

Managing Local Government Performance: Key Considerations and Challenges

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ABSTRACT

Since local government is the nearest to service users it is expected that it is at the forefront of service delivery. Local government needs to demonstrate that performance is managed, measured and improved on a continuous basis. For this purpose it must develop a comprehensive performance management system. The development of such a system is, however, not without challenges and local government should identify crucial elements which should be incorporated in such a system. The aim of this article is to focus on key considerations and challenges associated with the improvement of local government service delivery through the implementation of performance management systems.

1. INTRODUCTION

Local government ought to be at the forefront of service delivery. National Government in South Africa wants to see strong, vibrant, innovative and responsive local government delivering the quality of local leadership and public services that their communities need. From legislative documents it is evident that the Government believes that all residents, no matter where they live, are entitled to good quality public services. Local government has a key role to play in enabling people to receive this entitlement, through arrangements that reflect local circumstances and that empower local communities.

The recurring theme of current government initiatives is the need to demonstrate that performance is managed, measured and improved. The new public service culture places the client at the centre of service delivery. Increasingly, local government need to demonstrate that public money and other resources are spent in accordance with their legal mandates and that high quality services are rendered to clients and communities. Local government will need to strengthen its focus upon performance improvement, monitoring and evaluation, from both a strategic and operational perspective. Performance management builds on a foundation of insight and knowledge about how local government work and what common barriers to improvement they confront.

In this article focus will be placed on key considerations and challenges associated with the improvement of local government service delivery. These challenges must be addressed in order for municipalities to develop a comprehensive Performance Management System (PMS). A recent survey conducted by the author at various municipalities clearly indicated that the implementation of such a PMS is dealt with in incremental, developmental fashion. It is further evident that the majority of municipalities currently only focus on the human resource component of such a

system. Research in the further development and implementation of PM Systems as well as the successes/failures thereof is warranted in future. Given the relative recency of performance related initiatives in local government such an investigation can probably only accurately be determined towards the end of 2005. The question that first will be posed is what it is that local government must do, and secondly, the concepts performance and performance management will be clarified. Some initiatives towards a comprehensive system for performance management and the challenges associated with it, will then receive attention to operationalise the objectives of this article.

2. **PERFORMANCE: WHAT LOCAL GOVERNMENT OUGHT TO AND CAN DO**

Before analysing what government's measure when they seek to demonstrate 'performance', it is worth asking, "what is it that local government must do and can they actually do it?" In other words, what must be measured to determine whether a municipality is actually performing? There is usually a great deal of discussion about what governments *should* (or should not) do, but relatively little discussion of policy instruments or what governments *can* do. It is therefore useful to start with what has been said about what municipalities can do, in terms of the general instruments available to them (performance management should cover all of these instruments or elements – and not only the human resource management component as is currently the case).

Effective local governance means actual performance, the extent to which the system satisfies the basic functions of government as most of the population and interest groups view them. Rose (In Talbot, 2001:270) identifies the following crucial elements which is useful to analyse the role of local government.

- ❑ *Persuasion*: covers information, research and communications. This assumes that local government's role in information processing is never neutral.
- ❑ *Money*: covers taxation, payments and fiscal policy, all of which are powerful policy instruments.
- ❑ *Rules*: include making rules – promulgation, enforcing rules – penalties, and exemplifying compliance with rules – exemplars.
- ❑ *Organisation*: is direct, arms-length or done through public-private partnerships for the delivery of services and goods.

According to Talbot (2001:272) these elements highlight how discussions of government and government performance tend to make certain, often unconscious, assumptions. This tends to reinforce the dictum often cited in performance literature – "We measure what is measurable rather than what is important".

A crucial issue to consider is that there is a difference between the performance of council's policies (policy evaluation and analysis) and the performance of public services (municipal department's performance). Departmental or organisational performance only focuses on one element to the exclusion of the other policy instruments. Conversely, policy evaluation usually almost ignores the *organisational* factors involved in policy delivery and focuses on how changes to policies on *money* and *rules* deliver social change (or not).

In further answering the question “what must government do?”, the Constitution of the Republic of South Africa Act 108 of 1996 stipulates that public administration – including local government – should adhere to a number of principles. These principles include:

- A high standard of professional ethics must be promoted and maintained
- Services must be provided impartially, fairly, equitably and without bias
- Resources must be utilised efficiently, economically and effectively
- Peoples’ needs must be responded to
- The public must be encouraged to participate in policy-making
- Government must be accountable, transparent and development-oriented.

These principles should form the foundation for the development of indicators to measure local government performance.

Based on the principles of ‘good’ and ‘outcomes-based’ governance (see Brinkerhoff, 2001; Matheson, 2001; Mwita, 2000) the community as a key stakeholder in performance improvement expects municipalities to –

- Provide value for money for taxes paid
- Curb expenditure, maladministration and unnecessary extravagance
- Be sensitive for their needs, to be civil and polite
- Provide essential services uninterrupted
- Expose corruption, theft and fraud
- Provide maximum output, or the most goods and services at the minimum cost or least input.

The Constitutional and ‘good governance’ requirements highlighted above should set the framework to indicate what municipalities should do to be ‘performance orientated’. In the end, the primary purpose is to encourage a way of life that promotes the public interest.

3. CONCEPTUALISING PERFORMANCE AND PERFORMANCE MANAGEMENT

‘Performance’ in its broadest sense has probably been an issue in government for as long as government has been around. In a study of the ‘tides of reform’ in American federal administration between 1945 and 1995, Paul Light identifies four ‘tides’ towards performance. Talbot (2001:268) identifies the key goals of each tide as, respectively, efficiency, economy, fairness and high performance – all of which are clearly performance goals as widely defined. If we take a simple model of performance then the focus is on the efficiency relationship between inputs and outputs; reducing inputs or the cost of inputs; due process and equity; value-for-money; and the relationship between inputs and outputs and outcomes.

This simple performance model is particularly useful for analysing where the emphases in particular “performance” initiatives have been placed emphasis. OECD countries, for example, place specific emphasis on the following focus areas in public institutions:

- Management and improvement (internal efficiency and output/outcomes)
- Accountability and control (public reporting, audit, contracts)
- Savings (input and efficiency)
- Financial (economy)
- Processes (activities)
- Efficiency (outputs)
- Effectiveness (outcomes)

Tom Peters, best known for his work “*In Search of Excellence*” (1982), and W. Edwards Deming, founder of modern Quality movement, in turn highlight the following critical elements which should be present for a public institution to be labelled “excellent”:

- A bias for action
- Being close to the customer
- Autonomy and entrepreneurship: fostering innovation and nurturing 'champions'
- Create constancy of purpose for continual improvement of products and service.
- Improve constantly and forever every process planning, production and service.
- Break down barriers between departments and staff areas.
- Eliminate quotas and numerical targets. Substitute aid and helpful leadership.
- Encourage education and self-improvement for everyone (learning organisation idea).
- Define top management's permanent commitment to ever-improving quality and productivity, and their obligation to implement all these principles (Walton, 1990).

In light of the above critical elements and in the context of the public sector, Kearney & Berman (1999:1) define performance as simply “managing public programmes for outcomes”. Managers use public resources and mandates to ensure their policy programmes meet public objectives and expectations. The authors regard *performance* as being similar to *productivity*. However, performance is broader than some narrow meanings of productivity (efficiency and effectiveness). A distinguishing feature of public performance is that it is guided and assessed by multiple, equally important standards of effectiveness, efficiency, and equity (Mondy & Premeaux, 1995:19).

Performance is referred to as being about doing the work, as well as about the results achieved (Otley, 1999:364). Like quality, performance is a multi-dimensional concept, the measurement of which varies, depending on a variety of factors that comprise it (Fitzgerald & Moon, 1996). Others argue that performance should be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contributions (Oakland, 1993:70; Rogers, 1994). It is important to determine whether the measurement objective is to assess performance outcomes or behaviour (Carter, Klein & Day, 1992:37). Therefore, one should distinguish between outcomes (results), behaviour (the process) and appropriate performance measurement devices.

Mwita (2000:13) adopts a more comprehensive view and states that performance is achieved if it is defined as embracing three interrelated variables: behaviours (processes), outputs (services or products), and outcomes (value added or impact). It is thus an integrated, systematic approach to improve organisational performance to achieve corporate strategic aims and promote its mission and values. This implies that public managers should aim at improving the results of employees' efforts by linking them to the department's corporate objectives. Installing performance management in an organisation entails creating and supporting an "achievement culture" (see Harrison, 1993:235). This means that employees must have a clear understanding of the organisation's mission and values, and how their responsibilities will contribute in the achievement thereof.

Performance as defined above is affected by a number of factors, all of which should be taken into account when managing, measuring, modifying and rewarding performance of activities. They comprise:

- Personal factors – the public manager's skill, confidence, motivation and commitment.
- Leadership factors – the quality of encouragement, guidance and support provided by public managers.
- Team factors – the quality of support provided by team members in a project or programme.
- System factors – the system of processes, resources and facilities provided by the organisation for the project or programme.
- Contextual (situational) factors – internal and external environmental pressures and changes on the project or policy programme (see Isaac-Henry, Painter & Barnes, 1997:96; Masango, 2000:60).

Public institutions use scarce resources (*input*), both human and material, to produce *outputs* which are consumed by their 'clients' or 'customers' to achieve valued *outcomes* (Drummond, 1992:83). It is this relationship between inputs, activities, outputs and the outcomes (impacts of the service on the wide range of 'users') and the ways its productivity and quality might be improved which is the focus of this article. The concept 'performance management' is used to describe the range of processes, techniques and methods to achieve such an improvement. It is an approach to management which harnesses the endeavours of individual managers and workers to an organisation's strategic goals. It defines goals and the outputs needed to achieve those goals, it gains the commitment of individuals or teams to achieve those outputs, and monitors outcomes (Patel, 1994:34).

3.1 Dimensions of performance

The improvement of performance should not merely be seen as a mechanistic process of converting input into output, but the whole question of performance should be managed in terms of a holistic approach. This means that the field of performance management encompasses a host of aspects that can contribute either to its overall success or to its ultimate failure. It is furthermore necessary to analyse the type of organisational culture and climate in which performance improvement is being promoted.

The eight dimensions or means of performance, according to Kearney & Berman (1999:15-16), are identified below. These eight dimensions illustrate the multi-dimensional nature of performance.

- i) *Modification of perceptions and attitudes* is an attempt to change emotions, beliefs, values, and attitudes by increasing the information flow to people, a task accomplished by explaining policies, instituting staff meetings, and other such communication mechanisms.
- ii) *Modification of the authority system* is aimed at increasing the responsiveness of management, and at improving authority relations, decision processes, and communication systems.
- iii) *Structural reorganisation* is simply a reorganisation of the system or structure. It means changing such things as size of the unit, staffing procedures, physical arrangements, or budgeting processes.
- iv) The *process of measurement and evaluation* involves setting goals and objectives, measuring progress, and evaluating results.
- v) *Modification of work methods through technology* entails changes in equipment, work methods, control systems, form and tracking devices, and work processes.
- vi) *Retraining and replacement* are people changes. Personnel may be taught new skills as a result of redefined duties, responsibilities, and job qualifications.
- vii) *Modification of the workflow* usually involves rearrangement of units or jobs so that the path or sequence of workflow is altered.
- viii) *Introducing a new programme*. Such innovation usually involves the introduction of new products or services.

The dimensions assist in understanding the process of improving organisational performance. It also illustrates why there is some confusion about the various definitions of performance – it depends on which dimension the focus is. These dimensions may, however, contradict one another, for example: to improve performance effectiveness of outputs it may be necessary to change or modify work methods, which in turn could negatively affect the motivational climate.

Performance management is an approach to management that harnesses the endeavours of individual managers and workers to an organisation's strategic goals. It defines goals and the outputs needed to achieve those goals, it gains the commitment of individuals or teams to achieve those outputs, and monitors outcomes (Quinn, 1998:12; Walters, 1995:20).

4. CURRENT PERFORMANCE-RELATED INITIATIVES ON THE LOCAL GOVERNMENT SPHERE

A recent study undertaken by Aphane (2000) reveals that most municipalities in South Africa do not have a comprehensive performance management system. The efficiency of the municipality is usually measured primarily on the successful implementation of projects, be they capital or operational. There are no clear organisation specific performance and development objectives, and what qualities are required to realise those objectives.

It was further found that there is a general lack of sufficient resources (knowledge, experience, commitment, funds, technology, skills, etc.) to effectively manage organisational performance. Organisational culture, policies and practices are not conducive for efficient, effective and productive service delivery output. The general level of understanding of performance management was limited to that of employee performance appraisals. These appraisals were usually limited to mere job evaluation which assesses the job content and not the efficiency and effectiveness of the employee in providing the services (Aphane, 2000).

In an attempt to address these and other performance challenges the Department of Provincial and Local Government (DPLG) published the *Performance Management Guide for Municipalities* (DPLG, 2001). A further positive initiative in this regard is the establishment of the *South African Cities Support and Learning Network*. The network of South African cities and other partners encourages the exchange of information, experience and best practices on urban development and city management. Some of the goals of the SA Cities Network include the promotion of good governance and management of South African cities, to analyse strategic challenges, to collect, collate, analyse, assess, disseminate and apply the experience of large city government in a South African context. The South African Cities Network Company (association incorporated under Section 21) is a voluntary organisation owned by the founding members.

4.1 Performance improvement: the regulatory framework

Various Acts and statutory guidelines in South Africa signal the intention to establish a performance management system for the local sphere of government. The Municipal Systems Act 32 of 2000 stipulates that a municipal council must administer its affairs in an economical, effective, efficient and accountable manner, and must for this purpose –

- Give effect to its Integrated Development Plan
- Give effect to its transformation programmes
- Establish a performance management system commensurate with its resources and best suited to its circumstances
- Promote a culture of performance management among its members, committees and functionaries and its administration.

4.1.1 *The White Paper on Public Service Delivery (Batho Pele White Paper)*

The Batho Pele White Paper (1997) notes that the development of a service-orientated culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a help line, providing information about specific services, identifying service gaps or conducting a customer survey.

4.1.2 *The White Paper on Local Government*

The White Paper on Local Government (1998) proposes the introduction of performance management systems to local government, as a tool to ensure Developmental Local Government. It concludes that: "Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of development objectives."

In essence, the White Paper visualises a process where communities will be involved in governance matters, including planning, implementation and performance monitoring and review. In this particular way, communities would be empowered to identify their needs, set performance indicators and targets and thereby hold municipalities accountable for their performance in service delivery.

4.1.3 *The Local Government: Municipal Systems Act 32 of 2000*

It is imperative that all municipalities conform to their Integrated Development Plan (IDP) framework and develop a performance management system with specific and realistic measures. It is critical that the plan obtains the required support from senior management. With a high quality performance management process and the ability to have a clear understanding of the environment, both internally and externally, the municipality should be in a better position to respond efficiently and effectively to address the needs of its constituency. If there is a lack of strategic approach to the plan, then implementation will be difficult and mounting problems and pressure will arise both inside the organisation and outside.

Following the processes of developing a policy framework on performance management, the Municipal Systems Act, containing the framework was passed. The Municipal Systems Act, enacted in November 2000, requires all municipalities to -

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their integrated development plan (IDP)
- Publish an annual report on performance for the councillors, staff, the public and other spheres of government
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government
- Conduct an internal audit on performance before tabling the report
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

The Municipal Systems Act states that by introducing such systems and policies the municipality will not only improve the efficiency and effectiveness of public services, but also promotes greater economy and resource containment. It can be argued that notions of quantity and quality improvement in service delivery will lead to a culture of value for money and conformance to standards. The quality of a municipal service is therefore seen as arising from combining an emphasis on external customer needs with the continuous improvement of external municipal processes.

In Chapter 6 of the Municipal Systems Act guidelines are provided for the establishment of a performance management system. According to these guidelines, a municipality must establish a performance management system that is (Section 38) —

- i) *commensurate with its resources;*
- ii) *best suited to its circumstances; and*
- iii) *in line with the priorities, objectives.*

The performance management system must furthermore include *indicators* and *targets*, which should be similar to those included in the municipality's Integrated Development Plan. Such a system should promote a culture or ethos of performance among its political role-players and stakeholders, including political office bearers and councillors. The comprehensive performance management system should also ensure that the municipality is administered and managed in an economical, effective, efficient and accountable manner.

In setting targets for performance improvement, municipalities must ensure that it -

- is realistic, taking into account the municipality's financial, institutional and organisational capacity
- is consistent with the municipality's development priorities, objectives and strategies set out in its integrated development plan
- takes into account minimum national standards as may be prescribed, but in the case of the rendering of a municipal service, may not be below the minimum national standards as may be prescribed
- is adjusted following an amendment of its integrated development plan that affects its targets.

These key performance indicators and performance targets must enable the municipality to monitor, measure, and review performance at least once per year. In terms of Section 40 a municipality must establish mechanisms to monitor and review its performance management system. In terms of Section 46 of the Act a municipality must prepare for each financial year an annual report consisting of a performance report reflecting the municipality's performance during that financial year, also in comparison with set targets and with performance in the previous financial year.

4.1.4 *Municipal Finance Management Act*

The Local Government: Municipal Finance Management Act 56 of 2003 is part of the South African government's broader framework to improve financial management in local government. From a performance point of view the purpose of the Act is to ensure that municipalities are controlled financially and managed effectively and efficiently and the relevant people entrusted with those matters act in a responsible, transparent, ethical, and professional manner.

4.1.5 *Performance Management Guide for Municipalities*

As mentioned above, the national government in South Africa realises that it needs to support municipalities to ensure the successful implementation of their programmes. As part of the broader support framework, the Department of Provincial and Local

Government has developed a guide in 2001 to enable municipal practitioners in the sector to implement a Performance Management System. The Guide is intended to serve as a set of simple, user-friendly non-prescriptive guidelines that will assist municipalities in developing and implementing their legislatively required performance management system. It is designed to enable them to develop and implement such a system within their resource constraints, suited to their circumstances and in line with the priorities, objectives, indicators and targets contained in their integrated development plan. The Guide is aimed at municipal councillors, managers, officials, community-based organisations and members of the public. The Guide presents guidelines on the development and implementation of an organisational performance management system while highlighting some of the linkages to an employee or personnel performance management system.

The Guide proposes the following phases with accompanying steps which municipalities should embark upon to implement a Performance Management System. The phases and steps are:

Phases	Steps
Phase 1: Starting the Performance Management Process	1: Delegation of Responsibilities and clarifying roles 2: Setting up Internal Institutional Arrangements 3: Managing the Change Process
Phase 2: Developing a Performance Management System	1: Current Reality 2: Identification of Stakeholders 3: Creating Structures for Stakeholder Participation 4: Developing the System 5: Publication of the System 6: Adoption of the System
Phase 3: Implementing Performance Management	1: Planning 2: Priority Setting 3: Setting Objectives <ul style="list-style-type: none"> • Setting Key Performance Indicators (KPIs) • Designing a Performance Measurement Framework • Conducting Performance Reviews • Reporting, reviewing and public participation • Training and support

4.1.5.1 National or General Key Performance Indicators for Local Government

Central to the Performance Management Guide is the development of key performance indicators as instruments to assess performance. The indicators have proved to be valid to all performance management systems the world over (DPLG, 2003). These indicators are designed to continuously monitor the performance of municipalities in fulfilling their developmental mandate.

Extensive research and consultation were conducted before the indicators were set. The result was “General Key Performance Indicators” which were set and prescribed

by the Minister after consultation with MECs and organised local government, in terms of the Municipal Systems Act. These General Key Performance Indicators are reviewed after receiving municipal reports for the year in question. It is necessary to continuously review indicators as priorities change. Only the Minister can change these general indicators (DPSA, 2001:1).

The system of national KPIs for local government seeks to both gauge the performance of the municipal sector in general as well as provide an early warning system for where there are specific problems (DPLG, www.local.gov.za)

Municipalities are required to incorporate these indicators as part of their own indicators set during the IDP process. Furthermore, municipalities must report on these indicators when compiling their annual reports as prescribed in the Municipal Systems Act. Municipalities are expected to report on the above indicators by the end of each financial year (DPLG, 2001:38-39).

5. PERFORMANCE IMPROVEMENT: KEY CHALLENGES

In order to determine what the current situation is, the author conducted a survey during 2004 at Klerksdorp and Potchefstroom municipalities. From this survey it became evident that a significant number of challenges hamper municipalities to improve their performance. Below some of the most critical challenges based on this survey and a literature review will be highlighted.

5.1 Difficulties in measuring performance

The central idea behind performance measurement is a simple one: a municipality formulates envisaged performance and indicates how this performance can be measured by defining performance indicators. However, a municipality's performance is difficult to measure (see Smith, 1993). This is particularly true for the "outcome": the final effect envisaged. This outcome simply may depend on too many factors. The time between the effort and its effect may also be too long to conduct meaningful research.

What is measurable is usually the direct effects (the output): the number of judgements passed by a court; the number of official reports drawn up by a police officer; the number of patients treated by a doctor; and the number of graduates leaving a university. This is why many performance measurement systems focus on output. Products or services are defined, production targets are agreed with organisations, output is measured and reported annually (De Bruijn, 2002:579).

It is proposed that performance indicators in municipalities be divided into two distinct areas, namely internal management (internal focus) and public accountability (external focus). Performance indicators for internal management can provide managers at all levels with information necessary to make decisions which reflect, for example, economy, efficiency, effectiveness and quality service provision (Isaac-Henry, Painter & Barnes, 1997:89). It can also assist in the policy-making, planning and control processes within the institution. Performance indicators for public accountability will enable those outside the organisation with a basis for judging

performance and establishing accountability. These could include council members, the auditors and, of course, the consumers and public at large.

It is unlikely that a single set of indicators can satisfy both purposes since the needs of internal managers and the different external stakeholders will vary, with the latter requiring less technical indicators and more high profile ones (Hilliard, 1995:5). Moreover, the same indicators may be interpreted differently by different audiences.

All users of indicators should remember that the indicators do not provide answers to *why* differences exist but raise questions and suggest *where* problems may exist. Inappropriate use of indicators will not generate service improvement. Isaac-Henry, Painter & Barnes (1997:99) warn that there is a danger of ‘targetology’, where a narrow focus on set targets adversely affects other aspects of service delivery. The danger is that accountability becomes reduced to the meeting of pre-stated performance indicators and that activity is manipulated to show that these have been met whilst real priorities are neglected.

5.2 Role and responsibility clarification

The lack of clear roles and responsibilities between the categories of municipalities and between Provincial and National Government has not contributed to the maintenance of local infrastructure. Rural areas face an even bigger challenge as their revenue generation potential is limited and there are increased costs associated with service delivery in these areas due to their geographical locations. These communities are unable to fund any additional costs (i.e. performance improvement programmes) and some municipalities’ existing revenue resources do not even adequately cover basic administrative requirements.

The introduction of free basic service delivery, rising water and electricity bulk supply cost, and funding the new municipal powers and functions have placed further pressure on existing resources. Given the above constraints, it is difficult for municipalities to expand infrastructure and reform their budgets to promote effective and efficient service delivery.

5.3 Political factors

Political factors often outweigh management rationale in local government decision-making (see Meyer & Theron, 2000). Although councillors frequently bemoan the growing bureaucracy and promise to cut red tape and taxes while improving services, once in office they typically find the tedious, time-consuming, and often frustrating task of productivity improvement to be less glamorous or appealing than addressing other municipal problems or opportunities. Councillors tend to weigh decisions according to a time horizon only as distant as the date of the next election. Not surprising, they generally resist dealing with controversial issues when an election nears and are reluctant to favour programmes with high short-term costs and the promise of major gains only in the long run – characteristics common to many performance improvement projects. Policy issues usually also receive more attention than internal performance issues. Councillors may also tend to avoid union conflict – especially if the unions are against the performance management system proposed.

5.4 Organisational climate and culture

Public officials generally know that they must function within the framework of a broad array of rules and procedures designed to ensure accountability. Many of these regulations are tiresome and not conducive to the delegation of powers and the exercise of discretion, and thereby act as a disincentive to performance management. Hilliard (1995:2-6) indicates that improving productivity in any public institution normally requires a considerable amount of innovation. This ideal state of affairs is quite difficult to attain because rigid rules and procedures usually hamper the public sector. It may also lack receptivity to new ideas, and subordinates and supervisors may be reluctant to change. Plumptre (1991:31) is of the opinion that the issue which most profoundly affects performance and productivity in government is the apparent inability to delegate in such a way that officials feel they have the tools they require to perform their jobs effectively and to make adequate use of their own judgement and initiative.

Poor performance is assumed to be the result of a prevalent “non-performance culture”. It is believed that a better balance must be created in that systems, structures, controls, rules and procedures should be so designed as to ensure the highest possible degree of departmental autonomy and freedom of individual managers at all levels within departments to manage effectively. Accountability by departmental heads must, however, be ensured at all times.

Increasing effectiveness, efficiency and economy is not just a question of reducing resource input; in governmental circles it is also a matter of inordinate flexibility and adaptation in the face of change (Metcalf & Richards, 1990:viii-ix). Van der Merwe (1992:117) is of the opinion that strategies, structures and system are important, but that the more crucial factors are leadership, morale and motivation of personnel. What makes personnel perform is the exercise of leadership from the top down, and the ability of departmental leaders at all levels to instil fundamental philosophical principles of responsible and ethical behaviour; to motivate and channel individual, and group efforts; to communicate objectives; and to promote an understanding of the department’s role and purpose among all personnel.

5.5 Organisational factors

Organisational factors refer to organisational structures, financial practices, policies, political and managerial leadership style, the effect of unions on the employee and the employer, the increased use of technology, and other sorts of analytical and managerial tools.

It is contended by Fisher, Schoenfeldt & Shaw (1990:71) and Hilliard (1995:7) that personnel utilisation is a further factor which influences potential output. Utilisation entails the human resources element of productivity improvement. It is expected by the concepts of idle and active time, or unproductive and productive time, which could be influenced by, for instance, the machinery and materials utilised (Harrison, 1993). Aspects that may adversely affect the performance of human resources include the following:

- Unfair labour practices (e.g. victimisation and discrimination)

- Inadequate remuneration
- Unsafe and unhealthy work environment
- Poor management
- Absence of a career plan (i.e. promotion is limited)
- Poor working conditions; work overload and stress
- Organisational development and learning (Rector & Kleiner, 2002:31; Robbins & De Cenzo, 1995:102)

6. CONCLUSION

To adhere to its statutory and regulatory obligations local government in South Africa must develop a comprehensive performance management system. Such a system must enable councils to measure the performance of the total municipality (input, management, output and outcomes) to identify weaknesses within this value-chain. Performance management thus becomes a way of looking at the entire municipal context within which services must be rendered. It means looking at types of organisational models, environmental constraints, asset and resource management; working conditions, and numerous other aspects which could have either a positive or a negative impact on institutional performance. The development of such a comprehensive system is, however, not without challenges and municipalities should consider key elements which should be incorporated in their particular system.

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