inter alia to the work of Woodrow Wilson and Max Weber, the era of effective bureaucracies that was essential for ensuring order and delivery of services. In this regard Chipken and Lipietz (2012, p. 2) wrote that for the majority of the twentieth century and starting in the mid-to-late nineteenth century, efficient bureaucracies were compared with top-down, hierarchical and rules-bound public administration. These kinds of administrations were staffed by permanent, neutral professional officials, which were motivated by the public interest and directly accountable to the political leadership. According to Chipken and Lipietz, citing Huges (1998), these were the kind of bureaucracies that were described and theorised by Max Weber and Woodrow Wilson. Chipken and Lipietz assert that from the late

1970s, the structure of the Weberian public administration came under pressure for failing to live up to its promises. The main criticism was aimed at the inability of this structure to meet the increasingly diverse needs of the fast-changing societies and economic processes.

Adams (1992, p. 363) discusses the impact of the 'culture of modernity' on the field of public administration. In this work Adams contends that the American preoccupation with modernity has shaped the study of PA into an ahistorical and a temporal field that stresses technical rationality and has limited capacity to address critical questions facing society. In his view, this approach puts its emphasis on professionalism and the 'scientific' and 'rigorous' study of the field and he therefore advocates for greater attention to history that produces a 'genuinely open inquiry' in this field to present a renewed, critical perspective on the field of PA. Adams (1992, p.370) states that the focus on PA's past suggests that the broad parameters of knowledge and theory development in PA were established in the Progressive Era (1896-1920). According to him the recent calls (1990s) for increased professionalism and more scientific and rigorous research echo claims first made in the 1890s.

Van der Waldt (2014, p. 132) maintains that in the early 1980s the traditional bureaucratic model of PA globally came under pressure due to this model's perceived inefficiency, rigidity, unresponsiveness and its inability to deal with governance challenges. According to Van der Waldt, traditional bureaucracies were perceived to be concerned mainly with the measurement of means (inputs, processes and activities) rather than ends (outcomes and impact). To this end Van der Waldt (2014, p.133) cites Nabaho (2011) who stated that public institutions were focusing on how they were kept busy and not on how they made a difference in the lives of programme beneficiaries. Cameron (2010, p. 680) concurs with Van der Waldt when he added that since the 1980s the traditional bureaucratic public administration model of Max Weber was challenged in the Anglophone countries such as England, Australia and New Zealand. Agreeing in principle with these authors, O'Flynn (2007, p. 354) was of the opinion that at the end of the 20<sup>th</sup> century, a post- bureaucratic paradigm of public management was firmly embedded in many countries. This paradigm displays the result of various reforms intended to endorse a break from the traditional public administrative model supported by Weber's (1946) bureaucracy, Wilson's (1887) policy-administration divide, and Taylor's (1911) scientific management model of work. According to O'Flynn (2007, p 354), the New Public Management was in part a reaction to perceived weaknesses of the traditional bureaucratic paradigm of public administration.



According to Schmidt in Van Donk et al (2008, p.111), the literature points to a number of service paradigms for PA that have emerged over the past century and stipulated three primary paradigms. First is the dominant paradigm for much of the twentieth century of traditional public administration with its emphasis on hierarchy, rules and procedures. This is followed by the emergence of "New Public Management" (NPM) in the 1970s that endeavoured to bring both the managerial practice of the private sector and private sector involvement in the provision of public services. The final paradigm refers to "network governance" and introduces the key concept of "public value" and governance through networks, partnerships and leadership. The role of the public manager in this paradigm changes to that of "explorer" and the role of the public to "co-producers".

Schmidt (2008, p. 112) uses a table of Bennigton and Hartley (2001) to illustrate the three public administration paradigms using various concepts:

**Table 2.2: Three public administration paradigms using various concepts**

	Traditional Public Administration	NPM	Network governance
Context	Stable	Competitive	Continuous change
Population	Homogenous	Atomised	Diverse
Needs / Problems	Straightforward, defined by professionals	Wants, expressed through market	Complex, volatile prone to risk
Strategy	State-/producer ó centred	Customer ó centred	Shaped by civil society
Governance through actors	Hierarchies, public servants	Markets, clients and contractors	Networks / Partnerships and civic leadership
Key concepts	Public goods	Public choice	Public value
Improvement	Initial big-step change, but less continuous	Improvement in process and systems	Transformational and continuous improvement

	improvement capability		
Role of policy makers	Commanders	Announcers / commissioners	Leaders and interpreters
Role of Public Managers	“Clerks and martyrs”	Efficiency / market maxi-misers	“Explorers”
Role of population	Clients	Customers	Co-producers

**Source: Van Donk et al (2008, p 112)**

Linking the concept of “performance” to these three paradigms of public administration, Schmidt in Van Donk et al (2008, p. 117) provides the following meanings for performance: In the traditional paradigm, the meaning of performance is about carrying out instructions from above and complying with the law. Indicators and targets expressed in contracts and Integrated Development Plans (IDPs) drive performance under the NPM paradigm. In the network paradigm, performance flows from common vision, commitment and relationships.

Osborne et al, (2013, p. 135) argue that current public management theory is not fit for purpose. According to these authors, the current public services have two flaws, firstly that it focuses on intra-organisational processes at a time when the reality of public services delivery is inter-organisational. Secondly, it draws upon management theory derived from the experience of the manufacturing sector and which ignores the reality of public services as “services.” These authors advocate a “public service dominant” approach that more accurately reflects the reality of contemporary public management, but also uses a body of applicable and available service-dominant theory that is more relevant to public management than the previous manufacturing focus. In conclusion, these authors explore the implications of this approach in four domains of public management and by setting a research agenda for a public-service dominant theory for the future.

Bryer (2006, p. 479) stated that PA is at a crossroads by claiming that PA has been dominated by a technical-rational culture, but is now travelling along three non-compatible paths which are technical-rational, entrepreneurial, and citizen participatory. In this discussion he quotes Strivers (2001) that has characterised this “crossroads” as nothing short of a battle for the heart and soul of PA. According to Bryer (2006) the implications of the public administration’s current multiplicity includes the existence of multiple environments for public administrators including potentially conflicting

obligations for performance and behaviour, resulting in choices regarding responsiveness. Bryer (2006, p. 280) also uses Kaufman's (1956) examination of the historical development of PA through the lens of three competing and desired values: representativeness, neutral competence and executive leadership. The views of Maesschalck (2004) who traces periods in public management, are also mentioned by Bryer. Maesschalck distinguishes three periods, namely the traditional public administration, new public management and the new public service. In his analysis of this crossroads of PA, Bryer (2006, p. 495) concludes that if PA were to be considered in evolutionary terms, it might be said that the field is evolving from a customer / client oriented responsive government to collaborative governance, and from specific responsiveness to general responsiveness. Bryer (2006, p. 487) explains collaborative governance by quoting Vigoda (2002) describing it as administrators and citizens acting together to achieve a greater public good, as achieved through collaboration and partnership. However, Bryer states that the fact that evolution may be occurring does not mean that old forms of government are being replaced by newer forms, but rather that new forms are being developed within older forms. In conclusion, Bryer (2006, p. 496) contends that it is clear from the literature that the environments of the administrators and the ethical obligations confronting administrators are changing, but also very much remains the same.

### **2.3 Development of Public Administration in a South African context**

Global developments in public administration reform also had an influence on the South African context since these reforms have impacted the structuring and organising of public sector organisations across all three spheres with a view to improving efficiencies and effectiveness. A number of these reforms came about due to legislative and policy reforms as South Africa became a democracy more than 22 years ago in 1994.

In this context it is imperative to note the study done by McLaverty (2007) on public administration research in South Africa for the period 1994 to 2006. McLaverty (2007, p. 46) reflects that the academic history of PA in South Africa has been heavily influenced by the political and social environment of that time and the divided societies during the 1970s and 1980s that reflected on the realm of PA development. The author quotes Hubble (1999) who explains the close relationship between the political and administrative interfaces inherent to the nature of PA during those times. According to McLaverty it is not surprising that this field during that time was very much constrained by the Apartheid political ideology that resulted that any training or research that was conducted did

so as not to disturb the status quo of the time. In quoting Schwella (1992), McLaverty (2007, p 46) illustrated that during that time PA did little to reflect the serious problems of governance and administration in SA. The paradigm of PA was fairly weak in terms of providing real guidance in analyses and prescription for complex public management issues. McLaverty (p 47) critically noted that other social disciplines such as sociology was able to criticise and study the real effects that Apartheid had on society, unlike PA that acted as an important engine for the National Party ideology.

The year 1991 is underlined by Cameron (2005, p. 4) as a significant time for South African PA in that the New Public Administration Initiative (NPAI) was formed by a progressive group of academics who held the Mount Grace 1 conference. According to Cameron this conference was an important watershed in the advancement of PA at that time since it recognised the shortcomings of the previous administrative academic approach. Debating the generic process shortcomings of PA in SA, Schwella (1999, p. 344) proposed a new model termed the 'Open Systems Approach'. With its foundations in the systems theory this framework suggested by Schwella promotes the study and research of Public Administration as a complex, interacting system of structures which operate and are influenced by the environment of society.

In conclusion, on the evolution of PA in South Africa it is important to note the view of Cameron (2005, p. 9) that PA cannot simply be reduced or equated to management as it must be construed as two diverse activities. Although Cameron recognised that PA involves the management of resources in government, caution must be taken that the focus is not too much on Public Management as it may find itself in the similar trap that J.J.N. Cloete's generic administrative process approach did.

## **2.4 Public Administration Reforms**

According to O'Flynn (2007, p. 354) the end of the 20<sup>th</sup> century saw the embedment in several countries of a post-bureaucratic paradigm of public management that intended to break from the traditional model of public management. This 'break' or reforms were commonly known as 'new public management' (NPM). O'Flynn (2007) argues that the NPM was in part a reaction to perceived weaknesses of the traditional bureaucratic paradigm of public administration. Boland and Fowler (2000, p. 417) report that the first attempt at performance evaluation and review were associated with the failed attempts at large scale strategic planning in the 70s in the United Kingdom.

According to them it was only after the organisational and managerial reforms introduced by the Conservative governments of the 80s and 90s that public sector performance management became firmly embedded. Boland and Fowler indicate that initial attempts at evaluating public sector organisational performance were focused on the assessment of value for money. According to them the recent (circa 2000) methods of performance were centred on the establishment of standards to be achieved and the audit of organisational systems to ensure conformance.

It is argued by Ndevu (2015, p. 52), quoting Julnes (2006), that the dissatisfaction with the performance of government programmes has continued to increase with citizens' demands for evidence of programme effectiveness, which inter alia led to NPM. Hvidman and Andersen (2014 p. 35) argue that the transfer of management techniques between the private and the public sector rests on the underlying generic management assumption that 'management is management'. These authors however contend this belief and state that no prior studies have systematically tested whether the same kind of management principles and techniques have the same effects in both public and private organisations. A study conducted by the authors in Danish public and private schools contradicted, according to them, the generic management assumptions underlying the NPM reforms and suggest that the characteristics of the public sector make performance management work less effectively in this (public sector) arena.

Hood (1991, pp. 4-5) identified 7 key doctrinal components to articulate the NPM paradigm:

- Hands-on professional management;
- Explicit standards and measures of performance;
- Greater emphasis on output controls;
- Disaggregation of units in the public sector;
- Greater competition in the public sector;
- Private sector styles of management practice; and
- Greater discipline and parsimony in resource use.

These reforms, as indicated above, had a clear influence on the development of performance management in the public sector. Under these reforms it was expected that government managers clearly articulate policy and set the performance standards (O'Flynn 2007, p. 356). NPM led to the development of performance indicators and benchmarking, personnel reforms aimed at normalising public sector employment on private sector models and the introduction of new management techniques and instruments (Pollitt, van Thiel and Homburg 2007, p. 1).

Schmidt in Van Donk et al (2008, p. 111) includes NPM in his parallel paradigms of governance. O'Flynn (2007, p 353) reports that several countries, especially New Zealand and Australia, undertook significant public sector change to break from the bureaucratic paradigm of public administration. It is however noted by O'Flynn (2007, p. 355) that the NPM did not become dominant without resistance and that it has been subjected to on-going and fierce debates due to the fact the NPM did not propose a coherent theory. O'Flynn argues that cracks have appeared and the search for a new way of thinking about, and enacting public management practice, has begun inter alia to address the supposed weaknesses of NPM. This author (O'Flynn) however believes that this would not lead to the return to the bureaucratic model, but rather ignite a paradigmatic change how public officials and politicians view the ways of functioning, operating and managing in the public sector.

In his discussion of 'New Labour' and the politics of 'de-politicisation' in the UK, Burnham (2001, p. 140) uses Cope and Goodship's (1999) description to explain, in this context, NPM as a set of formalised procedures, involves 'simultaneous moves to centralise and decentralise the management of public services'. Burnham states that policy-making was centralised in the hands of the core executive, whilst decentralising the delivery of policy to a number of agencies which operate within limits set by the centre. This author also quotes Osborne and Gaebler (1992) stating that NPM separates 'steering from rowing', steering being the proper activity of the central government. The conclusion by Cope and Goodship, cited by Burnham (2001), is that NPM is 'all about managerial surveillance' - the ability of steering agencies to monitor and direct rowing agencies more effectively, and within rowing agencies the ability of managers to control workers more effectively. According to Burnham (2001, p. 141) NPM was designed to enhance central government control and reduce public expenditure.

Whilst New Public Management (NPM) is regarded as an advancement from the traditional administrative approach, it also carries many deficiencies (McLaverty, 2007, p. 55). McLaverty quotes Cameron (2005) who stated that when SA adopted NPM there were already emerging international criticisms questioning the applicability and usefulness of NPM. Cameron (2005, p. 6) holds the view that as a vehicle for developing and advancing the knowledge base of South African public administration, NPM portrayed disappointing results. In his question whether NPM is the 'new' public management for 'all seasons', Hood (1991, p. 3) argues that the rise of NPM seems to be linked with four other administrative 'megatrends'.

- Attempts to slow down or reverse government growth in terms of overt public spending and staffing;
- The shift towards privatisation and quasi-privatisation and away from core government institutions, with renewed emphasis on subsidiarity in service provision;
- The development of automation, particularly in information technology, in the production and distribution of public service; and
- The development of a more international agenda, increasingly focused on general issues of public management, policy design, decision styles and intergovernmental cooperation, on top of the older tradition of individual country specialisms in public administration.

According to Hood (1991, p. 3) the usefulness of the term NPM lies in this short name for a set of broadly similar administrative doctrines which dominated the bureaucratic reform agenda in many Organisation for Economic Cooperation and Development (OECD) group of countries from the late 1970s. The strong emotions evoked by this ill-defined concept, are, according to Hood (1991, p. 4), citing Keating (1989) and Martin (1988), divided in two extremes. On the one hand are those who believed that NPM was the only way to correct the irretrievable failures and even moral bankruptcy in the old public management. On the other hand are those who dismissed much of the thrust of NPM as a gratuitous and philistine destruction of more than a century's work in developing a distinct public service ethic and culture. Hood concluded (1991, p. 15) that NPM can be understood as primarily an expression of the values of 'keep it lean and purposeful', concentrating on frugality (matching of resources to task for given goals) and success in minimising resource costs of producers and consumers. In short, it means cutting costs and doing more for less as a result of better quality-management and different structural design. This established a link with the concept of performance management as it speaks to the three 'Es' namely economic, effective and efficient.

Gruening (2001, p. 19), discussing the origin and theoretical basis of NPM, developed a hypothesis stating that 'the mix of reforms that made up NPM is certainly new, to postulate if NPM indeed presents a new paradigm. This author contends that a paradigm is something that the scientists of a discipline agree on and that guides their research. Therefore, if a large group of scientists agree on the new 'disciplinary system', a new paradigm is installed and serves as a research guide. According to Gruening (2001) a paradigm change indeed occurred in the case of NPM.

## 2.5 The evolution of performance management

While the focus on performance management in the public sector appears to emerge in the 1980s, interest in performance measurement theory can be traced to the work of Woodrow Wilson during the late 19<sup>th</sup> century (Ndevu, 2015, p.51). According to Wilson, as cited by Ndevu (2015), the increase in corruption and patronage in government can only be countered through professionalism, which in turn will lead to efficient governance when the emphasis is on the procedure and measurement techniques to identify and increase worker productivity. Wilson, cited by Ndevu (2015, p. 52), as the founder of public administration as an academic field, proposed a new science of administration based on the radical separation of politics and administration. Wilson was of the opinion that governments all over the world have different political principles, but that the principles of good governance and administration are similar in any system of governance worldwide. These views of Wilson provided the seeds for the development and establishment of performance management systems throughout the 20<sup>th</sup> century, not only in government, but also in the private sector.

A study conducted by Williams (2004) on the evolution of performance measurement until 1930, reports that in 1910, performance measurement was embedded in a broader set of practices called *municipal research* and that by 1930, performance measurement was a distinctive activity. Williams noted that the primary focus of performance measurement shifted from political accountability to management effectiveness during this period. The conclusion of this study was that at the end of a 25-year period (1900 to 1925), performance measurement was a practice, not simply an objective or recent innovation.

Holzer and Kloby (2005, p. 518), citing Streib and Poister (1999) mention the work of Taylor in 1911 to illustrate that the concept of performance management has been around for many years. These authors also refer to research done in 1943 by Ridley and Simon indicating that performance measurement has been presented as a useful local government management tool since the 1940s. Performance Management is an essential component of whatever change process is adopted as it can provide feedback on the effectiveness of the plans and their implementation, according to Chow et al (1998) as quoted by Chan (2004, p. 205). Chan maintains that the focus of performance measurement was traditionally on financial measures such as sales growth, profits, return on investments and cash flows, but observed that managers became concerned about the over reliance on financial measures in performance evaluation.



Bruden (2010, p. 111) claims that PM as a discipline contains elements that link it closely to a host of other disciplines and organisational capabilities such as, inter alia strategic management, project management, human resource management, accounting and psychology. According to this author, PM in an organisational context has traditionally been divided into three levels: (1) strategic, (2) operational and (3) individual performance management. Bruden argues that individual performance management is possibly the level with the longest evolution in history and mentions the example of emperors of the Wei Dynasty in the third century who rated the performance of the official family members. Bruden also lists the military, public administration and industrial companies that assisted with the development over time of more complex approaches to individual PM.

Regarding the evolution of operational performance management, Bruden (2010, p.113) is of the opinion that it is closely linked to the evolution of the disciplines of accounting and management due to the fact that operational performance is traditionally linked to effectiveness and efficiency. Bruden mentions that over time, as the internal and external operating environment became more complex, organisations started to explore other non-financial indicators for performance. The final level identified by Bruden (2010, p. 114) has a shorter evolution history as it was established only in the twentieth century. Bruden believes that the turning point for the strategic management and performance evolution materialised with the publication by Drucker of *Concept of the Corporation* in 1946, followed by the performance management revolution in the mid-1990s triggered by the BSC (balanced scorecard) of Kaplan and Norton (1996).

Reflecting on the development of performance management in the public sector in SA, Cameron (2009, p. 929) cites Pollitt and Bouckaert (2004) who declared that the measurement of performance has been a central feature of public management reform in many countries and that performance management is actually as old as PA itself. In this regard Pollitt and Bouckaert (2004) use the education system in Britain and the USA in the late-19<sup>th</sup> century as an example in which school teachers were measured on their performance. According to Cameron the Public Service Law Amendment Act introduced performance management in South Africa and that the Public Sector reform of 1999 provided PM with more flesh. Elaborating on the introduction of PM in SA, Cameron quotes Miller (2005) who provided three reasons why PM was introduced. The first objective was to provide an objective measure to assess managers' performance, and the second was to determine whether they were performing their functions effectively. The third objective was to improve the political-administrative interface. However, according to Cameron (p.930), the Public

Service Commission (PSC) raised the problems of performance evaluation in a number of its reports. In 2004 it pointed out that performance management is still a major challenge facing the public service and that compliance with guidelines was described as erratic and inconsistent. The PSC revealed in 2006 that 52% of grievances by managers were based on the manner in which performance reviews were conducted. Cameron quotes a report from the Department Public Service and Administration (DPSA, 2006) that the implementation of the Senior Management Service (SMS) has not led to any significant improvement in the performance of senior managers. According to Cameron this concern about PM has been corroborated by independent studies such as that of Maphunye (2001) who found that performance was not effectively monitored.

Due to the fact that local government is closest to the community and service recipients and provide front-line and publicly visible services, a comprehensive system of Performance Management (PM) becomes absolutely necessary. According to Cokins (2004, p. 3) PM provides an explicit linkage between strategic, operational and financial objectives. PM also qualitatively measures the impact of planned spending, using key performance indicators created from the strategic map and balanced scorecard, and other models. Brudan (2010, p.119) uses the term 'ubiquitous' to illustrate performance management's 'presence' in the business world of today and mentions that PM is embedded in the body of knowledge of numerous disciplines and is used at all organisational levels.

Although the concept of PM is a familiar term in organisational and human resources sciences and practice, it remains a difficult concept to define. PM may be viewed in a narrow sense as a set of tools or techniques used to facilitate PM in the workplace, or in a broad sense as a framework / culture / system that has a strategic impact. Some authors used the 'paradigm principle' to describe performance management. An analysis of performance management (PM) during the twentieth century indicated that the 'command and control' paradigm prevailed, according to Seddon (2008) as cited by Brudan (2010, p. 115). PM was conducted in a 'mechanistic' manner and was mostly driven by financial performance indicators and production quotas, and used to determine whether workers were completing their tasks as assigned by their managers. Managers used a 'top down' approach and made decisions using budgets, standards and targets. This approach stems from the view that organisations are top-down hierarchies (Brudan, 2010).

An alternative to the command and control way of doing things was systems thinking (Brudan, 2010, p. 116). Brudan states that systems thinking promotes a holistic approach to managing organisations.

Seddon (2008), cited by Brudan (2010, p 116), argues that the systems paradigm considers an organisation holistically as an integrated system that places employees at the heart of the organisation, enabling them to contribute, rather than to be controlled. Brudan (2010) argues that a systems approach to PM focuses on the definition of the system, its purpose and the measuring of how its purpose is achieved. This is opposed to an isolated approach and focuses on the integration of all components of the system and mapping the relationships between addressing and satisfying demand (Brudan 2010). An integrated model of PM is proposed by Brudan (2010, p. 119) in which command and control measures, systems thinking and other approaches to PM are integrated with the strategic, operational and individual levels of PM. Brudan believes that an integrated approach linking together all levels (strategic, operations and individual) of PM becomes a necessity to facilitate the understanding and usage of PM systems.

Spangenberg and Theron (2000, p. 45.) shared more or less the same view when they reflect on the disappointing results of SA performance management surveys. According to them a comprehensive survey was necessary to determine the strengths and weakness of PM today. They added that empirical research was required on issues such as the degree of integration of the PMS into an organisation and this notion resonates with that of Brudan mentioned above.

Williams (2004, p. 10) states that authors on performance management agree that the concept is difficult to define and continues to provide three main perspectives on performance management as a system for:

- Managing organisational performance;
- Managing employee performance; and
- Integrating the management of organisational and employee performance.

Cokins (2004, p. 1) defines Performance Management (PM) as "the process of managing the execution of an organisation's strategy, in other words, how its plans are translated into results."

The empirical analysis by Andrews et al (2006, pp 52 ó 63) in a study they conducted in 119 English local authorities on strategy content and organisational performance may be of value. The authors cited Boyne and Walker (2004) who presented a model that conceptualizes strategy content in two levels, (1) strategic stance and (2) strategic actions. Strategic stance represents the extent to which an organisation is a prospector, defender or reactor, whilst strategic actions represent changes in markets, services, revenues, external relationships and internal characteristics. Andrews et al (2006, p 53)

citing Miles and Snow (1978), indicated that they based their strategic stance dimension on the typology of Miles and Snow that includes prospectors, defenders and reactors. According to Andrews et al, prospectors present the key attributes of innovative organisations. These prospector organisations enjoy being forerunners, leaders in the field. In the public sector these protectors will be pro-active, taking risks and making rapid organisational responses to new circumstances.

Andrews et al (2006) state that defenders do not strive to be leaders in the field, but are late adopters of innovations once they have been tried and tested, normally taking a conservative view on new product development. Defenders, in the view of Miles and Snows, as quoted by Andrews et al (2006), dedicate their main attention to improving the efficiency of their existing organisations. However, reactors are the opposite of prospectors and defenders, and have no consistent substantive stance and lack a coherent strategy. Reactors seldom make changes of any kind until forced to do so due to external pressures, or have it enforced by external interventions such as regulators. In conclusion, Andrews et al (2006) note that even if reactors are instructed to behave like a prospector, they may lack the culture and expertise to successfully adopt this strategy.

De Bruijn (2007, p. 4) embraces the view that the achievement of production targets does not give any indication of quality or professionalism of the performance. This author states that it may even have an adverse effect in that it may be compromised to achieve an objective. Spangenberg (1994, p xiii) defines PM as an approach to managing people that entails planning employee performance, facilitating the achievement of work-related goals, and reviewing performance as a way of motivating employees to achieve their full potential in line with the organisation's objectives.

De Waal, (2006, p. 61), provides the following definition of Performance Management Systems (PMS):

“the formal, information based routines and procedure which managers use to maintain or alter patterns in organisational activities.”

A definition by Curtis (1999, p. 263) describes PM as “an approach to management which harnesses the endeavours of individual managers and workers to an organisation's strategic goals”. Hofrichter and McGovern (2001) in Grobler et al (2006, p. 481) refer to a “total performance solution” for organisations that contains 6 key elements:

- Strong focused leadership driving performance from the top down;
- High performance;
- Winning behaviour;
- Measurable goals;
- Measuring performance; and
- Performance rewards and fear of punishment for inadequate performance.

In the South African context Craythorne (2006, p 120) is of the opinion that performance management is most commonly thought of as a technique applied to the performance of staff. Venter et al (2007, p 111) define PM as a multidimensional construct, the measurement of which varies depending on a variety of factors that compromise it. Another South African author, Van der Waldt (2006 p. 34), states that performance is about:

- The efficiency relationship between inputs and outputs;
- The reduction of inputs or the costs of inputs;
- The following of due process and equity; and
- The relationship among inputs, outputs and outcomes.

From the above number of definitions, the following key generic elements can be identified to define PM:

- Management of performance (production or inputs);
- Process linking strategic goals to inputs and outputs;
- Process of goal-setting, identifying key performance indicators and allocation of resources;
- Creating (trying) synergy between departments, teams and individuals; and
- Change intervention to create culture of performance, new processes and systems.

Bruden (2010) provided the following table depicting the current and emerging approach to performance management:

**Table 2.3: Current and emerging approaches to performance management**

<b>Current and emerging approaches to performance management</b>		
<b>Element of analysis</b>	<b>Traditional dominant practice in performance management</b>	<b>Emerging approach to performance management</b>
School of thought	Dominance of command and control thinking	A balanced approach, combining systems thinking with command and control
Main focus	Focus on measurement, motivation and rewards	Focus on learning and improvement
Definitions / levels integration	Unstructured approach to definition and levels of performance management	Integrated approach to performance management, with clear definition and alignment of strategic, operational and individual levels
Organisational governance	Fragmented organisational approach to performance management	Unified approach to organisational expertise
Discipline of study	Performance Management in studies dispersed in a multitude of disciplines	Aggregation of the performance management body of knowledge in a coherent, independent discipline

**Source: Brudan, 2010, p 120**

Sole (2009, p. 9) postulates that the mechanisms through which PM creates value for organisations are not yet fully understood and a better understanding of the role of internal and external factors within the implementation process of PM might improve their effectiveness. He identifies the following internal factors as key to understanding the value of PMS:

- leadership and internal management commitment;
- internal resources;
- performance orientated culture;
- employee engagement; and

- the maturity of PMS.

Factors such as citizens and elected officials, labour unions and legal requirements form part of Sole's external influences. Scholarly debates indeed highlight the importance and value of approaches that emphasize performance on the responsiveness of the state to the needs of citizens. Naturally, monitoring the activities of both individuals and organisations are necessary to ensure that the government delivers on its mandate to local communities.

Cokins (2004, pp. 1 - 2) is of the opinion that there is no single PM methodology because PM spans the complete management planning and control cycle. The author is also critical of the notion that if an organisation implements a balanced scorecard it will be the ultimate solution, and maintains that the balanced scorecard will fail unless it is linked with other management processes.

In research conducted by Hvidman and Andersen (2014, p. 40), they argue that although performance management reforms had increased effectiveness in mind, other unintended consequences emerged since literature on PM in the public sector has emphasised a concern about dysfunctional responses. They list three different internal organisational characteristics that may mitigate the effectiveness of PM, namely (1) incentives, (2) capacity and; (3) goal clarity. Alam and Dienerova (2006, p 54) report that the UK and USA as developed countries have adopted PM through landmark legislation as reported in the *National Performance Review of 1997*. In more or less the same manner, a range of OECD (Organisation for Economic Cooperation and Development) countries introduced reforms marking a shift away from the traditional focus on input to output measures of performance.

The complexities and considerations (some of which have been referred to above) that have to be taken into account with specific reference to the establishment, development and implementation, remain a challenge, nonetheless.

## **2.6 Performance Management Systems/Models**

Since the early 1900s different models of PM emerged that influenced the models used today. As indicated by various authors quoted in the preceding pages, historically much of the initial focus of performance management was on financial management but that the demand for greater accountability necessitated the development of more universal models for PM. The following

systems/models will be discussed in detail, namely the Balanced Scorecard, the Public Service Excellence Model, the Systems Model and the European Foundation for Quality Management Excellence Model of Performance Management.

### 2.6.1 **Balanced Scorecard**

According to the Balanced Scorecard (BSC) website,

“The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organisations worldwide to align business activities to the vision and strategy of the organisation, improve internal and external communications, and monitor organisation performance against strategic goals. It was developed by Drs. Robert Kaplan (Harvard Business School) and Davis Norton as a performance management framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more “balanced” view of organisational performance.” (BSC website, 2014).

This website also indicates that more than 50% of large US firms have adopted the BSC and quotes a global study by Bain and Co (2015) that reported that the BSC was listed 5<sup>th</sup> on its top ten most widely used management tools around the world. According to the study by Bain and Co, the BSC was also selected by the editors of the Harvard Business Review as one of the most influential business ideas of the past 75 years.

Kaplan and Norton (1996) suggested that an organisation must be viewed from four perspectives as depicted in the following:

- a. The Learning and Growth Perspective
- b. The Business Perspective
- c. The Customer Perspective
- d. The Financial Perspective

The *learning and growth perspective* focuses on employee training and corporate cultural attitudes related to both individual and corporate self-improvements. Kaplan and Norton (1996) held the view that a “knowledge-worker” is the only repository of knowledge and is the core resource of any organisation. Internal business processes are the focus of the *business process perspective* and uses metrics to allow managers to ascertain the performance of the business and whether its products and service conform to the needs and satisfaction of the customers.



The *customer perspective* is based on the realisation that customer focus and satisfaction is of utmost importance for any organisation. The benefit of this perspective is that poor performance in this area can be a leading indicator for future decline, even if the current financial picture may look good. The *financial perspective* is not neglected by Kaplan and Norton (1996) and the need for timely and accurate financial data will always remain a crucial element of performance measurement. They however ensure in this model that there is not an 'unbalanced' emphasis on financial data.

Amos et al (2008, p. 288-9) state that the BSC provides the organisation with a comprehensive framework that can translate a company's vision and strategy into a consistent and linked set of performance measures. The aim of the BSC is to attempt to transform the usual unclear vision and mission of an organisation into tangible indicators to manage the business more efficiently.

Chan (2004, p. 205) is of the opinion that the BSC can be an invaluable tool to municipal administrators (USA and Canada) in transforming their organisations. The rationale of Chan is that although programmes such as benchmarking exercises, quality management programmes, strategic management processes and process reengineering have been successful to various degrees in government, they are often fragmented, disconnected and short-lived. According to Chan the BSC is a customer-based planning and process improvement system with its primary focus on driving an organisation's change process by identifying and evaluating pertinent performance measures. He asserts that the BSC is an integral part of the mission identification, strategy formulation and process execution, with an emphasis on translating strategy into a linked set of financial and non-financial measures.

Chan (2004, p. 208-216) conducted a random sample survey on the BSC of 451 local governments in the USA and 457 municipal governments in Canada and the experience of municipal governments that have implemented the BSC were reported. For the implementation of the BSC to succeed, the most frequently cited factors for its implementation to succeed include:

- Top management commitment and leadership buy-in;
- Departmental, middle-manager and employee participation and buy-in;
- Culture of performance excellence;
- Training and education;
- Keeping it relatively simple, easy to use and understand;
- Clarity of vision, strategy and outcome;
- Link of BSC to incentive; and

- Resources to implement system.

### **2.6.2 Public Services Excellence Model (PSEM)**

The Public Services Excellence Model was developed in response to the requirement for a more holistic performance model for the public sector (Talbot, 1999, p 22). It is based on the principles (South African Excellence Model, 2000) of customer, stakeholder and people satisfaction and supported by leadership driving. Other key principles of this model are policy and strategy formulation, customer and stakeholder focus and management of resources which will ultimately lead to the desired organisational results.

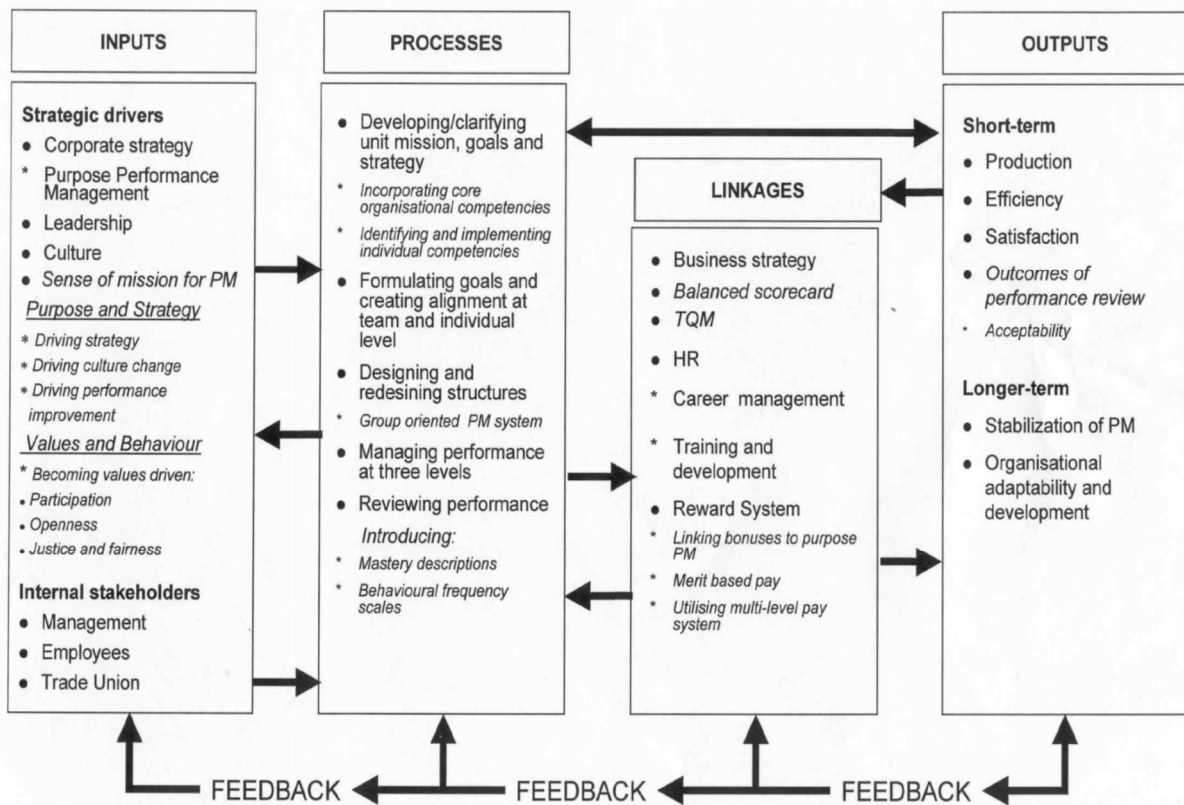
This model consists of three sections that includes enablers such as leadership, policy, strategy and resources management and processes. The second section focus on organisational results including aspects such as impact on society, customer satisfaction and supplier and partnership performance. The last section of this model focus on program results.

Each of the eleven elements in this model is a criterion that can be used to assess an organisation's progress towards performance excellence.

### **2.6.3 The Systems Model**

Spangenberg and Theron (2001, p. 36) reported that during the early 1900s a PM survey in South African organisations identified a wide range of problems with PM. This reality necessitated the development of a Systems Model for PM. The rationale behind this school of thought was that a systems approach would be required to remedy the various PM problems that existed. A Systems Model of PM was developed by Spangenberg in 1994 (Spangenberg 1994 p.37) consisting of inputs, processes, outputs and linkages phases.

**Figure 2.1: Systems model of PMS developed by Spangenberg**



**Source: Spangenberg (1994 p. 39).**

According to this model, the input phase has a major impact on the effectiveness of PM. The strategic drivers of the input phase determine the purpose of PM, which should be decided beforehand. The transformational framework comprising leadership, corporate strategy and culture is critical, argues Spangenberg and Theron (2001 p. 36) since it affects the changing of the strategic direction of the organisation. Internal stakeholders complete the input phase and consist of management, supervisors, employees and unions. To ensure positive inputs into the PM system, this relationship requires practical and mature interaction between the stakeholders. The process part of the Systems Model comprises the core of the PMS and entails the following (Spangenberg and Theron, 2001, p. 36):

- An organisational or unit mission, goals, and strategies are clarified or developed and communicated to all employees.
- Goals and performance standards, related to wider organisational goals, are negotiated for teams and individuals.
- Structures are designed or redesigned at organisational, process and team / individual levels to ensure effective functioning of the entire organisation.
- Performance at organisational, process, team and individual levels is measured, feedback provided on an on-going basis, and problem-solving mechanisms are in place and used.

- In addition to on-going performance reviews, regular performance reviews are scheduled for individual employees. Furthermore, training and development needs are identified and coaching conducted.

With regard to the linkages phase of this model, Spangenberg and Theron, (2001, p 37) suggest that PM is generally linked to human resources (HR) and sometimes to other organisational systems and processes. In the HR sphere PM is linked to functions such as training, development, career management, succession planning, reward system and employment equity. The same applies to linkages with the business strategy. In the case of a municipality it can be compared to the Key Performance Indicators (KPIs) as depicted in the annual Service Delivery and Budget Implementation Plan, which is linked to the strategic objectives and then to the Integrated Development Plan of a municipality.

The outputs phase reflects the main purpose of PM, namely the implementation of strategy in an efficient manner according to Spangenberg and Theron (2001, p 44) This is reflected in achieving the quantity and quality of products and services, in other words, overall effective performance.

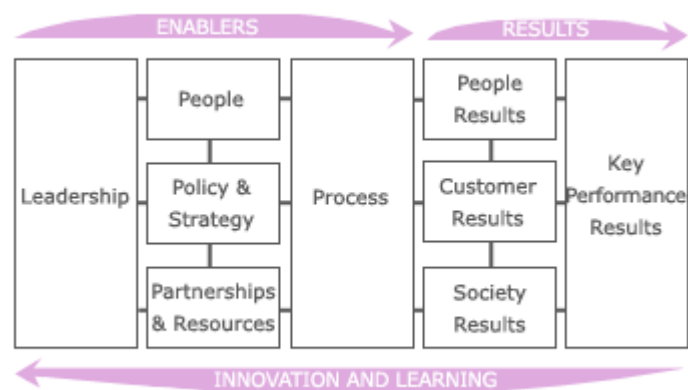
#### **2.6.4 European Foundation for Quality Management (EFQM): Excellence Model of Performance Management**

Martin-Castilla (2002, p 125) argues that the adoption of universal models for the improvement of organisations management represents a worthy tool for the search of excellence since it facilitates the comprehension of the most relevant dimensions of the reality of an organisation. According to Martin-Castilla (2002, pp. 125-126) the European Foundation of Quality Management Model (EFQM) is structured following nine basic criteria, five at an enablers level and four at a results level. The evaluation of an organisation in relation to excellence is conducted via these criteria, which are the following:

Enablers: Leadership, People, Policy and Strategy and Partnership and Resources.

Results: Customers, People, Society and Key Performance Results.

**Figure 2.2: Excellence model**



**Source: Martin-Castilla (2002, p 126)**

Martin-Castilla (2002) posit that the EFQM Excellence Model is based on a humanist approach that situates the client at the centre and ultimate reason for the activity of the organisation. This approach correlates with the constitutional function of local government in South Africa in relation to services to the local community (people). Martin-Castilla argue that within the European cultural environment, the clear and firm positioning of the EFQM Model can without difficulty be accepted as the basic reference model for those organisations that endeavour to attain excellence. The author also note that the EFQM Model provides for a vital mechanism for the achievement of coherence when establishing the guidelines for continuous improvement to which the efforts of the organisation must be directed (Martin-Castilla, 2002). From his 2002 study (p.133), Martin-Castilla identified two conclusions:

- The EFQM Model offers organisations an optimal framework in which the ethical management fits perfectly; and
- The EFQM Model permits an integral and integrating approach to the main dimensions of the organisational reality.

### **2.6.5 Strategic Public Sector Human Resource Management**

Van der Westhuizen (2005, p.90) defines strategic management as the process of examining both present and future environments, formulating the institution's objectives and making, implementing and controlling decisions focused on achieving these objectives in the present and future environment. The same author (p. 91) concluded that strategic public sector human resources management means those long-term, senior-level management decisions and actions regarding employment relationships

that are made and performed in a way that are fully integrated with the overall general strategic management of public sector institutions. Van der Westhuizen (2005) however cautions that strategic human resource management must not be viewed as something separate from or subordinate to the formulation and/or implementation of corporate business strategies of public sector institutions.

### **2.6.6 Performance Management and Public Human Resource Management**

To ensure effective PM in the public sector it is essential to embed proper public human resources in the structures of government. Public human resources management forms part of government's efforts to deliver services cost effectively to communities. To have adequately trained, motivated and competent staff available to perform at optimal levels will contribute towards effective public administration.

Public Human Resource Management as a field of study, theory and practice is part of management concerned with all factors, decisions, principles, strategies, operations, practices, functions, activities, methods and procedures related to employees in institutions (van der Westhuizen, 2005, p.144). According to van der Westhuizen the subject of public human resource management has grown significantly in the 30 years preceding 2005. This author identified the following characteristics inherent to this concept, which indicates what public human resources management is:

- An activity that has a management perspective;
- A tripartite division of responsibilities assigned to executive political heads, line function employees and human resources specialists to achieve certain institutional objectives;
- Guided by certain professional ethics guidelines designed to ensure professional behaviour;
- An integrated process that mainly comprises activities such as integrated planning, management of specific outcomes, and enhancement of institutional performance.

Van der Westhuizen (2005, p151) holds the view that an integrative approach to public human resource management that is applied correctly may enhance overall institutional performance, and simultaneously add value to better services delivery. The author states that an integrative approach provides public human resources management with a strategic element that allows for co-operation by all role players to enhance institutional performance and services delivery capacity. On the question of whether human resource management really has a positive impact on a public service institution's performance or service delivery, van der Westhuizen (2005, p155) quotes from research that indicates human resource management techniques that have been applied correctly, and have a real impact on the performance and services delivery levels of public sector institutions. It is however

imperative that a distinction must be made between individual performance and organisational performance, and to understand the difference.

### **2.6.7 Organisational versus individual performance management**

In their 2013 study, Uys and Jessa (p.103) focus on the concept of Organisational Performance Management (OPM) as an important component of the Performance Management System (PMS), which in their view demands an independent focus. Uys and Jessa (2013) use the definition of Curtis (1999, p. 236), who defined OPM as "an approach to management which harnesses the endeavours of individual managers and workers to an organisation's strategic goals". The authors also refer to the work of Lonsdale et al (2002, p.4), declaring that the insistence on the "three Es" (economy, efficiency and effectiveness) lies at the core of the OPMS function.

On the other hand, individual performance management refers to the performance goals, or better defined as key performance areas (KPA's) and key performance indicators (KPI's) drafted into a performance agreement (or development plan) for individual employees to measure employee performance. Behn (2003, p. 588) holds the view that individual performance management can be used by leaders of an organisation for evaluation, control, budget, motivation, promotion, celebration, learning and improvement.

### **2.6.8 Internal and External Influences**

Any manager in the public sector, including the HR manager, needs to take cognisance of the internal and external environment since it has an effect on public administration and management. One of the major influences on public administration is the political environment with its political interplays and the issues surrounding the political arena (Van der Westhuizen, 2005, p 97).

Van der Westhuizen (2005, p.97) explains this eloquently in the following manner:

"HR resources strategies do not exist in isolation, and they are essentially formulated to be used offensively or defensively to mediate between the preferences and frames of reference of management and the perceived environmental threats, opportunities, and constraints."

According to Van der Westhuizen et al (2011), proactive public sector managers will attempt to influence or shape their environments and suggest a political, economic, social and technology

analysis (PEST). Van Der Westhuizen et al (2011, p. 100) refers to an environmental scan for the public service that was done by Moore (1987) and Van der Westhuizen (2000) and included six sectors, as illustrated in the table below:

**Table 2.4: Environmental scan for the public service**

Sector	Environmental Scan
Technological developments	Hardware changes, satellites for videoconferencing, computers for word processing, CD Rom, e-mail, and Internet communications, barcode scanners for registrations and office machines to send faxes and for photocopying. Non-hardware changes ó management by objectives, quality circles and flexitime.
Economic conditions	Interest rates, employment rates, inflation rate, strength of rand, tax revenues, budgets and recessions.
Political influences	Role of elected officials, political appointees, legislators, and interest group representatives.
Legal measures	Acts of Parliament, draft bills, regulations, and White Papers.
Resource providers	Parliament, Department of Public Services and Administration, Treasury, and Public Service Commission.
Other factors	Top Management's philosophy, your own basic assumptions about managing people, ethics and productivity.

Source: Van der Westhuizen et al (2011: 100)

## 2.7 Preconditions for an Effective PMS Implementation

This section will be discussed with an emphasis on studies on preconditions, change management and leadership and the seven factors of the de Waal and Counet (2009) findings.

### 2.7.1 Studies on preconditions

The 2009 study by de Waal and Counet listed the following five top problem areas by practitioners as, the lack of a performance culture, lack of management commitment, low priority on PMS implementation by management, not enough benefit from the PMS for the organisation and the



abandonment of PMS after a change of management. Ochurub et al (2012, pp. 7-8) highlight the concept of 'change readiness' as a pre-condition for the implementation of a new business system and added other factors such as mobilisation by managers, communication on roles and responsibilities and that the process and system must be inclusive, participatory, transparent, simple, non-punitive, realistic, fair, objective and developmental.

In the South African context, Manyaka and Sebola (2012, p. 300) indicate that despite the adoption of a PMS in order to speed up service delivery and transformation, performance management still remains a major challenge in the Public Service with a negative impact on service delivery. Manyaka and Sebola (2012, p. 305) listed the following challenges regarding the implementation of a PMS:

- Lack of management commitment
- Lack of performance feedback
- Pass-one-pass-all approach to ratings (personnel performance evaluations)
- Lack of clear goals and objectives
- Lack of resources to perform

Pearse and Williams (2009, p 30) argue that the difficulties of implementing a PMS is not a unique problem to South Africa, but an international one. These authors cited problems such as political interferences, scrutiny by outsiders, shift in performance expectations, leadership difficulties and the prevailing organisational culture. In his case-study of three municipalities, Van der Waldt (2014, p 1476148) identified three main challenges to the implementation of a PMS in municipalities. The three challenges were, a performance culture, human capital (resources) development and institutional arrangements and operational interventions. Referring to the last challenge, Van der Waldt recommended a strong PMS unit, a senior and competent PMS manager, quarterly checklists and oversight by a relevant committee(s).

Dauids (2012) presented a PMS implementation model after his comparative PMS study of three municipalities in the Western Cape - it includes the following 8 steps:

- É Stable political environment;
- É 100% commitment of senior management;
- É Involvement and partnership formation with labour;
- É Planning for implementation;
- É Change management plan to address fears and concerns of employees;
- É Correct selection of a consultant;
- É Institutionalisation of the PMS; and
- É Capacity and or ability to implement the private sector principles.

In their study on Organisational Performance Management (OPM) at two municipalities in the Western Cape, Uys and Jessa (2013, pp. 120 ó 122) proposed the following broad strategies for successful OPM institutionalisation in municipalities:

Theme 1. Objectives for OPM ó Municipalities should formally construct objectives that seek to institute an OPM function, with a dedicated staff complement and top manager to direct, manage and measure the performance of the municipality as an integrated entity.

Theme 2. Required capacity for OPM ó Municipalities should assume responsibility for the provision of adequate and high-quality capacity to implement OPM.

Theme 3. Investment in resources for OPM ó Municipalities should obtain an ITC system that will (i) facilitate effective communication between departments, and (ii) facilitate the needs of stakeholders by making information available on the internet.

Theme 4. Instrument(s) for OPM ó Municipalities should develop OPM instrument(s) with which inputs, outputs and performance outcomes of programmes and projects may be measured, managed and recorded.

### **2.7.2 Change Management and Leadership**

As indicated in the cited in this chapter, the factors of õchange managementö and õleadershipö must be an integral part of the preconditions for an effective PMS. Any major intervention in an organisation, such as the implementation of a PMS must, apart from the technical, resources, leadership and capacity factors, also address the personal, team and behavioural factors via a õchange managementö intervention. According to Newstrom and Davis (1997, p.399) changes in the work environment requires the manager to be proactive by anticipating events, initiating change and taking control of the organisation's destiny. These authors argue (p.407) that in order to implement change successfully, transformational leadership is needed. According to Newstrom and Davis (1997, p 408) transformational leaders create vision, communicate charisma and stimulate learning. In building support for change, transformational leaders effectively use group forces, provide a rationale for change, encourage participation, ensure shared rewards, employee security, communication and education. Adding to this, Van der Waldt (2006, p. 133) argues that performance should be managed in terms of a holistic approach to ensure an organisational culture and climate in which performance improvement is promoted. Kearney and Berman (1999) as cited by Van der Waldt (2006, p. 133) define eight dimensions of performance, which inter alia include the following two dimensions which link with the change management concept:

1. Modification of perceptions and attitudes ó this is an attempt to change emotions, beliefs, values and attitudes by increasing the information flow to people and other communication mechanisms.
2. Modification of the authority system ó this is aimed at increasing the responsiveness of management, and at improving authority relations, decision processes and communication systems.

Since the introduction of a PMS is a major intervention (change) in any organisation, it is useful to refer to Weiner (2009, p. 1) who asserts that organisational readiness for change varies as a function of how much organisational members value the change and how favourable they appraise three key determinants of implementation capability. According to Weiner these determinants of implementation capability are task demands, resource availability and situational factors. Weiner (2009) indicates that when organisational readiness for change is high, organisational members are more likely to initiate change, exert greater effort, exhibit greater persistence, and display more cooperative behaviour, resulting in a more effective implementation.

Newstrom and Davis (1997, p. 200), citing Keys and Case (1990), argue that leadership is the process of influencing and supporting others to work enthusiastically towards achieving objectives. If the leadership definition of Keys and Case is linked to the determinants described by Weiner (2009) and achieved by the leader and the managers, a solid platform for any change intervention, like a PMS implementation, is created.

### **2.7.3 Seven factors identified by De Waal and Counet**

De Waal and Counet (2009, p 378) did a factor analysis on the results obtained in their 2008 study and their analysis yielded seven PMS implementation problem factors that, if avoided, could act as preconditions for a PMS implementation.

#### **Factor 1: Unstable foundation**

This factor includes problems created by the new PMS not having a solid foundation. The De Waal and Counet study indicates that the PMS starts out with unclear goals, unclear uses, and even unclear strategy. This results in content that does not suit the needs of the organisational units and key performance indicators that measure everything and therefore nothing. Nobody takes ownership of the new PMS and safeguards the relevance of the system. The culture is also not ready for a PMS and the result is that the PMS is abandoned after a while.

**Factor 2: Immaturity**

This factor deals with problems that create an immature and not fully functioning PMS. According to de Waal and Counet (2009) the implementation was carried out when the organisation was not ready for it and in a lopsided and careless manner. It also did not take into account the behavioural factors and failed to identify the correct indicators. The right link between the PMS and the reward system was also not done. All this resulted in management losing faith in the PMS with the consequence that they and their subordinates did not adopt the right management style, leading to unsatisfactory benefits from the new system.

**Factor 3: Lack of relevancy**

This factor consists of problems that render the new PMS less relevant for people on all levels in the organisation. The authors (de Waal and Counet) inform that this leads to difficulties to define the right critical success factors and KPIs and goals for lower levels. This results in it being more difficult to obtain the data needed to calculate the KPIs.

**Factor 4: Employee resistance**

In this factor de Waal and Counet describe the problems that occur with every major change; employees on lower levels resist it and they do not display any enthusiasm or commitment to the new PMS.

**Factor 5: Low Management priority**

Low Management priority indicates that management does not give the PMS enough importance. This factor results in the persons responsible for implementation of the system not making the PMS robust enough, or making the system overly complex. According to the authors, management also do not make enough resources available for the implementation, and they do not acknowledge that the current ICT system is not sufficient to support the new system.

**Factor 6: Insufficient resources**

The lack of a suitable ICT system is confirmed by factor 6 and indicates that management is not providing sufficient resources and capacity for the implementation. Coupled with the above, this factor also indicates that limited training is done in the new system.

### **Factor 7: Uselessness**

The factor analysis concludes that the PMS is not used to support managers in their daily management of the organisation, basically rendering all implementation efforts useless.

Analysing the literature on the pre-conditions for success with the implementation of a PMS, the prevailing and core factors for PMS implementation can be summarised as management commitment, clear and attainable goals, adequate resources, stability in the organisation, adequate knowledge and training on PMS, a performance culture and a simple system.

## **2.8 Summary**

This chapter defined PM, informed on the evolution of PM, discussed the paradigms of PM, compared models of PM and analysed the influence that NPM exerted on PM. Emanating from the literature study, a link between public administration reforms and performance management systems in the public sector was noted. PM was also discussed with regard to Public Sector Human Resource Management since human capital / resource management is an integrated process comprising planning, management of outcomes and enhancement of institutional outcomes, having a direct influence on individual and organisational performance. The preconditions for an effective PMS were also explored with a view to providing a link for this case study. The concept of 'change management' was also included under these preconditions. To link the pre-conditions with the case study in this research, a few South African studies were also cited to provide a background for discussion in the last chapter.

## **CHAPTER 3**

### **LEGISLATIVE ENVIRONMENT OF LOCAL GOVERNMENT IN SOUTH AFRICA**

#### **3.1 Introduction**

The core role of local government is to provide basic services such as water, sanitation and electricity to its citizens and in this context it is necessary to understand the legislative framework in which municipalities must function and perform. In the previous chapter the focus was on public sector reform and performance management and this chapter will be used to provide an insight into the legislative framework that guides public administration, and specifically performance management. The historical, legislative and structural context of local government pre- and post-1994 will be discussed with a historical focus on the pre-1994 dispensation, tracing back to the period of colonialism and following on with the apartheid period under the National Party government. This will illustrate how local government has changed in its nature, function, responsibilities and duties since the dawn of democracy in South Africa.

In the pre-1994 period local government was used as an instrument or organisation to enforce policies of separate development and division whereas post-1994 local government is key to facilitating equality through equal access to basic services and related social welfare entitlements within its purview. The discussion of the post-1994 legislative framework will be used to illustrate how the focus on monitoring, evaluation and assessment of both local government municipalities and local government officials must be in place and utilise to ensure not only compliance to legislation, but service delivery as per key performance indicators. Special attention will also be given to illustrate the reporting mechanisms with regard to predetermined objectives or performance management targets, or pre-determined objectives (PDOs). This is important in the context of performance management systems and in particular the implementation of PMS in the SBM.

#### **3.2 A Brief History of Local Government in South Africa**

In terms of the history of LG in SA and for the purpose of this dissertation, focus will only be on government since the arrival of Jan van Riebeeck in the Cape in 1652 to indicate that until 1994, local

government was created to serve a particular interest of the colonial and apartheid governments, and not the general population.

The creation of the South African state commenced with the first wave of colonial penetration in the late seventeenth century, although the first major shift of population and settlement in the region now known as South Africa, date from at least the Stone Age (Currie and de Waal, 2002, p.41). Between 1652 and 1806 the Dutch East-India Company (VOC) as a subject of the Republic of the United Netherlands, ruled the Cape. According to Ndevu (2015, p. 18) quoting Ismail et al (1997), the local governance of Jan van Riebeeck served only the interest the Dutch East India Company and not that of the general population within the Cape area. The British ruled from 1806 until 1909 with the creation of the Union Constitution by means of the South African Act of 1909 (Currie and de Waal, 2002, p. 43). The English systems of government (Westminster) were firmly entrenched in the colonies of the Cape and Natal. Currie and de Waal (2002) noted that the two Boer Republics (Orange Free State and Transvaal) adopted a brand of constitutionalism that somehow departed from the Westminster system and followed the United States, France and the Netherlands.

With the proclamation of the Union of SA in 1910, the racially exclusive Union Constitution created a three-tier unitary system of government. It followed the Westminster model (1910 until 1983) of two houses, a directly elected House of Assembly and a Senate, indirectly elected by the House of Assembly, and the second-tier, the provincial authorities (Currie and de Waal, 2002, p. 43). The third-tier was local government, which was created by provincial authorities which defined the scope of their local jurisdiction. Local authorities were single-tier, multi-purpose authorities with both legislative and executive powers (Cameron 1995, p. 398). According to Cameron the most distinctive feature of SA local government was the existence of racial divisions of powers which has co-existed with the geographical divisions of powers. White local authorities provided services to black townships under their control, but with limited financial sources of revenue for the Native Revenue Account. These black townships were kept in a deliberate state of underdevelopment (Cameron, 1995 p. 399).

In 1948 the National Party (NP) came to power and used their majority in the House of Assembly to legalise the policy of separate development (apartheid) by means of legislation to entrench the power and privileges of the white electorate. During this reign by the NP government, local government (authorities) were divided along racial lines and had to implement and apply the apartheid

policies of the government. Ismail et al (1997) as quoted by Ndevu (2015, p. 21) observed that the net results of the apartheid local government were the following:

- Racial inequality: serious disparities between the affluent white and underdeveloped black local authorities;
- Top-down planning and centralised;
- Monopolisation of knowledge: senior professional administrators (white) had a monopoly of knowledge versus the constraint parameters for elected councillors;
- Rules, not quality: officials were judged according to their ability to conform to the rules and policy, rather than by the quality of services to consumers; and
- Marginalisation of the citizen: citizens played a passive role, limited paying for goods and services: no consultation took place to determine their needs.

The observations by Ismail et al (1997) indicate that the governance system pre-1994 was not based on competence, development and performance targets, but on those officials who were able to execute the colonial and apartheid government's policies. Citizens, especially the non-white citizens, were not consulted or engaged on the provision of services, nor the development of their living areas. In general, underperforming or incompetent white municipal officials were deployed in non-white areas to sustain the status quo. Little or no emphasis was placed on delivery targets and performance management, monitoring or oversight. Fortunately, due to the nature of public administration reforms and the inclusion of stakeholders post-1994, a different dynamic to how local government functions/makes decisions and how it is viewed, was introduced.

Due to increasing internal resistance and international isolation (Meredith, 2005 p 430) created by the legalised apartheid-state, the South African Government tried to appease both the internal and external role-players by means of the 1983 Tri-cameral Constitution. The 1983 Constitution created three separate houses for whites, coloureds and Indians with elections based on separate voters' roles for each group. The African majority was excluded as the apartheid dogma determined that African political rights were to be exercised in the various Bantustans, and not in the South African Parliament. The implementation of the 1983 Constitution led to renewed resistance against the government and led to repeated State of Emergencies from mid-1985 (Currie and de Waal, 2002, p 56 - 57). The international pressure and state of turmoil in South Africa necessitated the then State President, Mr FW de Klerk, to announce in 1990 that a process for a negotiated settlement for South Africa will commence.



According to Du Toit and Van der Waldt (1999, p. 252) there was a real danger that the local government in the black communities could collapse at the end of the 1980s and the beginning of the 1990s due to non-payment of rent and service fees and the continuous resignations of local council members. This led to discussions in 1992 between the South African National Civic Organisation (SANCO) and the government on the restructuring of local government in South Africa and resulted in the establishment of a national forum, the Local Government Negotiating forum in 1993. The Local Government Transition Act 209 of 1993 was promulgated as a result of the work done between role players such as SANCO and the government prior to 1994. This Act made provision for clearly distinguishable phases to restructure local government. The first was the pre-interim stage that lasted from the operation of this Act until November 1995 and provided for negotiation forums to discuss the integration of the various local governments into one single tier of government. The Interim-phase started in November 1995 and lasted until June 1999. This phase made provision for the election of local government transitional councils. The election that took place on 2 June 1999 signified the start of the 'final phase' although the Transition Act did not refer to such a phase. (Du Toit and Van der Waldt, 1999, p. 253)

It is however imperative, before proceeding to the sections of developmental local government and the current state of PM in the public service, to note the effect of the above mentioned history of racial segregation of local government on the current state of performance and how it was viewed in the public sector. Meredith (2005, p. 415) stated that black townships in 'white' South Africa were kept as unattractive as possible and that few urban amenities were ever provided. The author referred to restrictions on black businessmen from expanding their enterprises in urban areas and that black housing was rudimentary, consisting of rows of identical 'matchbox' houses. To maintain the status quo, the apartheid government and local authorities ensured the appointment of public servants/local government officials who were influenced by their loyalty to the government of the day and compliance with the policies of separate development. There was very little concern with merit (qualifications, experience, competence and skills – which should be a key focus of any performance management system). According to Chipkin and Meny-Gibert (2011, p. 5) homeland officials in the former Bantustans were the least qualified and experienced since all senior positions were occupied by White managers. Homeland administrations consisted of tens of thousands of black, poorly trained subalterns, either performing menial or basic administrative tasks (Chipkin and Meny-Gibert, 2011, p 5). This legacy of public management in the apartheid era had the negative consequence that with the advent of a post-apartheid local government system, there were no suitable and competent black

skills available to drive the developmental and democratic local government post-1994. This situation contributed to local government officials post-1994 who were not properly qualified and lacked competence to perform their functions, roles and responsibilities that resulted in poor performing local government municipalities and differently abled municipalities. The legacy and results of the apartheid public and local government system therefore played a major role in terms of the problems and difficulties that municipalities were faced with to sustain services delivery and to implement performance management systems.

### 3.3 Developmental Local Government

Asmah-Andoh (2009, p. 103), citing De Visser (2005) defines "development" as a quest for the improvement of material wellbeing, enhancement of choice and equitable access to the distribution of societal resources. De Visser (p.104) explains that although the concept *development* is different from *developmental*, the vision of developmental local government appears to have been founded on, inter alia, efforts to deepen local democracy and the socio-economic development to improve the quality of life. The author continues (p.108) and highlights *Local Economic Development* as an important feature of developmental local government based on the concept of mobilisation of resources and communities to build a convergence of interest in the competitive advantages of localities. The developmental duties of municipalities are described in section 153 of the Constitution and entail the following:

A municipality must

- a. Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- b. Participate in national and provincial development programmes.

Van Donk et al (2008, p.52) describe developmental local government in the following way:

"The heart of the South African local government system is its developmental ambition, captured as follows in the 1998 White Paper on Local Government: "Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives"

Discussing NPM reforms in SA, Cameron (2009, p.919) uses the definition of Leftwich (2006) who defines a developmental state as "a state whose politics have concentrated sufficient determination, power, autonomy, capacity and legitimacy at the centre to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing, promoting, and protecting the conditions of economic growth (in the capital developmental states, by organising it directly in the socialist variants), or a varying combination of both". According to Cameron, SA has tried to use a combination of both.

To indicate the importance of the concept "developmental", Scheepers (2015, p.89) claims that the "developmental DNA" of the current local government system is contained in the Constitution of the Republic of South Africa (RSA, 1996). In terms of chapter seven of the Constitution, three categories of municipalities have been created in the local sphere of government to cover the whole territory of the Republic and to implement the national developmental agenda. These three are categorised in section 155 of the Constitution as follows:

Category A: a municipality that has exclusive municipal executive and legislative authority in its area (Metro).

Category B: a municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls (Municipality)

Category C: a municipality that has municipal executive and legislative authority in an area that includes more than one municipality (District municipality).

Van Holdt (2010, pp. 5-6) contends that the literature on developmental states tends to agree that effective state institutions are a central characteristic of a developmental state. He mentions that originally the concept of a developmental state was modelled on an analysis of the role of the state in the successful industrialisation strategies of Japan and the Asian Tigers (Hong Kong, Singapore, South Korea and Taiwan) The emphasis in this analysis was on the *dirigisme* (economic system where the state exerts a strong directive influence over investment) role by the state to initiate and shape industrialisation strategies by mobilising scarce resources and focusing it on selected industrial initiatives. The fact that state capacity is crucial for the successful developmental state is in the view of Van Holdt (2010), a general agreement in literature, frequently encapsulated in the idea that such a state requires a Weberian bureaucracy. Van Holdt, citing Evans (1995), defined this "state" as a corporate cohesion and the insulation of the bureaucracy from special interest, the concentration of

expertise in the bureaucracy through meritocratic recruitment, and the provision of long-term career rewards as well as a distinctive and rewarding status to officials. In conclusion, Van Holdt (2010), refers to the comparative studies done by Evans and Rauch (1999) that implies that the key factor in economic development may be the quality of state bureaucracy (also municipal), rather than any particular model of development.

What then about NPM and the move away from the Weberian style of government? According to the studies of Evans and Rauch as cited by Van Holdt (2010), the positive factors of both NPM and Weberian bureaucracy must be combined to provide a quality state, and not any particular model of development. In the South African and Saldanha Bay Municipality (SBM) context, the issue of compliance (bureaucracy) is vitally important, but in the same vein, supported by developmental initiatives and competent officials driving the developmental agenda, and not the mere 'ticking of boxes' with regard to legislative compliance.

Assessing the strength of the public service to ensure a true developmental state, Cameron (2009, p. 919) cites Levin (2007) who stated that 'the public service or the administration of a developmental state has to be strong, and capable of intervening, planning and channelling societal resources towards resolving national developmental strategies'. Cameron concludes that a stronger public sector was needed to improve services delivery and states that the 15-year review (1994-2009) findings confirm that the government's progress has been greatest in the areas most directly under its control and less so where progress has depended on other institutions or levels of government.

Bearing in mind the history of SA with regard to the development of local government until 1994, it was imperative for the new democratic post-apartheid government to provide a clear and entrenched legislative framework for municipalities to perform their developmental and service delivery work. In line with the White Paper on Local Government (Van Donk et al 2008, p. 8), four major system reforms were also embarked upon to improve the functioning of local government namely, stronger emphasis on performance management via the Municipal Systems Act, financial management systems via the Municipal Finance Management Act, monitoring and evaluation (performance regulations) and the establishment of mechanisms for better interdepartmental cooperation.

### 3.4 Legislative Framework

#### 3.4.1 The RSA Constitution

The Constitution of the Republic of South Africa (RSA, 1996) gives legal effect to the achievement of ending the history of inequality and oppression in SA and to create a new society based on the principles of constitutional supremacy, democracy and the respect for human rights. It is under this umbrella of the Constitution that the legislative environment of local government operates.

The basic features of the South African constitutional order are constitutional supremacy, the rule of law, democracy and accountability, separation of powers, co-operative government and the devolution of power (Currie and de Waal, 2002, p. 73). The Constitution of the Republic of South Africa (RSA, 1996) provides that government in South Africa is made up of three spheres of government, i.e. the national, provincial and local spheres of government (SALGA Draft MSI Framework 2015b, p.1). According to this framework, the three spheres of government are distinctive, interdependent and interrelated. These three concepts are defined in the following manner in the Draft MSI framework (2015):

- **Distinctiveness:** means that the Constitution allocates certain functions and powers to each sphere which then has the final decision making power on those matters.
- **Interdependent:** means that each sphere must exercise its autonomy to the common good of the country by co-operating with the other spheres.
- **Interrelated:** means that the exercise of autonomy by a sphere is supervised by the other spheres of government.
- **Supervision** means that one sphere of government can, if need be, makes final binding decisions affecting another sphere. Supervision emerges from the Constitution and the relevant legislation in three different ways, namely monitoring, support and intervention.

Section 42(2) of the Constitution requires spheres of government to observe and adhere to the principles of cooperative government and intergovernmental relations as set out in Chapter Three of the Constitution. In reference to this dissertation, the one constitutional feature that is imperative for local government and performance management in general are the concepts of accountability, responsiveness and openness. According to Currie and de Waal (2002, p. 89) accountability means that government must explain its laws and actions if required to do so and may be required to justify them. Currie and de Waal (2002, p 90), citing Mureinik (1994), states that accountability includes the idea of justification, but also requires a willingness to make amends for any fault of error and taking the necessary steps to prevent the recurrence in future. Currie and de Waal also allude to the point

that the Constitution not only makes the government accountable to the public, it also provides for an elaborate set of checks and balances to ensure that the different branches of government and institutions are accountable to each other.

Under the 1996 Constitution the South African state administration resembles the German idea of *Leistungsverwaltung* or an administration which is geared towards the improvement of better standards of living and the vigorous promotion of social, economic and other interests (Burns and Beukes, 2006, p.10). The basic values and principles of public administration as espoused by the Constitution are contained in section 195:

- The promotion and maintenance of a high standard of professional ethics;
- The promotion of efficient, economic and effective use of resources;
- A public administration which is developmental-orientated;
- The impartial, fair, equitable and unbiased provision of services;
- A response to peoples needs, and the encouragement of public participation in policymaking;
- The accountability of the public administration;
- The fostering of transparency by providing the public with timely, accessible and accurate information;
- The cultivation of good human-resource management and career-development practices to maximise human potential; (this is a key issue for performance management)
- A public administration which is broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the achievement of broad representation by redressing the imbalances of the past.

Scheepers (2015, p. 98), citing Christmas and De Visser (2009) cautions on the appropriateness of the South African local government system and its constitutional powers to perform its functions and exercise the powers allocated to it by the Constitution. As appropriate as such a vehicle for co-operative governance may seem within a democratic context, having three spheres of government operating, each with a degree of autonomy makes for complex relationships, which also impact on the effectiveness and efficiency of government. Local government as a relatively new sphere is faced with the challenge of establishing its autonomy. According to Scheepers (2015), national and provincial government therefore have to reconsider their political attitudes towards local government in line with the new constitutionally entrenched ideal of developmental local government. In practice, however, different approaches are evident across sector departments. These approaches range from being respectful of local government autonomy to clearly patronising. Scheepers (2015, p. 99), also believes that the heart of the Constitution in respect of local government, can be found in section

152(1) which provides aspects that local government must do. Under the heading "Objects of local government" the following "objects" are listed:

- provide democratic and accountable government for local communities;
- ensure the provision of services to local communities in a sustainable manner;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

These five objects are divided into two categories by Scheepers (2015), namely (1) what should be done by local government; and (2) how they should do it. In defining these two categories, Scheepers emphasises the fact that local government, unlike the period prior to 1994, must now encourage the involvement of communities and community organisations in the matters of local government (how they should do it).

Constitutional Court Judge Edwin Cameron (2014, p. 278-283), provides five reasons why he maintains that the Constitution still remains the best path South Africans have to create a just and ordered future:

- The Constitution stood the test of twenty years;
- The Constitution's distribution of powers is practical and effective;
- People have claimed the Constitution as their own;
- The judiciary is still strong; and
- The Constitution's fundamental values are right.

Cameron continues by stating that the Constitution provides Government with power to advance the common welfare, to rectify injustices and to create social welfare.

### **3.4.2 National Legislation**

Currie and de Waal (2002, p. 213 ó 214) reports that Local Government was not on the agenda for much of the Multi-Party Negotiation Process at Kempton Park and that local government issues were separately negotiated at the Local Government Negotiated Forum. The Local Government Transition Act 209 of 1993 (LGTA) was passed and contemplated the transformation of local government in

three separate stages. It comprised of a pre-interim (Feb 1994 to 1995 elections), interim (1995 to adoption of Constitution) and the third and final phase to be initiated and regulated by new legislation passed to give effect to the local government chapter of the 1996 Constitution. The Municipal Structures Act 117 of 1998 and the Municipal Systems Act 32 of 2000 were adopted and came into force after the 2000 local government elections.

Venter et al (2007, p 110) clarify the above by noting that after the transition to democracy in South Africa, the initial emphasis was on policy development. The lack of service delivery, or poor quality of service, necessitated the national government to promote efficient, economical and effective implementation of developed policies, hence an increased prominence on monitoring and evaluation of the implementation of these policies, and more explicitly on performance management. Legislation applicable to local government was introduced to strengthen the constitutional provisions mentioned above. The suite of Local Government legislation is set out in Table 3.1 below.

**Table 3.1: Suite of local government legislation**

Act	Purpose
<b>Organised Local Government Act, 1997 (Act 52 of 1997)</b>	To provide for the recognition of national and provincial organisations representing the different categories of municipalities; to determine procedures by which local government may designate representatives to participate in the National Council of Provinces; to determine procedures by which local government may consult with national and provincial government; to determine procedures by which local government may nominate persons to the Financial and Fiscal Commission; and to provide for matters connected therewith.
<b>Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)</b>	To provide for criteria and procedures for the determination of municipal boundaries by an independent authority; and to provide for matters connected thereto.
<b>Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)</b>	To provide for the establishment of municipalities in accordance with the requirements relating to categories and types of municipality; to establish criteria for determining the



Act	Purpose
	category of municipality to be established in an area; to define the types of municipality that may be established within each category; to provide for an appropriate division of functions and powers between categories of municipality; to regulate the internal systems, structures and office-bearers of municipalities; to provide for appropriate electoral systems; and to provide for matters in connection therewith.
<b>Local Government: Municipal Electoral Act, 2000 (Act 27 of 2000)</b>	To regulate municipal elections; to amend certain laws; and to provide for matters connected therewith.
<b>Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)</b>	To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all; to define the legal nature of a municipality as including the local community within the municipal area, working in partnership with the municipality's political and administrative structures; to provide for the manner in which municipal powers and functions are exercised and performed; to provide for community participation; to establish a simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; to provide a framework for local public administration and human resource development; to empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts; to provide for credit control and debt collection; to establish a framework for support, monitoring and standard setting by other spheres of

Act	Purpose
	government in order to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment; to provide for legal matters pertaining to local government; and to provide for matters incidental thereto.
<b>The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)</b>	To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.
<b>The Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004)</b>	To regulate the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies, make provision for fair and equitable valuation methods of properties; to make provision for an objections and appeals process; to amend the Local Government: Municipal Systems Act, 2000, so as to make further provision for the serving of documents by municipalities; to amend or repeal certain legislation; and to provide for matters connected therewith.
<b>Local Government: Municipal Fiscal Powers and Functions Act (Act 12 of 2007)</b>	To regulate the exercise by municipalities of their power to impose surcharges on fees for services provided under section 229(1)(a) of the Constitution; to provide for the authorisation of taxes, levies and duties that municipalities may impose under section 229(1)(b) of the Constitution; and to provide for matters connected therewith.

Source: Scheepers (2015, p. 105)

Scheepers (2015, p. 105) groups this suite of legislation into two broad categories, namely (1) legislation that enables and maintains the system of local government (macro legislation); and (2) legislation that regulates the activities of individual municipalities (micro-legislation).

An important piece of legislation which will impact on local government, the Public Administration Management Act, was signed into an Act by President Zuma in December 2014. The basic premise of this Act is to promote the basic values and principles governing the public administration referred to in section 195(1) of the Constitution. This Act will allow national government to transfer competent human resources to areas and departments that lack capacity, or strong ethical leadership. Furthermore, it will focus on training and development and the setting of norms and standards. This setting of standards and norms will assist the implementation of performance management, monitoring and assessment of the performance of the public sector and that of officials. This Act inter alia includes the following:

- To provide for the transfer and secondment of employees in the public administration;
- To regulate conducting business with the State;
- To provide for capacity development and training;
- To provide for the establishment of a National School of Government;
- To provide for the use of information and communication technologies in the public administration;
- To establish the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit;
- To provide for the Minister to set minimum norms and standards for public administration;
- To establish the Office of Standards and Compliance to ensure compliance with minimum norms and standards.

An interesting factor emanating from this Act is the establishment of a *National School of Government* (section 11) and a *Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit* (section 15). The rationale for this School of Government is to promote the progressive realisation of the values and principles governing public administration through education and training and enhance the quality, extent and impact of the development of human capacity in institutions. On the other hand, the *Public Ethics, Integrity and Disciplinary Technical Assistance Unit's* functions will include:

- To provide technical assistance and support to institutions in all spheres of government regarding the management of ethics, integrity, and disciplinary matters relating to misconduct in the public administration;

- To develop the norms and standards on integrity, ethics, conduct and discipline in the public administration;
- To build capacity within institutions to initiate and institute disciplinary proceedings into misconduct;
- To strengthen government’s oversight of ethics, integrity and discipline, and where necessary, in cases where systemic weaknesses are identified, to intervene;
- To promote and enhance good ethics and integrity within the public administration; and
- To cooperate with other institutions and organs of state to fulfil its functions under this section.

In the context of performance management this Act, by way of introducing the secondment of staff, capacity development and training, the setting of minimum norms and standards and the establishment of an office of Norms and Standards, will “force” the public sector to adapt to the minimum standards of service delivery. The consolidation of government’s oversight of ethics, integrity and discipline will provide the opportunity for enhancement of the strengthening of PM and systems at local level.

### 3.4.3 Local Government: Micro System

The legislator(s) drafted The Local Government: Municipal Systems Act, 2000, to determine the roles and functions of the political structures and administration of municipalities, as well as that of the community. Different rights and duties are conferred on these three components of LG and these rights and duties are summarised in the following three tables (Scheepers, 2015, pp. 112-114):

**Table 3.2: Rights and duties of political structures**

<b>POLITICAL STRUCTURES</b>	
<b>Rights</b>	<b>Duties</b>
Govern on its own initiative the local government affairs of the local community.	Exercise the municipality’s executive and legislative authority and use the resources of the municipality in the best interests of the local community.
Exercise the municipality’s executive and legislative authority without improper interference.	Provide democratic and accountable government.

<b>POLITICAL STRUCTURES</b>	
<b>Rights</b>	<b>Duties</b>
Finance the affairs of the municipality by charging fees for services, imposing surcharges and other taxes, levies and duties.	Encourage the involvement of the local community.
	Strive to ensure that municipal services are provided in a sustainable manner.
	Consult the local community about the level, quality, range and impact of municipal services provided by the municipality and the available options for service delivery.
	Give members of the local community equitable access to the municipal services to which they are entitled.
	Promote and undertake development in the municipality.
	Promote gender equity in the exercise of the municipality's executive and legislative authority. Promote a safe and healthy environment in the municipality.
	Contribute to the progressive realisation of the fundamental rights contained in the Constitution.

**Source: Scheepers (2015, pp. 112-114)**

**Table 3.3: Rights and duties of communities**

<b>COMMUNITIES</b>	
<b>Rights</b>	<b>Duties</b>
Contribute to the decision-making processes of the municipality.	When exercising their rights, to observe the mechanisms, processes and procedures of the municipality.
Submit written or oral recommendations, representations and complaints to the municipal council or to another political structure or a political office bearer or the administration of the municipality.	Pay promptly for service fees, surcharges on fees, rates on property and other taxes, levies and duties imposed by the municipality.
Provide prompt responses to their written or oral communications, including complaints, to the municipal council or to another political structure or a political office bearer or the administration of the municipality.	Respect the municipal rights of other members of the local community.
Be informed of decisions of the municipal council, or another political structure or any political office bearer of the municipality, affecting their rights, property and reasonable expectations.	Allow municipal officials reasonable access to property for the performance of municipal functions.
Regular disclosure of the state of affairs of the municipality, including its finances.	Comply with by-laws of the municipality applicable to them.
Demand that the proceedings of the municipal council and those of its committees must be open to the public, conducted impartially, without prejudice; and untainted by personal self-interest.	
The use and enjoyment of public facilities. To have access to municipal services which the municipality provides.	

**Source: Scheepers (2015, pp. 112-114)**

**Table 3.4: Duties of administration**

<b>ADMINISTRATION</b>
<b>Duties</b>
Be responsive to the needs of the local community.
Facilitate a culture of public service and accountability among staff.
Take measures to prevent corruption.
Establish clear relationships, and facilitate co-operation and communication between it and the local community.
Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive.
Inform the local community how the municipality is managed, of the costs involved and the persons in charge.

**Source: Scheepers (2015, pp. 112-114)**

#### **3.4.4 Performance Management’s legislative framework in Local Government**

Manyaka and Sebola (2012, p 299-310) advocate the importance of PM in the Public Service and states that the South African Government adopted PM as a tool to achieve effective service delivery shortly after the establishment of the democratic government in 1994.

Performance Management in local government is a legislative imperative since Chapter 6 of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000) prescribes that a performance management system (PMS) must be implemented in municipalities. In particular, section 38 compels municipalities to establish a PMS function and “legalise” the development of a “culture of performance”. The Act also fully elaborates on the Integrated Development Plan (IDP) and public participation as envisaged in the Constitution. Another objective of this Act is to link the strategic objectives of a municipality and the ten strategic priorities stated in the Medium-Term Strategic Framework (MTSF).

The Learner Guide: Conduct performance management in a South African municipality (LP 1, Unit Standard ID 116341, 2008, p. 18) describes performance management in local government as a key tool of the governance model of how councils set priorities, conduct their business and relate to the

communities they serve. Organisational Performance Management is defined in the same Learner Guide (2008, p, 118) as the setting of desired strategic objectives and outcomes and alignment of programmes, projects and processes directly to its individual components such as section 54 and 56 managers, as well as staff that contributes to the achievement of the strategic vision, mission, key performance areas and strategic objectives of the organisation (municipality).

The Municipal Structures Act 1998 in section 19(2) stipulates:

“A municipal Council must annually review its overall performance in achieving the objectives referred to. The way that local government can manage and ensure that its developmental objectives have been met, is thus through the performance management system.”

The Municipal Finance Management Act, No. 56 (2003) compels a Services Delivery and Budget Implementation Plan (SDBIP) to be based on the service delivery targets and performance indicators for each quarter, based on the objectives, indicators and targets as contained in the IDP. Performance management in local government is therefore in theory an integrated system as described in chapter 6 of the Systems Act which specifically accentuates that a municipality must implement a performance management system that is coordinated with the priorities, objectives, indicators and targets contained in the IDP (LP 1, Unit Standard ID 116341, 2008, p. 20). Performance and monitoring regulations and circulars that were published since 2000 as part of the Local Government: Municipal Systems Act and the Municipal Finance Management Act can be summarised in the table below:

**Table 3.5: Performance monitoring regulations and circulars**

Regulation	Purpose
Municipal Planning and Performance Management regulations (Systems Act, 2001)	Clarifies strategic and planning objectives, indicator development for inputs, outputs and outcomes in the execution of the IDP and Service Delivery and Budget Implementation Plan (SDBIP). These regulations also address the nature of the performance management system and general key performance indicators and setting of



	targets. Finally, it also speaks to community participation in the IDP and PMS.
Municipal Budget and Reporting Regulations (MFMA, 2008)	To secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes.
Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers. (Systems Act, 2006)	Set out how the performance of Municipal Managers will be uniformly directed, monitored and improved. These regulations address both the employment contract and performance contracts of the Municipal Manager and managers directly reporting to the Municipal Manager.
MFMA Circular No 11	To provide guidance on the preparation of the annual report and aims to encourage continuous improvement in the standards of reporting by municipalities and to promote accountability to stakeholders.
MFMA Circular No 13	Provides guidance and assistance to municipalities in the preparation of the SDBIP.
MFMA Circular No 32	Focuses on the oversight process that councils must follow when considering the annual report. The oversight report must include a statement whether the council has approved the annual report, with or without reservations; has rejected the annual report; or has referred the annual report back for revisions of those components that can be revised.

Apart from the regulations and circulars mentioned, other relevant documentation in this regard are Department of Provincial and Local Government (DPLG) guidelines for the development of performance management models. (This department was renamed as Cooperative Governance and Traditional Affairs, or COGTA). In July 2001 DPLG published a document "General Performance indicators for Local Government" presenting a framework for a set of national KPIs for municipalities. It defined KPIs as indicators that are essential pieces of information that reveal

conditions, and over time, trends. The rationale behind the setting of a national set of KPIs was that it will:

- Ensure accountability;
- Direct municipalities to focus on national goals and priorities;
- Measure the impact of municipalities on national transformation, development and service delivery programmes;
- Enable benchmarking and create the basis for performance comparisons across municipalities; and
- Bring some form of uniformity in the system and ensure that there is commonality of measures in performance evaluation across municipalities. (LP 1, Unit Standard ID 116341, 2008, p. 34)

These general KPIs were enacted via the Municipal Planning and Performance Management Regulations dated August 2001 (regulation 10) and contains the following seven indicators:

- The percentage of households with access to basic levels of water, sanitation, electricity and solid waste;
- The percentage of households earning less than R1100 per month with access to free basic services;
- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;
- The number of jobs created through municipality's local economic development initiatives including capital projects;
- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
- Financial viability in terms of debt coverage, operating revenue received, operating grants and debt services payment.

This first guideline was followed by a second DPLG document titled "Performance Management Guide for Municipalities" in 2001 to provide for the development of a performance management system. In terms of performance reporting the Systems Act and the MFMA provide for a range of reports that have to be tabled at various stages throughout the financial year of a municipality. Below is an overview of the different kinds of reports that municipalities must table in compliance.

**Table 3.6: Overview of reports to be tabled by municipalities**

<b>Report</b>	<b>Description</b>
Monthly budget statements	Section 71 of the MFMA requires monthly reporting within ten days after the end of each month. It must include a projection of the municipalities revenue and expenditure for the rest of the financial year as well as information stating the financial situation of each municipal entity, if any.
Quarterly IDP and SDBIP reporting	The service delivery targets and performance indicators needs to be reported on, on a quarterly basis in terms of the MFMA.
Mid-year budget and DPLG (COGTA) report	Section 72 of the MFMA requires the Accounting Officer to prepare and submit a report on the performance of the municipality during the first half of the financial year. This report must also be submitted to the Mayor, National Treasury and the relevant Provincial Treasury.
Performance report	Section 46 of the Systems Act stipulates that a municipality must prepare for each financial year, a performance report that reflects the performance of the municipality and each external service provider during the financial year, a comparison of the performances referred to above with targets set and performances in the previous financial year and measures to be taken to improve on the performance.
Annual report	Section 121 of the MFMA requires a municipality to prepare an annual report for each financial year must include the annual financial statements, the Auditor-General's report on the financial statements, an assessment by the accounting officer of any arrears on municipal taxes and services charges, the performance report and any recommendations of the municipal audit committee.
Oversight report	Section 129 of the MFMA stipulates that the council of a municipality must consider the annual report, must adopt an oversight report containing the council's comments on the annual report which must include a statement whether the council has approved the annual report, with or without reservations; has rejected the annual report; or

	has referred the annual report back for revisions of those components that can be revised.
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The Systems Act differentiates between staff generally and managers directly accountable to the municipal manager, especially in terms of performance management. Whilst the performance management criteria, monitoring and evaluation of senior management are regulated, the participation of general staff in performance management is contained in the Code of Conduct for municipal staff members. Schedule 2, Code of Conduct for Municipal Staff members of the Systems Act states the following in section 3:

“A staff member of a municipality is a public servant in a developmental local system, and must accordingly

- (e) participate in the overall performance management system for the municipality, as well as the staff member’s individual performance appraisal and reward system, if such exist, in order to maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.”

The suite of legislation pertaining to local government under the Constitution in South Africa establishes a clear legislative framework with zero grey areas for municipal officials to comply and effectively operate within. It also provides officials a shield and sword to “protect” the institution from undue influence from unscrupulous and unethical senior officials and political representatives.

**3.5 Summary**

In this chapter a brief historical context of the development of local government in SA was provided, indicating the different manner in which the colonial and apartheid governments conducted local government, and the reforms and focus on developmental issues that were introduced by the democratic government since 1994. This was followed by a discussion on the legislative framework for local government and performance management post-1994. Specific emphasis was placed on the legislative framework for performance management systems. The role of the Constitution and its relationship with relevant local government legislation was clarified to understand that all municipalities must adhere to the principles of good developmental local governance and comply

with an inclusive statutory and regulatory framework that governs service delivery. Legislation pertaining to local government was identified and the purpose of each piece of legislation was provided, linking it to the continuous assessment, monitoring and evaluation of municipal structures, systems and processes, but most importantly, the evaluation of the performance of municipal officials. It would be a fair assessment, taking the abovementioned legal framework, guidelines and circulars into consideration, that local government has a clear legislative mandate (and duty) to implement, maintain, monitor and report on the management of performance to ensure service delivery.

## **CHAPTER 4**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **4.1 Introduction**

This chapter describes the research process embarked upon by the researcher in exploring the research problem. The research process entails a number of key steps that include identifying and employing the appropriate research design, choosing instruments for collecting information, and approach to interpreting and analysing the data. Against this background, this chapter focuses on the methodological approach employed in exploring the case of the Saldanha Bay Municipality (SBM) in respect of the implementation of its performance management system. It also focuses on the rationale for using the survey questionnaire by De Waal and Counet (2009, p 368) and choice of sample population, amongst other things.

#### **4.2 Methodological Approach: Research Design**

According to Mouton (2002, pp. 56-57) the research methodology focuses on the research project and the kind of tools and procedures to be used and compares a research design to a plan or a blue print of how you want or intend to conduct the research. The research design therefore focuses on the end product, which is to attempt to explain the problem under research. Its aim is also to explain the logic of the research, in other words, what kind of evidence is required to address the research question adequately. In the attempt to reveal the PMS implementation problem areas at Saldanha Bay Municipality (SBM), the case study method was used. Denzin and Lincoln (2008) as cited by van der Waldt (2014, p. 139), are of the view that a case study is appropriate when detailed information on a particular case in context is sought and the goal of the researcher is to describe and understand human complexities within that context used. Furthermore, the case study research design is favourable where the aim of the researcher is to answer the -howø and -whyø questions. Therefore, an exploration of how the PMS was implemented in the SBM and the reasons why it did not yield its anticipated outcomes, justifies the use of the case study research design. The gathering of information was based on primary and secondary sources. Primary sources included a survey questionnaire whilst books, journal articles, government and/or media reports were used as secondary sources.

### **4.3 Survey Questionnaires**

It was decided to use a questionnaire to obtain primary data for the research. The decision not to conduct qualitative interviews with those officials involved in the implementation of the PMS at SBM, was based on the fact that the researcher is also an employee at SBM and a colleague of the group that was used. The researcher argued that his presence during such interviews, or work relationship, may prevent participants from being at ease to share information, or would provide feedback selectively due to fear of possible negative reaction. A survey, developed by De Waal and Counet (2009, p.372) was used to understand why, in spite of the resources allocated to the implementation of PM in the SBM, it still failed. The personal observation of the researcher and preliminary research (emerging from the various reports and lack of compliance) indicated that the necessary preconditions as identified by De Waal and Counet were not present and hence this may have contributed to the unsuccessful implementation. The research by De Waal and Counet identified the influence of the 31-items as necessary preconditions for successful implementation of PMS in organisations. This SBM case study will be exploring whether these items contributed to the lack of support and/or failure of the PMS in the SBM. Although the survey was not specifically designed to explore problems in the public sector context, the generic principles regarding change management, human resources management and implementation of a PMS apply to the public sector as argued by Van der Westhuizen et al (2011, p. 5). According to Van der Westhuizen et al all public institutions strive towards being successful, meaning being effective and efficient, and therefore public sector institutions must function in such a way that the stakeholders are satisfied, using the same generic systems, methods and policies as the private sector.

### **4.4 Questionnaire Design**

The survey developed by De Waal and Counet (2009) was used in its un-adapted form, after approval from the authors was obtained. De Waal and Counet (2009, p. 368 ó 372) identified 31 problem areas that contributed to the failure or lack of progress of performance management systems in private sector organisations. The authors (2009, p. 367) believed that the need for an efficient and effective PMS has increased over the last decade (1999 ó 2009) since it has been shown that the use of PMS improves the performance and overall quality of an organisation. The problem statement identified by these authors speaks to the question why the PMS implementation initially failed at SBM.

The validity and relevance of these 31 identified problem areas were tested by using experts in performance management from around the world. The first panel comprised of 50 PMS experts from the personal network of De Waal and Counet (2009, p. 372) and was directly contacted via email. A second source of experts was the Performance Management Association (PMA) which is a global network for those interested in the theory and practice of performance management and management. On average these 50 experts have been involved in 24 PMS implementation projects (p. 372). The geographic location of the experts required that the questionnaires be administered using the internet. This allowed the participants to conveniently answer all questions by clicking their rating of choice on the World Wide Web. However, as explained by De Waal and Counet (2009, p. 372), as usual the case with web-based surveys, the response rate was below 50%, achieving only 46% (23 experts from 50 responded). From the second group only 8 responded but the response rate could not be determined by De Waal and Counet due to the fact that it was not known to how many members of the PMA the questionnaires were distributed. This left De Waal and Counet with only 31 responses from experts, but the authors argued (p 373) that a sample size of 31 is seen as a large enough sample on which the central limit theorem is applicable, meaning that the response sampling distribution can be approximated by a normal probability distribution.

These 31 problem categories related to problems with implementation or use of a PMS that were identified by de Waal and Counet were:

- Management puts low priority on the implementation;
- The implementation requires more time and energy than expected;
- There are insufficient resources and capacity available for the implementation;
- The organisation is in an unstable phase;
- The PMS implementation does not have a clear goal;
- Lack of management commitment;
- Period of attention from management for implementing of the PMS is not long enough;
- Organisational members lack a positive attitude towards the PMS;
- Insufficient commitment from middle management and staff for PMS implementation and use;
- The current ICT system does not support the PMS adequately;
- Organisational members are not adopting the right management style;
- The organisation does not have a clear and understandable strategy;
- It is difficult to define relevant CSFs;
- There is not enough focus on internal management and control;
- It is difficult to define goals for lower level employees;
- There is a lack of knowledge of skills in regard to the PMS;
- The KPIs are not linked to department ó team ó and individual responsibilities;



- It is difficult to define relevant KPIs;
- There are too many KPIs defined;
- The organisation measures the wrong KPIs;
- There is too much focus on the results of the PMS implementation, while the change process of the organisation is ignored;
- There is resistance from organisational members towards the new PMS;
- There is an insufficient link between the PMS and the reward system;
- The system lacks cause and effect relations or is over-complex due to too many causal relations;
- The organisation does not have a performance management culture;
- The PMS is not used for the daily management of the organisation;
- The PMS is not regularly updated and maintained after implementation;
- There is no organisational member who is appointed to take ownership of the PMS;
- There are difficulties in getting the data to calculate the performance indicators;
- The PMS has a low priority or its use is abandoned after a change of management;
- The organisation does not see (enough) benefit from the PMS.

#### **4.5 Pilot Testing the Questionnaire**

A pilot study was done using nine staff members from the sample population. This represented 14.75% of the total sample group of 61 officials on TASK post levels 14-18 at Saldanha Bay Municipality (SBM).

#### **4.6 The Sample Process**

As indicated above, the sample group consisted of 61 management members on post levels T14 to T18. The total of 61 equates to the number of posts that were created on the staff establishment and are the only group of staff that were exposed to and participated in the PMS of SBM. These managers have the knowledge of the PMS and the experience of working in the systems, and also managing it. No other individual staff members or groups within SBM could be used, since they had no knowledge or experience of the system. The 61 management employees were therefore an effective use of limited resources who were able to articulate their experiences and knowledge in an expressive and reflective manner. No sampling biased was involved since this group was the only sample in the case study of SBM that could have been used. The SBM questionnaire consisted of two parts; the first contained a short introduction, explaining the research objective and the instructions on how to complete the

questionnaire. The actual questions were contained in the second part. All 61 employees in the sample group were approached via email and invited to participate in this research.

#### **4.7 Enhancing the Reliability and the Validity of the Data**

Mouton (2002, p.144) uses the definition of Smith (1975) to describe the term reliability:

“Will the same methods used by different researchers and /or at different times produce the same results?”

This definition states that reliability demands consistency over time. Mouton (2002, p.145) also reflects on the factors that may affect the reliability of data and include researcher characteristics, researcher orientation, participant characteristics, participant orientations, measuring instrument and research context. In this research a questionnaire was used to ensure reliability.

Validity on the other hand, as described by Babbie (2010, p153), can be defined as:

“The extent to which an empirical measure adequately reflects the real meaning of the concept under consideration.”

In other words, validity means that we are actually measuring what we say we are measuring. The validity in this research was improved by using a standardised instrument (questionnaire) that was based on previous questionnaires (De Waal and Counet, 2009, p.372) and used questions that were derived from problems that the authors identified using literature sources not older than 1996 (p.368). The literature chosen by De Waal and Counet discussed one or more problems related to the implementation and or use of a PMS. The questionnaire was also set up in such a manner to allow the participants to conveniently answer all the questions by just clicking or marking the rating of choice.

#### **4.8 Guiding Ethical Principles and Considerations**

Approval for this research was obtained via the institutional structures of the University of the Western Cape and the research was guided by the institution’s policy on Research Ethics. Voluntary consent was obtained from the respondents by informing them about the nature of the research and the structure of the questionnaire. Participants were requested to only provide the date of their respective employment at SBM to ensure that they fall within the range of years used in this study.

The questionnaires were completed anonymously and participants were requested to place the completed questionnaires in a sealed box in the office of the researcher. Some of the participants that responded submitted their questionnaires via email, which were printed by the researcher and also placed in the sealed box. Therefore, the completed questionnaires could not be linked to any particular individual. The box was only opened after the period for completing the questionnaires had lapsed. No incentives were provided to the sample group to participate. Participation was based on voluntary participation and members of the sample group were free to withdraw at any time.

#### **4.9 Summary**

In this chapter the research design and methodology used for this study were described and motivated. This study followed the route of an empirical study using primary and secondary data, and in particular a case study. The advantages of a case study were presented and the rationale for the use of the De Waal and Counet (2009) PMS standardised questionnaire and the suitability to be used in the SBM circumstances. A survey by means of the standardised questionnaire was conducted using a sampling group consisting of 61 employees on managerial level and who were involved in the implementation of the PMS at SBM, which yielded a response rate of 60%. The guiding and ethical principles were also presented to conclude this chapter.

## **CHAPTER 5**

### **A CONTEXTUAL REVIEW OF THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM AT SALDANHA BAY MUNICIPALITY (SBM)**

#### **5.1 Introduction**

The purpose of this chapter is to provide the reader with a contextual understanding of the implementation challenges that the SBM was confronted with in the first phase of performance management. Since the political and administrative interface and SBM history since 2001 were briefly discussed in Chapter one, a more detailed discussion will be provided in this chapter. The purpose of this chapter is to provide the rationale why an assessment of the implementation challenges, using the survey questionnaire of De Waal and Counet (2009) that explored the necessary preconditions for the effective implementation of a performance management system, was deemed necessary. The 2005 ó 2015 period was identified as it allowed the researcher to understand the early implementation challenges insofar as the implementation phase of performance management in the SBM is concerned. It also allowed for an understanding into the turnaround strategy that resulted in an effective and efficient PMS, as attested to by the Office of the Auditor General (AG 2014-2015 Management Report, p.7). These corrective actions that were introduced since 2011 will include the national turnaround strategy (LGTAS) that was introduced in 2009/10 by the National Government, as well as the recent back-to-basics programme by COGTA and the participation of SBM in these national programmes that assisted in the turnaround of the SBM's Performance Management System.

#### **5.2 The 2005 Performance Management System in SBM**

SBM embarked with the implementation of a PMS when a service provider (consultants) was appointed by Council in November 2003 to develop a PMS for SBM. During May 2004 the consultants met with senior management to plan the implementation process and include all stakeholders. A representative team from the Municipality was established that would work closely with the Consultants. The representative group consisted of members from the Directorates of Finance; Information Technology; Human Resources; and Corporate Services; two members from regional offices and union representatives. It was envisaged that this group would play a fundamental role in ensuring the future sustainability of the performance management system in the Municipality.

The responsibility for the performance management system was allocated to the Corporate Services directorate.

The consultants did the necessary with regards to the design, planning, consulting, and training processes and the PMS framework that they drafted and had approved by Council (Council resolution R9/4-05), was a guideline document that clearly established the role, functions, time frames, reporting and evaluation processes in the PMS (SBM PMS Framework, 2005). The new PMS did not include a PMS model (software) for SBM.

From this promising start, the subsequent AOPO (Audit of Predetermined Objectives) of the 2007-2008 up to the 2011-2012 financial years by the Office of the Auditor General reflects a picture of non-compliance to the accepted 2005 PMS framework of SBM and relevant legislation (Annual Management Reports, Auditor General [AG] audits for the period 2006 ó 2012). These AG management reports identified several core deficiencies and non-compliance issues. Table 5.1 below compares these deficiencies with the preconditions set out in the findings of the De Waal and Counet framework (2009, pp. 378-380). This comparison is done to establish whether the deficiencies identified by the AG relates to the precondition (or lack of it) as defined by De Waal and Counet and if it can assist to identify some factors that may explain the SBM's PMS implementation factors.

**Table 5.1 Comparison of core PMS deficiencies with De Waal and Counet's precondition factors**

	<b>Core PMS deficiencies identified by AG</b>	<b>Comparison to De Waal and Counet's 7 precondition factors</b>
1	Information systems inappropriate to facilitate the preparation of a performance report that is accurate and complete (2008/09).	Low management priority, inefficient resources and unstable foundation (unclear goals / uses / strategy).
2	Adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information (2008/09).	Uselessness in support of daily management of the organisation and low management priority.
3	Neither the 2006/2011 nor the 2008/2009 IDP details performance indicators and performance targets (2011/12).	Immaturity in not defining the right indicators. Lack of relevancy.

4	No Performance report prepared (2009/10).	Low management priority, unstable foundation and uselessness.
5	No PMS was established (2009/10).	Low management priority.
6	Certain managers directly accountable to the Municipal Manager did not sign their respective annual performance agreements (2009/10).	Low management priority, uselessness of PMS to support managers in their daily activities.
7	No functioning PMS existed and performance bonuses were paid without any proper assessments (2010/11).	Immaturity and low management priority.
8	Late submission of Annual and Oversight reports to Provincial legislator (2011/12).	Insufficient resources, unstable foundation and uselessness.
9	Leadership: Performance is not measured, as no PMS has been communicated, implemented and monitored and no performance reports have been issued (2009/10).	Unstable foundation, immaturity, lack of relevancy and employee resistance.
10	Adequate explanations for major variances between the planned and reported targets for all the programmes were not provided (2010/11).	Lack of relevancy and unstable foundation.
11	Measurability: For 2 selected programmes, 26% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently (2010/11).	Uselessness of PMS for management of daily activities. Low management priority.
12	Reliability: For the selected programmes, 49% of the reported indicators were not valid and accurate based on the source information or evidence provided (2010/11).	Uselessness of PMS for management of daily activities. Low management priority.
13	Reliability: For the selected programmes the validity, accuracy and completeness of 37% of the reported indicators could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided (2010/11).	Uselessness of PMS for management of daily activities.

14	No evidence of submission of quarterly reports (2011/12).	Low management priority, insufficient resources and immaturity.
15	No standard procedures documented for Pre-Determined Objectives (PDOs) (2011/12).	Uselessness of PMS, low management priority. Incorporation into daily activities?
16	SDBIP not submitted to National and Provincial treasury on time (2011/12).	Insufficient resources, low management priority.
17	Mid-year (section 72 MFMA) report not submitted to Treasury on time (2011/12).	Insufficient resources, low management priority.
18	Significant important targets with respect to basic service delivery were materially misstated (2012/13).	Uselessness. Unstable foundation, employee resistance and low management priority.
19	66 (44%) of the 152 planned targets were not achieved (12/13).	Low management commitment and unstable foundation.
20	No clear link between budget and IDP (2011/12).	Unstable foundation.

Dauids (2012, p. 7) observed that the expectation was that the implementation in SBM would be successful on the basis that a municipal task team was assembled to develop and implement the PMS. According to Dauids this team met on several occasions and had a set of objectives to work towards. Furthermore, organisation-wide training was provided and senior management was instructed to attend these training sessions. However, the emphasis of matters reflected from the AG reports above, indicate the contrary. In his 2012 study, Dauids highlighted the following three factors that in his view attributed to the unsuccessful implementation of an operational and functional (effective) PMS in SBM:

- High levels of political volatility that resulted in the derailment of the process in that it led to the removal of key role players, leaving the municipality in a state of paralysis;
- The institutionalization of the PMS had not yet occurred as a result of the leadership vacuum and this resulted in the municipality reverting back to the old way of doing or status quo;
- The human resources department was unable to perform the task necessary for the system to become institutionalized.

The issue of human resources and capacity appears to be an important issue that affected the successful implementation of performance management in the SBM. As mentioned in Chapter one of this dissertation, the SBM Council decided in 2007 via resolution R107/12-07 that the post of IDP Manager should be declared redundant. The incumbent in this post was also responsible for the PMS function in SBM. Bearing in mind that the Integrated Development Planning is a legislative requirement in terms of chapter five of the Local Government: Municipal Systems Act, the rationale for this decision is difficult to understand. According to the In-Council committee report of 2008, the post of IDP Manager was to be abolished and one of the two existing posts of Area Managers at that stage, should be redefined and renamed as Manager IDP and Performance Management. However, the abolition of one of the posts of Area Manager did not occur and the new post of Manager IDP and PMS did not materialize. During the subsequent 2007/2008 external audit performed by the Office of the Auditor General of SA (AG), this office stated that it did not agree that the reason for the termination of this post was valid. According to the AG the Integrated Development Plan is fundamental to managing the performance of the municipality and that the functions of the post of the Manager IDP is (was) therefore still relevant. This situation prevailed until an interim official was appointed in March 2011 to accept responsibility for the PM function. Contemplating the reason why no official was assigned to accept corporate responsibility for the PM function for the period 2008 until 2011, it must be mentioned that the Municipal Manager who managed the redundancy exercise, was suspended in August 2008 and replaced by a junior official who did not meet the competency requirements for the position of accounting officer. The suspended Municipal Manager subsequently negotiated a termination agreement with Council and his services were terminated in October 2008. Council then appointed an external retired senior official in October 2008 as acting Municipal Manager and he managed SBM until the appointment of a new Municipal Manager in June 2009. This Municipal Manager's tenure of office lasted until October 2011 and Council appointed the current (2016) Municipal Manager in April 2012. The narrative above indicates that this period was indeed volatile and all the time and resources were needed to stabilize the management core, but at the expense of proper performance management.

An interview (15 January 2015) with the former Head of Internal Audit during the period 2010 to 2012 was conducted to obtain more information about why the PMS implementation was not successful at SBM.

The interview is an alternative method of collecting survey data and is described by Babbie (2010, p. 274) as a data collection encounter in which one person (an interviewer) asks questions of another (a



respondent). Interviews may be conducted face-to-face or by telephone. During this interview, the former Head of Internal Audit identified the following reasons why he believed that the PMS of SBM was non-functional in the 2005 ó 2010 period:

- During the period 2005 until 2010 there was no strong focus placed on PM by the Office of the Auditor ó General;
- The Internal Audit section of SBM also did not place a strong emphasis on PM and meaningful assessment or evaluation was conducted to ascertain the effectiveness of PM;
- Local Government in general was still in a òlearning curveö with regard to PM;
- The decision by Council to declare the post of IDP/PMS Manager redundant in 2008, and to pay the incumbent a severance package. (This severance package of the IDP/PMS Manager led to an external audit query that was only resolved as an irregular expenditure in the 2012-2013 financial year);
- The failure of Management to implement the relevant regulations and the internal PMS policy (2005); and
- Ignorance on the part of the political leadership of the legislative PM prescripts in failing to perform their oversight role.

### **5.3 Factors that contributed to the failure of SBM to implement a successful PMS**

Reflecting on the AG findings in Table 5.1 above, linking them to the De Waal and Counet (2009) study and using the findings and recommendations of Davids (2012), the following general contributing factors, using secondary data, emerged at SBM during the decade under research:

1. An unstable foundation ó Unclear goals, strategy, uses. No ownership of the PMS and no or low performance culture and no stable political environment. These factors are supported by the findings of Davids (2012, pp. 13-14).
2. Low management priority ó No priority to PMS and low drive toward PMS. Also supported by the Davids (2012) findings.
3. Insufficient resources ó No IDP / PMS Manager, lack of sufficient ICT system, lack of capacity; echoed by Davids (2012, p. 14) referring to the human resources aspect.
4. Uselessness ó Management does not use PMS to support daily management of organisation. (See the second bullet above with reference to Davids (2012).
5. Immaturity ó Right indicators not identified, no correct management style.
6. Lack of political oversight ó The view expressed by the Head: Internal Audit during interview (Jan 2015) and supported by the Davids findings and recommendations (2012, p. 13).

#### **5.4 The 2010 National Turnaround Strategy and the 2014 Back-to-Basics Programme**

Whilst SBM battled with its own performance problems, National Government from their side initiated programmes / strategies to assist LG to overcome their governance problems. In December 2009, due to the inability of the majority of municipalities to perform, the National Cabinet approved a comprehensive Local Government Turnaround Strategy (LGTAS), to improve service delivery by municipalities (IMIESA, July 2010, p. 43). The five strategic objectives of the LGTAS were:

- Ensure that municipalities meet the basic needs of communities;
- Build clean, responsive and accountable local government;
- Improve functionality, performance and professionalism in municipalities;
- Improve national and provincial policy, support and oversight to local government;
- Strengthen partnerships between local government, communities and civil society.

An implementation plan document (COGTA, January 2010) was distributed to municipalities outlining the purpose, background, implementation-framework and implementation arrangements. Each municipality had to develop its own LGTAS to adhere to the core principles of the LGTAS as envisaged by Cabinet. SBM presented its LGTAS to Council in September 2010 and it included 24 priority areas that were identified by management. Each of these 24 priority areas indicated the current situation, what action plans were envisaged and budgets allocated to these actions. It was envisaged, in accordance with the COGTA Implementation Plan, that regular feedback on the implementation and progress on the SBM LGTAS will be provided to the Provincial Government as part of the monitoring and reporting of progress. Unfortunately, the LGTAS project at SBM was not successful as was evident in reports, or the lack of it, to Council on the progress of the SBM LGTAS. The official SBM records (file ó 12/1/1/96) indicate that since the adoption of the LGTAS by the SBM Council, no report was presented to Council to inform on the progress, successes or failures of the local LGTAS (email dated 9 September 2014 from Committee officer, SBM). The last official document filed in this regard was dated October 2011 (SBM file - 12/1/196). The LGTAS was replaced by the öBack-to-Basicsö programme (B2B) that is built on 5 pillars (COGTA Circular No:47/ 2014):

- Putting people and their concerns first;
- Delivering municipal services;
- Demonstrating good governance and administration;
- Sound financial management and accounting; and
- Sound institutional and administrative capabilities.

Contributing to these initiatives by the National Government, the parties to the Public Service Coordinating Bargaining Council during 2013 signed a Service Charter whereby all parties committed to improving the manner in which services are discharged by civil servants to their respective beneficiaries (SALGA 2015a, Circular WC 46 of 2014/15, p 1). The South African Local Government Association (SALGA) decided that local government should model this Services Charter as well and forwarded it to the South African Local Government Bargaining Council (SALGBC). The proposed LG Service Charter was negotiated in 2015 between the South African Local Government Association (SALGA), the independent Municipal and Allied Trade Union (IMATU) and the South African Municipal Workers Union (SAMWU). This Charter seeks to:

- Improve service delivery programmes;
- Reinforce the partners' commitment to service delivery improvement for the benefit of all citizens;
- Clarify the rights and obligations of each of the parties;
- Acknowledge and reward excellent performance;
- Professionalise and encourage excellence in local government;
- Enhance performance;
- Facilitate a process to define service standards in the local government undertaking;
- Strengthen processes and initiatives that prevent and combat corruption;
- Facilitate social dialogue among the partners;
- Help our municipalities rise to the challenges of treating citizens with dignity and expectations meeting their demands equitably and fairly; and
- Ensure effective, efficient and responsive municipalities.

## **5.5 The SBM Turnaround: 2011 – 2015**

The negative AG reports of 2008/09 and 2009/10 on the Audit of Predetermined Objectives (AOPOs) necessitated the Municipal Manager in 2011 to implement corrective actions with regard to the PMS in SBM. These corrective actions inter alia involved the secondment of the Manager: Human Resources Services in February 2011 to the office of the Municipal Manager with the primary task of 'compliance' with regards to performance management legislation. The main focus areas of the Interim PMS Manager since February 2011 were the following:

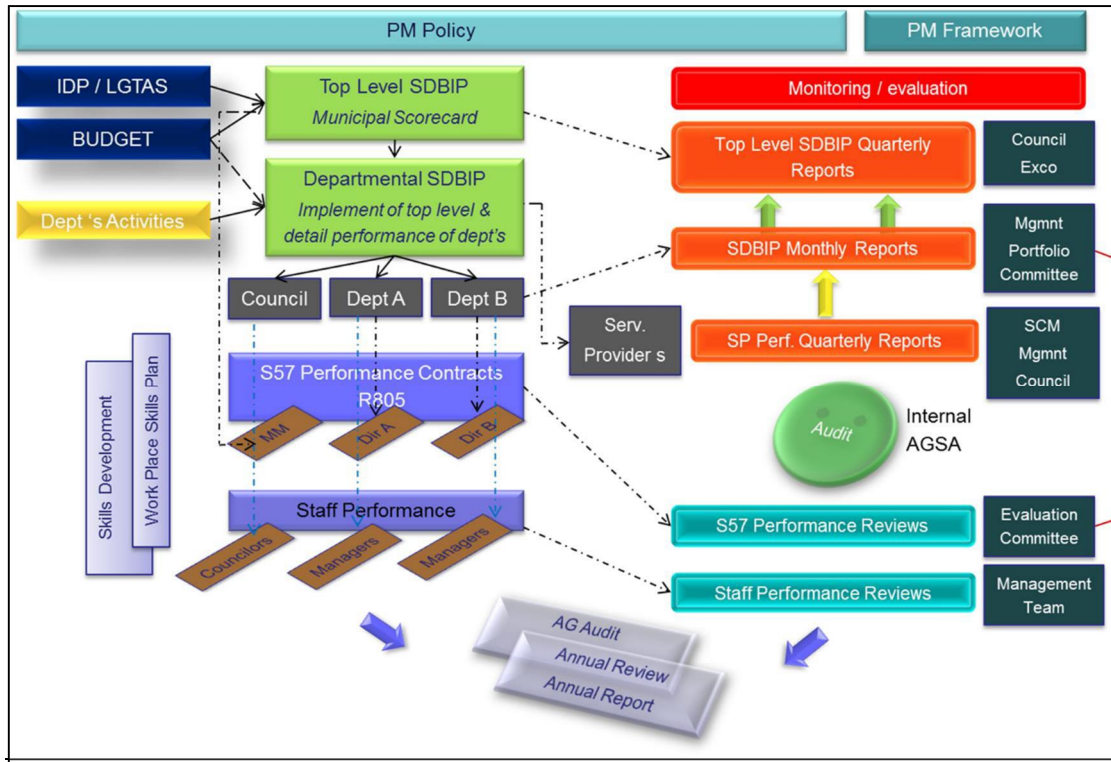
- To ensure the drafting of a PMS framework and Performance Management policy for SBM and have it adopted by Council;
- To ensure quarterly performance reports to Council;
- Ensure that the annual Performance Report and the Annual Report be submitted to Council and the Provincial Government;

- That the Mid-year performance report (section 72) is submitted to Council and Provincial and National Treasury;
- That a Service Delivery and Budget Implementation Plan (SDBIP) is drafted and submitted to the Mayor 14 days after the approval of the budget and signed within 28 days after the approval of the budget;
- To ensure the monthly updates of the SDBIP on the web-based electronic system;
- To ensure performance contracts are drafted and agreed upon for the Municipal Manager and section 56 managers who report directly to the Municipal Manager and that proper mid-year and annual performance evaluations are conducted in terms of the relevant regulations;
- To ensure overall compliance with regard to the PMS and relevant legislation.

A PM policy was adopted by Council in June 2011 and a PMS framework in September 2011 as one of the first compliance steps. The SBM Performance Management model was developed by Ignite Advisory Services (Pty) Ltd in 2011 and is based on the principle that the PMS of Council should be aligned to the organisational strategy of SBM. This model therefore must ensure that the Integrated Development Plan (IDP) of SBM is translated into workable performance measures that can be measured to ultimately report on the predetermined objectives (PDOs) approved by Council. Since targets can only be set for budgeted services or items, the model must therefore link the IDP and annual budget to the annual Service Delivery and Budget Implementation Plan (SDBIP) of SBM. The model also provides for extensive monitoring and evaluation to ensure that the annual revision of the IDP takes cognisance of past performances.

This SBM PMS framework was based on the following PMS model:

**Figure 5.1: SBM PMS model**



**Source: Saldanha Bay Municipality Performance Management Framework (2011b)**

The SBM performance cycle makes provision for the performance planning, key performance areas and indicators, monitoring, evaluations to determine under-performance and corrective actions. Performance reporting and review closes this PMS cycle to ensure that the reporting mechanisms are accurate and reliable.

During an interview about the impact of this “corrective action” by the Municipal Manager, the former Head of Internal Audit (15 Jan 2015) explained that it was evident that the period from February 2011 and the following financial year of 2011/12 (July 2012 to June 2012) were exclusively used to ensure compliance to prevent a disclaimer with regard to the audit of AOPOs in the 2011/12 year. He reiterated that the reliability, usefulness, completeness and accuracy of performance data were secondary to the “ticking” of the compliance boxes. This understandably led to questions raised by the AG team in the 2011/12 financial year’s audit on aspects such as miss-statements of reported performance that were not valid and accurate, supporting source information that was not reliable and no comparisons with the previous year presented. During an interview (15 January 2015) with the Acting Head of Internal Audit of SBM, on the strategy followed by SBM in the period February 2011

until May 2014 to guide SBM to a possible and obtainable 'clean' audit of APOs, the following key factors were identified by him:

- A mandate from the Municipal Manager to implement an operational PMS in SBM;
- Secondment of a dedicated person responsible to manage the PMS and related processes and report to the various oversight bodies and The Municipal Manager;
- Review and adoption of a revised PMS framework and policy;
- Implementation of processes and controls coupled to continuous monitoring to ensure PM compliance from management;
- Regular monitoring and evaluation by oversight bodies of performance reports and emphasis that non-performance be corrected and reported on;
- Obtaining the expertise of specialists in the development of governing documentation and assistance with the implementation of new processes and procedures;
- PMS training for management and supervisors;
- Automating the reporting and monitoring system with the implementation of a web-based SDBIP and PM system, ensuring user friendly interface and easy access;
- Perennial PMS communication to all stakeholders using various platforms;
- Weekly, monthly, quarterly, mid-year and annual PM monitoring and feedback;
- Reporting of poor PMS performers to the Municipal Manager and Audit Committee;
- Guidance and support by the Audit Committee Chairperson (specialist in the field of performance management and audit);
- Monitoring by Provincial authorities and reports generated by them on performance related matter by municipalities; and
- Monitoring, reporting and consultation on a planned basis by Internal Audit.

The abovementioned action steps contributed to some extent that the management report of the Auditor General regarding the audit of the PDOs for the 2013/2014 financial year concluded that SBM obtained a 'clean audit'. This audit finding indicates that the 'corrective actions' introduced since 2011 yielded a positive result 3 years down the line. To conclude, some notes are provided to establish on which PMS model the current PMS system (model) of SBM is based. The Ignite system currently in use (see Figure 5.1) is based on the Balanced Scorecard (BSC) model which is used to align the business activities to the vision and strategy of the organisation, improve internal and external communications and monitor the organisation's performance against strategic goals. If the current SBM model as depicted in Figure 5.1 is compared with the BSC, the core perspectives of the BSC, namely the learning and growth, business, customer and financial perspectives are contained in the SBM PMS (Ignite) model.

## 5.6 Summary

Factors emanating from this chapter show that although SBM adopted a PMS in 2005, an effective and sustainable PMS did not materialise. Subsequent management reports quoted in this chapter tell a story of non-compliance, lack of management control and accountability and no political oversight. That was basically a dysfunctional performance management system. Perusal of Council resolutions and decisions regarding the employment contracts of Municipal Managers during the period 2005 until 2011 indicate an unstable management environment that adversely affected the PM process in SBM. Political volatility and the lack of the institutionalisation of the PMS at SBM indicated an unstable foundation as described by De Waal and Counet (2009) as a precondition for a successful implementation of a PMS. This was exacerbated by the fact, as portrayed in this chapter, that no link was made between the strategy and vision of SBM and the business processes. Added to this was the lack of sufficient Internal Audit control and the irrational decision by Council to declare the post of IDP / PMS Manager redundant, leaving SBM without a responsible person to drive the PMS implementation and development in the administration. As alluded to in the chapter, these circumstances resulted in non-compliance with legislative requirements with regard to PMS legislation, which ended in qualified AG reports. On the positive side for SBM and the community, this chapter also had a narrative of the PMS turnaround strategy that resulted in a 'clean audit' in terms of the audit of predetermined objectives (performance targets as per SDBIPs).

## **CHAPTER 6**

### **PRESENTATION OF FINDINGS**

#### **6.1 Introduction**

The previous chapter highlighted the challenges that confronted the SBM in trying to implement performance management in the early stages. Subsequently however, a turnaround strategy was introduced to ensure implementation of a functional performance management system, and essentially ensure that the SBM complies with legislation. The purpose of this chapter is to present and interpret the results of the 36 completed management questionnaires to gain insight into the experiences of staff primarily responsible for the implementation of the PMS in the SBM. The chapter is organised into two parts with the first part focusing on the presentation of the data obtained from the questionnaires and the second part is a presentation of the main findings. In concluding this chapter key differences, similarities, and anomalies of responses as they relate to the necessary preconditions for successful implementation of a PMS will be presented and discussed. Contradictory responses to the preconditions as identified by De Waal and Counet (2009) will assist in providing an understanding of why the implementation of performance management was unsuccessful in the SBM.

#### **6.2 Data analysis and interpretation**

It is imperative to remember that a decade of PMS (2005 until 2015) at SBM is under research. Chapter five indicated that the period 2005 until 2010 was noted for its poor implementation of the PMS and low management commitment, whilst the period 2010 until 2015 was used to conduct a turnaround process for PMS implementation and compliance with performance management legislation. The primary data obtained from the sample group during 2014/2015 (at the end of the decade) must therefore be analysed bearing in mind the PMS turnaround that took place at SBM since 2010. This turnaround could have influenced the sample group's view of the problem statement on PMS implementation as contained in the questionnaire and may have resulted in some responses that depict contradictions with the AG's findings.

A total number of 36 completed questionnaires were received which represent a response rate of 60%. Referring back to the response rate (46%) of the research done by De Waal and Counet (2009), they



adopted the stance that the response rate of 46% was adequate since the people who responded were experts with relevant knowledge and experience of the subject matter. A study by Sheehan (2001) found that the average response rate to email surveys appears to be decreasing over a period of fifteen years, and that 31 studies reported a mean response of 36,38%. The 1998/99 period showed thirteen studies using email surveys with an average response rate of about 31%. According to Babbie (2010, p 273) response rates of 70% or more are achievable in mail surveys, but that most mail surveys probably fall way below 70%. Neuman (2000, p 267) states on this issue that:

“Adequate is a judgment call that depends on the population, practical limitations, the topic, and the response with which specific researchers feel comfortable. Most researchers consider anything below 50 % to be poor and over 90 % as excellent.”

The response rate of 60% is therefore considered to be a sufficient representation of the view of the sample group at SBM. The 36 completed questionnaires were first analysed using Microsoft Office Excel 2010. Participants were asked to score each question (problem) according to its frequency of occurrence. Scoring was done on the Likert scale with the following response options:

- Implies that the problem was never encountered (1);
- Implies that the problem is rarely encountered (2);
- Implies that the problem is sometimes encountered (3);
- Implies that the problem is often encountered (4); and
- Implies that the problem is always encountered (5).

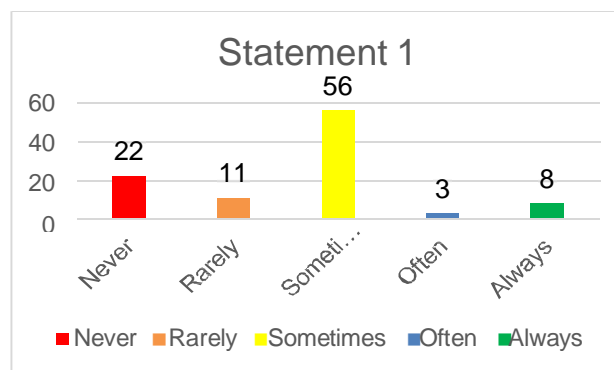
The frequency score was then calculated by the sum of all scores given by the participants to a particular question (problem) divided by the number of respondents (N = 36). The higher the score, the more the problem was encountered. The response to each statement is discussed below in percentages making use of histograms (graphs). In the histogram the columns are the number of responses by the sample group according to the five observations. For example, in statement 1 below, 8 participants selected observation one, 4 chose observation two, 20 chose observation three, 1 chose observation four and 3 chose observation five.

<b>Observation 1</b>	<b>: Never encountered</b>
<b>Observation 2</b>	<b>: Rarely encountered</b>
<b>Observation 3</b>	<b>: Sometimes encountered</b>
<b>Observation 4</b>	<b>: Often encountered</b>
<b>Observation 5</b>	<b>: Always encountered</b>

For analysis purposes, the combined percentage for observations 1 and 2 (never encountered and rarely encountered) will be reflected as a combined score, as well as for observations 4 and 5 (often encountered and always encountered). The questions contained in the questionnaire were presented in Chapter 4 of this dissertation and relate to statements regarding problems with the implementation of a PMS. An analysis of the response on all these statements, the 'often and always' responses from the sample group suggest that the implementation of a PMS requires more time and effort, that there is too much focus on the implementation whilst the change process in the organisation is ignored, and that there is an insufficient link between the PMS and the reward system. The 'sometimes' responses identified low management priority on PMS implementation and that some organisational members were not adopting the right management style.

For ease of reference, each set of responses for each statement are differentiated by colours as in 1 ó red (Never), 2 ó orange (Rarely), 3 ó yellow (Sometimes), 4 ó blue (Often) and 5 ó green (Always). The data (scores) are presented in percentages.

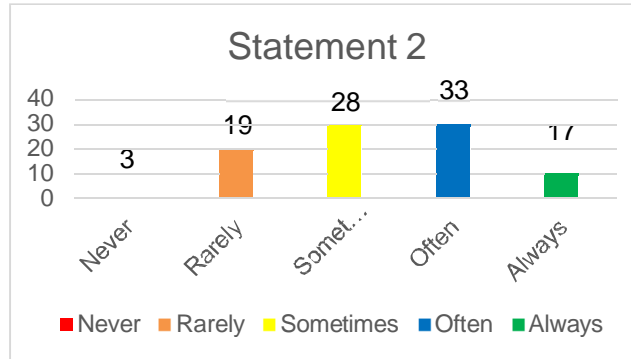
**Figure 6.1: Management puts low priority on the PMS implementation**



Histogram one shows that the majority (56%) of the respondents indicated that they 'sometimes' encountered that management put a low priority on PMS implementation. Combined with the 'often and always' responses, it indicates 67%. This response links with the view expressed by the AG in Chapter 5 of this dissertation when he referred to the lack of management commitment, and non-compliance. On the other hand, 33% responded that they 'never or rarely' encountered PMS as a low priority. This may be explained on the basis that when the questionnaire was done, SBM was in a turnaround phase with regard to PMS with a high management priority. This response may suggest

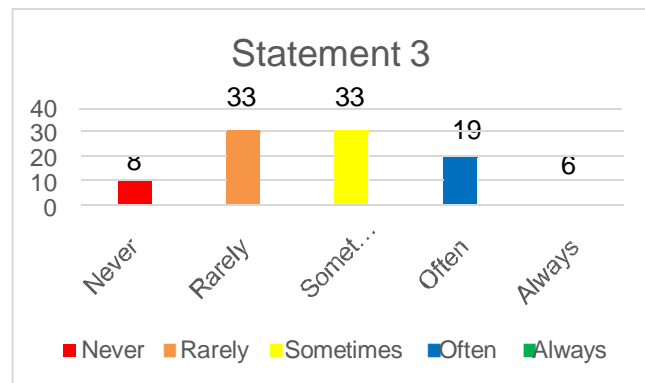
that management commitment is not only needed for the implementation of a PMS, but a continuous commitment to ensure that PM is driven from management side.

**Figure 6.2: Implementation of the PMS requires more time and effort**



The data indicates that 50% of the respondents believe that more time and effort should be allocated to the implementation of PMS. When combining these responses with those who responded with “sometimes,” the total percentage increases to 78%. Only 22% responded that they “never and rarely” encountered time and effort as issues related to the implementation of PMS. These responses suggest that not enough time was devoted at SBM to ensure that a stable foundation for the implementation of a PMS was created.

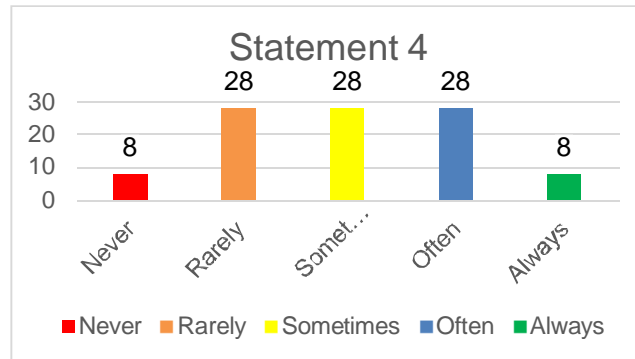
**Figure 6.3: Insufficient resources and capacity**



With regard to the statement on insufficient resources and capacity, 42% of the respondents were of the view that they “never or rarely” experienced these as issues affecting the implementation of the PMS. However, if the “sometimes” response is added to the “often and always” data, 58% is calculated. This suggests that the necessary, or adequate resources and or capacity were not available

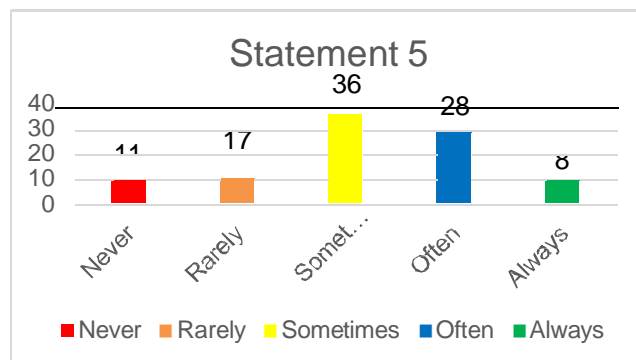
at SBM. This problem statement must therefore be included in factors that negatively affected the PMS implementation at SBM.

**Figure 6.4: Insufficient commitment from middle management and staff**



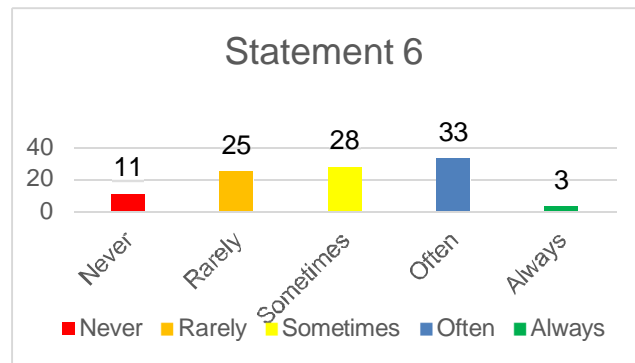
The data in this histogram reflects that the respondents are split equally at 36% between the 'never' and 'rarely', and the 'often' and 'always' who responded to the statement on the lack of commitment from middle management and staff to implement performance management. The responses do not provide a clear indication if this problem was a contributing factor to the poor PMS implementation and therefore makes it difficult to describe the influence of this statement in relation to SBM. However, if the 'sometimes' observation is added to the 'often' and 'always' encountered, the percentage increases to 72%. It seems that with the inclusion of the 'sometimes' data, the suggestion by the respondents is that during the implementation of the PMS at SBM, insufficient commitment by middle managers and staff might be a factor to consider for this dissertation's findings.

**Figure 6.5: Lack of knowledge and skill with regard to PMS**



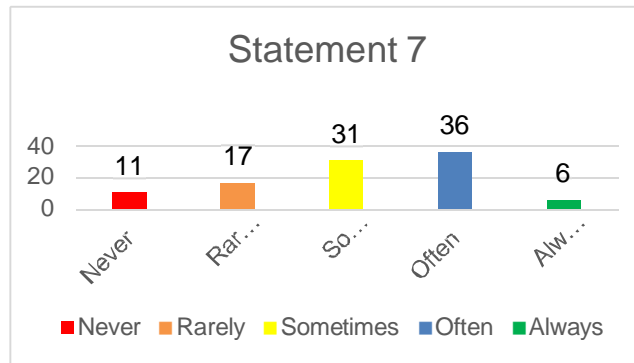
This histogram indicates that 36% of the respondents observed that the lack of skills and knowledge was a factor at SBM, whilst 28% selected the 'never or rarely' response. Once again the 'sometimes' response combined with the 'often and always' response, provides a suggestion that the lack of knowledge and skills is a factor contributing to the successful implementation of a PMS. De Waal and Counet's factor analysis identified this as a specific problem, emerging from their studies (2009, p. 378) and referred to training as an important precondition for PMS implementation.

**Figure 6.6: The organisation does not have a performance management culture**



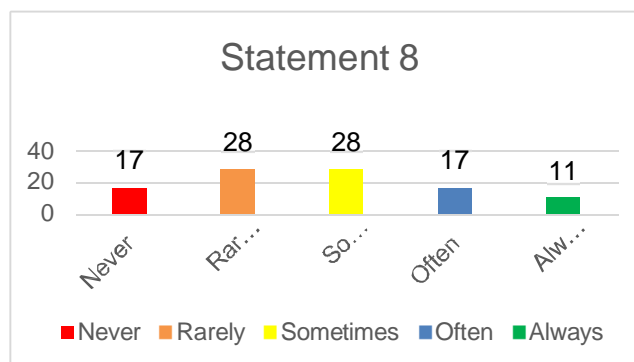
Analysis of responses on this statement mirrors an equal division (36%) between the 'never and rarely' and the 'often and always' observations, with 28% respondents recording a 'sometimes' observation. Although it is difficult to interpret and describe this response, with the addition of the 'sometimes' response (64%) it can be linked to the data displayed in Chapter 5 (Table 5.1). This indicates the adverse findings of the AG, specifically with regards to non-compliance issues. Additionally, it indicates a lack of management commitment, which may be attributed to a lack of a performance culture during the implementation phase. It must also be remembered that this study was conducted during the turnaround phase of the PMS at SBM, which might possibly explain the 36% for the 'never and rarely' responses.

**Figure 6.7: Resistance from organisational members towards the new PMS**



Responses reflect that 42% of the respondents indicated that they experienced the 'often and always' observation regarding resistance from organisational members towards the new PMS. A total of 31% responded that they experienced this statement as 'sometimes'. The combined 'score' from the 'sometimes' and 'often and always' of 73%, suggests that this 'problem' was a factor in the implementation of a PMS at SBM. It might be explained using the factors identified by de Waal and Counet (2009) of an 'unstable foundation' and 'immaturity' as reference points and may suggest that the aforementioned issues with specific reference to the human factors (lack of commitment from management, lack of skill and knowledge and resistance) are instrumental in the successful implementation of a PMS.

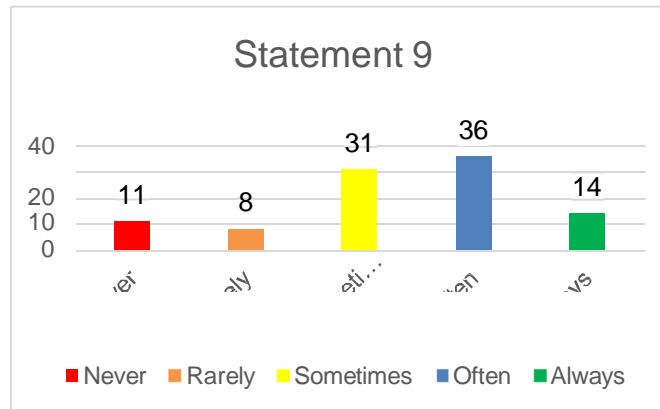
**Figure 6.8: The PMS does not have a clear goal**



A high number of the respondents did not agree with this statement as shown by the 'never and rarely' responses of 45% versus the 28% of the 'often and always' responses. This response may be influenced by the time period (2014) that the questionnaire was administered. The post-2010 period in the SBM reflects a greater commitment to the implementation of the PMS, as indicated earlier. Therefore, by this time each directorate and department had an agreed and signed Service Delivery

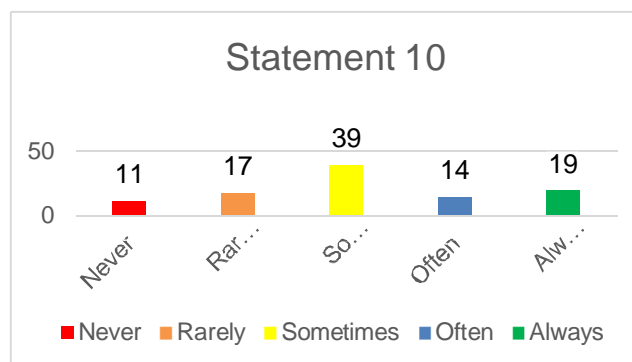
and Budget Implementation Plan (SDBIP), were provided with clear Key Performance Indicators for each financial year that were linked to the strategic objectives and outputs of the SBM.

**Figure 6.9: Too much focus on the results of the PMS implementation**



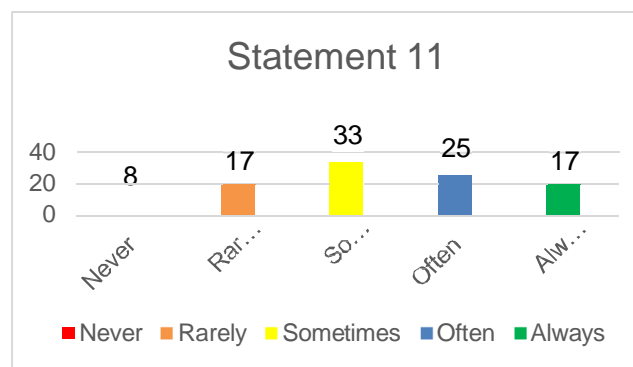
This statement elicits a strong support for the ‘often and always’ observation at 50% against the 19% of the ‘never and rarely’ observations. When the ‘often and always’ responses and the ‘sometimes’ responses (31%) are combined, the percentage increases to 81%. The responses suggest that staff may not have been happy with the over-emphasis of the SBM on the implementation of performance management, particularly in light of previous reports highlighting major implementation challenges inherent in the municipality’s earlier attempts. In addition, one could infer that officials acknowledge that change management is an all-encompassing process that involves more than monitoring and evaluation of people’s performance, albeit an important part of organisational success.

**Figure 6.10: The organisation does not see (enough) benefit from the PMS**



The results of this statement indicate 33% respondents that support and 28% that do not agree with this statement, with 39% listing the 'sometimes' response. Combining the 'sometimes' and the 'often and always' responses, the score of 72% may suggest the same arguments that were presented in Statement 9 above with regard to compliance versus performance culture, might also describe these responses. In Chapter two of this dissertation, the importance of change management and leadership for the implementation of a PMS was discussed and the views expressed by Newstrom and Davis (1997) must be repeated. According to them, transformational leaders create vision, communicate charisma and stimulate learning. In building support for change, transformational leaders effectively use group forces, provide a rationale for change, encourage participation, ensure shared rewards, employee security, and communication and education. Change leaders provide a rationale and benefit from a system such as performance management, changing the process the culture of the organisation.

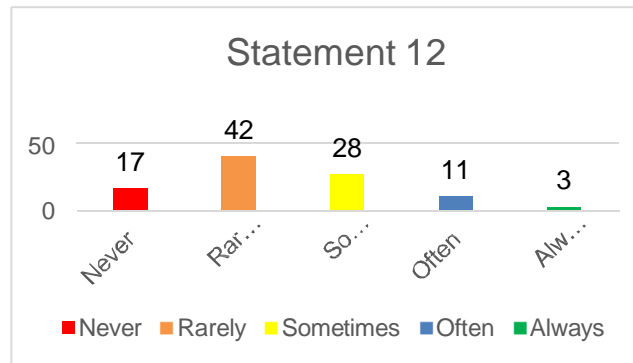
**Figure 6.11: Organisational members lack a positive attitude towards the PMS**



The data obtained from responses on this statement indicates that 42% of the respondents selected the 'often and always' responses versus the 25% that selected the 'never or rarely' responses with 33% for the 'sometimes'. Again, these responses could be linked to statements 9 and 10 and attempt to explain and interpret them. De Waal and Counet in their 2009 study emphasised the importance of the factor of maturity and stability of an organisation to be ready to implement a PMS. Apart from the AG findings as reflected in Table 5.1 in Chapter 5, the study by Davids (2012, p 7) reiterated the importance of staff to be inducted to PMS, to understand the rationale of it and to address concerns raised by staff and trade unions. Davids (2012) also mentions the necessity to deal with resistance to change and the soliciting of buy-in to the PMS.

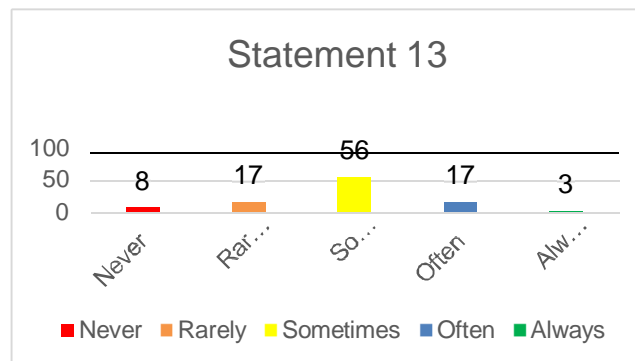


**Figure 6.12: The current ICT system does not support the PMS adequately**



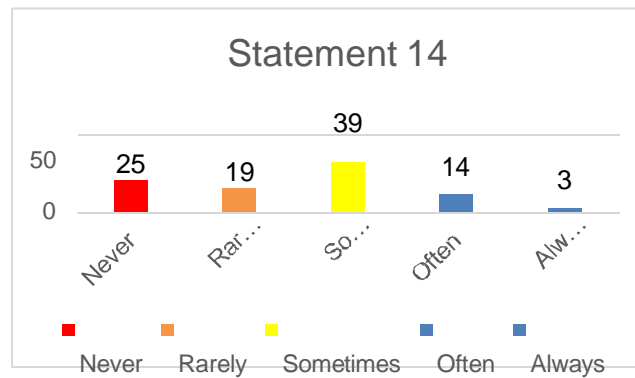
58% of the respondents differ from this statement in selecting the “never or rarely” observation. Only 14% of respondents selected the “often and always” responses. These responses are interpreted against the backdrop that when the PMS was implemented in SBM during 2005, it was not computerised. As indicated in Chapter 5 of this dissertation, it was only during the PMS turnaround process since 2010-2011 that the PMS was linked to the ICT system via the Ignite programme. Had this survey been done during the 2005 to 2010 period, it may have yielded a more “negative” response, but it remains a conjectural observation.

**Figure 6.13: Organisational managers are not adopting the right management style**



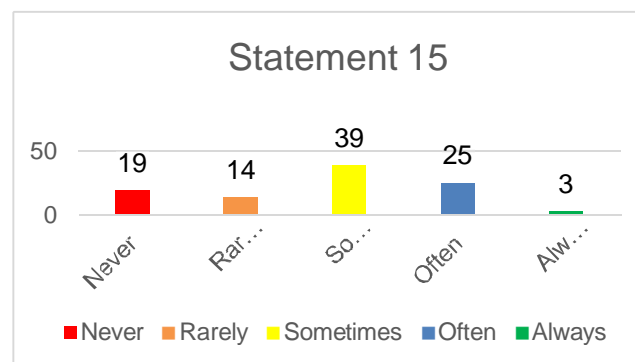
It is notable from responses to this statement that the respondents were in two minds, hence the high percentage of 56% for the “sometimes” response versus the 25% for the “never or rarely” and 19% for the “often and always”. The 56% response to “sometimes” however suggests that this statement could be linked in some instances to SBM during the decade under review.

**Figure 6.14: No clear and understandable strategy**



Data obtained from responses to this statement indicates that 44% of the respondents selected the “never and rarely” encountered, 39% the “sometimes” and only 17% the “often and always” observation. This “positive” response to this problem statement suggests that the post-2010 period in the SBM reflects a greater commitment to the implementation of the PMS, as indicated in Chapter five. Since the introduction of the Ignite PMS system (2011), each directorate and department had an agreed and signed Service Delivery and Budget Implementation Plan (SDBIP), which provides clear Key Performance Indicators for each financial year that are linked to the strategic objectives and outputs of SBM.

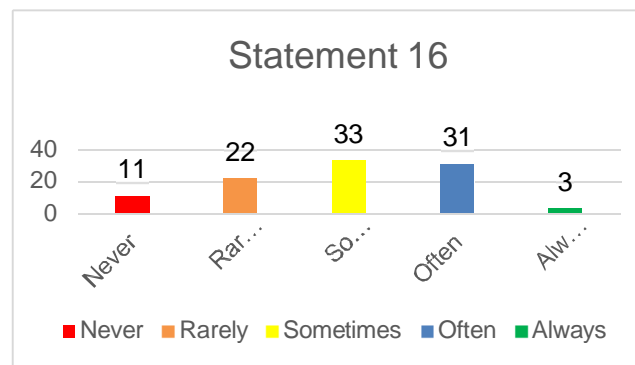
**Figure 6.15: It is difficult to define critical success factors (CSFs)**



The majority (39%) of the respondents selected the “sometimes” response while 33% selected the “never or rarely” and 28% the “often or always” responses. Combining the “sometimes” and “often and always” percentages (67%) suggests that defining CFSs remains a challenge at SBM. Clear CSFs are necessary for the implementation of a PMS, but also to determine the necessary and correct KPIs

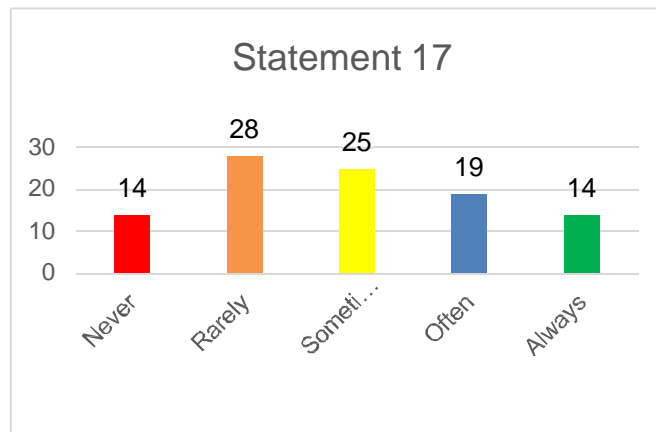
for each year's SDBIP. It is a **critical factor** or activity required for ensuring the **success** (attainment of annual goals) in a municipal environment working towards service delivery. These responses suggest that even after a decade of PMS at SBM, managers still find it challenging to determine the correct CSFs of KPIs.

**Figure 6.16: Not enough focus on internal management control**



An observation of the responses on this statement provides the researcher with almost an equal split of 33% for the three categories of 'never or rarely', 'sometimes' and 'often and always'. Referring back to the AG's findings as presented in Table 5.1, which indicates that adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information, it is difficult to interpret the results of this statement since the three possible responses are equal. Some sample group members indicated that this 'problem' still exists, while the other group has a different view. The responses suggest that internal management controls may differ from department to department in SBM.

**Figure 6.17: It is difficult to define goals for lower levels in the organisation**



42% of the respondents selected the 'never or rarely' observation against the 33% that opted for the 'often and always' option. The 'sometimes' observation obtained 25% responses. The higher percentage for the 'never or rarely' response suggests that the majority of the management sample found it easier to manage PM down to a lower level since the PMS cascades to TASK level 8 in the 2013-2014 financial year. It seems from this response that PM is becoming more inclusive at SBM and that some managers used their acquired knowledge of the PMS to manage their subordinates. Another possibility for the 42% response may be that because the SDBIP provides clear departmental and section Key Performance Indicators (KPIs), it assists managers to link the goals of their subordinates to the KPI as presented in the SDBIP. The 33% that selected the 'often and always' option may still find it difficult to come to terms with identifying their own CSFs, suggesting that it is also difficult to determine the goals for their subordinates.

**Figure 6.18: The KPIs are not linked to responsibilities**

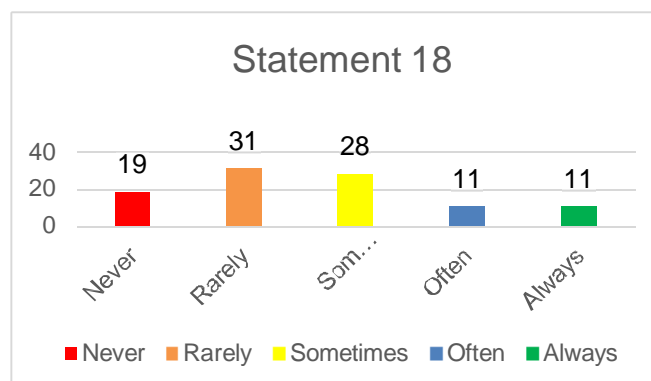
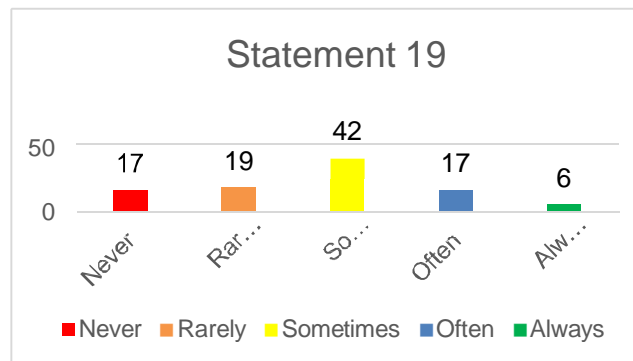


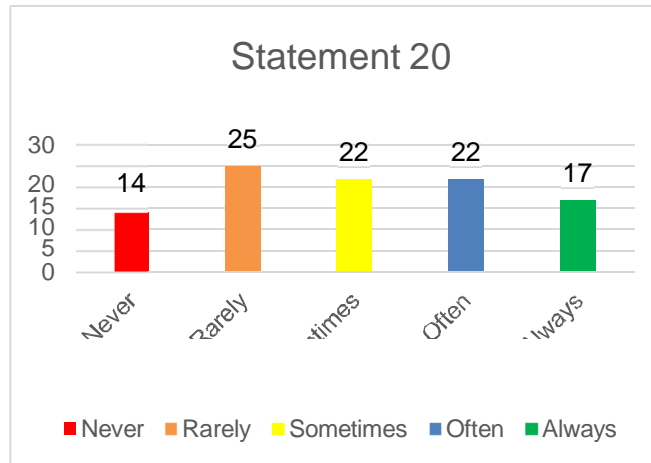
Figure 6.18 shows that 50% of the sample group selected the 'never or rarely' observation versus only 22% who selected the 'often and always' observation. The 'sometimes' observation attained 28%. As explained under statements 8 and 14 above, the KPIs of SBM since the 2012-2013 financial year were clearly stipulated in the SDBIP for each year, linked to departments, individuals (KPI holders) and their respective performance agreements, from TASK level T18 down to T8.

**Figure 6.19: It is difficult to define relevant KPIs**



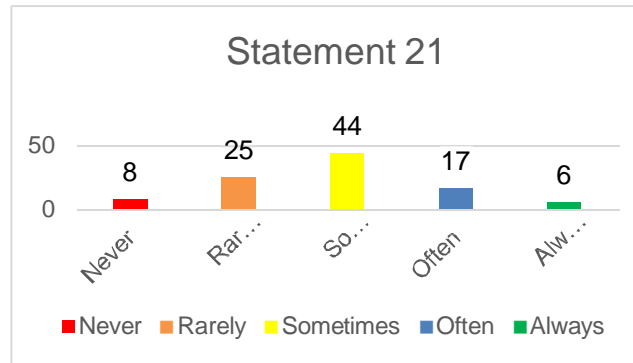
The 'never or rarely' observations collected 36% responses with the 'sometimes' at 42% and the 'often and always' observations at 22%. At 36% the 'never or rarely' response group is in the majority and may have contributed to the fact that over the last 4 financial years a set of standard KPIs for the various services were developed at SBM as part of the turnaround strategy as explained in Chapter five for the departmental SDBIPs. It seems that this 'reality' may have influenced the responses. But what about the 42% and 22%? When combining these responses, it is much higher than those who did not agree with the statement. Is there a contradiction in responses to statements 18 and 19? However, bearing in mind the 22% of the 'often and always' response plus the 42% of the 'sometimes' response (64%), it presents a contradiction if the response to statements 18 and 19 are analysed. It may be that each financial year presents new projects, new policy implementations, external political and economic realities, or a change in the strategic view of Council, that necessitate the determination and defining of new KPIs for the next and upcoming years.

**Figure 6.20: There are too many KPIs defined**



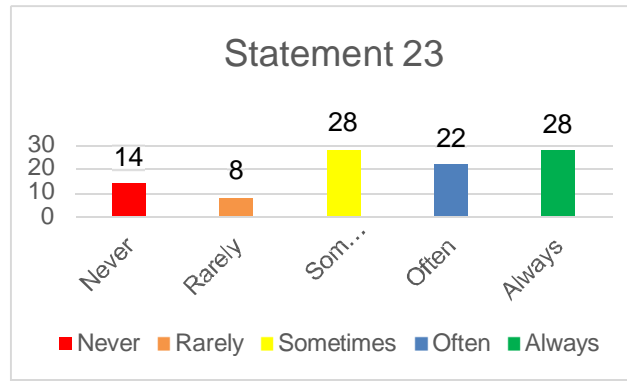
Responses to this histogram provides data that indicated that an equal number (39%) of respondents selected the "never or rarely" or the "often and always" observation. A total of 22% selected the "sometimes" option. These responses are difficult to interpret since they present a 50/50 situation. One possible answer may be that certain KPIs for municipalities are prescribed by legislation (such as standards for basic services) and can therefore not be controlled locally. For some departments, such as those responsible for basic services, this means more compliance with KPIs as perhaps those departments are providing corporate support, hence the 50/50 split. A possible explanation for this response could be that in reality some departments have more KPIs than other departments. Another possibility could be that some managers may be of the opinion that their directors or municipal managers include more KPIs into the SDBIP that are needed.

**Figure 6.21: The organisation measures the wrong KPIs**



The majority of the responses in Figure 6.21 favour the 'sometimes' observation with 44% responding that the organisation measures the wrong KPIs. In addition, 22% responded that the organisation 'often' or 'always' measures the wrong indicators. Only 33% responded that the organisation 'never' or 'rarely' measures the wrong KPIs. This is problematic in the context of performance management where the identification of key performance indicators is fundamental to the process of measuring and evaluating a staff member's performance. Bearing in mind that SBM is a big organisation with over 1000 employees and 4 Directorates and a vast range of services that must be performed, it may result in managers who are on different levels in the organisation disagreeing on which KPIs to measure. These responses must be analysed bearing in mind the complexities of identifying and formulating KPIs in such a large organisation (particularly in light of the responses to the previous statement/s). It also points towards the importance of leadership in collectively driving a successful performance management system in terms of, understanding how various portfolios / departments relate to each other within the context of the organisation in general, the key performance areas of the various portfolios, and then deriving key performance indicators from the KPAs that are measurable and can be evaluated. To this end, some KPIs may be more complex to identify and measure.

**Figure 6.22: There is an insufficient link between the PMS and the reward system**



An interesting observation from this histogram is that 50% of respondents agreed that there is an insufficient link between the PMS and the reward system. Half of the respondents were of the view that there is a link between the PMS and the reward system, versus 22% responding 'support' for the 'never or rarely' observation, whilst the 'sometimes' selections are at 28%. The responses suggest that managers have an expectation that if they participate in a PMS, they deserve a reward of some kind. It may also be attributed to the factor of immaturity as described by De Waal and Counet (2009) referring the absence of a link between the PMS and a reward system. In the case of SBM, no reward system was put in place during the decade under research, which may explain the high percentage for the 'often and always' response.

**Figure 6.23: The system lacks cause and effect relations or is over complex**

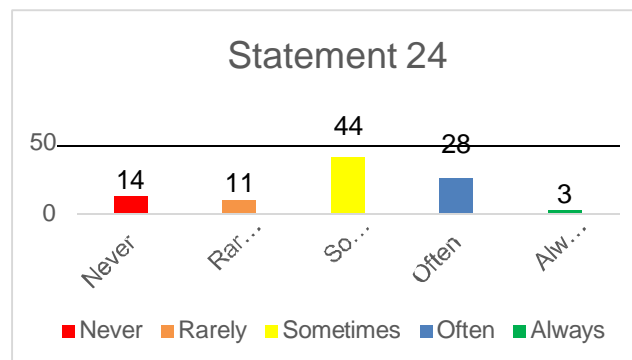
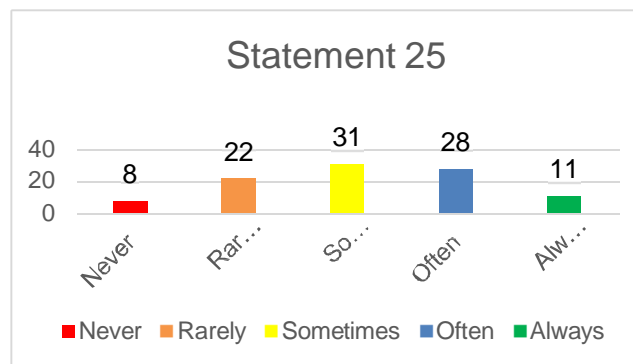


Figure 6.23 shows that the majority of the three observation groups in this sample, is the 'sometimes' observation group with 44%, followed by the 'often and always' group at 31% and the 'never or rarely' group at 25%. In a public sector organisation which is required by law to implement a PMS and which operates under an administrative and political system, it may be that not all managers



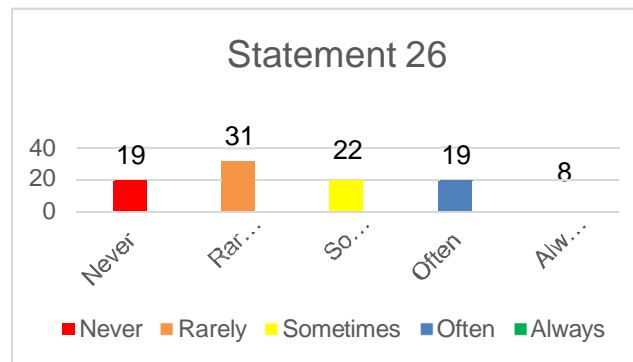
understand this cause and effect relations. De Waal and Counet (2009, p 371) state that if there are no cause and effect relations made between strategic objectives, CSFs and KPIs, or if there are too many relations, organisational members do not understand or see how changing the results on CSFs and the KPIs will affect the performance on the organisational objectives. These responses on this statement suggest that SBM should place more emphasis on the purpose and value of a PMS to ensure that these relations are better understood in the municipality. The systems model of Spangenberg (1994, p 39) can be used to indicate to managers how consistent feedback from the outputs phase, back to the linkages, process and inputs phases can show the effect on SBM's strategic objectives

**Figure 6.24: The PMS is not used for the daily management of the organisation**



This statement is important in the context of the value of a PMS and the extent to which staff have bought in to the benefits of performance management. Responses obtained from this statement reflect that 70% of the respondents believe that the PMS is not part of the daily management of staff in the SBM. Only 31% responded 'never or rarely' to this statement. The responses may suggest that the 'majority' of managers regard performance management as a compliance 'burden', and not a useful tool to assist the administration to achieve its service delivery goals. These results also link to the factor of 'uselessness' identified by De Waal and Counet (2009, p. 380) that the PMS is not used to support managers in their daily management.

**Figure 6.25: The PMS is not regularly updated and maintained**



The data from statement 26 indicates that 50% of the respondents do not agree with it, selecting the 'never or rarely' observations. Only 28% of the respondents selected the 'often and always' observation while the 'sometimes' observation is at 22%. Davids (2012, p. 8) indicated that the necessary resources were not present for SBM to successfully implement and sustain the PMS at SBM from 2005 onwards. The 'positive' responses provided for statement 26 may be attributed to the fact the current PMS IT system (Ignite) which is provided and maintained by a professional external service provider, and that a senior manager is currently responsible for the management and maintenance of the PMS at SBM, may have had an influence on the sample group's responses.

**Figure 6.26: No organisational member appointed to take ownership of the PMS**

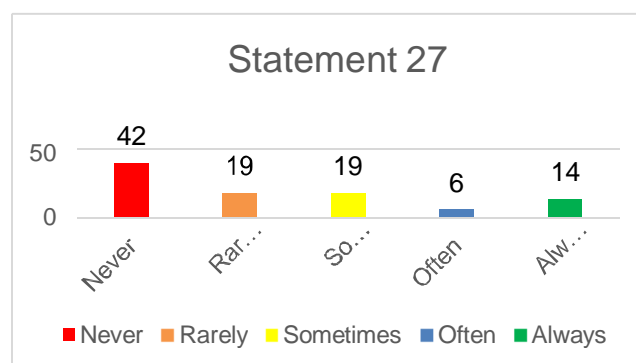


Figure 6.26 presents the researcher with data that shows that the majority of the respondents selected the 'never or rarely' encountered observations versus only 19% who selected the 'often and always' observations. As discussed and postulated in statement 26 above, the fact that SBM currently does have a senior manager responsible for the PMS at SBM, may be a reason for the majority responding in this way.

**Figure 6.27: Difficulties in getting the data to calculate the performance indicators**

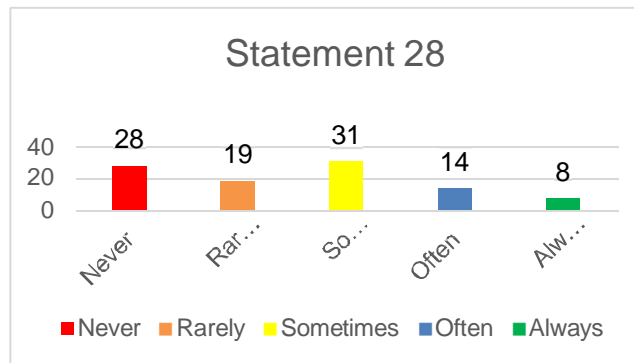
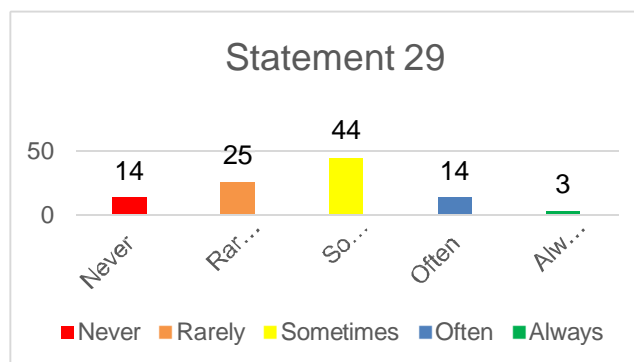


Figure 6.27 shows that the 'never' and 'rarely' observations are 47% whilst the 'often' and 'always' stand at 22%. The 'sometimes' observation is at 31%. Although the 'never' and 'rarely' response is at nearly 50%, the combined total of the 'sometimes' and 'often' and 'always' amounts to 53% which indicates that some managers still experience this problem. This 50/50 situation may perhaps be explained by using the calculation of technical / financial data versus administrative data within a municipality as an example. Data to calculate water losses over a 12-month period in the total water-network (all the various towns) of a municipality and presenting it in financial terms, may be more challenging as opposed to presenting the number of speeding tickets issued over a 12-month period.

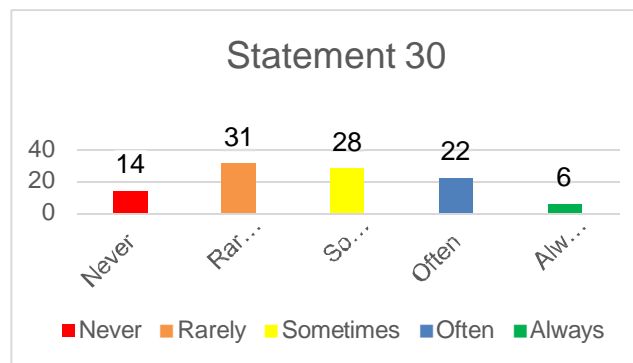
**Figure 6.28: The PMS has a low priority or its use is abandoned after a change of management**



In this histogram the 'sometimes' observation attracted the highest score of 44%. Second at 39% is the 'never' and 'rarely' observations and at 17% the 'often' and 'always' observations. This statement is one that a researcher in a similar type of study could perhaps omit from the De Waal and Counet questionnaire. The reason is that legislation pertaining to local government in SA (as discussed in Chapter three of this study), compels a Council to implement and maintain a PMS and annual SDBIPs

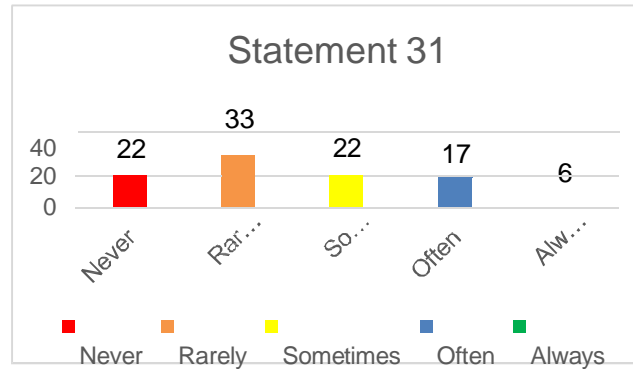
and provide reports to various role players at regular intervals. There is therefore no opportunity for the accounting officer and managers reporting to this post, to abandon a PMS after a change of management, or even a change of government. Their commitment, attitude and emphasis towards PMS may change, but compliance will still be required from the institutions doing oversight. The strong support for the 'never and rarely' and the 'sometimes' responses to this statement may therefore be explained by the above discussion.

**Figure 6.29: Period of commitment from management to the PMS implementation is not long enough**



The data indicates that this statement is not shared by the observations of the majority of the sample group since the 'never or rarely' responses displayed 44% versus the 28% of the 'often and always' observations. Once again these responses must be interpreted keeping current local government legislation in mind that compels a municipality to 'stay committed' through compliance issues. At the time when the sample group completed the questionnaires, SBM 'performed' in terms of compliance with all the PMS legislative requirements.

**Figure 6.30: The organisation was in an unstable phase**



Results on this statement indicate 56% of the “never and rarely” observations and only 22% for the “often and always” observations. The narrative provided in Chapter 5 on the political and administrative problems during the 2001 until 2011 period and supported by Davids (2012, p. 7) indicated that SBM was subjected to an unstable phase. However, the more “positive” responses to this problem statement, suggest that the sample group might be influenced by the stable period that prevailed at SBM since 2011.

### 6.3 Summary of findings from the survey questionnaire

Quantitative data was obtained from the questionnaires issued to the purposeful sample group. Statements that yielded agreement (50% or more) regarding “often and always” are the following:

- Statement 2 - Implementation of the PMS requires more time and effort (50%);
- Statement 9 ó There is too much focus on the results of the PMS implementation, while the change process of the organisation is ignored (50%);
- Statement 23 ó There is an insufficient link between the PMS and the reward system (50%).

The observations on these statements from the sample group inform that according to the respondents SBM lacked more time and effort for its PMS implementation and that the reward system for the PMS is also a concern for the sample group.

The “sometimes” responses that yielded 50% or more are the following statements:

- Statement 1 ó Management puts a low priority on the PMS implementation (56%);
- Statement 13 ó Organisational members are not adopting the right management style (56%).

These two observations, although in the 'sometimes' group, indicate that there existed in some areas in SBM the perception among respondents that management priority was sometimes 'low' as well as not 'adopting the right management style'.

The observations that yielded 50% or more for the 'never or rarely' responses, are the following statements:

- Statement 12 ó The current ICT does not support the PMS adequately (58%);
- Statement 18 ó The KPIs are not linked to department, team and individual responsibilities (50%);
- Statement 26 ó The PMS is not regularly updated and maintained after implementation (50%);
- Statement 27 ó There is no organisational member who is appointed to take ownership of the PMS (61%);
- Statement 31 ó The organisation was in an unstable phase (56%).

From the abovementioned responses, 50% or more of the observations were that the ICT is not a major variable effecting the implementation of the PMS, and that no problem exists with regard to the linkage of KPIs. The introduction of the SDBIP on the Ignite computerised programme linking all KPIs to the strategic objective of Council and providing a dashboard on a monthly basis of KPIs that must be updated, may be the reason for the sample group's indication that this statement was not a problem at SBM. According to the responses the PMS is regularly updated and maintained after implementation, that there is a responsible official for PMS and that the organisation (SBM) is not in an unstable phase. These responses by the sample group differ from the finding of Davids (2012) and suggest that the time when the questionnaires were completed (second half of the decade in question), these problems had already been adequately addressed.

#### **6.4 Application of the Questionnaire and Findings of the De Waal/Counet Study (2009) to the SBM Context**

The theoretical underpinnings of performance management as it emerges from the public administration reforms mostly had the improvement of efficiency and effectiveness in a government in mind. This became more prominent with the advent of the NPM theme which was developed on the foundations of the employment of professional managers, explicit standards and measures of performance, greater emphasis on consistency of service, decentralisation, emphasis on private sector management styles and increased accountability and parsimony in resource use. Taking the De Waal

and Counet (2009) study with specific reference to the 31-items explored into consideration, the SBM narrative indicates a lack of oversight, leadership and commitment, lack of knowledge and appropriate resources for implementation.

In this section the SBM data is discussed with reference to the core problem areas that organisations experience when implementing a PMS as reported by De Waal and Counet (2009, p. 378-380). These 7 factors identified by these authors are discussed below, comparing them with the SBM implementation in the first half of the decade under discussion.

#### **6.4.1 Unstable foundation**

Under the unstable foundation problem identified by De Waal and Counet (2009, p. 378), they listed the following problem statements:

- Unclear goals
- Unclear uses
- Unclear strategy
- Does not suit the needs of various organisational units
- Too many KPIs defined
- Nobody takes ownership of PMS
- PMS is not maintained and updated
- No PMS culture
- PMS receives low priority and is abandoned after a change of management.

The responses of the sample group suggest that an unstable foundation was prevalent at SBM during the implementation phase. This has bearing on aspects such as the appointment of several mayors and Municipal Managers over a short period of time, leadership vacuum, termination of the post of IDP/PMS Manager and nobody promoting the PMS internally.

On the problem statements of unclear goals, uses, strategies, inability to suit the needs of the various units and that the PMS is not regularly updated and maintained, the data from the SBM questionnaire informs that none of these statements obtained more than 39% to the responses 'often and always' encountered. According to the sample group, these problems did not manifest to such an extent in the SBM case study that they could be used as a reason why the implementation of a PMS failed at SBM. It must however be taken into consideration that the SBM questionnaire was conducted in 2015 at the time when the PMS and the SDBIP of SBM were operating effectively, which may explain the more 'encouraging' feedback in this regard.

Therefore, in the context of the decade in question, the responses suggest that this factor identified by De Waal and Counet (2009), may not be applicable to SBM and can therefore not be used to explain the implementation failure for the decade in question.

#### **6.4.2 Immaturity**

The following problem statements by De Waal and Counet (2009, p 378) identified this factor which deals with problems that create an immature and not fully functional PMS:

- Organisation was in unstable phase
- Measures the wrong KPIs
- No link between PMS and reward system
- Period of commitment of management to PMS not long enough
- Organisational members not adopting the right management style.

The response of 'often and always' encountered are not higher than 28% for this factor making it difficult to suggest that this factor was prevalent at SBM during the first half of the decade. The only exception was the problem statement on reward and the PMS which shows a 50% result to the 'often and always' response. Responses to this problem statement seem to indicate that since no reward system was linked to the SBM PMS, it may have played a role in the failed implementation process.

#### **6.4.3 Lack of relevancy**

The third factor identified by De Waal and Counet (2009, p. 378) consists of problems that render the new PMS less relevant for people on all levels in the organisation. The problem statements for this factor include the following:

- Difficulty to identify the Critical Success Factors
- Difficulty to define relevant KPIs
- Difficulty to define goals for lower levels of the organisation
- Difficulty obtaining data to calculate performance indicators
- Period of commitment from management is not long enough

Analysing the questionnaire data, and combining the 'never or rarely' or 'often or always' response with the 'sometimes' response, some of these problems indicate that this factor could be regarded as a problem area linked to the SBM implementation problems.



#### **6.4.4 Employee resistance**

Employee resistance is the fourth factor identified by De Waal and Counet (2009, p. 378) and contains the following problem statements:

- Resistance from organisational members
- Lack of positive attitude towards PMS
- Insufficient commitment

The 'often and always' response to this factor shows percentages of 36%, 42% and 42% versus the 'never or rarely' encountered percentages of 36%, 28% and 25%. Although the sample group shows a somewhat higher response on the 'often and always' response, the data suggests that this problem statement was perhaps not a core factor to prevent a successful PMS implementation at SBM. Once again, the time frame during which the questionnaires were completed may have played a role given that at that time SBM 'performed' in terms of compliance with all the PMS legislative requirements and the sample group are KPI holders in the various departmental SDBIPs.

#### **6.4.5 Low management priority**

De Waal and Counet (2009, p. 378) identified this factor with the following problem statements:

- Management puts a low priority on the PMS implementation
- Insufficient resources and capacity for implementation
- ICT system does not support the system adequately
- Organisation does not have a clear and understandable strategy

On the key problem statement that 'management puts low priority on the PMS implementation' the response indicates 33% to the 'never and rarely' encountered and 56% to the 'sometimes' encountered. Only 11% indicated that they encountered the 'often and always' response. This trend is the same (42%, 58% and 44%) with the response to the other problem statements for this factor, indicating that the sample group did not support the statement of a low priority but when considering the combined percentage, it reflects that management placed a low priority on the PMS implementation. Again, the response by the sample group does not identify these problem statements as the reason for the failed PMS implementation at SBM, although the secondary data presented in Chapter five suggests that political and management instability, low management priority towards PMS and insufficient resources may have been reasons. Manyaka and Sebola (2012, p. 305), citing the research on the South African Public Service by Letsoalo (2007), conclude that although the implementation of PMS is a line manager's responsibility, there is a general lack of commitment on the part of managers to manage the performance of their employees.

#### **6.4.6 Insufficient resources**

Factor 6 included the following problem statements:

- Insufficient resources and capacity available for implementation
- Lack of knowledge and skills.

The sample group registered a 42% to the 'never or rarely' response versus 25% encountered to insufficient resources and capacity, but 36% versus 28% on the 'often and always' response to knowledge and skills. However, combining the 'sometimes' and 'often and always' responses indicates that the factor was also prominent at SBM.

#### **6.4.7 Uselessness**

The last factor identified by De Waal and Counet (2009, p. 378) relates to 'uselessness' and includes the problem statement:

- PMS is not used for daily management of the organisation.

The responses from the sample group reflects a 39% for 'often and always' encountered and 31% for the 'never or rarely' encountered, but combining the 'sometimes' response with the 'often and always' response reflects that 70% of the respondents are of the opinion that the PMS is not part of the daily management of staff in the SBM. This factor can therefore be considered as being a problem in the implementation of a PMS at SBM.

### **6.5 Summary**

In this chapter the results and findings of the survey questionnaire were presented, discussed and interpreted. The primary focus of this chapter was to identify and understand the factors that influence performance management in the public sector. First, the results of the questionnaire were analysed in the three groups namely 'never or rarely', 'sometimes' and 'often and always' responses to all the 31 statements. The key findings (50% and more) were that the SBM process needed more time and effort, too much focus was placed on the PMS implementation whilst the change process was ignored and that there was an insufficient link between the PMS and the rewards system. The chapter concludes with an analysis of the seven core findings of the De Waal and Counet study (2009) that spoke to the concepts of unstable foundation, immaturity, lack of relevancy, employee resistance, low management priority, insufficient resources and uselessness.

## **CHAPTER 7**

### **SUMMARY OF MAIN FINDINGS, RECOMMENDATIONS AND CONCLUSION**

#### **7.1 Introduction**

As indicated in Chapter one of this study, the primary objective was to explore the factors that influenced the implementation of the performance management system in the Saldanha Bay Municipality (SBM) negatively. This narrative must however be understood from both the historical, political, and public sector reforms, as well as the legislative framework in which local government operates. As indicated in Chapter three of this dissertation on the history of South Africa, the public sector, and specifically local government was not inclusive of all the people and the events of 1994, and specifically the fundamental change to local government since 2000, changed the whole system of local government.

In this dissertation the implementation of a PMS in a municipality is depicted as a complex and integrated process that requires various inputs to ensure success. In the case of SBM it was argued that a number of factors contributed to the failure to implement and sustain an effective PMS in this municipality. The literature that was cited elaborates on how an effective PMS should function and what the standard or perpetual problems are when a PMS is introduced to an organisation. The complex political and legislative framework was also included to describe the variables that could impact negatively on the introduction of PMS in municipalities in South Africa. However, de Waal and Counet (2009, p 380) state that despite all the problems that are experienced when a PMS is implemented, the use of a PMS is one of the few management techniques which has been proven to actually help organisations to improve their results. It is therefore imperative for organisations (municipalities) to do whatever they can to increase the chance of a successful implementation and subsequent use of the PMS.

In this final chapter the findings as presented in the previous chapter are linked to the four guiding assumptions posted, followed by recommendations for future PMS implementation, or turnaround strategies in municipalities where the PMS is not operational and effective. The chapter concludes with the discussion of the limitations of the study and recommendations for further studies.

## 7.2 Aims and Guiding Assumptions

In Chapter one of this dissertation the following secondary objectives were presented:

- To critically analyse, discuss and present scholarly debates on the practice and implementation of performance management systems in the public sector. This was presented in Chapter two;
- To present the regulatory framework for the introduction and implementation of a performance management system in the South African local government context. This was presented in Chapter three;
- To critically examine the implementation of performance management in Saldanha Bay Municipality (SBM) during the period 2005 until 2015. This was presented in Chapter five;
- To identify, examine and critically discuss the strengths and challenges or influences during these periods using the survey from De Waal and Counet (2009). This was presented in Chapter six;
- To explore the experiences of the stakeholders during this period with specific reference to top, senior and middle management in an effort to gauge their insights, knowledge, expertise and attitudes towards performance management. This was presented in Chapter six;
- To present, interpret and discuss the findings of the survey questionnaire administered to the top and senior management levels;
- To propose recommendations for improvements in future and conclude the study.

In Chapter 5 the political instability during the implementation period at SBM was described, showing the number of newly elected mayors (political leaders) and newly-appointed or acting appointments of Municipal Managers (accounting officers) during the period under research. To further exacerbate that situation, the declaration of the position of the Manager IDP/PMS as redundant, was approved by Council. That left SBM without a dedicated official to drive the implementation and maturity of the PMS.

The four guiding assumptions that were formulated for this dissertation will now be discussed to link them to the findings presented and discussed in the previous chapters.

### 7.2.1 Guiding Assumption One

**The implementation failure of a PMS is due to a lack of commitment and low prioritisation of PM by top management**

Guiding assumption one speaks to factors of low management priority and an unstable foundation, as outlined in the De Waal and Counet (2009) study. The data obtained from the questionnaires suggest that management at SBM placed a low priority or had a lack of commitment towards PM. Therefore,

confirming that lack of commitment and support by management could be accepted as a reason for the unsuccessful implementation of PMS at SBM if the primary data from the sample group is considered. This is similar to the earlier AG reports as presented in Chapter five of this dissertation (Table 5.1) and the 2012 study by Davids provides secondary data to suggest that SBM experienced a low commitment and low prioritisation toward PMS by top management. The theoretical chapter of this dissertation indicated that the role of leadership (management) in the implementation of performance management systems is imperative for the successful implementation of a PMS. Manyaka and Sebola (2012, p. 300) echo this by stating that to enhance a positive impact in service delivery through performance management, requires competent management and leadership as a foremost requisite. According to these authors, a positive impact through performance management requires other interventions, management training, revival of staff morale and management commitment.

### **7.2.2 Guiding Assumption Two**

#### **A PMS system is dependent on a positive performance culture linked with a change management intervention**

The relevant De Waal and Counet (2009) factors closely associated with assumption two are immaturity and an unstable foundation. According to the responses by the sample group, a lack of a positive performance culture cannot be confirmed at SBM. However, the statement which focused on the ignoring of a change process during the implementation of a PMS, showed a 50% result for 'often and always', suggesting that the sample group members were of the view that the factor of change management was neglected in some way at SBM. These results are supported by the findings of the AG reports citing the lack of leadership, the non-establishment of a PMS and no performance agreements for managers. If assessed against the De Waal and Counet factors mentioned above, the issues of unclear goals, unclear uses and an unclear strategy were prevalent after the 2005 PMS implementation at SBM.

As indicated in Chapter two of this dissertation, the implementation of a PMS must, apart from the technical, resources, leadership and capacity factors, also address the personal, team and behavioural factors via a 'change management' intervention. Newstrom and Davis (1997) were cited which indicates that changes in the work environment require the manager to be proactive by anticipating events and providing the rationale why PMS is important. Leaders must build support for change by

using group forces, encourage participation, ensure shared rewards, employee security and communication and education. In summary, leadership must ensure that PM becomes part of the daily management activities of managers.

Since the introduction of a PMS is a major intervention (change) in any organisation, it is useful to refer to Weiner (2009, p. 1) who holds the view that organisational readiness for change varies as a function of how much organisational members value the change and how favourable they appraise three key determinants of implementation capability. According to Weiner these determinants of implementation capability are task demands, resource availability and situational factors. Weiner (2009) indicates that when organisational readiness for change is high, organisational members are more likely to initiate change, exert greater effort, exhibit greater persistence, and display more cooperative behaviour, resulting in a more effective implementation.

### **7.2.3 Guiding Assumption Three**

#### **A PMS fails because management does not see enough benefit from it and merely complies**

The factors of uselessness and relevancy of the De Waal and Counet study (2009) can be used in the discussion of assumption three. The data obtained from the sample group suggests that the implementation at SBM required more time and effort and that 50% of the sample group also indicated the need for a change management process. Added to that was the indication that there was also an insufficient link between the PMS and the reward systems. In this case rewards must not only be seen as money but may also include better team performance which may lead to recognition and gratitude in other forms such as extra leave days, improved equipment or the honour for management and staff of a clean audit. As indicated in Chapter two of this dissertation, Newstrom and Davis (1997, p. 200), citing Keys and Case (year?), maintain that leadership is the process of influencing and supporting others to work enthusiastically towards achieving objectives, such as a PMS.

#### **7.2.4 Guiding Assumption Four**

##### **The failure of a PMS can be attributed to a lack of understanding by management on key technical PMS concepts**

The factors of lack of relevancy and low management priority is applicable on discussion of this guiding assumption. As indicated, lack of relevancy refers to problems that render the PMS less relevant for people on all levels in the organisation and make it difficult to define critical success factors and KPIs. Low management priority speaks to the over-complexity of the PMS system and the ICT system being insufficient to assist the PMS. Responses from the sample group, which included the 'sometimes' response, suggest that this guiding assumption was applicable to SBM during the period under review.

Emanating from the discussion of the four guiding assumptions presented in this study, it is evident, based on the local sample study and secondary data, that the following factors played a part in the unsuccessful implementation of a PMS at SBM during the first 5 years of the decade under review:

- Lack of management commitment, leadership and support (especially in the first 5 years of the decade);
- Lack of enough time and resources for the implementation of a PMS;
- Lack of a comprehensive change management process;
- Not enough benefits in PMS for management which results in a compliance culture.

These four findings have connecting points with the findings of Davids (2012) regarding the PMS implementation at SBM. Davids' findings pointed towards factors such as political instability and leadership vacuums that can be linked to the factor of an unstable foundation. According to Davids (2012, p 8) the institutionalisation of the PMS had not occurred at SBM which suggests a lack of leadership and a low management priority. The SBM factors indicated above also relate to the factor analysis of de Waal and Counet (2009, p. 378) with regard to an unstable foundation, immaturity, low management priority, insufficient resources and uselessness.

### **7.3 Recommendations**

The recommendations are presented, using the Public Services Excellence Model 2000 (PSEM) as a guideline. As indicated in Chapter two of this dissertation this model was developed in response to the requirement for a more holistic performance model for the public sector (Talbot, 1999) and is

based on the principles of customer and stakeholder satisfaction, people satisfaction, impact on society, and supplier and partnership performance. These principles are achieved through leadership driving, policy and strategy implementation, people management and resource and information management. According to this model, applying these principles, it will ultimately lead to excellence in organisational results. This model consists of three sections which include enablers (inputs), organisational results that include impact on society, customers and suppliers, and finally, programme results.

### **7.3.1 Performance Management as a core Key Performance Indicator (KPI) of the performance management agreement of the Municipal Manager (MM) and Managers reporting to the MM**

To ensure commitment of the MM (accounting officer) to PMS, it must be included in the incumbent's annual performance agreement with high weighting attached to this KPI. In the drafting of performance agreements of senior managers, the support and commitment of these managers towards PMS must be converted into a clear KPI (or more than one) with a heavy weighting attached to it. It may be argued that this step will be superfluous since PM regulations address the PM issues in a municipality, but a regulation cannot determine commitment or the priority of a manager. Therefore, the need for a specific KPI addressing PM as a key indicator in the performance agreements of the MM and Senior Managers, is essential. A culture of performance management must be created and cultivated in local government. This can be attained by arranging regular colloquiums for managers and subordinates to discuss and ponder on PM issues, values and strategies. As in the case of safety, health and environmental issues that are standing items on monthly or quarterly meeting agendas, PM should also be a standing agenda item for departmental meetings. This recommendation links with the PSEM with regards to leadership driving, policy and strategy implementation, people management and resource and information management.

### **7.3.2 Stable political and leadership foundation**

The recommendation contains one of the key problems in local government in South Africa, in the past as well as the present. Whilst in the absence of empirical data it cannot be assumed that political instability equates to poor PMS implementation, it can however be said that a stable political



atmosphere is definitely more positive and provides fewer obstacles than an unstable political environment.

On the question of leadership (management), the literature cited in this dissertation clearly places emphasis on the imperative role of leaders and managers in change management to obtain commitment, motivation and a culture of performance management. The process of influencing and supporting others to work enthusiastically towards achieving objectives is what is needed from managers in local government.

De Waal and Counet (2009), in their 31-problem statements and 7 factors for successful implementation place emphasis on the concept of a stable foundation and management priorities, factors lacking to a certain degree at SBM during implementation. Leaders (managers and political office bearers) are needed to set the vision, motivate staff to buy into such a vision and reward them for good performance. In this regard it is recommended that an intervention or focus on appointing and/or developing existing leaders according to transformational leadership principles or attributes to drive and champion change in public sector organisations, be implemented. This recommendation's linking with the PSEM is via the concept of 'leadership driving' and the principle of 'enablers' to make the system successful.

### **7.3.2 Change Management Process**

The literature on the subject of change management cites resistance to change as a powerful variable that needs specific attention and measures to control and manage. The empirical data obtained from the responses of the sample group also points towards the need for more time and a clear change management process to assist with the implementation of a PMS. The introduction of a new system is not an overnight exercise like changing the software programme in all the computers on the last day of the month after working hours, and when work resumes on the first working days of the month, all the computers run smoothly despite the new software. Too many variables are at play when introducing a system such as a PMS that involves people, machines, time, attitudes, clients, legislation and political systems and thus needs more time and a structured change process. Therefore, to ensure the successful implementation of a PMS it is recommended that a structured change management programme be introduced that includes consultations with all stakeholders, extensive communications, coordinated training sessions, a pilot project and regular monitoring and feedback

sessions. Added to this must be the inclusion of the implementation objectives in the performance contracts of all managers involved and responsible for implementation. Links with the PSEM can be found in the enablersö such as leadership, people management and processes.

#### **7.3.4 Resource allocation**

Without the correct tools an artisan cannot perform at the optimum level and the same principle applies to PMS. PMS must be a useful tool to assist council and management, and must not be a burden. Therefore, a user friendly PMS software programme with easy access is of utmost importance. This must be supported with pre-, intermittent and refresher computer training to ensure effective use of the system. The recommendation will be that the Balanced Scorecard model be used, as in the case of SBM since 2010.

However, PMS implementation resources are not only limited to ICT resources, but must include sufficient human resources to implement model, sustain and ensure monitoring, reporting and compliance on a monthly, quarterly, mid-year and annual basis. A senior manager must also be appointed by the Municipal Manager to assume responsibility for the PMS in the municipality. The PSEM guides this recommendation via the enablersö of resources and information management.

#### **7.4 Limitations of this study and further research**

There are several limitations to the study conducted in this dissertation.

The first is that the questionnaire completed by the sample group was done in 2015, but it evaluated the preceding decade since the implementation of the PMS at SBM. A number of the problem statements that were applicable to the first half of the decade, were not construed as problems in 2015 by the sample group, although secondary data indicated the contrary.

Secondly, the fact that the researcher is an employee of the municipality may limit his objectivity on matters and processes that he participated in during the decade under discussion.

Another limitation is that the sample group consisted of only SBM managers, and did not include any non-managerial employees who might have had different opinions. Since a number of the problem statements related to managers and their responsibilities, it might be that managers would have been reluctant to criticise themselves, hence the fact that these related statements rated low in the SBM context.

Finally, this study was conducted in only one municipality. Therefore, the findings cannot be generalized. The study does however, provide insight into potential impediments to the successful implementation of performance management systems at the level of local government. However, bearing in mind the relevant observations that were obtained in this case study, it may result in a better understanding of the PMS implementation processes and may assist other similar municipalities struggling to implement performance management.

For future research it may be prudent to study the effect of performance rewards on the service delivery standards in local government in South Africa.

## **7.5 Conclusion**

This study set out to assess the implementation of a PMS at SBM. Solution-orientated recommendations were presented in a comprehensive and integrative method. The prerequisites for a successful implementation of a PMS presented in Chapter two of this dissertation, were addressed in the findings and discussion of the factors present at SBM during the decade in question.

To summarise, performance management in local government is a key factor to ensure excellent service delivery to the people of South Africa. The new public service culture places the client at the centre of service delivery and local government needs to demonstrate that public money and other resources are spent efficiently. Management commitment and leadership within local government remains the core driver and enabler for municipalities to succeed. Effective performance management is an essential tool that can, and must be used by management to achieve this. It is however important to mention that any study of the performance of institutions cannot simply be reduced to questions of leadership or to the techniques of the organisation. More consideration has to be given to the history of the South African public sector with special reference to the history of the specific institution under research (Chipkin and Meny-Gilbert 2011, p10). Leaders and managers in local government must

always remind themselves that despite all the performance management implementation problems, overcoming the negative legacy of colonialism and apartheid will require more time and resources.

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#### **LIST OF INTERVIEWEES**

- Head of Internal Audit (former). Saldanha Bay Municipality. 15 Jan 2015. Vredenburg.
- Head of Internal Audit (acting). Saldanha Bay Municipality. 15 Jan 2015. Vredenburg

