

**Performance management systems
implementation challenges in South African
municipalities: The case of Dr Kenneth Kaunda
District Municipality**

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KEY WORDS

Performance, Performance Management, Performance Management System, key performance indicators, performance targets, municipality, service delivery, developmental local government, good local governance, and Dr Kenneth Kaunda District Municipality.

ABSTRACT

In the accomplishment of good governance South African municipalities need to develop measurable objectives related to performance measures and targets that capture strategically important aspects of performance. This allows performance to be easily monitored and aligned with municipal Integrated Development Plans (IDPs).

Performance information should be used in conjunction with strategic planning, budgeting, policy analysis and evaluations, organisational reviews and performance appraisals for the managers. This is necessary in order to improve performance and for assuring the public that they are receiving value for money.

A Performance Management System (PMS) is the principal management mechanism intended to determine outcomes and impact of municipal service delivery on the communities they are commissioned by legislation to service. The PMS measures should always be relevant, meaningful and informative to political and administrative decision-makers. The data gathered from the PMS should be presented in a balanced, comprehensive and credible manner.

The aim of this study is to analyse the challenges that influence the implementation of the local government PMS in the Dr Kenneth Kaunda District Municipality. The analysis entails identifying the challenges, evaluating them and then suggesting possible solutions to the challenges.

OPSOMMING

In die nastrewing van goeie regeringsbestuur, behoort Suid Afrikaanse munisipaliteite meetbare doelwitte te ontwikkel wat gekoppel is aan prestasiemaatreëls en -doelwitte wat die strategiese aspekte van hul prestasie kan meet. Dit vergemaklik die monitering en belyning van werkverrigtinge met munisipale Geïntegreerde Ontwikkelingsplanne (GOPs).

Prestasie-inligting behoort gebruik te word in samewerking met strategiese beplanning, begroting, beleidsanalise en evaluasies, organisasiehersiening, en prestasie-evaluasies deur bestuurders. Hierdie aspekte is noodsaaklik vir die verbetering van prestasie en sodoende kan die publiek verseker word dat hulle waarde vir geld kry.

'n Prestasiebestuurstelsel (PBS) is die kern bestuursmeganisme wat ten doel het om die uitkomstes en die impak van munisipale dienslewering op die gemeenskap te bepaal, wat hulle deur middel van wetgewing opdrag gegee word om te dien.

Die PBS meetinstrumente behoort altyd relevant, betekenisvol en informatief te wees om inligting te verskaf aan politieke en administratiewe besluitnemers. Die inligting wat deur middel van 'n PBS onttrek word, behoort voorgehou te word op 'n gebalanseerde, omvattende en geloofwaardige wyse.

Die doel van hierdie studie is om die uitdagings wat die implementering van die Prestasiebestuurstelsel beïnvloed, te bepaal in die Dr Kenneth Kaunda Distrik Munisipaliteit. Die ondersoek behels die identifisering van die uitdagings verbonde aan die implementering van 'n PBS, 'n evaluasie daarvan, sowel as die aanbieding van voorstelle vir die moontlike oplossing van huidige uitdagings.

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CHAPTER 1

INTRODUCTION

1.1 ORIENTATION AND PROBLEM STATEMENT

Governance, according to Abdellatif (2003:3), has a central role in development discourse and development strategy. Abdellatif (2003:3) also points out that the importance of governance is accepted universally despite the different approaches to theoretical formulations, policy prescriptions and the conceptualisation of governance. It requires a prescribed financial reporting format which links policy objectives to action plans, programmes, projects, budgets and time-scales.

In the accomplishment of governance the government institutions need to develop measurable objectives related performance measures and targets that capture strategically important aspects of performance to allow performance to be easily monitored (RSA, 2003a:19). Cloete (2005:4) observes that the Office of the Auditor General, in close co-operation with the National Treasury, developed a National Performance Management Framework and that the local sphere of government in South Africa is the main implementer of government policies and programmes.

As a point of departure Abdellatif (2003:3) states that policy analysis is based on the historical prominence of the government's failure to deliver services. Thus, in this case good governance is the term that describes the paradigm shift from just governance or governance as usual to good governance of the role of governments.

Good governance can be regarded as the measure that donors use for their provision of foreign aid for structural or developmental purposes (World Bank, 2002). Most scholars, policy-makers, aid donors and aid recipients recognise good governance as a fundamental ingredient of sustained economic development. It is also synonymous with public participation, accountability and service delivery (World Bank, 2002; Kaufmann & Kraay, 2008:1).

The Mo Ibrahim foundation (2007) regards good governance as a set of political elements which are: Safety and security; Rule of law; Transparency and corruption minimisation; Participation and human rights; Sustainable economic development; and Human development. According to the United Nations Development Programme (UNDP) (1997), good governance requires among other things, participation, transparency and accountability, and must be effective and equitable. It promotes the rule of law and thus ensures political, social and economic priorities based on society's broad consensus that its poorest and most vulnerable members must be included in decisions regarding the allocation of resources.

Bilney (in Kabumba, 2005) regards good governance as the effective management of a country's social and economic resources in a manner that is open, transparent, accountable and equitable while Holtz (2000) defines it as the transparent and responsible management of public resources for the purposes of equitable and sustainable development.

According to Hyden and Braton (1993:7) there are four criteria that can be used to assess the style of governance in a society: the degree of trust in government; the responsiveness of the relationship between government and civil society; the government's degree of accountability to its voters; and the nature of the authority that the government exercises over its society. It is with this in mind that Cloete (2005:1) argues that good governance is the achievement by a democratic government of executing the most appropriate developmental policy objectives in order to sustainably develop its society.

It does so by mobilising, applying and coordinating all available resources in the public, private and voluntary sectors either domestically and internationally, in the most effective, efficient and democratic manner. The net effect is the improvement of service delivery which, according to Phamotse and Lues, has very positive connotations regarding the enhancement of value. They argue that the resultant improvement is an integral part of the broader framework of the modernisation and democratisation of government organisations (Phamotse & Lues, 2010:4).

The South African government has adopted an explicit performance-based governance system of public services delivery (RSA, 2002:10; RSA, 2003b). South African public sector institutions at national, provincial and local governmental levels are in terms of official government policy supposed to develop systematic sectoral policy output and outcome indicators to measure service delivery progress (Cloete, 2005:2).

What this implies is that the governmental accountability can be implemented through a Performance Management System. Van der Waldt (2004:14) notes that accountability requires the establishment of criteria to measure the performance of public officials as well as oversight mechanisms; this is done to ensure that the government meets the standards required of it. This is why good governance is of the highest importance in this study.

Van der Waldt (2004:19) indicates that introducing the concept of governance places insufficient attention on the political dimensions of public management, particularly on responsibility, responsiveness, accountability and transparency towards citizens. A focus on outcomes denotes dissatisfaction with outputs for determining the effects of public policies, the use of resources and institutional behaviour. It signals a shift from institution-centred effects and then to society. According to Buck-master (1999), outcomes are the intended effects of services on people. Inputs are those resources provided for the programme, for example, training materials, salaries and volunteer time.

Outcomes-based governance concerns the effects of governance on the public and issues they find important (Van der Waldt, 2004:19). This is done in order to provide the appropriate services to the public. Conversely the municipalities provide services to communities (customers) based on what they actually need. In the past insufficient attention was paid to the political dimension of the public management because the government was more concerned about making rules and regulations and paid very little attention to governance (Van der Waldt 2004:19). The purpose of the outcomes-based governance according to Van der Waldt (2004:20), is to: improve the effectiveness and efficiency of public officials; raise public awareness in the form of transparency and accountability;

reallocate resources to meet the requirements of the programmes concerned; and establish cooperation and coordination between public agencies.

In the pursuit of outcome-based governance the South African government initiatives, which need to demonstrate that performance is managed, measured and improved (Van der Waldt, 2006) led to the establishment of the Batho Pele White Paper (RSA, 1997), which focuses on the placement of the client at the centre of public service delivery. According to RSA (2009:3), managing outcomes requires that attention be paid to the full delivery chain which begins with the expected outcomes, then defines the processes to achieve these outcomes and finally monitors whether these processes are adhered to.

Van der Waldt (2004:53) and Kearney and Berman (1999:177) define performance as a measure of how well a programme achieves its objectives; they state that performance targets can be regarded as an organisation's measure of success in terms of achieving its institutional goals.

Performance is the actual work that is performed to ensure that the mission of an organisation is achieved (Langdon, 2000:13). Performance involves inputs (the resources that are needed to produce the expected results); processes (the activities undertaken to produce those results); outputs (the measurable products of the programme's activities) and finally, the outcomes (the intended effects of services on the people) (Van der Waldt, 2004:21).

Performance can be defined as an actual accomplishment, the produced output (Online, 2011) or successfully using knowledge as opposed to merely possessing it. Van der Waldt (2004) describes performance as the integrated, systematic approach to improving organisational performance in order to achieve strategic departmental objectives and to promote departmental vision, mission and objectives. Thomas (2004:12) considers that performance is an objective phenomenon consisting of a programme's set of attributes and the measurable impact that a programme has on the society.

According to Van der Waldt (2004:39) performance management is the range of processes, techniques and methods used to achieve organisational improvement: all processes and systems designed to manage and develop

performance at the public service level, specific organisations, components, teams and individuals all form part of performance management. In broad terms Conradie and Schutte (2003) define performance management as a strategic approach to management which equips leaders, managers, workers and stakeholders with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review the performance of an organisation in terms of targets for efficiency, effectiveness and impact.

Performance Management is instantaneous to monitoring and evaluation and involves collecting, analysing, and reporting data on inputs, activities, outputs, outcomes and impacts as well as external factors. This is carried out in a manner that supports effective management and that aims to provide managers, decision-makers and other stakeholders with regular feedback on progress of implementation. Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to guide decision making of staff, managers and policy makers.

Evaluations may assess the relevance, efficiency, effectiveness, impact and sustainability of a programme. Impact evaluations examine the validity of underlying theories and assumptions whether they worked or not and why. Evaluation can also be used to extract crosscutting lessons from operating unit experiences and determine whether modifications to strategic results frameworks are necessary; results and early indicators of problems that need to be corrected; information on actual performance which can be compared to what was planned or expected (RSA, 2007).

Van der Waldt (2004:39) defines performance management and development as all those processes and systems which are designed to manage and develop performance at the public service, organisational, component, team and individual levels.

Kanyane and Mabelane (2009:60) postulate that a Performance Management System (PMS) is an integrated system used to measure the performance of an institution and its personnel. Craythorne (2006:120) adds that performance management is most commonly thought of as a technique applied to the

performance of the staff and their organisation and thereby indirectly to the political figures that are responsible for that organisation.

According to Van der Waldt (2004:39), a PMS is the instrument that is used to measure how well an organisation is achieving its goals and objectives. Matlosana (2009:5) defines a PMS as a strategic approach which provides a set of tools and techniques to regularly plan, monitor and review the performance of an organisation and individuals and its employees and seeks to have all parts of a municipality working together in order to achieve their goals, objectives and respective targets.

Usually a PMS is utilised to develop a process whereby individual and organisational goals are set on the basis of the needs of the organisation and development needs of the individual (Van der Waldt, 2004:40). The purpose is that the individual and organisation both benefit.

The effectiveness of the implementation of the PMS is directly proportional to the way the system is managed. This is evident in the improved professionalism of the employees who found potential customers in the upper and middle income groups; this contributed significantly to the performance of the organisation. At the same time, efforts to introduce operational effectiveness and efficiency can also be boosted through a programme called *Enterprise Cost Reduction* (Suryadi, 2008:71). The effectiveness of the PMS is the dependent variable of the following factors: consistency of application, acquisition of particular skills, objectivity of the process, balanced valuing of the process as well as the outcomes.

Performance feedback should be given at regular intervals by means of a balanced scorecard. It should be motivated by the accompanying financial gains for the general human resources as well as the institution at large (RSA, 2000).

In 2004 the Cabinet approved a process to plan a monitoring and evaluation (M&E) system to be used throughout the government that would provide reliable information on the implementation of government programmes, facilitate analysis of its performance and improve M&E practices (RSA, 2004). This plan shows the prospect of six system performance indicators. In pursuit of that plan,

in 2007 the ministry responsible for Provincial and Local Government established the Policy Framework for the Government-wide Monitoring and Evaluation (GWM&E) System which sought to provide an integrated framework of M&E principles, practices and standards to be used throughout Government. The GWM&E functions as the apex body which draws from component systems in the framework to deliver useful M&E products for its respective users (RSA, 2007).

In 2009 the policy document was designed by the Presidency (RSA, 2009) to ensure that the mandate of the Ministry for Performance Management, Monitoring and Evaluation was translated with a clear set of outcomes. In 2006 the Extended Cabinet Lekgotla adopted the Five Year Local Government Strategic Agenda 2006-2011 that committed the government to support, strengthen, improve and mainstream municipal governance, performance and accountability (RSA, 2006b).

South Africa has three spheres of Government: national, provincial and local. The local government sphere comprises municipalities which are divided into metropolitan, district and local municipalities. Municipalities are intended to effectively address poverty and the lack of access to basic services in their respective communities. To measure how effective and efficient this government is and to determine its economic accomplishments requires a sound and reliable PMS. The long term prospect of a PMS is to measure the actual performance of individual employees and the organisation as a whole (Matlosana, 2009:5).

The purpose of local government, as stipulated in Chapter 7 of the Constitution of the Republic of South Africa, 1996 is to provide democratic and accountable government for local communities; to ensure the provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment; and to encourage the involvement of communities and community organisations in the matters of local government (SA Constitution, 1996).

The mandate of local government is encapsulated in the preamble of the Local Government: Municipal Structures Act 117 of 1998:

“...a vision of democratic and developmental local government in which municipalities fulfill their constitutional obligations to ensure sustainable effective and efficient municipal services, promote social and economic development, encourage a safe and healthy environment by working with communities in creating environments and human settlements in which all our people can lead uplifted and dignified lives”.

This can be coupled with the White Paper on Local government (RSA, 1998) which emphasises the new challenges of local government as being to create a developmental local government system on the basis of the developmental approaches which are: integrated development planning, service delivery, local economic development and democratisation in the effort to improve the quality of citizens' lives (Parnell et al., 2008:162).

Chapter 6 of the Local Government: Municipal Systems Act 32 of 2000 requires local government to develop a PMS set targets, and monitor and review performance based on indicators linked to the Integrated Development Plan (IDP). They are then required to publish an annual report on the performance of the councillors, staff, the public and other spheres of government.

The Act also requires that municipalities incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government and conduct an internal audit on performance before tabling the report. Finally, local government must have the annual performance report audited by the Auditor-General and involve the community in setting indicators and targets and reviewing municipal performance (RSA, 2000).

According to the State of the Cities Report (2008), the most important role of the municipality is to provide the best quality of life possible both now and in the future; the municipalities do so with varying degrees of success which itself does not depend on affluence. This report states that a successful municipality offers the people who live, work and invest in it the infrastructure, services, security and efficiency they need. Provision of services, poor urban planning

and management and accountability are some of the objectives that certain municipalities have been unable to meet; this, and poor urban governance can damage the urban economy, society and the environment says the Report (2008) and World Bank, (2002).

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

In accordance with the Systems Act (2000), the Department of Provincial and Local Government provided municipalities with extensive prescriptions and guidelines to implement performance assessment as part of their statutory obligations regarding IDP. The Department also published key performance indicators for local government that were based on international comparative experiences (Cloete, 2005:5). According to the City of Matlosana (2011:7), the IDP is defined as a participatory planning process aimed at integrating sectoral strategies in order to support the optimal allocation of scarce resources between sectors and geographic areas and across the population. This is performed in a manner that promotes sustainable growth, equity and the empowerment of the poor and the marginalised.

In 2006 the Ministry responsible for Provincial and Local Government published Draft Local Government: Municipal Performance Regulations for Section 57 Employees (RSA, 2006). The purpose of these regulations is to define how the performance of municipal councils is to be uniformly directed, monitored and improved. The regulations include instruments that should be incorporated into IDP to ensure good performance and continuous improvement in the local government. These instruments enable the implementation of the Integrated

Development Plan (IDP) within a municipality and also enable better performance and enhanced accountability (RSA, 2006).

The Dr Kenneth Kaunda District Municipality covers a total area of 15 712 Km². With regard to the Municipal Demarcation Act 27 of 1998, this is a Category C Municipality which consists of the City of Tlokwe, the City of Matlosana, Ventersdorp and Maquassi Hills. It is one of the four district municipalities in the North West Province of South Africa. It is located 65 Km South-West of Johannesburg and borders Gauteng in the East and the Free State in the South-East. This study will identify and analyse the challenges regarding the implementation of the local government performance system in this district and then suggest possible solutions to the challenges of local government PMS implementation in the district (Dr Kenneth Kaunda District Municipality, 2010).

The study will therefore identify and evaluate the challenges that hamper the effective implementation of the PMS of the Dr Kenneth Kaunda District Municipality and make recommendations to improve their situation. In order to achieve this, the study will use a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis and a balanced scorecard.

The problem is that there are many implementation challenges in the Performance Management System in the Dr Kenneth Kaunda District Municipality that render it unlikely to ensure the developmental status of the Municipality and its sustainability.

1.2 RESEARCH QUESTIONS

The following research questions can be asked:

- What are the theories, principles, procedures and best practices governing performance and Performance Management System implementation?
- What are the statutory and regulatory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities?

- What are the institutional policies, systems, structures, approaches and operations in place that enhance the implementation of the PMS in the Dr Kenneth Kaunda District Municipality?
- What led to the challenges in the implementation of the PMS implementation challenges in the Dr Kenneth Kaunda District Municipality?
- What methods and techniques can be applied in the establishment of a PMS in the Dr Kenneth Kaunda District Municipality?
- What recommendations may be made to ensure the effective and efficient implementation of the PMS in the Dr Kenneth Kaunda District Municipality?

1.3 RESEARCH OBJECTIVES

The aim of this study is to analyse the challenges that influence the implementation of the local government PMS in the Dr Kenneth Kaunda District Municipality. The analysis would entail identifying the challenges, evaluating them and then suggesting possible solutions to the challenges.

The objectives of the study would be:

- To provide a theoretical background to the concepts, principles, procedures and best practice governing the implementation of PMS;
- To establish regulatory and statutory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities.
- To analyse the policy framework governing PMS implementation in the Dr Kenneth Kaunda District Municipality.
- To determine the challenges facing PMS implementation in Dr Kenneth Kaunda District Municipality.
- To determine methods and techniques to be applied in the implementation of PMS in Dr Kenneth Kaunda District Municipality.
- To make recommendations based on the research findings in order to improve PMS implementation in the municipality.

1.4 LEADING THEORETICAL ARGUMENTS

The leading theoretical argument of this study is that in acknowledgement of the statutory framework for IDP processes, appropriate modes and applicable mechanisms for performance management and PMSs are necessary and ought to be researched in situations where they are lacking or failing (City of Matlosana, 2011). The information gathered through research and PMS flaws that still exist should be improved and can be used to make IDP and PMS processes fit for specific municipalities; this will help ensure more successful municipal service delivery.

Local governments need to demonstrate that the performance of the local government service delivery is managed, measured and improved through the implementation of PMSs (Van der Waldt, 2006:128). Van der Waldt also (2006:128) implies that strong, vibrant, innovative and responsible local government would need to improve the focus on performance improvement, monitoring and evaluation from both strategic and operational perspectives.

Finally the oversight function of the council as the means of accountability will be enhanced by this research. This is because effective local governance means actual performance and, the extent to which the system satisfies the basic functions of government (Van der Waldt, 2006:129).

1.5 LITERATURE AND RESEARCH METHODS

In view of the fulfilment of the research objectives given above, information will be sourced from both primary and secondary sources. This will be made possible through the acquisition and extraction of information from the empirical study and the literature review. A literature review usually entails obtaining and studying useful sources: in this case will help to improve the interpretation of the research results and prescribe the best methods, instruments and relevant statistics. It will also provide more recent research findings.

Three methods of data collection exist in research: these are quantitative, qualitative and mixed methods (De Vos et al, 2011:63). *De Vos et al* describe mixed methods research as “the class of research where the researcher mixes

or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study". For this research qualitative methodology will be used and will be conducted using a literature review, internet abstractions, interviews, media articles and journals and information from an empirical study.

1.5.1 Literature Review

Brynard and Hanekom (2006:38) point out that successful research depends on the well-planned and thorough review of the available and relevant literature. A literature review can be used to provide models of arguments, forms of analysis, informed questions and any information related to the field in question. Primary literature will be used in this study as the foundation of the research. The literature will comprise books, government documents and reports, international reports, conference proceedings and research-related reports and documents, journals, scholarly articles and policies and legislation relevant to performance management and implementation challenges.

1.5.1.1 Database Consulted

The following databases were consulted to complement the literature review for the completion of this study:

- South African Local Government Association (SALGA);
- Department of Local Governance and Traditional Affairs (DOGTA);
- EBSCO Academic Search Elite; Catalogue of books: Ferdinand Postma Library (North-West University);
- National Research Foundation;
- Dr Kenneth Kaunda District Municipality;
- Catalogue of theses and dissertations of South African Universities; and
- NAVO Data base.

1.5.2 Empirical Investigation

The data were sourced primarily through an empirical study. This involved semi-structured interviews and a self-administered questionnaire. This was complemented with the information gathered from the study of the relevant, strategic and technical documents pertaining to the Dr Kenneth Kaunda District Municipality.

1.5.2.1 Interviews

One means of collecting data for qualitative research is with structured interviews (Struwig & Stead, 2001:13). The target respondents were the relevant experts such as PMS Managers, IDP Managers, HR Managers, a few Section 57 managers, the Executive Mayor of Dr Kenneth Kaunda District Municipality, and the Municipal Manager. The respondents will be assured of the confidentiality of the information and that the results will be used only for the research purposes of the research.

It was important to perform a pre-test (pilot study) of the Interview Schedule to test whether the respondents would be able to understand and interpret the questions adequately. Based on those initial responses the questions were adjusted and refined (Fox & Bayat, 2007:102).

1.5.2.2 Ethical considerations

A thorough explanation of the need for participation was given to participants prior to their participation. The respondents were assured of the confidentiality of the information and that the results would be used for research purposes only.

1.5.2.3 Limitations and delimitations

This study and findings were confined to the implementation challenges of the PMS in the Dr Kenneth Kaunda District Municipality and therefore cannot be generalised to the functionality of other municipalities. It was also realised that people who did not relate well to the issues of the municipality might not respond at all and some of the participants might not be able to understand how

this research could add value to their development and hence may evidence cynical attitudes.

1.6 SIGNIFICANCE OF THE STUDY

To ensure that a theoretical, legislative and regulatory framework for PMS implementation unfold and yield the envisaged results through the involvement of all stakeholders and procedures.

The District Municipality members and other associates of the municipality participate in a wide range of activities related to their municipal interests recommended by this research. Such activities can advance the search for knowledge, bring fresh insight into the municipality and further the District Municipality's broad interest in serving society. Simultaneously, the District Municipality and its members have long recognised that upholding the principles of good governance, outcome-based governance and performance culture, and the IDP is indispensable. The District Municipality will be recommended to begin strengthening its prospects of performance improvement, performance monitoring and performance evaluation at all levels of municipal services.

1.7 CHAPTER OUTLINE

The study is divided into six chapters.

In the first chapter the background of the study is described. It highlighted the problem statement, research questions and objectives of the study.

Chapter two describes what lies underneath the performance, performance management and Performance Management Systems. The chapter will further examine the evolution of PMS and determine the best methods and practices and benchmarks of performance management models.

A literature review on local government in South Africa will be performed in chapter three. This chapter will include the study and analysis of the governmental and departmental Acts, policies, white and green papers and

other related documents and finally identify possible reasons for the inadequate performance of local government.

The status quo of the PMS implementation of the Dr Kenneth Kaunda District Municipality will be dealt with in chapter four. Included in this will be the establishment of any coherence, adherence and observance of the Dr Kenneth Kaunda District Municipality to the theory behind the PMS Implementation and the legislative framework governing PMS Implementation in SA.

In chapter five the data will be analysed and challenges facing performance in the Dr Kenneth Kaunda District Municipality will be established.

The last chapter (six) this rubric draws a conclusion and recommends means to overcome the challenges envisaged in the study.

1.8 CONCLUSION

This chapter concludes the phenomenal introduction of the study. It determines the problem statement of the latter, anticipates the research questions, and highlights the research objectives and the demarcation of the study. The chapter then incorporated the significance of the study and introduced as well as described the research methodology of this study. Included also in this chapter is the provisional layout of the study chapters.

The next chapter will deal with a theoretical exposition of performance management and PMSs that will provide an overview of what performance, performance management and PMS entail. The chapter will also provide conceptual aspect of the study by conceptualising performance, performance management and PMSs.

CHAPTER 2

THEORETICAL EXPOSITION OF PERFORMANCE MANAGEMENT AND PERFORMANCE MANAGEMENT SYSTEMS

2.1 INTRODUCTION

This chapter furnishes an overview of the factors required for performance, performance management and the Performance Management System (PMS); its purpose being to provide a conceptual aspect of the study. The approach used was a theoretical study of the evolution of performance management. An examination of differentiation between organisational performance and human resource performance followed, as these are important dimensions of performance management.

This chapter further investigates the evolution and development of the above mentioned performance factors as applied in public sector settings. It further explores performance management as a prerequisite for effective service delivery in the public sector, examining the aspects of developing and designing performance management systems in the public sector as well as considering best practices governing PMS implementation and reiterating the models, tools and techniques available for performance monitoring and measurement. Finally, the chapter analyses the challenges that influence the implementation of PMSs in public institutions.

2.2 CONCEPTUALISING PERFORMANCE, PERFORMANCE MANAGEMENT AND PMSS

It is important to give a comprehensive view of performance management concepts before dealing imperatively with the implementation of Performance Management System in the public institutions. The purpose of the above is to gain the better understanding of concepts and also to clarify them for this study. This will be achieved by exploring some key related definitions.

2.2.1 Performance

Campbell (1990:23) and Murphy et al. (1994:1127) view performance as the behaviour of employees, as being distinct from the performance of processes and outcomes. Campbell tends towards human resource performance in his argument. According to Van der Waldt (2004:37), however, performance refers to the work being done as well as about the results achieved through the work. The latter definition therefore focuses not only on the human dimension of performance, but also includes the performance of processes and the entire functioning of an organisation. In support of the above statement, Thomas (2004:12) augments to this view by indicating that performance involves all interactive processes, programmes, activities and projects which people who are centrally involved in and concerned about an organisation agree implicitly and explicitly to be performed.

Rodgers (1994:21) is of a similar opinion and emphasises the aspect of linkage when defining performance as the measurement of outcomes of work for stating that it provides the strongest linkage to organisational strategic goals, customer satisfaction, and economic contributions. Holbeche (2005:243) and Van der Waldt (2008:8) use a more inclusive and holistic approach when describing performance as the integrated, systematic approach to improve organisational performance to achieve strategic objectives and to promote its vision, mission and values. This definition will be adopted as the operational or working definition for purposes of this study.

While Campbell (1990) proposed an eight factor model of performance based on factor analysis research in which he attempts to capture dimensions of job performance existent (to a greater or lesser extent) across all positions, a taxonomy of job performance was proposed and developed for the US Navy by Murphy (1994:96). This model is significantly broader and categorises performance into only four dimensions which are more staff performance orientated.

(Thomas, 2004:8) asserts that performance is a multi-dimensional concept in that each aim has corresponding dimension. Eight dimensions are identified to

assist in understanding more about the process of improving organisational performance (Thomas, 2004:8). Performance can be defined in many varying ways depending on the dimension upon which the focus is directed, as the dimensions can be antagonistic at times (Van der Waldt, 2006:133). For purposes of this research, the author made use of Van der Waldt's perspective (2006:133) as it takes into account the dualistic, or dichotomous, nature of performance.

2.2.1.1 Eight dimensions of performance

Van der Waldt (2006:133) identified eight dimensions of performance which highlight the relevance of performance management and PMS implementation challenges in this study; are described in the following manner:

- i. **Modification of perceptions and attitudes:** The aspect of the modification of perceptions and attitudes dimension is to take care of attributes like changing quality emotions, beliefs, values and attitudes of the people by increasing the information flow which is accomplished through the explanation of the policies, instituting staff meetings, keeping open doors and using other relevant and effective communication systems;
- ii. **Modification of the authority systems:** The modification of the authority systems comprises that dimension whereby the responsiveness of management and authority relations, decision-making processes and communication mechanisms are enhanced;
- iii. **Structural reorganisation:** This process includes changing such items as: the structural size of the unit, staffing procedures, physical arrangements and budgeting systems;
- iv. **The process of measurement and evaluation:** This process involves setting goals, objectives and targets, measuring progress and evaluating results through such practices as implementation of management by objectives, management information systems as well as programme planning and budgeting;
- v. **Modification of work methods through technology:** The modification of work methods through technology entails changes in equipment, work

methods, control systems, form and tracking devices as well as work processes and reporting processes;

- vi. ***Retraining and replacement of staff:*** Retraining and replacement of staff involves teaching new skills as the result of redefining of duties, responsibilities and job qualifications to the human capital;
- vii. ***Modification of the workflow:*** Modification of the workflow involves rearrangement of units of work or jobs in such a way that the sequence of workflow is changed; and
- viii. ***Introduction of new innovative programmes:*** The introduction of new innovative programmes includes factors such as the introduction of new products or services.

2.2.2 Performance Management

Thomas (2004:3) regards performance management as a subjective, value-driven activity taking place in the environment that recognises and accommodates competing values, interests and demands to define the public interest that upholds ambiguity, contingency, plurality and controversy. In concurring with Swanepoel (1990:111), Van der Waldt (2004:29) adds that performance management is an approach to manage people and invoking planning employee performance and facilitating the achievement of results specific for work done. This definition is concerned with the human dimension of performance management.

The Department of Provincial and Local Government (DPLG) defined performance management as a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tool and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact (RSA, 2007:17). This implies that the aim of the performance management is to ensure that all leaders, managers and individuals in a municipality are held accountable for their actions, which should bring about improved service delivery and value for money (RSA, 2007:17).

For this study the inclusive definition adopted is that of Van der Waldt (2004:39) who describes performance management as the range of processes, techniques, systems and methods used to or designed to manage and develop performance at the level of public service, specific organisations, components, teams and individuals to achieve improvement. This will be used along with the one supplied by Continuous Process Improvement (CPI, 2011), which defines performance management as the systematic process of monitoring the results of the activities and collecting and analysing performance information in order to track progress towards planning those results to inform and programme decision-making and resource allocation in the advancement of organisational learning.

Performance management typically consists of three elements of a systems process with a specific and sequential logic as explained by Van der Waldt (2004:40):

- Performance planning, which is part of the overall strategic planning of an institution with the intention of allowing employees to perform optimally to reach organisational goals. In this case the employees' awareness of the performance standards are ensured to be measured and the results of the measurement will be recorded;
- Performance monitoring, which has to do with daily supervision of performance, thus recording performance on the job and pre-empting performance problems; and
- Performance appraisal, which comprises of the application of a system of measuring the workers performance.

Thomas (2004:8) presented the following examples of the aims of performance management; the have direct relevance to this study:

- To help clarify organisation goals, directions and expectations;
- To help the organisations learn how to accomplish goals more effectively;
- To communicate the priorities of the organisation;

- To support strategic planning by linking broad statements of direction to specific operational outputs and outcomes;
- To support budgetary planning and resource allocation processes;
- To monitor the operation of programmes and to make continuous improvements;
- To motivate public servants and to restore pride within the public service that it is making a positive contribution;
- To enable citizens to make better informed decisions in the use of public programmes;
- To restore public confidence that they are receiving value for money in public spending;
- To assess whether the organisation is achieving its expected goals; and
- To strengthen internal administrative and external political accountability.

According to Isaac-Henry, Painter and Barnes as captioned by Van der Waldt (2004:44), performance management is essentially concerned with the enhancement of the value-adding management process in relation to increasing the productivity and quality of the relationship between organisational inputs/or resources, outputs or/goods and services delivered as well as outcomes achieved.

Performance management is found to be essential for quality purposes of all work done. According to Williams (2002:12) effective performance management means articulating the organisational vision; establishing key results, objectives and measures at the key functional core of the business and; then identifying process objectives and the key indicators of performance for those processes. During this process a second process should occur in parallel, namely identifying and installing effective measures, monitoring and controlling the four key performance measures of quality, cost, time and delivery; as well as managing the continuous improvement of performance in said key areas. This concurs with Masango's views (as quoted by Van der Waldt, 2004:24), in which he refers to the key aspects of effective performance

management including performance targeting; performance standards-setting; and performance evaluation.

According to Van der Waldt (2004:42), performance management clarifies strategy enhancing its accessibility. It furthermore transforms strategy into operations and vision into action and clarifies roles and responsibilities for its implementation. It additionally clarifies expectations of the institution and individuals, - thereby linking organisational and human resource performance while also improving accountability and public participation.

Any implementation of performance management in an institution should always involve the people who are directly affected by it and addressing their suspicions and allaying their fears. Such suspicions and fears are typically elicited by the increasing pressure to be more productive, more accountable and more responsive coupled with the demands of the new and advanced technological society (Van der Waldt, 2004:19).

In an effort to dispel fears from amongst the staff members concerned while at the same time providing the necessary information about the work of the human resources in the organisation, Parsons and Slabbert (2001:74) suggest that staff and management should negotiate a mutually acceptable method of describing all the activities that are performed and quantify them in terms of time and standards of performance. The information thus gained from these negotiations is able to be used in the formulation of PMSs where acknowledgements are awarded to the range of activities expected of staff to enhance staff motivation and empowerment.

The following subsection will provide insight of PMSs as they should be understood in general, and insight into PMS as applied in this study.

2.2.3 Performance Management Systems

Van der Waldt (2004:39) defines PMSs as strategic approaches which provide a set of tools and techniques to plan regularly, monitor and review performance of the organisation and individuals. A PMS can be regarded as an instrument that is used to measure how an organisation is performing towards achieving

its goals and objectives (Van der Waldt, 2004:39). Such systems provide for ensuring that all parts of the public institution are synchronised to achieve the goals and objectives with the targets that are set. It is imperative that a comprehensive PMS be linked with the human resources development in order to bridge the skill gap by training the employees for further development (Rogers, 1990:85).

Kanyane and Mabelane (2009:60), on the other hand, define a PMS as an integrated system used to measure the performance of an institution and its personnel. Craythorne (2006:120) adds to this view by suggesting that PMS is most commonly thought of as a technique applied to the performance of the staff and their organisation and thereby indirectly to the political figures that are responsible for that organisation.

According to Van der Waldt (2004), a PMS is the instrument that is used to measure how well an organisation is achieving its goals and objectives. The CPI (2011) concurs with the above definition, describing a PMS as that process which involves the collection, synthesis, analysis and reporting of the accomplishments or inputs. It additionally involves performance indicators affecting work, output and accomplishment in relation to the strategy designed for improving the management and performance of the institution.

This study utilises an encompassing definition which describes a PMS as a strategic approach providing a set of tools and techniques with which to regularly plan, monitor and review the performance of an organisation, individuals and its' employees and which seeks to have all parts of the organisation working together in order to achieve organisational goals, objectives and respective targets.

From the above definition it is apparent from the above that performance is effective when it is managed through a systematic review mechanism and also when it is measured through competent indicators. According to Wright et al. (1997:7), the PMS has a great potential of improving employee and organisational performance if it is managed through a systematic review mechanism and also measured through competent indicators.

According to Minnaar (2010:36), PMS can be categorised into four component phases which are performance planning, performance activation, performance monitoring, and performance evaluation. The performance planning component addresses the concept of performance indicators and performance targets being set. It is a phase or a component that involves the development of institutional strategies aimed at the implementation of policy mandates.

The performance activation phase then follows, which involves the institutional activities initiation state that satisfies the indicators and includes the alignment of structures and resources. The third component, performance monitoring, entails the controlling and monitoring of personnel efforts, resources utilisation and systems applications. Finally, the performance evaluation component is the process which occurs at regular intervals and assesses the functionality of the indicators and performance of targets according to the plans.

According to Thomas (2004:10), the principles of the PMS may be stated as follows:

- It has clearly defined purposes and uses;
- It focuses on outcomes, not just inputs and outputs;
- It employs a limited, cost effective set of measures;
- It uses measures which are scientifically valid, reliable, consistent, comparable and controllable;
- It produces information which is relevant, meaningful, balanced and valued by either leaders or funders of the organisation;
- It is integrated with the planning and budgetary processes; and
- It is embedded in the organisation, is stable and is widely understood and supported.

Bevan and Thompson as quoted by Price (1997:303) describe a model of steps of implementation of PMSs as follows:

- The organisation develops a shared vision of its objectives or a mission statement which is communicated to its employees;

- The individual performance management targets related to unit and wider organisational objectives are set;
- There is a regular formal review of progress towards achieving performance management targets;
- There is a review process which identifies training, development and rewards outcomes; and
- The whole process is itself evaluated, giving feedback for memorisation and learning for changes and improvements.

It is clear that a comprehensive PMS is better utilised to ensure that all parts of a public institution work together to achieve goals and to operationalise objectives that were strategically set. The following section will deal with the linkage between the organisational performance and human resource performance.

2.3 DIFFERENTIATING BETWEEN ORGANISATIONAL PERFORMANCE AND HUMAN RESOURCE PERFORMANCE

For purpose of this study it is imperative that PMSs needed to be implemented by people from various levels of the organisation. With this in mind, it is equally important to link organisational performance and human resource performance within the respective organisation. This concept will be addressed in this section of the study.

Van der Waldt (2006:132) adopts a comprehensive view that embraces three interrelated performance variables such as behaviours, outputs and outcomes. By using this approach he defines performance management as an integrated, systematic approach to improve organisational performance to achieve corporate strategic aims, thereby promoting the vision, mission and values of the organisation. Public managers should aim to improve the results of public employees' efforts by linking them with the department's corporate objectives. In order for this to be achieved employees need a clear understanding of the organisational vision and mission and values.

In addition to the above, Van der Waldt (2006:133) describes performance as an approach to management that harnesses the endeavours of individual managers and employees to organisational strategic goals, defining those goals and the outputs needed to achieve them. This approach gains the commitment of individuals or teams to achieve outputs and monitor outcomes. According to RSA (1997), national departments and provincial administrations are required to develop human resource strategies which integrate their strategic and operational plans in order to ensure future staffing needs. Those strategies will include specific employment equity objectives and targets for achieving a representative workforce.

According to Thomas (2004:18), most government manuals on performance management make a distinction between PMSs and performance indicators. These indicators are the measures that tell whether progress is being made in achieving the organisational goals and which actually describe the performance dimension that is considered key in measuring performance (RSA, 2001:18). Ideally, PMSs report unambiguously on the relationships between programme activities and the outputs and outcomes associated with them while indicators measure precisely and quantitatively the worth of the programme done.

According to Naidoo (2007:60), effective organisational performance management should be in congruent with the key performance indicators which measure the following aspects:

- **Aims and objectives:** The aims and objectives of an effective organisational performance management are the determinants of the organisation as to why it exists, delivers its' particular services and what it wants to achieve;
- **Inputs and outputs:** The inputs and outputs aspect of an effective organisational performance management represents the resources thus committed to deliver a service and the efficiency with which the outputs are achieved from the resources used;
- **Outcomes:** The outcomes of an effective organisational performance management denote the impact that is thrashed by service that is provided;

- **Quality:** The idea of quality of effective organisational performance management reflects the experience of the service users in relation to the goods and services provided; and
- **Accessibility:** Accessibility implies the ease and equality of services accessed.

The following mind-mapping diagram shows the relationship between the organisational performance and human resource performance as abstracted from Pulakos (2009:38).



Fig. 2.1: The performance management process

Source: Adapted from Pulakos (2009:38)

The first step in performance management processes is the development of the organisational performance whereby the leaders set goals for the organisation, through strategic planning (Minnaar, 2010:5). Following on this, managers and employees to jointly set and agree on work-related objectives coupled with behavioural expectations. Thirdly managers and employees are required engage in ongoing performance discussions.

Step four entails the employees providing input on their own perception of performance. The fifth step involves knowledgeable rating sources, such as

experts in human resources management, providing input on employee performance. Step six requires managers to rate performance. Step seven calls for managers and employees to hold joint formal review sessions. Lastly, in the eighth step, human resource decisions about individual employee performance are made (Pulakos, 2009:38).

Pulakos (2009:133) postulates that there are two primary activities involved in developing measures of results. The first activity involves the identification of performance objectives stating the outcomes an employee is expected to achieve while the second entails specifying those outcomes in sufficient measurable details that are clear to both managers and employees. These linkages help to ensure that the work of all organisational entities is aligned and focused on achieving important organisational goals coupled with catering for employees' development needs- thus improving current job performance for career advancement (Pulakos, 2009:133).

In addition to the above, it is important to indicate that organisational performance management is concerned with the holistic management of all performance related activities within the institution while performance appraisal essentially entails the measurement and ranking of performance in the institution focused on one aspect of those institutional activities, i.e. individual employee performance (Fisher et al., 2003:74). Performance management may also be defined in relation to the continuous process supported by an effective and streamlined system which is developmentally focused and implemented as managerial accountability and is manifested in both formal and informal interactions between managers and subordinates (Meyer & Kirsten, 2005:59).

Spangenberg (1994:40) proposed that performance management is able to serve three major purposes as a vehicle for implementing organisational goals and strategy: as a driving force for creating a participative culture to provide useful information for the decision making processes and also as interfaces throughout the process of managing performances. He also presents the linkage of organisational and human resource performance as depicted in table 2.1.

Table 2.1: Spangenberg integrated model of performance

Organisation	Process/Function	Team/Individual
PERFORMANCE PLANNING		
<ul style="list-style-type: none"> • Vision • Mission • Strategy • Organisational goals set and communicated 	<ul style="list-style-type: none"> • Goals for key processes linked to organisation and customer needs 	<ul style="list-style-type: none"> • Team mission, goals, values and performance strategies defined • Individual goals, responsibilities and work-planning aligned with process/function goals
DESIGN		
<ul style="list-style-type: none"> • Organisational design ensures structure support strategy 	<ul style="list-style-type: none"> • Process design facilitates efficient goal achievement 	<ul style="list-style-type: none"> • Teams are formed to achieve process/function goals • Job design ensures process requirements reflected in jobs
MANAGING PERFORMANCE AND IMPROVEMENT		
<ul style="list-style-type: none"> • Continual organisation development and change efforts • Functional goals managed, reviewed and adapted quarterly • Sufficient resources 	<ul style="list-style-type: none"> • Appropriate sub-goals set; process performance managed and regularly reviewed • Sufficient resources allocated • Interface between process steps managed 	<ul style="list-style-type: none"> • Active team-building efforts, feedback, co-ordination and adjustment • Developing individual understanding and skills; providing feedback • Sufficient resources

allocated <ul style="list-style-type: none"> • Interfaces between functions managed 		allocated
REVIEWING PERFORMANCE		
<ul style="list-style-type: none"> • Annual review, input into strategic planning 	<ul style="list-style-type: none"> • Annual review 	<ul style="list-style-type: none"> • Annual review
REWARDING PERFORMANCE		
<ul style="list-style-type: none"> • Financial performance of organisation 	<ul style="list-style-type: none"> • Function rewards commensurate with the value of organisational performance and function contribution 	<ul style="list-style-type: none"> • Rewards commensurate with the value of organisational performance , for team-function and team contribution; for individual-function/team performance and individual contribution

Source: Spangenberg (1994:30-31)

This section has emphasised organisational performance management as concerned with the holistic management of the entire group of performance related activities within an organisation. It has clarified that a performance appraisal system essentially entails the measurement and ranking of individual performance and its contribution in an organisation. Furthermore it indicates that the linkage of organisational and human resource performances helps to ensure that the overall work of all the organisational entities is aligned and focused on achieving the organisational goals and also catering for the employees' developmental needs.

The following section will explore the evolution and the development of performance management and PMSs.

2.4 EVOLUTION AND DEVELOPMENT OF PERFORMANCE, PERFORMANCE MANAGEMENT AND PMSS

Performance Management is generally perceived as an important management tool that is able to bring about the realisation of organisational success and prosperity as well as the development of individuals involved in the organisation (Barnow & Smith, 2004:250). This section tracks the evolution and development of performance, performance management and PMSs.

According to Thomas (2004:5), performance management achieved popularity in response to the difficult changing conditions of the public sector during the 20th century. Although the concept was new to governments, it was practised as private management techniques in other organisations, such as planning, programming, budgeting, management by objectives and total quality management. Heinrich (2003:2) adds that broader principles guided the evolution of PMSs, including those originating from total quality management and reinventing government reforms coupled with the measurement and analysis of results, continuous performance improvement, shared accountability, and customer and market focus initiatives.

Pulakos (2009:9) gives a clear account of the evolution of performance management from the 20th century, during the early stages of industrialisation. Pulakos (2009:9) points out that during the 20th century the principles of defining standards against which to measure performance were emphasised. During the World War I era the army's performance was evaluated. According to Pulakos (2009:10) in 1922 Graphic Rating was introduced which was designed to elicit trait ratings for jobs. Pulakos (2009:10) observed that during the 1950s and 1960s attention shifted to more direct and observable measures of performance which included outcomes and behavioural measures, at this point Management by Objectives (MBO) emerged. During the period of 1960s to 1970s the behaviour-based performance measurement and multi-source

ratings emerged. Competencies models were developed in the period 1990s to 2000s and were followed by the recent results-focused incorporation.

According to Franzsen (2003:131), the shift from a manufacturing industry to a service industry in the late 1970's led to the ballooning consumer demand for manufactured goods typical of the industrial period due to preceding wars, which started to make way for a changed business environment. In agreement with the paradigm shift, Barnow and Smith (2004:252) observe that the effect of the performance management shift in employment and training happened in the light of the Comprehensive and Employment and Training Act in the 1970s. In that era, knowledge generation and service delivery became of paramount importance resulting in the increased emphasis on quality management and continuous improvement. Parallel this era, was the emergence of the very popular quality movement slightly before the benchmarking movement (Franzsen, 2003:131).

The emergence of the quality movement adopted a more of a leadership, organisational cultural, team-working and human resource-based approach to issues of quality and productivity improvement as opposed to the traditional numbers-based quality assurance systems (Van der Waldt, 2004:174). The existing models were too limited and a more holistic approach was needed. A response to this need was the development of the Balanced Scorecard which provides a prescriptive framework for developing performance measures addressing four measurable areas: financial, customer, internal business processes and learning and growth (Kaplan & Norton, 1996:7).

As observed by Thomas (2004:14), performance management has become so widespread that it is impossible to know what is taking place within governments across the globe with labels and focus of PMSs shift usually when a new government takes office. It is also learned that despite inspirational languages attached to systems names, some leading PMSs have recently been reduced in scope or dropped entirely, due to information overload. There is a tendency for governments to attempt to apply a single approach to PMSs uniformly to all departments, non-departmental bodies and programmes. This across-the-board approach may have clear (intended)

virtues of consistency, comparability and fairness whereas organisations and programmes differ in the extent of linking outcomes in the society to programmes.

This section has described the evolution of the lucrative performance management over the years, its benefits and its development into an indispensable management tool. The practice of performance management is seen to have developed gradually over a considerable period and various reasons; its growth is recognisably more dynamic and fast moving in the private sector than in the public sector.

The following section explores the public sector institutions' implementation of the PMSs with regard to strategic and operational plans to achieve the effective organisational service delivery.

2.5 PERFORMANCE MANAGEMENT AS A PREREQUISITE FOR EFFECTIVE SERVICE DELIVERY

Overwhelmed by challenges such as overpopulation, climate change, food scarcity and joblessness, public institutions do not only need to have top management and good strategic plans in place but also to integrate the as a tool to implement institutional goals and strategies for an effective organisational service delivery (Armstrong, 1994:33).

The intended improvement is achieved when the management on every level of an organisation adheres to the chosen framework and only interferes when a certain predetermined performance is attained (Armstrong, 1994:33). Execution of every strategy should be structurally planned, analysed, measured and monitored on using critical success factors and key performance indicators that are set to compare with external benchmarking. Performance management is required to be driven by management for everyday work and is not an annual bureaucratic burden imposed upon employees by the human resource department.

In support of the above, Fontannaz and Oosthuizen (2005:10) indicates that management converts the organisational strategy into a daily action plan where

employees work effectively and efficiently to achieve the effective service delivery. PMSs facilitate this process by providing a practical system to management to measure the effectiveness of the human resource endeavours. Davis (1996:13) qualifies the performance management process as an opportunity for employees and performance managers to discuss the development goals and strategies for achieving service delivery. Frequent dissemination of information encourages organisational knowledge and shared experiences that will enhance effective service delivery thereby advancing performance rewarding mechanisms (Williams, 2008:19).

According to Williams (1998:178), there are several conditions that need to be attained in order to ascertain that performance management is able to motivate public servants as summarised below:

- Performance must be accurately measured thus ensuring that an individual is able to perceive the link between effort and performance and performance and reward;
- Increased pay must be a valued outcome for employees to be motivated into producing high levels of performance with attractive end results;
- The relationship between the pay and performance must be clearly defined to spell out by the organisation to ensure the employees perceive performance as instrumental in attaining a pay increase;
- Opportunities for performance improvement must exist to exalt both expectancy and resultant motivation are present. The employees must have resources such as time, equipment, ability and supervision required to perform the expected task; and
- All of the staff must be aware of the vision, mission, goals and objectives of the organisation together with the importance of individual employee's contribution to the organisation (Williams, 1998:178).

Weyers (2009:24), points out that motivation is an important factor in initiating, guiding, sustaining, and stopping behaviour. The important implication for managers aiming to achieve the strategic objectives of the institution through individual performance is that they need to know and understand how to

motivate staff for high performance achievement. One way of achieving this may be through making use of a compensation policy.

Thompson et al. (2010:370), point out that organisational service delivery may be well executed if a number of internal systems such as instituting adequate information systems, performance tracking and performance management systems and controls are installed. They also suggest that it is important for both the organisation and individuals to be enthusiastically committed to executing the strategy and achieving performance targets. This is made possible by designing and using motivational incentives which are either monetary or non-monetary. Financial incentives generally head the list of motivating tools for trying to gain wholehearted employee commitment to good work execution and operational excellence.

According to Thompson et al. (2010:374), the following motivational approaches, may be employed to make the workplace more appealing and encourage employee commitment to the strategy execution process:

- Providing attractive perks and fringe benefits which include full coverage of health insurance premiums, full tuition reimbursement for work on college degrees, paid vacation time, on-site child care and on-site gym facilities. Other benefits may include massage therapists, getaway opportunities at company-owned recreational facilities, personal concierge services, subsidised cafeterias and free lunches provided. Additional benefits may include wearing casual clothing daily, personal travel services, and paid sabbaticals, maternity leaves, paid leaves to care for ill family members, telecommuting, compressed work weeks, reduced summer hours, and college scholarships for children. Perks and benefits such as on-the-spot bonuses for exceptional performance, and relocation services are also included in the list.
- Relying on promotion is an incentive for good performance which helps to ensure that people in positions of responsibility actually know something about the business, technology and operations they are managing;

- Making sure that the ideas and suggestions of employees are valued and that those proposals with merit are promptly acted upon;
- Creating a work atmosphere in which genuine sincerity, caring and mutual respect is fostered among workers and between management and employees;
- Stating the strategic vision in inspirational terms that make employees feel they are a part of doing something worthwhile in a larger social sense;
- Sharing information with employees about financial performance, strategy, operational measures, market conditions and competitors' action: broad disclosure and prompt communication entrenches worker's trust;
- Having exceptional/attractive facilities creates an appealing work environment. Appealing features and amenities usually have a positive effect on employee morale and productivity; and
- Flexibility in an organisation's approaches to people management in multinational and multicultural environments usually provides local managers with leeway to adapt their motivation, compensation, recognition, and recruitment practices to fit local customs, habits, values, and business practices (Thompson et al., 2010:374).

Van der Waldt (2004:138) states that improving service delivery is a continuous, progressive process not a task that is done only once and never again. This enhances the raising of the standards of performance and as a result the targets must be set higher. He also makes a point that the implementation process of a service delivery improvement programme follows an eight stepped cycle which he goes on to describe as typically consisting of: customer identification; establishment of customer needs and priorities; establishment of the current service baseline; identification of the improvement gap; setting of service standards; gearing up for better service delivery; announcement of service standards; and monitoring of delivery against standards (Van der Waldt, 2004:139).

It is evident from the above that performance management is an application used to improve the results of organisation and employees for the effective organisational service delivery. This improvement may be brought by either improving organisation performance, or creating a culture of quality improvement or improved staff utilisation as is explored in the following section.

2.6 BENEFITS OF UTILISING PERFORMANCE MANAGEMENT SYSTEMS IN ORGANISATIONS

Performance management information can be used to improve the quality of the political debate and public sector decision-making (Pulakos, 2009:20) It can be augmented by the designing of sound PMSs that serve the needs of elected politicians. According to Pulakos (2009:20), many organisations use PMS for decision-making such as pay, bonuses, promotions, assignments and reduction in work force. They may also employ it for guidance in employee development planning with regard to enhancement of employees' skills. This is in consistent with Murphy et al.'s (1996:1136) impression of other organisations and also indicates that this may, through guile, lead to deception or information distortion in order to gain more salaries.

Van der Waldt (2004:239) makes the case that managing performance is a key human resource management tool which ensuring that the employees know what is expected of them; the managers know whether the performance of the employee matches the required objectives; poor performance is identified and improved while good performance is recognised and rewarded.

Performance management is necessary for improving performance and for assuring the public that they are receiving value for money from public programmes and public organisations. It is meant to build upon measurement by using performance information in conjunction with strategic planning, budgeting, policy analysis and evaluations, organisational reviews and performance appraisals for the managers. In this way performance management becomes central to the processes of direction setting, control, quality assurance, accountability, improvement and learning within the public sector. Van der Waldt (2004:239) expands on the opinion of Barnow and Smith (2004:250) where they

imply that a Performance Management System requires measures of performance, with standards that indicate acceptable performance and rewards and sanctions.

According to Van der Waldt (2004:42), an effectively implemented PMS will help the organisation to: clarify strategy and makes it accessible; transform strategy into operations and vision into action; clarify the role and responsibilities of the political and managerial heads; clarify expectations of the institution and individuals; as well as improve accountability and participation (Van der Waldt, 2004:42).

Concurring with Barnow and Smith (2004:250), Van der Waldt (2004:41) also indicates that the benefits of the PMS implementation would:

- establish a portfolio of measures that are qualitative and quantitative, designed to track both inputs and outputs;
- forge forward-looking appraisal schemes, underpinned by clear and practical information to enhance everyday management activities throughout the year;
- design up comprehensive personal development plans based on careful analysis of opportunities and needs;
- encourage learning and development, overcome the obstacles to learning and evaluate results; and
- design and implement schemes for performance-related pay which motivate and reward employees for achieving corporate goals.

Van der Waldt (2004:41) furthermore asserts that effective performance management provides the organisational stakeholders with the following benefits:

- Top management: are able to focus on the job of setting objectives for the organisation while managing relations with external environment like customers, politicians, regulatory bodies, stakeholder, and translating their requirements into objectives for the organisation.

- Managers: are enabled to gain a full understanding of the organisation's mission, to set targets and standards for the team and to delegate work, freeing themselves to concentrate on strategic planning and continuous improvement and development of their operations and team works;
- Staff: improved management of performance should result in the clearer targets and the freedom to work autonomously to achieve these targets with the required level of support from their management, which improves personal self-development;
- Support functions: objectives that come from a centrally agreed business plan are more likely to give support functions an alternative reason for existence rather than the pursuit of their own specialised agenda;
- Customers: clear performance management should enable the organisation to deliver on its promises to customers more consistently converting customer needs into workable plans of action (Van der Waldt, 2004:42).

In summary, it has been established that performance information has to be used in conjunction with strategic planning, budgeting, policy analysis and evaluations, organisational reviews and performance appraisals for the managers. This is necessary in order to improve performance and for assuring the public that they are receiving value for money from public programmes and public organisations.

The focus of the following section involves aspects of designing PMS to curb implementation obstacles in public organisations.

2.7 ASPECTS OF DESIGNING PERFORMANCE MANAGEMENT SYSTEMS

In order to develop viable PMSs, their design needs to be appropriate to the respective organisations. In this section the mechanisms and aspects of designing such PMSs will be explored.

As previously indicated performance management is an effective process for improving public organisational functioning. Its valuable results can be assured through a comprehensive and well thought out design and implementation process (Van der Waladt, 2004:286).

A PMS should be embedded in the organisation and ought to be linked to the other key activities such as planning and budgeting. It is a source of intelligence which guides decision-making on a regular basis and it is an institutionalised part of the culture of the organisation (Thomas, 2004:10). The PMS measures should always be relevant, meaningful and informative to the leaders/funders of the organisation. The evidence from the system should be presented in a balanced, comprehensive and credible manner.

Regardless of the particular approach adopted, a sound PMS should be technically valid, functional and legitimate (Van der Waladt, 2004:74). It is vital to indicate that performance management results in a radical change in the culture and the way of working in the organisation. A fundamental challenge is that of leadership attributes including philosophy, style and behaviour (Murphy et al., 1994:1127).

Alignment among various organisational systems such as those of human resources should be considered. These include job design, selection processes, compensation and rewards, performance appraisals, training and development should be aligned with performance-orientated culture and all should support it. Financial management processes may also need to be attended to through the alignment of budgeting and resources allocation systems (Van der Waladt, 2004:12). In other words another system consideration is that performance management should evolve from the organisation's strategic plan and be based on stakeholders and community expectations, the eminent aim being purpose-oriented and results-driven (Barnow & Smith, 2004:251).

Organisational structure and design implies that layers of management may be reduced and organisational roles may also change. In particular, middle management and first line supervisors may serve as boundary managers, coordinators and leaders and assist line workers in getting their work done instead

of acting as monitors, order givers and agents of control (Spangenberg, 1994:40; Pulakos, 2009:38).

It should be anticipated that the implementation of a wholesale change will inevitably be received with enormous resistance and it is managers' responsibility to address and deal with this. Generally, the simplest way to deal with such resistance is acknowledging its occurrence and applying several changing tactics, especially using effective leadership to enrol people in the vision realisation of performance management as well as utilising employee participation (Van der Waldt, 2004:42).

The following sub section outlines the basic steps required in designing a PMS.

2.7.1 Basic steps in designing a PMS

The successful implementation of a PMS within an institution certain specific steps of its development and designing need to be followed.

Thomas (2004:44) states that governments up to now have focused on designing and implementing PMSs which are moving into a more mature phase where the emphasis is currently on how to use performance measurement for more effective management.

Authors such as Wilson and Game (1999) and Nel et al. (2004) developed performance management steps to be followed in successfully implementing performance management within a public institution. However in this study Van der Waldt's (2004:288) version will be used, as it adds value in selecting the process to benchmark and promote participation in the development and the implementation of the system in an institution.

- **Select the process and build support**

Determine the processes or issues which are critical to the goals of the organisation and establish whether benchmarking is the appropriate method of determining the efficiency of the process; build support from the strategic management to obtain the resources and foster the spirit of participation in a

benchmarking initiative. This will largely be mainly achieved by the development of an action plan to focus efforts and by keeping information organised.

- **Determine the current performance**

An initial self-assessment should be performed which includes asking questions to determine whether the process has been flowcharted and whether redundancies or inefficiencies have been targeted. It is necessary to document the inputs, activities and outputs of the process under study and finally to identify any key performance measure or progress for the process. The last stage of this step is to determine the state of the current performance of the institution.

- **Determine where performance should be**

It is crucial at this state to identify the potential benchmarking partner, which can be either other public institutions that are successfully executing the process being examined.

- **Determine the performance gap**

This may be determined from an analysis of where the performance should be and the current performance; achieved by making a comparison between steps two and three. The difference between the two is the performance gap that needs to be bridged. The process should be examined from the point of view of the cost, quality, and time and productivity perspective, with understanding that strength in one area does not necessarily indicate strength across the board. The cap should be attributed to people, process, technology or cultural influences.

- **Design an action plan**

It is important to draw up a goal-oriented, attainable and detailed action plan to plot the improvement course. It needs to describe the specific and chronological steps to implementation, defining requirements and specifications, allotting an appropriate time frame for implementation, it further needs to describe rewards envisaged if the efforts are on time or ahead of schedule and ensures that the

action plan commands the buy-in from all key players, including management, process owners and those affected directly by the proposed change.

- **Continuous improvement Initiatives**

The secret to long-term success is to keep processes effective and efficient through continuous monitoring and measuring. This is attainable by the use of benchmarking initiatives as a tool for continuous improvement to ensure that the institution is doing everything to meet the challenges inherent in the globally competitive environment.

To summarise the aspects of designing PMS framework have been highlighted, demonstrating that performance management is an effective process for improving public organisational functioning. For its successful implementation, a PMS has to be embedded in an organisation and linked to the other key activities such as planning, budgeting and other management programmes such as human resource management. The implementation of a wholesale change as in relation to performance management will be received inevitably with an enormous resistance. In conclusion actual mechanisms of the establishment of a framework for the implementation of a comprehensive PMS were addressed beginning with the chronological steps envisaged as panacea for development and implementation of this system.

The following section will explore the best practices that govern PMS in the public sector.

2.8 BEST PRACTICES GOVERNING PERFORMANCE MANAGEMENT SYSTEMS IMPLEMENTATION IN THE PUBLIC SECTOR

As stated earlier, performance management is management practise that has been 'borrowed' from the private sector through practices and approaches such as benchmarking. An effective benchmarking process embarks on critical success factors, performance indicators and measures understanding within the organisation. With this in mind, the study explores best practices from international public sector organisations.

For a definition of best practices, in Thompson et al. (2010:361-362) are referred to in their assertion that best practices are techniques for performing activities or business processes where at least one public sector has demonstrated that they work particularly well. For such a practice to qualify as a legitimate best practice it must have a proven record in: significantly lowering costs, improving quality or performance, shortening time requirements, enhancing safety or delivering some other highly positive operating outcome.

They go on to state that, the more frequently organisational units use best practices in performing their work, the closer the organisation moves towards performing its value chain activities as effectively and efficiently as possible. Best practices phenomena rest on the principles of benchmarking. One such organisation that this study explores is the USA Army due to its Continuous Process Improvement (CPI) approach to performance management.

2.8.1 The Continuous Process Improvement (CPI) Framework as a tool of Best Practice

The framework of best practices may be derived from the Industry Best Practices referred to as Continuous Process Improvement (CPI) Framework, - an integrated PMS approach used by USA Army (CPI, 2011). Industry Best Practices, which oversees the CPI Framework, is a subsidiary of Transformation Focus, which also covers the five Critical Success Factors (CSFs), Principles of CPI and Eight CPI phases. According to CPI (2011), the five CPI Critical Success Factors are primarily based on: strong executive leadership and alignment; clear and measurable performance goals; actionable business case and performance measures; clearly defined roles and responsibilities; and well designed execution and a continuous improvement plan.

2.8.1.1 Principles of CPI

The seven principles of CPI, whose observation helps in the realisation of the delivery of business results to clients and also in satisfying the organisation's other stakeholders, are:

- Performance driven;
- Customer focused;
- Traceable to the customer requirements and key business criteria;
- Segmented along business process lines to synchronise change;
- Integrated with organisational change management;
- Conducted with a well-managed and time-boxed approach; and
- Understood as a continuous process (CPI, 2011).

The framework of best practices draws attention to the difficulty that most frameworks engender they focus primarily on key processes within the framework and just not tying those processes to the associated tools and techniques and their related supporting functions. In order to remedy this shortcoming, the CPI framework includes two value-added elements namely: tools and techniques and transformation enablers. The three together are called CPI Building Blocks and may be presented as follows (CPI, 2011):

A Tools and Techniques

The practice of CPI engages at minimum intervention levels, the use of the following tools and techniques. They are here for convenience of the discussion while the thorough exploration of the will be described in the following section.

- **Six Sigma:** refers to the reduction of errors to six standard deviations from the mean value a process output or task opportunities (CPI, 2011);
- **Lean:** Is the technique of identification of waste or non-value-added activities from the customer perspective and then determining how to eliminate it the right way (CPI, 2011);
- **Lean Six Sigma:** It refers to business improvement methodology that maximised shareholder values by achieving the faster rate of

improvement in customer satisfaction, cost, quality, process, speed, and invested capital (Lean Six Sigma Institute, 2011);

- **IDEF:** This is a method designed to model the decisions, actions, and activities of an organisation or system (CPI, 2011); and
- **Process Modelling:** This refers to the automated simulation of processes that capture, manipulate, store, and distribute data between a system and its environment and among components with a system (CPI, 2011).

B CPI Framework Phases

The eight CPI phases are discussed below together with their benefits and effects on the transformation programme. Their associated tools and templates are captured in the subsequent passage.

- **Business Drivers Phase:** The purpose of this phase is to ensure that as organisations develop their CPI process a common understanding of the business landscape and drivers is held by all key decision makers to provide a balance between various business objectives and organisational constraints. It further strives to ensure that members of the organisation gain shared insight along with the stakeholders who ultimately determine the future success of the institution. This phase has six key activities such as:
 - Validation of the mission of the organisation;
 - Confirmation and analysis of the business objectives;
 - Conducting of stakeholder analysis;
 - Identification of hot issues and burning platforms;
 - Identification of the key performance indicators (KPIs);
 - Determination of critical success factors (CSFs) (CPI, 2011).
- **Architect and Align Strategies Phase:** this phase identifies the relationship among business processes, technologies, human resources and business strategy in order to map the outputs of this phase onto the results of the defined Business Drivers Phase in order to identify priorities for CPI initiatives. It does this while determining the relationship

between processes and business strategy as well as identifying the likely candidates for process improvement by mapping and modelling. It contains seven key activities:

- Identification of the core business processes;
- Matching process to business critical success criteria and prioritising them on the basis of the business processes;
- Identification of information, skill and knowledge needs to redesign the identified core business processes;
- Identification of the strategic technologies required;
- Determination of communication strategy;
- Determination of the required resources to implement change and
- Identification of the potential risks and constraints.

- **Develop Vision Phase:** this phase clearly identifies performance goals, business drivers for change and the key performance measures for the future state of the revised process by leveraging the outputs from the two previous phases to confirm the business drivers and to align the organisational capabilities, resources and strategies to the new business objectives. This phase has six key activities:

- Definition of specific performance measures;
- Definition of project scope; development of project strategy;
- Development of the initial business case;
- Development of the communication strategy;
- Finalisation of the current state and future state design project
- An organisational change management plan.

- **Current State Understanding Phase:** this phase proves a clear map of the existing processes and identifies the potential areas for improvement. It identifies root causes and reasons for the bottlenecks early on, highlighting key features of the future state processes.

- **Future State Design Phase:** this is referred to as the core of the CPI Framework, defining and confirming the revised process and also assisting the enablers to meet stakeholders' visionary requirements and expectations. Its nine key activities are:

Benchmarking the selected processes against best-in-class to identify gaps;

Confirm root causes;

Finalise future state goals and their priorities;

Finalise the CSFs; finalise the project scope;

Finalise the business case;

Updating the communication plan;

Modelling the revised or new process;

And re-confirm stakeholder buy-in.

- **Road Map Development Phase:** The purpose here is to develop the future state of implementation roadmap, thus building upon the work completed in the prior phases. This phase encompasses the steps in the previous section and thus has fifteen steps.
- **Execution Phase:** The purpose of this phase is to recognise the importance of meeting stakeholders' expectations, ensuring that the programme has delivered its intended functionalities, showing incremental benefit which is systematically aligned and traceable to the initial set of requirements of the programme. It has nine key steps:
 - Distribution of the project communication plan;
 - Conducting of team kicking off meeting;
 - Distribution of project charter, project plan and CSFs;
 - Initiation of project reporting using project dashboard, status report and issuing logs;
 - Conducting the initial proof-of-concept and hypothesis testing;
 - Initiating benefit reporting; updating initial risk assessment;
 - Initiating knowledge transfer and learning process
 - As well as initiating lessons learned processes;
- **Continuing Improvement Phase:** The purpose here is to make sure that any realised benefits from the new or revised processes are preserved. It ensures that the organisation has the required enablers such as training, technology atcetera, to sustain the CPI initiatives thus

improving the core business processes as required by the external and internal clients. It contains ten key activities:

- Continuing the benefit reporting and tracking;
- Conducting of on-going performance measurement and reporting;
- Institutionalisation of the new roles and responsibilities;
- Identifying of additional competencies;
- Continuation of communication process and providing on-going updates;
- Conducting on-going risk assessment;
- Formalising knowledge transfer and learning processes;
- Formalising lessons learned process;
- Identification of areas that need further improvement and finally re-assessing customer needs and
- Expectations by referring to the define business phase (CPI, 2011).

C Transformation Enablers

For the effective implementation PMSs in an organisation the following challenges should be taken into account and managed. In the CPI framework they are referred to as transformation enablers.

- Professional Development;
- Performance Measurement;
- Change Management;
- Risk Management; and
- Transformation Governance (CPI, 2011)

Summary: This section provided an overview of best practices associated with the implementation of PMSs in organisations. It is important to recognise that at any given point in time the stakeholders, consisting of the main of management and staff, have a set of requirements that are in flux and may be influenced by regulatory and citizens' demands. Acceptance of the fact that change is an embedded part of institutional transformation is critical to the PMS implementation as is building interactive processes in the overall institutional transformation.

The models, tools and techniques used for PMS implementation in the public sector explored in the following section.

2.9 MODELS, TOOLS AND TECHNIQUES USED FOR PERFORMANCE MANAGEMENT SYSTEMS IMPLEMENTATION IN THE PUBLIC SECTOR

According to Robson et al. (in Eygelaar & Uys, 2004:32-33), the lack of a comprehensive and integrated practical model is usually the cause of the demise of many efforts to implement an organisational performance excellence. Developing this point they specify ten key principles encompassing the purposeful and success-driven behaviour of a new generation organisation. This includes issues such as engaging the public, which in turn demands understanding the public needs; creating value for communities services; calling the tune and calculating the risk involved; pre-empting and mobilising the potential of their capabilities; defying the old paradigms; focusing on speed, simplicity, self-confidence as well as creating obsession while perpetually renewing and energising an organisation. This energising of an organisation involves nurturing competitive behaviour; inspiring with park leadership and managing through creative tension (In Eygelaar & Uys, 2004:33).

Thompson et al. (2010:362) note that multiple organisations across the globe are now engaged in benchmarking initiatives to improve their strategy execution efforts and to ideally gain strategic, operational and financial advantage over their competitors. Institutions and special interest organisations have undertaken to collect best-practices data relevant to particular industry and make the databases available online.

Walters (In Curtis, 1999:263) designed a more prescriptive model of a PMS which contains five elements to be followed. Firstly, an organisation has to establish a portfolio of measures that are both qualitatively and quantitatively designed to track both inputs and outputs. Secondly, an organisation forges forward looking appraisal schemes, underpinned by clear and precise information. Thirdly, an organisation designs a comprehensive personal development plans based on careful analysis of opportunities and needs.

In the fourth instance, an organisation encourages learning and development; overcomes obstacles to learning and then evaluates the results. The final element is concerned with an organisation designing and implementing schemes for performance-related payments which motivate and reward employees for achieving organisational goals (Barnow & Smith, 2004:250).

Van der Waldt (2004) has discussed eleven models, tools and techniques used in the applications of PMSs only a few are considered in this study.

Of the many models, tools and techniques, the Balanced Scorecard is considered to be more relevant for the purpose of this study while others will be highlighted because of their equally importance in the performance management fraternity.

Benchmarking as a tool and practice is integral in PMS implementation and will be examined in the following section.

2.9.1 Benchmarking

Niven (in CPI, 2011) regards benchmarking as the comparison of similar processes across organisations and industries to identify best practices; to set improvement targets; and measure progress. Benchmarking results can be used as a potential targets for measures (CPI, 2011). Benchmarking is another practical process used in performance management. It refers to the process of continuously comparing and measuring an organisation against similar, leading organisations anywhere in the world to gain information which will help the organisation take action to improve its performance (Van der Waldt, 2004:63). Benchmarking is achieved by systematically and continuously identifying, determining, measuring, comparing learning and adopting the best practices obtained from studying the internal and external environments of the organisation (Kroukam, 2007:22).

There are typically three significant aspects of benchmarking:

- Standard benchmarking, a standard of excellence against which similar things must be measured;

- Results benchmarking which describes the results or achievements against which similar elements must be measured; and
- Processes benchmarking, also referred to as best practice benchmarking is a process used in management and particularly strategic management, in which organisations evaluate various aspects of their processes in relation to best practice companies' processes, usually within a peer group defined for the purposes of comparison. This then allows organisations to develop plans on how to make improvements or adapt specific best practices, usually with the aim of increasing some aspect of performance (Online, 2011).

Thompson et al. (2010:362) regard benchmarking as the backbone of the process of identifying, studying and implementing outstanding practices while indicating that benchmarking is more complicated than simply identifying the best performer institutions with regard to a particular activity, then trying to emulate their approaches. The outstanding practices of the organisations have to be adapted to fit the specific circumstances of the institution in question.

2.9.2 The Balanced Scorecard

The Balanced Scorecard is valued by majority of public institutions, including those of South Africa as a model of performance management. The definitions relevant to the Balanced Scorecard are explored here followed by a description and characteristics of it.

Kaplan and Norton (1992:71-79) describe the said process as a management tool that provides managers with a clear and concise picture of an organisation's health and progress in reaching its goals. Van der Waldt (2004:187) describes a Balanced Scorecard as a set of measures that give public institution managers a comprehensive view of performance which embraces both process and results' measures. It is a management tool revealing the expected linkages of cause-effect relationships between objectives in the financial, customer, internal learning process and future development progression (Van der Waldt, 2004:188).

The BSC is viewed by Niven (2002:14) as a carefully selected measurement system; strategic management system and a communication tool derived from an organisational strategy for leaders to use in communication with employees and external stakeholders and may additionally be described as a set of financial and non-financial measures relating to the institution's critical success factors. According to Kaplan and Norton (1996:7, 8), the BSC is a collision between the irresistible forces to build long-range competitive capabilities and the immovable object of the historical-cost financial accounting model.

The definition implies BSC caters for financial measurements of past performance with measures of drivers of future performance. An enduring definition used is that of the Balanced Scorecard Institute of South Africa (BSISA) (2011) who define the BSC as a measurement system that enables organisations to clarify their vision and strategy and translate them into action while providing feedback around both the internal institutional processes and external outcomes in order to continuously improve strategic performance.

A Balanced Scorecard is a comprehensive model dealing with organisational performance which recognises that some aspects of performance may be in conflict with others. For instance, tensions may exist between aspects of organisational performance such as economy in resource use and adequate staff remuneration, or an issue such as the quality of products and services versus the cost of service delivery (Van der Waldt, 2006:133).

According to Online (2011), when building a Balanced Scorecard, it is essential that all the right elements to be included in the Balanced Scorecard System are known. Four factors are typically traced when utilising the Balanced Scorecard. The first element concerns the financial measures which drive the performance of the organisation over a short period of time and are relevant in the determination of how well the institution is performing in terms of profitability.

The second element entails internal processes which measure the actions and processes, as well as their results over time. The third element is customer measures which take care of the medium to long term performance measurement. Tangible results may be realised after months or years, but

nevertheless affect the financials directly as the clients pay for the product or services. The fourth relates to human resource measures focus on long term the workforce, the one element of the most important aspect even though does not directly affect financial success.

The characteristic of a Balanced Scorecard will be dealt with in the following subsection.

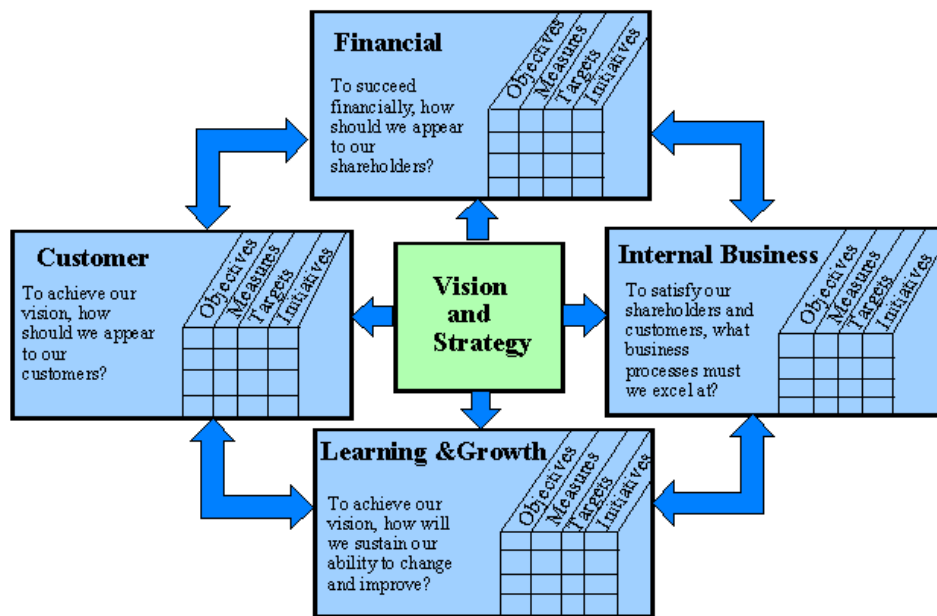
2.9.2.1 The Balanced Scorecard Model

According to BSISA (2011) together with Niven (2002:14), the Balanced Scorecard (BSC) models have the following characteristics in common:

- The BSC model draws on both the Excellence and Best Value type models, but translates the two dimensions into a set of linked perspectives that should be taken into account in managing performance;
- The BSC model does not use the linear system view that assumes fixed causes and effects and fixed beginning and end points;
- The BSC model assumes that the whole picture is necessary all the time to get a strategic sense of sound performance management, from each perspective simultaneously, and to enable strategic management;
- The BSC model is based on a cyclical and iterative view that does not assume fixed beginnings and ends;
- Initially the BSC model puts the financial perspective in the top position and vision and strategy at the centre.

Figure 2.2 is the graphic presentation of a Balanced Scorecard Framework as developed by Kaplan and Norton.

Balanced Scorecard Framework*



* Adapted from Kaplan & Norton, 1996. *The Balanced Scorecard*. Harvard Business School Press: 9. Original from HBR Jan/Feb 1996, p. 76.

Fig. 2.2: Kaplan and Norton Balanced Scorecard model

Source: Original from HBR (1996:76)

In South Africa, the Department of Public Service and Administration changed the “architecture” of the Balanced Scorecard Model in order to suit the South African public sector when the model was critiqued as not fully relevant to the public sector (DPSA, 2007). The BSC model stresses the importance of being able to assess the organisation from all perspectives at the same time (Van der Waldt, 2004:188).

The initial model developed by Kaplan and Norton assesses performance from four perspectives:

- A Financial perspective: “how do we look to shareholders?”
- A Customer Perspective: “how do customers see us?”
- An Internal Process Perspective: “what must we excel at?” and
- An Innovation and Learning Perspective: “how can we continue to improve?” (Online, 2011).

According to many organisational managers, there are certain prominent strengths embedded within the classical Balanced Scorecard; these will be explored in the following subsection.

2.9.2.2 *Strengths of the Balanced Scorecard Model*

Although the idea of the development of the Balanced Scorecard was conceived in 1990 by the Nolan Norton Institute (Kaplan & Norton, 1996), it is still in used, due to its strength and reliability. Some of these strengths are highlighted below:

- Integration of perspectives enables a more holistic assessment of performance and has a strong emphasis on learning and development;
- Clearly links planning, measurement and management;
- Relatively simple integrated model, does not try to be comprehensive but tries to capture key strategic issues for management;
- Relies on clear objectives and measures that are objective and reliable;
- Links between the perspectives may be used to diagnose performance problems; and
- May form the basis for staff performance management as much as for organisational management (Online, 2011).

On the hand some authors, hold that there are certain conspicuous flaws embedded within the classical Balanced Scorecard. In the following subsection these weaknesses will be explored.

2.9.2.3 *Weaknesses of the Balanced Scorecard Model of Kaplan and Norton*

According to Kaplan and Norton (1996:284) the initial version of the Balanced Scorecard Model was criticised for lack of relevance to the public sector context by managers of both public sector and service organisations since they encountered problems with development, implementation and sustainability of the BSC.

The following are some of the problems identified by managers:

- Customer, not citizen and service user perspective (maintained in public sector version);
- The prioritisation of the financial perspective is relevant to private sector but not public; and
- Failure to recognise the policy and service orientation of public sector organisations.

It is worth mentioning that because of the relevance of the Balanced Scorecard for purposes of this study, exploration and discussion of it has been more intense than other tools, models and techniques which have only received cursory examination.

Although benchmarking and best-practice implementation have clearly emerged as legitimate and valuable practices for promoting operational excellence many organisations have also been observed to rely on three other potent management tools.

The Business Process Reengineering model which entails the pulling of the pieces of strategic-critical activities out of different departments and unifying their performance in a single department or cross-functional work group and reorganising people who performed the pieces in functional departments into a “close kit group” (Thompson et al., 2010:363). This clock close kit group has charge over entire process necessary to perform activities in a cheaper, better and more strategy-supportive manner.

According to Thompson et al. (2010:363), another performance management tool is the Six Sigma Quality Control Techniques, which is aimed at measuring, defining, analysing, improving and controlling the existing system processes falling below specification and needing incremental improvement.

Thompson et al. (2010:363) and CPI (2011) regard Total Management Programmes (TQM) as a methodology for continuous monitoring and

incremental improvement of a supply-line process by identifying causes of variation and reducing the. TQM originated from Edward Deming in the 1950's. TQM involves reforming the corporate culture and shifting to a continuous improvement business philosophy that permeates every facet of the organisation thus instilling enthusiasm and commitment to doing things right from the top to the bottom of the organisation (Thompson et al., 2010:363).

There are many other tools and techniques used to oversee PMS implementation globally. Most of them however, use common features such as benchmarking. Van der Waldt (2004:353) states that it is necessary to put mechanisms and systems in place to monitor implementation of plans from reporting framework, tracking systems and feedback mechanisms while measuring involves measurement of targets set which includes benchmarking.

The next section thus examines prospects of performance monitoring and measurement.

2.10 PERFORMANCE MONITORING AND MEASUREMENT

In order to ensure that institutional strategies are effectively executed and that the objectives are achieved, an effective system has to be in place to monitor individual performance. Performance monitoring, measurement and evaluation initiative implementation is the complement of such system that should grasp the full potential a PMS can offer in an organisation. Van der Waldt (2004:363) points out that performance management is about accountability and the measurement of performance together with the reporting of that performance which provides the public as well as political office bearers with transparent feedback about service delivery in the public sector. This is mainly achieved through timeous gathering of information in concerning such performance and known as monitoring.

Fourie and Opperman (2007:256) regard monitoring and measuring of performance at least once a year as the key aspect to be incorporated and reflected in a PMS. This review of performance should be based on set key

performance indicators and targets identified for all development priorities, thereby ensuring accountability from all parties.

Van Der Waldt (2004:14, 15) notes that accountability is imperative if public officials are to be made answerable to the entity from which they derive their authority. Accountability establishes the criteria to measure the performance of the public officials as well as the oversight mechanism to ensure that standards are met, the lack of which tends to reduce the credibility of the institution. He further clarifies that the accountability of the public sector institutions is facilitated by evaluation of their economic and financial performance, whereby the economic accountability relates to the effectiveness of the policy formulation and implementation and efficiency being in the resource use. Financial accountability refers to the accounting systems for expenditure control and audits (Kaplan & Norton, 1996:76).

2.10.1 Development of Key Performance Indicators

In order to be able to monitor and evaluate policy processes, performance and outcomes, it is imperative to establish a set of key performance measures and indicators. Indicators determine of whether a programme is achieving its intended objectives (Van der Waldt, 2006:138). Key performance indicators are intended to secure a more efficient and equitable allocation of resources within the organisation and encourages managerial efficiency in the use of the resources.

He also points out that the key performance indicators are measures describing how well a programme is achieving its objectives. The performance indicators define the data that is to be collected, to measure progress as well as the actual results achieved over time against the planned results. Indicators should be developed to measure multitudes of processes and aspects as they measure trends, and to allow for comparison across institutions. Performance indicators for public accountability enable those outside the organisation with a basis for judging performance and establishing accountability. These include council and board members, the authority, the consumers and public at large (Van der Waldt, 2006:138).

According to Van der Waldt (2004:56) five classes of indicators may be identified. The first class are input indicators which measure input to processes. The second class consists of process indicators which measure how well the resources are used to render services. The third tier comprises the output indicators which take care of the products produced from the inputs. The fourth are the outcomes indicators which measure the extent to which the goals and objectives are being met with the attainment of the expected impact to communities. The final cluster of indicators is the composite indicators which measure several performance aspects together to show the overall impact.

Effective indicators should possess the following characteristics:

- Be quantitative where possible;
- Be relative: In order to allow for comparison across the institutions, reporting requirements for key performance indicators (KPIs) need to be consistent;
- Be verifiable: Sources of data must be able to be verified by audits;
- Be practical: Data is obtained on time;
- Be reliable: Data should be of a sufficiently reliable quality for confidence establishment; and
- Be sensitive (Van der Waldt, 2004:57).

It is imperative for the organisation to achieve what is known as - performance targeting- the process of making explicit to the employees, either individually or collectively, the level and type of expected work performance as well as the timeframe for realising such performance and subsequently providing feedback on and discussions of performance achievements. A performance target must explicitly state quantifiable objective for the execution of one of institution's activities. Targets should be challenging but reasonable and not dubious in order to improve performance (Van der Waldt, 2008:11).

Monitoring is necessary to put mechanisms and systems in place to scrutinise implementation of plans from reporting framework, tracking systems and feedback mechanisms while measuring involves measurement of performance

targets. Five classes of indicators may be identified, input indicators, process indicators, output indicators, outcomes indicators and composite indicators.

The next section will explore the challenges that influence PMS implementation in the public institutions.

2.11 CHALLENGES THAT INFLUENCE IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEMS IN PUBLIC INSTITUTIONS

Thomas (2004:2) points out that some commentators emphasise the analytical challenges that are involved in applying the concepts of performance management to public policies and public programmes. These begin with the development of measures responsible to track inputs (the combination of money, staff, materials and many other resources) and outputs (the goals, services and activities/goods/services produced) a straightforward process in which public institutions have made significant progress in applying to concepts of performance management to public policies and public programmes (Barnow & Smith, 2004:254).

There exist typical attributes of the institutional obstacles to successful PMS implementation in public institutions (Van der Waldt, 2006:138). These obstacles may include the unrealistic expectation of the public organisations and their staff to conduct and present unbiased and complete accounts of their own performance. This is also applicable to instances where the public institution goals are multiple, vague, shifting and even conflicting; the structures are hierarchical, rigid and also fragmented

In addition to the above, the rules of behaviour that bid compliance with the red tape, an insistence on no mistakes and the avoidance of blame also contribute to the institutional obstacles to successful PMS implementation (Thomas, 2004:2). Another aspect of the institutional resistance to successful PMS implementation might be financial since the comprehensive and reliable PMS is expensive in generating data of human resources related management issues and time management issues. For instance, the time between the effort and its

effect may also be too long to conduct a meaningful research and investments in the information technology.

Beardwell et al. (2004:529) and Van der Waldt (2008:9) concur with this position indicating that lack of time management and resources may hinder line managers in implementing a comprehensive and effective performance reviews and objective-setting. Managers may perceive the appraisal process as a bureaucratic work overload and form filling exercise while the employees are dissatisfied with PMS and engage in confrontation with their managers. This renders managers reluctant to engage in the PMS processes, as observed by Price (1997:287).

Price (1997:304) regards an organisation with one or more of the following conditions as having an ineffective PMS: lack of agreement among all critical parties on what is to be performed; lack of an effective way to measure desired performance; lack of a reward system directly tied to performance; lack of an environment conducive to successful performance; lack of a communication programme to gain an understanding, acceptance and commitment to the system and lack of a performance-based organisational culture.

In most cases performance management is interpreted by members of the staff as retrenchment since performance management is directly linked to resource allocation decisions which are a potential threat to programmes and bureaucracies and there is a greater incentive for public managers to selectively report on performance (Minnaar, 2010:11).

Van der Waldt (2006:139) refers to the political influence in the development of PMSs through the selection of the official and non-official aims of the systems, the responses to such findings and the implications of performance reporting for the accountability of both politicians and the public servants alike. He additionally points out that the political factor often outweighs the management rationale in decision making. According to Thomas (2004:3) the content and the reporting of the performance results often do not encourage utilisation by the politicians because they normally fail to directly address their most immediate and compelling concerns.

There may be complications which make the implementation of successful PMS and its achievement highly complex and elusive in public service organisation (Thomas, 2004:32). These complications include the fact that there are multiple stakeholders comprising are citizens, current users, parastatals, non-governmental organisations (NGOs), elected members, pressure groups, professional bodies and trade unions. As a result the public institutions frequently have multiple conflicting objectives; especially since each set of stake holders has a different set of values and a different view of what constitutes appropriate performance.

According to Van der Waldt (2004:78), there are factors that could cause a decline in municipal PMS implementation and flash detrimental effects: aloof and insensitive management, poor leadership, management styles, rapid technological progress, increased complexity of work; poor labour relations; lack of proper incentive schemes and reward systems, as well as lack of receptiveness to innovation.

There are also external organisational factors such as intergovernmental relations, the judicial system, citizen involvement, private and vested interests, media and other exogenous elements; inadequate remuneration; poor management; an unsafe and unhealthy work environment; absence of career plan; work overload and stress. Included in these factors are lack of organisational development and learning. Van der Waldt also alluded of the internal organisational factors like organisational structures, financial practices, policies, political and managerial leadership style, the effect of unions on the employee and employer, and the extensive use of technology (Van der Waldt, 2004:78).

This section has addressed the challenges that influence the implementation of a PMS in public institutions. It was established is that lack of time and resources, external factors and internal environments may hinder the organisation from providing a comprehensive and effective performance reviews and objective setting. The following section covers up the conclusions drawn from the study of this chapter.

2.12 CONCLUSION

The aim of this Chapter was to provide an overview of what performance, performance management and PMSs entail. This was achieved through a theoretical examination of the evolution of performance and the exploration of the aims, objectives, theories, principles, procedures and best practices governing performance and Performance Management Systems implementation. This will assist in identifying possible lessons that can be drawn from the experiences in other countries, institutions and departments that may be used as benchmarks for the South African experiences.

The following chapter will act as a backbone of Performance Management implementation analysis in South Africa. It will present the phenomenon of the operationalisation of performance management. In order to operationalise the study objectives of this research the statutory and regulatory framework governing performance management applications in local government will be reviewed.

CHAPTER 3

STATUTORY AND REGULATORY FRAMEWORK GOVERNING PERFORMANCE MANAGEMENT APPLICATIONS IN SOUTH AFRICAN MUNICIPALITIES

3.1 INTRODUCTION

This chapter serves as a potential backbone of Performance Management implementation analysis in South Africa. It presents the phenomenon of the operationalisation of performance management while the previous chapter dealt with the conceptual aspect of the phenomena. In order to operationalise the study objectives of this research the statutory and regulatory framework governing performance management applications in local government will be reviewed.

A PMS is one of the mechanisms through which public institutions aim to improve organisational and individual performance with a view to enhancing service delivery (Craythorne, 2006:120). In South Africa, performance management is guided by various statutory and legislative frameworks that stipulate the requirements that the public servants are obliged to observe when doing their day to day work. This should enhance reliability and predictability in the performance of the public officials during the provision of services. In this chapter the statutory and legislative frameworks will be explored in a chronological arrangement of the instruments by priority and in terms of the establishment.

The following section will deal with the statutory framework that governs performance management in South African municipalities.

3.2 THE STATUTORY FRAMEWORK GOVERNING PERFORMANCE MANAGEMENT IN MUNICIPALITIES

The statutory framework pertaining to the regulation of PMSs implementation in South African municipalities will be explored. It is obligatory for municipalities, when discharging their municipal services, to act in accordance with the mandate of the law and procedures in order to realise the improved performance of their institutions. The study examines the impact of these on municipal service rendering.

The exploration commences with the Constitution of South Africa as enacted in 1996 as the supreme law which overrides all the other legislation as prescribed in the section 2 of the Constitution.

3.2.1 The Constitution of the Republic of South Africa, 1996

The Constitution of the Republic of South Africa, 1996 contains many clauses which provide for municipalities and municipal performance. Chapter 7 of the Constitution is a case in point. Section 153(A) of the Constitution of South Africa outlines a vision for the developmental local government task where the local government adhere to a number of principles. These include:

- That the basic service needs of the people, especially the poor and marginalised, be responded to and duly be met;
- Providing a democratic and accountable, transparent, coherent and development-oriented government for local communities by encouraging participation in policy-making;
- Ensuring the provision of services to communities in a sustainable manner that is impartial, fair, equitable and without bias;
- That resources are used efficiently, economically and effectively; and
- A high standard of professional ethics must be promoted and maintained.

The above principles form the basis for the development of key indicators to measure local government performance (Van der Waldt, 2006:130). Furthermore, in Schedules 4 and 5, the Constitution lists the functions of the

municipalities, which they should deliver on the basis of the entrenched values in the Constitution.

Section 155(1) of the Constitution provides for the establishment of the local government and also defines the categories of municipalities to ensure service delivery to the communities within their respective service areas.

Section 195(1) of the Constitution provides for the establishment of the public administration and stipulates the conduct of all public officials in every sphere of government. Section 195(1) provides that the public administration should be governed by the democratic values and principles which form the basis for the key performance indicators formulation in the performance management processes endeavour. Section 195 is the source of the human resource management dimension of performance management. Section 195(1)(c) stipulates that good human resource management and career development practices to maximise human potential, should be cultivated.

It is clear that the Constitution is the point of departure of the formation of all legislation in the South Africa. It is also established that the Constitution laid the basis for performance management and human resource management, which are both important in the implementation of an effective PMS. The legislation pertaining to municipal performance management will be explored in the sections that follow.

The Public Service Act 103 was promulgated in 1994 to provide for the regulation of the public servants of the Republic of South Africa who are entrusted with the obligation to oversee the management of public functions and processes.

3.2.2 Public Service Act 103 of 1994

According to Van der Waldt (2008:12), the Public Service Act 103 of 1994 was enacted to provide for the organisation and administration of the public service by the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of public service and matters connected public service. The Public Service Act prescribes that the performance

management process should link with the broad and consistent plans of staff development and be aligned with the developmental strategic goals of the public service. The primary orientation of developmental performance management should allow for effective response to consistent inadequate performance and also for recognising and rewarding outstanding performance. The Public Service Act informs managers concerning performance assessment, which outlines the instruments to be utilised during the process and also about incentives for good performance, suggestions, improvements and innovations.

Van der Waldt and Du Toit (1999:384) pointed out that the Public Service Act places an obligation on managers for the effective management and administration of public institutions. The responsibilities bestowed on the managers include efficient management and administration, effective utilisation and training of staff, maintenance of discipline, promotion of labour relations and proper use and care of state property.

The following subsection deals with the Labour Relations Act 66 of 1995.

3.2.3 Labour Relations Act 66 of 1995

According to Van der Waldt (2008:12), the Labour Relations Act was promulgated to regulate the relations between trade unions and employers by advancing economic development, social justice and labour peace as well as democratisation of the workforce. In the previous chapter it was learned that performance management links organisational and human resource performance by clarifying expectations of the institution and that of individual employees. The Labour Relations Act takes effect to advance that linkage.

Schedule 8 of the Labour Relations Act provides for best practices when dealing with the key aspects of dismissals for reasons related to conduct and capacity. The key principle is that employees should be protected from arbitrary action while employers are also entitled to satisfactory conduct and work performance from employees. The Act provides that a newly employed person should be placed on probationary period where the employee is given evaluation, instruction, training, guidance or counselling required for the rendering of satisfactory service. This is exactly in line with the best practices in performance

appraisals endeavours. In the Labour Relations Act, consultation is richly entrenched.

The next subsection will be dealing with the Local Government: Municipal Structures Act 117 of 1998.

3.2.4 Local Government: Municipal Structures Act 117 of 1998

The Local Government: Municipal Structures Act 117 of 1998 is important for the purposes of this study because it provides for the structures that are important for the implementation of PMS. The said Act establishes municipal requirements relating to categories and types of municipalities with criteria to determine those categories in respective municipal areas. This Act provides an appropriate division of functions and powers of category of municipalities. The Act regulates the internal systems, structures and municipal office-bearers.

Section 10 of 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.

Section 56 indicates that the executive mayor is the integral figure in the planning, execution, monitoring and evaluation of performance management implementation in the municipality. It further prescribes that executive major should identify the needs of the municipality; reviewing and evaluating those needs in order of priority and that he/she recommend to the municipal council strategies, programmes and services through the integrated development plan and estimates of the revenue and expenditure. It is further incumbent of him/her to then determine the best way to deliver those strategies, programmes and services to the maximum benefit of the community.

Section 56(3) prescribes that the executive mayor identifies and develops suitable criteria in which the implementation progress of strategies, programmes and services can be evaluated. The executive mayor also identifies and develops key performance indicators which are specific to that particular municipality and evaluate the progress against the key performance indicators. The executive mayor reviews the performance of the municipality in order to

improve the economy, efficiency and effectiveness of the municipality; the efficiency of the credit control and revenue and debt collection services; and also implements by-laws. He/she then monitors the management of the administration of the municipality on the basis of the municipal council's directions oversees the provision of services to communities in a sustainable manner; and compiles an annual report on the affairs of the municipality.

Section 82 of the Municipal Structures Act regulates the appointment of the municipal managers who are the heads of administrations and also the accounting officers of municipalities. By being the head of administration and also an accounting officer, the municipal manager is the key official responsible for the implementation of a PMS in a municipality. This municipal manager performs all the functions of the executive mayor upon delegation of such functions by the latter.

The preceding subsection shows that the executive mayor and the municipal manager hold the integral positions in the municipality who oversee successful PMS implementation.

3.2.5 Local Government: Municipal Systems Act 32 of 2000

In 2000 the Local Government: Municipal Systems Act 32 of 2000 was enacted, inter alia to set out the core principles, mechanisms, and processes that give meaning to the enhancement of the fundamental aspect of municipality to plan, deliver services and manage performance processes. In the municipality's endeavour to perform the above it should engage the community abode in the municipal area. This Act establishes a framework for support, monitoring and standard-setting by benchmarking other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government.

Section 10 (1) (j) (k) of this Act provides that the municipality should monitor the impact and effectiveness of any services, policies, programmes, projects, and plans. The Municipality should also establish and implement PMS.

Chapter 5 of the Municipal Systems Act provides for the establishment of the municipal Integrated Development Plan (IDP) and sets out principles, processes, and mechanisms for the municipalities to follow in its inception. Section 25(1) requires that the municipality, within a prescribed period after the election of its council, should adopt a single, inclusive and strategic plan (IDP) for development of the municipality which links, integrates and coordinates plans. This IDP takes into account proposals for the development of the municipality and aligns the resources and capacity of the municipality with the implementation of the plan.

The municipality then formulates the policy framework and general basis on which annual budgets should be based. In these all proceedings the municipality complies with all terms of the chapters of the said Act. In this regard its IDP should be compatible with national and provincial development plans and planning requirements which are binding on the part of the municipality in terms of legislation (RSA, 200:36). Among the core components of the IDP is financial planning which should include a budget projection for the following consecutive three years and the key performance indicators and performance targets.

As far as performance orientation is concerned Chapter 6, Section 38 of the Act prescribes that a municipality should establish a PMS that is commensurate with its resources; best suited to its circumstances; and in line with its priorities, objectives, indicators and targets contained its integrated development plan (IDP). A municipality should also promote a culture of performance management among its political structures, political office bearers and councillors and its administration. Finally, a municipality should administer its affairs in an economical, effective and accountable manner.

In terms of Section 39 of the Act the executive committee or executive mayor or a committee of councillors must manage the development of the municipality's PMS and assign the responsibility to the municipal manager and submit the proposed system to the council for adoption. Furthermore, a municipality must establish mechanisms to monitor and review its PMS in accordance with any regulations and guidelines that may be prescribed with the involvement of

communities. A municipality must set its key performance indicators subject to general key performance indicators set by the Minister responsible for local government. The performance indicators and targets must be published to the public and be subjected to audits by the Auditor General and form part of annual financial reports (RSA, 2000:46-48).

Section 57 makes provision for the appointment of municipal managers and managers directly accountable to municipal managers. Such managers should be appointed to the appropriate positions in terms of the written employment contracts and separate performance agreement that are concluded annually. Those performance agreements should include performance objectives and targets. Such objectives and targets should be practical and measurable based on the set key performance indicators, and should be within established time frames, standards and procedures.

This subsection has provided the basis of the requirements to establish IDP and PMS frameworks to municipalities. The IDP gives effect to the PMS, which some authors regard as the implementation phase of the IDP while the IDP is the planning phase of the PMS. This shows a complete integration of these systems.

The following subsection reviews the Local Government: Municipal Systems Amendment Act 7 of 2011.

3.2.6 Local Government: Municipal Systems Amendment Act 7 of 2011

The Local Government: Municipal Systems Amendment Act 7 of 2011 was ratified to make provisions for the appointment of municipal managers and managers accountable to municipal managers to provide for procedures and such competency criteria for such appointments and also for procedures and criteria in the determination of timeframes within which to conclude performance agreements of the municipal managers and managers directly accountable to the said managers and to make provision for evaluation of performance of municipal managers and other managers accountable to the given managers. This Act provides for requirements of employment contracts

and performance agreements for those officers to be consistent with the Act and any regulations made by the Minister.

It further intends to bar the municipal managers and managers directly municipal managers from holding any political office in political parties; regulates the employment of the municipal employees. This Act also provides for the Ministers to make regulations relating to the duties, remuneration, benefits and other terms as well as conditions of employment of municipal managers and managers directly accountable to municipal managers and finally to provide for Minister to make consequential amendment to the Local Government: Municipal Structures Act of 1998 by deleting the provision dealing with the appointment of municipal managers and certain matters connected therewith.

Section 54 (A) (2A) provides for acting appointments of the municipal managers that should not exceed three months.

The following subsection deals with financial part of the IDP which is enshrined in the Local Government: Municipal Finance Management Act 56 of 2003.

3.2.7 Local Government: Municipal Finance Management Act 56 of 2003

The Local Government: Municipal Finance Management Act 56 was promulgated in 2003 to secure a sound and sustainable management of the affairs of the municipalities and other institutions vested in the local sphere of government. The aim of this Act (MFMA) is to establish the treasury norms and standards for the local sphere of government. The Act has the objective of modernising budget and financial management practices in the municipalities in order that the municipalities' capacity for service delivery would be maximised in the attainment of developmental local government initiatives.

Section 53(6) of the MFMA provides for the establishment of a financial management framework with emphasis on the powers of the national treasury in relation to municipalities, financial management, approaches to municipal budgets, roles and responsibilities of councillors and municipal officers, financial

conduct and the management of financial misconduct. MFMA asserts that there needs to be efficiency and effectiveness of financial systems and that service delivery is the shared responsibility of local and other spheres of government. Technical financial management systems and other appropriate systems are crucial for the realisation of the objectives of the Act.

Chapter 5 of the MFMA ascertains that national and provincial governments agree to support and render assistance to municipalities in building their capacities for efficient, effective and transparent financial management. Section 16 of the Act requires that all municipalities should annually adopt a service delivery plans while the whole of chapter 4 establishes the issues of budget and financial management and the budget implementation plan with set service delivery targets and performance indicators. Chapter 12 of the MFMA also requires that each municipality compiles an annual report which should include an audited municipal performance report.

It is important to facilitate involvement of all spheres of government in the development and implementation of municipal activities. For this involvement to occur the strong intergovernmental relations should be maintained. So for the realisation of the above and for the fulfilment of this study the Intergovernmental Relations Framework Act 13 of 2005 is explored.

3.2.8 Intergovernmental Relations Framework Act 13 of 2005

The Intergovernmental Relations Framework Act refers the concept of 'corporative' government prescribed in the Section 40 of the Constitution, which constitutes the government of the Republic of South Africa indicating national, provincial and local spheres of government and which are distinctive, while interdependent and interrelated. All spheres of government should provide effective, efficient, transparent, accountable and coherent government to secure the well-being of the people. As a result the act provides for a framework that facilitates coordination in the implementation of policy and legislation for coherent government; effective provision of services; monitoring implementation of policy and legislation; and the realisation of national priorities. This is achieved through consultation, coordination of actions, the avoidance of

duplication, effective and efficient shared systems as well as procedures and participation in intergovernmental structures.

The Intergovernmental Relations Framework Act informs local government planning and capacity creating the legislative platform for joint responsibilities for local government through sectoral clusters, committees and other forums with a clear understanding that local governance is the shared responsibility of a wide variety of stakeholders in and across government. The Act provides for a new way of integrating performance in government. It gives effect to the Government-wide Monitoring and Evaluation initiatives through such cooperation and coordination relationships as required by the Constitution.

Section 4 of this Act provides for the objective envisaged by the Act, to provide within the principle of corporative government set out in Chapter 3 of the Constitution. It further establishes a framework for national, provincial and local governments and all organs of state to facilitate coordination in the implementation of policy and legislation, including coherent government; effective provision of services, monitoring implementation of policy and legislation; and realisation of national priorities.

The aim of this chapter is to operationalise the study objectives of this research in such a manner that the statutory and regulatory framework governing performance management applications in local government may reviewed. The preceding section was overseeing the review of the statutory component while the following section will undertake a review of the regulatory framework governing performance management applications.

3.3 THE REGULATORY FRAMEWORK FOR PERFORMANCE MANAGEMENT IN SOUTH AFRICAN MUNICIPALITIES

In pursuance of the provisions of the legislation above, legislative authorities develop operational guidelines for national and provincial departments as well as municipalities to implement national legislation. Collectively these operational guidelines are part of a regulatory framework and include documents such as green and white papers, regulations and official guidelines. This regulatory framework governs the performance management applications in municipalities

and is explored in this section. The first to be explored is The White Paper on Transforming Public Service Delivery (commonly known as the Batho Pele-White Paper).

3.3.1 The White Paper on Transforming Public Service Delivery (Batho Pele White Paper) 1997

The Batho Pele- White Paper can be viewed as an initiative that helps to achieve improved municipal service delivery through the intense participation of the people these services are intended for. The White Paper can be regarded as a programme that guides and directs municipal services and addresses the imbalances of the past. This White Paper states that all public institution operations should follow the eight principles contained in the White Paper as in the Batho Pele principles to guide them towards quality service delivery.

The principles are public consultation; service standards; service accessibility; citizens courtesy; service information; openness and transparency; redress; and value for money in service quality and value. These principles form part of the values and objectives measured by the Key Performance Indicators in the initiative of PMSs implementation (RSA, 1997:15).

In the following subsection The White Paper on Local government will be explored.

3.3.2 The White Paper on Local Government 1998

The White Paper on Local Government elaborates on the vision of developmental local government envisaged by the Constitution and identifies four interrelated characteristics of local government geared towards development as follows:

- Exercising municipal powers and functions in a manner which maximises their impact on social development and economic growth;
- Playing an integrating and coordinating role to ensure alignment of public and private investment within the municipalities;

- Democratising development, empowering the poor, and redistributing income and opportunities in the interest of the poor; and
- Building social conditions favouring development.

This White Paper represents a major paradigm shift in terms of how municipalities should democratise development and integrate development planning, budgeting and performance monitoring, performance management, and working with citizens and partners thus achieving community- based goals.

The publication of the White Paper was followed by legislation enacted to give effect to the provisions of the White Paper such as the Local Government: Municipal Systems Act of 2000, the Local Government: Municipal Finance Management Act of 2003, Intergovernmental Relation Act of 2005.

For the purposes of this study, the following regulatory framework to explore is SALGA Guideline Document on the Roles and Responsibilities of Councillors, Political Structure and Officials in the following subsection.

3.3.3 SALGA Guideline Document on the Roles and Responsibilities of Councillors, Political Structure and Officials

In March 2011 SALGA published a Guideline Document on the Roles and Responsibilities of Councillors, Political Structure and Officials whose purpose is to define the roles and responsibilities of councillors and officials in a municipality. This is achieved by outlining the roles identified in the legislation for these role players in the municipality.

Subsection 16.1.1 of the SALGA Guideline Document describes the three internal documents that determine the expectations bestowed on the municipal manager. Amongst the three documents, the document of most importance for the purposes of this study is the performance agreement. The municipal manager is expected to sign a performance agreement that should include the performance objectives and targets that the municipality sets together with envisaged time frames to achieve to objectives and targets.

Although the employment contract and the performance agreement are separate and signed independently of one another, the employment contract should, where applicable, provide for cancellation of the contract in relation to unsatisfactory performance standards in terms of the performance agreement.

Subsection 16.1.2 of the SALGA Guideline Document stipulates that the municipal manager as a head of the administration is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP. The municipal manager should operate within the municipality's PMS and be responsive to the needs of the local community and facilitate their participation in the affairs of the municipality.

In order for the municipality to perform to the expected levels, it should have appropriate capacity. To this effect the framework for local government capacity-building initiatives will be explored in the following subsection.

3.3.4 National Capacity-Building Framework for Local Government

The National Capacity Building Framework (NCBF) was published in 2006 to improve approaches to municipal service delivery in two areas, namely the presentation of an implementation strategy and clear role definition in capacity-building. Capacity-building is interpreted for this study as the building of the potential to have a bearing on environmental, institutional and individual levels. This is achieved by providing a framework for coordinating the efforts of different departments and agencies so that all efforts to support and build the capacity of local government are appropriately targeted and focused on realising the same development agenda. Capacity in this context is the potential and competency to do something (by an individual). Capacity within a person is normally exhibited through specific technical and generic skills, knowledge, attitudes and behaviour accumulated through forms of education, training, experience, network and values.

Institutional capacity, which is found within the organisations, includes human resources, strategic leadership, organisational purpose (mission), institutional memory, internal confidence, partnership, intergovernmental relations, powers

and functions, resources and support systems, infrastructure and financial abilities, structures, processes, culture and by-laws. Environmental capacity is the capacity that is found outside of the municipalities' formal structures. Environmental capacity entails the external conditions that municipality may be able to harness (NCBF, 2006:6).

Performance Monitoring and Evaluation (PME) and Monitoring and Evaluation (M&E) according to the NCBF (2006:111), should be appreciated as important management and monitoring tool for service delivery, especially in the context of local government capacity-building. The NCBF observes that the approach to PME must recognise that the first priority of a municipality is to deliver a tangible service or output. A municipality should after delivering the service or input, shift its emphasis to outcomes and impact i.e. move from measurement of efficiency to effectiveness measurement. Building capacity for M&E and for PMSs of local government is important to fulfil the constitutional mandate of basic service delivery and socio-economic development in creating prosperous and sustainable communities.

The implication here is that all key performance areas and programme areas should be continuously monitored and evaluated in order to keep activities, outputs, outcomes, and envisaged impact on track. Furthermore, as was indicated, during programme implementation it is crucial that monitoring is institutionalised as a continuous assessment of activities. This continuous assessment is done particularly during the activity and output phases, as it provides the basis for corrective actions. Evaluation should be viewed as an assessment of ongoing or completed projects against stated project objectives, project goals and performance indicators (NCBF, 2006:111).

The following subsection explores on the IDP Guide Packs established in 2001 in an effort to unpack the incorporation of PMS and SDBIP in the IDP processes.

3.3.5 IDP Guide Packs 2001

The former Department of Provincial and Local Government (DPLG), now the Department of Co-operative Governance and Traditional Affairs (COGTA), in collaboration with the German Technical Co-operation (GTZ) developed IDP Guide Packs 2001 aimed at assisting and enticing the municipalities to engage in the development planning process needed to guide them in the production of IDPs. Amongst other things, municipalities are guided to incorporate or else observe within their IDP's' development, the pact of Performance Management Implementation and Monitoring.

IDPs should reflect the effective use of scarce resources; improvement of service delivery aspects; attraction of additional funding either internationally, nationally or locally from communities; strengthening of local democracy and institutional transformation; overcoming the legacy of the apartheid regime; and the promotion of effective coordination and intergovernmental relations (IDP Guide Packs, 2001c:5).

According to the IDP Guide Pack (IV), the IDP and municipal budgeting must synchronise with the provincial and national budget to avoid duplication thus promoting articulation in maximisation of resources. The resources are then incorporated into Service Delivery and Budget Implementation Plans (SDBIPs) which are operational annual IDP initiatives.

The following subsection explores the Performance Management Guide for Municipalities of 2001. The thorough exploration is performed onto this subsection because of the importance of the Guide to this study.

3.3.6 Performance Management Guide for Municipalities of 2001

This Guide forms an important aspect of the study providing for the development and establishment of PMS in municipalities.

In 2001, the former Department of Provincial and Local Government promulgated the Performance Management Guide for municipalities the purpose of which is to bring about change, transformation and improved service

delivery at the local level. It is planned to be a set of simple, user-friendly, non-prescriptive guidelines that will assist municipalities in developing and implementing their respective legislatively required PMS.

It is designed to enable municipalities to develop and implement such systems 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 is meant for local government councillors, managers, officials, community-based organisations and members of the public at large. The guidelines presented are on the development and implementation of an organisational PMS while highlighting some of the linkages to an employee or personnel PMS.

According to the Guide, performance management can be categorised into three phases namely:

- Starting the Performance Management Process;
- Developing a PMS; and
- Implementing Performance Management.

Due to the significance of these phases for purposes of this study, the respective steps within each phase are briefly highlighted below.

3.3.6.1 Phase 1: Starting the Performance Management Process

The PMS process initiated by clarifying and delegating roles and responsibilities, setting internal arrangements and setting up an internal institutional arrangements and setting up a framework for managing the change process (RSA, 2001a:6).

Step 1: Delegation of the Responsibilities

The municipal council has to adopt the PMS and is required to hold the executive committee or executive mayor responsible for development of the system. The executive committee or mayor may assign responsibility to the municipal manager in this regard, but remains accountable for the system's development. The municipal manager may delegate the responsibility to

another senior manager. The delegation needs to be done in writing with clear and specific instructions with a time frame for completion (RSA, 2001a:7).

Step 2: Setting Up Internal Institution Arrangements

The municipality may establish a project team led by a senior manager delegated by the municipal manager. The senior manager and the project team should be responsible to the integrated development process and report to the municipal manager who will in turn account to executive committee or executive major and finally to the council. The project team should be responsible for preparing the organisation for change; facilitating the development of the PMS and supporting the organisation in implementing PMS (RSA, 2001a:7).

Step 3: Managing the Change Process

It is important as a preparatory component of the change process that officials are aware, understand and accept that the performance management is needed and what principles will govern its development and use. The municipality should then hold workshops and the leadership should let the organisation know that performance management will ensure the accountability of the municipality to the citizens and communities; of the administration to council; of line functions to the executive management and of employees to the organisation (RSA, 2001a:8).

The municipal information to the organisation will also include following goals:

- Make change happen by mobilising the organisation for change;
- Clarify and make it accessible;
- Ensure strategic alignment of all operations, thus transforming strategy into operations and vision into action;
- Clarify and manage roles, responsibility and expectations between the public and municipality and between politicians and officials and amongst the officials;
- Communicate these roles, responsibilities and expectations within the organisation and to the public;

- Deepen democracy by encouraging public participation through the communication of performance information and the creation of appropriate mechanisms to hold the council accountable in the periods between elections;
- Create a mechanism for efficient decision-making on the allocation of resources;
- Introduce a diagnostic tool that not only tells whether correct activities are done but also incorrect ones;
- Redefine the incentive structure by rewarding successes and alternatively identifying opportunities for growth, learning and development; and
- Ensuring that the process of developing the system will be inclusive, participatory, and transparent; and also that the system will be simple, realistic, fair and objective, developmental and non-punitive.

These preparatory steps are not exhaustive, however, they are very important in ensuring the smooth introduction of a PMS in reducing problems in its implementation (RSA, 2001a:8).

3.3.6.2 Phase 2: Developing a PMS

Developing a PMS is the phase which involves the development of a framework within which performance management processes will take place. It also involves answering the following questions which will help the municipality to develop a performance management framework:

- When does performance management start?
- What are the components of a PMS?
- Who will manage whose performance?
- When will performance be monitored, measured and reviewed?
- What aspects of performance will be managed?
- How will the organisation respond to good and bad performance?
- What institutional arrangements have to be in place or to be established to make the system work? (RSA, 2001a:9).

The designated senior manager, together with the project team, develops the system starting off by identifying the stakeholders and establishing structures that will facilitate the system's development. There are six identified steps involved in developing PMS:

- Current reality;
- Identification of stakeholders;
- Creating structures for stakeholder participation;
- Developing the system;
- Publication of the system; and
- Adoption of the system.

The project team firstly needs to study the current reality by assessing how planning, implementation and monitoring happen in the municipality and then identify the gap in terms of the new integrated development planning and performance management requirements. Secondly, the project team will identify stakeholders and group them into four different categories designated as Citizens and Communities, Councillors, Officials and Partners. It is important to establish structures that will facilitate the meaningful participation of stakeholders in the development of the PMS. It is advisable that the PMS structures are the same as IDP Representative Forum structures.

The PMS provides a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will be organised and managed while determining the roles of different role-players. The system must be of such a nature that it:

- Complies with all the requirements sets out in the Local Government: Municipal Systems Act of 2000;
- Demonstrates how it is to operate and be managed from planning stage up to the stages of performance review and reporting;
- Defines 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 IDP processes;
- Determines the frequency of reporting and the lines of accountability for performance;
- Links organisational performance to employee performance;
- Provides for the procedure by which the system is linked with the municipality's IDP processes; and
- Shows how any general key performance indicators (KPIs) envisaged in section 43 of the Act will be incorporated into the municipality's planning and monitoring processes.

After the development of the system the municipality must publish the system in the local media for public comments. Lastly, the project team after incorporating the public inputs must lay the proposed system for adoption before the Council (RSA, 2001a:12).

3.3.6.3 Phase 3: Implementing Performance Management

After adoption of the proposed system, the project team is mandated to facilitate its implementation, starting with the development of the implementation strategy. The strategy is linked to the IDP implementation framework and must incorporate planning, implementation, monitoring and review. This is carried out in nine sequential steps: plan for performance; set key performance indicators; set performance targets; develop a monitoring framework; design a performance measurement framework; conduct performance reviews; improve performance; report of performance; and integrate organisational performance and employee performance (RSA, 2001a:13-29).

Due to the significance of these performance management implementation steps for purposes of this study, they are briefly highlighted.

Step 1: Planning

The IDP process and the Performance Management process should be integrated where the Integrated Development Planning fulfils the planning stage of performance management and the Performance Management fulfils the

implementation management, monitoring and evaluation stage of the IDP process.

Step 2: Priority setting stage

The priorities are essentially the issues on which a municipality focuses in order of importance to meet the needs of its clientele. The municipality may cluster the priorities into the following key performances areas: infrastructure and services; social and economic development; institutional transformation; democracy and governance; as well as financial management.

Step 3: Setting objectives

All components of the IDP need to be translated into a set of clear and tangible objectives. This facilitates the establishment of suitable indicators. In other words a construction of clear and concise statement of objectives is needed. The statement requires a tangible, measurable and unambiguous commitment to be made with a clear time frame attached.

In setting objectives a municipality needs to: carefully consider the results desired, review the precise wording and intention of the objective, avoid overly broad results statements, be clear about the scope and nature of change desired, and ensure that objectives are outcomes and impact focused.

A. *Setting Key Performance Indicators (KPIs)*

Indicators are the measures that tell whether progress is being made in achieving the organisational goals (RSA, 2001a:18). They actually describe the performance dimension that is considered key in measuring performance. Indicators are important in that they: provide a common framework for gathering data for measurements and reporting; translate complex concepts into simple operational measurable variables; enable the review of goals and objectives; assist in policy review processes; help focus the organisation on strategic areas; help provide feedback to the organisation and staff.

Five types of indicators can be identified, (RSA, 2001a:19):

- **Input indicators:** These measure economy and efficiency. They measure what it cost the municipality to purchase the essentials for producing the desired outputs (economy), and whether the organisation achieves more with less in resource terms (efficiency) without compromising quality;
- **Process indicators:** These relate to the ingredient, products and effects of organisational processes. They are the set of activities involved in producing something;
- **Output indicators:** These measure whether a set of activities or processes yields the desired products. They are effectiveness indicators. They are measured in quantities;
- **Outcomes indicators:** These measure the quality as well as the impact of the products in the achievement of the overall objectives; and
- **Composite Indicators:** This is a set of combination of indices of set of indicators into one index and measures all components together.

The indicators should always have the following values: They should be measurable, simple, precise, relevant, adequate and objective (RSA, 2001a:23).

B. Setting up Performance Targets

Targets are the goals or milestones that are intended as an indicator to measure at various timeframes (RSA, 2001a:24). The targets are usually expressed in terms of quantity or time. Decision makers must make a contractual commitment to achieving these targets within timeframes agreed upon and communicated to all stakeholders. The above step is followed by the development of a monitoring framework. Performance monitoring is an ongoing process that runs parallel to the implementation of the IDP. The developed framework identifies the role of the different role-players in monitoring and measuring the municipality's performance with specific tasks allocated to gather data and submit reports. The next step is to design a Performance Measurement Framework (RSA, 2001a:24).

C. *Design a Performance Measurement Framework*

Performance measurement is essential for the process of analysing the data provided by the monitoring system in order to assess performance. The requirement is that the municipality determines what it is going to look at and what it is going to use to measure performance. In this case a municipality has the liberty to adapt any appropriate model or develop its own performance measurement model (RSA, 2001a:26).

D. *Performance Reviews*

Performance review is a process whereby the organisation, after measuring its own performance, assesses whether it is doing the right thing, doing it correctly or not. This is done by looking first into its own current performance relative to the previous performance, or by comparison with other similar organisations or through feedback from the people to whom it has provided services.

The performance of an organisation integrally linked with the performance of the staff of such an organisation. It is therefore important to manage both performances at the same time. The success of the implementation of a municipal PMS rests also on the capacity of the management, especially line managers, executive management, councillors, citizens and communities for their fulfilment of their respective roles in performance management. They will need to be trained and supported in this regard (RSA, 2001a:31).

The relationship of the organisational and employee performances starts from planning, implementation, monitoring and review leading one to look into the establishment of municipal performance regulations municipal managers and managers directly accountable to the latter.

The following subsection explores the Local Government: Municipal Planning and Performance Management Regulations of 2001. The prompt exploration will be performed onto this subsection because of the importance of the regulations to this study.

3.3.7 Local Government: Municipal Planning and Performance Management Regulations of 2001

These regulations form the integral basis of the discussion because they provide for the development and the implementation of PMS in the municipalities.

The former Minister responsible for local government, in consultation with MECs and SALGA, promulgated regulations for planning and performance management for municipalities which necessitates a framework that describes and represents the manner in which the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed. The Municipal Planning and Performance Management Regulations also regulate the methods and mechanism to determine the role players and their respective roles (RSA, 2001b:3).

Chapter 2 of these Regulations regulates the development of the IDP. Firstly, these Regulations provide that a municipality IDP should have: the institutional framework to implement the IDP and address a municipality's internal transformation needs that are informed by the strategies and programmes set out in the IDP; any investment initiatives which include infrastructure, physical, social, economic and institutional development; all known projects, plans and programmes to be implemented within the municipality and the key performance indicators set by the municipality (RSA, 2001b:4).

Secondly, the said Regulations provide that the IDP should have maps, statistics and other appropriate documents attached to it. Thirdly, the given Regulations provide that the IDP should have a financial plan that reflects the budget projection for three years. This financial plan should indicate the available financial resources for capital project developments and operational expenditure and also include a financial strategy that defines sound financial management and expenditure control, as well as ways and means of increasing revenues and external funding for the municipality and its development priorities and objectives. Fourthly, the IDP should have a spatial development framework that ought to set out basic guidelines for a land use management system, set out a

capital investment framework for the municipal development and contain a strategic assessment of the environmental impact and development framework (RSA, 2001b:5).

Section 6 of the given Regulations gives effect to the implementation of the IDP and states that the IDP should be used to inform the annual budget of the municipality and also to prepare action plans for the implementation of strategies identified by the municipality.

Chapter 3 of the said Regulations prescribes for the implementation of performance management. According to Section 7, the municipality's PMS entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed (RSA, 2001b:9).

In developing the PMS, a municipality should ensure that the system complies with the requirements set out in the Systems Act; demonstrate how the PMS is operated and managed from the planning stage up to the stages of performance review and reporting; the system clarifies the role and responsibilities of every role-player, including the local community, in the functioning of the system (RSA, 2001b:9).

The system should additionally clarify the processes of implementing the system within the framework of the IDP process, determine the frequency of reporting and the lines of accountability for performance, as relating to the municipality's employee performance management processes and provide the procedure by which the system is linked to the municipality's integrated development planning processes. Section 8 provides that a PMS should be adopted before or at the same time of the commencement, by the municipality, of the process of setting key performance indicators and targets in accordance with the IDP (RSA, 2001b:10).

The key performance indicators ought to be set by the municipality as input indicators, output indicators and outcomes indicators in respect of each of the development priorities and objectives of the municipality that are measurable,

relevant, objective and precise. The municipality should specify indicators with the involvement of the communities that inform the indicators set for all municipality administrative units and employees and every municipal entity and service providers with whom the municipality has entered into a service delivery agreement. The key performance indicators need to be reviewed annually or whenever the municipality amends its IDP (RSA, 2001b:10).

According to RSA (2001b:12), a municipality must set performance targets for each financial year for each of the key performance indicators set. The set performance targets should: be practical and realistic; measure the efficiency, effectiveness, quality and impact of performance of the municipality, administrative component, structure, body or person for whom a target is set for; be commensurate with available resources; be commensurate with the municipality's capacity; and finally be consistent with the municipality's development priorities and objectives set out in IDP of the municipality.

Section 13 prescribes for the development and the implementation of the mechanisms, systems and processes for the monitoring, measurement and the review of performance in respect of the key performance indicators and performance targets set by the municipality. These mechanisms, systems and processes for monitoring should provide for the reporting to the municipal council for at least a year, be designed in a manner that enables the municipality to detect early indications of under-performance; and provides for the corrective measures where under-performance has been identified (RSA, 2001b:13).

The mechanisms, systems and processes for review should identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by the municipality, review the key performance indicators set by municipality and allow the local community to participate in the review process.

The last section of importance RSA (2001b:13) is Section 14 which regulates the development and the implementation of the mechanisms, systems and processes for auditing the results of performance measurements as part of internal auditing processes. This auditing should include assessments of the

functionality of the municipality's PMS; compliance of the PMS with the provisions of the Municipal Systems Act, the extent to which the municipality's performance measurements are reliable in measuring performance on municipality on indicators.

The municipality's internal audit should audit performance measurements of the municipality on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee. Subsection 2 regulates the appointment of the audit committee.

In the following subsection the exploration of the Schedule Treasury Regulations for Departments, Trading Entities, Constitutional Institutions and Public Entities of 2002 is made.

3.3.8 Schedule Treasury Regulations for Departments, Trading Entities, Constitutional Institutions and Public Entities of 2002

The Regulations (RSA, 2002a:10) provide that the internal audit function must assist the accounting officer to maintain efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency and by developing recommendations to enhance or improve the performance of the institution. The regulations also point out that, inter alia the following controls should be subjected to evaluation. These controls include information systems, financial and operational information, the effectiveness of operations, safeguarding of assets, and compliance with laws, regulations and controls.

The internal audit function should assist the accounting officer in achieving the objectives of the institution by evaluating and developing recommendations for the enhancement or improvement of the processes through which:

- Objectives and values are established and communicated;
- The accomplishment of objectives is monitored;
- Accountability is ensured; and
- Corporate values are preserved (RSA, 2002a:10).

The Regulations (RSA, 2002:15) further prescribes that the accounting officer must prepare annual strategic plan for the forthcoming MTEF period, lay it for approval and be submitted to the legislature. The strategic plan must form the basis for annual reports of accounting officers according to the terms of the MFMA. The accounting officer of an institution must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring and corrective action (RSA, 2002a:83).

The next subsection deals with the exploration of the Local Government: Municipal Performance Regulations for Section 57 Employees published in 2006.

3.3.9 Local Government: Municipal Performance Regulations for Section 57 Employees

In 2006, Mr S Mufamadi, the former Minister responsible for Provincial and Local Government, published the draft Local Government: Municipal Performance Regulations for Section 57 Employees. The preamble of these regulations remarks that the aim of the regulations is to set out the manner in which a performance of the municipal councils should be uniformly directed, monitored and improved. The regulations are put as the point of reference both for the employment contract of the municipal manager and other Section 57 managers as well as for the Performance Agreement that is entered into between respective municipal councils and municipal managers at the centre of municipal performance (RSA, 2006b:1).

The purpose of instruments such as the Contract of the Municipal Manager and other Section 57 managers together with the performance agreement is to ensure a basis for performance and continuous improvement in local government. This assurance of the basis will be achieved when the Employment Contract specifically delineates the terms of employment for Municipal Managers including Section 57 Managers while the Performance Agreement provides an assurance to the municipal council of what the relevant council should expect from their Municipal Manager and Accounting Officer (RSA, 2006a:1).

Finally, the instruments should be effective tools to be considered in the context of enabling the implementation of an Integrated Development Plan (IDP) of a municipality. As effective tools, the instruments should simultaneously create an enabling environment for performance and enhanced accountability.

The following subsection explores the Policy Framework for the Government-Wide Monitoring and Evaluation System (GWM&ES). A more thorough exploration will be performed in this subsection because of the importance of the M&E to this study. The monitoring and evaluation forms an important basis of the study because the monitoring and evaluation provides the review of the success and effectiveness of the PMS implementation in the municipalities.

3.3.10 Policy Framework for the Government-Wide Monitoring and Evaluation Systems (GWM&ESs)

In August 2006 the Cabinet of the Republic of South Africa approved a process to plan and develop a Monitoring and Evaluation (M&E) system for use across the entire government. The purpose of the system as envisaged was to provide reliable information on the implementation of government programmes, facilitate analysis of government's performance and improve M&E practises.

The Policy Framework for the Government-wide Monitoring and Evaluation (GWM&E) was promulgated in 2007. GWM&E is extremely complex since it requires a detailed knowledge both across and within the sectors and interactions between planning, budgeting and implementation down to the level of the local government. The system is complicated even further when the machinery of government is decentralised with powers and functions vested and being distributed across three spheres of government. It is this complicated intergovernmental structure with diffused powers and functions which requires strong M&E systems to promote coordination and prevention of fragmentation (RSA, 2007a:1).

For the purpose of GWM&E monitoring is defined as that phenomenon of collecting, analysing and reporting data on inputs, activities, outputs, outcomes and impacts as well as external factors that support effective management with

the aims of providing managers, decision makers and other stakeholders with regular feedback on progress in implementation and results and early indicators of problems that need to be corrected minded of reporting on actual performance against what was planned or expected (RSA, 2007a:1).

GWM&E can be regarded as a set of organisational structures, management processes, standards, strategies, plans, indicators, information systems, reporting lines and accountability relationships which enable national and provincial departments and other institutions to discharge their M&E functions effectively; thereby influencing the organisation's decision-making, learning and service delivery capacity (RSA, 2007a:4).

The Municipal Systems Act 32 of 2000 requires that the accounting officer of a department or municipality or the chief executive officer of a public institution is to publish a monitoring and evaluation system for the institution. For instance, the primary users of the M&E system will use the information from the source systems to refine their planning and implementation processes. The data and information from these systems will also be used in the GWM&E system by other stakeholders to create an overall picture of the national, provincial and local performance (RSA, 2007a:4).

The end users will use derived IT Systems to collate and analyse the data from the underlying organisational source systems. The GWM&E system is intended to facilitate a clear sequence of events based on critical reflection and managerial action in response to analysis of the relationships between the deployment of inputs, the generation of service delivery outputs, outcomes and impact (RSA, 2007a:4).

The inputs imply all resources that are used up and contributed to the production of service delivery (outputs). The inputs include finances, personnel, equipment and infrastructure. Activities are all the processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. Outputs denote the final products, goods and services produced for delivery. Outcomes are the medium-term results for specific beneficiaries which are the consequences of achieving specific outputs related to

institutional strategic goals and objectives set out in the plans. Lastly, the impacts which result from achieving specific outcomes such as reducing poverty and creating jobs that influenced the communities and the target groups (RSA, 2007a:2).

Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions in order to guide the decision making by staff, managers and policy makers. Its emphasis is on assessment on relevance, efficiency, effectiveness, impact and sustainability minded of extracting cross-cutting lessons from operating unit experiences and determining the need to modify strategic results frameworks.

3.3.10.1 Principles of Monitoring and Evaluation

According to the Policy Framework for the Government-Wide Monitoring and Evaluation System (GWM&ES) the following are the principle of monitoring and evolution:

- It should contribute to improved governance: This includes the facts that all findings of M&E should be publicly available; resources used are open for public scrutiny and everybody who participated.
- M&E should be rights based: All M&E processes should be observant of the promotion of a rights based culture.
- M&E should be development-oriented: Nationally, institutionally and locally it should be pro-poor oriented, observing aspects of service delivery, performance, learning, human resource management and impact awareness.
- M&E should be undertaken ethically and with integrity: All aspects of confidentiality, respect, representation of competence and fair reporting should be maintained.
- M&E should be utilisation oriented: Strategic needs and knowledge should be well defined and meet expectation.
- M&E should be methodologically sound: Consistent indicators, data/evidence based, appropriateness and triangulated methods used for sound results.

- M&E should be operationally effective: The benefits of M&E should be properly planned, its scope well-orchestrated, and it should be cost-effective and systematic (RSA, 2007a:3).

3.3.10.2 Implementation of the GWM&ES

Various institutions are tasked to oversee the implementation of this system by corresponding legislations. These include the Presidency which is mandated by the Constitution to coordinate, monitor evaluate and communicate government policies and programmes and then to accelerate integrated service delivery and also to evaluate the implementation of government strategy including its impact as measured against the desired outcomes (RSA, 2007a:17).

The second institution involved in the implementation of the GWM&ES is the National Treasury which is mandated by Sections 215 and 216 of the Constitution, the Public Finance Management Act 1 (PFMA) of 1999 and Municipal Finance Management Act 56 (MFMA) of 2003. National Treasury ensures that information regarding inputs, activities; outputs and outcomes conforms to planning, budgeting, implementation, management and accountability reporting, in order to promote economy, efficiency, effectiveness and equity as well as transparency and expenditure control (RSA, 2007a:17).

The fourth institution involved in the implementation of the GWM&ES is the Department of Public Service and Administration (DPSA) mandated by the Public Service Act of 2001 to transform the public service to increase public service effectiveness and also to improve governance by overseeing public management frameworks; performance management; knowledge management and service delivery improvement (RSA, 2007a:18).

The Department of Cooperative Governance & Traditional Affairs (COGTA), whose main drivers are the Constitution, Chapters 3 and 7, Local Government: Municipal Structures Act of 1998, Local Government: Municipal Systems Act of 2000. It is mandated to develop national policies and legislation with regards to provinces and local government, to monitor their implementation and to support them in fulfilling their constitutional and legal mandate. It aims to

democratise the South African society, and grow the economy through a responsive, accountable, effective and efficient Local Government system that is part of a developmental state (RSA, 2007a:18).

The former South African Management Development Institution (SAMDI), now known as the Public Administration Leadership and Management Academy (PALAMA) is mandated by the Public Service Act 1994 to train and award certificates and has a capacity building role in rolling out the GWM&E Policy Framework. The other party that is also responsible is the Office of the Public Service Commission (OPSC), which derives its mandate from sections 195 and 196 of the Constitution. It investigates, monitor and evaluates the organisation and administration of the public service (RSA, 2007a:18).

The mandate entails the evaluation of achievement or lack of achievement of government programmes. It also has the obligation to promote measures that would ensure effective and efficient performance with public service and to promote values and principles of public administration as set out in the Constitution: professional ethics, efficient, economic and effective use of resources, impartial, fair and equitable service provision, transparency and accountability (RSA, 2007a:19).

The Auditor-General is mandated to give audited annual reports of the government departments including audited financial statements and statements of programme performance. The drivers of audited annual reports are the Public Audit Act 25 of 2004, the Municipal Systems Act and the Municipal Finance Management Act 2003 at the local sphere. The Provincial Offices of the Premier and the MEC's responsible for local government are responsible for the development and implementation of provincial policy, the implementation of national policies in concurrent function areas and the coordination of the functions of the provincial departments (RSA, 2007a:19).

The following eight principles should guide the key stakeholders in crafting a detailed implementation plans in their areas of responsibility (RSA, 2007a:19):

- The implementation plan should be clearly linked with prior public sector reform initiatives;

- As far as possible the GWM&E Framework should incorporate and consolidate existing M&E initiatives in the three spheres and aligning them with the overall aims of the government;
- Roles and responsibilities of each stakeholder should be clearly defined to their mandate;
- The implementation plan should adopt a differentiated approach across spheres and sectors;
- The administrative burden of compliance across government should be minimised;
- Where M&E systems are supported by IT solutions, the emphasis will be on systems integration and ease of data interchange;
- Monitoring and the development and enforcement of statistical standards are important pre-conditions for effective evaluation; and
- Regular review of the implementation plan against milestones.

Performance information is a key to effective management, including planning, budgeting, implementation, monitoring and evaluation, and reporting. It is also important in facilitating effective accountability, enabling legislators, members of the community and interested parties to track progress; identify the scope for improvement and better understanding the issues involved in service delivery of the public sector. Having this in mind it is important to explore the North-West Province's Municipal Organisational Performance Management Implementation Manual of 2007.

3.3.11 Municipal Organisational Performance Management Implementation Manual of 2007

Prior to 2007 the former Department of Provincial and Local Government of North-West Province (NWP) initiated a programme to pilot municipal organisational performance management throughout the country, where a number of challenges faced by municipalities in implementing a full-scale PMS were highlighted. These included a lack of institutional capacity, lack of political support, problems with data gathering and analysis and the setting of key performance indicators, and other issues. These findings triggered the

establishment of the Municipal Organisational Performance Management Implementation Manual in 2007(NWP, 2007:12).

This manual was prepared by the Department of Developmental Local Government and Housing in the North-West Province in an endeavour to assist and support municipalities in developing and implementing performance management. Its focus was based on the overall organisational performance of the municipality and not on individual performance. It was intended to serve as a practical, simple and non-prescriptive provincial guide to enable municipalities to comply with the legislative requirements in developing and implementing a PMS that is best suited to their circumstances and in line with the priorities, objectives, indicators and targets as contained in their IDPs (NWP, 2007:15).

This manual highlighted the following principles that which should be adhered to throughout the performance management process:

- Ensure measurement of organisational performance;
- Meet strategic development requirements;
- Integrate organisational performance management into the management processes;
- Ensure that strategic objectives of the organisation are cascaded down and linked to performance plans of teams;
- Address input, output and outcome measures;
- Cater for sustainable and continuous service improvement;
- Have a strong customer and community involvement facilitated through existing IDP processes;
- Identify what is needed for an information management system;
- Be simple and easy to apply;
- Ensure internal capacity building and skills development and be linked to the Municipal Capacity Building Programme;
- Facilitate change management;
- Provide a basis for a link between organisational performance and individual performance;
- Provide a framework for auditing performance;

- Allow for benchmarking;
- Allow for systematic and phased or incremental implementation;
- Allow for the recognition and reward of high performing teams or organisations through the creation of an award scheme (NWP, 2007:18).

This manual highlighted the following eight steps in the development of a PMS:

- Introduction of PMS;
- Gearing-up for Performance Management;
- Consultation on Performance Management;
- Setting Performance Measurements;
- Performance Management Model;
- Performance Review and Reporting;
- Auditing Performance Measurements; and
- Linking Organisational and Individual Performance.

The Municipal Organisational Performance Management Implementation Manual upheld the following as benefits of performance management (NWP, 2007:28):

- Provides appropriate management information for informed decision-making;
- Provides a mechanism for managing expectations and ensuring increased accountability between the citizens of a municipal area and the municipal council; the political and administrative components of the municipality; and each department and the municipal management; Provides early warning signals to future problems with the implementation of the IDP in terms of risks;
- Identifies major or systematic blockages and guides future planning and developmental objectives and resource utilisation of the municipality;
- Encourages the direction of the resources available to the municipality for the delivery of projects and programmes that meet development priorities;
- Assists in ensuring that the delivery is happening as planned;

- Promotes the efficient utilisation of resources;
- Promotes the delivery of the envisaged quality of service;
- Assists municipalities in making timeous and appropriate adjustments in the delivery and adjustment of resources;
- Identifies capacity gaps in both human and non-human resources and at the same time assists in determining right-sizing requirement;
- Identifies communities and areas that lag behind others in terms of development and thus assists in spatial and sectoral integration; and
- Assists municipalities in their efforts to shift from the pre-democracy control and regulatory orientation to post-democracy developmental municipalities in line with the Constitution of the Republic of South.

Having explored the Municipal Organisational Performance Management Implementation Manual of 2007, it is important to explore the Framework for Managing Programme Performance Management Information of 2007.

3.3.12 National Treasury's Framework for Managing Programme Performance Management Information

In 2007 the National Treasury Department established the Framework for Managing Programme Performance Management Information to educate and demonstrate to all performance management institutions, stakeholders and role-players. The education and demonstration were to include the importance of performance information as a management tool and also to articulate and to link between the Managing Programme Performance Information and the Government-Wide Monitoring and Evaluation System.

The programme was further aimed at appraising the role of performance information in planning, budgeting and reporting, to consider the key concepts including the criteria for good performance indicators and to assess an approach to development of key performance indicators. Finally the programme was designed to demonstrate the capacity required to manage and use performance information while also demonstrating the roles of the key government institutions in performance information management and the publication of the performance information (RSA, 2007b:13).

The last regulatory framework to be explored is the Presidency's The Role of Premiers' Offices in Government-wide Monitoring and Evaluation: A Good Practice Guide devised to mainstream the aspirations of monitoring and evaluation in the offices of the Premiers.

3.3.13 The Presidency's The Role of Premiers' Offices in Government-wide Monitoring and Evaluation: A Good Practice Guide

In July 2008 the Presidency established The Role of Premiers' Offices in Government-wide Monitoring and Evaluation whose aspirations are A Good Practice Guide to scale-up the prospects, the aspirations, and the culture for the monitoring and evaluation in the entire Country, across the three spheres of government beginning with the Premiers' Offices. It is important because of the pivotal role of such offices in providing the coherent strategic leadership and coordination in provincial policy formulation and review, planning and overseeing service delivery.

The Good Practice Guide is expected to bring a thorough understanding of the implications for the Government-wide Monitoring and Evaluation Policy Framework for the Office of the Premier. It should also enhance the fate to identify good practices in M&E which are emerging and those which should be avoided. The Good Practice Guide should assist in demonstrating a greater awareness of challenges facing M&E Units within the Premier's office and approaches that should be used to manage these risks as well as identifying such factors emanating from the recommendations of A Good Practice Guide document which should be taken into consideration when crafting M&E strategies and plans for the province as a whole and for the M&E Unit as a whole.

The following section will be dealing with the programmes that the government embarked on in order to fast track the municipal performance.

3.4 PROGRAMMES FOR SCALING UP PERFORMANCE MANAGEMENT APPLICATIONS IN SOUTH AFRICAN MUNICIPALITIES

In this section a brief synopsis is given of the most significant programmes that were put in place to fast track the performance of the municipalities. The recommendations of these programmes are usually incorporated into the processes that lead to the development of IDPs. The first programme to discuss is the Ten Years Project Consolidate from the period 2004 to 2014.

3.4.1 Ten Years Project Consolidate (2004-2014)

The course of the Project Consolidate was intended to forge a partnership that would result in a practical improvement in the quality of people's lives at the local level. Project Consolidate was envisaged viable by presenting some tentative perspectives of the best possible way of organisation in order for municipalities to be equal to the tasks bestowed on them. Project Consolidate was planned to provide valuable input on how to provide effective support to municipalities in the future by:

- Institutionalising hands-on support to local government and improving inter- and intra-governmental cooperation in the provision of support to local government;
- Strengthening the platform for collective development planning across the three spheres of government by focusing on alignment between municipal action plans; and
- Enhancing the critical role of provinces in facilitating; and also expected to accelerate the provision of services coupled with the improved quality of services provided.

The following subsection deals with aspirations of the Local Government Strategic Agenda of the period between 2006 and 2011.

3.4.2 Local Government Strategic Agenda (2006-2011)

The Local Government Strategic Agenda was to commit government as a whole to strengthen local government over a five-year period by:

- Mainstreaming hands-on support for local government to improve municipal governance, performance and accountability;
- Addressing the structure and government arrangement of the State in order to better strengthen, support and monitor local government; and
- Refining strengthening the policy, regulatory and fiscal environment for local government and giving greater attention to the enforcement measures (RSA, 2006).

3.4.3 Local Government: Turnaround Strategy 2009

The Local Government Turnaround Strategy (LGTAS) is aimed at counteracting those forces predominant in undermining the Local Government system. It attempts this by ascertaining the key problem statement in different thematic areas and to establish the root causes for performance, distress or dysfunctional in municipalities. The root causes were found to be:

- Systemic factors, i.e. linked to a model of local government;
- Policy and legislative factors;
- Political interference factors;
- Weakness in the accountability systems;
- Capacity and skill constraints;
- Weak intergovernmental support and oversight; and
- Issues associated with the inter-governmental fiscal system (LGTAS, 2009:3).

The three programmes have had a significant influence on mainstreaming a performance orientation empowerment of the municipalities in their quest to develop and implement appropriate and functional institutional systems for service delivery improvement in their localities.

3.5 CONCLUSION

The chapter outlined the exploration of performance management implementation through the review of the statutory and regulatory framework governing PMS implementation in South African municipalities. It presented the operationalisation of performance management applications while previous chapter was laying the contextualisation aspect of the study. In order to achieve the above a thorough literature review on local government in South Africa was undertaken. This chapter achieved the above objective of the study by exploring the Acts, policies, Green and White Papers and other PMSs implementation and application related documents.

The study further established that performance management is an integral part of management in all systems, processes and activities of municipalities and that performance management implementation forms the final stage of the Integrated Development Plan. PMSs are effective if they are able to monitor and to evaluate the municipality's programmes for the attainment of the efficient and effective results which in the end will improve and accelerate the service delivery perspective of the respective municipality.

The next chapter focuses on the details regarding the status quo of performance management applications in the Dr Kenneth Kaunda District Municipality as case study of this research.

CHAPTER 4

PERFORMANCE MANAGEMENT SYSTEMS APPLICATIONS IN THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY

4.1 INTRODUCTION

The previous chapter reviewed the statutory and regulatory framework governing performance management applications in local government in order to operationalise the study objectives of this research. In Chapter two it was learned that performance management is a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels of an institution with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and eventually review performance in terms of indicators and targets for efficiency and impact.

The Dr Kenneth Kaunda District Municipality has to set the standards to measure the achievement of its objectives and continuously undertake serious actions to improve efficiency. The Municipality has to make efforts to promote commitment of all staff members and other role-players within the Municipality with skills and other attributes necessary for continuous improvement. It is therefore imperative that a comprehensive PMS be put in place to identify current and potential problems and improve the organisational performance by enhancing and acknowledging individual's' exceptional performance and to advance work performance of individuals to a higher level. It is therefore important to develop capacity and ability to sustain performance.

Over and above identify current or potential problems and improve the organisational performance, a PMS encourages individual accountability and responsibility for individual performance, as well as development. The PMS achieves this by linking the objectives of everyone working in the Municipality with the organisation's strategic objectives (IDP) and communicating the standards and performance expectation to each employee. The Municipality must foster a sound working relationship between managers and employees through quarterly monitoring and review sessions and it is essential to provide

tools for managers to manage the performance of individual staff members and allow them to become more actively involved in managing their own performance.

The status of the PMS applications and implementation of the Dr Kenneth Kaunda District Municipality to achieve its developmental priorities and objectives will be dealt with in this chapter. This will encompass the exploration of the extent to how much and also how effective is the municipality employs, realises and practices the theoretical expectations espoused in chapter two and the regulatory and legislative frameworks espoused in chapter three.

The above objective is achieved by focusing on the details regarding the status quo of performance management applications in the Dr Kenneth Kaunda District Municipality as the case study of this research. The architectural position of the PMS of Dr Kenneth Kaunda District Municipality is investigated. This is where the mechanisms appropriate in the implementation of the PMS such as the IDP, the organisational PMS implementation structures, the Service Delivery and Budget Implementation Plan (SDBIP) is discussed Key Performance Areas (KPA's), performance targets, performance reporting arrangements; performance auditing and accounting; Internal audit, Municipal Performance Audit Committee; Council Portfolio Committee are discussed. Then the human resource performance management dimensions are analysed. Finally, the current status of the PMS is scrutinised. This is where the current realities occurring at the Municipality are scrutinised and the challenges thereof be identified.

4.2 THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY: CASE STUDY

This section discusses the profile of the Dr Kenneth Kaunda District Municipality providing geographical orientation, a map and the municipal demographics. This will be followed by the definition of a case study which is a qualitative research methodology employed in this mini-dissertation. Finally the origins of the development and implementation of a PMS system will be scrutinised.

4.2.1 Profile of the District Municipality

This subsection will deal with the profile of the District Municipality (DM) together with the municipal location.

4.2.1.1 *The District Municipality geographical area*

The Dr Kenneth Kaunda DM consists of four local municipalities i.e. Matlosana, Tlokwe, Maquassi Hills, and Ventersdorp. The area covered by the District Municipality appears on the map below (Figure 4.1) followed by its demographics (Table 4.1). The offices of the District Municipality are situated in Orkney, in the Matlosana Local Municipality. The Municipality is located about 65 km south west of Gauteng Province. It borders the Gauteng Province to the northeast and the Free State Province to the south. The statistical information is a combination of the projections of the 2006 population based on the 2001 Census, the 2007 Community Survey by StatsSA, the Quantec Research of 2008, the Dr Kenneth Kaunda DM Spatial Development Framework of 2011 and other analyses described hereunder. The analyses are based upon demarcations boundaries as at 2010 provided by Statistics South Africa.

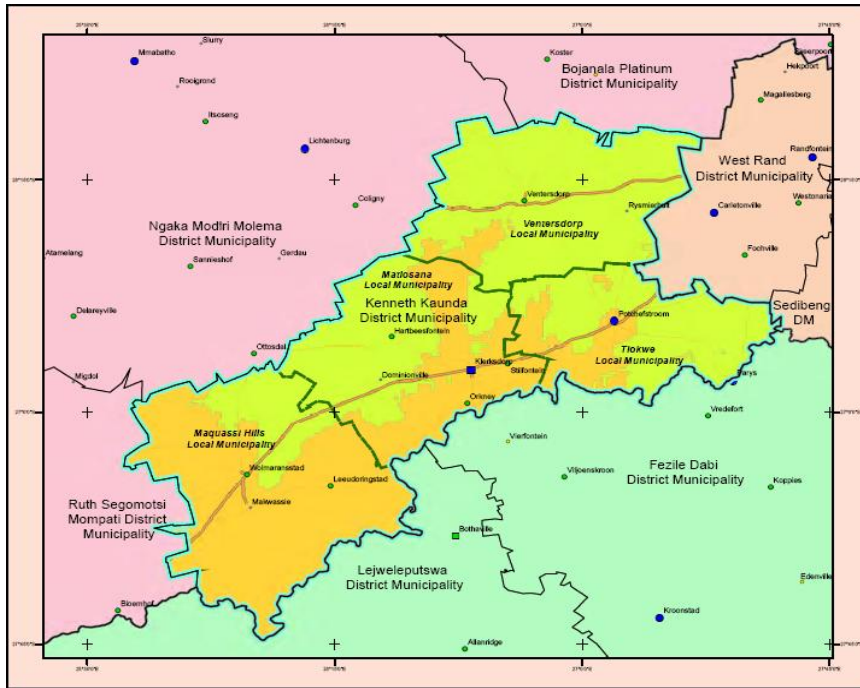


Figure 4.1: Map of Dr Kenneth Kaunda District Municipality
Source: Maxim, Planning Populations (2007)

4.2.1.2 The Municipal demographics

According to Statistics South Africa (Community Survey, 2007c), the population of the Dr. Kenneth Kaunda District (based on 2010 boundaries) was numbered 634 134 at that time (Table 4.1). The population is unevenly distributed among the four Local Municipalities.

Table 4.1: Population Composition

Area	Statistics SA		KKDM GDS (2007)	
	Total 07	% of SDF	Population	% of SDF
Ventersdorp LM	36532	5.8	48800	7.1
Tlokwe LM	124350	19.6	145500	21.1
City of Matlosana LM	385784	60.8	409600	59.3
Maquassi Hills LM	87468	13.8	87300	12.6
Kenneth Kaunda DM (new boundaries)	634134	100.0	691200	100.0

Source: Statistics South Africa (*Community Survey, 2007c*)

The majority of the Dr. Kenneth Kaunda District population reside within the City of Matlosana LM (60.8%), followed by the City of Tlokwe LM (19.6%). Two Local Municipalities housing smaller percentages of the Dr. Kenneth Kaunda District population are Maquassi Hills (13.8%) and Ventersdorp (5.8%). The number of wards per local municipality is Matlosana (35), Tlokwe (26), Maquassi Hills (11) and Ventersdorp (6) for a total of 78 in the DM, as on 02 September 2010. The number of households within the Dr. Kenneth Kaunda District was estimated at about 287,000 during 2007 (StatsSA, Community Survey, 2007).

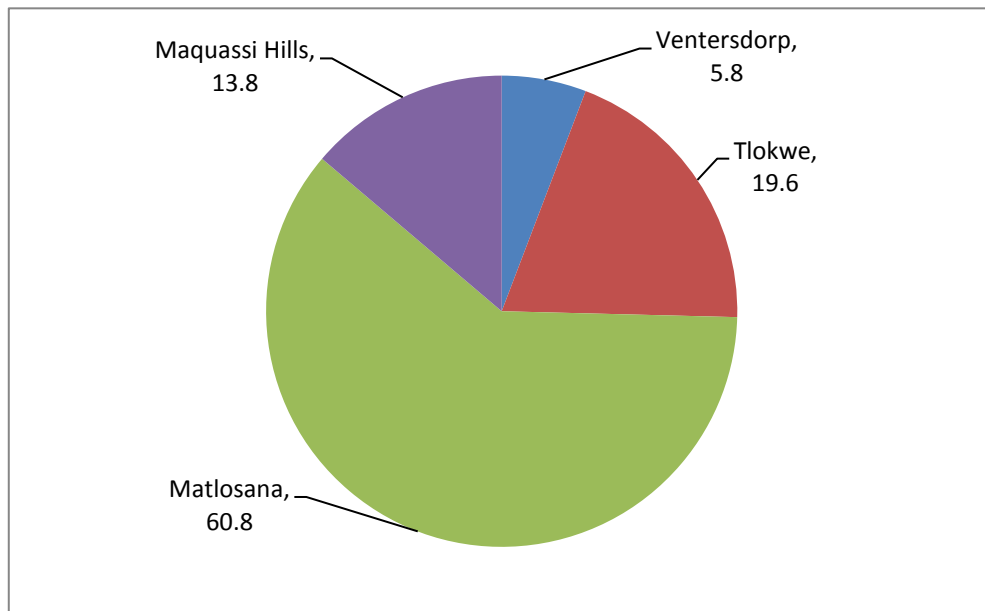


Figure 4.2: Estimated population of Dr Kenneth Kaunda DM
Source: StatsSA, Community Survey, (2007)

4.2.1.3 Definition of the case study

In this study the competencies and attributes of the case study are used. This is a concept in research that refers to a number of units of analysis which are highly representative of a particular population being studied intensively, by means of conducting fieldwork timeously (Fox & Bayat, 2007:69).

In this case the data was sourced primarily through an empirical study which involved semi-structured interviews and a self-administered questionnaire. It was empirical study, complemented by the information gathered from the study of the relevant, strategic and technical documents pertaining to the Dr Kenneth Kaunda DM and was additionally coupled with that information derived from the resourceful management of the District Municipality.

The following subsection deals the origins of the development and implementations of a PMS in the Dr Kenneth Kaunda DM.

4.2.2 Origins of the development and implementations of a PMS

This subsection addresses the origins of the development and implementations of a PMS in the Dr Kenneth Kaunda District Municipality and the commitment of management and role-players to system development and implementation. Included in the discussion are:

- the distribution of roles and responsibilities;
- the DM institutional arrangements; and
- the organisational structure.

The Dr Kenneth Kaunda DM understands the PMS as a systematic approach to management intended to assist the Council to improve the service delivery. The system aims to equip leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the municipality annually in terms of indicators and targets for efficiency, effectiveness and impact. This is achieved by channeling its resources to meet the set performance targets and ensuring that the municipality achieves its strategic objectives as contained in its IDP (DKK, 2010:23).

It is evident that before August 2009 there was no better integration between the IDP, PMS and SDBIP in the DM.

The Dr Kenneth Kaunda DM is currently implementing a PMS, based on the balanced scorecard methodology. To ensure efficient and effective implementation of the PMS within the Municipality, it implemented an Automated PMS to replace the former paper-based system since 2006 (DKK, 2010:23).

The project of the PMS implementation in the Dr Kenneth Kaunda DM commenced on Wednesday the 12th of August 2009 through Bathusoft Consultants. An action plan for the PMS for 2011/2012 financial year was developed. The inherent actions and timeframes set were considered to be the implementation plan of the organisational PMS for the municipality until June

2012. The action plan and these timeframes were subject to changes of national and provincial deadlines and mandates.

The purpose of this Action Plan in accordance with the stipulations of the Local Government: Municipal Structures Act 117 of 1998, Local Government: Municipal Systems Act 32 of 2000 and Local Government: Municipal Financial Management Act 56 of 2003 is to develop a performance management framework for the DM. This plan also caters for the development, implementation and roll out of performance management within the Municipality.

4.2.2.1 The Dr Kenneth Kaunda District Municipality distribution of roles and responsibilities

The distribution of roles and responsibilities is defined at two levels:

- Internal Dr Kenneth Kaunda DM Council; Municipal Manager; Managers of Departments; and
- External: includes Local Municipalities, National /Provincial Government Departments and Support Providers /Planning Professionals/PIMSS.

Each of the internal and external roles and responsibilities are briefly highlighted below:

- **Dr Kenneth Kaunda DM Council**

The Dr Kenneth Kaunda DM Council is responsible for final comment and approval of the Integrated Development Plan and PMS processes. Individual councillors were also required to participate in the community participation programmes in their respective constituencies. The decisions emanating from each phase were recorded by PIMSS and regular IDP and PMS progress reports were submitted to Council and the Mayoral Committee.

- **Municipal Manager**

The Municipal Manager of Dr Kenneth Kaunda DM is responsible for the management of the IDP and PMS processes in the district as a whole. He

serves as an interface between Council and the officials of the District Municipality. He also chairs the IDP Steering Committee meetings.

- **Managers of departments**

Each of the managers of departments of Dr Kenneth Kaunda DM serves on the internal IDP Steering Committee. It is the responsibility of each manager to coordinate and evaluate contributions required from his/her department during the IDP process and to ensure that contributions required are delivered on time.

- **Local municipalities**

The local municipalities drive the IDP process at local level. It will be their responsibility to liaise with residents, communities and stakeholders in their respective areas of jurisdiction. The local municipalities will continuously liaise with the DM to ensure that processes are synchronised.

- **National and provincial government departments**

It is anticipated that national and provincial line functions will be required to provide technical and policy contributions into the IDP process, both in terms of the current implementation and in terms of future programmes.

- **Support providers, planning professionals and PIMSS**

It is anticipated that the professional technical support will be required to deal with the administration, coordination and technical alignment functions in the district IDP process. The Planning Implementation Management Support System (PIMSS) will play a significant role in this regard.

4.2.2.2 The Dr Kenneth Kaunda DM institutional arrangements

This subsection will analyse how the Dr Kenneth Kaunda District Municipality is institutionalised in order to carry out its functions and also to attain its institutional mandate.

- **Audit Committee and Performance Committee**

The results of performance measurement must be audited as part of the Municipality's internal auditing process, as well as annually by the Auditor-General. Municipalities are therefore expected to establish frameworks and structures, in order to examine the effectiveness of their internal performance measurement control systems and make recommendations. Each municipality must have an Audit Committee, which is an independent advisory body to advise the Municipal Council, the Political Office Bearers, the Accounting Officer and the Management staff of the municipality;

- **Internal Audit**

The Internal Auditors shall as part of their function assess the following: The functionality of the municipality's PMS; to what extent the system complies or does not comply with legislation; the extent to which the municipality's performance measurements are reliable in measuring performance indicators and targets; and continuously audit the performance measurements systems of the municipality;

- **Remuneration Committee**

Section 57 of the Local Government: Municipal Systems Act 32 of 2000 requires that every municipality must devise a remuneration policy that sets out the link between performance and reward for the Municipal Manager and managers reporting directly to him/her. The employment of the first two levels of management is regulated by the Local Government: Municipal Systems Act 32 of 2000 and guidelines for the remuneration of Municipal Managers to be issued by the Department of Local Government as contemplated by legislation. It is essential that the remuneration policy provides, in such a way that there is

no confusion in the minds of the Municipal Manager and the Managers reporting to the Municipal Manager, what the remuneration policy is in relation to linking the results of their performance to reward. The remuneration policy must clearly indicate the rewards in relation to the performance outcomes of the Municipal Manager and the managers reporting to the Municipal Manager.

4.2.2.3 The DM organisational structure.

The responsibility for the development and implementation of the PMS lies with the municipal Council, which has the power to assign certain responsibilities to the Municipal Manager in regard to the development of the PMS. It is suggested therefore, that the Municipal Manager and the IDP Manager spearhead the development and the implementation of the PMS through the structures referred to in the preceding paragraphs. In view of the diverse responsibilities of the Municipal Manager, it is suggested that the IDP / PMS Manager takes on the role of the PMS champion, which role must become apparent to all through his /her enthusiasm and dedication to cause the PMS to be effective.

The functions outlined above constitute the job that needs to be performed by PMS Practitioners on a daily basis. The size of the range of functions suggests that the workload will be too much for any individual employee in the municipality. It is therefore, recommended that these functions be split into two sections such as (a) Performance Planning & Implementation and (b) Performance Monitoring & Evaluation.

A PMS Practitioner who heads each section could report to the Organisational PMS Manager. The functions of the two sections could then be outlined under the following broad themes:

- **PMS Manager**

General roles and responsibilities of the PMS Manager, as outlined in Chapter 2: are recording 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 reports 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.

- **Performance Planning & Implementation**

The PMS Manager drafts the annual citizen's survey and organisational climate reports and facilitates the annual PMS review while providing administrative support to the Performance Management Project Team. In the meantime the PMS Manager commissions the annual socio-economic, customer and employee satisfaction surveys and guides managers on the development of KPIs, performance targets and target dates during the formulation of their departmental operational plans. Finally the PMS Manager coordinates organisational strategic planning sessions and monitors the compliance with the PMS Framework as approved by the Municipal Council.

- **Performance Monitoring & Evaluation.**

The PMS Manager compiles and submits performance reports on a quarterly basis and annually to the Executive Committee (EXCO) and Municipal Council. He/she collects data and compiles the quarterly strategic scorecard to be submitted to EXCO as well as a summary of the previous three months service scorecards. Following this he/she reports on the progress made on the national Key Performance Indicators (KPIs) on a monthly basis while maintaining adequate PMS records and giving staff members feedback and advice on the performance of the municipality against set targets via all available communication channels.

The PMS Manager then compiles service and strategic scorecards for submission to the Management Committee (MANCO) and EXCO thus coordinating the annual Mayoral and Vuna Awards for Excellence and obtains public input on the annual performance and citizen survey reports. The challenge that is pertinent here is that the PMS Manager is in a lower category

or ranking level and lacks the authority and also there is no clear delegation by the incumbent Municipal Manager.

This section has addressed with the resources of the District Municipality that will facilitate the performance management implementation endeavour in the Municipality. The following section deals with the mechanisms which entail the processes of system development that are put in place the enhancement of the PMS implementation in the municipality.

4.3 THE ARCHITECTURE OF THE PMS OF THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY

The fundamental purpose of this section was to determine whether the operative mechanisms already in place will enhance the PMS implementation in the said district municipality. The approach used to evaluate the above objective was achieved by means of discussing the said District Municipality's organisational parameters and also its human resource dimensions.

The IDP provides the guidelines and a framework within which the municipality draws up its own priorities, determines its own key performance indicators (KPIs) and sets its own objectives while the PMS is the system through which these objectives are achieved in an accountable, systematic and valuable manner. The PMS takes cognisance of the financial implications of implementing such programmes and projects as the municipality deems necessary to fulfil its obligations by linking these to the budgeting cycle of the municipality. To this regard, this section considers the mechanisms instituted in place in the DKK District Municipality that enhance the PMS's successful implementation.

4.3.1 Organisational dimensions

The Municipal Systems Act places the responsibility on the Council to adopt a PMS, while holding the Mayoral Committee or the Executive Mayor responsible for the development and management of the system. The mayoral committee or the Executive Mayor must assign responsibilities to the municipal manager in this regard, but remains accountable for the development and management

of the PMS. Therefore, it is important that the municipality, within its policy framework on delegation, assigns responsibilities accordingly and stipulates quite clearly what needs to be done by whom and when.

The Dr Kenneth Kaunda District Municipality has an IDP Coordinating Committee constituted by all the local municipalities IDP Managers and PIMSS Manager. This Coordinating Committee was responsible for the development of the 2006-2011 IDP Framework.

4.3.1.1 IDP Framework 2006-2011

The discussion in Chapter 3 clarified that each district municipality should, within a prescribed period after the start of its elected term after following a consultative process with the local municipalities within its area, adopt a framework for Integrated Development Planning in the area as a whole. The district IDP framework is binding on both the district and local municipalities. Any district municipality should conduct its own IDP in close consultation with the local municipalities in that area.

The IDP framework was adopted by all municipalities in the Dr Kenneth Kaunda District, including the Dr Kenneth Kaunda DM itself and it is used by all municipalities as a base for drafting their process plans. and it Identifies plans and planning requirements that are binding in terms of national and provincial legislation on the district and local municipality or any specific municipality. The framework also identifies the matters to be included in the integrated development plans of the Dr Kenneth Kaunda District Municipality and the local municipality that require alignment.

This framework also specifies the principles to be applied and co-ordinates the approach to be adopted in respect of those matters. Ultimately, the framework determines procedures for consultation between the district municipality and the local municipalities during the process of drafting their respective IDP as well as effecting essential amendments to the framework.

It was observed in Chapter 2 that IDP processes are the planning phase of the PMS while the PMS is the implementation phase of the IDP. It is therefore

imperative to note that during the original, IDP process in 2001/2002 an organisational structure was established to co-ordinate the IDP process. This organisational structure comprises three committees: the District IDP Forum, the District IDP Steering Committee and the IDP Coordinating Committee.

The Dr Kenneth Kaunda District Intergovernmental Relations (IGR) Forum was effectively used as a complementary structure to ratify some decisions before they were tabled in the IDP Representative Forum during the 2007 planning process. The extended version (Extended IGR) of the forum was utilised for the second time in the 2008/09 review process and has become institutionalised (Dr KKDM, 2009).

A complementary structure that consists of the provincial sector departments, local municipalities, SALGA has since been constituted and convened twice in the 2008/09 review process. Its main purpose was to align the local municipality and district IDPs with provincial programmes. On the political side, the District IDP Representative Forum comprises the Executive Mayor of Dr Kenneth Kaunda District (who chairs the meetings), Executive Mayors, Mayors from local municipalities and representatives of all the political parties, State Owned Enterprises (SOEs), NGOs, and the private sector. This structure combines both the political and administrative leadership in government. At the strategic and technical levels the District IDP Steering Committee consists of the Municipal Manager who chairs the meetings, Heads of Departments, Members of the Mayoral Committee and PIMSS (IDP) Manager.

The IDP Coordinating Committee consists of the PIMSS Manager, who chairs the meetings and representatives of the present municipalities. The district IDP Coordinating Committee meets on a regular basis to fulfill the following objectives: discuss contributions for each phase outlined; to report back on progress made during the past month in terms of implementation of IDP proposals; to discuss problems encountered and possible solutions; to discuss technical matters with relevant provincial/national departments; to review the implementation programme and agree on its changes and to facilitate alignment between municipalities and sector departments. Following the meeting of the district IDP Steering Committee, progress reports will be

forwarded to the district IDP Representative Forum for consideration. The district IDP forum will meet as and when required.

Starting with the 2008-2009 IDP Review Process, some local municipalities in the then Dr Kenneth Kaunda District introduced Community-Based Planning (CBP) in their Process Plans, and this was accompanied by a higher involvement of Ward Committees in the development of Ward Plans. This required flexible programming, support and monitoring on the side of the Dr KKDM in order to provide sustained assistance. For alignment purposes the district IDP Coordinating Committee was established with the following roles and responsibilities for coordinating and monitoring of the IDP process of different municipalities.

The said Regulations require that the municipal council must establish an audit committee, where the majority of members are not councillors or employees of the municipality. The Municipal Council must also appoint a chairperson who is neither a councillor nor an employee. The operation of this audit committee is governed by section 14(2) and (3) of the Regulations. The Dr KKDM complied and formed the Performance Audit Committee and is functional

The DM has established the Performance Audit Committee in accordance with the regulations. The Performance Audit Committee (PAC) has taken over from the Portfolio Committee on Performance Management which was ad hoc. Its role was to review the quarterly reports submitted to it by the internal audit unit; review the municipality's PMS and make recommendations in this regard to the Council of that municipality; assess whether the performance indicators are sufficient and final at least twice during a financial year and submit an audit report to the Municipal Council.

4.3.1.2 *The Internal Audit Unit*

The auditing division currently has five staff members, the audit manager, two senior auditors, and two internal auditors. These auditors work for Dr Kenneth Kaunda District Municipality, Maquassi Hills and Ventersdorp Local Municipalities. The Internal Audit Unit has the responsibility of preparing a risk based audit plan for each financial year, thus indicating the proposed scope of

each audit. The Internal Audit section then implements the annual audit plan as approved by the Council including as appropriate any special tasks or projects requested by management and the Audit Committee. It then develops internal audit and audit committee charters; (as approved under item A63/05/08 Council Meeting held on 29 May 2008).

The Internal Audit then develops an audit methodology and procedure for the internal audit while also assisting the Accounting Officer (Municipal Manager) in maintaining efficient and effective controls in the respective departments/sections. This is done by means of by evaluating those controls to determine their effectiveness and efficiency and by developing recommendations for improvement thereof.

The controls subject to evaluation should encompass the following: the information systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets and compliance with laws, regulations and controls.

The Internal Audit assists the Accounting Officer (Municipal Manager) and the Council in achieving the objectives of the Municipality by evaluating and developing recommendations for the enhancement or improvement of the processes. These developed processes assist in the establishment of objectives and values that are communicated and the accomplishment of those objectives is monitored. This ensures accountability and preserves corporate values of the DM, while also considering the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the provincial administration at a reasonable overall cost.

The Internal Audit additionally assists in the investigation of suspected theft, corruption, fraudulent activities and financial maladministration within the Dr KKDM and notifies management (Accounting Officer/Municipal Manager and the Council) and the Audit Committee of the results. The Internal Audit issues quarterly reports to the Audit Committee and Accounting Officer (Municipal Manager), summarising results of audit activities while keeping the Audit Committee informed of emerging trends and successful practices in internal

auditing. These functions build a professional audit staff with sufficient knowledge, skills, experience and professionalism.

4.3.1.3 The Dr Kenneth Kaunda District Municipality Service Delivery and Budget Implementation Plan (SDBIP)

In order for the implementation of the MFMA to occur in the Dr Kenneth Kaunda District Municipality is mandated to develop a Service Delivery and Budget Plan which is defined as a detailed plan approved by the Executive Mayor for implementing the municipality's delivery of the municipal services and its related annual budget. The SDBIP is an integral part of the financial planning process that synergises the IDP and the Budget for a particular year.

The SDBIP is the foundation of the budget and management agreements and includes detailed information on how the budget will be implemented by detailing the forecast of the cash flows and service delivery targets as well as performance indicators. This plan provides a management implementation and monitoring tool that assists the Mayor, Councillors, Municipal Manager and other senior managers and the community in monitoring service delivery. It accomplishes this by providing appropriate information on the execution of the budget, performance of the managers, performance of individual departments and performance of the whole municipality.

The SDBIP is also the performance monitoring tool that enables the Municipal Manager to monitor the performance of the senior managers by linking the performance agreements of the senior managers to the measurable performance objectives. It helps the Executive Mayor and the Municipal Manager to be proactive and take remedial steps in the event of poor performance. The challenge here is that, irrespective of the development of The SDBIP, it is always not approved and is not coordinated hence it is consistent with neither the IDP nor the Budget.

4.3.1.4 The Dr Kenneth Kaunda District Municipality Key Performance Areas (KPA's)

Key Performance Areas (KPA's) are the areas in which the municipality plays a role with regard to service delivery and are instrumental in the implementation of PMS. They include, inter alia infrastructure and services, social and economic development, institutional transformation, democracy and governance and financial management among others. The KPA's are the areas that are helpful for the implementation of PMS.

The Dr Kenneth Kaunda District Municipality adopted five National KPA's as determined by the National Government:

KPA 1: Municipal Financial Viability and Management;

KPA 2: Infrastructure Development and Service Delivery;

KPA 3: Good Governance and Public Participation;

KPA 4: Municipal Transformation and Organizational Development;

KPA 5: District Economic Development.

4.3.2 Human resource dimensions

With regards to the human resources perspective, the PMS implementation is achieved by the Performance Appraisal. Of significance here is the investigation by the municipality regarding the level of adherence concerning the policies by the department responsible for human resource management!

4.3.2.1 Role-players in conducting an annual performance assessment of the Municipal Manager

According to Legislation, for the purpose of evaluating the annual performance of the Municipal Manager, an evaluation panel should consist of the following persons must be established: Executive Mayor, Chairperson of the Performance Audit Committee, or the audit committee in the absence of a Member of the mayoral or executive committee; a Mayor/ or Municipal Manager from another municipality and; a Member of the ward committee as nominated by the Executive Mayor.

4.3.2.2 *Role Players in conducting annual performance assessment of the Section 57 Managers reporting directly to the Municipal Managers*

In the event of conducting an annual performance assessment of the Section 57 Managers reporting directly to the Municipal Manager, the Municipal Manager presides over the Performance Audit Committee or the audit committee in the absence of a Performance Audit Committee. The Municipal Manager, a member of the mayoral or executive committee, Municipal Manager from another Municipality, a Member of the Ward Committee/or stakeholder representative and the manager responsible for Human Resources of the municipality who provides secretariat services form the evaluation panels.

4.3.2.3 *Human Resources Policies*

All HR policies in The Dr KKDM were being reviewed, and the Employee Assistance Programme (EAP) was approved by Council in May 2008. In addition, the Human Resources related policies are implemented and controlled by Corporate Services.

The Human Resources Manager is responsible for the general HR functions and also to ensure implementation of integrated people management practices and strategy including conditions of employment, human resource policies and procedures. He/she is further responsible for the compilation of the Skills Development plan as well as the Employment Equity plan, as part of Corporate Services.

The Manager ensures that an employee is informed of a suitable time and place; he/she clarifies the purpose and type of appraisal and gives the employee the chance to assemble data on his/her performance and achievement records.

This section has seen that almost all mechanisms necessary for performance management implementation are put in place in the DM. The following section investigated the functionality of the PMS implementation in the district.

4.4 CURRENT STATUS OF THE PMS

This section will probe the status quo on the functionality of the PMS implementation in the Dr KKDM. The challenges that accompany the implementation identified and discussed by means an in depth study of the challenges of Performance Management Implementation; followed by the study of performance management challenges that are experienced here and finally the remedial actions that the municipality put in place to curb the many challenges.

4.4.1 Challenges of PMS implementation

According to municipal documents and the report of the Auditor General together with the empirical observations of the study, the following challenges emerged:

- The late approval of projects by Council has a detrimental effect in terms of implementation. For instance, projects for the local municipalities were approved by Council on the 30th September every year;
- It takes approximately 90 days to get a contractor on site, taking into consideration the planning cycle and the procurement of the service providers;
- Capacity challenges in terms of human capital the current staff members comprised mainly of non-technical personnel. (3 x CDO's and 2 technically qualified personnel (one has since resigned in June 2011) and an Office Administrator)). The Council has since taken a resolution that a Project Management Unit be established as a matter of urgency in the 2011 financial year;
- The DM is implementing infrastructure projects without making any provision for Operation and Maintenance budgets for these facilities after completion. It then becomes the responsibility of the local municipalities to budget for O & M and most of them do not have the attendant resources to maintain these facilities;

- Some of the local municipalities submit lists of projects without knowing exactly what needs to be done in terms of scoping thereby creating a burden for the district municipality to do the scoping, on their behalf;
- Over-budgeting on certain projects results in a shortfall for projects being realised after the completion of projects;
- Council approved approximately a R55 million allocation for projects for the 2011 /12 financial year as follows: R20m - City of Matlosana, R15m - Tlokwe City Council, R10m - Ventersdorp LM, R7.9m - Maquassi Hills LM To-date, no projects have been submitted for implementation in relation to these bulk allocations. This hampers planning and eventually implementation of projects thereby leading to another budget roll-over and smaller budgets allocation by government in the subsequent years for not using allocated budgets.

4.4.2 Performance management challenges experienced

It is important to indicate that there are also many performance management challenges that exist in the DM (Annual Report, 2009/10:165). The Report shows that weakness through lack of implementation emanates from the following factors: The suspension of the Municipal Manager and various other members of staff, notwithstanding the fact that the collusion between parties cannot be prevented. Council still carries the responsibility to ensure that staff is empowered to protect themselves from overriding abuse of powers within the administration.

The investigation performed by the Acting Municipal Manager indicated numerous areas of fraud; and the vacancies of several S57 Managers have been prolonged. The above have aggravated the worst case scenario of performance management implementation in the district.

The previous financial years The Dr Kenneth Kaunda District Municipality have also been very challenging particularly in the following areas:

- **Legal and Policy Research Section**

The absence of an in-house legal officer has added a significant financial burden resulting in over-expenditure in the legal vote. Most of the legal matters arising had to be outsourced including a number of disciplinary cases and other litigations that have been handled internally but had to be outsourced due to this lack.

In some instances the PMS Manager had to represent the municipality in some of the Bargaining Council's conciliation processes against the municipality, which was a real challenge.

Another area of difficulty experienced by the policy research section occurred due to non-submission of comments by the Heads of Departments on policies developed and reviewed. In consequence this made it difficult to submit the policy researchers to submit said policies to the portfolio committees. Additionally the process ensuring that these policies are workshopped and finally adopted is (supposed to be) facilitated by the policy department and the Speaker's office. Customarily it was a challenge to receive cooperation from the Speaker's office in terms of arranging the workshops for the councillors and Corporate Services does not have the power to enforce this requirement. It is therefore recommended that a system that will guide this process needs to be developed by the two offices and ensure that it is functioning properly and schedules are adhered to with regard to the workshops.

- **IT Performance Management Section**

There have been challenges in this area as well, in terms of ensuring that municipal IT systems are operating optimally. A new server was purchased but the municipality remains unsuccessful in operating it adequately or comprehensively, largely due to a lack of suitably skilled personnel. There are only two technicians available to service the entire municipality and their expertise is limited to what they are able to accomplish with regard to some of the more specialised technical requirements. It is anticipated that the problem will be rectified once an MISS Manager has been appointed

- **Performance Management Records Section**

The major challenge experienced in this department is of a physical space. In terms of the National Archives Act, there are specific ways and requirements in terms of classifying and storing documents. For the records section is to comply with the Act, more physical space is needed to accommodate the existing files.

- **Committee Management section**

The challenge here remains the implementation of resolutions of council. A system has been introduced where HODs and managers are given their department-specific resolutions seven days after the council meeting including a return back template that indicates implementation of resolutions. This template supposed to be returned to Corporate Services within thirty days; so far HODs and managers have not responded positively to the system preventing compilation of a performance management report reflecting the status quo (Annual Report Final, 2011:65).

- **Reports on other legal and regulatory requirements**

The Auditor General's report was published with the following irregularities on the performance management and implementation in the DM:

The reported performance against predetermined objectives was deficient in respect of the measures taken to improve performance. The remedial measures were not explained in the report with regards to the predetermined objectives as required in terms of section 46(1) (c) of the Local Government: Municipal Systems Act of South Africa 2000 (Act No. 32 of 2000) (MSA).

The was deficient in respect of objectives, indicators and targets which were inconsistent concerning planning and reporting documents; and. Measurability denotes badly-defined and non-verifiable indicators whose targets are specific, measurable and time-bound. The reported performance was also inaccuracy which denotes amounts, numbers, and other data relating to actual performance have been recorded and reported appropriately and they lack

completeness involving all actual results and events that should have been recorded and have been included in the annual performance report.

In addition to the above, reported performance against predetermined indicators and targets was not consistent with the approved IDP and SDBIP. In total 50% of the reported indicators and targets were inconsistent and not measurable in identifying the required performance as valid performance management processes and systems.

- **Compliance with laws and regulations**

It is evident according to the Auditor General's report, that the accounting officer of the municipality did not assess the performance of the municipality by 25 January 2011 representing the first half of the financial year, and which takes into account the municipality's service delivery performance during the said period nor the requisite service delivery targets and performance indicators set in the service delivery and budget implementation plan as required by Section 72(1)(a)(ii) of the MFMA.

- **Annual financial statements, performance and annual reports**

The financial statements submitted for auditing were not prepared in accordance with the requirements of Section 122 of the MFMA. Material misstatements of the disclosure items identified by the auditors were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion. Furthermore, the accounting officer did not submit the consolidated annual financial statements for auditing, within three months after the end of the financial year as required by Section 126(1)(b) of the MFMA. This failure was due to significant changes made to the submitted financial statements as reported above. Additionally, the mayor omitted to table, in Council, the 2009/10 annual report of the municipality and of all municipal entities under its sole control, within seven months after the end of the financial year as required by section 127(2) of the MFMA.

- **Human resources management and compensation**

The acting municipal manager did not sign his employment contract or an annual performance agreement for the year 2009/10, as required by Sections 57(1)(b) and 57(2)(a) of the MSA.

- **Expenditure management**

The accounting officer did not take reasonable steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by Section 62(1)(d) of the MFMA.

Payments due by the municipality were not always paid within 30 days of receiving an invoice or statement, as required by Section 65(2)(e) of the MFMA.

- **Procurement and contract management**

Bid specifications were not always drafted by bid specification committees which were directed to be composed of one or more officials of the municipality as required by SCM Regulation 27(3). Awards were made to providers whose directors/ principal shareholders are persons in service of other state institutions, in contravention of the requirements of SCM Regulations 44. Furthermore the provider failed to declare that he/she is in the service of the state as required by SCM Regulation 13(c). Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality as required by Section 116(3) of the MFMA. Awards were made to providers whose tax matters had not been declared by the South African Revenue Services, as required by SCM Regulation 43.

Awards were made to suppliers based on preference points not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. The performance of contractors or providers was not monitored on a monthly basis as required by Section 116(2)(b) of the MFMA.

Quotations were accepted from prospective providers who are not on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM Regulation 16(b) and 17(b).

- **Internal Controls**

In accordance with Section 62 of Public Accounts Act 30 Of 1991 and Section 20 of Division of Revenue Act 7 of 2003 and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, the Auditor General considered internal control relevant audit report, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for a qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

- **Leadership**

On-going monitoring and supervision undertaken to enable management to determine whether internal controls over financial and performance reporting are present and functioning was inadequate leading to material adjustments to the financial statements and non-compliance with laws and regulations. Furthermore, the accounting officer does not have an adequate support structure as all Section 57 manager positions are currently vacant at the municipality. The accounting officer does not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control policies and procedures.

The municipality's SDBIP was not approved by the Mayor and mid-year performance assessments were conducted late. The non-compliance matters identified in strategic planning and performance management did not allow the accounting officer to facilitate effective performance monitoring, evaluation and corrective action during the period under review.

The municipality's internal controls to ensure compliance with procurement laws and regulations have not been designed and implemented effectively, thus resulting in poor risk management, increased exposure to fraud and possible irregular expenditure.

- **Financial and performance management**

The Finance, supply chain management and human resources departments are understaffed, resulting in material amendments to the financial statements submitted for audit and non-compliance to supply chain management regulations.

Internal controls to monitor compliance with laws and regulations have not been effectively applied resulting in significant non-compliances with legislation including instances of irregular, fruitless and wasteful expenditure. Insufficient steps were not taken to address matters reported in the prior year, as the matters have in most instances referred to were reported again in the current year.

- **Governance**

Due to omission of the accounting officer to perform a risk assessment, the efforts of the internal audit during the financial year under review were not directed by an approved risk strategy.

Based on the number of recurrent findings in the scrutinised year, the governance structures and management manifestly did not appropriately address identified internal control deficiencies and non-compliance with regard to laws and regulations. This is in concurrence with the Annual Report (2009/10:164) which unequivocally states that the performance management in the District Municipality is ineffective. The comprehensive reports supposed to be presented to the Internal Audit team while in reality the incomplete reports are handed over because not all the departments have made submissions of their own reports.

4.4.3 Remedial actions in place

Consultations with local municipalities through IDP forums / IGR with regard to identifying their project list priorities for the next financial year are required to start at the beginning of the third quarter and be concluded in time for the adoption of the budget and IDP by the 31st of May 2011 as per legislative requirements.

If the first point is addressed as such, this will enable implementation of projects to start immediately at the beginning of the following financial year and thereby preventing any delays that might lead to unnecessary budget roll-overs.

Employment of more experienced technical staff will contribute towards addressing the service delivery challenges facing the district municipality as a whole, as well as the assistance / intervention at local municipalities who are without the necessary technical capacity. Restructuring of the current technical department is recommended as it is not tailored to address the service delivery challenges of the district municipality. Future budgeting for projects needs to take into consideration the additional funding required for operating these facilities. Capacitating local municipalities to understand the basics of crafting scope of works for their identified projects is to be funded by the district municipality.

Local municipalities are required to apply unit costs when assigning budget cost for projects instead of 'thumb sucking' figures (e.g. a road's unit cost is calculated per km, therefore the total length to be constructed will be based on the unit cost per km x total length of the proposed road).

4.5 **CONCLUSION**

This chapter outlined the PMSs applications in the Dr Kenneth Kaunda District Municipality. Findings indicated that the resources and the mechanisms necessary for the implementation of the PMS in the district are available; however range of challenges of implementation remains. The municipal documents and some personnel encountered during the study pilot project indicated that this problem is mainly due to lack of suitable personnel and that expertise is limited. The implication of this is that the development of the PMS framework and the processes involved combined with the expectations and the statutory framework are mismatched to available human capital and expertise.

An investigation into the empirically verifiable causes of the non-adherence of the PMS implementation to the legislative framework of the Republic of South Africa follows.

CHAPTER 5

CHALLENGES ASSOCIATED WITH PMS IMPLEMENTATION IN THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY: EMPIRICAL FINDINGS

5.1 INTRODUCTION

While the previous chapter gave details regarding the current state of the PMS implementation in the Dr KKDM, this chapter will explore the empirical findings obtained from personal and professional details of respondents as well as their views concerning the status of the PMS implementation and applications of the Dr KKDM. The discussion indicates the purpose, policies and procedures for implementation and applications in the municipality. It also records envisaged changes.

The purpose of the PMS policy framework of a municipality is to align the municipal processes such as the IDP with the operational plans such as Service Delivery and Budget Implementation Plans (SDBIPs), key performance areas and smart performance indicators. These linkages ensure that the performance of all fragmented municipal units are aligned and focused to achieve important common organisational objectives. As was previously observed the IDP is the planning face of the implementation process while the PMS appears to be the monitoring and evaluation process. These issues led to an examination of the following research problem.

Research problem

The many implementation challenges in the PMS in the Dr KKDM render it unlikely to be able to ensure the developmental status of the Municipality and its sustainability.

These findings resulted in the formulation of the following research questions and consequently the structuring of this dissertation in order to address the issues.

The following research questions were asked:

- What are the theories, principles, procedures and best practices governing performance and PMS implementation?
- What are the statutory and regulatory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities?
- What are the institutional policies, systems, structures, approaches and operations in place that enhance the implementation of the PMS in the Dr KKDM?
- What led to the challenges in the implementation of the PMS implementation challenges in the Dr KKDM?
- What methods and techniques can be applied in the establishment of a PMS in the Dr KKDM?
- What recommendations may be made to ensure the effective and efficient implementation of the PMS in the Dr KKDM?

Aim of the study

The aim of this study was to analyse the challenges that influence the implementation of the local government PMS in the Dr KKDM. The analysis entailed identifying the challenges, evaluating them and then making recommendations to the challenges.

The objectives of the study were:

- To provide a theoretical background to the concepts, principles, procedures and best practice governing the implementation of PMS;
- To establish regulatory and statutory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities;
- To analyse the policy framework governing Performance Management System implementation in the Dr KKDM;
- To determine the challenges facing PMS implementation in Dr KKDM;

- To determine methods and techniques to be applied in the establishment of PMS in Dr KKDM; and
- To make recommendations based on the research findings in order to improve PMS implementation in the municipality.

The above research objectives in turn gave effect to the organisation of the chapters.

Finally, this chapter determined the extent to which the Dr KKDM utilises the PMS as a tool for the effective implementation of the municipality IDP to achieve its developmental priorities and objectives. The chapter considered the research methodology used to gather data and further explained the data collection techniques. It presented the data for analysis. The challenges facing performance management implementation in the municipality are additionally established.

5.2 RESEARCH METHODOLOGY

According to Brynard and Hanekom (2006:35) research methodology is about collecting and processing data within the framework of the research process. Struwig and Stead (2001:25) point out that there are two basic research approaches used by researchers to collect, analyse and interpret information: respectively, a quantitative research method and a qualitative research method. This study is based on the qualitative approach, which is discussed below.

According to Struwig and Stead (2001:11), qualitative research does not describe a single research method but relates to many research methods and qualitative research may be viewed as an interdisciplinary, multi-paradigmatic and multi-faceted method. Maree et al. (2009:51) regard qualitative research methodology as that form of a research concerned with understanding the process, the social and the cultural contexts which underlie various patterns.

5.2.1 Research design

A research design is a plan or sketch of how the researcher intends to conduct the research. It focuses on the end product of the study that is planned and the type of results the researcher aims to achieve, while the research problem and the kind of evidence is required to address the central problem and determines the types of measurement, sampling, data collection and data analysis methods employed (Babbie, 2007:12). By the same token Babbie (2007:116) elaborates that the research design begins with the initial interest, idea, or theoretical expectation and then proceeds through a series of interrelated steps to narrow the focus of the study so that the concepts, methods, practices and procedures are well defined.

Babbie and Mouton (2006:75) maintain that a researchable research question is normally two faceted. It is both non-empirical and empirical. The non-empirical part which deals with entities such as meanings of scientific concepts, trends and competing theories is researched through collection of data literature reviews. Such literature includes books, international reports conference proceedings, research related reports and documents, journals, scholarly articles, legislation and policies, and databases. The empirical counterpart is concerned with the real life situation and solves the problem by gathering new data that is collected through the use of the structured interviews and self-administered questionnaires or by analysing existing data.

5.2.1.1 Definition and overview of the case study

In this study the attributes of a case study design are used; a concept in research that refers to the process in which a number of units of analysis which are highly representative of the particular population are studied intensively by conducting fieldworks timeously (Fox & Bayat, 2007:69).

In this case the data is sourced primarily through an empirical study. This empirical study involves semi-structured interviews and a self-administered questionnaire. This empirical study was complemented with the information gathered from the study of the relevant, strategic and technical documents

pertaining to the Dr KKDM coupled with that information derived from the resourceful management of the District Municipality.

According to Struwig and Stead (2001:13), one means of collecting data for qualitative research utilises structured interviews. The researcher used purposive sampling in this study which Babbie (1995:225) describes as the selection of the sample on the basis of the researcher's own knowledge of the population, its elementary attributes to the attainment of the nature of the research aims. Maree et al. (2009:79) concurs, stating that the population sample commands the characteristics appropriate for them to be the substantive holders of such data as is needed for the study. Therefore, the target respondents are the relevant experts, such as: PMS Managers, IDP Managers, HR Managers, a few of Section 57 managers, the Executive Mayor of Dr KKDM, and the Municipal Manager. The respondents were assured of the confidentiality of the information and that the results will be used only for the research purposes of the research.

A pre-test (pilot study) of the Interview Schedule was undertaken to test whether the respondents would be able to understand and interpret the questions adequately. Based on those initial responses the questions were adjusted and refined (Fox & Bayat, 2007:102). The purpose of the semi-structured interview schedule is to obtain information regarding the extent to which the implementation of the local government PMS in the Dr KKDM is challenged. The analysis would entail identifying the challenges, evaluating them and then suggesting possible solutions to the challenges.

As stated earlier in this dissertation, this study and its findings are confined to the implementation challenges of the PMS in the Dr KKDM and therefore cannot be generalised to the functionality of other municipalities. The preceding statement conforms to the limitations of the study.

5.2.1.2 *The instrument used in the study*

The research instrument that was used in this study was the semi-structured interview schedule designed by the researcher to collect information related to challenges pertaining to the development and implementation on the PMS in

the Dr Kenneth Kaunda DM. As it was mentioned before the pilot study was undertaken with some DM's managers who did not become part of the final interviews. The purpose of the pilot study performed was to test whether the respondents would be able to understand and interpret the questions adequately was performed. Based on those initial responses the questions were adjusted and refined according to the extent that the instrument's degree of reliability and validity was upgraded.

Leedy and Ormrod (2005:97) suggest that the validity of the approach is the important factor to consider irrespective of what research methodology is used. Brynard and Hanekom (2006:48) define reliability as the accuracy and consistency of measures. This implies that when the same instrument is used again under similar conditions and standards it will produce the same results. Maree et al. (2009:80) concur to making the point that when qualitative researchers speak of reliability and validity in research; they are referring to the credibility and trustworthiness of the research, while Struwig and Stead (2010:136) refer to validity as the extent to which a research design is scientifically sound or appropriately conducted. In effect for this study the validity includes all matters of accuracy, meaningfulness and the credibility of the research project as a whole.

Thomas (2004:10) cited in Chapter 2 of this study describes some of the principles of PMS as having to use those measures which are scientifically valid, reliable, consistent, comparable and controllable and that such measures should produce information which is relevant, meaningful, balanced and valued by either leaders or funders of the organisation. With this implication in mind, for this study to be relevant, meaningful, balanced and also be valued, its validity and reliability enhanced required enhancement.

The following are the factors that may influence the validity of the quantitative research, in accordance with Struwig and Stead (2010:143):

- Descriptive validity: refers to accuracy and comprehensiveness of the factual information provided, whether it has been partly omitted or distorted. This may be confirmed or rectified by acquiring the assistance

of the participants or other researchers and by the examination of the accuracy of the data to improve its descriptive validity.

- Interpretive validity; the indication of whether the participants' meaning or perspectives of events or behaviours are accurately reported.
- Theoretical validity: revolves around the reaching of a common agreement between the researcher and the participants about the concepts or theory used to refer to the phenomena that is described.
- Triangulations: refers to the combination of various methods to bring together the different qualities in the analysis of data such as observation, quantitative measurements, interviews or documents.
- Researcher effects: refers to the degree to which the researcher can be biased in reporting and interpreting the findings. This may be the effect of the historical background and prejudices of the researcher and is necessary to mention at the beginning of the study.

Based on the initial pilot study's responses the questions were adjusted and refined according to the extent that the instrument's degree of reliability and validity was upgraded. To further enhance the extent of the validity and reliability of the instrument of this study, the semi-structured interview schedule was mailed to Professor Nealer of the Social Sciences Department of the North-West University to moderate and upgrade. It was also necessary for this study to employ the triangulations effect of validation to centralise all the positive effects to achieve better results.

5.2.2 Data collection method

Semi-structured interviews were conducted in order to gather valid and reliable data; this method involves the use of predetermined questions, known as an interview schedule, which are posed to every participant in a systematic and consistent manner (Struwig & Stead, 2010:98). Maree et al. (2009:87) indicate that this type of interview requires the participant to answer a set of the predetermined questions with allowance for follow-up questions to acquire for clarification on the answers.

A draft of the interview schedule was developed and administered on a few managers of the Dr KKDM for the pilot study. According to Sudman and Blair (1998:300), the managers involved in the pre-test study did not take part in the final study. The respondents of pre-test of the interview schedule were asked to comment on the relevance of the questions and also on their clarity. The contents of the responses were specifically evaluated in terms of relevance, non-ambiguity, general validity and interpretability. Thereafter the interview schedule was reviewed, amended and adopted. This does not exhaustively prevent some questions causing some problems, but it eliminates the more obvious ones.

The semi-structured interview schedule began with the biographical data of the respondents in order to understand their background. The schedule was made up of 23 questions in all. Questions # 8,9,19, 20, 21, 22 and 23 were open-ended questions while the rest were closed-ended questions. The purpose of these questions was to allow the participants to expand more on the topic, to the extent whereby they were able to reveal even more information than those that could be manipulated by the thrashed questions in the semi-structured interview schedule. The questions were constructed in such a way as to probe the degree to which the participants know or are familiar with the expected of the PMS implementation. Other information elicited by these questions was the extent of adherence and observance of the provisions of the legislation and regulations. Lastly, the questions probing the present situation at the Dr KKDM were observed. The following aspect is now to identify the respondents.

5.2.3 Respondents

The study design, being qualitative in nature, depends on the quality of the data collected rather than the quantity of information gathered. Consequently the researcher embarked on the knowledge and expertise of the respondents. Therefore the target respondents had relevant expertise and experience as well as the requisite knowledge. They were Municipal employees with seniority such as PMS Manager, IDP Manager, HR Managers, a few of Section 57 managers, the Executive Mayor of the Dr Kenneth Kaunda District Municipality, and the Municipal Manager. To reiterate, the respondents were assured of the

confidentiality of the information and that the results would be used only for the research purposes of the research.

5.2.4 Ethical considerations

In adherence to the principles of ethics and professionalism in research a thorough explanation of the need for participation was given to participants prior to their participation. The respondents were assured of the confidentiality of the information and that the results will be used for research purposes only. Furthermore, the respondents were assured that the participation was voluntary.

5.2.5 Administration of the semi-structured interview schedule

This study encountered several problems especially during the administration of the interviews. Problems mainly revolved around political turmoil and instability in the Dr KKDM which affected respondents directly or indirectly. A further problem was that the respondents are part of the management of the district municipality and are involved in its day-to-day operations, which made it almost impossible to meet them on a scheduled appointment basis.

The following section deals with the presentation and the actual analysis of the empirical findings of the information gathered by interviewing the participants using the semi-structured interview schedule.

5.3 PRESENTATIONS AND INTERPRETATIONS OF THE EMPIRICAL FINDINGS

As previously mentioned the KKDM is composed of the Executive Mayor, the Municipal Manager, six Section 57 Managers, and 13 other managers. The table below presents those who participated as respondents.

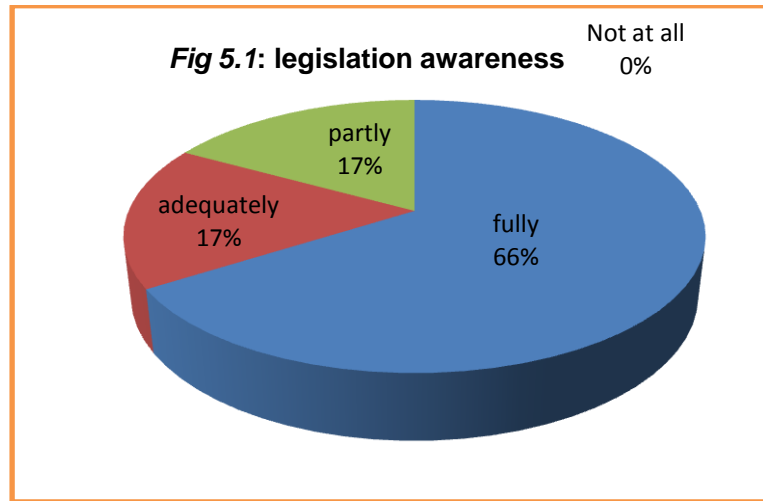
Table 5.1: The biographical data of Dr KKDM respondents

Age	Service Years	Designation	Institution	Gender	Total no. f=female; m=male
44yrs	10 years	Executive Mayor	Dr KKDM	Male/Female	1f
50yrs	2 yrs	Municipal Manager	Dr KKDM	Male/Female	1 m
43yrs – 50yrs	2yrs -25yrs	Directors	Dr KKDM	Male/Female	4 m & 2f
38yrs	5 yrs	PMS Team Manager	Dr KKDM	Male/Female	1f
30yrs – 36yrs	5yrs & 6yrs respectfully	Other Managers	Dr KKDM	Male/Female	1m & 1f

Source: Own construction (2013)

From Table 5.1 it can be deduced that the participants command a wide range of experience due to the fact that they are all older than 30 years of age and have been employed in the municipality for a number of years.

Question 1: Are you aware of any legislation governing PMS and Balanced Scorecard utilisation in Local Government?



Sixty-six percent of respondents as illustrated in Figure 5.1 believe that they are aware of the laws governing the performance management in the Local Government. In Chapter 3 of this study it was confirmed that the laws of the Republic of South Africa are promulgated in such a way that they govern the performance management in South African municipalities. The Constitution sets principles which form the basis for the development of key indicators to measure local government performance (Van der Waldt, 2006:130).

The Public Service Act 103 of 1994 prescribes that the performance management process should link with the broad and consistent plans of staff development and be aligned with the developmental strategic goals of the public service. Schedule 8 of Labour Relations Act 66 of 1995 provides for best practices when dealing with the key aspects of dismissals for reasons related to conduct and capacity and the key principle is that employees should be protected from arbitrary action while employers are also entitled to satisfactory conduct and work performance from employees.

Section 56 of the Local Government: Municipal Structures Act 117 of 1998 shows that the executive mayor is the integral figure in the planning, execution, monitoring and evaluation of performance management implementation in the municipality. Section 56 prescribes that the executive mayor should identify the

needs of the municipality; review and evaluate those needs in order of priority; recommend to the municipal council strategies, programmes and services through the integrated development plan and estimates the revenue and expenditure. Then determine the best way to deliver those strategies, programmes and services to the maximum benefit of the community.

Section 56(3) prescribes that the executive mayor identifies and develops suitable criteria in which the implementation progress of strategies, programmes and services can be evaluated. The executive mayor also identifies and develops key performance indicators which are specific to municipality and evaluate the progress against the key performance indicators. The executive mayor reviews the performance of the municipality in order to improve the economy, efficiency and effectiveness of the municipality; the efficiency of the credit control and revenue and debt collection services; and also implement by-laws. The executive mayor then monitors the management of the administration of the municipality on the basis of municipal council's directions; oversee the provision of services to communities sustainably; and compile an annual report on the affairs of the municipality.

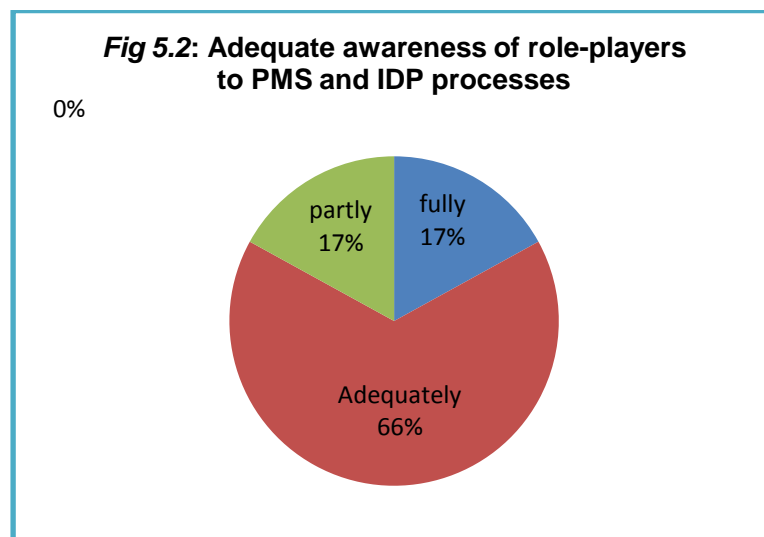
In 2000 the Local Government: Municipal Systems Act 32 of 2000 was enacted amongst other things to set out the core principles, mechanisms, and processes that give meaning to the enhancement of the fundamental aspect of municipality to plan, deliver services and manage performance processes. In the municipality's endeavour to perform the above it should engage the community abode in the municipal area.

The Municipal Systems Act establishes a framework for support, monitoring and standard-setting by benchmarking other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government. Section 57 makes provision for the appointment of municipal managers and managers directly accountable to municipal managers. Such managers should be appointed to the appropriate positions in terms of the written employment contracts and separate performance agreement that are concluded annually.

Section 53(6) of the MFMA provides for the establishment of a financial management framework with emphasis on the powers of national treasury in relation to municipalities, financial management, approaches to municipal budgets, roles and responsibilities of councillors and municipal officers, financial conduct and the management of financial misconduct. MFMA asserts that there is efficiency and effectiveness of financial systems and that service delivery is the shared responsibility of local and other spheres of government. Technical financial management systems and other appropriate systems are crucial for the realisation of the objectives of the Act. Chapter 12 of the MFMA also requires that each municipality should compile an annual report which should include a municipality's performance report that is also audited.

So it is important to know these acts for one to implement a sound and effective PMS; so for 34% of such key managers not to fully know about these acts leaves much to be desired.

Question 2: Is there adequate awareness and knowledge to the key role-players involved in the design and implementation of the IDP and PMS?

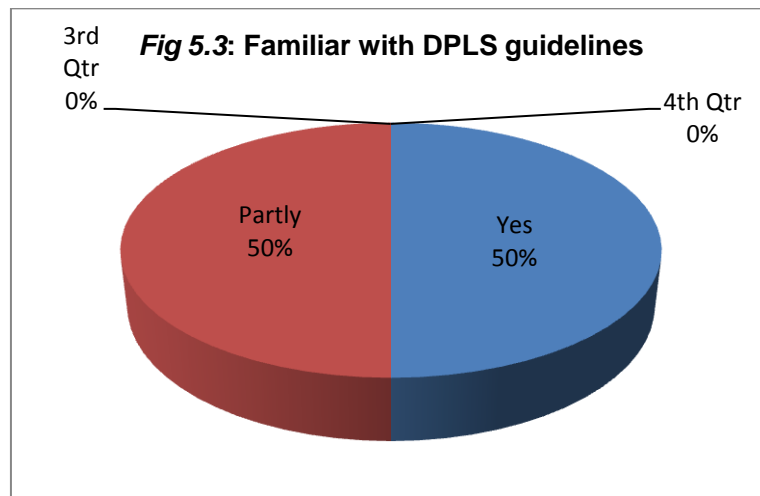


In Chapter 4, Section 4.2.2, of this study, it was learned that the Section 53 of the Municipal Systems Act requires that every municipality should define the specific roles and responsibilities of the role-players and stakeholders. These roles and responsibilities of the role-players and stakeholders should be defined in precise terms by way of separate terms of reference, in writing for each

structure and be also acknowledged and given effect to in the rules, procedures, instructions, policy statements and other written instruments of the municipality. The completion and implementation of this process gives effect to the implementation of specific roles and responsibilities as assigned.

From Figure 5.2, it was observed that 66% of the respondents are adequately aware of the key role-players in the design, development and implementation of the IDP and the PMS. This response may be the result of the fact that these processes are performed by both the provincial officers and the consultants. Seventeen percent are fully aware because they are responsible for the decisions to take out the processes and also take part in every case of the developments. So the 83% that are not fully aware may indicated the inadequacy in the PMS implementation of the role-players in the DM hence the increased challenges regarding implementation.

Question 3: Are you fully familiar or partly familiar with the former DPLS guidelines on performance management?



Subsection 3.3.6 of this study established that in 2001 the former Department of Provincial and Local Government promulgated the Performance Management Guide for municipalities the purpose of which is to bring about change, transformation and improve service delivery at the local level. It is planned to be a set of simple, user-friendly, non-prescriptive guidelines that will assist municipalities in developing and implementing their respective legislatively required PMS. It is designed to enable municipalities to develop and implement

such 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 is meant for local government councillors, managers, officials, community-based organisations and members of the public at large. The guidelines presented are on the development and implementation of an organisational PMS while highlighting some of the linkages to an employee or personnel PMS.

The Performance Management Guide for the Municipalities is a very important document to guide any good intentions of the development and implementations of the PMS in the municipality and is an essential document. Half of the respondents are fully familiar while half are partly familiar with the DPLS guidelines. The case here may be that the provincial officers and consultants hardly engage the managers in the design, development and the implementation of the PMS. A conclusion that may be drawn from these responses is if half of the custodians of the implementation of the municipal PMS are partly familiar with such an important framework designed only to capacitate them to develop and implement the PMS, it is therefore very unlikely that such implementation can succeed and not encounter various challenges. Considering this result, it is suggested that the PMS implementation in the Dr KKDM needs a robust improvement through repeated PMS processes trainings.

Question 4: Do you think the knowledge of the key stakeholders is appropriate to implement the PMS and Balanced Scorecard utilisation?

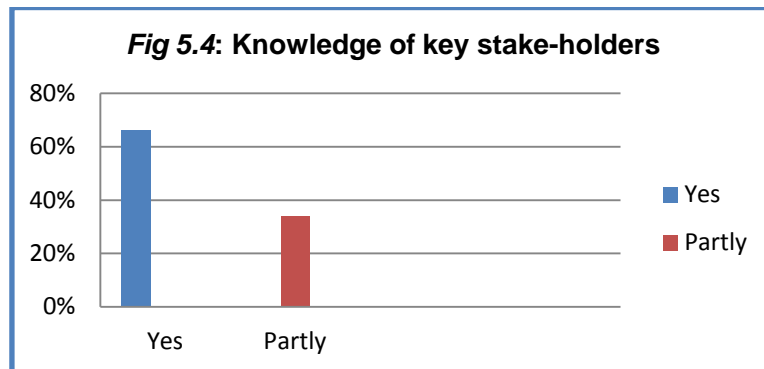


Figure 5.4 shows that 66% of the respondents indicated that they were familiar with the guidelines while almost half of them were partly familiar. In Chapter 3 it was indicated that the Performance Management Guide for Municipalities outlines the form in which the PMS should be implemented in the municipalities which if properly followed would render the implementation of the PMS successful, and which stresses the importance of the key stakeholders in the effective implementation of the effective PMS in the municipality.

The designated senior manager together with the project team should develop the system starting off by identifying the stakeholders and establishing structures that will facilitate the system's development.

The project team firstly needs to study the current reality by assessing how planning, implementation and monitoring happen in the municipality and then identify the gap in terms of the new integrated development planning and performance management requirements. Secondly, the project team will identify stakeholders and group them into four different categories as Citizens and Communities, Councillors, Officials and Partners. It is important to establish structures that will facilitate the meaningful participation of stakeholders in the development of the PMS. It is advisable that the PMS structures are the same as IDP Representative Forum structures.

A conclusion which may be drawn from these results is if 34% of the custodians of the implementation of the municipal PMS partially know about the importance of stakeholders, it is therefore very unlikely that such

implementation can succeed. It is recommended that the PMS implementation in the Dr KKDM needs a robust improvement through a repeated PMS processes trainings.

Question 5: Have you ever been trained or attended a workshop on the implementation of Performance Management System (PMS)?

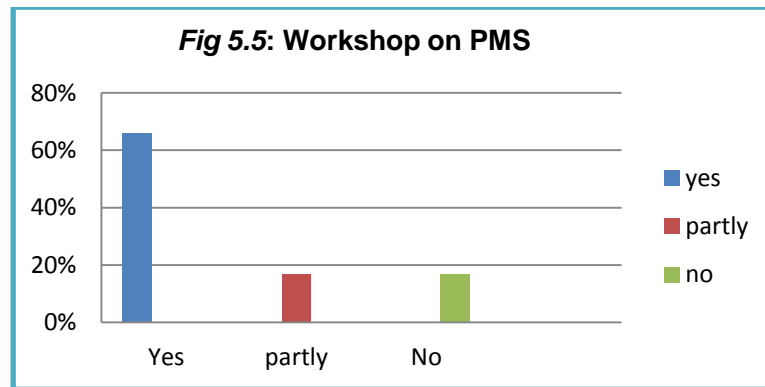
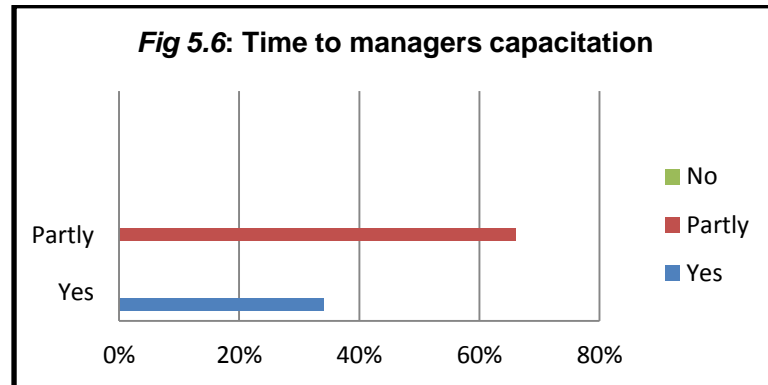


Figure 5.5 shows that at least 83% (66% yes +17% partly) agree that the staff of the Dr KKDM attended a training sessions on PMS implementation. However the point of contention is that if 17% of the management know nothing about PMS trainings there is a high likelihood of serious challenges to implementation. It was learned from Chapter 2 that trainings and workshops are part of the success factors in the PMS implementation processes. As such, the PMS policy framework of the Dr KKDM should embark on and incorporate training and workshops to enhance the implementation of the PMS. In Subsection 3.3.11 of Chapter 3 of this study, it was demonstrated that dissemination of information in performance management is crucial.

Question 6: Was enough time spent to capacitate managers and relevant personnel in The Dr Kenneth Kaunda District Municipality relating to implementation of IDP and PMS?

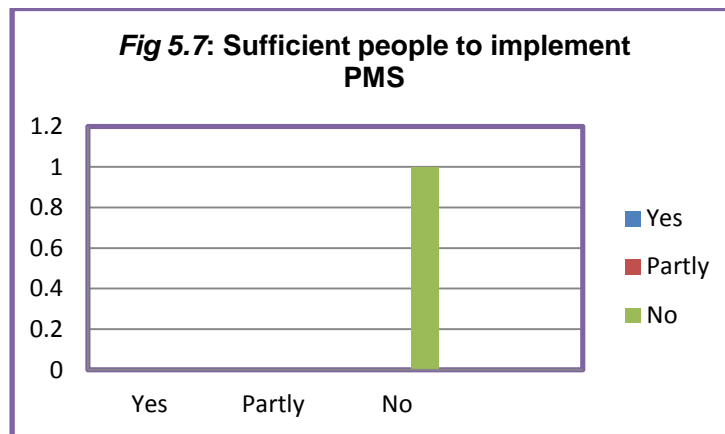


Time management is an important variable in the development of managers and therefore it is equally important to spent time on the capacity-building of the management of the DM in order to harness the scarce resources in the development and implementation of the IDP and the PMS. This fact is supported by Chapter 2 where the significance of capacity (knowledge and competency) of management in the successful implementation of a PMS was highlighted. Figure 5.6 suggests that 66% of the respondents believe that not enough time is spent on capacitating the managers. It is important for the Municipality to draw up a clear and fully-funded schedule for capacity-building of the entire Municipal staff to pave the way for proper PMS implementation in the Municipality.

The above is in accordance with Van der Waldt and Du Toit (1999:384) who pointed out that the Public Service Act places obligation on managers for the effective management and administration of public institutions. The responsibilities bestowed on the managers include efficient management and administration, effective utilisation and training of staff, maintenance of discipline, promotion of labour relations and proper use and care of state property. In order to achieve the above trainings and workshops are necessary. This is supported by chapter 3, where it was observed the DPLG of the North-West Province constructed out its Municipal Organisational Performance Management Implementation Guide of 2007 to curb.

The Department pointed out that it is important to capacitate councillors and officials and to develop and implement PMS it will be necessary for the municipality to conduct 'in house' information/training sessions where the information contained in the Municipal Organisational Performance Management Implementation Guide as well as one released by the Department of Provincial and Local Government can be presented and discussed. After the councillors and officials have been familiarised with the information, it is important that the information be conveyed to the rest of the staff.

Question 7: Do you think The Dr Kenneth Kaunda District Municipality has sufficient people to implement a PMS as required by legislation?



All the respondents agreed that over a significant period of time the DM did not have adequate personnel responsible for the smooth running of the PMS unit. It is important for the municipality to acquire the right number and competent staff responsible for the PMS. For an extended period (more than 52 months) in the DM, there has been only one person responsible for the PMS. This individual, the PMS Manager, resigned in 2012. This situation rendered the PMS implementation of the municipality severely compromised and challenged. It is imperative therefore that adequate staff be employed with immediate effect.

Question 8: Can you name or list any policies available to guide the Performance Management Processes in the Municipality?

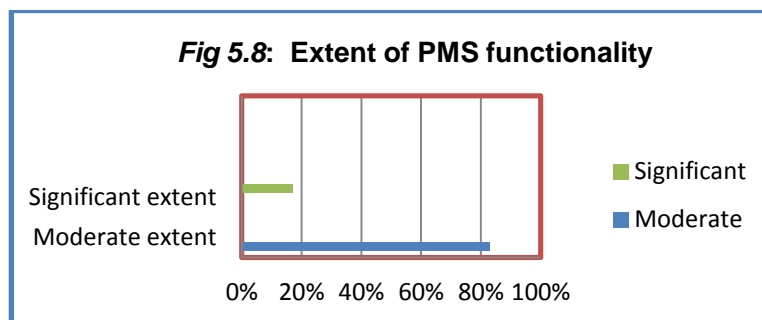
Some respondents (17%) were aware of the Performance Management Guideline Policy. Sixty-six percent knew about the availability of the Performance Management Framework Policy, while only 17% of the 66% are adequately aware of the Local Government: Municipal Systems Act and PMS Guidelines developed by the Department of Local Government. Seventeen percent were not aware of any policy that guides performance management processes in the DM. These findings are very perturbing because in Chapter 3 it was indicated that there are many policies and guidelines available for guiding the municipalities about what should be done in the implementation of a successful PMS in their fields of operation. This may be regarded as one of the reasons why the DM is increasingly dependent on consultants who introduce the systems which are very complex and difficult to interpret and omit to arrange workshops to train the staff about the newly developed systems. Had the staff been involved in the design, development and implementation of their own systems, they should have been familiar with the appropriate policies, Acts and guidelines.

Question 9: In your opinion, where are the major areas of non-compliance in respect of the PMS and performance management processes and system in the Municipality?

The intention of this question was to establish whether there are shortfalls intrinsic in to the PMS and its related processes. Seventeen percent of the respondents were of the opinion that the major areas of non-compliance in respect of the PMS implementation being the PMS review do not make adequate provision for submission of quarterly reports and also do not link SDBIP information and information contained in quarterly performance reports. Some, (17%) perceive the non-compliance emanating from the fact that in the DM performance management is only applicable to the section 57 employees and not to other employees of the municipality. Some, (17%) are of the opinion that the PMS is lacking in as far as implementation of certain resolutions is concerned.

From these findings it can be deduced that the PMS implementation should be escalated and that it must be extended downwards to include the “grassroots” staff. It was seen in Chapter 3 that the performance management process should link with the broad and consistent plans of staff development and be aligned with the developmental strategic goals of the public service. The primary orientation of developmental performance management should allow for effective response to consistent inadequate performance and also for recognising and rewarding outstanding performance. This is also expected of DM, but is currently not the case.

Question 10: To what extent is PMS functional and in operation in the Municipality?

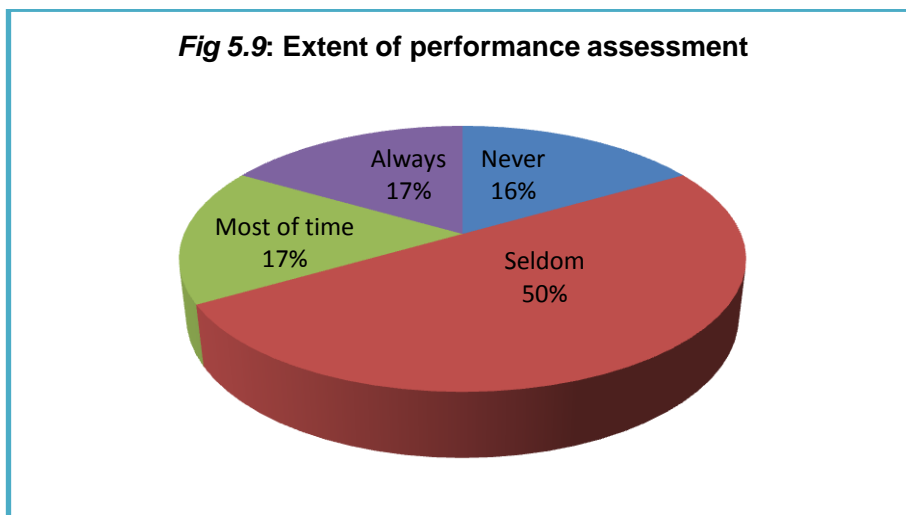


In Figure 5.8, it is observed that 83% of the respondents regard the degree of functionality of the PMS to be of a moderate nature while only 17% believe that it is in operation to a significant extent. Currently in the DM the PMS is vested solely in the office of the Municipal Manager. This situation causes some respondents to believe that the Municipal Manager is the only beneficiary, since only the Municipal Manager would “earn the performance bonuses”. It seems that the respondents appreciate the functioning of the PMS only because they are expected by the legislation to ensure the successful implementation of the System in their respective departments.

It was determined in Chapter 2 of this study that performance management is essential for quality assurance of every task done. According to Williams (2002:12), effective performance management means articulating the organisational vision; establishing key results, objectives and measures at the key functional level; identifying process objectives and the key indicators of

performance for those processes; while identifying and installing effective measures, monitoring and controlling four key performance measures such as quality, cost, time and delivery; and managing the continuous improvement of performance in those key areas. This is in agreement with Masango's views (as quoted by Van der Waldt, 2004:24), implying that the key aspects of effective performance management include performance targeting; performance standards-setting; and performance evaluation. These requirements seem not to be adhered to in the DM.

Question 11: To what extent is performance assessment and evaluation system(s) working in the Municipality on the basis of benchmarks?



As portrayed in Figure 5.9, that 50% of the respondents agree that the evaluation of the PMS seldom occurs while 16% believe that it does not take place at all. These 50% and 16% of respondents believe that this is because of lack of leadership, on the part of the Municipal Manager, who is currently appointed in an acting capacity (since 2009).

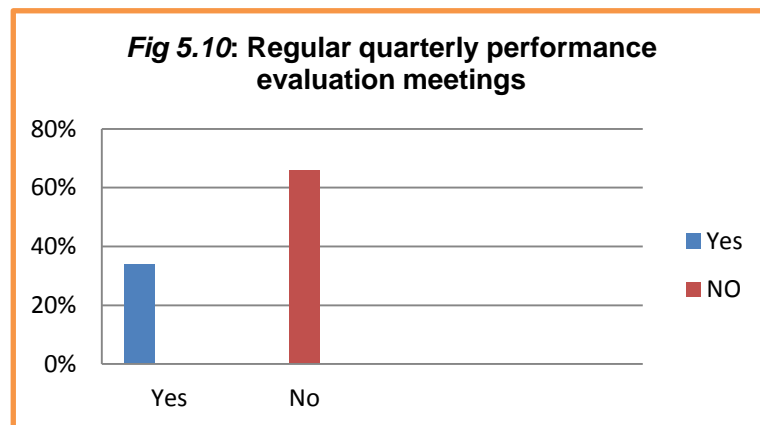
It was established that performance assessment is important in the municipalities because with it in place the human resource is assessed in relation to individual performance how it is performing.

It was determined in Chapters 2 and 4 that a PMS should cover the process and cycle which is a framework of how and when each stage of the performance cycle, will take place, from planning through monitoring and

measuring to evaluating and re-planning for improvement. Content that denotes what aspects of performance must be planned, monitored, measured and evaluated in order to form a reliable and adequate picture of how well the organisation is performing; a framework tells how performance will be managed; a model reflects decisions about content that denotes the aspects of performance should be managed; and a system should outline choices on both the process & content.

The absence of PMSs promotes lack of moral regeneration onto the staff, hence absence of performance in the municipality. This is exactly the case with DM.

Question 12: Are there regular quarterly performance evaluation meetings held in the Municipality?

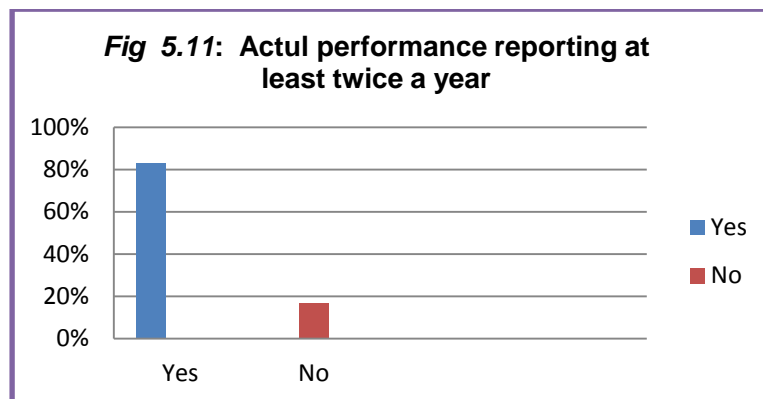


Sixty- six percent of the respondents suggest that there are only requests for submissions of quarterly reports but that no actual evaluation were meetings held. Quarterly, reports besides being not regular are also not timely. From Chapter 3 it was established that it is crucial that line managers are continuously analysing the measurements that they are generating. They are best placed, having an in-depth understanding of their sector, to analyse whether targets are met currently, and will be met in the future, what the contributing factors are to the level of performance and what remedial action needs to be taken. This will constitute a preliminary analysis and should be

done by respective line managers for objectives and indicators that lie within their area of accountability.

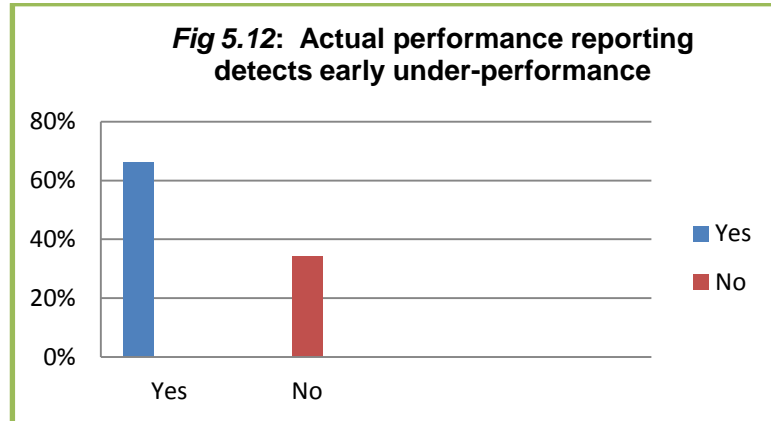
It is useful to have a corporate analysis of performance. This analysis should examine performance across the organisation in terms of all its priorities. To be successful, capacity for this level of analysis should be set up centrally, in the office of the Municipal Managers, Executive Mayor and Mayoral Committee. The Municipality must as soon as possible employ a substantive and competent Municipal Manager. It was established in Chapter 4 that the MM is expected to convene regular quarterly performance evaluation meetings to assess the municipal status of performance and adherence of the individual departments to the terms of the IDP and budget. However this is not the case with the DM.

Question 13: Reporting regarding actual performance is done at least twice a year.



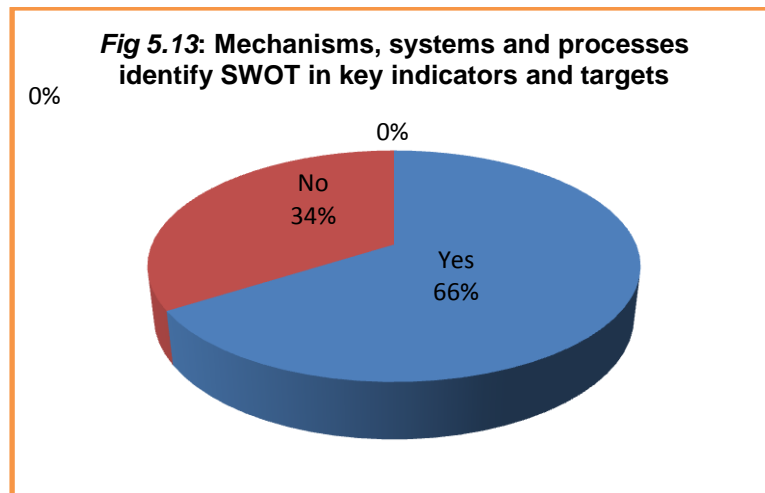
The actual performance reporting is done at least twice yearly according to 83% of the respondents. Based on the responses obtained from follow-up questions regarding reporting it seems that respondents are of the opinion that reporting is done on an ad-hoc basis due to the disorganized/erratic demands for reports from higher offices.

Question 14: Reporting regarding actual performance is designed in a manner that enables the Municipality to detect early indications of under-performance.



According to the respondents, there is an annual reporting template that is adequately designed to collect information on performance processes. This template is precisely designed and in a manner as to timeously detect under-performance. This seems to be the reason for the majority of respondents being of the opinion that the reporting template is sufficient enough for detecting early signs of under-performance. The problem, however, according to some respondents is that the designed template is never being used due to the lack of leadership espoused by the acting Municipal Manager.

Question 15: The mechanisms, systems and processes for review of performance at least identify the strengths, weaknesses, opportunities and threats (SWOT) of the Municipality in meeting the key performance indicators and targets.



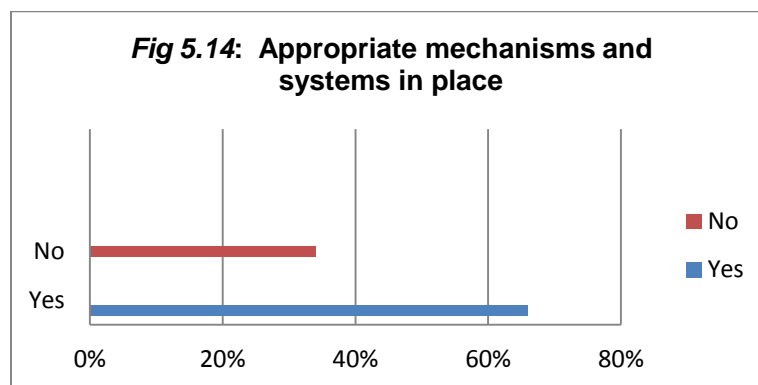
According to 66% of respondents, strengths, weaknesses, opportunities and threats are used to map the situation of the attributes of the Municipality in order for the Municipality to draw, and translate, the conclusions that can be incorporated into its strategic action planning and PMS implementation process reporting. This finding is consistent with Chapter 2 of this study.

Furthermore, in Chapter 3 of this study it was learned that as far as a performance orientation is concerned Chapter 6, Section 38, of the Municipal Systems Act prescribes that a municipality should establish a PMS that is commensurate with its resources, which is best suited to its circumstances, and in line with its priorities, objectives, indicators and targets contained its IDP.

Additionally, in chapter 3, subsection 3.3.7 it was indicated that the mechanisms, systems and processes for review should identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by the municipality; review the key performance indicators set by municipality; and allow the local community to participate in the review process.

A municipality should also promote a culture of performance management among its political structures, political office bearers and councillors and its administration. It should additionally administer its affairs in an economical, effective and manner that is accountable, none of which is descriptive of the DM. Thirty-four percent are of the opinion that the practice is not utilised in this DM. The respondents believe that the situation stands as is because of the lack of leadership in the Municipality.

Question 16: Appropriate mechanisms and systems are in place to enable the measurement of performance in terms of identifying performance indicators and targets.

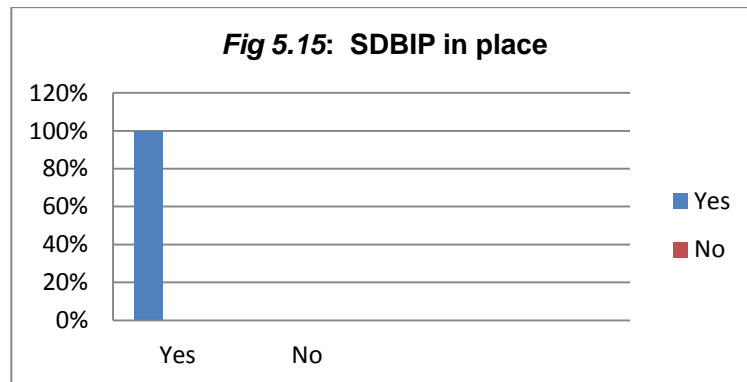


According to 34% of the respondents there are no appropriate mechanisms and systems are in place to enable the measurement of performance in terms of identifying performance indicators and targets. However, 66% confirms that appropriate mechanisms and systems are in place to enable the measurement of performance in terms of identifying performance indicators and targets.

Chapter 4, the DM as the case study was analysed to determine whether there are adequate mechanisms and systems in place that would enhance the PMS implementation. It was established that the appropriate mechanisms and systems together with the Municipal PMS policy and framework are in place but there is a lack of efficient personnel to maintain these mechanisms and systems. It was shown in Chapter 3 that the Municipal Systems Act provides that a municipality must set its key performance indicators subject to general key performance indicators set by the Minister responsible for local government. The performance indicators and targets must be published to the

public and be subjected to audits by the Auditor General and form part of financial annual reports (RSA, 2000:46-48).

Question 17: Is the SDBIP in place in the Municipality or the one that is presently prepared for implementation, able to project and monitor inputs, outputs and outcomes for each senior manager?



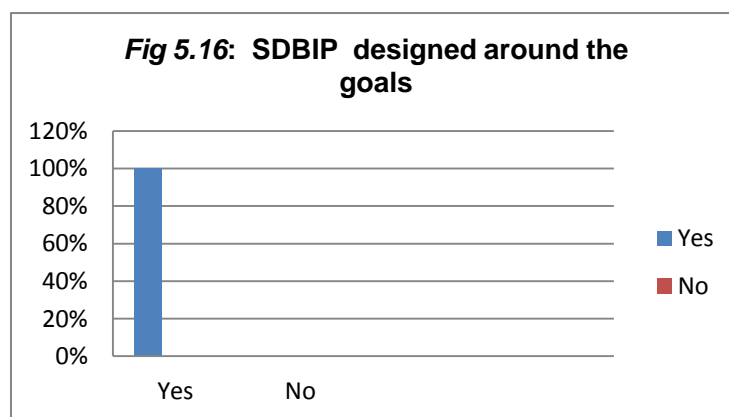
All the respondents agree that the SDBIP in place in the Municipality and is prepared for implementation, being able to project and monitor inputs, outputs and outcomes for each senior manager. The study established that ever since 2009 after the suspension of the then MM, the SDBIPs have been compiled, but were never approved. This makes reporting on those SDBIPs arbitrary and not authoritative. The indicators in the SDBIP are not developed in terms of inputs, processes, outputs and outcomes. This is not consistent with what was studied in Chapter 2 and in Chapter 3 section 3.2.6.

Chapter 4 of this study it was noted that the SDBIP is the foundation of the budget and the management agreements, including detailed information on how the budget will be implemented by detailing the forecast of the cash flows and the service delivery targets and performance indicators. It provides a management implementation and monitoring tool that will assist the Mayor, Councillors, Municipal Manager and other senior managers and the community in monitoring service delivery by providing appropriate information.

The SDBIP is also the performance monitoring tool that enables the Municipal Manager to monitor the performance of the senior managers by

linking their performance agreements to measurable performance objectives. It helps the Executive Mayor and the Municipal Manager to be proactive and take remedial steps in the event of poor performance. The challenge here is that, irrespective of the development of the SDBIP, it is always not approved and is not coordinated hence it is consistent with neither the IDP nor the Budget. This indicates a serious situation that would definitely have a crippling effect on the PMS implementation in the DM.

18. Is the departmental SDBIP in place in the Municipality designed around the goals expressed in the PMS?



All of the respondents agree that the SDBIP is designed with the municipal goals in mind. The SDBIP is used as a basis for financial performance monitoring used by the Internal Audit to advise the Municipality and also to inform the Auditor General. The above was established in Chapter 3 and Chapter 4 of this study. Actual SDBIPs are drawn up in the DM in pursuance of the terms of the legislation, but it was also observed that the Auditor General qualified the accounts of the DM, that the targets are not informed by the IDP and the remedial actions are also incompatible with the goals of the IDP. So the responses are different from the reality because the respondents are the people who are responsible for drawing their own departmental SDBIPs which are then consolidated into the Municipal SDBIP and they have to appreciate their own work. The recommendation drawn is that the SDBIP must be a true reflection of the perspective of the Municipal goals as set in its IDP.

Question 19: How do you view the roles Councillors played in the effort to implement the PMS?

The buying-in of the Councillors encourages the Municipality to become a model performance-based organisation. Other respondents view the Councillors' role as very minimal due to a lack of understanding and interest in how the PMS functions. The respondents (66%) advise that the Councillors need to embark on "...playing their oversight role as required by legislation". According to some respondents (34%), the Councillors approve the PMS policies, but do not fulfill their oversight mandate to ensure that the implementation thereof, which vests in the management (administration), is adequately executed.

The conclusion that could be drawn here, based on the findings is that the Councillors must be true leaders of the Municipality and their conscience must inform their loyalty. As some respondents reflected, "they must be proactive in their functions and stick with their role of oversight because their negligence disrupts the proper functioning and the performance of the organisation".

Question 20: What is your overall perspective of The Dr Kenneth Kaunda District Municipality since December 2000 towards achieving targets stipulated in the IDP and implementation of PMS?

Many respondents (50%) view the lack of senior management leadership (as the current MM is acting and is not in a position to provide a long term strategic vision for the Municipality) as hampering the future prospects of the DM.

Some respondents (34%) indicated that since 2009 the scorecard shows that some of the key objectives of the municipality have been achieved. There seems to be agreement by most respondents that the targets are set and some are achieved in the DM, but that the challenge is whether this is done according to the legislation since there is no performance assessment hereof.

Question 21: How do you evaluate the performance of the consultants who were appointed since December 2000 to June 2009 to assist with the implementation of PMS?

Some respondents (34%) believe that the impact of the engaging consultants is very minimal even though the DM is increasingly dependent on consultants the latter because they produce systems which are very complex and not easy to interpret. The consultants also do not arrange workshops to train the staff about the newly developed systems. This is due to the fact that the PMS started in 2006; however, according to some respondents there is minimal change.

Most respondents (66%) believe that consultants design good systems, but that the only challenge is the implementation of the system; the municipality's server cannot cope with information and the number of people using the system; hence the work of the consultants, even though it is hopeful, is not sustainable. The reason here might be the usual custom of both the Municipality and the consultants of not holding workshops to train the people responsible for PMS implementation.

Question 22: What would you suggest to successfully utilise PMS to achieve targets set in the IDP of the Dr Kenneth Kaunda District Municipality?

The respondents (66%) suggest that for the DM to successfully utilise its PMS to achieve targets set, it must fill the management posts and hold a strategic session to map a way forward for the Municipality. Such newly employed personnel should report directly to the Council. It is important that the provincial Department responsible for Local Government link recognition and reward systems to the PMS. The recognition and the reward systems should be established to encourage integrated, cross-functional teams of employees, stake-holders and managers to undertake performance improvement.

Some respondents (17%) indicated that the Municipality must develop SMART indicators and targets. The monitoring of implementation should be regularly carried out. Senior managers should be properly and timeously trained on the

PMS implementation. It is believed that such trainings should be structured and be performed quarterly. The Municipality should cascade the PMS downwards to lower levels of the municipal staff. Finally the budget, the PMS and the IDP should be aligned with the SDBIP.

It is fundamental for the Municipality to acquire an additional person in the directorate position within the PMS Unit in order to enable the smooth running of the PMS implementation in the DM.

Some respondents (17%) suggested that if the DM measures outcomes and monitors the supporting chain of inputs, activities, outputs, then it will attain the fullest achievement of its mission and attract attention from the above governments, whereby resources and management time would be effectively allocated. They also advise on the adherence to the legislative matters and compliance with the provisions of the Sec 57 1(b), (4A), (4B) and 5 of the Local Government: Municipal Systems Act of 2000.

Even though it was determined in Chapter 2 that the acting appointment of the municipal manager should not exceed three months, the problem is that the same legislation pronounced that it would not affect the municipal managers who are already occupying their positions; hence the DM will not be able to use that law to remove the acting MM from office.

Since the respondents are experienced managers, their responses may be taken as true, valid and very reliable in this case. It is important that the Municipality follows these suggestions highlighted.

Question 23: Summarise briefly why, since 2000, the Dr Kenneth Kaunda District Municipality failed to utilise PMS as a tool to implement the IDP?

It was established in Chapter 2 that according to Van der Waldt (2004:78), there are factors that could cause a decline in public sector PMS implementation and flash detrimental effects. These factors were identified as: aloof and insensitive management; poor leadership; management styles; rapid technological progress; increased complexity of work; poor labour relations;

lack of proper incentive schemes and reward systems; lack of receptiveness to innovation.

External organisational factors such as intergovernmental relations, judicial system, citizen involvement, private and vested interests, media and other exogenous elements; inadequate remuneration; poor management; unsafe and unhealthy work environment; absence of career plan; work overload and stress and organisational development and learning also impact implementation.

The internal organisational factors like organisational structures, financial practices, policies, political and managerial leadership style, the effect of unions on the employee and employer, and the extensive use of technology (Van der Waldt, 2004:78) should not be overlooked. This question was asked to establish if the above factors were not eminent in such enormous failure of the DM and the test proved certainly true.

Some respondents point out that the DM failed to utilise the PMS as a management tool for development in 2006 because there was no Municipal Manager before then. This officer was only employed in 2006 when the PMS utilisation began and became operative. Respondents also observed that the management failure to interpret legislative requirements compromised the success of the Municipality since 2000.

Certain respondents believe that the PMS section is understaffed and needs more people to be appointed. Some respondents (66%) identified three components here as lack of political will and knowledge, lack of willingness by management and lack of staff. It is therefore deduced that according to the respondents the action of employment of staff is vital and very crucial.

5.4 CONCLUSION

This Chapter dealt with the challenges associated with the development and implementation of the PMS in the Dr Kenneth Kaunda District Municipality, beginning with clarification of the research problem and how the study was organised to address the problem. The Chapter then considered the qualitative

method of research: but it focussed specifically on the case study and on the semi-structured interview schedule which was the instrument used to gather data for the study.

The data thus gathered through the interviews were presented and the findings thus interpreted. In order to carry out the data interpretation process, the previous chapters were used as the basis of the interpretations. From the results finding various inferences were drawn that in actual fact there are many PMS implementation challenges which exist in the DM that are consistent with the findings of the study.

The next chapter concludes the research highlighting how the research questions were addressed, and presents the summary of the conclusions drawn from Chapters 2, 3 and 4 respectively. Finally recommendations will be made that suggest how best to overcome the prevalent PMS implementation challenges that tend to cripple the proper functioning of the Dr Kenneth Kaunda District municipality.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The previous chapter covered the empirical personal and professional details of respondents and their views on the status of the PMS implementation and applications of the Dr Kenneth Kaunda District Municipality. The discussions indicated the purpose, policies and procedures for PMS implementation and applications in the Dr Kenneth Kaunda District Municipality and the suggested changes envisaged to the system.

It then determined the extent to which the Dr Kenneth Kaunda District Municipality utilises the PMS as a tool for the effective implementation of the municipality IDP to achieve its developmental priorities and objectives. Finally, the chapter considered the research methodology used to gather data and further explains the data collection techniques. The Chapter concluded by presenting the data for analysis and the challenges facing performance management implementation in the municipality.

This Chapter provides summaries of the study chapters 1, 2, 3, 4 and 5. It further provides the research questions that were asked to operationalise the research problem that were moulded into the research objectives, whose fulfilment will imply the attainment of the purpose of the whole study. Finally the chapter will conclude the study and give recommendations.

6.2 CONCLUSION

Chapter 1 served as the introduction of the study. It determined the problem statement of the study, anticipated the research questions, and highlighted the research objectives and the demarcation of the study. It then incorporated the significance of the study and it developed as well as described the research methodology of this study. Aspects of the literature review, ethical perspectives and considerations and leading theoretical arguments were elucidated, as was the provisional layout of the study chapters.

Chapter 2 dealt with a theoretical exposition of performance management and PMSs that will provide an overview of what performance, performance management and PMA entail. It also provided a conceptual aspect of the study by conceptualising performance; performance management and a PMSs. Additionally the exploration of the aim, objectives, the theories, principles, procedures and best practices governing performance and PMS implementation were described. The basis of that chapter was to assist in identifying possible lessons that can be drawn from the experiences in other countries, institutions and departments that can be used as benchmarks for the South African experiences.

The chapter 3 acted as a backbone of performance management implementation analysis in South Africa by presenting the phenomenon of the operationalisation of performance management. In order to operationalise the study objectives of this research the statutory and regulatory framework governing performance management applications in local government were reviewed.

Chapter 4 outlined the PMSs applications in The Dr KKDM. In the event it was discovered that the resources and the mechanisms necessary for the implementation of the PMS in the district were available. It was evident that even though that was a case, there was still an array of challenges of implementation established.

The municipal documents and some people encountered during the study pilot project implied that, the main problem was mainly due to lack of personnel and expertise was limited to those who were in the unit. The implication here was that the development of the PMS framework and the processes involved complied with the expectations and the statutory framework while the implementation was way irrelevant to them.

Chapter 5 dealt with the empirical challenges associated with the development and implementation of the PMS in the Dr KKDM, beginning with clarification of the research problem and how the study was organised to address the problem. The chapter considered the qualitative method of research, but

specifically the case study and focused on the semi-structured interview schedule which was the instrument used to gather data for the study.

The data thus gathered through the interviews were presented and the findings thus interpreted. In order to achieve the data interpretation process the previous chapters such as Chapters 2, 3 and 4 were used as the bases of the interpretation. From the findings various inferences were drawn and it was established that there were indeed many PMS implementation challenges in the DM which were consistent with the purpose of the study.

6.2.1 Research Questions

The following research questions were asked:

- What are the theories, principles, procedures and best practices governing performance and PMS implementation?
- What are the statutory and regulatory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities?
- What are the institutional policies, systems, structures, approaches and operations in place that enhance the implementation of the PMS in Dr KKDM?
- What led to the challenges in the implementation of the PMS implementation challenges in the Dr KKDM?
- What methods and techniques can be applied in the establishment of a PMS in the Dr KKDM?
- What recommendations may be made to ensure the effective and efficient implementation of the PMS in the Dr KKDM?

6.2.2 Research Objectives

The aim of this study was to analyse the challenges that influence the implementation of the local government PMS in the Dr KKDM. The analysis entailed identifying the challenges, evaluating them and then suggesting possible solutions to the challenges.

This aim was broken down into various objectives as in the following manner:

- To provide a theoretical background to the concepts, principles, procedures and best practice governing the implementation of PMS.
- To establish regulatory and statutory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities.
- To analyse the policy framework governing PMS implementation in the Dr KKDM.
- To determine the challenges facing PMS implementation in Dr KKDM.
- To determine methods and techniques to be applied in the implementation of PMS in Dr KKDM.
- To make recommendations based on the research findings in order to improve PMS implementation in the municipality.

The following subsection contains a summary of how each research question highlighted in the first chapter was addressed.

The first question was designed to establish the theories, principles, procedures and best practices governing performance and PMS implementation.

This question was addressed in chapter 2 of this study by looking further into the evolution and development of performance, performance management and PMSs as applied in public sector settings. It was further explored how performance management could be a prerequisite for effective service delivery in the public sector.

The chapter unpacked the aspects of developing and designing performance management systems in the public sector and also considered best practices governing PMS implementation while reiterating the models, tools and techniques available for performance monitoring and measurement. Finally, the chapter analysed the challenges that influence the implementation of PMSs in public institutions.

The second question was envisaged to determine the statutory and regulatory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities.

This question was addressed in Chapter 3 of this study which presented the phenomenon of the operationalisation of performance management by objectively reviewing the statutory and regulatory framework governing performance management applications in local government.

Chapter 3 further established that a PMS is one of the mechanisms through which public institutions aim to improve organisational and individual performance to enhance service delivery. In South Africa performance management is guided by various statutory and legislative documents that stipulate the requirements municipalities are obliged to observe when doing their day to day work. This enhances the reliability and predictability in the performance of the municipal officials in provision of services.

The third question intended to investigate the institutional policies, systems, structures, approaches and operations in place that would enhance the implementation of the PMS in the Dr KKDM.

The above objective was achieved by focusing on the details regarding the status quo of performance management applications in the Dr KKDM as the case study of this research. The architectural position of the PMS of Dr KKDM was investigated. This was where the mechanisms appropriate in the implementation of the PMS such as the IDP, the organisational PMS implementation structures were considered.

Among the mechanisms in place included:

- The Service Delivery and Budget Implementation Plan (SDBIP);
- Key Performance Areas (KPA's) and performance targets;
- Performance reporting arrangements;
- Performance auditing and accounting;
- Internal audit;
- The Municipal Performance Audit Committee;

- Council Portfolio Committee.

The human resource dimension of performance management was further analysed to determine the current status of the PMS at the Municipality.

In chapter 4 it was also established that amongst all the models used in PMS implementation, the DM decided to use the Balanced Scorecard which is a measurement-based strategic management system originated by Robert Kaplan and David Norton in 1996. The BSC proved to be a method of aligning organisational activities to strategy thus monitoring performance of strategic goals over time is the mostly appreciated model. The said model embarks on four linked perspectives in the framework such are customer perspective; internal processes perspective; learning and growth perspective; and financial perspective. In actual fact the Balanced Scorecard acts as a strategic management system and a communication tool for decision-makers and their communities.

The fourth question sought to determine what led to the challenges in the implementation of the PMS in the DM together with the fifth question that established methods and techniques that could be applied in the establishment of an effective PMS in the DM. These questions were operationalised in Chapter 5.

This Chapter was intended to determine the extent to which the Dr KKDM utilises the PMS as a tool for the effective implementation of the municipal IDP to achieve its developmental priorities and objectives. The chapter considered the research methodology used to gather data and further explained the data collection techniques and presented the data obtained during the empirical testing and verification of PMS application challenges

The last question endeavoured to offer recommendations in order to ensure the effective and efficient implementation of the PMS in the Dr KKDM. This was addressed in Chapter 6 which summarises the study chapters 1, 2, 3, 4 and 5. It further provides the research questions that were asked to operationalise the research problem that moulded into the research objectives,

whose fulfilment will imply the attainment of the purpose of the whole study. Finally, this chapter concludes the study and gives recommendations.

6.3 RECOMMENDATIONS

The study demonstrated that performance management is an integral part of management in all systems, processes and activities of municipalities and that performance management implementation forms the final stage of the IDP. PMSs are effective if they are able to monitor and to evaluate the municipality's programmes for the attainment of efficient and effective results, which in the end will improve and accelerate the service delivery of the respective municipality. Therefore the main aim of the study was to ensure that the Dr KKDM overcomes the prevalent PMS implementation challenges and then utilises it's PMS as a management tool for the effective implementation of the IDP for its development and sustainability.

The first objective was to provide a theoretical background to the concepts, principles, procedures and best practice governing the implementation of PMS. The main idea here was to establish the theoretical view point of what is expected of the ideal and effective PMS implementation. This was achieved through intensive and thorough literature review.

It is therefore recommended that:

- Performance information should be used in conjunction with strategic planning, budgeting, policy analysis and evaluations, organisational reviews and performance appraisals for the managers. This is necessary in order to improve performance and for assuring the public that they are receiving value for money from public programmes and public organisations.
- The PMS measures should always be relevant, meaningful and informative to the leaders and also to the funders of the organisation. The evidence from the system should be presented in a balanced, comprehensive and credible manner.
- The management on every level of this organisation should adhere to the chosen framework and that management should only interfere when

certain predetermined performance is attained in order to achieve the intended improvement.

- Execution of every strategy should be structurally planned, analysed, measured and monitored on using critical success factors and key performance indicators that are set to compare with external benchmarking. Performance management is driven by management for everyday work and not an annual bureaucratic burden imposed upon employees by the human resource department.

The next objective was to establish regulatory and statutory guidelines and prescriptions governing the design and implementation of PMS in South African municipalities. Whereas the study in chapter 3 discovered many legislative and regulatory frameworks it is hereby recommended that the Local Government: Municipal Systems Act 32 of 2000 be the pivotal point of the establishment of PMS in the municipalities that sets out the core principles, mechanisms and processes that give meaning to the enhancement of the fundamental purpose of a municipality to plan, deliver services and manage performance processes. In the municipality's endeavour to perform the above it should engage the community residing in the municipal area.

The following statutory and regulatory framework: Local Government: Municipal Systems Act 32 of 2000 act together with the White Paper on Transforming Public Service Delivery (Batho Pele) 1997; SALGA Guideline Document on the Roles and Responsibilities of Councillors, Political Structure and Officials; Performance Management Guide for Municipalities of 2001; Local Government: Municipal Planning and Performance Management Regulations of 2001; and Municipal Organisational Performance Management Implementation Manual of 2007 should comprise the kit for every member of the DM from day one of the assumption of duty.

Workshops and trainings should be held regularly in order to accustom the staff members about these important documents. Resources for these activities should furthermore be made available all the time.

The third objective was to analyse the policy framework governing PMS implementation in the Dr KKDM. In Chapter 4, it was established that the DM has compiled the PMS policy framework whose application is futile. The prime factor here was identified as the lack of management and leadership in the Performance Management Section and non-adherence to the terms of the laws. It is recommended that appropriately qualified personnel be employed, trained and also accorded all means and resources that will allow them to carry out their duties without any compromise.

The fourth and the fifth objectives were to undertake a rigorous empirical study to determine the challenges facing PMS implementation in Dr KKDM and also to determine methods and techniques to be applied in the implementation of such PMS to curb those challenges.

Upon the basis of the empirical study undertaken in chapter 5 it is therefore recommended that:

- The Department responsible for Local Government tie the recognition and reward system to the PMS. These systems should be established to encourage integrated, cross-functional teams of employees, stakeholders and managers to undertake performance improvement.
- The Municipality acquire an additional person for the directorate position within the PMS Unit in order to enable the smooth running of the PMS implementation in the DM.
- In order for the DM to successfully utilise the PMS to achieve targets set, it must have the management posts filled and also hold a strategic session to map a way forward for the Municipality; such employed personnel should report directly to the Council. The Municipality must develop SMART indicators and targets.
- The monitoring of implementation should be regularly carried out. Senior managers should be properly and timeously trained on the PMS implementation together with the laws and regulations that accompany it. The Municipality should cascade the PMS to lower levels of the municipal staff while the budget, the PMS and the IDP should be aligned with the SDBIP.

- If the DM, taking account of the saying in the performance management cycles, “What gets measured gets done”, measures outcomes and monitors the supporting chain of inputs, activities, outputs, then it should see the fullest achievement of its mission and attract attention whereby resources and management time would be allocated.
- The DM must adhere to the legislative matters and compliance with the provisions of the Sec 57 1(b), (4A), (4B) and 5 of the Local Government: Municipal Systems Act of 2000.

The last objective was to make recommendations based on the research findings in order to improve PMS implementation in the municipality.

6.4 CONCLUSION

The aim of this study was to analyse the challenges that influence the implementation of the local government PMS in the Dr Kenneth Kaunda District Municipality. The analysis entailed identifying the challenges, evaluating them and then suggesting possible solutions to those challenges.

The above identified recommendations conclude this study. This was done after an extensive literature review and rigorous empirical research that culminated into six detailed chapters. It is a belief of the researcher that this study achieved its principal aim and that it will trigger more rigorous discussions and research on PMS implementation challenges for effective service delivery in the Dr Kenneth Kaunda District Municipality.

Further research must explore the challenges that affect the effective PMS implementation in the District Municipality.

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ANNEXURE A

SEMI-STRUCTURED INTERVIEW SCHEDULE: NWU-MASTERS STUDY

TITLE: PERFORMANCE MANAGEMENT SYSTEMS IMPLEMENTATION CHALLENGES IN SOUTH AFRICAN MUNICIPALITIES: THE CASE OF DR KENNETH KAUNDA DISTRICT 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 Semi-Structured Interview Schedule is to obtain information regarding the extent to which the implementation of the local government PMS in the Dr KKDM is challenged. The analysis would entail the identification of the challenges, their evaluation and then suggesting possible solutions to those challenges.

Based on these 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 role-players would enable him to analyse the responses received on the Semi-Structured Interview Schedule.

Age	Service	Designation	Institution	Gender	Number
		Executive	Dr KKDM	Male/Female	
		Municipal	Dr KKDM	Male/Female	
		Directors	Dr KKDM	Male/Female	
		PMS Team	Dr KKDM	Male/Female	
		Other	Dr KKDM	Male/Female	

Q1.

Question	Fully (4)	Adequately (3)	Partly (2)	Not at all (1)

Are you aware of any legislation governing PMS and Balanced Scorecard utilisation in Local government?				
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Q2.

Question	Fully (4)	Adequately (3)	Partly (2)	Not at all (1)
Is there adequate awareness and knowledge to the key role-players in the design and implementation of the IDP and PMS?				

Q3. Are you fully or partly familiar with the former DPLS guidelines on performance management?

- Yes
- Partly
- No

Q4. Do you think the knowledge of the key stakeholders are appropriate to implement the PMS and Balanced Scorecard utilisation?

- Yes
- Partly
- No

5. Have you ever been trained or attended a workshop on the implementation of Performance Management System (PMS)?

- Yes
- Partly
- No

Q6. Was enough time spent to capacitate managers and relevant personnel in The Dr Kenneth Kaunda District Municipality relating to implementation of IDP and PMS?

- Yes
- Partly
- No

Q7. Do you think the Dr Kenneth Kaunda District Municipality has sufficient personnel to implement a PMS as required by legislation?

- Yes

Partly
No

<input type="checkbox"/>
<input type="checkbox"/>

Can elaborate your answer?

Q8. Can you name or list any policies available to guide the Performance Management Processes in the Municipality?

Q9. In your opinion, where are the major areas of non-compliance in respect of the PMS and performance management processes and systems in the Municipality?

Q10. To what extent is performance management system in use in the Municipality?

Not at all (1)	Moderate extent (2)	Significant extent (3)	Fully (4)
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Q11. To what degree is performance assessment and evaluation system(s) working in the Municipality on basis of benchmarks?

Never	Seldom	Most of the time	Always
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Q12. Are there regular quarterly performance evaluation meetings held in the Municipality?

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Motivate you answer.

Q13. Reporting regarding actual performance is done at least twice a year.

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Q14. Reporting regarding actual performance is designed in a manner that enables the Municipality to detect early indicators of under-performance.

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Can you elaborate on your answer?

Q15. The mechanisms, systems and processes for review of performance at least identify the strengths, weaknesses, opportunities and threats of the Municipality in meeting the key performance indicators and targets.

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Q16. Appropriate mechanisms and systems are in place to enable the measurement of performance in terms of identifying performance indicators and targets

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Q17. Is the SDBIP in place in the Municipality or the one that is presently prepared for implementation, able to project and monitor inputs, outputs and outcomes for each senior manager?

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Q18. Is the departmental SDBIP in place in the Municipality designed around the goals expressed in the PMS?

Yes
No

<input type="checkbox"/>
<input type="checkbox"/>

Q19. How do you view the roles Councillors played in the effort to implement the PMS?

Q20. What is your overall perspective The Dr Kenneth Kaunda District Municipality since December 2000 towards achieving targets stipulated in the IDP and implementation of PMS?

21. How do you evaluate the performance of the consultants who were appointed since December 2000 to June 2009 to assist with the implementation of PMS?

Q22. What would you suggest to successfully utilise PMS to achieve targets set in the IDP of The Dr Kenneth Kaunda District Municipality?

Q 23. Summarise briefly why, since 2000, The Dr Kenneth Kaunda District Municipality failed to utilise PMS as a tool to implement the IDP to achieve its objectives?

Thank you for your participation