

**IMPLEMENTATION CHALLENGES FACING PERFORMANCE
MANAGEMENT SYSTEMS IN SOUTH AFRICAN MUNICIPALITIES:
SELECTED CASES**

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ABSTRACT

South African municipalities must adhere to the principles of good, developmental local governance and comply with an inclusive statutory and regulatory framework that governs service delivery. In order to achieve this, municipalities need to design and implement comprehensive performance management systems (PMS). Such systems should facilitate the continuous assessment, monitoring, and evaluation of municipal structures, systems and processes. This should be done in alignment with a municipality's integrated development plans and service delivery outcomes, as well as operational plans for implementing the budget.

This article aims to use a case-study design to identify and analyse challenges that hamper the successful implementation of performance management systems in selected municipalities. Such an analysis includes an overview of the selected cases and the identification of particular implementation challenges. The article concludes by recommending remedial actions to address the identified challenges.

INTRODUCTION

In the early 1980s the traditional bureaucratic model of Public Administration globally came under severe pressure. This was due to this model's perceived inefficiency, rigidity, unresponsiveness, and its inability to deal with dynamic governance

challenges. Traditional bureaucracies were perceived to be concerned mainly with the measurement of *means* (inputs, processes and activities) rather than *ends* (outcomes and impact). Over-emphasis on inputs rather than outcomes implied that public institutions, as Nabaho (2011:2) puts it, "... were focusing on how they were kept busy and not on how they made a difference in the lives of programme beneficiaries".

All spheres of government are under continual stress to improve the performance and quality of service delivery. Nevertheless, especially the poor performance of municipalities is under constant scrutiny. A comprehensive statutory and regulatory framework compels municipalities to be accountable to society by ensuring that integrated development plans are implemented successfully. The desired socio-economic outcomes must be reached and scarce resources utilised optimally. Atkinson (2002:5) states that municipalities are one of the foremost developmental agencies within the South African system of government. To capacitate South African municipalities for this developmental role, the former Department of Provincial and Local Government (currently CoGTA) published the *Performance Management Guide for Municipalities* (2001). The aim was to assist councils in developing and implementing a comprehensive performance management system. Such a system needed to enable municipal councils to monitor, assess and evaluate the overall performance of the entire administration. In 2007 the Government-wide Monitoring and Evaluation System (GWM&ES) was implemented to establish a comprehensive framework according to which municipalities could be monitored and evaluated. It was envisaged that the respective Performance Management Systems (PMS) of the 278 local, district and metropolitan municipalities would provide accurate data on the progress made with the so-called "apex" priorities of Government. These PMS would also provide information on the key outcomes specified in terms of the Millennium Development Goals, the National Development Plan: Vision 2030 and Provincial Programmes of Action and Growth and Development Strategies. Furthermore, especially local and district municipalities experience significant challenges in adhering to their Constitutional mandates. Therefore on 2 December 2009 Government approved a comprehensive Local Government Turnaround Strategy (LGTAS) as mechanism to improve performance in municipalities. According to the LGTAS (2009:2) this means ensuring that core administrative and institutional systems and structures are in place to facilitate optimum municipal performance.

Despite the relative time and effort already invested in the design and implementation of PMS, significant challenges still remain.

The purpose of this article is to reflect on empirical findings drawn from a qualitative research project based on a case study. The aim is further to identify core challenges associated with PMS implementation at three selected municipalities (cases¹). The following core research questions will be operationalised for purposes of this article:

- What are the current realities as far as municipal performance is concerned?
- Which particular implementation challenges do municipalities experience?
- What type of political, institutional and administrative-managerial interventions could help place municipalities on the right performance track?

PERFORMANCE AND PERFORMANCE MANAGEMENT: CONCEPTUAL CLARIFICATION

The concept “performance” has various dimensions and applications. Despite the variety of dimensions, performance generally has two focuses: firstly, on institutional/organisational excellence and secondly, on human capital. Regarding the human-capital focus, Armstrong and Baron (1994:3) argue that performance is about achieving results by employing people. In the same vein Campbell (1990:688) views performance as the conducive behaviour of employees, and differentiates it from the performance of processes and outcomes.

Focusing on the institutional/organisation dimension of performance, Thomas (2004:12) holds the view that performance involves all interactive processes, programmes, projects, and activities of an organisation. Bouckaert and Halligan (2008:100), as well as Kanyane and Mabelane (2009:60), confirm this perspective and add that performance can be regarded as an on-going process that determines the planning, managing, reviewing, rewarding and development of organisational

¹ The article reflects on the results obtained from studies conducted by Dr RS Motingoe (Ngwathe Local Municipality), Mr MP Tseole (Dr Kenneth Kaunda District Municipality) and Mr MI Kgechane (Matlosana Local Municipality) under the supervision of the author. The author hereby would like to acknowledge their respective contributions in gathering the relevant data.

performance. Langdon (2000:13), Holbeche (2005:243) and Van der Waldt (2006:8), came up with a more inclusive and holistic approach. According to them performance can be seen as the integrated, systematic approach to improve organisational performance, in order to achieve strategic objectives and to promote the organisation's vision, mission and values. Thomas (2004:8) and Van der Waldt (2004:44) argue that the management of performance is essentially concerned with enhancing the value-adding process. This process aims to increase productivity and improve the quality of the relationship achieved between organisational inputs (i.e. resources), outputs (i.e. goods and services delivered), and outcomes (i.e. results).

According to Barnow and Smith (2004:250) and Thomas (2004:5), performance management became popular mainly in response to the complex dynamics of the public sector during the late 20th century. Kearney and Bergman (1999:22) add that broader principles guided the evolution of the application of performance management. These include the principles that originated from Total Quality Management (TQM) and by "reinventing" government reforms.

The South African Government has adopted an explicit performance-based governance system for public services delivery (RSA 2001:10; RSA 2007). Public sector institutions at national, provincial and local governmental spheres are obligated to develop systematic indicators of sectoral policy output and outcome, by which to measure the progress of their service delivery (Cloete 2005:2). This implies that accountability for the outcomes of policy programmes can be pinpointed through a comprehensive framework for performance management. When officials accept accountability for outcomes it generally improves the effectiveness and efficiency of policy programmes, raise public awareness, and facilitate better cooperation and coordination between public agencies in order to meet Government's priorities. The execution of the various strategies should be structurally planned, analysed, measured and monitored by using critical success factors and Key Performance Indicators (Barnow and Smith 2004:250).

In the context of municipal governance, Fourie, Opperman and Scott (2007:255) are of the opinion that performance management is the means for a municipality to obtain a comprehensive overview of the total performance of its policies, systems, structures,

and people. In addition, performance management makes monitoring, evaluation and corrective actions possible. Van der Waldt (2007:111) concurs and adds that performance management can be regarded as an “umbrella” application for the total management of municipal performance. Kanyane and Mabelane (2009:60) state that a Performance Management System (PMS) is an integrated framework to measure performance of the institution and that of its personnel. Section 26(2) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers, to which Municipal Managers are directly accountable (Regulation No. R805, 1 August 2006) stipulates that the purpose of a PMS is to provide a comprehensive system with specific performance standards to assist the employer, management and municipal staff to perform according to the required standards. Verweire and Van den Berghe (2005:7) also emphasise that the purpose of PMS is to achieve institutional effectiveness. Blackburn, Holland and Chambers. (1998:38) state that effectiveness implies the extent to which a tool enables an institution to achieve an objective.

The emphasis on an “outcomes-based” or “results-based” approach for government, however, is not without challenges. Thomas (2004:14), for example, indicates that the widespread adoption of performance management practices in the public sector has led to information overload. The result of this was a reduced scope for the application of performance management system. A further challenge is provided by a tendency where municipalities attempt to apply a single system or an approach uniformly to all public institutions on all spheres of government. These spheres include parastatal, as well as non-governmental organisations and entities. Such an across-the-board approach may hold its virtues of consistency, comparability and fairness, but the unique mandates, dynamics, structures, and systems of public institutions portray a clear asymmetry.

Municipalities are required to make significant capital investments, in order to develop systems to generate accurate, reliable and up-to-date management information. Therefore municipalities may not perceive these systems as a priority. In this regard Smith (1990:70) warns that the fundamental criterion for adopting any system is whether the benefits of using such a system outweigh the costs of implementing it. Beardwell, Holden and Claydon (2004:529), as well as Van der Waldt (2008:9), also

allude to the fact that managers may perceive performance processes as simply as a “form-filling exercise”. As a result they may be reluctant to engage in meaningful performance assessment and appraisal endeavours. Price (1997:304) highlights the key challenges in governmental settings as follows: the lack of a reward system that is tied directly to performance, a lack of an environment conducive to successful performance, as well as the general absence of a performance-based organisational culture. Thomas (2004:3) and Van der Waldt (2006:139) further refer to the political influence in the development of performance management systems and point out that political considerations often outweigh the rational decision-making of management.

It is evident that government in general and municipalities in particular, may experience significant challenges. Nevertheless, the reality is that service delivery and challenges of non-compliance can only be addressed if accurate baseline data is available to give strategic direction to endeavours aimed at improving general performance. The utilisation of a comprehensive performance management system in this regard is thus indispensable.

PERFORMANCE MANAGEMENT SYSTEMS: A THEORETICAL AND OPERATIONAL EXPOSITION

A Performance Management System (PMS) can be regarded as an instrument that is used to measure an organisation’s performance in achieving its strategic goals and objectives (Rogers 1994:85; Van der Waldt 2004:39; Kanyane and Mabelane 2009:60). Such systems facilitate cooperation, integration, and interface between all functional domains within institutions, in order to meet strategic targets (Fisher, Katz, Miller and Thatcher 2003:74; Fontannaz and Oosthuizen 2005:10). According to Wright, McMahan, Snell and Gerhart (1997:7), as well as Pulakos (2009:133), a PMS has significant potential to improve the performance of the employee and the organisation if it is measured through competent indicators and managed as a systematic review mechanism.

Masango (2000:66) argues that the key aspects of an effective PMS should include, among others, performance targeting, the setting of performance standards and a performance evaluation system. Mohrman, Resnick-West and Lawler (1989:33) agree

with this statement and maintain that a PMS should commensurate with the particular context of a municipality. This context includes realities such as available resources, the developmental priorities and strategic objectives, as well as demographics of the municipality. Kraukamp (2007:22) adds that the entire PMS should act as an “early-warning” system to point out areas of underperformance and to provide for management interventions aimed at improving overall organisational and human performance.

Several South African municipalities struggle to ensure that long-term strategic plans are actually implemented; as a result these municipalities are severely criticised for their lack of performance (Haycock and Labuschagne 2006:262). The problem of PMS implementation in the municipalities, according to Butler (2009), is that municipalities operate their IDP, budget and performance processes in silo. This results in poor integration of systems. It is important that processes are fully integrated and that objectives set in the IDP are aligned with the municipal budget, Service Delivery and Budget Implementation Plan (SDBIP) and with other performance processes and systems.

In accordance with the Local Government: Municipal Systems Act 32 of 2000, the Department of Provincial and local Government (2006b, 2008) provided municipalities with extensive prescriptions and guidelines to implement performance assessment as part of their statutory obligations towards IDP. The Department also published key performance indicators for local government that were based on international comparative experiences (Cloete 2005:5). In 2006 the Department of Provincial and Local Government, published the Draft Local Government: Municipal Performance Regulations for Section 57 Employees. The purpose of these regulations is to define how the performance of municipal councils is to be directed, monitored and improved uniformly. The regulations include instruments that should be incorporated into IDP to ensure good performance and continuous improvement in the local government set-up.

Designing and implementing a PMS in municipalities

A critical point in designing and implementing a PMS is that it should be embedded completely in all organisational processes and functions. The PMS should thus not be seen as an additional system, but be emerged fully and aligned with key planning, budgeting, and operational activities. This system should also act as an invaluable source of organisational intelligence (*see* Barnow and Smith 2004:251; Thomas 2004:10). As such, data generated by a PMS, should always be relevant, credible, meaningful and informative to the political leaders and administrative managers of a municipality.

In the process of the development and approval of the IDP of a municipality, a “top-layer” Service Delivery and Budget Implementation Plan (SDBIP) should also be developed based on the strategic direction provided by the IDP (Pauw, Woods, Van der Linde, Fourie and Visser 2009:287). In this regard, Van der Waldt (2004:322) emphasises that the indicators and targets in the SDBIP should be similar to those included in the IDP of the Municipality. The SDBIP acts as the operational plan of the municipality and gives effect to the Municipal IDP and budget (National Treasury 2005:1). In this sense the SDBIP enables municipalities to divide broad objectives of the IDP into service-delivery targets for the senior managers of municipal departments.

On an operational level, a PMS typically consists of four components coupled with performance, namely planning, activation, monitoring, and evaluation of performance (Minnaar 2010:36). In the performance planning component the indicators and targets are set to measure performance. This phase involves the development of institutional strategies to implement policy mandates. As to the implementation of a PMS, Nabaho (2011:3) proposes that a logical model should be utilised that visually depicts the inputs, activities, outputs and outcomes of a programme. Kanyane and Mabelane (2009:60), as well as Fourie, Opperman and Scott (2007:256), further contend that PMS implementation entails a framework that describes and represents the manner in which a municipality’s cycle and its various processes will be conducted, organised and managed. This includes the processes of performance planning, measurement, review, reporting and improvement. Bevan and Thompson (in Price 1997:303) propose that “a model of steps” for implementation should be developed.

This concludes a brief conceptual and contextual orientation of performance management in local government in general and performance management systems in particular. In the next section the focus will shift to an explanation of the research methodology used to uncover challenges associated with the implementation of PMS at three selected municipalities.

RESEARCH METHODOLOGY

According to Brynard and Hanekom (2006:35) research methodology is about collecting and processing data within the framework of the research process. This study followed a qualitative research design to explore perceptions of key role-players involved in PMS implementation.

Research design

According to Babbie (2007:12) a research design can be regarded as a plan according to which the researcher intends to conduct the research. Such a design focuses on the end product of the study that is planned and the type of results the researcher aims to achieve.

For purposes of uncovering PMS implementation challenges, a case-study design was followed. Stake (in Denzin and Lincoln 2008:237) argues 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. It is thus the researcher's contention that a richness of understanding can only be sought through a "constructivist" case study, which ultimately will allow for an interpretation of implementation challenges (*see* Fox and Bayat 2007:69).

Data-collection method, sampling and respondents

Semi-structured interviews were conducted as method of collecting data. In such interviews the predetermined questions are posed to every participant in a systematic and consistent manner (Struwig and Stead 2010:98). Maree *et al.* (2009:87) point out that a semi-structured interview requires the participant to answer a set of the

predetermined questions with allowance for follow-up questions, in order to get clarification on the answers.

The semi-structured interview schedule in the present research included biographical details of the respondents to enable data analysis and interpretation. The interview schedule consisted of 23 questions. These questions were constructed to probe the extent to which the participants know or are familiar with the expectations for PMS implementation. The interview schedule was pre-tested (piloted) to uncover any potential misinterpretation of questions, as well as to ascertain their clarity and relevance to operationalise the research questions. The content of the initial responses was evaluated specifically in terms of relevance, non-ambiguity, general validity and interpretability. Thereafter the interview schedule was reviewed, amended and adopted for the present study.

The researchers utilised purposive sampling within the three selected cases to identify appropriate respondents for purposes of the study. Babbie (2007:225) and Maree *et al.* (2009:79) stress the need that the population sample commands the characteristics appropriate for them to be the substantive holders the necessary data for the study. The relevant respondents included:

- Municipal Managers;
- PMS Managers (or officials task with performance-related responsibilities in cases where the position was vacant);
- IDP Managers;
- Human Resources Managers; and
- selection of Section 57 managers who have performance-based contracts and are directly accountable to the Municipal Manager.

In adherence to the principles of ethical research and the strict clearance procedures of North-West University, a thorough explanation of the need for participation was given to respondents prior to their participation. The respondents were assured of confidentiality and that the results would be used for research purposes only. Furthermore, they were assured that their participation was voluntary. Participation

was 88% overall in all three selected cases, and only a small percentage of respondents did not appreciate the potential benefits of the study.

OVERVIEW OF THE SELECTED CASES

Based on convenience (geographical proximity) and purposive sampling, three municipalities, two local and one district, were selected as cases (units of analysis). Purposive sampling refers to the selection of a sample (case) on the basis of the researcher's own knowledge of the population, its elements and the nature of the research aims (Babbie 2007:225). The three cases for purposes of this study were selected based on the Annual Reports of municipalities, and the qualified audit reports of the Auditor-General (2011). A brief overview of the three cases is provided below. To operationalise the first research objective, specific reference is made to the status of the process to implement the PMS.

Case study 1: Ngwathe Local Municipality

Ngwathe Local Municipality, a Category B municipality and located in the Fezile Dabi District of the Free State Province, is a municipality with a collective executive system of governance. This implies that decision-making powers are vested in the Council, which in turn may delegate some of the powers to the Mayor working together with the Executive Committee.

The first significant formal process of the Municipality towards implementing a PMS began during the year 2004. The first Performance Policy Framework of the Municipality was approved on 26 August 2004. In 2005, the former provincial Department of Local Government and Housing in a notice to municipalities concluded that most municipalities in the Free State were not implementing PMS as required by legislation. The Director: Corporate Services thus on 11 August 2005 began designing a process plan for PMS implementation.

On 26 May 2006 the Operations Manager issued an internal memorandum whereby all senior managers of the Municipality were required to compile their Department's scorecard according to the PMS policy. The scorecard of a department is a set of

measures that could give senior managers a view of their department's performance in realising the organisation's goals and objectives. Copies of the Organisational Scorecard for the financial year 2005/06 and Part 4 of the IDP 2006/07 were attached to the memorandum. During 2007 and 2008, various workshops were held on the PMS. On 11 January 2009 the Municipal Manager appointed a consulting company to ensure that the system is fully aligned with the measurable implementation of the IDP. A project team was appointed to develop an implementation strategy, which was supposed to link with the framework for implementing the IDP. The strategy also had to include planning, implementation, monitoring and review of the Municipality's performance regarding its priorities and objectives in the IDP. To date, the implementation of the process map is severely compromised by the lack of sufficient political will, leadership, and human power to implement the PMS. There appears to be no dedicated PMS Manager and it seems that performance matters are treated as mere "compliance exercises" rather than imbedded management practice.

Case Study 2: Matlosana Local Municipality

Matlosana Local Municipality is a Category B municipality, which resort under the Dr Kenneth Kaunda District in the North West Province. The City of Matlosana includes Klerksdorp, Orkney, Stilfontein and Hartbeesfontein (KOSH). It is bordered by Tlokwe (Potchefstroom) Municipality in the east, Maquassi Hills Municipal area in the west, Ventersdorp local Municipality in the north-east East and the Free State province in the south. Matlosana has a Mayoral Executive System combined with a ward participatory system.

The Performance Management Framework and Policy was adopted by the Council during the 2007/08 financial year. The framework was reviewed and amended by that Council on 30 June 2009 (CC 72/2009) and again on 29 April 2011 (CC 35/2011). Communities around the KOSH area were consulted in the design of the framework and policy during the IDP process (Matlosana IDP Review 2009/2010). The PMS is regarded as the central management tool that assists the Matlosana Municipal Council to improve service delivery by channelling the efforts of its departments and employees to meet performance targets, and in so doing, ensure that the municipality achieves its strategic objectives (City of Matlosana IDP Review 2009/2010).

The Matlosana Performance Audit Committee (PAC) was constituted on 27 August 2011 to ensure that the auditing of performance measurements were put in place. According to Section 45 of the Local Government: Municipal Systems Act 32 of 2000, the results of performance measurements in terms of section 41(1)(c), must be audited as part of the annual Auditor-General's auditing process (City of Matlosana 2009). Furthermore, the Internal Audit (IA) Unit performs functions of performance auditing independently and has a direct reporting line to the Municipal Manager.

In terms of the PMS, the IA has to make sure that credible audit reports represent a true reflection of the Council's performance in the delivery of services to the community according to the IDP requirements. The Annual Performance Reports reflect the performance of the municipality and directorates in a table format, measured on the approved Key Performance Indicators (KPIs) and performance targets, as contained in the IDP and the SDBIP. The achievements, reasons for the deviation of progress, and planned remedial action are reported by the respective directorates. Data is supported by the relevant evidence that the directorates capture and maintain.

The Human Resources Department provides and establishes a stable and productive workforce for the functioning of the Council's departments. Thereby it strives for a cost-effective personnel management system and procedures. The aim is to provide training to all staff members, and to establish and maintain the recruitment process which will enhance capacitation and service delivery within the municipality's area of jurisdiction (City of Matlosana 2012). In terms of the Municipal Systems Act (2000) Section 57(1)(b), performance agreements are entered into between the Municipal Council and the Municipal Manager, and between the Municipal Manager and all Section 57 Managers who are accountable directly to him.

The Council established an Oversight Committee to perform an audit function in the municipality. This includes oversight of the management of public funds, as well as the quality and credibility of information about performance in terms of financial accountability. To this end the Oversight Committee reviews the Annual Reports and submits its findings to the Council. Based on the findings of the Oversight Committee, the PMS Manager, in consultation with senior managers, needs to home in on the most

critical aspects of the Key Performance Areas (KPAs). The capital budget and the IDP are aligned to the City of Matlosana's Agenda 16, a document that elucidates the Council's strategic direction and objectives to be achieved by 2016. All projects are referenced to the directorates' Key Performance Areas (KPA) contained in the IDP, and in the performance contracts of Section 57 employees (Municipal Manager and directors) who are monitored through the quarterly reviews in the SDBIP (City of Matlosana 2011).

The Matlosana Local Municipality uses a Municipal Scorecard as its PMS model. The Scorecard facilitates the following elements: reporting, monitoring, evaluating, reviewing, feedback and suggestions for improvement. Not only does the Council give account of its performance to internal audit structures, but also submits a performance report to the community (City of Matlosana 2012).

The current PMS of Matlosana (revised) was adopted during the Mayoral Committee meeting held on 30 June 2009 (CC 72/200). The PMS Manager for Matlosana Municipality was appointed in 2009.

Case study 3: Dr Kenneth Kaunda District Municipality

The Dr Kenneth Kaunda District Municipality (Dr KKDM) is a Category C Municipality, which consists of the City of Tlokwe, the City of Matlosana, Ventersdorp and Maquassi Hills. This is one of the four district municipalities in the North West Province of South Africa. It is located 65 km south-west of Johannesburg and borders Gauteng in the east and the Free State in the south-east.

An Audit and Risk Committee (ARC) was appointed as an independent advisory body to guide the Municipal Council, the political office bearers, the Accounting Officer and the management staff of the municipality on general performance indicators. The ARC meets at least each quarter to perform audit checks. The Internal Auditors of Dr KKDM act as secretariat of the ARC and assess the overall functionality of the municipality's PMS. The Internal Audit Unit currently has five staff members, including the audit manager, two senior auditors, and two internal auditors. The ARC and Internal Audit Unit entered into a Service Level Agreement to serve Maquassi

Hills (Wolmaransstad) and Ventersdorp Local Municipalities as well. The Council further approved the establishment of the Employee Assistance Programme (EAP) in May 2008, to guide performance appraisals and the development of staff within the municipality. In addition, all policies related to human resources were reviewed by the Manager: Corporate Services.

The Dr KKDM is currently in the process of implementing a performance management system, which is based on the Balanced Scorecard methodology. To ensure efficient and effective implementation of the performance management system within the Municipality, the Council implemented an automated PMS to replace the former paper-based system that was in place since 2006 (Dr KKDM 2010:23). Facilitated by consultants, the PMS implementation process began on 12 August 2009. An action plan was developed for the implementation of the PMS during the 2011/2012 financial year. It was envisaged that the implementation would be concluded in June 2012. However, this due date was not met. This was mainly due to various factors, which include political dynamics, the absence of a PMS Manager, the lack of coordination between the District Municipality and the Local Municipalities, and other internal administrative issues.

RESEARCH FINDINGS: CHALLENGES ASSOCIATED WITH PMS IMPLEMENTATION

Due to ethical considerations this article only reflects on general systemic and operational challenges with regard to PMS implementation. Any results that points to particular individuals in certain key positions are excluded for purposes of this article. The aim is rather to obtain a general perspective with which to assist municipalities in general to prioritise interventions, in order to remedy similar or associated challenges. The sampled cases cannot be regarded as representative of the total population of 278 municipalities in South Africa. Data obtained can thus not be generalised. The data does, however, provide a general overview of the key systemic challenges that local and district municipalities experience when implementing their respective performance management systems. It should be noted further that the selected municipalities experience different levels of maturity as far as PMS implementation is concerned. This include the respective support systems that need to be in place to

support PMS implementation such as IT-support, staff capacity, records management, and internal auditing and reporting mechanisms. Furthermore, the logistics and challenges that municipalities experience may differ significantly between district and local municipalities and also between so-called high- and low-capacity municipalities.

Core challenges

Question 23 of the interview schedule (questionnaire) was an open-ended question. Respondents were requested to explain briefly why, since the approval of their respective performance management systems, little progress has been made and to list specific challenges that the municipality currently experiences with the implementation of the PMS. Respondents were also asked to list the five most significant (severe) challenges they have to deal with. As far as possible the responses obtained from the respondents in the three selected cases are listed below in descending order to reflect this relative priority order (frequency response).

1. There apparently is no political will to make PMS a success.
2. Senior political and administrative officials are not aware of crucial guidelines, which should enable municipal practitioners to implement and maintain a PMS successfully.
3. “Chopping and changing” of managers (high staff turn-over of Municipal Managers and Section 57 Managers) creates problems with continuity and accountability.
4. There are no institutional systems and structures to guide the implementation of performance management.
5. Performance management is not implemented at all levels of the municipality but is only directed at Section 57 managers. Deputy Directors and Assistant directors are not part of this system (Case 2).
6. The IDP Manager is the only official within the Municipality perceived to be responsible for the PMS. No other Senior Managers are involved with implementing PMS and this responsibility has not been cascaded down to lower levels (staff).
7. There is a general failure to improve on issues that led to non-performance. Submitted quarterly reports are simply filed and not scrutinised to ensure that

- they serve as early indicators of non-performance and that the performance is in line with the set targets.
8. The Municipality has relied heavily on consultants for PMS and does not have dedicated internal personnel.
 9. Councillors show a lack of appreciation for and knowledge of PMS.
 10. The Municipality is unable to detect early indicators of underperformance because actual performance is not reported.
 11. The Municipality lacks baseline information on the status quo; “they do not know from which basis we are moving and how to set performance targets to monitor progress”.
 12. The Council does not get feedback to determine the extent to which PMS is being implemented within the Municipality.
 13. There is no dedicated administrative unit and Portfolio Committee responsible for PMS within the Municipality to ensure monitoring and evaluation of the system.
 14. Managers do not take PMS seriously enough and even confuse it with the SDBIP.
 15. Financial constraints are placing a burden on meeting performance targets.
 16. There is a lack of commitment and political buy-in to the PMS.
 17. Municipalities show a general absence of performance orientation and culture.
 18. Managers regard the PMS simply as something that is “just about performance bonuses”.
 19. Management does not address the following deficiencies adequately: poor work ethic, general laziness, low morality, and the basic health of employees that affects performance levels. Managers do not pinpoint reasons for non-performance and do not develop remedial actions. They are reluctant to follow up on poor performance due to victimisation, labour union actions, and political ramifications.
 20. The Workplace Skills Plans are not accurate; they are not based on detailed information that was obtained during appraisal sessions.
 21. There is a disjuncture between the operation of the IDP, SDBIP and the PMS.
 22. Predetermined objectives are not recorded in the strategic plan, budget, quarterly reports and annual report.
 23. Performance indicators do not always measure the things it should.

24. The municipality obtained a Qualified Audit opinion from the Auditor General due to a lack of adequate mechanisms to monitor and evaluate performance in the municipality.
25. The necessary support structures such as finance, supply chain management, and human resources are inadequate mainly due to staff constraints. Departments are generally understaffed, which resulted in material amendments to the financial statements that were submitted for auditing. This is accompanied by a general non-compliance to supply chain management regulations – all affecting the general implementation of the PMS.

This concludes the respondents' perceptions of challenges that were experienced during the successful implementation of their respective performance management systems. In the section below, some recommendations are put forward to overcome these core challenges.

RECOMMENDATIONS TO ADDRESS CHALLENGES OF PMS IMPLEMENTATION

Considering the nature of the respondents' opinions and experiences highlighted above, it is evident that the challenges that were identified could be categorised in broadly three main domains. The first domain relates to the lack of a performance orientation or culture. The second refers to issues about the development of human capital, and the third domain concerns institutional and operational arrangements. Although these three domains or categories are subjective and interdependent, they are utilised to direct certain recommendations for possible interventions not only in the three cases mentioned, but also for other municipalities in South Africa that may experience similar challenges with implementation.

Establishing a performance culture

Based on the theoretical orientation it is evident that performance management has a fundamental role to play in municipal service excellence. Performance measurement enables municipal councils to demonstrate the impact of their developmental policies and projects to the community. It is a municipality's duty to achieve a balance between goals of national development and targets for local service delivery. Municipalities

also have to respond to local needs and circumstances and need to provide leadership. As such it is recommended that strong political will and administrative leadership should be cultivated to establish a performance orientation and performance culture in the municipality. To foster such a culture, it is further recommended that performance management should be infused closely with all major municipal planning and budgeting processes, notably the IDP, top-layer SDBIPs and departmental service delivery (operational) plans. The execution of every strategy should be structurally planned, analysed, measured and monitored by using KPAs and KPIs that are set for comparative benchmarking purposes.

Furthermore, to ensure that performance becomes an integral part of municipalities the administration should develop an effective reporting mechanism for PMS among officials and structures. These structures include the Office of the Municipal Manager, IDP Manager, the PMS Manager, Council Committees and Portfolio Committees, the Office of the Executive Mayor, and the Office of the Speaker. Municipal councils should ensure oversight of the performance of all its structures, systems, processes, and activities. PMS implementation should be politically driven regarding the oversight, monitoring and evaluation of municipal excellence. Without the necessary political will and visible commitment, administrative managers will be reluctant to give performance the necessary priority it deserves. Workshops should be held regularly in order to make the entire staff complement accustomed to the philosophy, principles, and application of performance management.

Human capital development

It is evident that the performance of a municipality is integrally linked to that of its staff. It is therefore important to link organisational performance to individual performance. From the research findings it is clear that certain factors in particular hamper successful implementation of the PMS. These factors are high staff-turnover, clear accountability and the lack of adequate and competent staff.

It is recommended that the entire PMS should be cascaded to all officials in the municipality – in spite of resistance by labour unions. All officials should have clear job descriptions and job specifications to facilitate the setting of performance targets

and performance agreements between supervisors and themselves. A holistic training programme should be designed and implemented to support councillors, managers and administrative staff on the principles and applications of the PMS. The training programme should be run at regular intervals to ensure that the PMS facilitates strategic planning, the communication of performance expectations, and drive behaviour that is appropriate for service excellence. The System further should help senior managers identify areas of poor performance and design initiatives for staff development. The training programme should be all-inclusive and incorporate induction and orientation as phases. It is imperative that the PMS should not be seen as a policing or punishment tool, but rather as an instrument to improve performance and to develop staff. As such, information obtained during regular sessions of performance appraisal, should inform the Work Place Skills Plan to identify gaps in individual performance and design where appropriate interventions are needed to develop capacity. Furthermore, it is important that a reward system should be coupled with the PMS to incentivise excellence.

Institutional arrangements and operational interventions

As for institutional arrangements, it is strongly recommended that a dedicated PMS unit should be created within the organogram of the Municipality. The position of the PMS Manager should be equal to that of Section 57 managers, in order to provide greater influence and direction in the implementation of the system. The PMS Unit should be capacitated to process performance-related activities and information. Such information should be utilised as organisational intelligence to inform strategic planning, budgeting, policy analysis, organisational reviews, and performance appraisals for managers. Performance data flowing from the system should be presented in a balanced, comprehensive and credible manner.

The PMS Unit should develop a Quarterly Performance Management System Implementation Checklist (QPMSIC) to ensure compliance, standardised processes and the adherence to the target dates for reporting on performance. The Council Committee or Portfolio Committee overseeing performance should utilise the checklist to monitor the implementation of the IDP and SDBIP and to determine further targeted areas for assistance.

CONCLUSION

The purpose of this article was to report on the findings of an empirical study conducted at three municipalities to identify the challenges the officials experienced in the implementation of their respective performance management systems. The findings derived from these three cases could serve as “a-typical” challenges experienced by similar local and district municipalities in South Africa.

It is evident that municipalities by and large have well-designed, consultant-driven, computerised, performance management systems in place. The key challenge remains the successful application of the existing system. It is therefore strongly recommended that municipalities design appropriate interventions with clear sets of responsibilities and targets. This will help establish firstly, a conducive performance culture in the entire municipality; secondly, to design interventions aimed at developing people capacity; and thirdly, to make the necessary institutional arrangements and establish appropriate operational procedures (e.g. reporting templates) to institutionalise the managing of performance in the municipality.

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