

**Performance Management Systems implementation in
South African Municipalities: The Case of Matlosana City
Council**

By

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ABSTRACT

Local government in South Africa has undergone significant transformation since 2000. There is a growing need to modernise this sphere of government, and part of this transformation process in South Africa has been to ensure that municipalities deliver according to their mandate in terms of services and become more responsive to communities' needs.

The role of municipalities, as local sphere of government, is to ensure that all citizens have access to at least a minimum level of services. These services have to be accessible, easy and convenient to be used by all citizens. A performance management system must ensure that the municipality administers its affairs in an economical, effective, efficient and accountable manner. This mandate can only be realised when municipalities establish a workable Performance Management System (PMS) as stipulated in Chapter 6 of the Local Government: Municipal Systems Act 32 of 2000.

PMS is a tool meant to deliver service and to stop the culture of non-performance that is prevalent amongst the municipality personnel. This is basically caused by lack of proper training and knowledge of what PMS entails. The Municipal Systems Act, Chapter 4 makes room for the community to be involved when decisions are taken through ward committees.

Municipalities should regard the PMS as an on-going process where managers monitor and evaluate the system. The primary objective of this study was to investigate Performance Management Systems implementation in South African municipalities, with specific reference to the case of Matlosana City Council.

This study espoused recommendations on how the performance management system can be implemented in the Matlosana Municipality through the relevant statutory framework for regulating PMS implementation within the local government sphere. This study clarified the fact that the implementation of performance management is a lawful obligation and will be established if Matlosana Municipality has made commendable progress in addressing the developmental backlog inherited from the past in some areas. Moreover, this study recommended that efficient and effective management systems, practices and attitudes must be put into

practice so as to assist with the monitoring of the performance of managers and to meet the set targets of the Integrated Development Plan (IDP), and lastly, made recommendations based on the empirical study on how to improve the implementation and administration of the PMS at Matlosana Municipality.

OPSOMMING

Plaaslike regering in Suid Afrika het sedert 2000 verskeie transformasieprosesse ondergaan. Daar is 'n groeiende behoefte aan modernisasie in hierdie sfeer van die Regering, en deel van die transformasieproses op plaaslike regeringsvlak in Suid Afrika was tot dusver om te verseker dat munisipaliteite dienste lewer in ooreenstemming met hul mandaat, en meer aandag gee aan die behoeftes van gemeenskappe.

Die rol van munisipaliteite, as die plaaslike verteenwoordiger van die Regering, is om te verseker dat alle inwoners toegang het tot ten minste basiese dienste. Hierdie dienste moet toeganklik, asook maklik en gerieflik wees vir gebruik deur alle inwoners. Prestasiebestuurstelsels (PBS) moet verseker dat munisipaliteite hul funksies op 'n ekonomiese, effektiewe, en verantwoordelike wyse uitvoer. Hierdie mandaat kan slegs realiseer indien munisipaliteite 'n uitvoerbare PBS implementeer, soos voorgeskryf in Hoofstuk 6 van die Plaaslike Regering: Munisipale Sisteeme Wet 32 van 2000.

'n PBS is 'n instrument wat daargestel is om dienslewering te verbeter, en om die kultuur van swak dienslewering, wat toenemend kenmerkend van munisipaliteite is, teen te werk. Die hooforsaak hiervan is basies die gebrek aan die nodige opleiding en kennis van wat PBS behels. Die Munisipale Sisteeme Wet, hoofstuk 4, laat ruimte vir die gemeenskap om betrokke te raak in die prestasiebestuur van munisipaliteite, hoofsaaklik deur middel van wykskomitees.

Munisipaliteite behoort die PBS te beskou as 'n voortgesette, deurlopende proses waardeur bestuurders prestasie kan monitor en evalueer. Die hoofdoel van hierdie studie is om die implementering van die PBS binne Suid Afrikaanse munisipaliteite te ondersoek, met spesifieke verwysing na Matlosana Munisipaliteit.

Daar sal aanbevelings gemaak word rondom die implementering van die Stelsel binne Matlosana Munisipaliteit, met inbegrip van die toepaslike statutêre raamwerk wat PBS reguleer binne die plaaslike regeringsomgewing. Hierdie studie sal voorts bepaal of die Matlosana Munisipaliteit voldoende vordering gemaak het met die implementering van die Stelsel om die nagevolge van die verlede aan te spreek. Daar sal ook vasgestel word of effektiewe bestuurstelsels, praktyke en gesindhede in plek gestel is met die doel om die prestasie van bestuurders te meet, en seker te

maak dat hul wel aan die verwagte vereistes van die Geïntegreerde Ontwikkelingsplan voldoen. Laastens sal voorstelle gemaak word, gebaseer op 'n empiriese studie, ten einde die implementering en administrasie van die PBS in Matlosana Munisipaliteit te verbeter.

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CHAPTER 1

INTRODUCTION

1.1 ORIENTATION AND PROBLEM STATEMENT

The South African Government has placed performance management at the centre of service delivery. A new Ministry (Performance Management Evaluation, under Minister Collins Chabane) was established on the 4th of August 2004 to ensure that a performance culture permeates national, provincial and local government spheres. South Africa also introduced a Government-wide Monitoring and Evaluation (M&E) System to provide accurate and reliable information to managers, decision-makers and other stakeholders with regular feedback on progress in implementation and results, and to enable the early correction of problems.

In order for the Government to become more effective, monitoring and evaluation processes should assist the public sector in evaluating its performance and identify the factors that contribute to service delivery outcomes. Monitoring and evaluation provide users with the ability to draw connections between choices of policy priorities, resourcing those policy objectives, and programmes designed to implement them, and the service delivered as well as its impact on communities. The M&E system requires detailed knowledge and interaction between planning, budgeting and implementation. Because of this, the Government should have strong monitoring and evaluation systems in place to promote co-ordination and avoid fragmentation (Policy Framework for the Government-wide Monitoring and Evaluation System, 2007).

The first term of office of the democratic government of South Africa (1994–1998) was primarily focused on restructuring the apartheid system and drawing up a new Constitution in 1996 (RSA, 2006). The second term (1999–2004) had to deal with co-ordination and integration of all governance systems and the challenges of increased effectiveness so that a greater developmental impact could be achieved. In this regard the new Ministry of Monitoring and Evaluation provides incentives for

efficiency and better planning and stronger accountability in Government (RSA, 2007:5).

Management practices in the early twentieth century were mainly founded on the features of contemporary performance. These performances can be clustered into three segments:

- Pre-world War II
- The 1950s to the 1970s
- The 1980s onwards (Van Dooren, Bouckaert & Halligan, 2010:38).

Internationally, performance management was developed more than thirty years ago. The theory was first named management-by-objectives (MBO) (Cameron, 1999). By 1950, some management writers such as Odiorne (1965) and Reddin (1970) introduced the term “performance utterances” which stated that “to say something is to do something”. In other words, performance is not separable from the situation it emerged from. Early theories acknowledge that performance is embedded in a system of rules (Cameron & Sewell, 2003:244). In the 1970s, marketers emphasised economic contributions that improved efficiency of the competitive market system in Britain.

In the South African context, a comprehensive statutory and regulatory framework was established which illustrates how seriously the Government views performance management. The statutory and regulatory framework clearly portrays Government’s commitment to improved service delivery, especially in the local sphere of Government. Section 38 of the Local Government: Municipal Systems Act 32 of 2000, tasks municipalities, for example, to establish a Performance Management System (PMS) that corresponds with its resources, circumstances and objectives. It further promotes a culture of performance management among its political structures, office bearers and councillors, while it also has to administer its affairs in an economical, efficient and accountable manner. Section 40 of the Systems Act furthermore stipulates that a municipality must establish mechanisms to monitor and review its overall performance.

The former Department of Provincial and Local Government (now Department of Cooperative Governance and Traditional Affairs COGTA) developed a guide in 2001 to enable municipal practitioners in the sector to implement a Performance Management System within their resource-constrained circumstances and in line with its priorities (Van der Waldt, 2006:137).

The White Paper on Transforming Public Service Delivery (Batho Pele, 1997) notes that the development of a service oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service users if they are to improve their operations. This can only be managed and improved if there is proper performance management to evaluate all programmes implemented and to ascertain if all set targets have been met. As a result, municipalities must deliver quality services according to the eight “people first” principles (RSA, 1997).

For the purpose of this study, the researcher will establish how a municipality can involve its employees in improving effectiveness in order to accomplish its goal of delivering quality services to the community. It is important that employees should be managed and integrated with the strategy of the municipality. That is one common vision for all employees of Matlosana Municipality.

Armstrong, as quoted by Cameron & Sewell (2003) describes the overall goal of performance management as being to establish an organisational culture in which individuals and teams take responsibility for the continuous improvement of the organisation, their own skills and contribution to desired results. The same situation is applicable to the Matlosana Municipality. It needs to be checked whether there is an improvement in taking responsibility, whether there is improvement in the provision of service and how performance management can help in this endeavour.

Because the focus of this study will be on the performance of the Matlosana Municipality, attention will be on how the Municipality involves its employees to improve its effectiveness in the accomplishment of institutional goals such as improved service delivery. Performance management is thus an effective process for improving organisational functioning. It should be seen as a change in organisational culture. Among key factors that could affect performance, the following factors are included: lack of skills and experience among staff, low quality of municipal leadership, and municipal institutional factors (Van der Waldt, 2004:39). The focus of

this study is on the City Council of Matlosana to establish whether there is accountability and service delivery of the Council as well as the implementation of a Performance Management System (PMS).

In implementing a PMS in the Matlosana Municipality, increased accountability among the community and the Municipal Council, both the political and administrative components of the municipality, each municipal department and the office of the Municipal Manager should ensure that all processes are followed. There must also be constant learning and improvement. A PMS should also provide the municipality with political leadership and management with diagnostic signals of the potential risks that are likely to prevent the improvement of the implementation of the integrated development plans (IDPs) of municipalities (Van der Waldt, 2007:124). The researcher will thus attempt to evaluate the implementation of the Performance Management System in the Matlosana Municipality and how the system can enhance service delivery.

The key research problem is that the performance management system implementation processes in the Matlosana Municipality do not adequately adhere to the stipulations and requirements of the statutory and regulatory framework pertaining to performance management.

1.2 RESEARCH QUESTIONS

Given the above scenario, the following questions are asked:

- What are the principles, theories and practices of performance management?
- What are the statutory and regulatory guidelines that define the application of performance management systems in South African municipalities?
- How effective are the processes and systems of performance management at Matlosana Municipality?
- What are the challenges associated with the implementation of a Performance Management System at Matlosana Municipality?

- What recommendations can be offered to improve the implementation and administration of the PMS at Matlosana Municipality?

1.3 RESEARCH OBJECTIVES

Taking into account the above-mentioned questions, the objectives of this research are to:

- Give a theoretical orientation of the theories and practices of performance management.
- Provide an exposition of the regulatory and statutory framework of performance management in South African municipalities.
- Analyse the current practices, processes and effectiveness of performance management at Matlosana Municipality.
- Identify challenges associated with the implementation of a Performance Management System at Matlosana Municipality.
- Provide recommendations based on research findings that add value to management in the implementation of the PMS at Matlosana Municipality.

1.4 CENTRAL THEORETICAL STATEMENT

The leading theoretical argument of this study is that in view of the statutory framework, a performance management system is necessary for effective service delivery in the Matlosana Municipality and to meet performance targets to ensure that the municipality achieves its strategic objectives (City of Matlosana, 2011:245).

1.5 RESEARCH METHODOLOGY

In order to obtain reliable information, the researcher will use various methods of data collection to reduce the element of bias so that the information used is reliable and valid. Both primary and secondary sources will be used to fulfil the researcher's objectives.

According to Brynard and Hanekom (2006:35), research methodology encompasses the “how” of collecting data and the processing thereof within the framework of the research process.

1.5.1 Literature review

Sources from both national and international publications will be used regarding performance management in municipalities. A thorough study will be made of the statutory and regulatory framework, such as government gazettes, policies, regulations, newspapers and electronic databases on existing approaches to performance management, as well as Matlosana Municipality Council meetings on difficulties encountered during the implementation process of performance management. The internet will also be consulted.

1.5.2 Databases consulted

The following databases have been consulted to ascertain the availability of study material for the purpose of this research.

- Catalogue of theses and dissertation of South African Universities
- South African Local Government Association (SALGA)
- Department of Local Governance and Traditional Affairs
- NAVO Database.

1.5.3 Empirical investigation

Semi-structured interviews were conducted with strategic managers (Section 57 managers) as well as the Performance Management Department of Matlosana Municipality. Managers from these departments that were interviewed because they are key players in implementing a PMS in a municipality are:

- Municipal Manager
- Director Infrastructure and Utilities
- Corporate Governance

- Chief Financial Officer
- Director Municipal and Social Services
- Manager Support Services, and
- Manager Economic Growth (City of Matlosana, 2011:255).

Semi-structured interviews were also conducted to get information on how performance is managed, what the reason is for non-compliance with performance management, and how it can be implemented. Eleven managers and their deputies were interviewed. De Vos (2011:342) regards the interview as a social relationship designed to exchange information between the participants and the researcher. Unstructured one-on-one interviews were also used to determine the manager's perceptions, opinions, facts and forecasts on other issues as well as potential solutions. The researcher used one-on-one interviews to elicit information in order to achieve understanding of the participants' points of view.

1.5.4 Ethical considerations

Because personal interviews were conducted, all data obtained from respondents were treated as confidential and respondents remained anonymous. Participants were informed that their contribution will only be used for the purpose of this study and that all information will be handled in a confidential manner. Sensitivity should especially be maintained on gender, cultural, religious and racial issues. by ensuring that issues raised do not constitute political or party-political statements and that they must be able to express their experience or perception. The study fully complies with the policy guidelines governing research ethics at North-West University.

1.6 CHAPTER LAYOUT

The mini dissertation is presented in the following six chapters.

Chapter one outlines the scope and method of the study is discussed and the research problem, and also summarises the research problem. It also expands on the research methodology, design, sample and ethical considerations.

In chapter two a theoretical orientation related to the key constructs of this study is discussed. These constructs include performance, performance management and a performance management system. Attention is also paid to various performance dimensions and fields of applications such as human resource performance management and organisational performance management.

Chapter three provides a detailed exposition of the statutory and regulatory framework pertaining to performance management, with specific reference to the local government sphere. This exposition, as well as the theoretical underpinnings of performance uncovered in Chapter two, provides the researcher with the necessary criteria to evaluate the implementation challenges associated with Performance Management System (PMS) at the case as locus of study.

Chapter four dealt with how the Performance Management System is structured and administered by the Matlosana Municipality as case study. This information was empirically verified in Chapter five to identify and assess the challenges associated with the implementation of the PMS at the Municipality. The empirical data collected was used as the foundation to propose certain remedies and interventions to overcome the challenges identified.

After obtaining the scientific knowledge and the empirical research having been conducted, Chapter six contains the summary of the study and recommendations on how the performance management system implementation processes could be improved at Matlosana Municipality. Although these recommendations are case sensitive, in other words, only applicable to Matlosana Municipality, they could also in general terms serve as recommendations for other similar municipalities in South Africa.

1.7 CONCLUSION

In this chapter the scientific and theoretical foundations and vantage points for this study were provided. In the next chapter the key constructs for purposes of this research will be conceptualised and the application context of performance management systems in South African municipalities will be explored.

CHAPTER 2

PERFORMANCE, PERFORMANCE MANAGEMENT AND PERFORMANCE MANAGEMENT SYSTEMS THEORETICAL FOUNDATIONS

2.1 INTRODUCTION

The first chapter outlined the reasons toward the establishment of performance management in South African municipalities and also detailed the interventions that should be followed in order to institutionalise performance. This chapter will deal with the conceptualisation of the constructs performance, performance management, as well as performance management systems in both human resource and organisational contexts. This conceptualisation will then be contextualised within the operations of local government as well as endeavours to improve service delivery. It is clear that if performance management is used effectively and efficiently, as specified in Chapter 6 of the Local Government: Municipal Systems Act 32 of 2000, it can enable municipalities to measure, monitor and report their activities to citizens. This could enhance social responsibility and accountability.

Communities expect acceptable standards of service to be rendered by municipal managers. Because of growing community expectations, managers have continued to develop new ways to meet public demands. They seek to improve their capabilities, approaches and results to transform public institutions inclusive of municipalities. The role of performance management then becomes a critical mechanism to ensure that developmental local government delivers services of good quantity and quality.

Included in this chapter will be the review of the historical development of performance management, followed by the implementation of performance management systems, and lastly, the challenges in the implementation of performance management systems.

2.2 PERFORMANCE CONCEPTUALISATION

Performance as a concept accumulates multiple and often ambiguous meanings. Dubrick (2005:39) asserts that performance outside of any specific context can be associated with a range of actions from simple and mundane acts to complex activities. Performance does not merely imply behaviour but also some degree of intent. According to Pulakos (2009:3), performance can be regarded as the key process through which work gets done. Pulakos further describes performance as an independent auditing process. It is how organisations communicate expectation and drive behaviour to achieve important goals; it is how organisations identify ineffective performers for development programmes or other personnel action. It is, therefore, important that employees know what is expected of them.

Prinsloo and Roos (2006:3) agree with Pulakos, although Pulakos describes performance as an independent auditing process carried out to evaluate the measures instituted by management to ensure that resources have been acquired economically and are utilized efficiently, and to report thereon to authority. From the definition given, it is clear that performance is about outcomes (work done) as well as the quality of that particular work. Armstrong and Baron (1988:20) further state that if performance is not defined correctly, one will not be able to measure or manage it. The bottom line is that they should try to achieve results.

Performance is the outcome of actions on the job, as well as the very actions that produce that outcome. (Lefton, Buzzota, Sherberg & Karranker, 1977:4). Performance involves inputs (the actions people put on the job) and output (the consequences of those actions). Performance is always tied to results and behaviour with the latter either active or passive. In other words, whether it is through do-something or do-nothing, it can affect results either way (Maila, 2006:12).

According to Langdon (2000:3), performance is the actual work that is done to ensure that an organisation achieves its mission. In this view, all performance produces an output, tangible work in the form of a product, service, or knowledge. Langdon also regards feedback as an essential element of performance. Feedback in relation to performance provides information regarding what has been accomplished and to what extent further feedback is necessary to obtain information about the output achieved as well as the consequences thereof. Feedback also

enables corrective actions should the desired output or consequences not be reached.

According to Coetsee (2003:139), performance can be defined as realising goals and meeting expectations. Coetsee (2003:139) proposes that a general way of describing performance is by means of a formula below:

$$P=S \times M \times R$$

Where: P=Performance

S=Skills and abilities

M=Motivation

R=Resources

There is a symbiotic relationship between human resource (HR) strategy, policy and performance. HR strategy is mainly concerned with devising ways of managing people that will assist in the achievement of organisational objectives. There has been no consensus as to what constitutes a high performance system. There is, however, relative agreement that Human Resource Management, which is the strategic approach to management of an organisation's most valued asset, the people, can improve public performance by:

- Increasing employee skills and abilities
- Promoting positive attitudes and increasing motivation, and
- Providing employees with expanded responsibilities so that they can make use of their skills and abilities (Patterson, 1999:13).

Performance can then be regarded as the way in which planned actions take place or objectives are reached (Fox & Meyer, 1995:4). Performance therefore is how people behave in an institution to help it to achieve its goals.

The next section will deal with performance management as a concept.

2.3 PERFORMANCE MANAGEMENT AS CONCEPT

This section will deal with the conceptualisation of performance management, which can be regarded as a process which is designed to improve organisational, team and individual performance, and which is owned and driven by line managers (Armstrong, 1994:13). Henry, Painter and Barnes (cited in Wilson, 1999:139) add that performance management is a systematic approach to improving individual and team performance in order to achieve organisational goals. Edis (1995:3) supports this view by indicating that performance management refers to any integrated, systematic approach to improving organisational performance to achieve an organisation's strategic aims and promote its mission and values.

Isaac-Henry (1997:101) is of the opinion that performance management can be defined as integrated techniques and methods to achieve improvement in the productivity and quality of the relationship between inputs, activities, outputs and outcomes in public service organisations. It is also concerned with enhancing the value-added process. Performance management is an approach to management, which harnesses the endeavours of individual managers and workers towards 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 the outputs, and it monitors outcomes (Patel, 1994:34).

The measurement of performance in the public sector (and municipalities) is a relatively new approach and it forms an important part of performance management. Substantial literature on performance management has been developed since the late 1970s, encompassing terms such as performance measurement, performance indicators, performance appraisals and review, value for money and more recently, quality. According to Masango (2000:66) key aspects of effective performance management should include, among others, performance targeting, setting of performance standards and a performance evaluation system.

Patel (1994) also describes performance management as an approach to management that harnesses the endeavours of individual managers and workers towards an organisation's strategic goals. Performance management also defines goals and output needed to achieve the intended goals, gaining commitment of individuals or teams to achieve outputs, and monitoring of outcomes. This definition

stresses the need for team work and focuses the organisation towards a particular aim. Van der Waldt (2007:11) regards performance management as an umbrella term for the total management of municipal organisational performance. Van der Waldt (2007:11) further divides performance management into two dimensions:

- The functions and process that manages institutional (municipal) performance, and
- The function and process that manages individual performance.

Perhaps a more fitting description is that of Ghobadian and Ashworth (1994:36) (as quoted by Van der Waldt, 2007:112) by stating that performance management refers to an interpreted systematic approach to improving institutional performance in order to achieve corporate strategic aims and to promote the organisation's vision and mission. Fox and Uys (2000:105-106) state that performance management consists of the following three elements of a system process with sequential logic that is able to predict the future plan (a view that the past will predict what will happen in the future):

- *Performance planning*: this forms part of the overall strategy planning of an institution with a view to allow employees to perform optimally in order to reach organisational goals. In general, it means ensuring that employees are aware of performance standards, exactly how their performance in relation to those standards will be measured and what the results of such measurements could be. Furthermore, it has some bearing on career planning, in that employees should understand at what level to perform in order to advance in their careers.
- *Performance monitoring*: this has to do with day-to-day supervision of performance, recording actual performance on the job and pre-empting performance problems.
- *Performance appraisal*: This comprises the application of a system of measuring performance.

Brethower (1972) describes performance management as a systematic process of monitoring the results of activities and collecting and analysing performance information to track progress towards planning results. Performance management makes use of performance information, programme decisions making and resource

allocation. The main objective is to communicate results achieved or not attained to advance organisational learning.

It is clear that the argument of Patel (1994) and Sacht (2006) are the same, i.e. they both state that it is the duty of both managers and employees to work together towards achieving organisational goals. However, Brethower (1972) believes it is the result of a systematic process of monitoring and analysing performance information. It can therefore be deduced that performance management is about involving individual workers as well as managers to achieve the greater vision of the organisation.

According to Van der Merwe (1992:114; as quoted by Van der Waldt, 2004:5), the minimum preconditions for any balanced judgments on the performance of any institution are:

- A clear vision and understanding of the objectives of different functions, programmes and services;
- Availability of data or information regarding economy, efficiency and effectiveness of programmes; and
- The use of correct and valid yardsticks to evaluate the economy, efficiency and effectiveness of programmes.

Performance management is, therefore, based on the simple proposition that when people know and understand what is expected of them and have been able to take part in forming those expectations, they can and will perform to meet them (Armstrong, 1994:24). Performance management will therefore include both organisational and human resource performance. Spangenberg (1994:29) highlights the fact that performance management can be reviewed as an on-going process that involves the planning, managing, reviewing, rewarding and development of performance.

Form the definitions given, it is clear that performance management should be a joint venture between managers and employees; both must work towards a common measurable goal and know what they must achieve, and maximize their contribution towards the overall business plan. It is also important to know the basis on which their contribution will be assessed.

Performance management is thus the process of creating a work environment, or setting, in which people are enabled to perform to the best of their ability. It commences when a job is defined as needed and ends when an employee leaves the organisation. Performance management is an on-going, systematic approach to improving results through evidence-based decision-making, continuous organisational learning, and a focus on accountability for performance. Performance management uses evidence from measurement to support governmental planning, funding, and operation (Heathfield, 2010).

Williams (2002:1) gives a historic background of the paradigmatic development of performance management as a discipline and performance management as management application. In his view, performance management came into prominence in the late 1980s and early 1990s. Although he maintains that there is no single approach to performance management, he also positions performance management as a system for the management of organisational and employee performance.

According to Armstrong and Baron (2006:23), the first recorded use of the term 'performance management' is in Beer and Ruh (1976). Their thesis was that 'performance is best developed through practical challenges and experiences of the job with guidance and feedback from superiors'. They described the Performance Management System at Corning Glass Works, the aim of which was to help managers give feedback in a helpful and constructive way, and to aid in the creation of a development plan.

Beer and Ruh (cited in Armstrong & Baron, 2006:43), highlight the features of a performance management system, which distinguished it from other appraisal schemes as follows:

- Emphasis on both development and evaluation;
- Use of profile defining the individual's strengths and development needs;
- Integration of results achieved with the means by which they have been achieved;
- Separation of development review from the means by which they have been achieved; and
- Separation of development review from salary review.

Van der Waldt (2004:292) states that the municipal policy for performance management needs to be as clear as possible. It will guide the design and implementation process, clarify the system's aims for the user and provide the basis for assessing and evaluating the system. It needs to record agreements about:

- The purpose of the system, principles and specific objectives;
- The model that can be use to link individual performance to organisational goals; and
- Any specific feature the system should have.

To conclude, performance management can be regarded as a proactive system of managing employee performance for driving the individuals and the organisations towards desired performance results. It is about striking a harmonious alignment between individual and organisational objectives for accomplishment of excellence in performance.

Having focused on performance management and how it affects both organisational and human resource, the next section will place emphasis on performance management systems and how they should be implemented.

2.4 PERFORMANCE MANAGEMENT SYSTEMS: CONCEPTUAL CLARIFICATION

A performance management system (PMS) could be regarded as a change in an organisation's culture, its norms, values and belief system. It should also change an organisation's decision-making processes and power base (Van der Waldt, 2004:286). An effective PMS is a tool to help managers improve the performance of their employees in order to achieve their organisation's performance goals. With a well-designed PMS, an employee should be able to track how well he or she is doing as the year unfolds, take corrective action if needed to resolve performance weaknesses and possibly renegotiate performance goals as circumstances change (Thomas, 2007:67). A PMS is defined by DPSA (2008:20) as "an authoritative framework for planning, managing and measuring performance of both the organisation and the employees".

Bevan and Thompson (cited by Price, 1997:303-304) describe a model (ideal-type) PMS as follows:

- The organisation has a shared vision of its objective or a mission statement, which is communicated to its employees;
- There are individual performance management targets, related to unit and wider organisational objectives;
- There is a regular formal review of progress towards achieving the targets;
- There is a review process which identifies training, development and reward outcomes; and
- The whole process is itself evaluated, giving feedback through changes and improvements.

In conclusion, a PMS should therefore be regarded as the systematic process by which a municipality measures its effectiveness in the accomplishment of its missions and goals. This definition will serve as working or operational definition for purposes of this study.

The next section will discuss the performance management model and techniques.

2.5 PERFORMANCE MANAGEMENT MODEL AND TECHNIQUES

The absence of a comprehensive and integrated performance model can cause the downfall of many efforts to introduce organisational performance excellence (Eygelhaar & Uys, 2004:33). Van der Waldt (2004:175) is of the opinion that public managers need to consider available models and techniques to ensure that resources are optimally utilised for the maximum benefit of society.

The “3 E’s” framework, as referred to in practice, measures efficiency, economy and effectiveness. All these concepts measure performance by way of different, yet interrelated, measures. A variety of definitions exist for the “3 E’s”. Some of these are provided here to give a broader description of the “3 E’s” and, in so doing, of performance auditing.

With regard to efficiency, Shall (2000:13) explains that it tries to capture how productively resources are translated into service delivery and basically asks the question, “Did we perform the job without wasting resources” or, “Did we do things right?”

Effectiveness has to do with the degree to which objectives are achieved. Effectiveness measures ask: “Did the job achieve the desired results?”, or “Did we do the right thing?” (Shall, 2000:14).

Economy denotes the cheapest possible option for the production of the output. Economy measures ask: “Was the service delivered at the lowest possible cost?” or “Did the service delivered cost more than comparable services elsewhere?” (Shall, 2000:14).

The following figure graphically demonstrates the relationship between the three E’s.

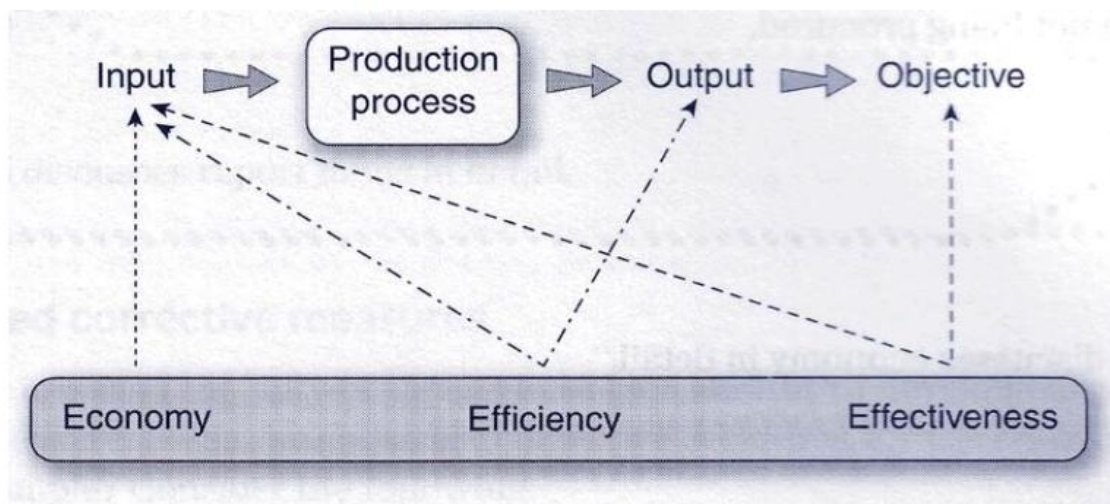
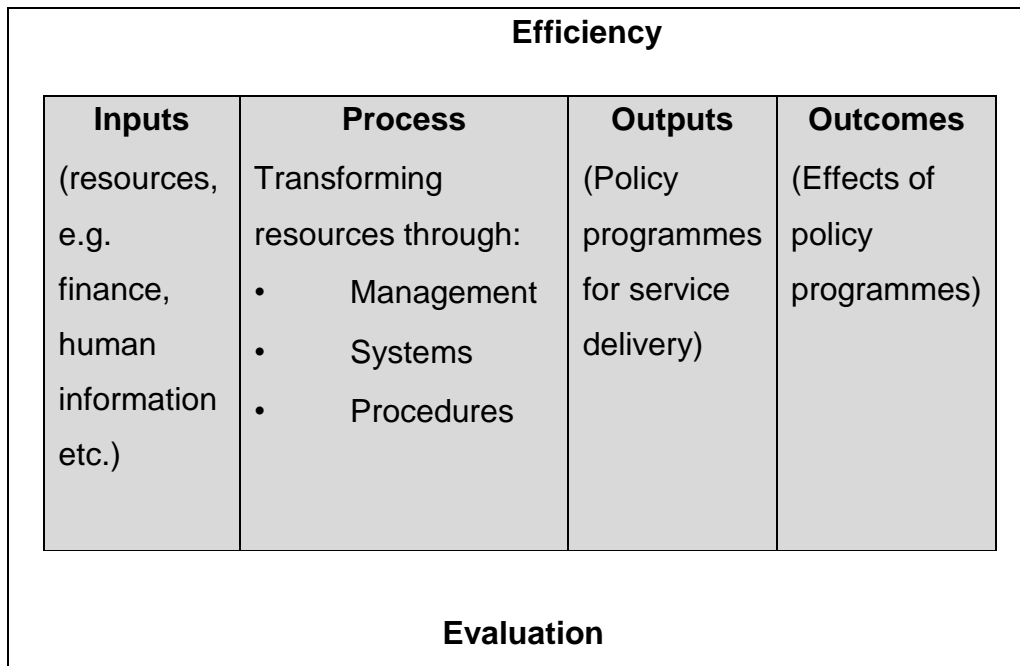


Figure 2.6: Relationship between the 3 E’s

Source: Prinsloo and Roos (2008:9)

Below is a performance model which is useful for analysing where the emphasis in particular performance initiative has taken place.

Table 2.2: Elements of a performance management model



Source: Adopted from Talbot (2001:268).

This model helps to emphasise performance initiatives. It places special emphasis on efficiency (input and output) as well as evaluation (input, output and outcomes).

Van der Waldt (2004:34) elaborates on this model by indicating that performance is about:

- The efficiency relationship between inputs (i.e. actual goods or services being delivered) and outputs (i.e. impact of those services on the target community);
- The reduction of inputs or the cost of inputs;
- The following of due process and equity; and
- The relationship among inputs, outputs and outcomes.

Van der Waldt (2004:39) further elaborates that some of the factors that could affect performance include lack of skills and experience among staff, the quality of municipal leadership and other institutional factors. In the case of municipalities in South Africa, they are expected to develop a performance management model which describes what aspect or dimension of performance will be measured. Different models give different pictures of performance by emphasizing different things to measure. The model that a municipality chooses (or develops by itself) will influence

which indicators it decides to use and how it will group these indicators together into areas of performance such as efficiency and customer management (City of Matlosana, 2009).

In order to make performance management systems work, an economic, efficient and effective use of resources must be practised. The following models are available and can be used for the maximum benefit of society.

2.5.1 South African Excellence Model

The South African Excellence Foundation provides a process framework and direction to create a culture of organisational excellence throughout South Africa to enhance overall competitiveness and promote the well-being (quality of life) of all citizens. In order to improve efficiency in different departments, public managers could use the excellence model. This model could be applied to both the public and private sectors. Van der Waldt (2004:185) states that this model provides a framework and direction which encourage a culture of performance excellence. This model affords public managers an opportunity to evaluate empirical facts to determine what leads to business success and deliverables. This model is principally a diagnostic measurement tool that allows organisations to do a regular self-assessment of their performance. The outcome of the assessment is a score of improvement that are based upon a set of internationally recognized criteria for performance excellence (Google search, 2011).

In 1999, South Africa developed the South African Excellence Model for local government called the Local Government Eleven-block Model. This model uses the same framework as the business excellence model with the difference that it focuses on and reflects the character and language of local government. Local governments need to have internationally accredited diagnostic assessment frameworks that will assist with the improvement and enhancement of services. Van der Waldt (2004:188) further states that the excellence models enable a public institution to:

- Identify its strength;
- Identify development areas;
- Set plans for improving; and
- Repeat the process.

Williams (2008) agrees that performance measurement systems of world-class organisations are tailored to drive service excellence. The South African Excellence Foundation and Model encourages a culture of performance. In other words, it is result-driven and can be used to improve efficiently in institutions which, in turn can lead to the success thereof.



Figure 2.7: The South African Excellence Model

Source: IRCAZA GLOBAL (2007:1)

2.5.2 The Balanced Scorecard

The Balanced Scorecard is a model developed by Kaplan and Norton (1996), and is a set of measures that could give public managers a fast but comprehensive view of an institution's performance and include both process and result measures (Van der Waldt, 2004:187). It focuses on four indicators, namely:

- Customer-perspective – to check if programmes satisfy customer's needs;
- Internal business perspective – focus on critical internal operations that enable them to satisfy customer needs;
- Innovation and learning perspective – how they can improve and create value for services; and
- The financial perspective – is it value for money?

Currently, it seems that the preferred model of South African municipalities is the Balanced Score Card. Below in figure 2.3 is a graphical illustration of the Balanced Scorecard as applied by Matlosana Local Municipality.

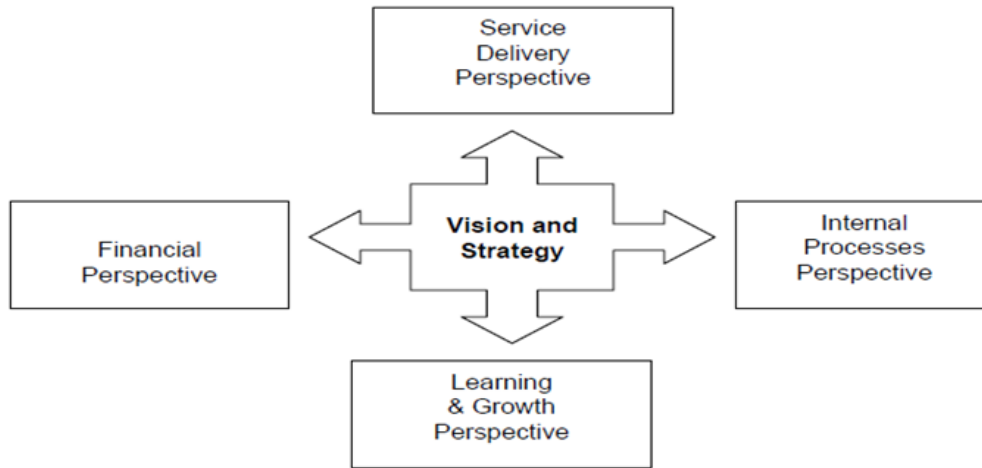


Figure 2.8: Matlosana Balanced Score Card

Source: Matlosana revised PMS Policy (2009)

Kaplan and Norton (1996) describe the Balanced Scorecard as a strategic performance management tool – a semi-standard structured report, supported by proven design models and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from their actions.

As a model of performance, the Balanced Scorecard is effective in that it articulates the links between leading inputs (human and physical) process, and lagging outcomes and focuses on the importance of managing these concepts to achieve the organisation’s strategic priorities (Abernethy, Horne, Lillis, Malina & Selto, 2005:136). Given the multi-faceted work of managers, it proves useful that managers are able to view performance in several areas simultaneously and this model proves to be most useful in this respect.

2.5.3 Citizens’ Charters

In the process of providing services, local government must empower the local communities to develop their own solution to their specific local problem (Van der Waldt, 2004:186). Although Citizen’s Charters as performance models were developed in Britain, they are highly effective in the sense that they are:

- Making administration accountable and citizen friendly;
- Ensuring transparency and the right to information;

- Taking measures to cleanse and motivate civil service;
- Adopting a stakeholder approach; and
- Saving time of both executant and the clientele (Van der Waldt, 2004:186).

Van der Waldt (2004:186) further states that Citizens' Charters are official frameworks for assessing and awarding quality in the public sector particularly, but may also be applied by private companies as part of customer service standards. Van der Waldt (2004:186) concurs with Bouckaert (1992:18) that the essential idea behind the Charters is to increase the quality of life in society and to pay more attention to the needs of the citizens. In order to facilitate the measurement of performance, the following performance management tools can be utilised.

2.6 KEY PERFORMANCE INDICATORS (KPIs) AS PERFORMANCE MANAGEMENT TOOLS TO FACILITATE THE MEASUREMENT OF PERFORMANCE

A Key Performance Indicator (KPI) can be regarded as a quantifiable metric that reflects how well an organisation is achieving its stated goals and objectives. Key Performance Indicators (KPIs) as performance management tools are specifically used to indicate criteria adopted in evaluating employee and organisational performance (Dye, 2004:56). According to Midwinter (1994:37) performance indicators are important measures for municipalities to determine performance and the responsiveness of a municipality to meet local needs. Minnaar (2010:68) emphasises that key performance indicators are quantifiable measurements, agreed to beforehand, that reflect the critical success factors of an organisation.

The Performance Management Guidelines for Municipalities (2001:18) stipulates that indicators are measurements that indicate whether progress is being made in achieving goals. Accordingly, choosing the right KPIs is reliant upon having a good understanding of what is important to the organisation. 'What is important' often depends on the department measuring the performance. Because of the need to develop a good understanding of what is important, performance indicator selection is often closely associated with the use of various techniques to assess the present state of the business, and its key activities.

These assessments often lead to the identification of potential improvements and as a consequence, performance indicators are routinely associated with 'performance improvement' initiatives. A common method for choosing KPIs is to apply a management model such as the Balanced Scorecard. The following are some characteristics of KPIs:

- A KPI must be aligned with the organisation's objectives.
- A KPI is determined by management personnel (normally Human Resource Managers).
- A KPI must be designed so that it is easy to understand.
- Some KPIs are specifically designed for each employee.
- KPIs are expected performance by the organisation.
- KPIs must be designed to balance the evaluation of each employee.
- KPIs lose their accuracy over time; therefore, it is necessary to revise it periodically.(Performance Management Guidelines for Municipalities, 2001:19).

An effective KPI should be:

- Specific;
- Measurable;
- Achievable;
- Performance relevant; and
- Contain deadline requirement (Performance Management Guidelines for Municipalities, 2001:19).

KPIs help to get insight into a municipality's performance. They are also known as performance metrics, business indicators, and performance ratios, for municipalities. The following KPIs are issued by the Minister after consultation with the provincial Member of the Executive Council (MEC) for local government and the South African Local Government Association (SALGA):

- The percentage of households with access to basic levels of water, sanitation, electricity and solid waste removal.

- The percentage of households earning less than R1, 100 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 term of the municipality's IDP.
- The number of jobs created through a 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.
- Financial viability of the municipality (SALGA Municipal Handbook, 2006).

The following section will explain how to develop a performance management system.

2.7 DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM

The Local Government: Municipal Systems Act 32 of 2000 requires municipalities to develop a performance management system (PMS) which is suitable for their own circumstances, but which has to address the following:

- A framework to describe the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different players.
- A performance management model which describes "what" aspects or dimensions of performance will be measured. Different models give different pictures of performance by emphasizing different things to measure. The model that a municipality chooses (or develops by itself) will influence which indicators it decides to use, and how it will group these indicators together into areas of performance (efficiency, customer management, etc.). If a framework is about process (how), a

model is about content – “what” aspects of performance get to be measured and managed.

In developing its performance management system, a municipality must in accordance with the Municipal Systems Act, ensure that the system:

- Complies with all the requirements set out in the Act;
- Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
- Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
- Clarifies the processes of implementing the system within the framework of the integrated development planning process;
- Determines the frequency of reporting and the lines of accountability for performance;
- Relates to the municipality’s employee performance management processes;
- Provides for the procedure by which the system is linked to the municipality’s integrated development planning processes; and
- Implements a strategic focus model.

Armstrong (2006:146) states that a performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage, acting as partners within a framework. This should set how they can best work together to achieve the required results. According to Edis (1995:4) a formal process will need to be put in place to support the performance management by means for a performance management system to facilitate a coordinated approach.

A framework should be developed within which the performance management process will be operationalised. In the case of South African Municipalities, the PMS is typically developed by the Strategic Planning Division, the Executive Committee or a Special Committee of Councillors (in a ‘plenary type’ municipality), which must manage the developments of the PMS and submit it to the Council. Responsibilities

in this regard must be assigned to the Municipal Manager. The PMS must clearly state the functions and responsibilities of each of the role-players.

The following section will describe how monitoring and evaluation has a positive effect on PMS.

2.8 MONITORING AND EVALUATION

In order to ensure that performance is implemented according to plans, it should be monitored. Such monitoring should not only focus on financial performance, but should also include non-financial performance. Reporting should be targeted at managers so that the data is useful and practical (Van der Waldt, 2004:95). In order to have a link between performance and good governance, South Africa has adopted an explicit performance-based governance system of public service delivery (SA-PSC, 2002:10; SA DPSA, 2003).

The Government must evaluate its programmes to determine whether or not it is meeting its previously established goals and objectives of a specific programme at a specific time (Van der Waldt, 2004:66). For this reason, it is important that performance monitoring and evaluation in local government should be monitored. The vision of the Presidency for Performance Monitoring and Evaluation as well as Administration is to strive for continuous improvement in service delivery. In South Africa, there are major pressures for a renewed focus on the issue of service delivery. These pressures are the direct result of the far reaching socio-political and economic transformation taking place in South Africa.

Van der Merwe (1992:112) states that the minimum pre-condition for any balanced judgement on the performance of a particular department, whether it be by politicians, managers within the department or outside, boils down to the following:

- A clear vision and understanding of the objectives of the different functions, programmes, services etc. for which the department is responsible, and why;
- The availability of data or information relating to the economy, efficiency and effectiveness of programmes, services, and so forth; and
- The use of a correct and a valid yardstick to evaluate the economy, efficiency and effectiveness of different activities and programmes.

In summary, performance encompasses inputs, conditions, process elements, outputs, consequences, monitoring and evaluation as well as feedback.

The following section will discuss how to implement a performance management system in helping to analyse the current practices, processes and effectiveness of performance management at Matlosana Municipality.

2.9 IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM

In order to implement a successful performance management system, various performance management steps must be followed. The Performance Management Guide for Municipalities (2001) proposes three phases with various steps which municipalities can undertake in order to implement a performance management system, namely:

- Phase 1 – Starting the performance management process.
- Phase 2 – Developing a performance management system.
- Phase 3 -- Implementing a performance management system.

More attention will be given to Phase 3 of the system because it forms the basis of this study. It is also important to note that the implementation strategy should also be linked to the integrated development planning which is the principle strategic planning instrument that guides and informs all planning and development and all decisions in connection with planning, management and development in the municipality.

In order to implement performance management, the following phases need to be followed:

Phase 1: Planning

The performance management process and the integrated development planning should be integrated. The reason behind this is that the IDP fulfils the planning stage of performance, while the performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

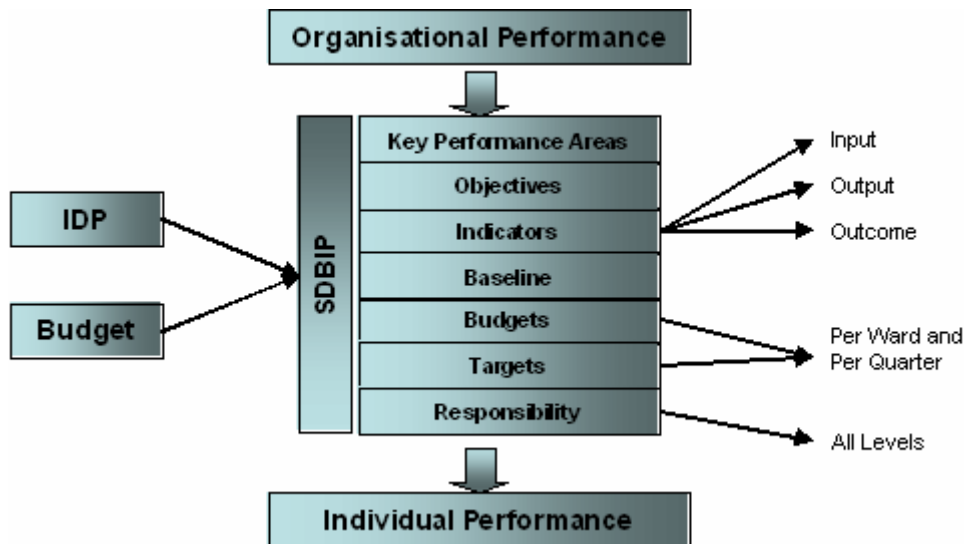


Figure 2.9: Municipal organisational performance

Source: Matlosana revised PMS Framework (2009)

This structure helps the municipality with an organogram of how it can use the organisational performance process to achieve its goals through planning of its workforce. In terms of the processes of planning, the Council must develop a service delivery and budget implementation plan as part of the performance management system as sketched in the figure above.

Phase 2: Priority-setting

In order to address the needs of the community and to fulfil its responsibilities, the municipality needs to focus on the following key performance areas which are the basic mandate on which local government should concentrate:

- Infrastructure and services;
- Social and economic development;
- Institutional transformation;
- Democracy and governance; and
- Financial Management (PM Guidelines for Municipalities, 2001).

Figure 2.5 below depicts a framework for the development of a Performance Management System.

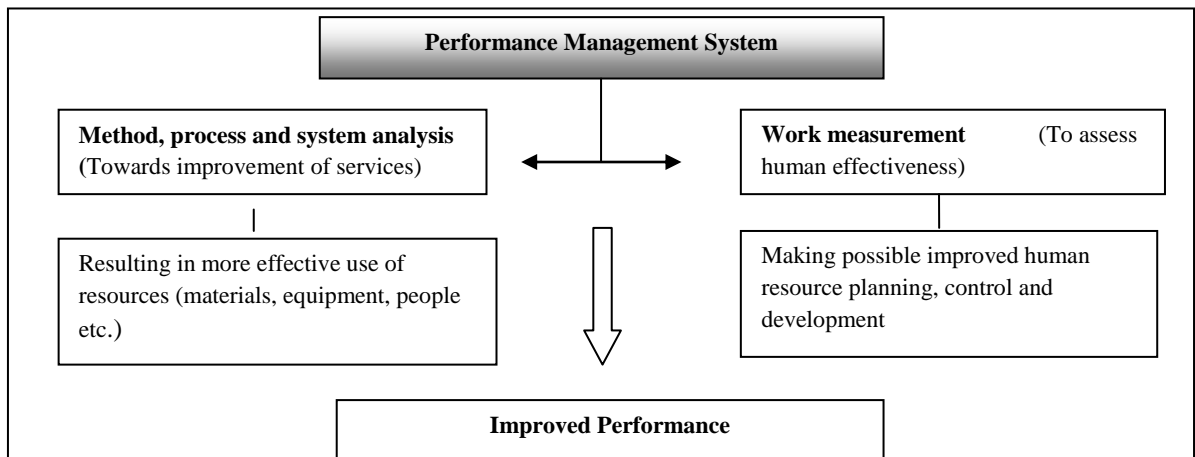


Figure 2.10: A framework for the development of a performance management system

Source: Adapted from Van der Waldt (2004:343)

Phase 3: Setting objectives

Van der Waldt (2004:343) states that components of the IDP need to be translated into a set of clear and tangible objectives. This will ensure that there is clarity on the IDP and that suitable indicators are found. The statement requires a tangible, measurable and unambiguous commitment to be made. In doing this, a municipality needs to:

- Review the precise working and intention of the objective;
- Consider the results desired (focus on output, impact and outcomes);
- Avoid broad results statement; and
- Be clear about scope and nature of change results.

The Local Government Municipality Planning and Performance Management Regulations (PMR), published in August 2001, prescribe six general key performance indicators. In terms of section 43, the following indicators are prescribed:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- The percentage of households earning less than R1,100 per month with access to free basic services;

- The percentage of municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's Integrated Development Plan (IDP);
- 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; and
- The percentage of the municipality's budget actually spent on implementing its workplace skills plan and financial liability.

The following section will identify key challenges associated with the implementation of a Performance Management system at Matlosana Municipality. These challenges will give an idea why performance management is not implemented successfully.

2.10 CHALLENGES IN THE IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEMS

Employees are often dissatisfied with the application of performance management systems and managers are frequently reluctant to engage in the process because of its confrontational nature (Price, 1997:287). According to Price (1997:304), an organisation with one or more of the following conditions is deemed to be ineffective:

- Lack of agreement among all critical parties on what is to be performed;
- Lack of an effective way to measure desired performance;
- Lack of an environment conducive to successful performance;
- Lack of a communication programme to gain understanding, acceptance and commitment to the system; and
- Lack of a performance-based organisational culture.

Because of the confrontational nature of the PMS, managers are usually reluctant to engage in the process. Van der Waldt (2007:119) argues that if people do not have the right mind-set, skills and level of commitment (typically influenced by factors such as rewards, working conditions and leadership) or a pleasant work environment, things will not be done effectively and efficiently. Bowles and Coates (1993) describe performance management as a process that is difficult to manage, to be fair and

objective. In order to implement PMS as a successful management tool, the development of the system should have less emphasis on power, but more on purpose of the organisation (Armstrong & Baron, 2002:71).

Lundy and Cowling (1996:308) state that from the studies conducted by the Institute of Personnel Management, four major weaknesses were identified. These weaknesses relate to the manner in which performance management was being conducted and include:

- *Personal factors*: the individual's experience, competencies, confidence, motivation and commitment;
- *Leadership factors*: the quality of vision, encouragement, guidance and support provided by the managers and team leaders;
- *Team factors*: the quality of support provided by co-workers;
- *System factors*: the system of work and facilities (instrument of labour) provided by the institution; and
- *Contextual (situational) factors*: internal and external environmental pressure and challenges.

Performance management is time-consuming and must be managed properly. It needs data, which must be collected and used. It needs a major management intervention to set up the information systems needed to monitor, supervise and establish the appraisal systems which, in turn, are supposed to ensure an effective, decentralised, flexible workforce (Curtis, 1999:264). A performance appraisal is a controversial management tool searching for answers to ubiquitous problems in system design and administration (Roberts, 2002:333).

Beardwell, Holden, and Claydon, (2004:529) indicate that a lack of time and resources may hinder line managers in providing comprehensive and effective performance reviews and objective setting. Managers may perceive the appraisal process as a bureaucratic nuisance and form-filling exercise.

According to Van der Waldt (2004:124), some of the challenges of performance management facing municipalities are as follows:

- The detrimental legacy of apartheid;

- The general lack of sufficient resources (knowledge, experience, commitment, funds, technology, equipment, etc.) to effectively address the many developmental needs of communities;
- Organisational cultures, structures and practices that are not conducive to effective, efficient and productive service delivery outputs;
- Socio-economic malpractices, such a nepotism, corruption and crime;
- Too short a time period since 1994 to effectively implement the new policies of the government;
- Public service instability and protests;
- Provision of basic services; and
- Development of effective local municipalities.

The most critical and frequently experienced challenges in the development; implementation and maintenance of PMS within a municipality would probably be the organisational culture and performance information. In most instances, municipalities are paying senior managers performance bonuses without them being appraised. Thus, Councillors need to play a leading role in the municipality regarding the PMS and they should ensure that it is implemented in such a way that it is useful to all stakeholders (Mkumbeni, 2008:44).

There is a need to change the view that management of performance is an annual event (Lockett, 1992:37-39). Lockett (1992:39) laments the fact that performance needs to be managed more closely, while some people need to have more regular reviews than others. The less experienced, or those who need considerable support, for example should be reviewed more regularly. These are the elementary aspects of individual performance and if not adequately addressed, it may cripple performance at an organisational level because the latter depends on collective contributions made by individual employees.

A challenge that may also be identified is to ensure that everyone's performance is managed in all areas of their work. Lockett (1992) states that the traditional management approaches have focused on two sets of performers, namely:

- High fliers (whose career-development needs must be fulfilled); and
- Poor performance (where the performance gap needs to be reduced).

According to Ammons (2001:18), some factors can contribute to a drawback from the implementation of performance management. Ammons (2001) further states that several employees regard performance management as a threat to their status. Some employees may feel that it is the beginning of a process leading towards quicker work processes and tougher standards, and that it may eventually lead to the lay-off of workers who cannot keep up the pace, or are no longer needed in the organisation.

Performance management does not always work as well as it should. Mohram and Mohrman (1995) consider that:

“The lack of success with performance management is due to the fact that prevailing human resources management approaches were designed to fit a traditional, hierarchical organisation. And the recent increased emphasis on the lateral organisation, with teams and mini-businesses performing in increasingly fluid and dynamic patterns, threatens the viability of management approaches that assume clearly defined job roles and responsibilities.”

Alan Cave(1999) states that “performance management is underperforming”. Cave(1999) further states that performance management is seen as a critical process for achieving business performance, but in many organisations managers and staff see it as “...a complicated chore that gets in the way of the real work” and further postulates that the main reasons why it has often failed include:

- Inadequate management skills, for example in providing feedback;
- A failure to provide support to managers;
- Performance management being perceived as being irrelevant to real work;
- Management confusion about purpose and style;
- A dislike of rating; and
- Design conflicts with required ways of working, e.g. functional “chimney design” in contrast with team/project-based working.

Mintzberg (1973) (cited in Spangenberg, 1994:1) postulated three contextual factors that reduce the effectiveness of performance appraisal. These are: the nature of managerial work, organisational characteristics and environmental demands.

Recency error, according to Gómez-Mejía, Balkin, & Card, (2004:232), is an error in performance appraisal that reflects consistent biases on the part of the evaluator. In this regard, Van der Waldt (2004:268) states that in any kind of rating or ranking system, errors or biases can occur. One common problem is recency error, which is the tendency to base judgement on the employee's most recent performance because it is most easily recalled. It introduces inaccuracy into the judgement, overdue of one part of the scale by being either too lenient or too severe, or giving everyone an average rating.

Organisations frequently identify one or more of seven elements as the most "challenging" when implementing performance management systems. These are not insurmountable obstacles, but elements that require the greatest attention and work. If not addressed, they can cause the performance management system to fail.

2.11 CONCLUSION

In this chapter, performance, performance management, performance management systems, and the implementation as well as challenges were discussed. The models of performance management were also explored. These findings operationalise research objectives that say what the principles and theories of performance management are. It was also found that continuous improvement of performance should be managed by benchmarking one's performance. It is clear that performance should be properly managed in local government. The evaluation of individual performance should not be the driving factor and neither should rewards be used as an instrument to improve the organisation's performance.

Performance management has a fundamental role to play in municipal service excellence. Performance measurement enables politicians to demonstrate the impact of their policies to the community and give concrete evidence of service rendered. It is clear that people (or employees) play an important role in performance management, and it does not only revolve around determining measures and proper utilisation of funds. Municipalities must have a clear mechanism of how they control and maintain performance management. It is the duty of the local authority to achieve a balance between national goals, and local service delivery. They also have to respond to local needs and circumstances and provide leadership.

In the next chapter, focus will be on the relevant statutory framework for regulating PMS implementation within the local sphere of government.

CHAPTER 3

AN EXPOSITION OF REGULATORY AND STATUTORY FRAMEWORK OF PERFORMANCE MANAGEMENT IN SOUTH AFRICAN MUNICIPALITIES

3.1 INTRODUCTION

The previous chapter provided a theoretical overview of performance management and its applications in local government settings. The management of performance in South African municipalities occurs within a statutory regulatory framework. This framework is meant to enhance the process of transforming public service delivery. This chapter will thus analyse the main statutory and regulatory framework documents that outline a governance context for performance management applications in South African municipalities. In order to triangulate data, the purpose of this chapter is to obtain further criteria against which the utilisation of a Performance Management System in Matlosana Municipality, as locus of study, could be assessed. The previous chapter provided theoretical, best practise criteria and data obtained from respondents will serve as the second and third leg for triangulation purposes.

One of the most significant challenges facing the Government in South Africa is to enhance the process of transforming public service delivery. Not only the transformation from apartheid rule to democratic principle and a representative public sector are required, but also transformation and renewal, with a shift from the mere existence of representative public institutions to centres delivering quality public service (Kroukamp, 2001:22).

Recently the government has been under severe pressure in connection with renewing focus in service delivery. In terms of monitoring and measuring performance, service delivery is a key element of Medium-Term budgeting. Better information on service delivery shows how public money is being spent, complementing financial information for monitoring and reporting purpose. This renewal is good practice in terms of transparency and accountability and also assists

the government in directing funds where they are needed and to where they will best meet government's service delivery priorities (Van der Waldt, 2004:178).

The purpose of this chapter is to provide an insight that adequate legislation shows that policy directives make provision for PMS and integrated development planning (IDP). IDP is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development. This chapter will determine what the statutory and regulatory guidelines that define the application of performance management in South African municipalities entail.

3.2 THE STATUTORY FRAMEWORK GOVERNING PERFORMANCE MANAGEMENT APPLICATIONS IN SOUTH AFRICAN MUNICIPALITIES

This section will discuss the statutory framework governing performance management applications in South African municipalities. The discussion will commence with the Constitution as the highest authority in South Africa.

3.2.1 The Constitution of the Republic of South Africa, 1996

Section 2 of the Constitution of the Republic of South Africa (1996), stipulates that the Constitution is the supreme law of the Republic. Conduct inconsistent with it is invalid and the obligations imposed must be fulfilled. This simply implies that there is no legal norm in the State higher than the Constitution. All components of the State are regulated by the Constitution and related legal norms. Public Administration is one of the primary themes of the Constitution and in Section 197 (l), it is stipulated that within Public Administration there is a Public Service for the Republic, which must function and be structured in terms of national legislation, and which must loyally execute the lawful policies of the government of the day.

The Constitution provides for three spheres of government, namely national, provincial and local government. It also establishes local government as a distinctive sphere of government which is inter-dependant and interrelated with national and provincial spheres of government. Section 92 of the Constitution states that members of the Cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions and that they

must provide Parliament with full and regular reports concerning matters under their control.

Section 152 deals with the objectives of local government, and paves the way for performance management with the requirements of an “accountable government”. The democratic values and principles in terms of Section 195 (i) are also linked with the concept of performance management with reference to the principles of, inter alia:

- The promotion of efficient, economic and effective use of resources;
- Accountable Public Administration;
- To be transparent by providing information;
- To be responsive to the needs of the community; and
- To facilitate a culture of public service and accountability amongst staff.

Municipalities fall within the local government sphere. There are currently 279 municipalities across the country with six (6) Metro Councils and 46 District Councils. Section 196 (1) further stipulates other principles that should inform public service delivery. Among the most important are the following: services must be provided impartially, fairly, equitably and without bias; people’s needs must be responded to, and the public must be encouraged to participate in policy-making; transparency must be fostered by providing the public with timely, accessible and accurate information; and that public administration must be development-oriented.

The Constitution further stipulates under section 10, that Public Administration should adhere to a number of principles, including:

- A high standard of professional ethics must be promoted and maintained;
- Resources must be utilised efficiently, economically and effectively;
- Public administration must be accountable; and
- Good human resource management and career development practices, to maximise human potential, must be cultivated.

Section 155 of the Constitution also makes provision for the establishment of the following categories of municipality:

- Category A – A municipality that has exclusive municipal executives and legislative authority in its area.
- Category B – A municipality that shares municipal executive and legislative authority in its area with a category C municipality.
- Category C – A municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

Also in terms of Section 155 (7) of the Constitution, the national and provincial governments have the authority to ensure that municipalities perform the functions listed in Schedule 4 and 5 of the Constitution. Sections 156 (5) and 160 (1) empower municipalities to “exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its function”. The Constitution lays down a set of broad objectives that each municipality must strive to achieve within its financial and administrative capacity. These sections underline the importance of effective and efficient performance by public officials and a system that will enhance performance management.

According to the Constitution, municipalities have been mandated with major developmental responsibilities to ensure that the quality of life for their citizens is improved and that local government plays a role in providing basic services, creates jobs, and eradicates poverty. The challenges behind these principles are how efficient and pro-active municipalities should be in order to deliver on their mandated obligation of providing services to ordinary citizens. Performance management should focus on effective and efficient service delivery to communities taking into account the different functions the municipality needs to administer.

3.2.2 The Municipal Demarcation Act 27 of 1998

The purpose of the Municipal Demarcation Act 27 of 1998 (the Demarcation Act) is to provide for criteria and procedures for the determination of municipal boundaries by an independent authority and to provide for matters connected thereto (SA, 1998:1-555). According to Zybrands (2000:3), the most important issue in the transformation of local government is the need to re-demarcate the boundaries of municipalities. To do this, a Demarcation Board was established. The Board had the task of demarcating boundaries in accordance with factors listed in Section 25 of the Demarcation Act.

One of these factors was to rationalise the number of municipalities. The Board therefore reduced the number of municipalities from 843 to 279. This will assist municipalities to measure their performance within a limited scope with a clear mandate of what to do.

3.2.3 The Local Government: Municipal Structures Act 117 of 1998

The mandate for local government is encapsulated in the preamble of the Local Government: Municipal Structures Act 117 of 1998 as a “vision of democratic and developmental local government in which municipalities fulfil their constitutional obligation to ensure sustainable effective and efficient municipal service, promote social and economic development, encourage a safe and healthy environment by working with communities in creating environments and human settlements in which all people can lead uplifted and dignified life” (Asmah-Andoh, 2009:104). The Structures Act provides an appropriate division of functions and powers of categories of municipalities. It also provides for the structures that are important for the implementation of a Performance Management System (PMS).

Section 10 of the Municipal Structures Act provides for the basis of the establishment of an institutional framework for developmental local government as a way of ensuring service delivery and building capacity of municipalities when exercising their powers and performing their functions. The appointment of the Municipal Manager, who is the Head of Administration, is promulgated by section 82 of this Act. According to this section, the Municipal Manager, by virtue of being the Head of Administration, is the key official responsible for the implementation of a PMS in a municipality.

The following subsection will deal with the Local Government: Municipal Systems Act 32 of 2000 and how it contributes to the successful implementation of PMS in municipalities.

3.2.4 The Local Government: Municipal Systems Act 32 of 2000

The Local Government: Municipal Systems Act 32 of 2000 presents the legal nature of the municipalities and the entities that it can and cannot set up to conduct its duties within the functions and powers assigned. A municipality is therefore a “corporate entity” that has legal responsibility for its own actions.

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 annual reports 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 reports audited by the Auditor- General; and
- Involve the community in setting indicators and targets and reviewing municipal performance.

It also 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 transformational programmes;
- Establish a performance management system commensurate with its resources and best suited to its circumstances; and
- Promote a culture of performance management among its members, committees and functionaries and its administration.

The most detailed requirements regarding performance are stipulated in Chapter 6 of the Systems Act. Chapter 6 instructs that a municipality must develop its own PMS and set targets to monitor and review its performance based on indicators that are linked to the IDP. Section 46(a) (i) of the Systems Act also specifies that a municipality must prepare an annual report for each financial year, consisting of a performance report. A municipality must also reflect on the performance targets of the previous financial year. Section 11(3) (a) of this Act empowers municipalities to develop and adopt policies, plans, strategies and targets for service delivery. In doing this they must prepare, approve and implement their budgets. In terms of

Section 11(3)(k), performance management systems must be established and implemented.

Chapter 5 (Section 23 to 37) of the Systems Act stipulates what must be included in the IDP of municipalities. In Section 26(i) for example, it is stipulated that the IDP must reflect the key performance indicators and performance targets determined in terms of Section 41. The IDP should be reviewed annually in accordance with an assessment of its performance measurements (Section 34(a) (i)).

Chapter 6 (Sections 38 to 49) deals in more detail with how municipalities should deal with performance management. Performance management systems must be established, maintained and eventually audited by the Auditor General. In terms of Section 41(1) (a), key performance indicators must be set to serve as a yardstick for measuring performance. In terms of sub-section (c) (ii), performance must be measured at least once per annum.

Section 43(1) (a) allows the Minister to prescribe general key performance indicators that are appropriate and that can be applied to local government generally. Section 49(1) further permits the Minister to make regulations to provide for or regulate, inter alia, the setting of key performance indicators, the setting of a framework for performance targets, the monitoring and measurement of performance, the assessment of those performance measurements, and the improvement of performance. Such regulations have been made in the form of Regulation No. R 796 and were published in the Government Gazette No. 22605 on 24 August 2001. In terms of regulation 2(1) (e), the key performance indicators as set by the municipality must be identified in the IDP. Chapter 3 of the Regulations deals with the nature and adoption of the PMS.

Regulation 9(1)(a) requires that municipalities set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives referred to in section 26(c) of the Act. This Act further stipulates that a key performance indicator must be measurable, relevant, objective and precise. In (Section 41(1)(a) the definition of input indicator is given in Regulation 1 as an indicator that measures the costs, resources, and time used to produce an output. Outcome indicator means an indicator that measures the results of activities, processes and strategies of a programme of a municipality.

According to these guidelines (section 38), a municipality must establish a PMS that:

- Is commensurate with its resources;
- Is best suited for its circumstances; and
- Is in line with priorities objectives.

Van der Waldt (2004:321) argues that if a PMS is introduced in terms of the Municipal Systems Act (MSA), municipalities will not only improve the efficiency and effectiveness of public services, but also promote greater economy and resource containment. It is a fact that the MSA in outlining PMS also encourages municipalities to deal effectively with management principles of planning, organising, co-ordinating and controlling all resources for the betterment of the community members.

In terms of Section 40, municipalities must establish mechanisms to monitor and review their performance management system. In terms of Section 46 of this Act, a municipality must prepare an annual report for each financial year, consisting of a performance report reflecting the municipality's performance during that financial year, and include a comparison with set targets and performance in the previous financial year (Van der Waldt, 2006:136).

3.2.5 The Local Government Municipal Finance Management Act 56 of 2003

In order to improve financial management in local government, the South African Government introduced the Municipal Finance Management Act in 2003 (MFMA.) The aim of this Act is to make sure that municipal finances are controlled and managed effectively and efficiently and the relevant officials and Councillors entrusted with those matters, act in a responsible, transparent, ethical and professional manner. It is important to have a budget and sound financial management in local government as promulgated in Chapter 4 of the MFMA. Chapter 6 of the Act ensures that there is proper support from the national and provincial government in building capacity for efficient, effective and transparent financial management. In terms of Section 72 of the Act, a municipality is required to submit a mid-year budget and performance assessment before 25th January of every year.

Section 165 stipulates the existence of an internal audit unit which, inter alia, advises the Municipal Manager and reports to an Audit Committee on the implementation of an internal audit plan, including performance management. Section 166 requires the establishment of an independent Audit Committee that is advising the political and administrative executive on, inter alia, matters relating to performance management and performance evaluation. The MFMA aims to modernise budgeting and financial management practices by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to render services to all residents, customers, users and investors. The Act aims to enable managers not only to manage but to be more accountable, by introducing regular and consistent reporting requirements. The challenge facing all the role players such as the Chief Financial Officer, Performance Management System Manager and the Strategic Unit is to improve the efficiency of the municipality through the best use of management.

This concludes a brief exposition of the statutory framework. This framework enables the municipality to be managed according to a set of rules and ensures that the municipality improves its internal structures and systems. The next section will deal with the regulatory framework for performance management application in South African municipalities.

3.3 THE REGULATORY FRAMEWORK FOR PERFORMANCE MANAGEMENT APPLICATIONS IN LOCAL GOVERNMENT

The following constitutes the regulatory framework for performance management in local government.

3.3.1 White Paper on the Transformation of the Public Service, 1995

Because the government is committed to delivering services to its citizens, the White Paper on the Transformation of the Public Service has as its aim the transformation of the South African Public Service into a coherent, representative, competent and democratic instrument for executing government policies and meeting the demands of the people (Van der Waldt, 2004:86). According to the White Paper on the Transformation of the Public Service (WPTPS), the following principles represent a collective vision for public service transformation and ensures that the Public Service needs to be (Van der Waldt, 2004:86):

- Committed to the provision of high quality service to all South Africans in an unbiased and impartial manner;
- Responsive to the needs of the public;
- Representative of all sections and levels of the South African society;
- Democratic in its internal procedures and its relation to the public;
- Accessible, informative, accountable and open to public scrutiny; and
- Efficient, effective and productive.

The WPTPS requires of government to make service delivery a priority. Chapter 2 of the WPTPS requires the government to identify among other things:

- Plans for staffing, human resource development, organisational capacity building tailored to service delivery needs; and
- The development, particularly through training, of a culture of customer care and to have approaches to service delivery that are sensitive to issues of race, gender and disability.

Capacity-building refers to the fact that government institutions like municipalities, should address means that will improve their performance and also to capacitate their employees to deliver efficient service.

Chapter 11 of the WPTPS requires municipalities to identify, among others:

- A mission statement for service delivery together with service guarantees;
- Service standards, defined outputs and targets, and performance indicators benchmarked against comparable international standards;
- Plans for staffing, human resource development and organisational capacity building tailored to service delivery needs;
- Monitoring and evaluation mechanisms and structures; designed to measure progress and introduce corrective action, where appropriate;
- The redirection of human and other resources from administrative tasks to service provision, particularly for disadvantaged groups and areas;
- Financial plans that link budgets directly to service needs and personnel plans;

- The development, particularly through training, of a culture of customer care and of approaches to service delivery that are sensitive to issues of race, gender and disability; and
- Plans for the introduction of continuous quality improvement techniques, in line with a total quality management approach.

Government institutions should address means that will improve the performance of institutions and their officials to deliver efficient services to its citizens. The WPTPS asserts that it is vital that the transformation process be guided by a clear, comprehensive and commonly accepted vision of the fundamental principles to guide the composition and functioning of the Public Service, i.e. responsive to the needs of the public, accessible, informative, accountable and open to public scrutiny, and efficient, effective and productive.

Chapter 4 of the WPTPS indicates that themes have begun to emerge, some of which have relevance for the current situation in South Africa. These include:

- An increasing emphasis on quality, efficiency and cost-effectiveness;
- An increasing emphasis on human resource development and management designed to promote participative management and innovation, to build capacity, and to reward individual and team performance (through the introduction of appraisal and incentive systems); and
- A move to improve financial planning and control systems, including reforming budgeting systems, with a view to making them more performance and output related.

According to the White Paper, the Public Service is at the forefront of the delivery of public services. The main purpose of the Public Service is to render service to the public and to transform the Service into a coherent, representative, competent and democratic instrument for executing government policies and meeting the needs of the people (Van der Waldt, 2004:86). The White Paper supports the PMS when it comes to the delivery of services. Chapter 9 of the WPTPS stipulates that in improving output-related performance, accountability and responsiveness of the public service, important structural and cultural changes will need to be made in the

organisation and management of State institutions, with the objective of empowering, challenging and motivating individual public servants to work productively.

At the heart of the performance of the Public Service system lie issues concerning the efficiency, competence, motivation and morale of the workforce. Through the WPTPS, municipalities are empowered to apply performance management as a strategic approach to democratise development while at the same time creating an environment conducive for people and communities to address their needs (Tshishonga & Mafeme, 2008:363).

3.3.2 The White Paper on Transforming Public Service Delivery (WTPSD) (Batho Pele), 1997

Van der Waldt (2004:87) is of the opinion that there is no more important issue in South Africa than improving the delivery of public services. Van der Waldt (2004) further states that an efficient, equitable and accountable public service is the hallmark of any democratic society. The Public Service transformation process has a distinct aim, firstly to improve the delivery of service to all people and secondly to demonstrate that South Africa has become a truly democratic society.

The Public Service came up with “Batho Pele” principles meaning “people first”. This regulatory framework set up eight principles that regulate the behaviour of public servants and politicians. It ensures the transformation of service delivery resulting in a more satisfied public and client base. It is also important that Batho Pele principles be translated into action. and allow departments to implement them according to local conditions and circumstances Local partners can be mobilised to assist in building a service culture, e.g. local businesses and non-governmental organisations may assist with funding a help-line, providing information about specific services, identifying gaps or conducting a customer service (Van der Waldt, 2004:88).

The Batho Pele principles provide the basis for an initial assessment of the application of constitutional principles in practice. Access to Government information, and openness and transparency, for instance, provide the basis for assessing democratic principles in operation, redress as a measure for effectiveness, competence and responsiveness, and access as a measure of effectiveness. Below

is a brief exposition of the respective principles with specific reference to the potential implications for performance management applications in local government.

Consultation with citizens

Citizens (communities) should be consulted about the level and quality of the public service they receive and, wherever possible, should be given a choice about the services that are offered. Consultation gives citizens the opportunity to influence decisions about the public services by providing objective evidence, which determines service delivery priorities. The existence of local communities, with their respective needs, is a challenge to ensure that municipalities are run according to the principles of good governance and that the expectations of the citizens of towns, cities and rural areas are met (Frohock, 1979:56). Whether these expectations are realistic or not, constructive interaction between municipalities and their communities should be encouraged to ensure that all stakeholders are at least informed about the expectations of the community and the ability of Councillors to deliver services.

This, in fact, means that the resistance type of participation will have to be replaced by a new system that results in the citizens taking ownership for the improvement of the lives of the people. Therefore, as municipalities are transformed into being more representative and legitimate, another South African reality that has to be addressed is the fact that local communities will also have to be reoriented and educated. According to Frohock (1979:60), their involvement cannot be limited to playing the traditional “watchdog role”, enforcing professional government and administration. In future the *raison d’être* of citizens will also depend heavily on their ability to utilise the energy of their members for sustainable development in local communities.

Service Standards

Service standards can be regarded as commitments to provide a specified level and quality of service to individual customers at any given point in time. Citizens should be informed of the level and quality of public service they should receive, taken the capacity of the municipality into account, so that they are aware of what to expect (WTPSD, 1997). Standards must also be precise and measurable, so that users can judge for themselves whether they are receiving what was promised. The main aim behind the setting of standards is to measure performance, therefore enabling

the public to hold national, provincial and local departments to account for their performance.

Citizens' charters were developed to improve the delivery of services. Charters are official frameworks for assessing and awarding quality in the public sector. Charters address macro-quality as a generic system concept, which applies to the public service-citizen relationship (Bouckaert, 1992:24). The essential idea behind charters is to increase the quality of life in society and to pay more attention to the needs of the citizens. The ultimate purpose is to renew citizen trust, not only in public services, but also in the government. Belgium, France, the United Kingdom and Portugal have considerable experience of designing and developing distinctive and operational charters (Bouckaert, 1992:188, Kouzim, Lofler, & Klagles, 1997:19).

Equal access to services

All citizens should have equal access to the services that they are entitled to. They must also have a free choice of services. Municipalities have to avail services to the people. Citizens are taxpayers and it therefore remains the sole discretion of a municipality to see that needs are provided to them effectively and efficiently (WPTPSD, 1997:18).

Courtesy to citizens

Citizens should be treated with courtesy and consideration. The concept of courtesy goes much wider than asking municipal servants to smile politely and say "please" and "thank you", although these courtesies are certainly required. This principle is one of the fundamental duties of public servants; it specifies that municipal servants should treat members of the public as customers who are entitled to receive the highest standards of service (South Africa, 1997:19).

Information

Because municipalities are the sphere of government closest to citizens, they serve an educative role by informing citizens at micro-level about statecraft. They should teach citizens about the funding and cost of public services, the vast variety of public services available, and the democratic process on a diminutive scale. It is here that the citizen can possibly gain first-hand knowledge. Municipalities should also

educate or inform citizens on what is expected of them in terms of the environment, pollution, by-laws, and the need for payment of essential services, as well as how to respect the residential rights of others (Cloete,1993:51). Customers should be given full, accurate information about the municipal services they are entitled to receive.

Openness and transparency

Openness and transparency are the hallmarks of a democratic government and are fundamental to the public service transformation process (WPTPSD, 1997:21). Citizens should be informed of the way in which municipalities are run and about who the people in charge are, how well they perform, how much public services cost and the resources that are consumed. Administration must be open for public scrutiny. Municipal staff, particularly on senior level, should at all times be available for consultation. Reports to citizens must be publicised widely and submitted to legislators. Customers should be given honest and open feedback on how the municipality works, what the resources are and how they are used, and the level of efficiency (WPTPSD 1997:21)

Redress

There is usually a chasm between the citizen and municipal government. Citizens find this gulf difficult to span, because their Member of Parliament is relatively unknown to them. In contrast, a strong system of local government endears these representatives to the electorate. Due to the relatively smaller scale, local government can and should respond quickly to local needs (Kendal, 1991:88). Its adaptability, suppleness and response time ought to be faster than when a citizen approaches central government about a matter relating to services (Heymans & Totemeyer, 1988:19).

Most citizens feel frustrated by the bureaucratic red tape they encounter when they approach the municipality on a mundane matter. At this level, an enquiry can take weeks to resolve. However, because municipalities are in close contact with citizens, there are not only increased expectations, but also visible results that prove that matters are being attended to promptly (Heymans & Totemeyer, 1998:21). If the promised standard of service is not delivered, customers should be offered an

apology, a full explanation and a speedy and effective remedy; and when complaints are made, customers should receive a sympathetic, positive response.

Value for money

When citizens pay income tax, they have little or no control over the way in which the money is spent. Furthermore, there is usually no quid pro quo relationship between taxes paid and benefits received. In fact, it can happen that citizens who pay the most tax receive the least social welfare benefits. However, at municipal level the situation is somewhat different. The municipality is required to be as financially self-sufficient as possible and to raise its own revenue, although the ideal is not always attainable in a Third World country with a relatively large and poor population (Craythorne, 1990:361).

Despite the latter constraints, local citizens must normally pay for the units of electricity they have used, the water consumed, sewerage costs, garbage removal and any additional services. Should there be no consumption; the user would only have to pay for availability, if applicable. In other words, consumers pay only for the services that they utilise, whereas with income tax, a large portion is redistributed to subsidise other services (Kendall, 1991:12).

If consumers are dissatisfied with a municipal service, they may approach the local authority directly. They would be able to pursue the matter until they are satisfied that they have received value for money. They may even withhold or delay payment to coerce the authorities to take action. Sometimes the correct channels of communication are somewhat blurred. Consequently, citizens become frustrated and apathetic. In situations like this, the municipality has to do something to redress the complaints of citizens. In order to do that, it needs guidelines that will help to find means to improve performance in local government (Kendall, 1991:12).

Batho Pele is a deliberate strategy to instil a culture of accountability and caring by municipal servants (Rapea, 2004:98). The emphasis is on the need of clients, especially the general public, as recipients of public service. This legitimate right is understandable because of the fact that tax payer's money is involved and thus the client has to receive value for money in terms of quality of services rendered.

In summary, the question is whether municipalities do have the capacity to deliver the required services and whether the performance of municipalities and their personnel deliver performance outcomes that will meet the challenges.

3.3.3 White Paper on Local Government, 1998

The White Paper on Local Government issued in 1998 introduced three interrelated approaches to assist municipalities to focus on priorities within their communities. One of these approaches is performance management. The White Paper puts performance management as a key approach that can assist municipalities to fulfil their developmental mandate. According to this White Paper, performance management will help communities to be involved in governance matters including planning, implementation, performance monitoring and reviews. The White Paper also spells out the framework and programme in terms of which the existing local government system will be radically transformed. It establishes the basis for a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives.

The significance of the White Paper is that it will help municipalities to know their area better and plan more effectively, and to assess the impact of departmental strategies. It can also provide valuable guidance for municipal organisational transformation. This in turn will increase the accountability of municipalities. Developmental local government must provide a vision and leadership for all those who have a role to play in achieving local prosperity. Poor coordination between service providers could severely undermine the development effort. (White Paper on Local Government, 1998).

Municipalities should actively develop ways to leverage resources and investment from both the public and private sectors to meet development targets. Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or key performance indicators. Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value-for-money of municipal services. . (White Paper on Local Government, 1998).

3.3.4 Performance Management Guide for Municipalities, 2001

In order to support municipalities and to ensure that all programmes are implemented successfully, the former Department of Provincial and Local government (now Department of Cooperative Governance and Traditional Affairs COGTA) came up with a guide (Performance Management Guide for Municipalities, 2001) to help municipal practitioners to implement a Performance Management System. Municipalities can also develop and implement this system within their resource constraints suited to their circumstances and in line with the priorities, objectives, indicators and targets contained in their integrated development plans. 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. This Guide is aimed at:

- Municipal Councillors, Managers, and Officials;
- Community-based organisations; and
- Members of the public.

Performance management is a new requirement for local government in South Africa. Moreover, it is a specialised field with concepts usually interpreted and applied differently. This Guide, therefore, seeks to assist Councillors, managers, officials and local government stakeholders in developing and implementing a performance management system in terms of the requirements of the legislation. The Guide also strives to establish common language and thereby ensure some level of consistency and uniformity in the application of concepts (Van der Waldt 2006:137)

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 reflected in Table 3.1 below.

Table 3.1: Phases in the implementation of PMS

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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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

Source: Performance Management Guide for Municipalities (2001)

This table shows how PMS can be implemented in phases in municipalities. The Performance Management Guide for Municipalities of 2001 plays a significant role in supporting municipalities in developing their own PMS. This Guide is useful for most municipalities that have insufficient skills and capacities.

3.3.5 IDP Guide Packs, 2001. The Department of Cooperative Governance and Traditional Affairs (COGTA)

The Department of Cooperative Governance and Traditional Affairs (COGTA) produced IDP packs to assist municipalities with the integrated development planning process. The IDP process is meant to arrive at decisions on issues such as municipal budgets, land management, and promotion of local economic development. The IDP packs have been developed by a special task team in COGTA and supported by German Technical Co-operation (GTZ) to provide a tested planning and implementation management approach in a user-friendly manner. All six guides can be used independently of each other. (available at <http://www.thedplg.gov.za/subwebsites/publication/idp/guide%20v.gov>) They are:

- Guide 1— General IDP Guidelines
- Guide II— Preparing of the IDP process
- Guide III— Methodology

Guide IV— IDP toolbox

Guide V— Sectorial and cross-cutting policy issues

Guide VI— Implementing and monitoring

The PMS must, among others, achieve the following objectives:

- Act as an early warning signal of under-performance so as to enable the implementation of proactive and timely interventions;
- Improve efficiency, effectiveness and accountability of the service delivery programmes;
- Promote decision making and resource allocation;
- Guide the development of municipal capacity building programmes;
- Create a culture of best practice and share learning among municipalities; and
- Create pressure for change at various levels.

IDP packs are therefore important tools to provide intervention and to improve the delivery of service in municipalities. This can be done by building capacity programmes and intervening timeously if problems arise. (IDP Guide Packs, 2001)

3.3.6 Municipal Planning and Performance Management Regulations, 2001

The Municipal Planning and Performance Management Regulations require the municipality to make sure that its PMS complies with the requirements of the Municipal Structures Act, demonstrates the operation and management of the PMS, clarifies roles and responsibilities, as well as ensuring alignment with employee performance management. The regulations state that PMS must entail a framework that describes and represents how the municipality will conduct its cycle and process of performance management, including measurement, revising, reporting and improvement.

One of the principles of a PMS which has been provided for by Municipal Planning and Performance Management Regulations of 2001 is that performance indicators must be measurable, relevant, objective and precise. Community involvement in the setting of performance indicators is important, and such indicators must inform those

of all municipal employees and every municipal entity and service provider that entered into Service Level Agreement with the municipality.

3.3.7 Public Service Regulations, 2001

Although these regulations are aimed at the Public Service, municipalities must also comply. Municipalities should manage their performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency and effectiveness, accountability for the use of resources and the achievement of results (PM Guidelines, 2001:12). The performance management processes should link to broad and consistent plans for staff development and align with the municipality's strategic goals. The primary orientation of performance management should be developmental, but should allow for effective response to consistent inadequate performance and for recognising outstanding performance. Performance management procedures should minimise the administrative burden on supervisors, while maintaining transparency and administrative justice. These will help municipalities in making sure that their resources are managed effectively and that employees are performing according to expected standards (Public Service Regulations, 2001).

3.3.8 Government-wide Monitoring and Evaluation System, 2006

Government-wide Monitoring and Evaluation System (GWM&ES) is the overall policy framework for monitoring and evaluation in the South African Government. This system is applicable to all entities in the national, provincial and local sphere of Government. Monitoring is a continuous managerial function that aims to provide managers, decision makers and main stakeholders with regular feedback and early indications of progress or lack thereof in the achievement of intended results and the attainment of goals and objectives. In the case of municipalities, it is the IDP or its strategic plan. (Policy Framework for the Government-wide Monitoring and Evaluation System 2007)

Evaluation is a time-bound exercise that systematically and objectively assesses the relevance, performance, challenges and successes of programmes and projects. In order to ensure that your PMS is useful and effective, it is important to regularly

evaluate the performance management system in terms of all its users (PM Guidelines, 2001:43).

Evaluation can also address outcomes or other development issues. The GWM&ES requires detailed knowledge, both across and within and interactions between planning, budgeting and implementation. Monitoring and evaluation is pro-poor orientated and as a result service delivery receives top priority.

Improving monitoring and evaluation leads to improvements in the quality of planning. Section 85 of the Constitution requires that the President, together with Cabinet Ministers, should exercise executive authority through the development and implementation of national policy and co-ordination of the functions of State departments and administration. The Presidency co-ordinates, monitors, evaluate and communicate government policies and programmes.

Monitoring and evaluation practices and insights are becoming ever more important in today's municipalities and government landscape. The President has clearly and unequivocally entrenched the notion of accountable governance, performance management and the importance of monitoring and evaluation in the form of target driven service delivery. The Government has committed itself to effective service delivery and an ambitious set of development targets with clear timeframes at the provincial level. The successful achievement of these targets and the meeting of outcome based objectives as planned and budgeted for in terms of the Medium-Term Expenditure Framework (MTEF) require a collaborative and transparent national and provincial monitoring and evaluation system in support of both sound performance management and strategic management (Policy Framework for the Government-wide Monitoring and Evaluation System 2007).

The establishment and efficient functioning of a credible and effective GWM&ES has become an important component in the performance management system of the South African Government. Monitoring and evaluation has been identified as pivotal to the fulfilment of the "People's Contract". In this process the many government departments, agencies, organisations and businesses have an important role to play. (Policy Framework for the Government-wide Monitoring and Evaluation System 2007).

A monitoring and evaluation system is a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships, which enables national and provincial departments, municipalities and other institutions to discharge their monitoring and evaluation functions effectively. In addition to these formal managerial elements are the organisational culture, capacity and other enabling conditions which will determine whether the feedback from the monitoring and evaluation function influences the organisation's decision making, learning and service delivery (GWM&ES, 2006).

The GWM&ES builds on previous public management reforms. It encourages system interpretation and articulation across and within spheres of government guided by consistent conceptual framework. Its aim is to outline the role of the Premier's office in province-wide monitoring and evaluation (M&E) as part of the implementation of the framework (GWM&ES, 2006).

Not much guidance has been given on the role of the provincial Premier's office in monitoring and evaluation; because of this, various practices have emerged in nine provinces. However, a number of best practices have also evolved which could be communicated to the entire provincial sector to stimulate learning and innovation. Good province-wide M&E practices should be disseminated and bad practices (such as duplicating reports) should be discouraged. Provincial governments have a daunting task to ensure that not only provincial policy and policy framework are aligned with national plans and priorities, but also that the local government IDPs are harmonised with provincial growth and developmental strategies, and reflect national priorities (GWM&ES, 2006).

Offices of the Premier have, furthermore, to monitor the provision of basic services by municipalities (such as water, sanitation and electricity) to ensure the progressive realisation of the socio-economic rights of citizens. Because of all these provisions, which will eventually be dealt with by the different municipalities, performance monitoring will be an important aspect or link with the Premier's offices to ensure that service is delivered to the masses. Each municipality is expected to adopt a formal Municipal Performance Evaluation (MPE) strategy which is linked to its strategic plan, annual performance plan and IDP (GWM&ES, 2006).

3.3.9 The role of the Premier's Office in Government–Wide Monitoring and Evaluation: A Good Practice Guide, 2008

In order to promote the culture of monitoring and evaluation in South Africa, and in all the spheres of government (national, provincial and local), the Premier's office had to provide coherent and strategic leadership to formulate policy, plan and deliver service. This guide will then bring an understanding of the Government–Wide Monitoring and Evaluation process. It will also ensure that there is good planning and those policies of municipalities are properly monitored and evaluated (The role of the Premier's Office in Government–Wide Monitoring and Evaluation: A Good Practice Guide, 2008).

3.3.10 Development Indicators, 2009

Developmental indicators provide a framework to present aggregated data on process in human development. These indicators show how much progress has been made in South Africa out of a set of 67 indicators in different areas such as, health, education, social cohesion, safety and security, international relations and good governance. It is thus important that strong performance monitoring be implemented in municipalities to ensure that targets are met and that there is delivery of service, which is the core of local government. (Development Indicators, 2009)

Development indicators, benchmarks and performance measures are necessary to assist municipalities in their infrastructure planning and decision-making processes. This framework describes a guide for municipalities in developing and using indicators in support of high-level infrastructure decision making. It also attempts to foster a deeper understanding of the relationship between planning decisions and the state of infrastructure assets. (Development Indicators, 2009).

3.3.11 The National Strategic Planning of 2009

The Green Paper on National Strategic Planning, developed by the National Planning Commission on 12 August 2009, is a tool used to realise vision, growth and development in long-term projects. It also aims to reduce poverty. This long-term tool is aimed at making sure that planning, co-ordination and performance management are interrelated. Long-term planning also informs short-term plans, resource

allocation, trade-offs and sequencing of policies (The Green Paper on National Strategic Planning 2009)

The Green Paper together with the discussion document on performance monitoring and evaluation are tabled together to complement one another to produce a clear coherent plan for the country while performance management will monitor outputs, outcomes and impacts, and intervene to unblock all rigidities that prohibit better service delivery(The Green Paper on National Strategic Planning 2009).

Government has also adopted the Medium Term Strategic Framework for 2009 to 2014, named *together doing more and better*. This framework will address priorities and a few key programmes for the five-year term of office of the government. So, performance will assess progress; identify constraints, weaknesses and failure in implementation, and effect mechanisms for correction (The Green Paper on National Strategic Planning 2009).

The National Strategic Planning is being tabled alongside a discussion paper on performance monitoring and evaluation. Together, they make clear that planning, coordination and performance management are interrelated. These functions call for close interaction and collaboration. (The Green Paper on National Strategic Planning 2009).

3.3.12 Monitoring and Evaluating Framework in support of Cooperative Governance, 2011

In order to improve the performance of municipalities and service delivery, the Department of Cooperative Governance and Traditional Affairs (COGTA) should develop policies to measure the extent to which communities benefit from government initiatives. It is thus important to strengthen monitoring and evaluation in provinces and municipalities by submitting quality information to assist in strategic planning, decision making and shaping policy direction (Monitoring and Evaluating Framework in support of Cooperative Governance, 2011).

This data will, in turn, be used to indicate if there is an improvement in service delivery and policy implementation. From 2009, the department has embarked on a monitoring and evaluation capacity building programme. A framework has been developed in the 2010/2011 financial year and was rolled out in 2012 in provinces

and municipalities (Monitoring and Evaluating Framework in support of Cooperative Governance, 2011).

The mandate of the Department of Cooperative Governance and Traditional Affairs (COGTA) is to improve coordination across the three spheres of government, and to make sure that provinces and municipalities carry out their service delivery and development functions effectively in support of the developmental state. The department, by legislation, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers, and to perform their functions. (Monitoring and Evaluating Framework in support of Cooperative Governance, 2011)

3 4 CONCLUSION

From the statutory and regulatory framework, it is clear that the implementation of performance management is a lawful obligation. This chapter presented the Acts, policies as well as other Performance Management System related documents. The current Ministry of Performance Monitoring and Evaluation conducts performance management audits to make sure that local governments comply with this legislation. This will help to make sure that the PMS is implemented fully in municipalities.

The most important orientation of a performance management process is developmental and it must lead all the strategic plans of the municipality. The system must link individual and team management and development to the strategic goal of the organisation and the staff development plans associated with them.

The next chapter will analyse the current practices, processes and effectiveness of performance management at Matlosana Municipality.

CHAPTER 4

AN OVERVIEW OF PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION AT MATLOSANA MUNICIPALITY

4.1 INTRODUCTION

Chapter 3 reflected on the regulatory and statutory framework which guides the implementation of performance management in local government. It is clear that implementation of a performance management system (PMS) has to take place within certain laws and guidelines as set out by the Department of Cooperative Governance and Traditional Affairs (COGTA). The legal prescription of the implementation of a PMS does not define a specific model to be used by municipalities. Municipalities are, however, provided with a set of requirements that can be used as parameters for the development of such a system.

Performance of municipalities is under constant scrutiny by a wide range of stakeholders such as citizens, interest groups, National Treasury, the media and politicians. It could be argued that performance, or the lack thereof, of municipalities is more visible and open to public scrutiny because of their closeness to the people they serve.

Performance management in municipalities, therefore, matters because it allows the local sphere of government to go beyond “zero tolerance” for maladministration, waste, inefficiencies and lack of productivity, and create a municipality that is better equipped to deliver efficiently, economically and effectively on its promise to the people. PMS is a tool that ensures that scarce resources are used properly and that clients (communities) receive quality service.

It is, therefore, important that when introducing a PMS into a municipality, Councillors and employees of the municipality be familiar with the concepts and practices associated with performance management. They should also understand the phases in the design and implementation of a PMS and how it needs to be aligned with the overall management cycle of municipalities.

This chapter will determine the extent to which Matlosana Local Municipality, as

single case and unit of analysis for purposes of this study, implemented the PMS to achieve its developmental priorities and objectives, as well as its national key performance indicators from 1 July 2009 to 30 June 2010.

In the following section, the status quo of performance management applications in Matlosana Municipality will be investigated. In order to achieve this, it will deal with the profile of the municipality as the focus area under investigation. An exposition of the origin of the development and implementation of a PMS system will follow, thereafter the Strategic Unit of the Matlosana Municipality as well as the Performance Audit Committee of Matlosana Municipality, as specific units of analyses, will be explored.

4.2 MATLOSANA MUNICIPALITY: A CASE STUDY

A PMS should be linked to the performance expectation of that organisation, which in the case of a municipality would be the Integrated Development Plan (IDP). Each priority area and objective as stated in the IDP must have performance measures and targeted performance, as well as key performance indicators (KPI) as required by the National Treasury. These measures and targets should cover inputs, outputs, and outcomes of the municipality. Key stakeholders must be involved in the planning of the IDP as well as in the monitoring, measuring and evaluation of performance.

4.2.1 Profile of the Municipality

The City of Matlosana is in a Category B Municipality as described by the Local Government: Municipal Structures Act 117 of 1998. It falls within the Dr Kenneth Kaunda District in the North West Province. The City of Matlosana includes Klerksdorp, Orkney, Stilfontein and Hartbeesfontein. It is bordered by Tlokwe (Potchefstroom) Municipality in the East, Maquassi Hills Municipal area in the West, Ventersdorp local Municipality in the North East and the Free State province in the South. The Matlosana Municipality area is also situated on the N12, linking the municipal area with the Gauteng province in the East and the Northern Cape in the South West (City of Matlosana 2009/2010).



Figure 4.1: KOSH Area

Source: City of Matlosana Annual Report (2009/2010)

According to Statistics South Africa (2009), the total population of Matlosana is estimated at 401 122 people of which 353 790 (88,2%) are urbanized and 47 332 (11,8%) are rural. The largest concentration of people in the Dr Kenneth Kaunda District Municipality is situated in the City of Matlosana (44.1%). The current and expected urban and rural population distribution for the Matlosana area is as follows:

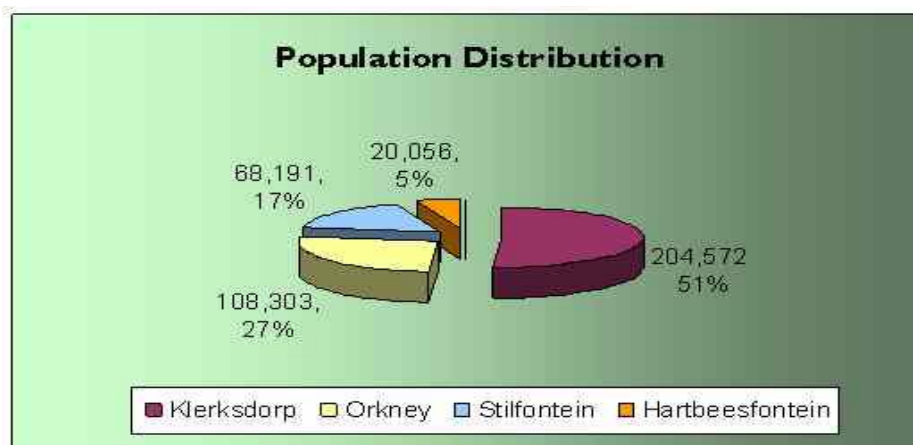


Figure 4.2: Population distribution

Source: City of Matlosana Annual Report (2009/2010)

Matlosana is a municipality with a Mayoral Executive System combined with a ward participatory system. This municipality is comprised of 31 wards. In terms of the Municipal Structures Act (1998), this system of municipal government allows for the exercise of authority through an Executive Mayor in whom the executive leadership of the municipality is vested and who is assisted by Mayoral Committees. The ward participatory system can be defined as one which “allows for matters of local concern to be dealt with by the committees established for wards” (Matlosana IDP Review 2009/2010).

Matlosana City Council has a collective executive system of governance. This means that the decision-making process lies in the hands of the Council, but that it could delegate some of the powers to the Executive Mayor working together with the Executive Committee. The Municipality has an Executive Mayor and a Speaker. The Executive Committee consists of ten Members of the Mayoral Council (MMC) who are responsible for the following directorates: Corporate Service; Electrical Engineering; Finance, Debt and Normalization; Economic Growth and Marketing; Infrastructure; Community Health Service; Transversal Issues; Housing, Land Affairs and Rural Development; Public Safety; and Sports, Arts and Culture. (Matlosana IDP Review : 2009/2010).

4.2.2 Origin of the development and implementation of a PMS in Matlosana Municipality

This subsection will discuss the origin and implementation of the PMS in Matlosana Municipality.

Before introducing a PMS into a municipality, it is essential that Councillors and employees of the municipality are familiarised with the concept of performance management, that they understand the phases of PMS, how it fits into the overall management cycle of the municipality as well as with the benefits such a system will bring to the municipality. The Councillors and officials will also have to be familiar with the legislative mandates giving rise to the implementation of a PMS for municipalities.

The PMS is regarded as the central management tool that will assist 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. Performance management is not, however, a new management concept, as managers have in their day-to-day management function, perhaps unknowingly, been practising performance management by simply ensuring that goods and services are delivered according to the required standards. (Matlosana IDP Review 2009/2010)

The Performance Management Framework and Policy was adopted by the Council during the 2007/08 financial year. The framework was reviewed and amended by 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 this framework and policy even during the IDP process and when developmental objectives were set. . (Matlosana IDP Review 2009/2010) The following subsection will deal with the Performance Audit Committee of Matlosana Municipality as a specific unit of analysis.

4.2.3 Performance Audit Committee of Matlosana Municipality

For Councillors, officials and the community to know that the information provided by a PMS is correct, it is important that the reported performance be audited. Matlosana Performance Audit Committee (PAC) is constituted for this purpose to ensure that auditing performance measurements are put into place. Councillors and officials will have to be familiar with the role of the PAC, its composition and the different auditing processes, as well as the role of the Auditor-General.

The PAC was established on 27 August 2011 and consists of four committee members. According to Section 45 the Municipal Systems Act, (2000), the results of performance measurements in terms of section 41(1)(c), must be audited as part of the internal auditing process annually by the Auditor-General. All auditing must comply with section 14 of the Municipal Planning and Performance Management Regulations, (2001). The municipality must on an annual basis appoint and budget for a PAC consisting of at least three members, the majority of which may not be involved in the municipality as Councillors or as employees. Currently the PAC consists of four external members.

The Matlosana Municipality PAC communicates directly with the Council, Municipal Manager and internal and external auditors of the municipality; it has access to any municipal records containing performance information that are required to perform its duties or exercise its powers. The PAC requests any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee. The PAC investigates any matter it deems necessary for the performance of its duties. (City of Matlosana: Revised PMS System, 2009)

The functions of the Audit Committee of Matlosana City Council are to advise the Council and management regarding best practises on matters relating to: (City of Matlosana: Revised PMS System, 2009:34)

- Internal financial controls and internal audit;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reports and information;
- Performance Management; and
- Effective governance.

The other functions of the PAC are also to advise the Council and management structures about best practices on matters relating to:

- Compliance with the MFMA, Division of Revenue Act (DORA) and other applicable legislation;
- Performance evaluation; and
- Any other issue referred to it by the Municipality. (City of Matlosana: Revised PMS System, 2009:34)

In the event of carrying out its functions, the PAC reviews the Annual Financial Statements and responds to the Council on any issue raised by the Auditor General in the Audit report it conducts. It further investigates the financial affairs of the municipality, and liaises with the internal audit of the municipality and representatives of the Auditor-General (external audit). The PAC also compiles performance management reports as well as the Code of Conduct for the municipality. (City of Matlosana: Revised PMS System, 2009)

The PAC meets once a month and convenes special meetings when the need arises. Four meetings were held during the 2011/12 financial year (Matlosana IDP Review 2009/2010)

The PAC is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. PAC plays an important oversight role in the governance arrangements of the Matlosana Municipality. (City of Matlosana: Revised PMS System, 2009)

The following section will deal with the internal audit of Matlosana Municipality as a further critical role player in the design and execution of the PMS.

4.2.4 Internal Audit of Matlosana Municipality

Section 38 (1)(b) of the (MFMA) 1999 states that the Accounting Officers are responsible for the effective, efficient, economic and transparent use of resources of the department, trading entity, constitutional institution, or municipality. Public sector organisations should therefore establish the necessary measures to ensure compliance with the requirements of the MFMA. One of the measures would be to ensure that an internal audit structure conducts a sufficient number of performance audits to assist the Accounting Officer to fulfil this responsibility.

The Internal Audit (IA) unit performs functions independently and has a direct reporting line to the Municipal Manager. The office of the Municipal Manager has 13 employees.

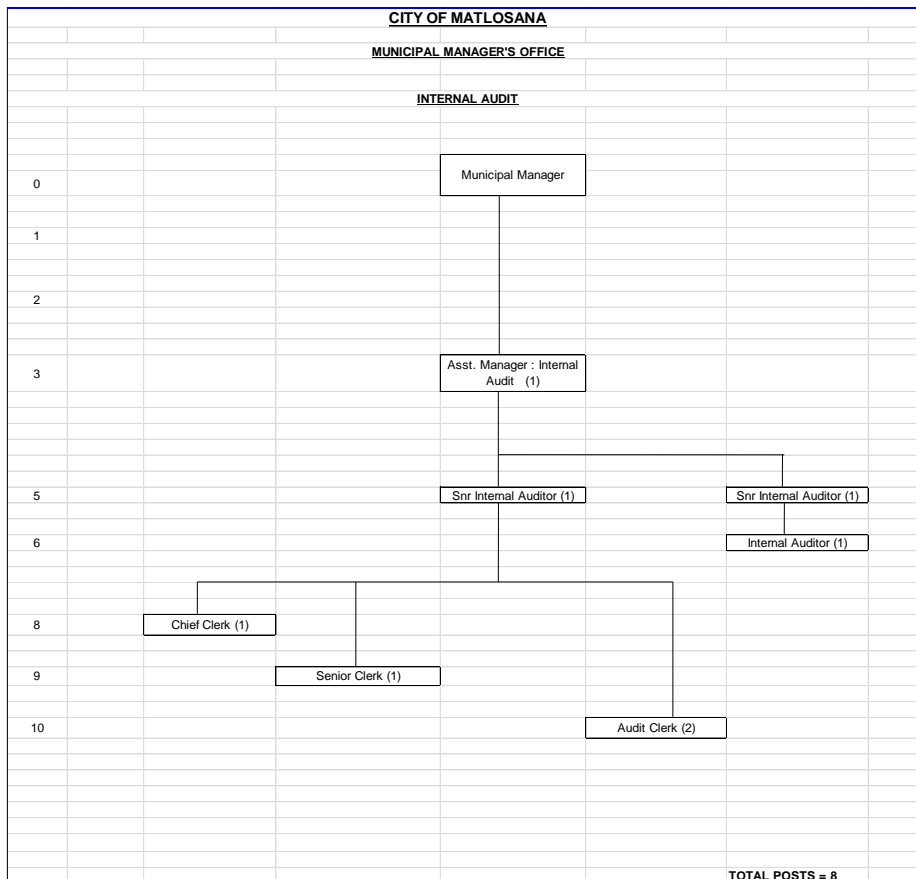


Diagram 4.1: Internal Audit structure

Source: Matlosana IDP Review (2009/2010))

The role of the IA is that of a service to management. As a management service, the function has to be recognised as an integral part of the management structure and part of the fabric of trust. The Council’s Internal Audit Section is responsible to perform this function.

As part of their scope, auditing of the PMS and information was performed and reports received for each quarter in terms of the following: (Matlosana IDP Review 2009/2010)

- Review the functionality of the PMS and management’s compliance thereto;
- Review scorecards on a test basis to support evidence on a sample basis;
- Record the system that is used to generate the performance information;

- Ensure compliance with the requirements of the PMS regulations; and
- Ensure the accuracy and validity of the information included in the annual report based on the evidence inspected, on a sample basis.

In terms of the PMS, the IA has to make sure that credible audit reports should represent a true reflection of the council's performance in the delivery of service to the community in terms of the IDP. The Annual Performance Report for the 2011/2012 financial year reflects the performance of the municipality and directorates in a table format, measured on the approved KPIs and targets, as contained in the IDP and the Service Delivery and Budget Implementation Plan (SDBIP). The achievement, reasons for deviation and planned remedial action are reported by the respective directorates. Data is supported by the relevant evidence captured and maintained by the directorates to support the data captured on the PMS.

Measurable performance targets with regard to each of the development priorities and objectives were established. These development priorities are as follows: (City of Matlosana: Revised PMS System, 2009)

- Municipal transformation and Organisational Development;
- Infrastructure Development and Service Delivery;
- Local Economic Development (LED);
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation.

IA also provides independent, objective assurance and consulting services designed to add value and improve the Municipality's operations. It assists the Municipality' to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (Matlosana IDP Review 2009/2010).

The next section will highlight the importance of community participation in the PMS of Matlosana Municipality.

4.2.4 Community participation in the PMS of Matlosana Municipality

In order for the community to participate in the PMS, it must do it through the following IDP structures: Ward committees, IDP/PMS Steering Committee and Representation Forum. Ward Committees are, in most instances, the primary method of ensuring community participation in the working of the municipality. Chapter 4 sections (72) and (73) of the Municipal Structures Act (1998) as well as the Municipal Systems Act (2000) chapter 4 section (16)1, make provision for the establishment of Ward Committees in setting KPIs and performance targets and to ensure community Involvement in monitoring and reviewing these.

When determining key performance areas of Matlosana Municipality, there may be competing interests from the various wards and stakeholders depending on the issues that they consider to be more important. The PMS should incorporate as many of these interests as are viable and sustainable. Community participation is a continuous process through various phases, as indicated in the following diagram.

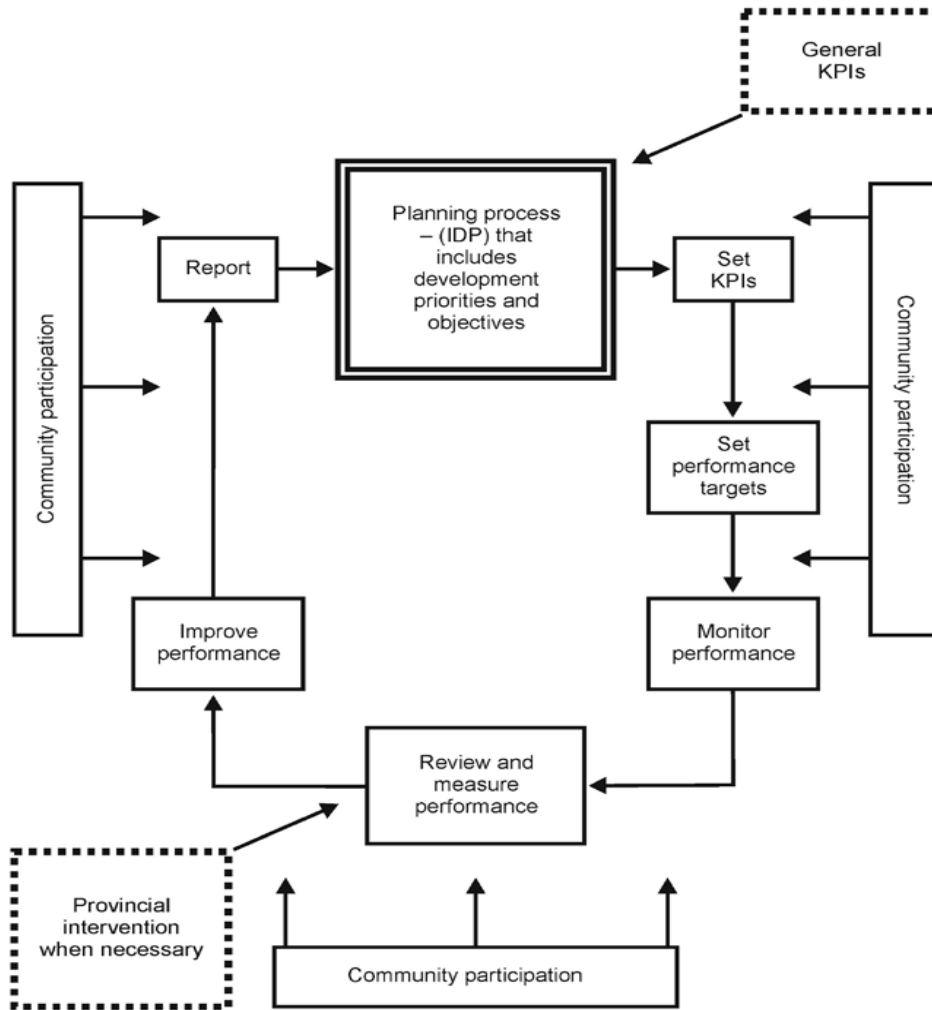


Diagram 4.2: Community participation in the IDP process

Source: Department of Provincial and Local Government, (*Introduction to Performance Management for Local Government in South Africa Guide*, 2001)

4.3 ARCHITECTURE OF THE PMS OF MATLOSANA MUNICIPALITY

The following section will deal with the architecture of the PMS in the Matlosana Municipality. In order to achieve the above, the organisational structure and human resource performance management will be discussed.

4.3.1 Organisational structure of Matlosana Municipality

Rossouw, Le Roux, & Groenewald, (2007:153) define an organisational structure as a formal system of working relationships that both separate and integrate tasks. They further articulate that the best structure for an organisation depends on the mission, strategic objectives and functional plan of the institution.

In chapter 2, Van der Waldt (2007:11) explains that performance management can be regarded as an umbrella term for the total management of municipal organisational performance. Van der Waldt further divides performance management into two dimensions. The first dimension refers to the overall performance of organisation, and the second dimension to individual (human) performance. This argument strengthens the notion that the performance of the municipality as well as that of section 57 managers cannot be separated and need to be emphasised.

The Human Resource Department provides and establishes a stable and productive workforce for the functioning of the Council's departments, and strives for a cost-effective personnel management system and procedures, provides training to all staff members, and establishes and maintains the recruitment process which will enhance capacitation and service delivery within the municipality's area of jurisdiction (City of Matlosana 2009)

The City of Matlosana has an organisational structure which is aligned to the IDP and is reviewed from time to time to ensure operational effectiveness. The organisational structure, as illustrated below in figure 4.3 comprises the Office of the Municipal Manager and five Directorates. The Office of the Municipal Manager includes the functions of Performance Management, IDP, Supply Chain Management and Internal Audit. The Municipal Systems Act (2000) Section 57(1)(b) states that a performance agreement must be entered into between the municipality and the Municipal Manager, and between the Municipal Manager and all persons directly accountable to him or her.

The Municipal Manager and Directors, together with the Chief Financial Officer, have all signed Performance Agreements and Employment Contracts which have been submitted to the various stakeholders. Van der Waldt (2004:205) describes performance management as getting better results through people, the primary aim

of which is to help managers obtain improved performance from their staff, who will be rewarded accordingly. The development of people potential is stressed and this in turn will lead to them taking greater responsibility for their work. The performance of a municipality is integrally linked to that of staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately.

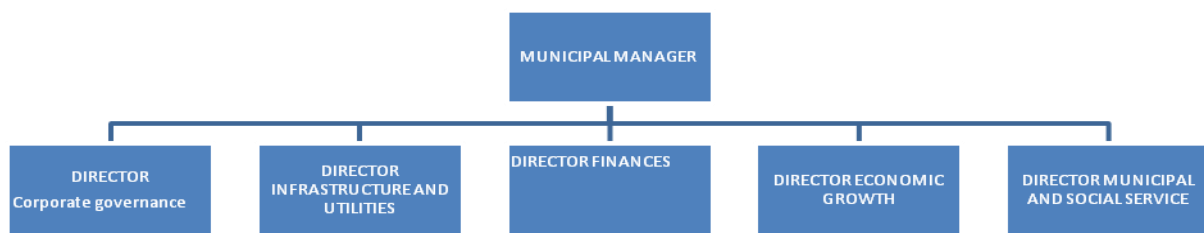


Figure 4.3: Structure of Senior Managers

Source: Matlosana IDP (2009/2010)

4.3.1.1 Integrated Development Planning in Matlosana Municipality

The Integrated Development Planning (IDP) is a process through which municipalities prepare a strategic development plan for a five year period. The (IDP) is a product of the integrated development planning process. The IDP is a principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision-making in a municipality. (Van der Waldt, Venter, Van der Waldt, Phuthiagae, Khalo Van Niekerk, & Nealer: 2007)

The White Paper on Local Government, 1998, states that integrated development planning, budgeting and performance management are powerful tools that can assist municipalities to develop an integrated perspective on the 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 allocation and institutional systems to a new set of development objectives.

It is thus an integrated system that is best described in Chapter 6 of the MSA, which specifically emphasises that the municipality must implement a performance

management system that is in line with the priorities, objectives, indicators and targets contained in the IDP. The saying “what you measure you become” is appropriate because it is only in the course of performance management that a municipality like Matlosana will know whether it achieves its priorities through an integrated planning and implementation process. To comprehend the relationship between IDP review and performance management, the following quotation from the Performance Management Guide for Municipalities, DPLG, 2001 (draft 2:16) becomes relevant:

“The IDP process and the performance management process should appear to be seamlessly integrated. Integrated development planning fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process whether it achieves its priorities through an integrated planning and implementation process.”

It is in this context that it is imperative for the purpose of this study to analyse the Strategic Unit of Matlosana. The Strategic Unit ensures that performance targets are met through the measurement of progress. This requires proper work planning and scheduling, as well as the appropriate resourcing of activities and effective supervision. The Strategic Unit then identifies the likely occurrence of below standard performance and takes corrective action where necessary to ensure that performance targets are met.

4.3.1.2 *Service Delivery and Budget Implementation Plan (SDBIP) and Performance Management in Matlosana Municipality*

Section 1 of the MFMA (Act 66 of 2003) defines the Service Delivery and Budget Implementation Plan (SDBIP) as a detailed plan approved by the Mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services, and the execution of its annual budget which must include (as part of the top layer) the following: a) projections for each month of (i) revenue to be collected, by source; and (ii) operational and capital expenditure, by vote; b) service delivery targets and performance indicators for each quarter. According to Section 53(1)(c) ii of the MFMA, the Mayor of the municipality must take all reasonable steps

to ensure that the municipality's service delivery and budget implementation plan is approved by the Mayor within 28 days after the approval of the budget.

For Matlosana Municipality, the rationale for establishing a PMS and a SDBIP goes much deeper than the mere partial fulfilment of the legislative requirements. The PMS was designed to further advance the following objectives:

- Increased accountability;
- Learning and improvement;
- Early warning signals; and
- Effective decision making.

The SDBIP for Matlosana Municipality was adopted on 30 June 2010 and was presented by the PMS Manager to the Council. (City of Matlosana SDBIP 2010-2011)

4.3.1.3 Oversight Committee

In terms of Section 79 of the Municipal Structures Act (1998), the Council is required to establish one or more committees necessary for 'the effective and efficient performance of any of its functions or the exercise of any of its powers'. The main purpose of an Oversight Committee is to audit the Council and to examine the management of public funds by the Municipality, as well as the quality and credibility of information concerning financial accountability. Matlosana Municipality has to ensure that its execution is consistent with the approved budget and improve its general governance system as well as accountability arrangements. The Oversight Committee reviews the Annual Report and submits its report within two months from date on which the Annual Report is tabled.

4.3.1.4 Key Performance Areas of Matlosana Municipality

Once a Performance Framework has laid out the full spectrum of performance for the Municipality, the next step is to identify the most important elements to focus on in order to understand and measure the programme's success. This is a critical step. It is neither practical nor reasonable to consider developing a performance measurement system that addresses all aspects of a programme. At this point, the PMS Manager, ideally in consultation with others, needs to hone in on the most

critical aspects of the key performance areas. Key performance areas are those areas within the Performance Framework which require attention to ensure the overall success of the Municipality. (Performance Management Guide for Municipalities 2001)

The capital budget and the IDP are aligned to the City of Matlosana's Agenda 16 and performance management. Agenda 16 is a document that elucidates the Council's strategic direction and objectives to be achieved by 2016. Its three pillar points are excellence, growth (attracting investments, stimulating economic growth) and delivery, or meeting services (delivering on mandates and improving the quality of life). All projects in the capital budget support one or more of the focus areas of Agenda 16, which addresses the relevant deliverables and milestones set. All projects are referenced to the directorates' Key Performance Areas (KPA) contained in the IDP and the performance contracts of Section 57 employees (municipal manager and directors) monitored through the quarterly reviews in the Service Delivery and Budget Implementation Plan. . (City of Matlosana SDBIP 2010-2011)

Matlosana Municipality has the responsibility to make sure that all citizens are provided with services to satisfy their basic needs. Matlosana Municipality Council has five Key Performance Areas (KPAs) which it wanted to achieve for the 2009/2011 financial year. The KPAs are essential elements that describe the dimensions of performance and which areas are considered key when assessment and reviews are undertaken.

The PMS will measure the municipality's performance in relation to the following criteria:

- Service delivery, which will include all priorities and objectives relating to the municipal services the municipality intends to deliver during the year in question as set out in the IDP development, which will include all the priorities and objectives of the municipality set out in the IDP relating to household, social and economic infrastructure provision, local economic development and poverty alleviation during the year in question;
- Institutional transformation, which will include all the priorities and objectives of the municipality relating to human resources management

and the use of information technology, including measures to comply with the provisions of the Employment Equity Act, the Skills Development Act as well as section 51 of the Local Government: Municipal Systems Act during the year in question;

- Municipal finance management, which will include all the priorities and objectives of the municipality related to improving and maintaining the financial sustainability of the municipality and the proper management of its finances and assets during the year in question; and

Democratic governance, which will include all the priorities and objectives of the municipality relating to improving the relationship among the council, administration and community and intergovernmental relations, including mechanisms, processes and procedures for community participation in the affairs of the municipality, during the year in question. (Performance Management Guide for Municipalities 2001)

Matlosana Municipality has the following KPAs:

KPA -1 Basic service delivery and infrastructure development Directorates:
Infrastructure and Utilities

The function of this directorate is, amongst others, to:

- Establish core municipal policies and systems as required by law;
- Design a balanced infrastructure, investment and sustainable economic development programme that is part of the Integrated Development Plan;
- Implement continuous management reform and improvement;
- Empower employees through focused and continuous professional/skills development;
- Develop effective accountability and performance management mechanisms for councillors and officials;
- Establish sound labour/management and human resource relationships; and

Ensure that there is increased and appropriate utilisation of technology. (Matlosana IDP Review: 2009/2010).

KPA -2 Local Economic Developments

Directorate: Economic Growth

In the Matlosana Municipality, the Directorate economic growth has to ensure:

- A clean, safe and a healthy municipality;
- Universal access to quality, affordable and reliable municipal services (e.g. water, sanitation, electricity, refuse removal, transportation); and
- Regular investment in infrastructure and productive equipment.

The Municipality is held accountable in respect of National Key Performance Indicators for job creation for the financial year 2009/2010. The number of jobs created through the Municipal LED initiatives, including capital projects, increased from 819 in the 2008/2009 financial year, to 1012 in the current financial year 2011/2012. (Matlosana IDP Review: 2009/2010).

KPA-3 Municipal Transformation and Organisational Development

Directorate: Supply Chain Management

This directorate ensures:

- Thriving and vibrant local economy and neighbourhoods;
- On-going programme of contributing to the development of employable educated and skilled citizens;
- Facilitation of job creation and access to business opportunities;
- Continuous and positive interactions with all key economic anchors and actors; and
- Creation of an investor friendly environment.

. (Matlosana IDP Review: 2009/2010).

KPA-4 Municipal Financial Viability and Management

Directorate: Financial Services

This directorate provides:

- Sound financial management systems;
- Development of annual and medium-term outlook on revenue and expenditure plans and targets;
- Reduced dependency on grant transfers; and
- Timely and accurate accounting of public resources.

The Council was able to achieve a payment of rates and services of 79.52%, but this also decreased by 2.82% due to the poor economic situation and closure of the Orkney and Hartbeesfontein mines. . (Matlosana IDP Review: 2009/2010).

KPA-5 Good Governance and Public Participation

Directorate: Corporate Governance

The function of this directorate is to:

- Establish community participation mechanisms and Ward Committees;
- Establish feedback mechanisms in order to ensure responsiveness to communities;
- Give continuous and special attention to historically marginalised and excluded communities;
- Facilitate equal, easy and convenient access for the public to the municipality and its services;
- Foster effective intergovernmental relations; and
- Establish effective anti-corruption measures. (Matlosana IDP Review: 2009/2010).

The Matlosana Municipality uses a Municipal Scorecard as the performance management model to account for how it has performed against the measures it has set. It does this by means of reporting, monitoring, evaluating, reviewing, giving feedback and suggesting improvements. Not only will the council have to give account of its performance to internal structures, but it will also have to submit a performance report to the community. (Matlosana IDP Review 2009/2010)

The reporting takes place in both directions so that all directorates and service delivery units on all levels of the organisation are constantly getting feedback on their performance. This reporting process, however, commences from operational level. The consolidated information is then considered when developing and reviewing the IDP and the strategic plans. (Matlosana IDP Review :2009/2010).

The next subsection will show how Human Resource Management (HRM) in Matlosana Municipality is utilised.

Proper management of employees is crucial for Matlosana Municipality precisely because employees interface directly with customers who make evaluative judgements of the quality of service delivered by employees. Therefore, it is extremely important for municipalities to comprehend specific organisational factors that influence employee attitudes and behaviours that may, in turn, influence how customers evaluate service quality. The aim is to assist in identifying desirable HRM practices that the municipality should seek and engage in and undesirable ones to avoid creating and maintaining high levels of employee commitment and citizenship behaviour necessary for delivering quality service to communities. Organisational performance is said to depend on its people as a combination of people-centred management practices that recognises employees as assets and is geared to creating and maintaining a skilful and committed workforce for achieving organisational goals. (Matlosana IDP Review: 2009/2010).

4.3.2 Human Resource Management in Matlosana Municipality

Armstrong (2006:1) defines human resource management as a strategic and coherent approach to the management of an organisation's most valuable assets; the people working there who individually and collectively contribute to the achievements of its objectives. Van der Waldt (2004:205) describes it as getting better results through people. It consists of a range of activities, the primary aim of which is to help managers obtain improved performance from their staff, who will be rewarded accordingly. In the case of Matlosana Municipality, the organisational level or dimension of performance refers to the City Council itself, while the individual dimension represents the performance of Council employees. Van der Waldt (2004:207) describes the four permanent management activities as:

- Performance review;
- Performance counselling;
- Potential review; and
- Career counselling.

4.3.2.1 Auditing Performance Measurements

A PMS in Matlosana Municipality helps employees within the Municipality to understand exactly what work they must do to contribute towards the Municipality in achieving its strategic objectives. Performance management should be regarded as a communication tool that helps managers provide a motivating climate to assist employees in developing and achieving high standards of performance so that they can contribute towards improving the effectiveness of the Municipality. For this purpose each individual is given performance objectives, targets and standards that are linked to the objectives of his/her team, his/her department and ultimately the Municipality. Matlosana IDP Review (2010/2011)

4.3.2.2 Linking Organisational and Individual Performance

The performance of the Municipality is integrally linked to that of staff. The relationship is created whilst implementing the following phases of the performance management cycle:

(a) Planning

The PMS yields a set of indicators and targets, referred to as departmental plans. These should, however, be incorporated into the Municipal Manager's performance agreement, as he/she is responsible for the implementation of the PMS. The Municipal Manager may take relevant indicators to departments concerned. These indicators would then become the indicators and targets of the directors to be incorporated in the performance agreement. The director may cascade the indicators and targets to lower levels in line with the scope of responsibilities at that level.

(b) Implementation and monitoring

When projects and programs are implemented, the Municipal Manager needs to set up a framework to track performance of all managers, who would in turn do the same

for lower level staff. The framework, in terms of employee performance management, should clarify the following:

- Targets for all levels in the organisation;
- Methods for tracking performance;
- Intervals for reporting;
- Lines of accountability; and
- Institutional arrangements.

(c) Review

The municipal manager must, within the parameters of employee performance management, set up a framework for performance reviews of staff. The framework, in terms of employee performance management, should clarify the following:

- Areas of performance to be reviewed flowing from the IDP;
- Review methods to be used;
- Review intervals; and
- Linkages with broader strategic review of the organisation.(Performance Management Guide,2001:39&40))

The legislative mandate for measuring individual performance is found in Section 57 of the Municipal Systems Act, which requires the municipal manager and heads of department to sign performance contracts.

4.3.3.3 Office of the Municipal Manager of Matlosana Municipality

The purpose of this office is to direct and ensure compliance with Council resolutions and with national and provincial directives. The Office of the Municipal Manager ensures the smooth running of the municipality's administration. In order to ensure compliance, a Support Service Unit was allocated in the Office of the Municipal Manager, which includes the following sub-units: Performance Management System (PMS), Integrated Development Planning (IDP), Strategic Unit, and Supply Chain Management (SCM). : Matlosana IDP Review (2010/2011)

The Matlosana Municipality's Municipal Manager is responsible for ensuring the municipality delivers services to the local community in a sustainable and efficient

manner. As the Accounting Officer of the municipality, the Municipal Manager is responsible for planning and implementation of an economic, efficient and accountable administration of the Municipality.

The roles of the Municipal Manager as outlined in Municipal System Act 32 of 2000 involve the implementation of the Integrated Development Plan and monitoring the progress thereof, to facilitate public participation in the affairs of the municipality, the performance of delegated functions, and ensuring the municipality's administration is aligned with the political priorities and the national key performance areas.

The Municipal Manager's key performance areas are informed by the local government development objectives, national key performance areas and the municipal key performance priorities and objectives identified during the strategic planning session.

The Municipality's Municipal Manager is also responsible for performance management of the municipality as well as development and implementation of strategies and policies in line with national and provincial legislation.

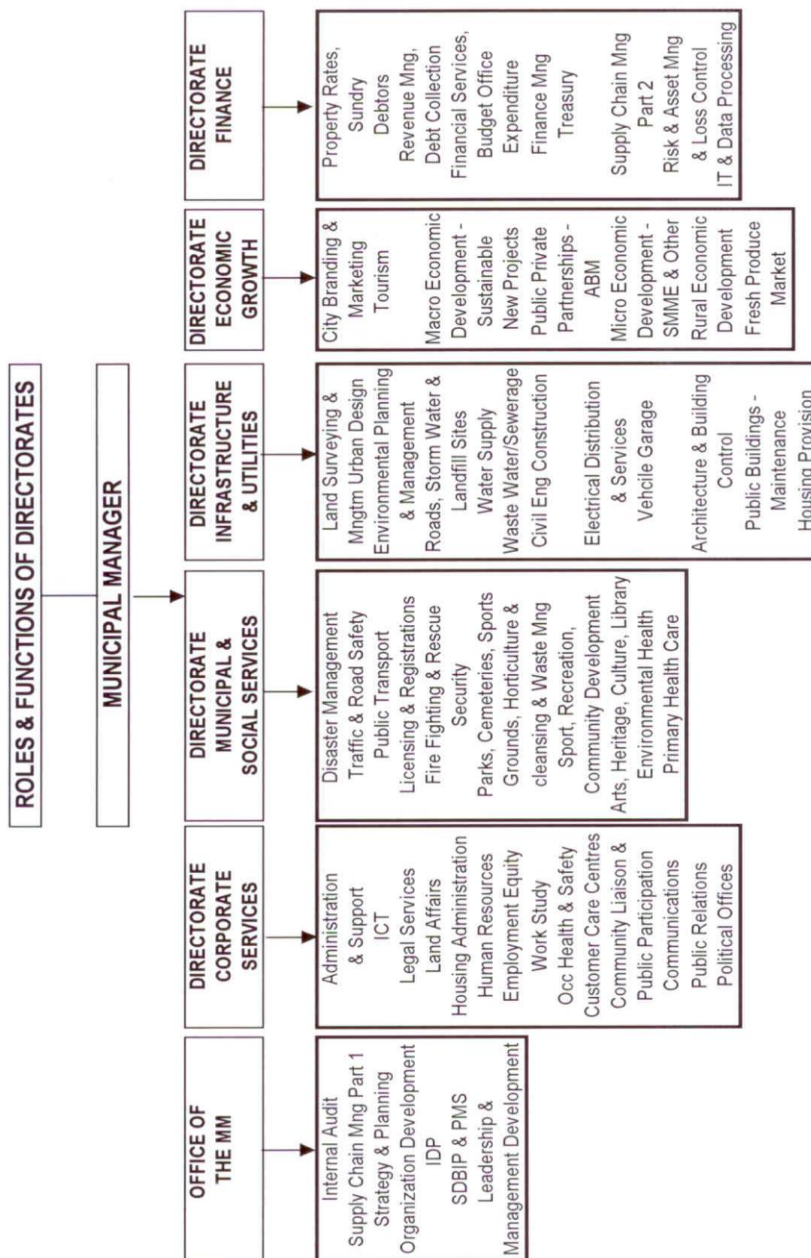


Diagram 4.3: Roles and functions of the directorates in the Municipality.

Source: Matlosana IDP Review (2010/2011)

For internal participation by senior management, monthly interaction meetings must be held to ensure the on-going facilitation of the PMS process. Meetings with the IDP/PMS Steering Committee continue throughout this process.

4.4 CURRENT STATUS OF THE PMS IN MATLOSANA MUNICIPALITY

In Chapter 3, it was clearly stated that the Constitution lays down a set of broad objectives that each municipality must strive to achieve within its financial and administrative capacity. This section underlines the importance of effective and efficient performance by public officials and a system that will enhance performance management.

Following the incorporation of public comments into the draft Performance Management System framework, the Strategic Unit dealing with PMS prepared the final draft for submission to Council. Council adopted the PMS on 29 April 2009, when it was satisfied that the process was handled in accordance with the legislation and that the proposed system complied with the requirements of the law, especially the regulations governing the nature of the system (CC 72/200).

A Performance Management System must be adopted before or at the same time as the commencement of the process of setting key performance indicators and targets, in accordance with its integrated development plan. The 2011 PMS (revised) was adopted during the Mayoral Committee meeting held on 30 June 2009 (CC 72/200).

4.4.1 Appointment of the PMS Manager

The PMS Manager for Matlosana Municipality was appointed in 2009 and his current roles and responsibilities include: Matlosana IDP Review (2010/2011)

- Researching the availability of data on indicators;
- Interacting with all stakeholders on PMS;
- Calling for nominations for persons to serve on the PAC;
- Initiating and managing mayoral excellence awards;
- Submitting the municipal quarterly, annual and oversight report to the AG's Office and MECs responsible for local government and Provincial Treasury;
- Monitoring the quality of performance reports submitted to Portfolio Committees;

- Commenting on any proposed amendments to the approved KPIs and performance targets or target dates and undertaking detailed investigations of continued underperformance as directed by the Municipal Manager;
- Set performance objectives, targets and timeframes; and
- Determine standards and procedures for evaluating performance with the intervals for evaluation being indicated.

The PMS is the central management tool that assists the Council to improve service delivery. This is done through channelling all efforts of all its departments to meet performance targets and to meet its strategic objectives (DPLG, 2006:3). For a PMS to be successful, the PMS Manager must champion the system and have a clear understanding and appreciation of its value as well as to make sure that Line Unit Managers are trained to take responsibility for performance management.

4.5 CONCLUSION

Matlosana Municipality has made commendable progress in addressing the developmental backlogs inherited from the past in some areas, especially given the reality of an ever-changing environment. This is true in the case of the whole amalgamation and the IDP process. There is however a concern about the time scales and implementation of PMS. All developments should be phased in within given time phases. From what has been discussed it is clear that there is a conceptual relation between services delivery and PMS.

The next chapter will verify empirically the potential non-compliance of Matlosana Municipality to prescriptions of the legislative framework (Chapter 3) and the theory (Chapter 2) pertaining to performance management.

CHAPTER 5

CHALLENGES ASSOCIATED WITH THE IMPLEMENTATION OF THE PMS AT MATLOSANA MUNICIPALITY: EMPIRICAL FINDINGS

5.1 INTRODUCTION

The previous chapter outlined the current status of the Performance Management System (PMS) in the Matlosana Municipality as well as all the role-players involved in the System. It also identified challenges associated with the implementation of the System.

The objective of this chapter is to report on the empirical findings obtained from face to face interviews and the interview schedule used to gather information about particular challenges associated with the implementation of the PMS. This chapter will therefore elaborate on the research design used and explain the data gathering techniques and samplings in connection with the research problem. The limitations and problems experienced while conducting interviews will also receive attention. This chapter will also focus on the reliability of the data measuring instrument and present the data that was gathered, as well as an analysis of the findings.

5.2 RESEARCH METHODOLOGY

As mentioned in chapter 1, the researcher followed a qualitative research design and utilised a case study method to obtain data pertaining to PMS in Matlosana Municipality as unit of analysis. In an endeavour to obtain reliable information, the researcher utilised various methods of data collection (triangulation) to reduce the element of bias so that the information obtained can be regarded as reliable and trustworthy. Both primary and secondary sources were used to fulfill the researcher's objectives. According to Brynard and Hanekom (2006:35), research methodology encompasses the "How" of collecting data and the processing thereof within the framework of the research process.

5.2.1 Research design

According to Remenyi (1996:24), research can be described as “a voyage of discovery” and that for researchers to claim that their research is adding valuable information to the existing body of knowledge; they must comply with the “scientific method”. The scientific method ensures that a standard system for interpreting the phenomenon investigated or observed is upheld.

A good research design should have a special appeal because it refers to the plan and structure of investigation so conceived as to obtain answers to the research question. The following key questions are important in assisting in design:

- For what purpose is the research being done?
- What kind of information is needed?
- From what source should the information be collected?
- How can the information be collected?
- When is the information needed? (Babbie :2006)

The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. It provides information about the “human” side of an issue implying the often contradictory behaviours, beliefs, opinions, emotions, and relationships of individuals. Qualitative methods are also effective in identifying intangible factors, such as social norms, socio-economic status, gender roles, ethnicity, and religion. Babbie (2006:116) indicates that a research design starts with an initial interest, idea or theoretical expectation and proceeds through a series of interrelated steps to narrow the focus of the study so that concepts, methods and procedures are well defined.

5.2.1.1 *Description of the qualitative research method*

According to Struwig and Stead (2001:11), the term “qualitative approach” does not only describe a single research method. There are many research methods associated with qualitative research. Mouton (1993:125) states that qualitative approach has as a point of departure in the human science, the human being as the object of the study and that the same methods used for natural science research cannot be used in human sciences.

Creswell (2007:37) identifies the following characteristics of qualitative research:

- Qualitative researchers tend to collect data in the field at the site where participants experience the issue or problem under study;
- Qualitative researchers collect data themselves through examining documents, observing behaviour and in interviewing participants;
- Qualitative researchers gather multiple forms of data rather than rely on single data sources;
- In the entire qualitative research process, the researcher keeps a focus on learning the meaning that the participants hold about the problem or issue, not the meaning that researchers bring to the research or writer from the literature;
- Qualitative research is a form of inquiry in which researchers interpret what they see, hear and understand. The Researchers' interpretation cannot be separated from their own background, history, context, and prior understanding; and
- Qualitative researchers try to develop a complex and holistic view of social phenomena.

According to Mouton (2002:81), qualitative research focuses on the quality of the study and not on statistical processes to solve problems. Validation of findings is essential to secure credibility of the research.

5.2.1.2 Case study design

Yin (1984:23) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used. Yin (1981:23) further argues 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. To this effect, the case-study represents one of the broadest research strategies within the realm of qualitative research.

Stake (1994:237) argues that a case-study is appropriate when detailed information on a particular case in context is sought and when the goal of the researcher is to describe and understand the human complexities within that context. It is thus the contention of the researcher that a richness of understanding can only be sought through a “constructivist case-study” (Stake in Denzin & Lincoln, 1994) which will ultimately allow for an interpretation of the implementation of performance management at Matlosana Municipality. Matlosana Municipality therefore represents a single case design which has not successfully implemented a PMS.

Sources from both national and international publications regarding performance management applications in the public sector in general and in local government in particular were consulted. A thorough study of the statutory and regulatory framework such as government gazettes, policies, White Papers and Acts relevant to the study, was carried out to assist the researcher to understand the legal parameters of performance management in municipalities and how effectively it should be applied. Statistical information from the Matlosana Municipality was used and newspaper articles from the local newsletters aided the researcher to gain knowledge. The internet was also used to ensure that data is up to date and relevant.

5.2.2 Data collection method

Qualitative researchers value theory as an overarching perspective assisting in attempts to integrate various diverse findings and thoughts. When gathering data, Spradley (1979) states that when selecting respondents, several criteria should be applied. First, the respondents should be thoroughly knowledgeable about the institution, which requires that the respondent be versed with the subject matter being examined. The second requirement is that the respondents should be currently involved in the matter being studied, and third, the respondents must be able to make time available for the interview. In terms of this study, interviewees met these criteria because they are senior employees of Council and they are dealing with Performance Management in their sections

5.2.2.1 *Semi-structured interview*

To collect data, the study used a semi-structured interview schedule (questionnaire) which had a set of predetermined questions as well as open-ended questions. The latter allowed the researcher to probe information. Struwig and Stead (201:98) write that in a semi-structured interview, predetermined questions are posed to each participant in a systematic and consistent manner. Maree, Creswell, Ebersohn, Eloff, Ferreira, Ivankova, Jansen, Niewenhuis, Pietersen, Planoclarck, & Van der Westhuizen. (2009:87) also reveal that a semi-structured interview usually requires participants to answer a set of predetermined questions. It does allow for the probing and clarification of answers.

Semi-structured interviewing is an overarching term used to describe a range of different forms of interviewing most commonly associated with qualitative research. The defining characteristic of semi-structured interviews is that they have a flexible and fluid structure, unlike structured interviews, which contain a structured sequence of questions to be asked in the same way of all interviewees (Mason, 2004). Bernard (1988) also confirms that a semi-structured interview schedule provides a clear set of instructions for interviewers and can provide reliable and comparable qualitative data.

Semi-structured interviews were used by the researcher as a source of evidence regarding the nature and extent of his perceived research problem at the municipality. In-depth interviews with the Matlosana Municipality managers and officials from the Performance Management Division were carried out, as well as with the South African Local Government Association (SALGA) North-West Office, to verify implementation challenges as uncovered in Chapter 4 of this study. A total of eight respondents were interviewed.

To make sure that respondents were asked the same questions, an interview schedule, as stated, was used and the reporting of results follows the format of the interview schedule administered. At all times, the researcher attempted to create an environment where the respondents could speak openly of how they perceive the municipal environment in general. The researcher stresses that the information they provided will only be used for the purpose of this study and the PMS in particular. It is the contention of the researcher that this objective has been accomplished and the

reader will be able to discern this from the open and honest responses as detailed in the findings. To this effect, the researcher would contend that issues of quality have been upheld as the information offered by the interviewees (respondents) can be regarded as credible.

The empirical study was conducted at the offices of Matlosana Municipality. The questionnaire (attached as annexure A) consisted of 18 open and closed-ended questions. Closed-ended questions are those which can be answered by a simple "yes" or "no," "agree" or "disagree", while open-ended questions are those which require more thought and more than a simple one-word answer. Participants had to elaborate on all their initial responses to the questions.

5.2.2.2 *Problems encountered during the interviews*

The respondents are employees of the Matlosana Municipality (five Directors, the Municipal Manager, the Chief Financial Officer, and the PMS Manager) and a SALGA representative. The five Directors are employees who, in terms of the Municipal Systems Act, have a performance-based term contract and are directly accountable to the Municipal Manager. They are ultimately responsible for the successful implementation of performance management in the Municipality. Out of nine semi-structured interview instruments given, eight took part and were interviewed; as a result 88 percent response was obtained. The SALGA representative attended some workshops for the whole week and failed to meet two appointments set. Some Directors allowed very limited time and claimed that they have tight schedules, while others wanted to delegate the task to junior officials. After some effort, they ended up assisting the researcher. The SALGA representative did not affect the results because he is not directly involved in influencing performance in Matlosana Municipality.

5.2.3 Ethical considerations

The researcher at all times treated the responses from respondents as confidential and that their responses will only be used for the purpose of this study. Sensitivity regarding issues such as gender, cultural differences, religious and racial issues were also at all times upheld by clearing any misconceptions that may have arisen in the minds of participants. The Respondents were informed at the beginning of the

interview that their information would only be used for the study purpose and that their names or any identifying data would not be revealed.

According to Remenyi (1998:110), there are three major ethical considerations to consider when undertaking research. These are how the “information is collected”, how the “information is processed” and lastly, “how the findings are used”. Remenyi (1998) states that when applying the first ethical consideration, namely how the information is collected, it is necessary for the researcher to be open and honest with the informants, to keep informants anonymous or the information they offer confidential if so requested, and that information should not be obtained under duress. The researcher declares that this study has upheld all stated ethical consideration at all times during and prior to the interviews.

5.3 RESEARCH FINDINGS AND DATA ANALYSIS

The purpose of this section is to report on the data obtained through the interviews and to analyse the responses based on the theoretical orientation (Chapter 2), the statutory and regulatory framework (Chapter 3) and the situational analysis from the case study, Matlosana Municipality (Chapter 4).

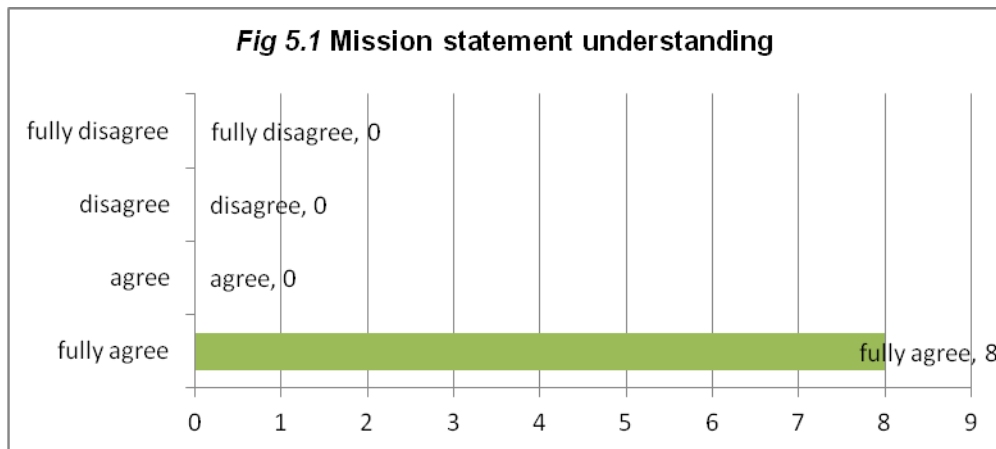
SECTION A: BIOGRAPHICAL INFORMATION

The personal information necessary for statistical purposes, to summarise the conclusion of the study in a proper manner and to reflect the opinions of employees on all post-level, ages and gender in the municipality is contained in Annexure A, Section A: Biographical Information.

SECTION B: SEMI-STRUCTURED QUESTIONS REGARDING (PMS)

In this section, the attitudes and the perceptions of respondents with regard to implementation of PMS within Matlosana Municipality will be reported. Based on these findings and the subsequent recommendations that will be made in Chapter 6, the research problem identified in Chapter 1 will be addressed. The study findings will thus assist the Municipality to overcome the challenges associated with the implementation of its PMS and, in so doing, facilitate the successful operationalisation of its strategic objectives and could lead to improved service delivery.

Q 1. I understand the mission statement of Matlosana Municipality

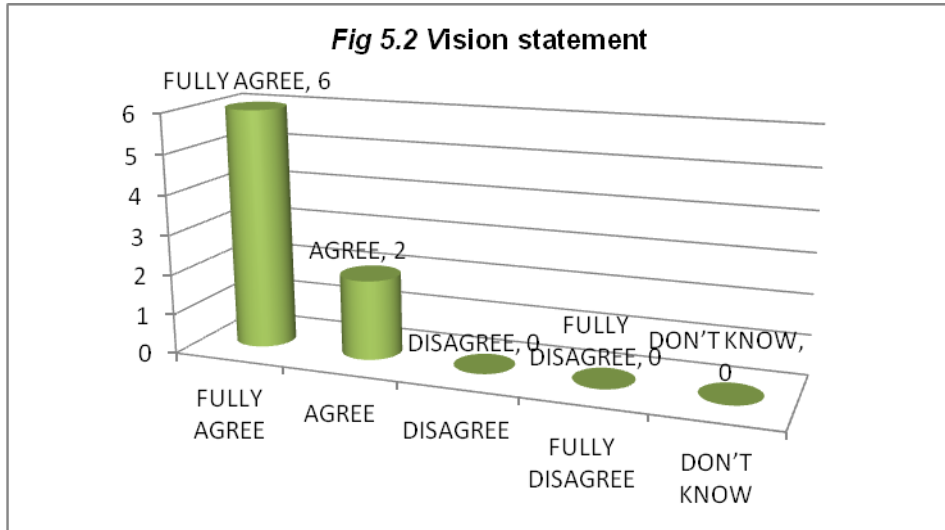


The question was meant to determine the respondents' understanding of the mission statement of Matlosana Municipality. Out of Eight respondents, Eighty-seven percent indicated that they knew the mission statement of Matlosana Municipality while 13 percent of the eight respondents were in contrast. Respondents indicated that they were informed via the Agenda 16, while some were involved in drafting its contents. Agenda 16 is a document that elucidates the Council's strategic direction and objectives to be achieved by 2016. Its three pillar points are excellence, growth (attracting investments, stimulating economic growth) and delivery or meeting services (delivering on mandates and improving the quality of life). All projects in the capital budget support one or more of the focus areas of Agenda 16, which addresses the relevant deliverables and milestones set. It is clear that the respondents are adequately familiar with the mission statement of the Municipality. The question however remains as to what extent they "live it".

As stated in Chapter 2 (section 2.3), performance management is based on the simple proposition that when people know and understand what is expected of them and have been able to take part in forming those expectation, they can and will perform to meet the organisational objectives. Eighty-seven percent of the eight respondents fully agreed that they understood the mission statement. According to Langdon (2000:3), performance is the actual work that is done to ensure that an organisation achieves its mission. In this view, all performance produces an output, tangible work in the form of a product, service, or knowledge. In conclusion, a PMS

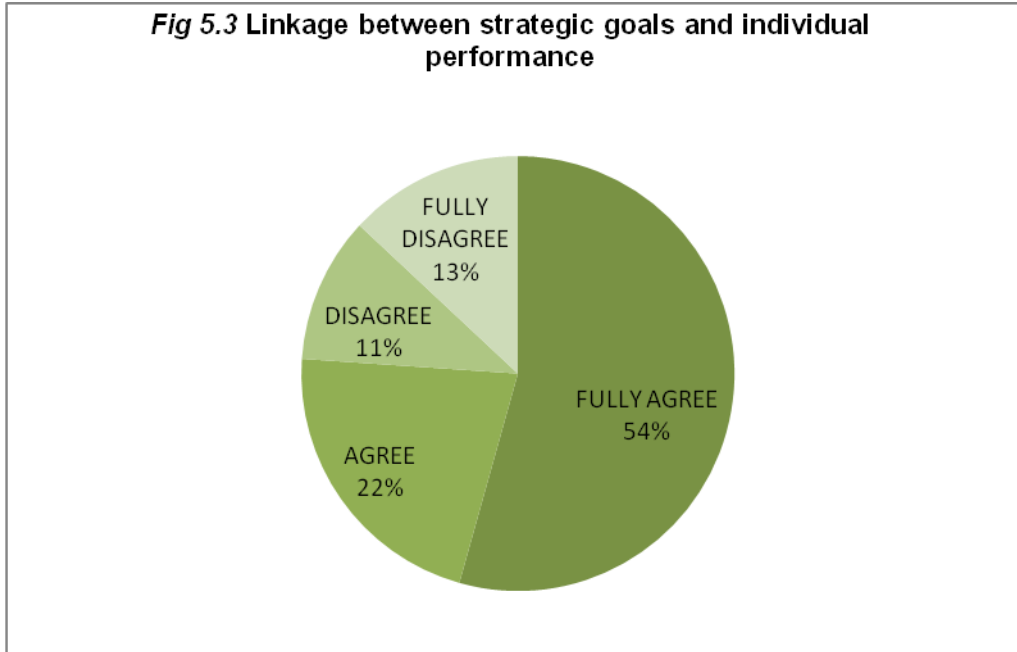
should therefore be regarded as the systematic process by which a municipality measures its effectiveness in the accomplishment of its missions and goals.

Q 2. I understand the vision statement of Matlosana Municipality



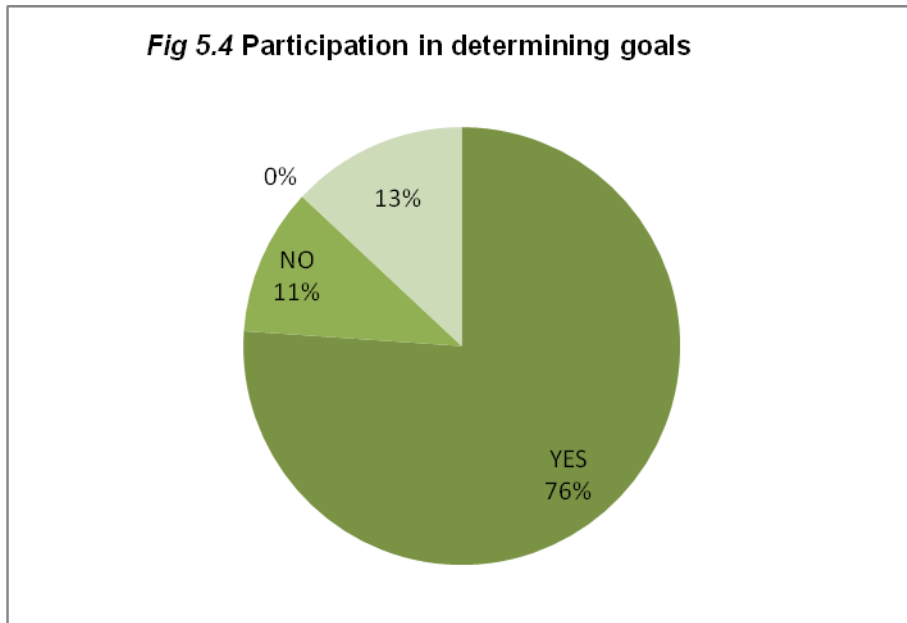
This question was meant to determine if respondents understood the vision statement of the Council. Seventy-five percent of the eight respondents fully agreed that they understood the vision statement while 25 percent did not agree. This could be attributed to PMS division's non-induction of new Council employees, especially directors who are the senior management of the municipality. The above is consistent with what Masango (2000:66) implied when he indicated that the key staff should be familiar with the key aspects of effective performance management that it should include, among others, performance targeting, setting of performance standards and a performance evaluation system. Chapter 11 of the WPTP requires municipalities to identify, among others, a vision statement for service delivery together with service guarantees.

Q 3. There is a link between the strategic goals of the Department and my individual performance



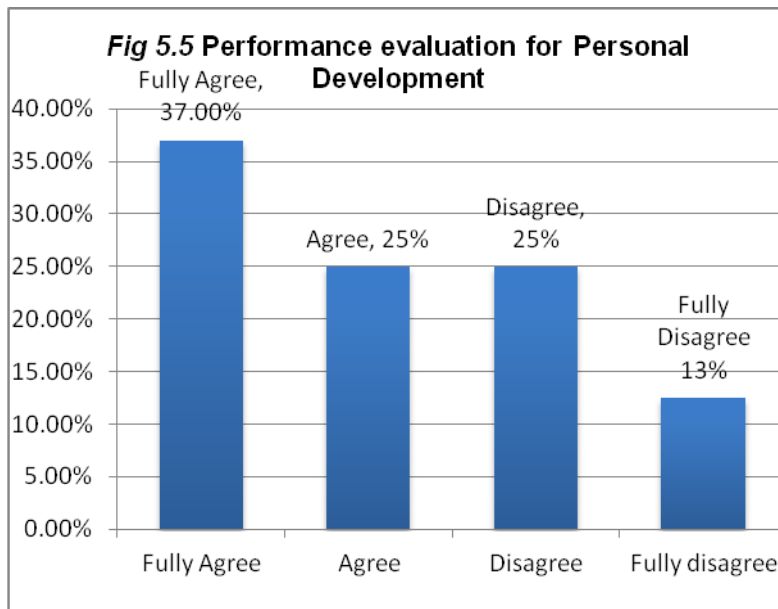
This question was meant to determine whether respondents understand the strategic goals of their department and whether the strategic goals within the municipality are linked with individual performance. Seventy-six percent of the eight respondents agreed that there was a strategic link, while 23 percent disagreed. From the above it is clear that there is linkage between the divergent opinions with regard to strategic goals ranging from work plans in the SDBIP to the Constitution. This linkage should even be covered in the performance agreements. Chapter 4 section 4.3.1 of this study clearly states that the performance of a municipality is integrally linked to that of staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time. Patel (1994) also describes performance management as an approach to management that harnesses the endeavours of individual managers and workers towards an organisation's strategic goal.

Q 4. Are you participating in the setting or determination of strategic goals within Matlosana Municipality?



Seventy-six percent of the eight respondents stated that they participated, while 24 percent claimed that it was done by the Executive Mayor and the Municipal Manager. Most respondents agreed that their strategic responsibilities are stipulated in their performance contracts and that they should participate in all strategic planning endeavours. In terms of Chapter V of the Local Government: Municipal Systems Act 32 of 2000, municipalities are required to formulate and implement Integrated Development Plans (IDPs) for their respective area of jurisdictions in response to the requirements of the Constitution as indicated in Chapter 3 of this study. To a large extent, the IDP is treated as a strategic planning instrument for the Municipality.

Q 5. Performance evaluation is used for planning my personal development within Matlosana Municipality

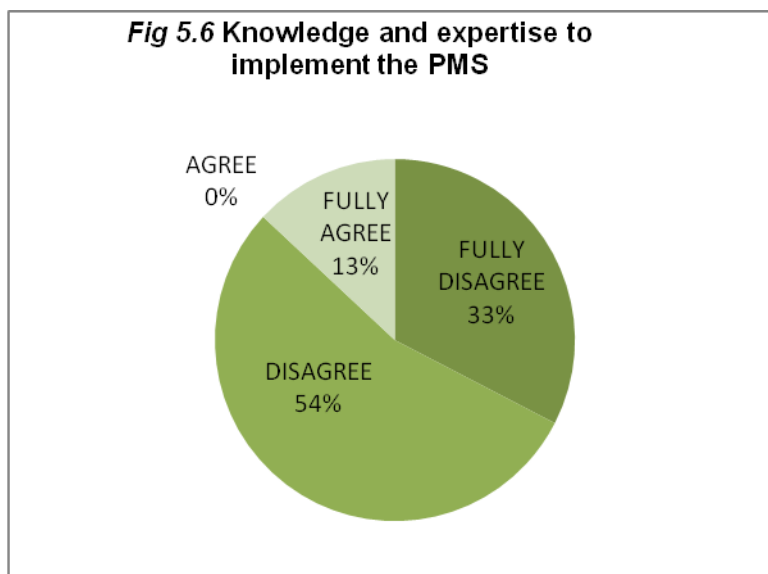


Thirty-seven percent of the eight respondents fully agreed that their personal evaluation is used for planning their development and 25 percent agreed that it was done during review gaps, while the other 25 percent felt that there was no consultation. The divergent views show that there is no plan to develop managers in their work. The Human Resource Department provides and establishes a stable and productive workforce for the functioning of Council’s departments, and strives for a cost effective personnel management system and procedures, provides training to all staff members, establishes and maintains the recruitment process which will enhance capacitation and service delivery within the municipality’s area of jurisdiction (City of Matlosana, 2009)

In Chapter 3, it was reflected that the WPTPS requires that municipalities must make service delivery a priority. The White Paper requires that municipalities should identify, among other things, planning for staffing, human resource development, organisational capacity building tailored to service delivery needs and the development, particularly through training, of a culture of customer care. They also need to have approaches to service delivery that are sensitive to issues of race, gender and disability. Most respondents with long service in the Municipality are of

the opinion that there is no evaluation done on their performance. The attitude of some managers with regard to the senior leadership of the Municipality also left much to be desired and does not contribute positively towards the attainment of the Council's strategic goals. Managers are unhappy about the appointment of top officials based on political affiliation and not on capacitating the Municipality. In Chapter 4 of this study, Van der Waldt (2004:205) described performance management as getting better results through people, the primary aim of which is to help managers obtain improved performance from their staff, who will be rewarded accordingly. The development of people potential is stressed and this in turn will lead to them taking greater responsibility for their work. This does not currently seem to be the case at Matlosana Municipality.

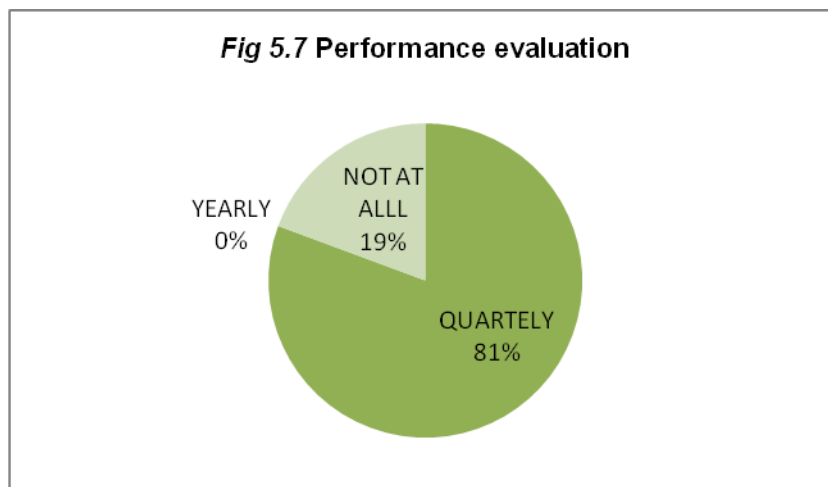
Q 6. I think that everybody in the municipality has the necessary knowledge and expertise to implement the PMS



Fifty-four percent of the eight respondents disagreed that everybody in the municipality has the necessary knowledge and expertise, while 33 percent of the eight respondents fully agreed it needed to be planned well and that officials must support the System. Only 13 percent of the eight respondents felt that there was adequate knowledge and expertise to implement the PMS. It is clear that there is relatively limited knowledge with regard to the concept of PMS. This happens despite the vast knowledge and experience managers have.

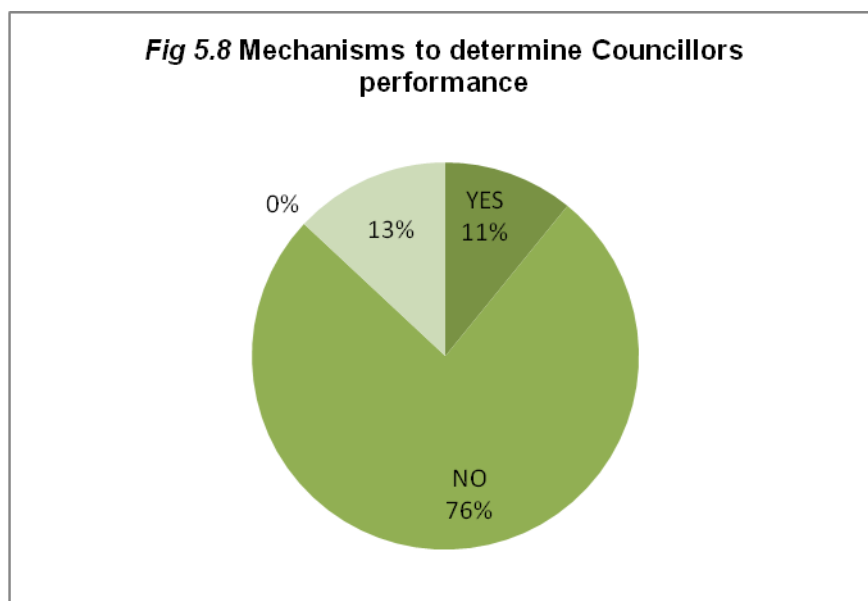
Fifty percent of the eight respondents have been working in the Municipality for more than twenty years, yet they disagreed on their knowledge and expertise in implementing the PMS. As was reflected in Chapter 3 of this study, the Municipal Systems Act, enacted in November 2000, requires all municipalities to develop a performance management system. It will be difficult for the Municipality to succeed in its endeavour to render services if officials do not carry the necessary skill and expertise to successfully implement its PMS.

Q 7. How regularly is your performance being evaluated?



Eighty-one percent of the eight employees felt that performance evaluation should take place quarterly. This would help the Council to keep track of the progress made in attaining its strategic objectives. Brethower (1972) describes performance management as a systematic process of monitoring the results of activities and collecting and analysing performance information to track progress towards planning results. Van der Waldt (2004:321) argues that if a PMS is introduced in terms of the Municipal Systems Act, municipalities will not only improve the efficiency and effectiveness of community services, but also achieve greater economy and resource containment. Section 57 Managers are lawfully obliged to report quarterly to the Municipal Manager about the progress they are making in their departments as stipulated in their performance contracts. It thus seems that, at present, Matlosana Municipality is not evaluating the performance of its managers.

Q 8. Are you aware of any mechanism currently used to determine or assess the performance of councillors?

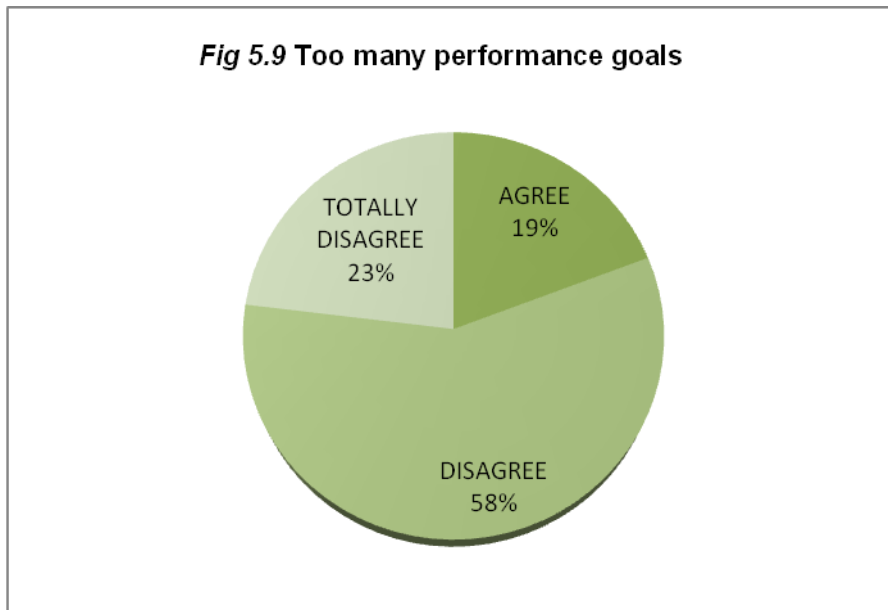


Seventy-six percent of respondents are not aware of any mechanism currently in place to determine the performance of Councillors. The mechanisms to determine outcomes as promulgated by national government are not practised. In other words, the Council is not implementing legislation to determine performance of Councillors. Eleven percent of the eight respondents claimed to be aware of mechanisms to determine the performance of Councillors, but they were not sure which mechanism is currently used to determine the performance of elected representatives. The function of the Directorate for Infrastructure and Utilities, as stated in Chapter 4 (KPA 1), is, amongst others, to develop effective accountability and performance management mechanisms for Councillors and officials.

Some respondents speculated that it is the responsibility of the Speaker of the Council to assess the performance of Councillors. It is also evident that there is no forum where the managers and Councillors could agree on measuring performance. Section 56 of the Local Government: Municipal Structures Act 117 of 1998 point out that the Executive Mayor is the integral figure in the planning, execution, monitoring

and evaluation of performance management implementation in the municipality. Most respondents do not know what the actual role of the Councillors is with regard to the PMS. One respondent blamed the lack of formal training for Councillors while the other claimed that Councillors were “a law unto themselves and do not abide to most regulations”.

Q 9. I feel that I was given too many performance goals

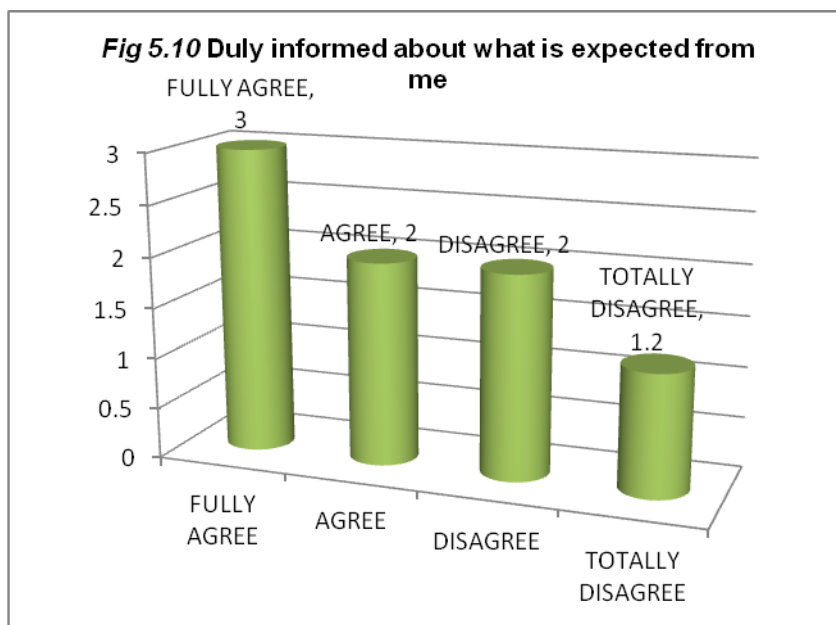


Fifty-eight percent of the eight respondents disagreed that they were given too many performance goals and claimed that work was decentralised and there were not many performance goals, while 19 percent of the eight respondents felt that lack of funding constrained achievements of goals. Forty-two percent of the eight respondents felt that Council should employ more workers to ease pressure on their workload. It is also clear that managers are not overburdened with work, but that their attitude may not be conducive to the successful execution of the PMS. In Chapter 2, Cave (1999) states that “performance management is underperforming”. Cave (1999) further commented that performance management is seen as a critical process for achieving business performance, but in the Municipality, according to some respondents, “managers and staff see it as a complicated chore that gets in the way of the real work”.

According to Ammons (2001:18), some factors can be a drawback for the implementation of performance management and that several employees regard performance management as a threat to their status. Some employees may feel that

it is the beginning of a process leading towards quicker work process, tougher standards and that it may eventually lead to the lay-off of workers who cannot keep up the pace, or are no longer needed in the organisation. From the findings it is evident that the attitude of staff is not fully conducive to acceptance of the PMS and, as a result, the Council may not be successful in its endeavour to implement its PMS.

Q 10. I am sufficiently and duly informed about what is expected from me in the organisation (through mechanisms such as workshops, induction, etc.).

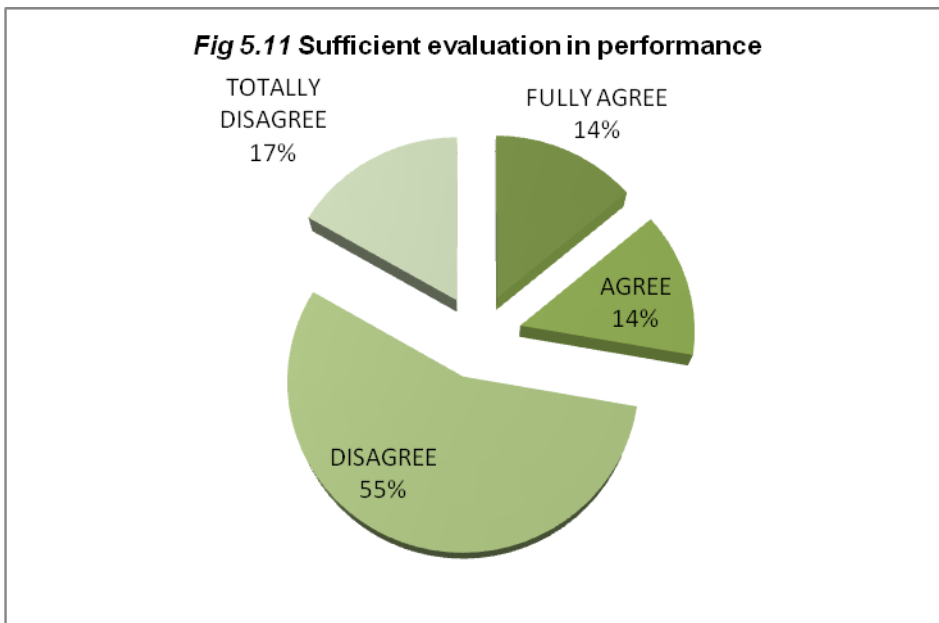


Thirty-seven percent of the eight respondents fully agreed that they were adequately informed about what was expected from them by means of meetings and workshops that were conducted to capacitate them. The other 24 percent of the eight respondents agreed that it is stated in schedule 2 of the MSA. Twenty-four percent of the eight respondents disagreed and claimed that they were newly appointed and did not know what was expected from them. Based on these findings, it is clear that there is not enough training in performance management and those officials should be adequately oriented as far as their performance contracts are concerned. In Chapter 2 of this study, it was established that performance management should be based on the simple proposition that when people know and understand what is expected of them and have

been able to take part in forming those expectations, there is a greater likelihood that they will be able to perform to meet these expectations.

According to the Constitution, as stipulated in Chapter 2, municipalities have been mandated with major developmental responsibilities to ensure that the quality of life for its citizens is improved and that they play a role in providing basic services, creating jobs, and eradicating poverty.

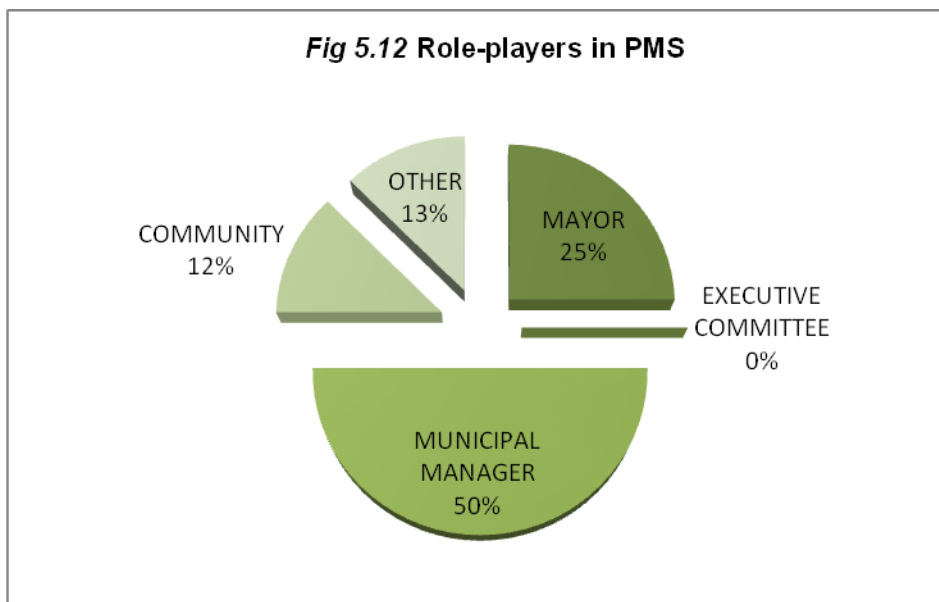
Q 11. I am sufficiently evaluated in how I am performing



Fifty-five percent of the eight respondents disagreed that there was sufficient evaluation in performance and that PMS was still not fully functional while 17 percent of the eight respondents feel that there is no evaluation at all in the Municipality. According to Chapter 3, subsection 3.3.8 of this study, monitoring is a continuous managerial function that aims to provide managers, decision-makers and main stakeholders with regular feedback and early indications of progress or lack thereof in the achievement of intended results and the attainment of goals and objectives. A monitoring and evaluation system is a set of organisational structure, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships, which enables municipalities and other institutions to discharge their monitoring and evaluation functions effectively. It is

further stipulated in Chapter 4 of this study that when projects and programmes are implemented, the Municipal Manager needs to set up a framework to track performance of all managers, who would in turn do the same for lower level staff. Respondents felt that if there was no evaluation and monitoring, the Council could not measure its success. In agreement, Van der Waldt (2007:115) states that the absence of a proper and adequate management information system often makes it difficult to carry out monitoring and evaluation.

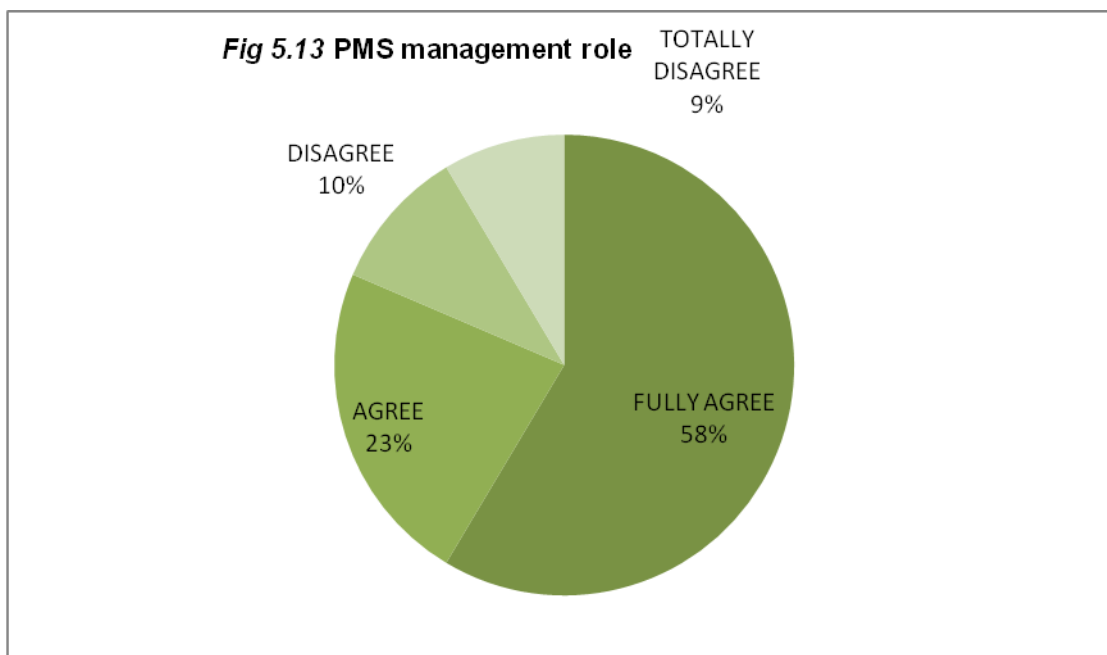
Q 12 (a). Indicate the primary role-players in performance management in Matlosana Municipality



Fifty percent (4 respondents) agreed that the Municipal Manager should be responsible for the implementation of PMS and should submit quarterly reports to Council, while 25 percent (1respondent) felt that the Executive Mayor should lead the process. The respondents agreed that the Executive Mayor should evaluate the Municipal Manager and the entire top leadership. Twelve percent (1respondent) felt that the community should play an active role in the PMS as service delivery recipients. The Local Government: Municipal Systems Act 2000, Chapter 42, requires all municipalities to involve the community in setting indicators and targets and reviewing municipal performance, while Chapter 6 gives the Municipal Manager power to establish mechanisms to monitor and review its performance. Respondents felt that the

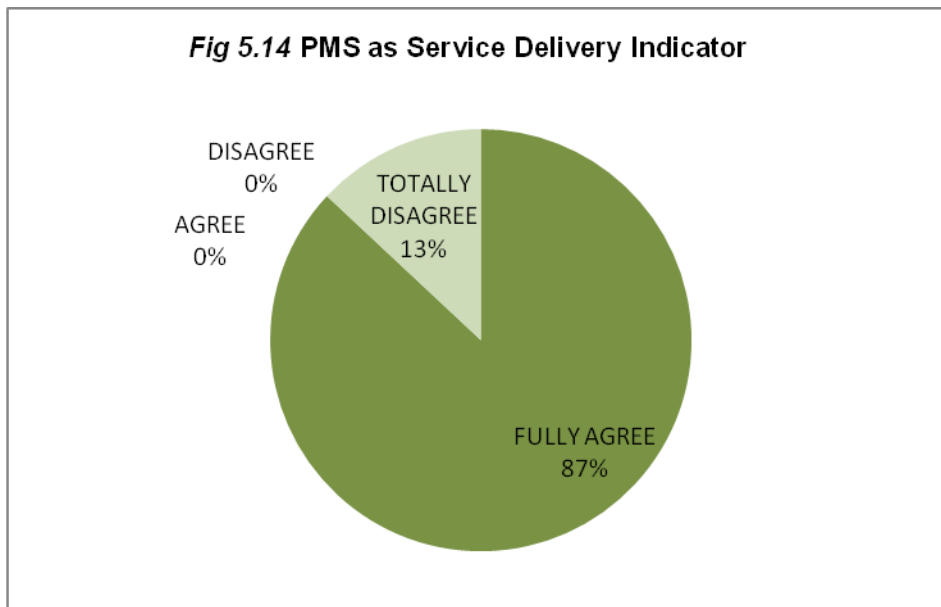
primary driver of PMS in the Council should be the Municipal Manager's role. It is clear therefore that all role-players (Municipal Manager, Executive Mayor, Council employees and the community) should be involved, which is currently not the case.

Q 12 (b). The aforementioned primary role-player(s) is able to manage the municipality's PMS



Fifty-nine percent of the eight respondents fully agreed that the Municipal Manager should play an active role in implementing PMS, while 23 percent of the eight respondents agreed. Only ten percent of the eight respondents disagreed with this sentiment. Chapter 2 describes performance management as a proactive system of managing employee performance for driving individuals and organisations towards desired performance results. The appointment of the Municipal Manager, who is the Head of Administration, is promulgated by section 82 of this Act. According to this section, the Municipal Manager, by virtue of being the Head of Administration, is the key official responsible for the implementation of a PMS in a municipality.

Q 13. Performance Management is an important indicator for service delivery and should be implemented throughout the year

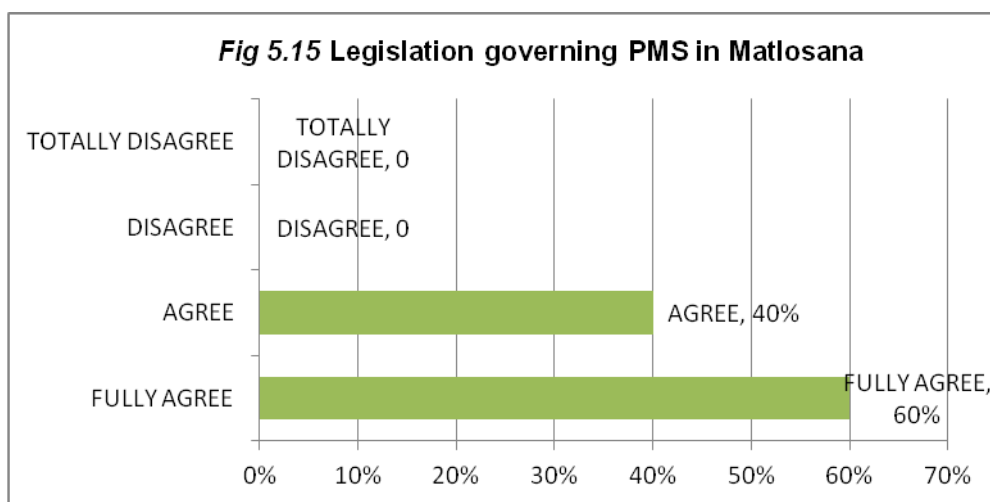


This question was meant to determine the importance of performance management in assisting service delivery in the Municipality. All the respondents (100 percent) agreed that performance management is an important indicator for service delivery and should be implemented throughout the year. Chapter 2 of this study describes performance management as a proactive system of managing employee performance for driving the individuals and the organisations towards desired performance results. For this reason, it is important that performance monitoring and evaluation in local government should be monitored throughout the year. The vision for Performance Monitoring and Evaluation as well as Administration in the Municipality is to strive for continuous improvement in service delivery.

Eighty-seven percent of the eight respondents fully agreed that PMS is an important indicator of service delivery, while only 15 percent totally disagreed. It is clear, therefore, that PMS is important and should be monitored to ensure that implementation is done according to plans. As stated in Chapter 2 of this study, an effective PMS is a tool to help managers improve the performance of their employees in order to achieve their organisation's performance goals and deliver service. Performance management should focus on delivery and how efficiently it can be provided to citizens taking into account the different functions the Municipality needs to administer. From the definition given, it is clear that performance is about

outcomes (work done) as well as the quality of that particular work. Armstrong and Baron (1988:20) further state that if performance is not defined correctly, one will not be able to measure or manage it. The bottom line is that they should try to achieve results. Chapter 4 of this study clearly outlined that the PMS is the central management tool that assists the Council to improve service delivery. This is done through channelling all efforts of all its departments to meet performance targets and to meet its strategic objectives (DPLG, 2006:3).

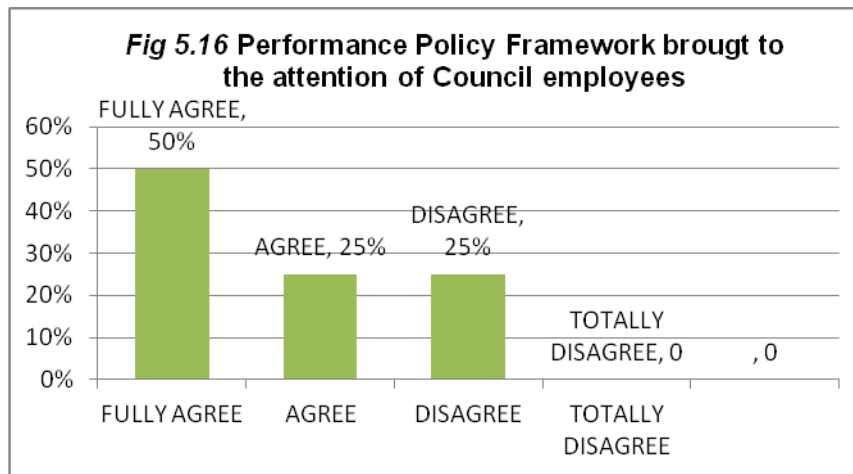
Q 14. Are you aware of the legislation governing the Performance Management System in the Matlosana Municipality?



Fifty-four percent of the eight respondents agreed fully that they had knowledge about legislation governing PMS in Matlosana Municipality and that it stipulates clearly what should be done, while 33 percent agreed that they had adequate knowledge. As stated in Chapter 3, the implementation of the PMS is a lawful obligation. The Performance Management Guide for Municipalities (2001) further outlines to municipalities how PMS should be implemented. The development of a PMS, in terms of Chapter 6 of the Municipal System Act 32 of 2000, involves an extensive process to ensure that the System complies with legislative and policy requirements, especially in terms of the Constitution. A wide range of role-players from outside as well as inside Matlosana Municipality will be involved in the development and implementation of a PMS. It is clear that if managers have sufficient knowledge about the legislation governing PMS, it can be implemented successfully. Van der Waldt (2004:292) states that the municipal policy for Performance Management needs to be as clear as possible. It will guide the design

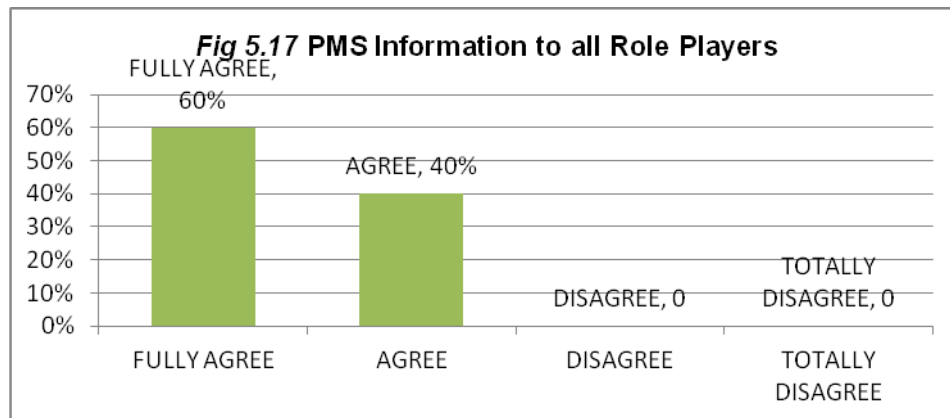
and implementation process, clarify the System’s aims for the user and provide the basis for assessing and evaluating the System.

Q 15. Was the Performance Policy Framework ever brought to your attention as an employee of the Council?



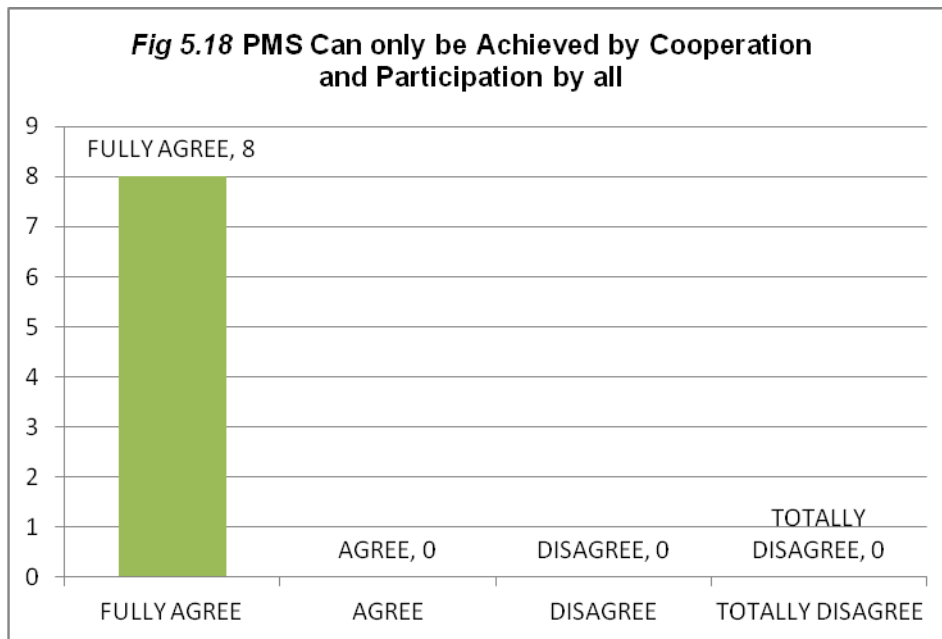
Fifty percent of the eight respondents fully agreed that the Performance Policy Framework was brought to their attention through their performance contracts and workshops, while 25 percent of the eight respondents agreed that all senior managers had to go through that training. Based on these responses, it seems that managers have adequate knowledge about the Framework, but during follow up questions it became apparent that the implementation of the framework is currently not successfully done. The purpose of the Policy Framework document is (within the legal framework of the Municipal Systems Act) to develop a performance management policy for Matlosana Municipality. This policy caters for the initiation, development, implementation, reporting and rewarding of performance management within the Municipality. One respondent claimed that this framework was the responsibility of the Strategic Unit and the PMS Manager and that it was only mentioned in workshops. The Performance Management Framework and Policy was adopted by the Council during the 2007/08 financial year. The framework was reviewed and amended by the Council on 30 June 2009 (CC 72/2009) and again on 29 April 2011 (CC 35/2011). The communities around the KOSH area as well as management were informed about this resolution.

Q 16. Information regarding PMS should be available to all role-players including the community?



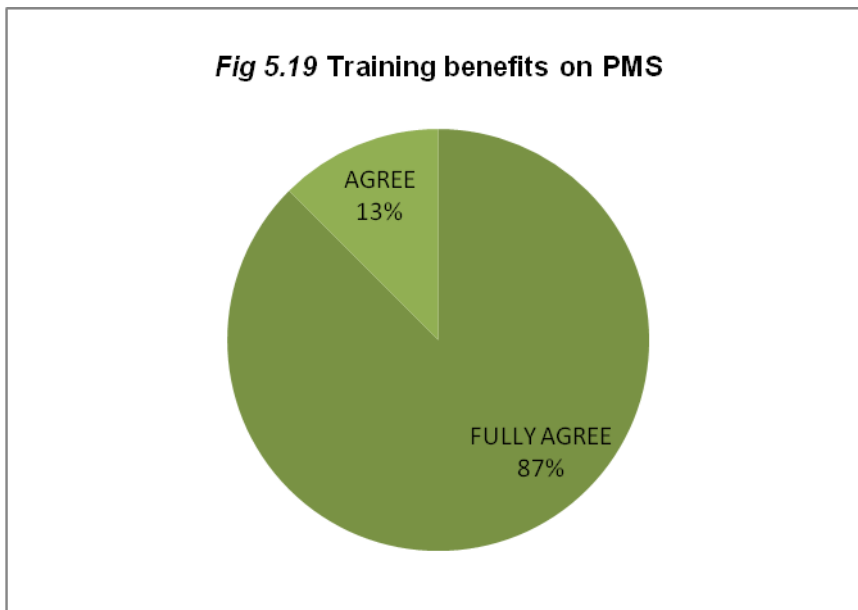
Fifty-four percent of the eight respondents fully agreed that information should be made available to all role-players and that it would assist them in recording their performance achievements. Thirty-three percent of the eight respondents agreed and claimed that it was a legislative requirement. Section 2.3 of Chapter 2 in this study supports the dissemination of performance information as deduced from Brethower (1992) who believes that it is the result of a systematic process of monitoring and analysing performance information. It can, therefore, be deduced that performance management is about involving individual workers as well as managers to achieve the greater vision of the organisation. Chapter 3 of The White Paper on Local Government (1998) spelled out the framework and programme in terms of which the existing local government system will be radically transformed. It establishes the basis for a system of local government which is centrally concerned with working with local citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives.

Q 17. A more effective and efficient PMS can only be achieved by means of cooperation and participation by all stakeholders



All eight respondents (100 percent) interviewed fully agreed that cooperation and participation by all stakeholders can contribute to the successful implementation of PMS in Matlosana Municipality. Chapter 4 of this study states that when determining the key performance areas of Matlosana Municipality, there may be competing interests from the various wards and stakeholders depending on the issues that they consider to be more important. The PMS should incorporate as many of these interests which are viable and sustainable. Community participation is a continuous process. Subsection 3.3.3 of Chapter 3 in this study determined that performance management will help communities to be involved in governance matters, including planning, implementation, performance monitoring and reviews. As stated in question 12, it is clear that in order to have a successful implementation of the PMS, all stakeholders must be involved.

Q 18. The municipality will benefit from training on aspects of Performance Management



Seventy-eight percent of the eight respondents fully agreed that training of all employees of the Council would benefit the implementation of the PMS. They also stated that it was part of a “chain reaction”. Fifteen percent of the eight respondents disagreed by stating that training did take place, yet no implementation was done. Managers are aware of the benefit of training of PMS and how it can help them in the execution of their duty. One respondent elaborated that there was no mechanism to follow up and to ensure that knowledge gained at workshops was implemented. Chapter 3 of this study stressed the need to implement PMS. The WPTPS indicates that themes have begun to emerge, some of which have relevance for the current situation in South Africa, such as an increasing emphasis on quality, efficiency and cost-effectiveness. In addition there is an increasing emphasis on human resource development and management designed to promote participative management and innovation, to build capacity, and to reward individual and team performance through the introduction of appraisal and incentive systems.

5.4 SPECIFIC CHALLENGES ASSOCIATED WITH PMS IMPLEMENTATION IN MATLOSANA MUNICIPALITY

The following were listed by respondents as the main challenges in the implementation of PMS.

- Performance management is not implemented at all levels of the municipality and that this exercise is only directed at Section 57 managers. Deputy Directors and Assistant directors are not part of it;
- Managers do not take PMS seriously enough and they confuse it with the SDBIP;
- Financial constraints are placing a burden on performance targets; and
- PMS is not helping in improving the Municipality's performance in terms of delivery.

These challenges will be addressed by means of particular recommendations that will be made in the next chapter.

5.5 CONCLUSION

From the empirical findings of the face to face interviews administered within the Matlosana Municipality, it is clear that efficient and effective management systems, practices and attitudes must be put into practice so as to assist with the monitoring of the performance of managers and to meet the set targets of the IDP. It is therefore important that the PMS be aligned to the IDP. This would help the Council in its objective of delivering service to the people. Training of employees is also essential for PMS to be implemented. If these important aspects can be incorporated and implemented, employees will be able to derive the benefit from the PMS which is currently not the case. For the implementation of the performance management system to be successful at Matlosana Municipality, it is essential that the leadership be committed to implementation and monitoring, and that evaluation takes place at least quarterly.

The next and final chapter deals with the summary and recommendations and the conclusions of the study.

CHAPTER 6

PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION IN MATLOSANA CITY COUNCIL: SUMMARY AND RECOMMENDATIONS

6.1 INTRODUCTION

The previous chapter outlined the methodology followed to obtain data from PMS implementation at Matlosana Municipality. The main outcomes of the literature study and empirical investigation, including the findings on the research objectives, are presented in this chapter. These findings together with the literature study form the basis on which the recommendations are based.

This Chapter will summarise the content of chapters 1, 2, 3, 4 and 5 in relation to the operationalisation of the research questions and objectives.

6.2 OPERATIONALISATION OF THE RESEARCH QUESTIONS AND RESEARCH OBJECTIVES

The following research questions were posed in Chapter 1 of this study:

- What are the principles, theories and practices of performance management?
- What are the statutory and regulatory guidelines that define the application of performance management systems in South African municipalities?
- How effective are the processes and systems of performance management at Matlosana Municipality?
- What are the challenges associated with the implementation of a Performance Management System at Matlosana Municipality?
- What recommendations can be offered to improve the implementation and administration of the PMS at Matlosana Municipality?

This study attempted to analyse the Performance Management System implementation in the Matlosana City Council and to realise the objectives as outlined in chapter 1. The following were the research objectives of the study:

- To give a theoretical orientation of the theories and practices of performance management;
- To provide an exposition of the regulatory and statutory framework of performance management in South African municipalities;
- To analyse the current practices, processes and effectiveness of performance management at Matlosana Municipality;
- To identify challenges associated with the implementation of a Performance Management System at Matlosana Municipality; and
- To provide recommendations based on research findings that add value to management in the implementation of the PMS at Matlosana Municipality.

A summary of the chapters in relation to the achievement of the research objectives is provided in the following subsection.

In Chapter 1, the general orientation of the study was provided to contextualise the specific research problem. A detailed exposition of the research questions, research objectives as well as the methodology that would be followed was further made.

In Chapter 2, a theoretical orientation of performance, performance management, and performance management systems was provided. The purpose of this chapter was to obtain a general perspective regarding key concepts and international best practice, as well as to determine the general significance of performance management systems in local government. Particular models that could aid municipalities in the design and implementation of performance management systems were also explored. This general theoretical orientation operationalised the first research objective. It was also established that continuous improvement of performance should be managed by benchmarking institutional and personal performance. It was clear that performance should be properly managed in local government. The evaluation of individual performance should not be the driving factor and neither should rewards be used as an instrument to improve the organisation's performance. In order to facilitate the evaluation and measurement endeavours, organisations should:

- Provide additional capacity-building;
- Deliver specific training on related issues such as development training;
- Keep leaders focused;
- Get it on the agenda of executives; and
- Assist leaders in developing performance plans.

It was further determined that performance management has a fundamental role to play in municipal service excellence. Performance measurement enabled politicians to demonstrate the impact of their policies to the community and give concrete evidence of services rendered. It was clear that employees play an important role in performance management and it did not only revolve around determining measures and proper utilisation of funds. Municipalities should have a clear mechanism to control and maintain performance management. It is the duty of a municipality to achieve a balance between national goals, and local service delivery targets. They also have to respond to local needs and circumstances and to provide leadership.

Chapter 3 dealt with the statutory and regulatory framework. It is clear that the implementation of performance management is a lawful obligation. The chapter presented the legislation and policies, as well as other performance-related regulatory documents. The management of performance in South African municipalities occurs within a statutory regulatory framework. This framework is meant to enhance the process of transforming municipal service delivery. This chapter analysed the main statutory and regulatory framework documents that outline a governance context for performance management applications in South African municipalities. In order to triangulate data the purpose of this chapter was to obtain further criteria against which the utilisation of a Performance Management System in Matlosana Municipality, as locus of study, could be assessed.

The current Ministry of Performance Monitoring and Evaluation conducts performance management audits to make sure that local government complies with this legislation. This will help to make sure that PMS is implemented fully in municipalities.

Various mechanisms were outlined in Chapter 4 of this study as well as the status quo of the Municipality. The chapter also sought to find out what the challenges associated with the implementation of a Performance Management System at Matlosana Municipality are. This chapter also showed the sub-committees the municipality established to ensure a workable PMS. The legal prescription of the implementation of a PMS does not define a specific model to be used by municipalities. Municipalities are, however, provided with a set of requirements which can be used as parameters for the development of such a system. Chapter 4 also discussed how Matlosana Municipality made commendable progress in addressing the developmental backlog inherited from the past in some areas, especially given the reality of an ever-changing environment. This was true in the case of the whole amalgamation of the IDP processes. There was however a concern about the time scales and implementation of the PMS. All developments should be phased in within established time schedules. From what was discussed, it was clear that there is a conceptual relation between services delivery and PMS.

In Chapter 5 the empirical findings of the interview administered within the Matlosana Municipality were discussed. It was clear that an efficient and effective management must be developed and put into practice so as to assist to monitor the performance of managers and to meet the set targets of the IDP. It was therefore important that the PMS be aligned to the IDP. This would help the council in its objective of delivering service to the people. Training of employees is also essential for PMS to be implemented. If these important aspects can be incorporated and implemented, employees would be able to derive the benefit from the PMS which is currently not the case. For the implementation of the performance management system to be successful at Matlosana Municipality, it was essential that the leadership should be committed in implementing and that monitoring and evaluation takes place at least quarterly.

Recommendations of how effectively and efficiently a PMS can be implemented in the Matlosana Municipality were given by the respondents during the empirical study. The answer to this research question is provided in Chapter 6 of this research which has all the other summaries of this study. Based on these findings, conclusions will also be drawn and the findings confirmed the research problem.

6.3 RECOMMENDATIONS

The following recommendations can be made based on the deductions made from Chapters 2, 3, 4 and the findings of the empirical study in order to improve PMS implementation in Matlosana Municipality.

The first objective was to give theoretical information of what Performance, Performance Management and Performance Management System are, as well as principles, theories and practices, which were determined in Chapter 2 of this study. Based on this, it is recommended that:

- Performance management should be an exercise which is taken as top priority by the Municipality in order to enhance service delivery. This will determine if targets are met and whether managers are satisfying their contractual obligation.
- Performance management should help with municipal strategic planning to communicate expectations and drive behaviour to achieve important goals. It should help the Municipality to identify areas of poor performance and assist managers for development programmes or other personnel action (i.e. induction training and workshops).
- Performance should be defined correctly; if not, the Municipality will not be able to measure or manage it. The bottom line is that the Municipality should try to achieve the set results.

The next objective was to give the statutory and regulatory guidelines that define the application of performance management systems in South African municipalities. Based on this, it is recommended that:

- Matlosana Municipality provides public service delivery impartially, fairly, equitably and without bias,
- Matlosana Municipalities should develop a performance management system taking into account all legislative requirements as required by the Structures Act.

The third objective sought to determine how effective the processes and systems of performance management at Matlosana Municipality are. It is therefore recommended that:

- The performance of the Municipality must be integrally linked to that of its staff. It is therefore important to link organisational performance to individual performance and to manage both at the same time, but separately.
- The Strategic Unit ensures that performance targets are met through the measurement of progress. This requires proper planning and scheduling, as well as the appropriate resourcing of activities and effective supervision.

The fourth objective sought to realise what the challenges associated with the implementation of a Performance Management System at Matlosana Municipality are. The answer to this problem was provided in Chapter 5 of this study which investigated the perceived problems regarding the implementation of PMS in Matlosana Municipality.

Based on the empirical study undertaken, it is recommended that:

- The position of the PMS Manager should be equalled to that of Section 57 managers so as to have greater influence on the process of PMS.
- The Municipality must capacitate the Performance Management Unit to be able to handle the volumes when cascading the process downwards by appointing more employees who understand and are knowledgeable on the dynamics of PMS.
- Management needs to detail the advantages of having a PMS in place for all stakeholders. It should not be seen as a policing and punishment tool by those involved in the organisation.
- Monitoring and evaluation, which is currently almost non-existent in the Municipality, should be carried out quarterly and all managers, directors and deputy directors should also be responsible for carrying it out. They should be trained to observe and appraise performance.

- A PMS is a component of municipal governance and management system that is aimed at ensuring that the Municipality is developmental. PMS must be understood as complementing planning and budgeting.

The last objective was to make recommendations based on the empirical study to improve the implementation and administration of the PMS at Matlosana Municipality and was achieved by Chapter 6.

6.4 CONCLUSION

The study established that PMS is currently dysfunctional in Matlosana Municipality. PMS should be driven by senior management, especially the Municipal Manager, and the process of implementation should focus on development, evaluating and providing support. This can be done if there is effective communication by all role-players.

Cascading of information should be carried properly by all three spheres of government (National, Provincial and Local) and that targets must be set and enough attention given to strategic planning.

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ANNEXURE A
SEMI-STRUCTURED INTERVIEW SCHEDULE: NWU-MASTERS
STUDY

**TITLE: PERFORMANCE MANAGEMENT SYSTEMS IMPLEMENTATION IN
SOUTH AFRICAN MUNICIPALITIES: THE CASE OF MATLOSANA LOCAL
MUNICIPALITY.**

INTRODUCTION

The researcher is a student currently pursuing studies for a Master's degree in Development and Management in the Department of Public Management at the North-West University. The purpose of the interview is to obtain information regarding the extent to which the implementation of the local government Performance Management System in the Matlosana Local Municipality is challenged. The analysis would entail identifying the implementation challenges, evaluating them and then suggesting possible solutions to those challenges.

Based on these research findings recommendations will be made to further improve the implementation of the PMS in South African Municipalities.

Kindly take note that the information obtained will be used only for research purposes and no names or any identifying data regarding the participant will be revealed. Furthermore, participation is voluntary.

The researcher would like to know whether the following participants would enable him to analyse the responses received on the Semi-Structured Interview Schedule.

Please mark the appropriate block with an "X"

SECTION A: BIOGRAPHICAL INFORMATION

The following personal information is necessary for statistical purposes, to summarise the conclusion of the study in a proper manner and to reflect the opinions of employees on all post-level, ages and gender in the municipality.

Gender	Male	Female
	1	2

Age	18-30	31-40	41-50	50+
	1	2	3	4

Race	Black	White	Coloured	Indian
	1	2	3	4

Level	Other	Middle Management	Senior Management	Councillor
	1	2	3	4

Experience in this municipality	<2yrs	2-5 yrs	6-10 yrs	11-15 yrs	16-20 YRS	20+yrs
	1	2	3	4	5	6

SECTION B: SEMI-STRUCTURED QUESTIONS REGARDING (PMS)

Q 1. Please indicate to what extent you agree with the following statements by marking the appropriate box with an x. Please provide elucidation where applicable.

I understand the mission statement of the Matlosana Municipality

Fully agree	Agree	Disagree	Fully Disagree	I do not understand the mission statement
1	2	3	4	5

Comment:

Q 2.I understand the vision statement of Matlosana Municipality

Fully agree	Agree	Disagree	Fully Disagree	I don't know the mission statement
1	2	3	4	5

Comment:

Q 3. There is a link between the strategic goals of the department and my individual performance

Fully agree	Agree	Disagree	Fully Disagree	I don't know the mission statement
1	2	3	4	5

Comment:

Q 4. Are you participating in the setting or determination of goals within Matlosana Municipality?

Yes	No
1	2

Please elaborate on your involvement:

Q 5. Performance evaluation is used for planning my personal development within Matlosana Municipality

Fully agree	Agree	Disagree	Fully Disagree
1	2	3	4

Comment:

Q 6. I think that everybody in the municipality has the necessary knowledge and expertise to implement PMS

Fully agree	Agree	Disagree	Fully Disagree
1	2	3	4

Comment:

Q 7. How regularly is your performance being evaluated?

Monthly	Quarterly	Yearly	Not at all
1	2	3	4

Comment:

Q 8. Are you aware of any mechanism currently used to determine the performance of councillors?

Yes	No
1	2

Comment:

Q 9. I feel that I was given too many performance goals

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 10. I am sufficiently and duly informed about what is expected from me in the organisation (through mechanisms such as workshops, induction, etc)

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 11. I am sufficiently evaluated in how I am performing

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 12. Indicate the primary role-player in performance management in Matlosana Municipality (choose only one option)

Mayor	Executive committee	Municipal manager	Community	Other
1	2	3	4	5

Q 12(a). If you choose “other”, please specify

Q 12(b). The aforementioned primary role-player is able to manage the municipality’s PMS

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 13. Performance Management is an important indicator for service delivery and should be implemented throughout the year

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 14. Are you aware of the legislation governing Performance Management System in the Matlosana Municipality?

Fully agree	agree	Disagree	Totally disagree
1	2	3	4

Q 15. Information regarding PMS should be available to all role-players including the community?

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 16. Information regarding PMS should be available to all role-players including the community?

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 17. A more effective and efficient performance management system can only be achieved by means of cooperation and participation by all stakeholders

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

Q 18. The municipality will benefit from training on aspects of Performance Management

Fully agree	Agree	Disagree	Totally disagree
1	2	3	4

Comment:

SECTION C: PERCEIVED PROBLEMS REGARDING PMS

Are there any perceived problems regarding the functioning of PMS within the Matlosana Municipality that have not been outlined above which you would like to bring to the attention of the researcher?

PROBLEM:

THANK YOU FOR THE CONTRIBUTION TOWARDS THE STUDY!