



FACTORS IMPEDING PERFORMANCE MANAGEMENT OF MUNICIPALITIES
IN THE WESTERN CAPE, SOUTH AFRICA

by

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Dissertation submitted in partial fulfilment of the requirement for the degree

Master of Technology: Business Administration

in the Faculty of Business

at the

CAPE PENINSULA UNIVERSITY OF TECHNOLOGY

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Cape Town

September 2015

DECLARATION

I, Eugene Smit, declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed

Date

ACKNOWLEDGEMENTS

I hereby express my deepest appreciation for all the participating municipal managers in the Western Cape who sacrificed their time in completing the research survey and with whom I have associated over the past four years. They have provided me with the opportunity to discuss, debate and expand on some of the core issues of this dissertation. Special thanks are also due to my ex-colleagues at the Cape Winelands District Municipality, whose support and constant intellectual expectations motivated me to complete these studies and forward my career in Business Management.

My thanks also go to my research supervisor, Prof. H.H. Ballard, at the Cape Peninsula University of Technology for his stern guidance and who has never given up on me, even when I felt like throwing in the towel. You are a great inspiration and someone I truly look up to. I also want to thank the staff of the Department of Public Management and the Faculty of Business who provided me with the resources and intellectual environment to make this dissertation possible.

The most important recognition has to go to my family. I know that my wife Yolandé, my daughter Anika and my son Leo have made sacrifices in many ways. I thank you for your contribution in terms of support, believing in my work and always being there when I needed someone to pick me up and carry me forward. You are what made this dissertation possible, gave meaning to my life and gave me the strength to see it through.

My deepest gratitude is extended to the many individuals kind enough to share their time and information with me.

ABSTRACT

This study focuses on the various factors that have a negative effect on performance management within the municipalities of the Western Cape as identified by the provincial Department of Local Government and the Auditor General. The research attempts to validate these findings and identify additional factors influencing effective performance management in the municipalities in the Western Cape.

The Municipal Systems Act, 2000 (Act No. 32 of 2000) places a legal obligation on local municipalities to establish, develop and implement a performance management system. It further suggests that the system must be devised in such a way that it may serve as an early warning indicator of underperformance. Distinguishing the inhibiting factors to effective municipal performance management may increase the level of effectiveness of service delivery to the community.

The research was conducted in the Western Cape province of South Africa and included all categories of municipalities in the province. The data collection relied on the completion of e-mail surveys and targeted municipal and Integrated Development Planning (IDP) managers, irrespective of the category of the municipality. Each municipality was provided with an electronic copy of a descriptive-based questionnaire. The questionnaire followed the positive approach and made use of closed and open ended questions during the survey.

The study recognised and validated factors which have an effect on the management of performance of the municipalities in the Western Cape. Factors presented as obstacles for effective performance were found not to be justified in the research study. However, the findings arising from the research confirmed the assertion that having the correct systems, policies and processes in place is not a guarantee for effective municipal performance management. How these systems, policies and processes are implemented, managed and used to effect enhanced performance management is a greater obstacle than just having the correct or prescribed performance management system.

The results arising from the research found that there are more intricate characteristics related to municipal performance management than those dictated by legislation and recommended by the literature with specific reference to the municipalities located in the Western Cape province of South Africa.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Ratepayers constantly evaluate the value of services as well as products consumed due to current economic constraints (Pollock, 2009). Municipalities, being a service delivery organisation, should therefore focus on value for money and effective service delivery to their ratepayers.

The National Department of Provincial and Local Government (DPLG) is tasked with the performance management of local government entities throughout South Africa (DPLG, 2007). This task is governed by various legislative documents and acts.

By studying the relevant legislation, the process and actions associated with effective service delivery will be identified. The management and regulation of the key performance indicators (KPIs) linked to service delivery areas and the explanation of the performance management system, which must ensure effective service delivery, will also be presented.

Reports from DPLG and the Auditor General have identified various factors which negatively affect performance management. The research, however, aims to validate these factors and identify additional factors which might have an influence on the effective performance management of municipalities in the Western Cape, South Africa.

1.2 BACKGROUND TO THE STUDY

Chapter 7 of the Constitution of the Republic of South Africa, 1996, identifies the local sphere of government to consist of municipalities and elaborates on the structure, objects and functions of municipalities. Municipalities are primarily accountable for service delivery in South Africa (Act, 1996).

The White Paper on Transforming Public Service Delivery (South Africa, 1997:15), as issued by the National Department of Public Service and Administration, sets out a practical agenda for transforming the delivery of public services. The document identifies principles, namely the Batho Pele principles, for the governing of the public sector to improve its performance on service delivery to its respective communities and ratepayers. The Batho Pele strategy for service delivery was developed to meet the following strategic objectives as detailed in the Batho Pele principles of 2010 (Beyond Competence, 2010):

- To introduce a new approach to service delivery which puts people at the centre of planning and delivering services;
- To improve the face of service delivery by fostering new attitudes such as increased commitment, personal sacrifice, dedication; and
- To improve the image of the public service.

Public servants in general have not yet internalised Batho Pele as part of their day-to-day operations in the provision of services to their ratepayers, and this has been acknowledged by the Department of Public Service and Administration. In order to attend to this the Department of Public Service and Administration developed a "Batho Pele revitalisation strategy", the aim of which is to encourage a Batho Pele culture among public servants and improve service delivery in the public service. The eight principles of Batho Pele were subsequently revised to 10 as listed hereunder:

1. **Consultation:** Feedback should be provided by citizens on the quality and level of public services they receive and if feasible they should be provided with a choice about the services available.
2. **Service standards:** Citizens should be informed as to the quality and level of public services they will receive.

3. **Access:** No citizen should be excluded from services they are entitled to. Equal access should be granted to all.
4. **Courtesy:** Courteousness and attention should be extended to all citizens,.
5. **Information:** Complete and accurate information should be given to all citizens about the public services they are entitled to receive.
6. **Openness and transparency:** Citizens should be informed of the workings of the national and provincial departments.
7. **Redress:** If service delivery levels are not met an apology should be extended to citizens with an explanation and remedial action plan. Complaints by citizens should be met with understanding and empathy.
8. **Value for money:** Wastages should be avoided to provide citizens with public services in the most economical and efficient manner.
9. **Encouraging innovation and rewarding excellence:** Organisations need to show that staff commitment, energy and skills are being harnessed to tackle inefficient, outdated and bureaucratic practices to simplify procedures and to identify new and better ways of delivering services.
10. **Service delivery effect:** This principle calls for a holistic approach to the implementation of Batho Pele. It is all about demonstrating to what extent through the sum total of all their Batho Pele initiatives organisations are achieving the aims of Batho Pele.

The principles clearly define the relationship that should exist between municipalities and their ratepayers, who realised the three spheres of government through their active participation in the democratic right of voting. These principles therefore establish that municipal ratepayers have the right to an effective service-delivering municipality. It is thus imperative to identify any factors that may impede the effective service delivery performance of municipalities located in the Western Cape in terms of the principles listed.

1.3 PROBLEM STATEMENT

As stated by Hicks and Turner (1999:3), "... a careful statement of the problem goes a long way towards its solution ...". In addition, Kerlinger and Lee (2000:24) declare that "... if one wants to solve a research problem, one must generally know what the problem is ...".

The ratepayer is not satisfied with the service delivery provided by government, more specifically, local government, in other words municipalities. This is evident from daily news reports and protest actions by residents about the poor level of service delivery in their areas (Sapa 2009, IOL 2009(a); IOL 2009(b)).

Section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) states that a municipality must adopt its annual performance and financial report and make copies of the reports accessible to the Member of the Executive Council (MEC) for local government in the province as well as the Auditor General. Representing government, the National Department of Provincial and Local Government (DPLG) is tasked with the management of performance of local government entities throughout South Africa (DPLG, 2007). The Development Impact Framework document on Local Government Performance Management Systems, developed by the DPLG (2008:2), has identified certain factors that may impede effective performance management. The report on the audit outcomes for the Western Cape, 2008-09 (Auditor General, 2010) has also made some findings on the performance of municipalities in the Western Cape.

Academic literature, research, journals and papers have also exposed certain factors that may impede effective performance management in municipalities. These documents include Zulu (2006), Jantjes (2008), Kaplan and Norton (2006), Long and Franklin (2004) and Rago (1994).

The validation of these findings along with the additional identification of additional impeding factors constitutes the research problem for this dissertation.

According to Leedy (1980:50), "... at the heart of every research project is a problem ...". Thus the main aim of this dissertation is to identify the factors impeding performance management in order to enhance service delivery of the municipalities in the Western Cape. This is the axis around which the whole research effort revolves, as stated by Leedy and Ormrod (2005:59).

1.4 PRELIMINARY LITERATURE REVIEW

A brief overview of performance management terminology, the legislative process and factors impeding effective performance management, amongst others, are presented herewith so as to provide context and perspective to the research study.

1.4.1 Defining performance management

Before exploring the factors impeding performance management, a clear identification of the term performance management is needed. Various definitions and opinions of the topic will be reviewed and presented.

According to Jantjes (2008:11), the performance management of the organisation cannot be examined in isolation of individual performance management as it contributes to the whole, and the greatest synergy is obtained when the two aspects are seen as a continuous process.

Patel (1994:34), cited by Van Der Walt (2004:39), elaborates by stating that performance management is an approach to management which harnesses the endeavours of individual managers and workers towards an organisation's strategic goals.

Performance management can be defined as the process that enables an organisation to deliver a predictable contribution to sustained value creation. A world-class performance management process consists of excellent strategy development, budgeting or target-setting, performance measurement,

performance review and incentive compensation subprocesses (De Waal, 2001:8).

Cokins (2004:1) explains performance management as follows: Performance management is the process of managing the execution of an organisation's strategy. Performance management comprises the methodologies, metrics, processes, software tools, and the systems that manage the performance of an organisation. Performance management is overarching, from C level executives cascading down through the organisation and its processes. To sum up its benefit, it enhances broad cross-functional involvement in decision-making and calculated risk-taking by providing tremendously greater visibility with accurate, reliable, and relevant information, all aimed at executing an organisation's strategy.

Performance measurement, as defined by De Bruijn (2002:7), is a public organisation which formulates its envisaged performance and indicates how this performance may be measured by defining performance indicators. After performance the result is evaluated together with the cost thereof.

Taking these definitions and opinions into account, performance management may literally be defined as the management or coordination of organisational resources to render a service or create a product that will satisfy the organisation's as well as the clients' expectations and goals. Now that performance management has tentatively been defined, further review of the legislative framework that governs performance management in local government is necessary.

1.4.2 Statutory and legislative frameworks

The Constitution of the Republic of South Africa (Act, 1996), Chapter 7, section 152 mandates local government with the primary accountability for service delivery in South Africa. In terms of the provisions contained in Chapter 7, the

structure and functions of local government should also be addressed by legislation.

The White Paper on Transforming Public Service Delivery (South Africa, 1997:15) details the outline for transforming public service delivery. The White Paper (1997) identifies principles, namely the Batho Pele principles, to govern the public sector to improve the performance on service delivery to their respective communities/customers.

The White Paper on Local Government (South Africa, 1998), as issued by the Ministry for Provincial Affairs and Constitutional Development, established the framework for the then existing local government to radically transform in the building of democracy and promoting socio-economic development within their areas of jurisdiction.

The Municipal Structures Act, (Act No. 117 of 1998), was promulgated in 1998. The purpose of this Act is to establish municipalities in accordance with the requirements and categories as stated in the Constitution. Each municipal category would be allocated appropriate functions and powers as well as the internal systems and structures to manage them.

The Municipal Systems Act, (Act No. 32 of 2000), was promulgated at the end of 2000 with the objective of establishing core principles and processes required to improve local government's efficiency as a leading development agency. It was envisaged that local government will have the capability of integrating all governmental spheres activities for the overall improvement of the community both socially and economically.

The Municipal Planning and Performance Management Regulations, Regulation Gazette No. 7146, was promulgated in 2001 under the Municipal Systems Act (Act No. 32 of 2000), which provided further direction to the design of the

Integrated Development Plan (IDP) as well as performance management. The regulations include community participation in respect of the IDP as well as performance management.

The Municipal Finance Management Act, (Act No. 56 of 2003), was promulgated in 2003 to secure sound and sustainable management of the financial affairs of municipalities and other institutions in local government and to establish treasury norms and standards.

Legislation exists to identify the process and actions associated with effective service delivery. The legislative framework which governs performance management in local government has now been explored. The next step will be to review the different models of performance management and its applicability for local government.

The following six performance management models regarded as applicable for local government, are explained under separate headings, namely:

➤ **Public Service Excellence Model (PSEM)**

According to Talbot cited by Van der Molen, Van Rooyen and Van Wyk (2002: 279), the Public Service Excellence Model (PSEM) was developed in response to the requirement for a more holistic performance model for the public sector. The model was first drafted in 1998 and later launched and operationalised in 1999.

➤ **The European Foundation for Quality Management (EFQM) Model**

According to Armstrong and Baron (2005:118), the European Foundation for Quality Management (EFQM) model propagates that leadership accomplishes people satisfaction, customer satisfaction and an impact on society. People management, resources and policy and strategy are driven by leadership with the ultimate business result of excellence.

➤ **The Three Es: economy, efficiency and effectiveness**

According to Van Der Walt (2004:180), economy, efficiency and effectiveness are seen as interdependent elements for the measurement of performance and service delivery. Economy is measured by viewing the public resources that were used to produce outputs. Efficiency is measured by using cost and timeliness indicators and measures. Effectiveness is measured by using quality and quantity indicators and measures of output.

➤ **The South African Excellence Model**

According to Van Der Walt (2004:184-185), the South African Excellence Model can be used in both the private and public sector. This generic plan strives towards service excellence. The basis is the Burke and Litwin model (1989), cited by Van der Walt (2004:184-185), which predicts cause and effect, namely organisational conditions and resulting performance.

➤ **The Satellite Model of Organisational Performance**

According to Hersey and Blanchard (1996: 403), the Satellite Model of Organisational Performance illustrates that organisational performance management is the result of many different inputs or factors such as knowledge and non-human resources to name but a few.

➤ **Systems Model of Performance Management**

According to Spangenberg (1994:38), the Systems Model of Performance Management includes as its main components inputs, processes, linkages and outputs. The reasoning behind a systems approach stems from viewing performance management as a total system. The association between the various elements are seen, as well as how it aligns to other major systems, taking into account issues which will either have a positive or negative impact on the system.

➤ **The balanced scorecard**

The balanced scorecard was developed by Robert Kaplan and David Norton in 1990 (Niven, 2005:12-13). Despite being an accountant, Kaplan realised that the financial aspect reviewed on its own was insufficient for 21st century success. Kaplan and Norton then embarked on a study to ascertain best practices for performance measurement in 12 companies, which resulted in the development of the balanced scorecard. The organisation's vision and strategy are the starting point in the balanced scorecard. The vision and mission are then translated into performance measures, which are tracked to ascertain whether the vision and strategy have been implemented. This is achieved by setting objectives and measures in all four of the scorecard's interrelated perspectives.

➤ **The balanced scorecard adapted for public and non-profit sectors**

According to Niven (2002:291), the balanced scorecard was designed for use in the private sector with a profit-seeking motive. The balanced scorecard must be modified for public sector use in order to obtain maximum benefit. According to Niven (2003:32), the question is: "Is that what the organisation was doing (both public and non-profit sectors) making a difference, is anyone better off as a result of our efforts?" In order to answer this question, management need to have a broader view of performance and a system, which looks at more than just inputs and outputs but also looks at progress towards achieving the organisation's mission.

Different performance management models were explained above. Possible factors identified for effective performance management in local government are presented and explained herewith.

1.4.3 Factors that impede effective performance management

The Development Impact Framework document on Local Government Performance Management Systems developed by the National Department of Provincial and Local Government dated 2008 identified factors such as too

complex legislation, lack of performance audit capacity and lack of community participation to name but a few.

The National Department of Provincial and Local Government (DPLG, 2008:2) also identified outcomes such as poor service delivery, low staff motivational levels and non-achievement of the IDP's strategic objectives due to the lack of effective performance management in local government.

The full literature review presented in Chapter 2 will further elaborate on the possible factors that may impede effective performance management.

1.5 PURPOSE STATEMENT

The purpose of this study is to validate the various factors identified in the reports from the Department of Provincial and Local Government (DPLG), the Auditor General and various academic research which negates the management of performance by municipalities located in the Western Cape, and identify additional factors.

Examining the abovementioned documentation in conjunction with performing a survey with the municipal managers of the 30 municipalities located in the Western Cape will validate and even further identify any additional factors that may impede on the performance management of these municipalities.

1.6 PRIMARY AND SECONDARY RESEARCH OBJECTIVES

The primary objectives of the research are:

- To validate the identified factors that impede performance management by municipalities in the Western Cape
- To further identify additional factors that might have an influence on effective performance management by the municipalities in the Western Cape and

- To identify all of these factors to enable the municipal managers to manage them better with a view to improve on performance management, which will result in enhanced service delivery in the Western Cape.

The secondary research objectives are as follows:

- To provide a theoretical analysis of performance management
- To provide a legislative analysis of performance management for municipalities
- To provide a theoretical analysis of performance management models
- To provide a theoretical analysis of possible factors that may impede effective performance management for municipalities
- To identify, by way of survey, the factors impeding performance management in municipalities in the Western Cape.

1.7 RESEARCH QUESTION

The question, however, is that if all these processes are detailed in the legislation, what are the obstacles or impeding factors to the provision of municipal services? The following research question is formulated: What are the factors impeding performance management in municipalities in the Western Cape?

1.8 SIGNIFICANCE OF THE STUDY

The significance of the study relates to the influence of municipal performance management on Western Cape municipalities' service delivery. An exercise was undertaken to validate and identify factors which may impede performance management, and this may assist municipal managers in managing these factors more effectively. This may have a positive influence on performance management which will elevate the service delivery levels to the customers of the Western Cape municipalities.

1.9 RESEARCH CONSTRAINTS

Research constraints also known as research limitations and delimitations (Watkins, 2008:72), refer to any impeding factor which would limit the student's ability to conduct the research in a normal way. Research weaknesses (Collis & Hussey, 2003:128-129) are identified by 'limitations', while 'de-limitations' pertain to the focus on a specific area opposed to a wider view.

Limitations to the research relate to the completion and gathering of the survey questionnaires from the participating municipal managers of the 30 municipalities in the Western Cape. Upon completion of the research, the findings may be generalised to other provinces in South Africa with similar performance management-related issues pertaining to poor service delivery and where the context is similar.

The de-limitations to the research relate to the fact that the study only focused on the municipalities in the Western Cape with no relation to the rest of the municipalities in South Africa.

1.10 ETHICAL CONSIDERATIONS

Each municipal manager was fully informed of the objectives of the survey and that all information would be treated as strictly confidential. The municipal managers had to indicate their willingness to participate in the survey in writing and all surveys were completed electronically. Problems experienced by participants in the completion of the questionnaire were assessed personally.

1.11 RESEARCH DESIGN AND METHODOLOGY

The concept of analytical research will be undertaken as the continuation of descriptive research which aims to understand phenomena by discovering and measuring causal relations among them (Collis & Hussey, 2003:10-15).

Reports, journals and related legislation along with various other literature sources were reviewed. Furthermore, a survey in the form of an electronic questionnaire was conducted among the participating municipal managers of all 30 municipalities within the Western Cape. The entire population is therefore included in the research study.

Primary data were collected via questionnaires within the realm of a descriptive survey (Ghuri, Grøhaug & Kristianslund, 1995:57-58). The survey as a data collection method is chosen as it is versatile by accommodating all types of information obtained through questioning the participants (Cooper & Schindler, 2006:245).

The unit of analysis (Yin, 1994:20-27) was local governmental entities within the Western Cape, South Africa (Collis & Hussey, 2003:155). After confirming the municipality's participation in the survey the data were collected and analysed (Cooper & Schindler, 2006:463, 468 & 492) using descriptive and inferential statistics.

1.12 ORGANISATION OF CHAPTERS

The layout of the dissertation is as follow:

➤ **Chapter One: Introduction and background**

The chapter introduces the study and outlines the research problem, purpose and objective of the research study, significance of the study, research constraints, tentative literature review, tentative research design and methodology and organisation of the chapters.

➤ **Chapter Two: Literature review**

A theoretical review of the interpretation of performance management, the legislative framework within municipalities managing performance, the different performance management models and possible factors that may impede effective performance management, are discussed.

➤ **Chapter Three: Research Methodology**

This chapter refers to the research design and methodology for the study.

➤ **Chapter Four: Analysis and interpretation of data**

This chapter refers to the collection of the data and the analysis and interpretation of the findings.

➤ **Chapter Five: Conclusion and Recommendations**

In this chapter there is elaboration on the findings and recommendations of the research study on factors that impede performance management of municipalities in the Western Cape.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The performance of local government entities is regulated and guided by various legislative documents and acts (DPLG, 2007). The legislative guidelines and acts should, if complied with, aid in effective service delivery. However, despite statutory and legislative guidance, various impediments to effective service delivery exist.

2.2 PERFORMANCE MANAGEMENT

According to Keyes (2005:28), performance management is defined as the use of performance measurement information to effect positive change in organisational culture, systems, and processes formulating agreed-upon performance goals, allocating and prioritising resources, informing managers to either confirm or change current policy or programme directions in order to meet those goals, and sharing performance results in the pursuit of those goals.

Performance measurement can be described (Keyes, 2005:28) as a process of evaluating progress towards the achievement of predetermined goals. This includes efficiency reports on outputs and outcomes as well as the degree to which government's operations meet set programme objectives.

De Waal (2001:11) indicates that the results of the findings of the research case studies and literature reveal that organisations that use good performance management processes, achieve better performance both financially and non-financially than their counterparts that are not as measurement-focused. Therefore, a structured performance management system does indeed produce improved results.

According to De Bruijn (2002:4), one view is that the achievement of production targets does not provide any indication of quality or professionalism of the performance and may have an adverse effect in that it may be compromised in order to achieve a target. The other view is that complex public sector services should be allowed autonomy, but with accountability. Accountability is a means of communication and performance measurement, and a tool for communication which can detect poor performance and address it.

According to Van der Walt (2004:45), there are a number of levels on which performance can and has been defined and measured. Each effectively represents a particular definition of accountability.

Rogers (1999:11) provides the following explanation regarding performance management, stating that performance management is a set of interrelated and complementary processes which are concerned with:

- The development and sustenance of a culture and set of organisational values in which the ethical pursuit of improved performance is regarded as a legitimate and necessary part of the everyday workings of the organisation.
- The determination, communication and owning of the performance required of the organisation, and its individuals within it, in terms of aims, objectives, standards and targets – in those areas where the requirement has not been pre-specified by the government and its agencies.
- The act of continuously managing performance, including the staff who are performing, once the performance requirement has been determined.
- The establishing of monitoring and review, evaluation or appraisal processes that focus in a balanced way on achieving conformance with planned performance and learning how to improve performance.

Costello (1994:3) defines individual performance management as a system which supports the overall business goals of a company or organisation, in this context a municipality, by linking the work of each individual employee or manager to the

overall mission of the work unit. The foregoing is accomplished by establishing individual goals and objectives that are linked directly to the organisation's purpose or direction. An effective performance management process generally starts with identifying clear goals, which are used as the foundation for ongoing coaching and performance review.

According to Williams (2002:10), performance management as a concept is difficult to define. Williams (2002:10) does however, recognise three main perspectives:

- “Managing organisational performance
- Managing employee performance and
- Integrating the management of organisational and employee performance.”

The Institute of Personnel Management (1992), cited by Armstrong and Baron (2005:7), defines performance management as follows: A strategy which relates to every activity of the organisation set in the context of its human resources policies, culture, style and communication systems. The nature of the strategy depends on the organisational context and may vary from organisation to organisation.

In Armstrong and Baron (2005:2), four definitions are provided by Hendry *et al.*, Lockett, Mohrman and Mohrman, and Walters as follows:

- “... a systematic approach to improving individual and team performance in order to achieve organisational goals” (Hendry *et al.*)
- “The development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organisation that supports and encourages their achievement” (Lockett)
- “Performance management is managing the business” (Mohrman & Mohrman)
- “... directing and supporting employees to work as effectively and as efficiently as possible in line with the needs of the organisation” (Walters)

Isaac-Henry, Painter and Barnes (1997:79), cited by Van der Walt (2004:45), argue “that since the concept of performance in the public domain is elusive and inherently political, one should be careful to avoid too simplistic a view”.

Jantjes (2008:15) states that arising from the review of the various definitions and explanations, performance management includes the following:

- endeavours towards execution of an organisation’s strategic goals
- performance measurement
- extent of client satisfaction
- performance monitoring and review
- improving performance
- conformance with planned performance
- linking the work of individual employees
- integrating individual and organisational performance

Taking all of the above into account, performance management may literally be seen as the management or coordination of organisational resources to render a service or create a product that will satisfy the organisation as well as the clients’ expectations and goals. Now that the meaning of performance management has been identified, the legislative framework that governs performance management in local government will be explored.

2.3 CONSTITUTION AND STATUTORY LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa, 1996, Chapter 7, section 152 delegated to local government the primary accountability for service delivery in South Africa. According to Chapter 7 the structure and functions of local government should also be addressed by further legislation. The Constitution, 1996, further states that local government should be differentiated into three categories:

- “**Category A:** A municipality that has exclusive municipal executive and legislative authority in its area”, for instance the Cape Town Metropolitan Municipality.
- “**Category B:** A municipality that shares municipal and legislative authority in its area with a category C municipality within whose area it falls”, for instance town municipalities including Stellenbosch or Drakenstein Municipality.
- “**Category C:** A municipality that has municipal executive and legislative authority in an area that includes more than one municipality”, for instance district municipalities including Cape Winelands or even the Central Karoo District Municipality.

The White Paper on Transforming Public Service Delivery (South Africa, 1997:15) which sets out the Batho Pele principles, aims to improve public service delivery. These principles clearly state the relationship that should exist between municipalities and their customers, who realised the three spheres of government through their active participation in the democratic right of voting. These principles therefore establish that municipal customers have the right to an effective service delivering municipality.

The White Paper on Transforming Public Service Delivery (South Africa, 1997:15) furthermore states that improving service delivery and extending access to public services for all South Africans must be achieved by reducing public expenditure and creating a more cost-effective public service. This can only be done by securing effectively performing municipalities. Section 5 of the abovementioned White Paper (South Africa, 1997:15) also refers to individual performance playing a crucial part in service delivery and that individual performance management is equal in importance to the organisation’s performance management.

The White Paper on Local Government (South Africa, 1998), section B1, sets out the characteristics of a developmental local government. These characteristics are identified as an assurance to work with the local community’s citizens and

interest groups, to identify sustainable ways to improve their lives by fulfilling their social, economic and material needs. The White Paper focuses on four interrelated characteristics, namely:

- “Maximising social development and economic growth,
- Integrating and coordinating,
- Democratising development,
- Leading and learning”.

The White Paper (South Africa, 1998) explains these four characteristics in full but focus will be placed on the second characteristic, namely “Integrating and coordinating/development”. According to section B1.2, the purpose of “Integrating and Development” is to actively develop ways to group resources and investment from both the public and private sectors to meet development targets. An effective tool for facilitating this is the Integrated Development Plan (IDP), contained in section 3.1 in the White Paper on Local Government (South Africa, 1998).

The IDP will include the municipality’s envisaged key performance indicators (KPIs) as provided by National and Provincial Government as well as their customers through community participation processes and will include short-, medium- and long-term goals. The municipal budget will then be tied to the principles reflected in the IDP. Performance management will play a critical role in the evaluation of the effectiveness of the municipality’s service delivery to its customers as stated in accordance with the set KPIs of the IDP.

The Municipal Structures Act, 1998 (Act No. 117 of 1998) refers in detail to the establishment of local government entities, the structures and their powers. For the purpose of this dissertation the focus will be placed on Chapter 4, Part 2, “Executive mayors”, and in particular section 56 “Functions and powers of executive mayors”. Section 56 states that the executive mayor must recommend

to Council, by way of the IDP, the estimated income and expenditure for the municipality for delivering on their KPIs. The recommendation/plan should also include strategies for evaluating performance against the set KPIs as stated in the IDP. This can be achieved through the implementation of a performance management system.

Chapters 4, 5, 6 and 10 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) focus on community participation: the role the community has to play in governing local government, the Integrated Development Plan, performance management and then finally provincial and national performance monitoring.

2.3.1 Community participation

The Municipal Systems Act, 2000 (Act No. 32 of 2000) Chapter 4, obliges the municipality in creating channels through which the local community can participate in the affairs of the municipality including the following:

- The preparation, implementation and review of its Integrated Development Plan (IDP) in terms of Chapter 5
- The establishment, implementation and review of its performance management system in terms of Chapter 6
- The monitoring and review of its performance, including the outcomes and impact of such performance
- The preparation of its budget
- Strategic decisions relating to the provision of municipal services in terms of Chapter 8

The municipality must provide the community with clear and correct information relating to municipal governance and related topics in the language and media relative to the specific community and its geographical structure. As previously stated, the customer/community has a right to an effective service delivering municipality. In conjunction with the Batho Pele principles (South Africa, 1997)

this chapter of the Municipal Systems Act, 2000 (Act No. 32 of 2000) clearly empowers the community to involvement in municipal governance.

2.3.2 Integrated Development Plan (IDP)

In terms of Chapter 5, section 25 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), each municipal council must upon entering its elected term of office develop and implement an IDP, illustrating a strategic plan that aligns the resources and capabilities of the municipality to achieve its set objectives which are also compatible with the development objectives provided to the municipality by provincial government. This strategic plan is developed for a five-year period and is reviewed annually as prescribed by legislation.

Section 26 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) identifies the core components that should be addressed in the IDP, which include:

- The municipal council's vision for the long-term development of the municipality
- An assessment of the existing level of development in the municipality
- The council's development priorities and objectives for its elected term
- The council's development strategies which must be aligned with any national or provincial sectional plans and planning requirements binding on the municipality in terms of legislation
- A spatial development framework
- The council's operational strategies
- Applicable disaster management plans
- A financial plan, which must include a budget projection for at least the next three years and
- The key performance indicators and performance targets determined in terms of section 41.

The participation of the community in the process of developing the IDP is clearly fixed in section 29(1)(b)i and 29(1)(b)ii of the Municipal Systems Act, 2000 (Act No. 32 of 2000). The municipality is obliged to consult with the local community on their developmental needs and priorities as well as their participation in drafting the IDP.

Adhering to the abovementioned stipulations, the municipality has created a strategic plan involving all resources and capabilities aiding in the achievement of the set KPIs provided by government as well as the local community. The IDP is a binding document that imposes duties on persons and organs within the municipality to perform according to the set directives, and must be reviewed annually in line with performance management assessments.

2.3.3 Performance management system (PMS)

Section 38, Chapter 6 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) imposes the following on the municipality regarding its PMS:

- A municipality must establish a PMS that is aligned with its resources and capabilities.
- The PMS must be best suited to its conditions and must be in line with its priorities, objectives, indicators and targets as stated in its IDP.
- The PMS must promote a culture of performance management among its political structures and in its administration and administer its affairs in an economical, effective, efficient and accountable manner.

The council of the municipality is tasked with the development of a PMS suited to its conditions with assigned responsibilities allocated to the municipal manager. The PMS must then be proposed for adoption by the council of the municipality.

The core components relating to the PMS must include appropriate KPIs for measuring performance, including measurable performance targets in respect of

the municipality's development priorities and objectives set out in its IDP. The Minister, after consultation with the MEC for Local Government in the province, may also prescribe several general KPIs that are deemed appropriate and can be applied at municipalities in general, and when necessary review and adjust those general KPIs. The performance of these targets should be monitored and measured at least annually.

A municipality must, in a manner determined by its council, notify internal and external affected parties of the KPIs and performance targets set by it for purposes of its PMS. Where performance objectives and targets are not met, actions must be initiated for improvement, including a process of regular reporting to council as well as internal and external affected parties. The PMS therefore serves as an early warning indicator of underperformance. The results of performance measurements must be audited by the municipality's internal auditing process and annually by the Auditor General.

For each financial year a municipality must prepare an annual report consisting of a performance report, financial statements for that financial year prepared in accordance with section 89 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), and an audit report on the financial statements including the report on the audit performed by the Auditor General. Council meetings related to these reports should be made accessible to the public and written notice should be given to the Auditor General as well as the MEC for Local Government. Representatives of the Auditor General and the MEC for Local Government in the province are entitled to attend and to speak at such meetings, and the municipal manager must be available to respond to questions related to the annual report. The municipality must adopt its annual report, and within 14 days make copies of the report available to the public and submit a copy of the report to the MEC for Local Government, the Auditor General and any other institutions prescribed by regulation.

2.3.4 Provincial and national monitoring and standard setting

In terms of Chapter 10 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the MEC for Local Government in the province must establish mechanisms in terms of section 155 (6) of the Constitution of the Republic of South Africa (1996) to monitor municipalities in the province in managing and performing their functions, to monitor the development of local government's capacity and to consider the support needed by municipalities in strengthening their capacity to manage themselves.

When exercising his or her powers, the MEC for Local Government must rely as far as possible on provided annual reports from local government and may request municipalities for additional information. The MEC must, however, take into account the additional administrative burden this request would place on the municipality in furnishing this information as well as the relevant costs involved. Any other existing performance monitoring mechanisms in place at the municipality must also be taken into account by the MEC while monitoring these municipalities.

If an MEC has reason to believe that a municipality does not fulfil its statutory responsibility/function or that misadministration or any other malpractice has occurred or is occurring, the MEC must, by written notice, request the municipal council or municipal manager to provide him or her with the information required in the notice, or if the MEC considers it necessary, designate a person or persons to investigate the matter. The aforementioned action must be motivated in a written statement by the MEC to the National Council of Provinces.

The Municipal Planning and Performance Management Regulations, Regulation Gazette No. 7146 (South Africa, 2001:9) were promulgated in 2001 under the Municipal Systems Act, 2000 (Act No. 32 of 2000). These provided further direction to the design of the IDP as well as performance management, including regulations applying in particular to community participation in respect of the IDP

as well as performance management. According to Chapter 3, section 7 of the Municipal Planning and Performance Management Regulations, Regulation Gazette No. 7146 (South Africa, 2001:9) the process to establish a municipality's PMS includes the elements depicted in Figure 2.1 which organise and manage performance, including determining the roles of the different role-players in the system:

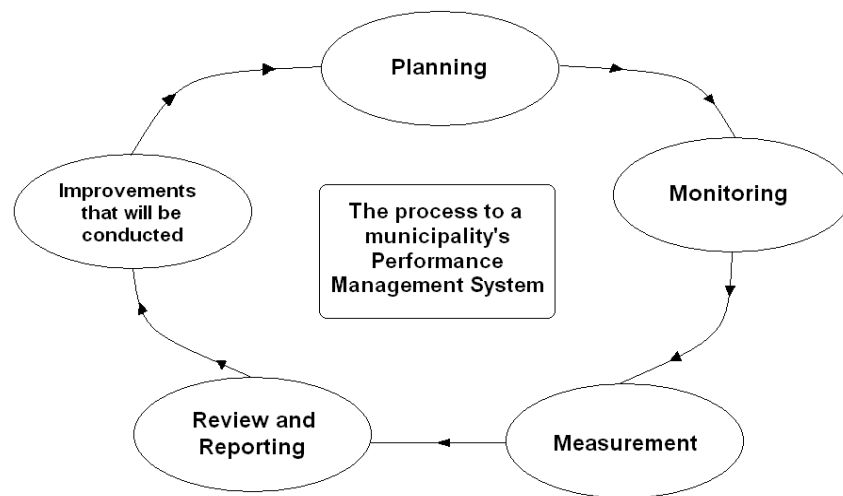


Figure 2.1: The process towards a municipality's PMS (**Source:** Own).

A municipality's PMS must be adopted by the municipal council at the same time their KPIs and targets for their IDP are set. Each KPI should include input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives referred to in section 26, including the general KPIs as stated in terms of section 41 and 43 of the Municipal Systems Act, 2000 (Act No. 32 of 2000). These KPIs should clearly inform the administrative units and all employees, municipal entities and service providers to the municipality of what is expected of them in delivering their duties and functions in relation with the municipality's PMS.

The established KPIs and targets must be monitored, measured and reviewed, and mechanisms for this should be developed and implemented. These mechanisms should include biannual reporting to the council, early detection of

underperformance and where applicable, institution of corrective measures. Strengths, weaknesses, opportunities and threats to KPIs should be identified and effectively managed. This may be achieved by making use of a SWOT analysis graphically depicted in Figure 2.2 (Helms & Nixon, 2010).

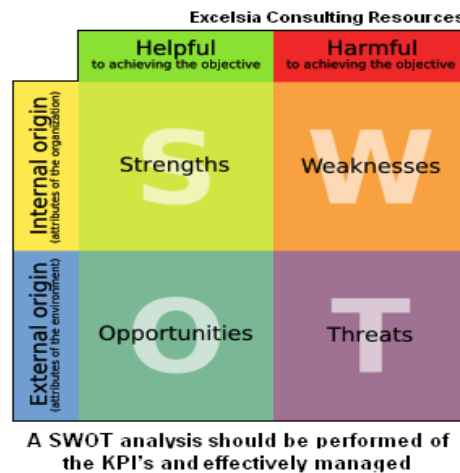


Figure 2.2: A SWOT analysis diagram (Source: Helms & Nixon, 2010).

The results of the performance measurements must be included in the municipal audit as part of the audit scope. These assessments should include the functionality of the municipality's PMS, whether the PMS complies with the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the extent to which the municipality's performance measurements are reliable in measuring the performance of municipal KPIs. Audits should be scheduled on a regular basis to assess the effectiveness of the municipality's performance management system and quarterly reports should be submitted to the municipal manager as well as the performance audit committee.

A performance audit committee must consist of at least three members, the majority of which may not be affiliated with the municipality as a councillor or an employee, and must include at least one person who has expertise in performance management. A municipality may utilise any audit committee established in terms of other applicable legislation. The function of the

performance audit committee is to review the quarterly reports the internal auditor has submitted to it and review the municipality's PMS in order to propose recommendations in this regard. These recommendations should be included in an audit report submitted to council at least twice in every financial year.

In the absence of a municipality-wide community participation structure the municipality must establish a public participation forum that will assist in the drafting and implementation of the municipality's IDP and the monitoring, measurement and review of the municipality's performance in relation to the KPIs and performance targets set by the municipality. Such a forum must be representative of the composition of the local community of the municipality concerned.

In terms of Chapter 7, section 53 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the mayor of a municipality must manage the annual revision of the IDP as well as the completion of the annual budget. The mayor must ensure that the IDP is effectively linked with the budget and that the annual budgets are approved before the start of the specific budget year. A Service Delivery and Budget Implementation Plan (SDBIP) should be approved by the mayor within 28 days after the approval of the budget ensuring that KPIs are met by linking sound financial management to the measurable performance objectives as contained in the IDP.

The mayor must ensure that the revenue and expenditure projections for each month including service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public no later than 14 days after the approval of the SDBIP. Any performance agreements of the municipal manager, including senior managers, must also be made public no later than 14 days after the approval of the municipality's SDBIP. Copies of such agreements must be submitted to council and the MEC for Local Government in the province.

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year. It should include relevant financial statements, municipal service delivering performance and the service delivery targets and performance indicators set in the SDBIP and identified in the annual reports. The accounting officer must make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure where necessary. It is clear that the SDBIP is an implementation, monitoring and management tool which serves as an annual plan ensuring performance with regard to the KPIs contained in the IDP, and linking sound financial management with measurable performance objectives.

The process of identifying different local government municipalities, their structures and how they should operate as well as the functions allocated to them, are clearly contained and described in the relevant legislation that was discussed. The identification of KPIs, the creation of the IDP as well as what it should contain and how it should be constructed, were clearly acknowledged. Linking the IDP to the municipal budget and creating a PMS encompassing the KPIs as contained in the IDP, are undoubtedly stipulated in legislation. The relevant reports on performance management, and monitoring and evaluating budgetary expenditure linked to KPIs reflected in the IDP, were discussed. The bodies to which these reports should be submitted, were also clearly identified, including a discussion about timeframes as well as the content of these reports. It was also stated what the recourse on these reports should be, how it should be evaluated and the specific actions that should be taken on the findings of these reports. This legislative process is put into perspective in Figure 2.3.

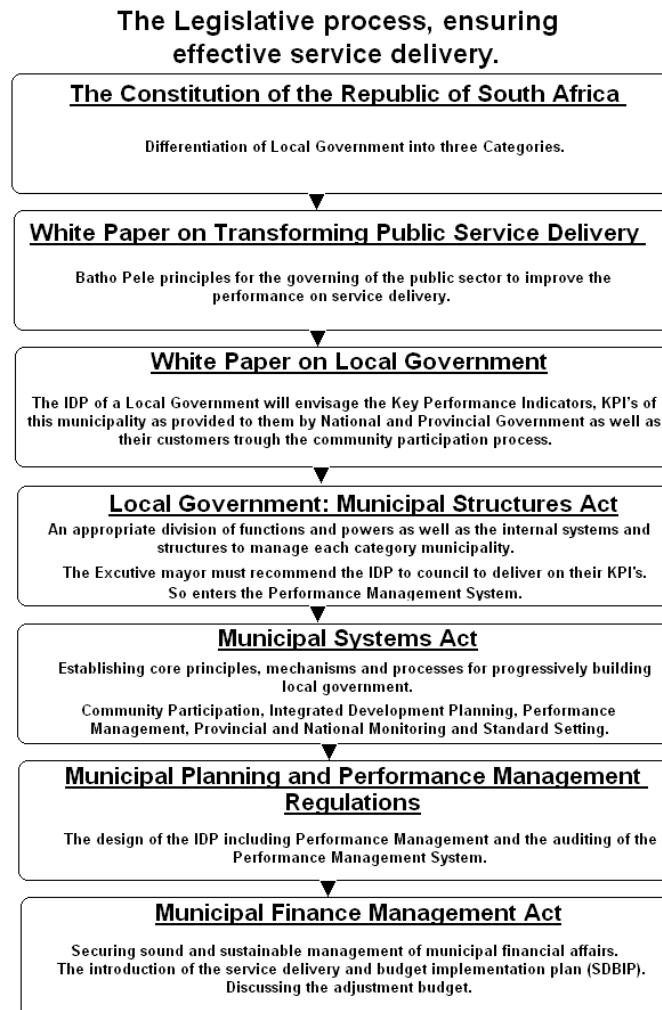


Figure 2.3: The legislative process ensuring effective service delivery (**Source:** Own).

2.4 PERFORMANCE MANAGEMENT MODELS

The Constitution and legislative framework that governs performance management in local government have been explained. To actualise the intention of the legislation, various models have been identified and are presented hereunder with emphasis on the balanced scorecard model since this is the system currently used by local government for the managing of performance.

2.4.1 The Public Services Excellence Model (PSEM)

According to Talbot cited by Van der Molen *et al.* (2002: 279), the Public Services Excellence Model (PSEM) was developed in response to the requirement for a

more holistic performance model for the public sector. It was first drafted in 1998 and later launched and operationalised in 1999.

The PSEM comprises three sections as illustrated in Figure 2.4, which are to provide a balanced scorecard for the public sector. The three sections are as follows:

➤ **Enablers**

A distinction is made between strategic and operational enablers:

- **Strategic enablers**

It is assumed that better performance is likely to develop with coherence, clarity and feasibility of policy objectives. Linked to this is a governance framework geared towards attainment of policy objectives. An organisation's mandate is more likely to be accomplished when more appropriate and clear delegations, line of authority and audit requirements are in place. Strategic management and planning, with a few exceptions, are taken directly from private sector examples. There is strong belief that there is value in strategic management and planning for the public sector. Leadership of public servants has contributed towards organisational success in the public sector.

- **Operational enablers**

Changes to accounting and budgetary practices in the public sector have led to resource utilisation being more refined. Implementation of these changes serves as an enabler for good performance. Processes have to be aligned to organisational goals as well as to the outputs and outcomes which the organisation strives to achieve. People management policies also have to be aligned to organisational goals.

➤ **Organisational results**

A distinction is made between internal and external results:

- Internal results include resource results, efficiency results and people results. These results are usually noticeable within the organisation first.

- External results include reporting, outputs and satisfaction. These results are more visible in the external environment.

➤ **Programme results: programme outcomes and programme satisfaction**

The occurring trends and their impact on these programmes should be assessed.

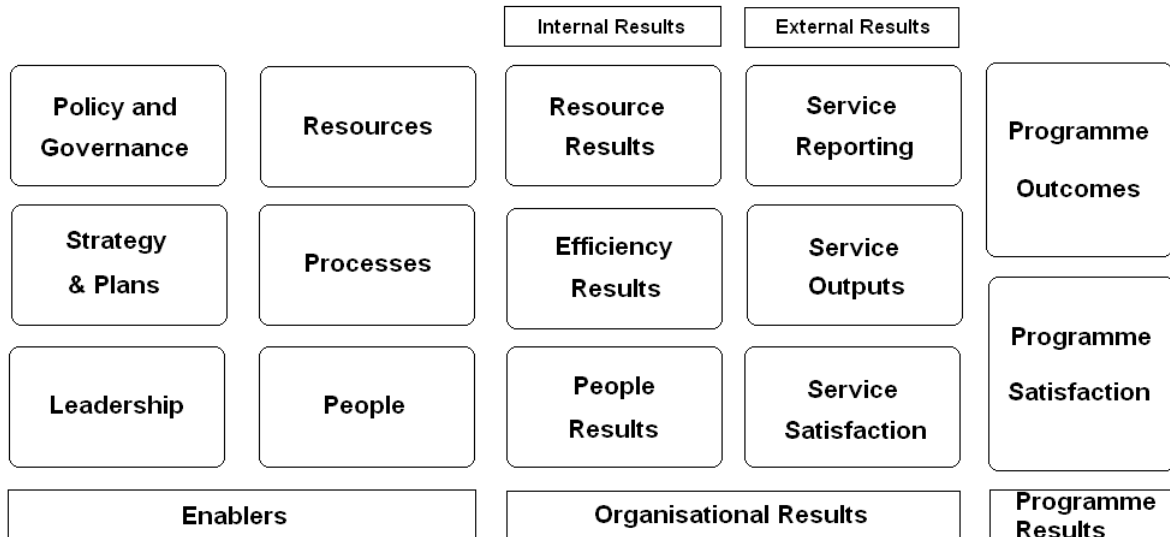


Figure 2.4: The Public Service Excellence Model (**Source:** Talbot cited by Van der Molen *et al*, 2002:208).

2.4.2 The European Foundation for Quality Management (EFQM) Model

According to Armstrong and Baron (2005:118) the European Foundation for Quality Management (EFQM) model indicates that leadership accomplishes people satisfaction, customer satisfaction and impact on society. People management, resources and policy and strategy are driven by leadership with the ultimate business result of excellence. The enablers and processes as shown in the model in Figure 2.5 supply solutions for the improvement of performance.

They further indicate that most managers focus too much on problem analyses and not enough time on finding a solution. Thus, as important as it is to measure performance, it is just as important to improve on it.

According to Talbot cited by Van der Molen *et al.* (2002:278), this model was evaluated for use by the government of the United Kingdom.

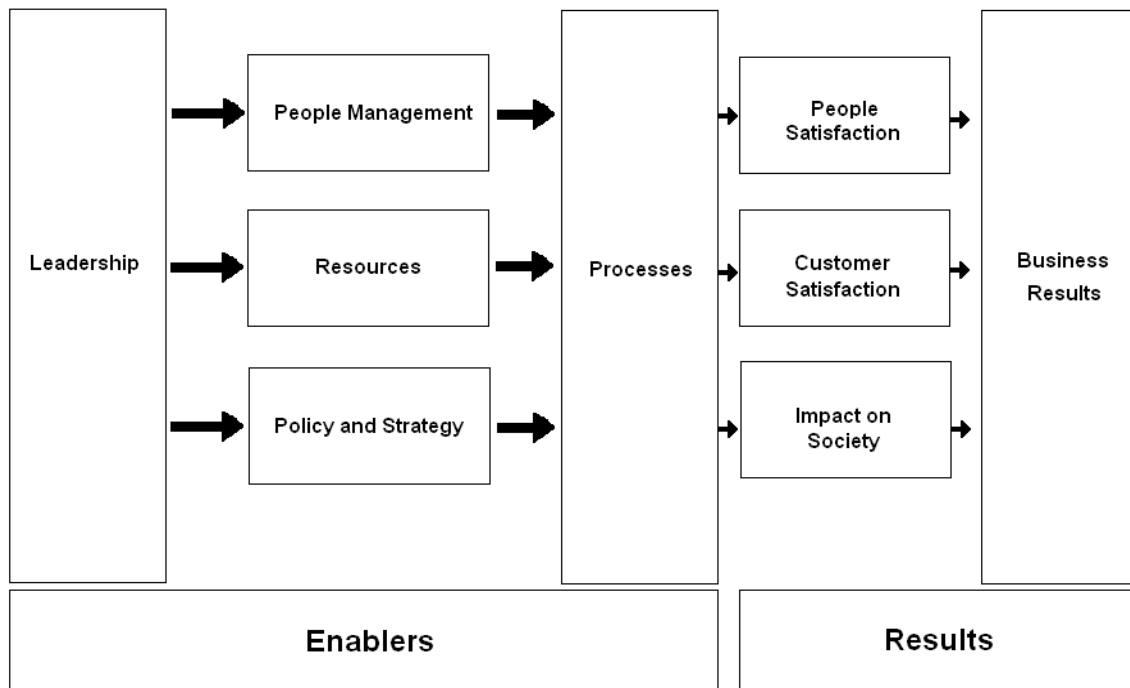


Figure 2.5: The European Foundation for Quality Management (EFQM) Model (**Source:** Armstrong & Baron, 2005:118)

2.4.3 The three Es: economy, efficiency and effectiveness

According to Van der Walt (2004:180) economy, efficiency and effectiveness are seen as interdependent elements to measure performance and service delivery as illustrated in Figure 2.6.

The relationship or link between inputs, outputs and outcomes can be described in terms of:

- “Economy, which refers to the cost of the inputs used to produce outputs
- Efficiency, which relates inputs to outputs, in other words the cost of the inputs used per unit of output.
- Effectiveness illustrates the extent to which the outputs or services of a programme are successful in achieving stated objectives or priorities” (Van der Walt, 2004:179).

Economy is measured by viewing the public resources that were used to produce outputs. Efficiency is measured using cost and timeliness indicators and measures. Effectiveness is measured by using quality and quantity indicators and measures of output.

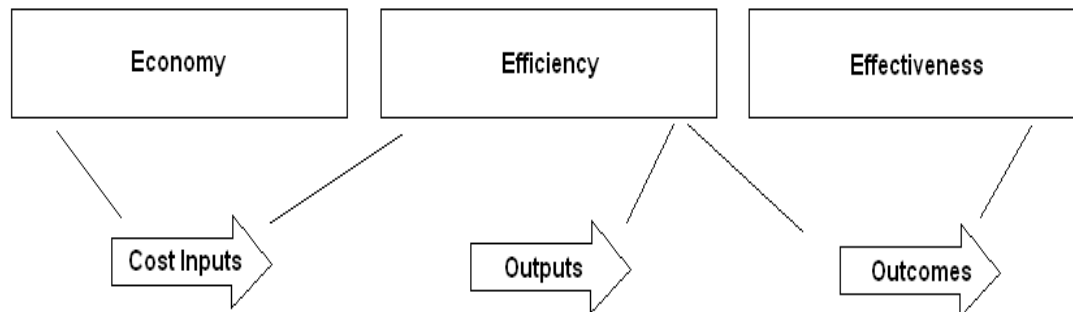


Figure 2.6: The three Es: economy, efficiency and effectiveness (Source: Van der Walt, 2004:180)

2.4.4 The South African Excellence Model

According to Van Der Walt (2004:184-185) the South African Excellence Model can be used in both private and public sectors. It is a generic plan which strives towards service excellence. Its basis is the Burke and Litwin Model (1989), cited by Van der Walt (2004:184-185), which predicts cause and effect, i.e.

organisational conditions and resulting performance as illustrated in Figure 2.7.

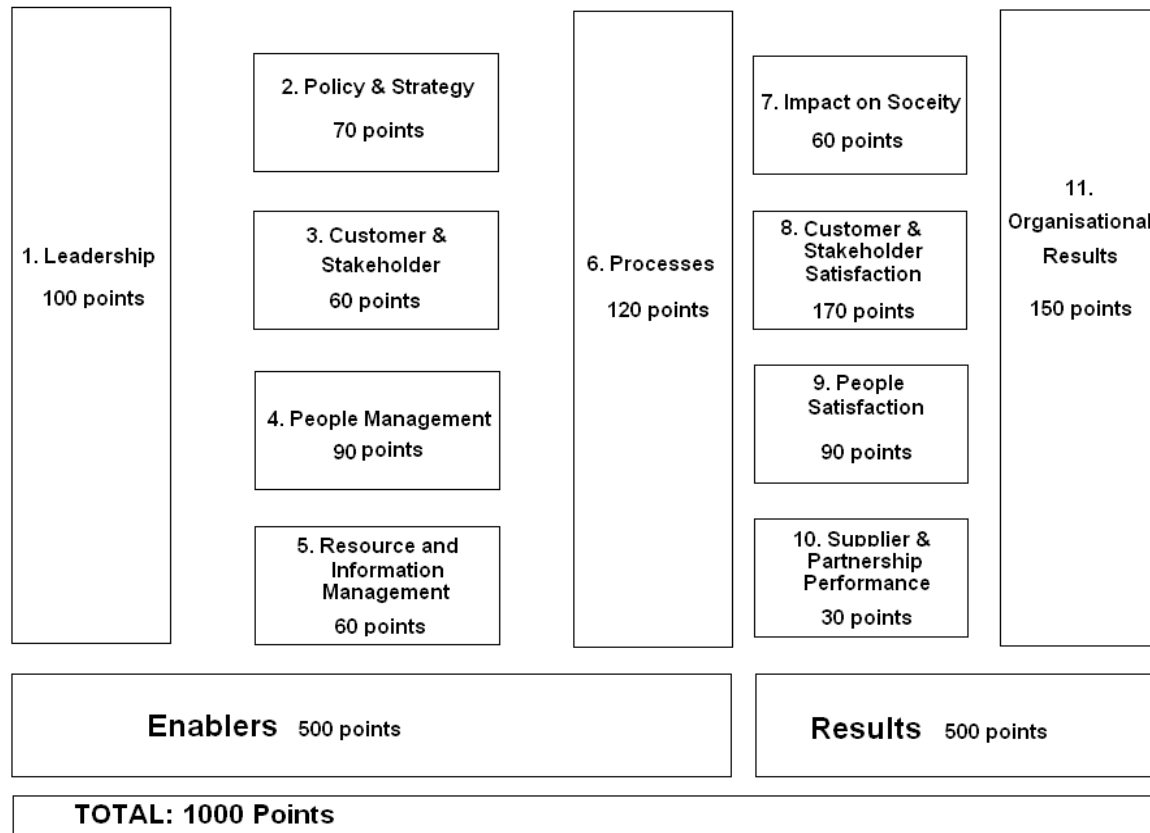


Figure 2.7: The South African Excellence Model (**Source:** Van der Walt, 2004:184)

Internationally recognised criteria for performance excellence have been utilised and implemented as a result of the successful use of the model in improving organisational performance as detailed in Table 2.1.

Table 2.1: Criteria for performance excellence (**Source:** Van der Walt, 2004:185)

Criteria aspects to measure	
Leadership	The behaviour and action of the executive team and how they inspire support and promote a culture of performance excellence.
Policy & strategy	How the organisation formulates, reviews and turns policy and strategy into plans and actions.
Customer focus	How the organisation determines customer requirements and

	expectations, enhances relationships with customers and determines their satisfaction.
People management	Whether or not the organisation realises that its most valued assets are its employees and how it utilises them. Whether it allows for creativity to unfold and its employees to excel.
Resource and information management	Employees become effective and resourceful when they have knowledge at their disposal.
Processes	How the organisation identifies, manages, reviews and improves its processes.
Impact on society	Whether or not the organisation takes the needs of the communities around it into account (social involvement).
Customer satisfaction	What the organisation does to satisfy its customers.
People satisfaction	Whether or not the organisation realises that satisfied employees result in satisfied customers.
Supplier & partnership performance	What the organisation is doing with regard to managing its suppliers.
Results	Whether or not the organisation is achieving its planned objectives and satisfying other stakeholders.

In addition to the above criteria, the model also enables public institutions to identify its strengths and development areas as well as formulate plans for improvement and repeating the process.

2.4.5 The Satellite Model of Organisational Performance

According to Hersey and Blanchard (1996:403) the Satellite Model of Organisational Performance illustrates that many contributions or inputs are made into organisational performance management. Factors as illustrated in the model in Figure 2.8 include strategic positioning, human resources, organisational structure, knowledge and non-human resources. They also indicate that all the factors are interrelated, as strategy is an integrated plan.

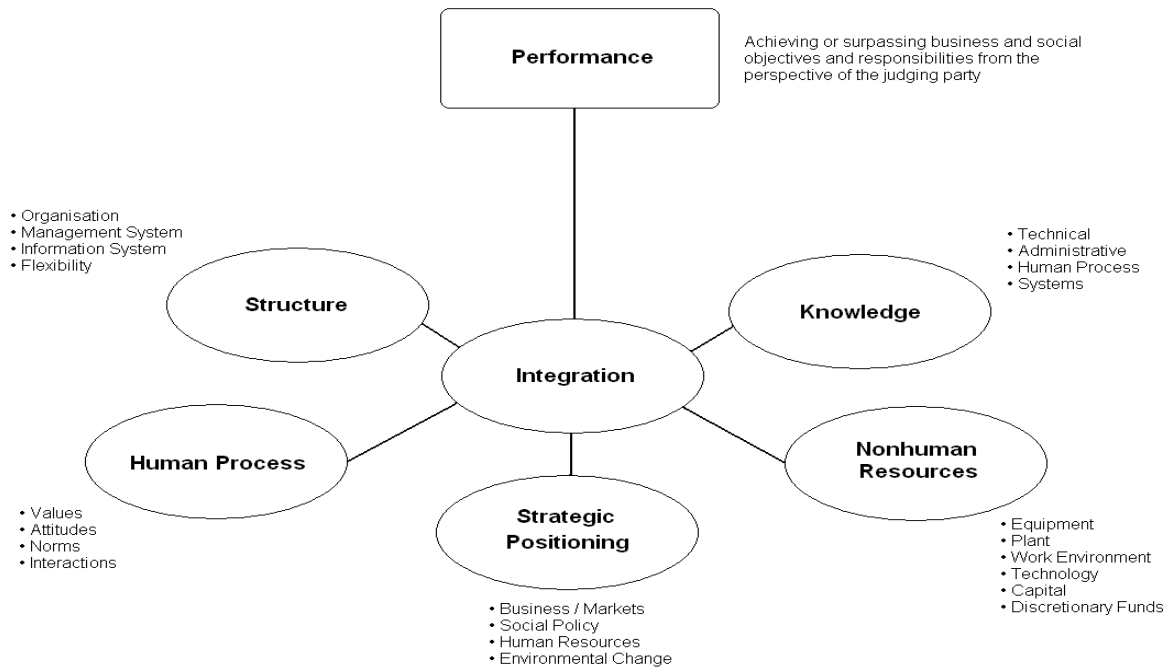


Figure 2.8: The Satellite Model of Organisational Performance Management (**Source:** Hersey & Blanchard, 1996)

2.4.6 Systems Model of Performance Management

According to Spangenberg (1994:38) the Systems Model of Performance Management includes as its main components inputs, processes, linkages and outputs as illustrated in Figure 2.9. The reasoning behind a systems approach stems from looking at performance management as a total system. The association between the various elements are seen, as well as how it aligns to other major systems, taking into account issues which will either have a positive or negative impact on the system.

- **Inputs:** Inputs are classified as strategic drivers and stakeholders.
- **Processes:** Five phases in the performance management process are identified.
- **Linkages:** Performance management should be linked to other human resources systems.

- **Outputs:** Short-term and long-term outputs should be considered to facilitate the endurance of the organisation.

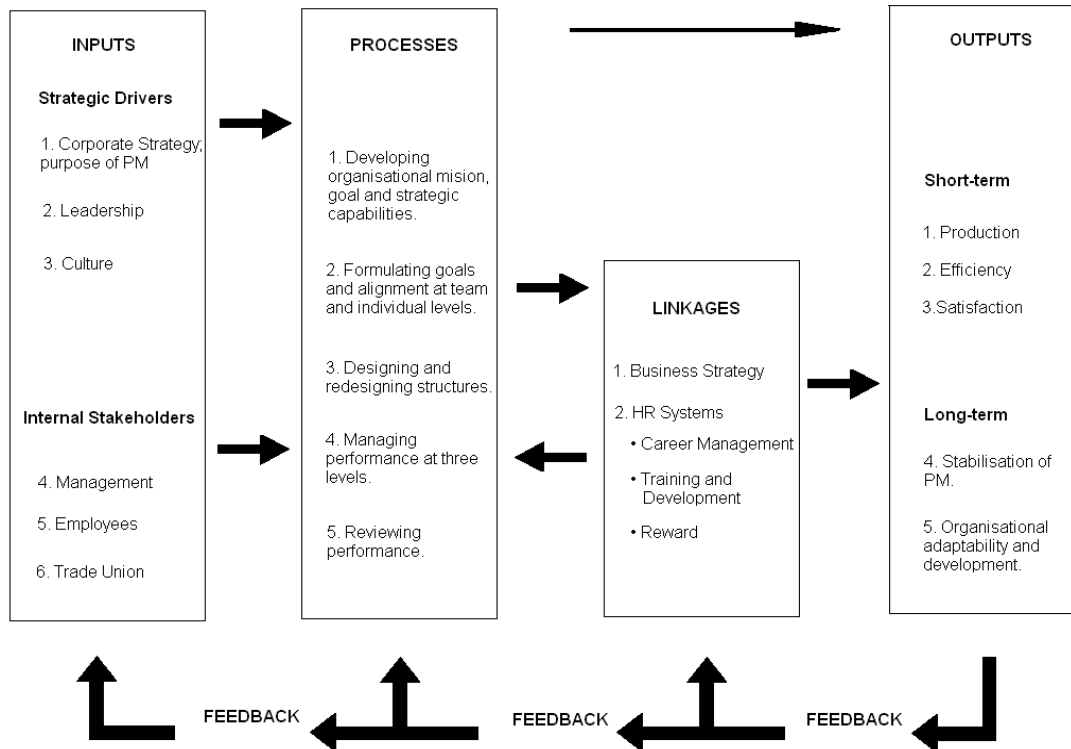


Figure 2.9: Systems Model of Performance Management (**Source:** Spangenberg, 1994:39)

According to Mohrman (1990) cited by Spangenberg (1994:25), performance management applies at all levels in the organisation, i.e. on organisational, group and individual level. Spangenberg states that it lacks a level for processes, which is important to both individual and organisational performance.

Rummler and Brache (1990), cited by Spangenberg (1994:26), indicate that about 85% of variance in performance can be ascribed to systems and process failure. It is at this level that the most performance improvement can take place. Spangenberg (1994:29) further indicates that the performance levels should be the organisation level, process/function level and team/individual level.

2.4.7 The balanced scorecard

The balanced scorecard was developed by Robert Kaplan and David Norton in 1990 (Niven, 2005:12-13), based on a best practice performance measurement study undertaken by them (performance management was previously primarily based on financial review). The starting point in the balanced scorecard is the organisation's vision and strategy, followed by the translation of the vision and mission into performance measures, which are tracked to ascertain whether the vision and strategy have been implemented. This is achieved by setting objectives and measures in all four of the scorecard's interrelated perspectives as illustrated in Figure 2.10. The perspectives are as follows (Niven, 2005:13-16):

➤ Financial perspective

This perspective has importance in the profit, non-profit and public sector. "In the for profit domain the measures in this perspective tell us whether our strategy execution which is detailed though measures chosen in other perspectives is leading to improved bottom line results. In the non-profit and public sectors, financial measures ensure that we are achieving our results, but in an efficient manner that minimises cost. We normally encounter classic lagging indicators in the financial perspective."

➤ Customer perspective

When measures are chosen for this perspective, two critical questions need to be answered, i.e. "Who are our target customers?" and "What is our value proposition in serving them?"

➤ Internal processes perspective

In this perspective the key processes, which should be excelled at in order to add value to customers, are considered. The processes identified here must be tracked to ensure progress. In some cases completely new processes would have to be identified to improve on existing ones. In this regard Kaplan and Norton (2006:77) further add that value can be derived from the sharing of services and processes by various business units. This achieves centralisation and expert knowledge is obtained.

➤ **Learning and growth perspective**

This perspective serves as an enabler to ensure that the other three perspectives are achieved. It is also known as the “employee learning and growth perspective”. It is here where gaps that have been identified, can be closed to ensure sustainable performance by designing measures to do so. Gaps would typically be found in your human capital, information capital and organisational capital. Here, as in the other perspectives, one would have a blend of lag (outcome) measures and lead (performance drivers) measures.

According to Talbot, cited by Van der Molen *et al.* (2002:275), difficulty is experienced when models which were developed for the private sector, are used in the public sector as the criteria used to judge organisational performance differ between private and public sector.

According to Olve, Roy and Wetter (1999) the concept of a balanced scorecard indicates that more than just finances are considered important. This model is therefore suited to an environment where profit is not the primary objective. This thus makes it suitable for public sector use where profit is not the primary objective. However, the model may need adjustment. They further indicate that the scorecard is more suitable where longer-term benefits are sought.

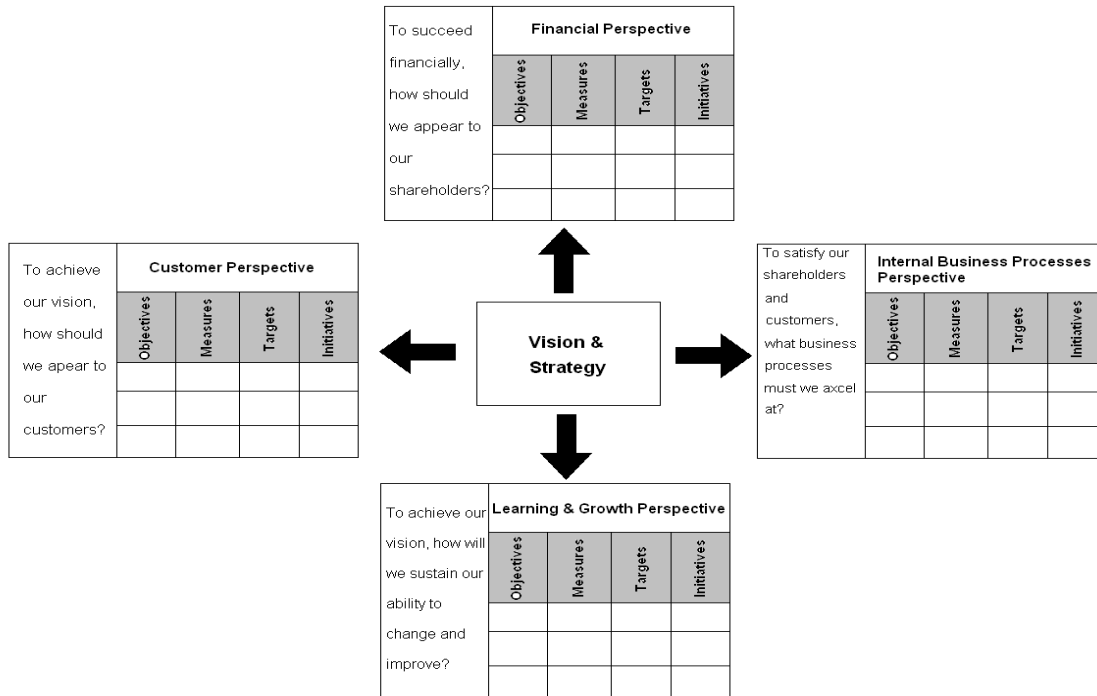


Figure 2.10: The Balanced Scorecard (Source: Niven, 2002:14)

2.4.8 The balanced scorecard adapted for public and non-profit sectors

The following section will deal with the balanced scorecard for public sector use in more detail.

According to Niven (2002:291) the balanced scorecard was designed for use in the private sector with a profit-seeking motive. It has to be modified for use in the public sector in order to obtain maximum benefit as illustrated in Figure 2.11. According to Niven (2003:32), the question is: “Is what we are doing (both public and non-profit sectors) making a difference, is anyone better off as a result of our efforts?”

In order to answer this question, management needs to have a broader view of performance and a system, which considers more than just inputs and outputs but also looks at progress towards achieving the organisation’s mission.

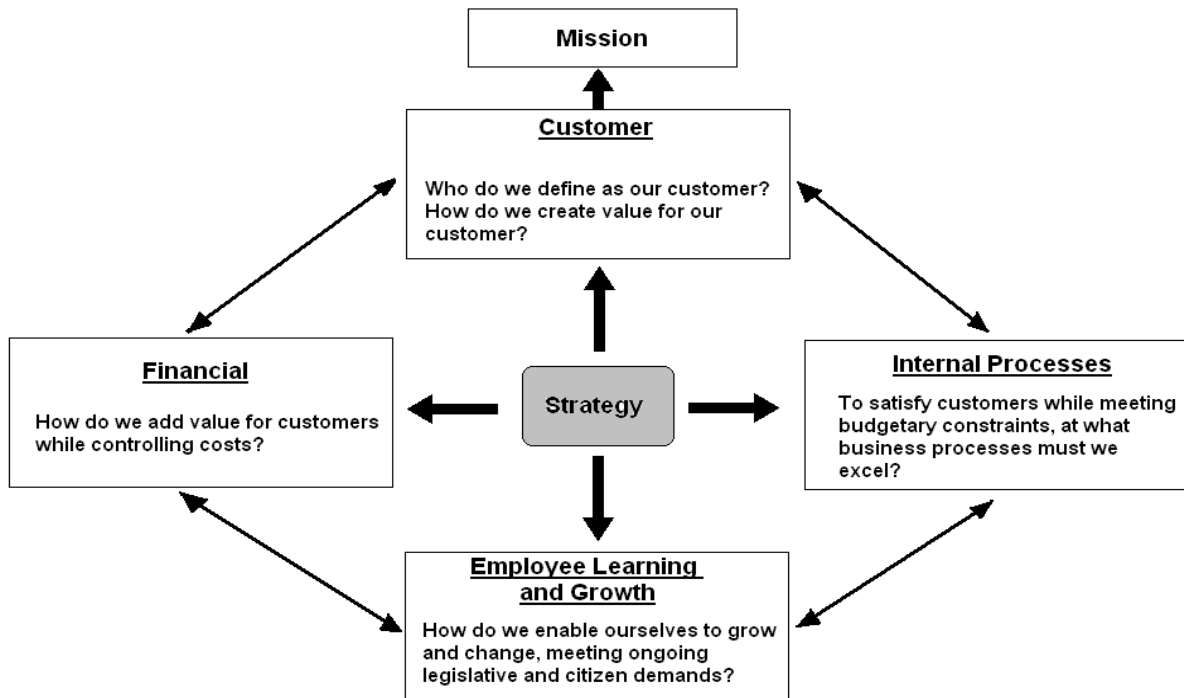


Figure 2.11: Public sector balanced scorecard (**Source:** Niven, 2002:297)

➤ **Mission**

The organisation’s mission will only be achieved over a period of time and measurement will therefore be able to substantiate claims of having made a difference in the circumstances and lives of the constituents it serves. Monitoring the progress in the four balanced scorecard perspectives will serve as a guide towards the achievement of the mission.

➤ **Strategy**

Irrespective of what the nature of the organisation is, strategy continues to remain at the core of a scorecard system. Once the strategy is devised the balanced scorecard is the tool for the translation and then implementation thereof.

➤ **Customer perspective**

The mission is placed at the top of the scorecard in the public sector, with the subsequent flow to the organisation's customers and not the financial stakeholders as in the private sector. Unlike the private sector where the emphasis is on the financial perspective in being accountable to shareholders, the focus in the public sector is on the customer perspective and serving the customer's needs in order to achieve the mission. The question arises though as to who the customer is, and determining this proves to be a challenge. The balanced scorecard allows the inclusion of all customer groups. These disparate groups will however generate different measures to be reflected in the other three scorecard perspectives.

➤ **Financial perspective**

Financial resources are crucial irrespective of the nature of the organisation. In the public sector environment, resources can either be seen as a constraint on operations or as an enabler towards customer satisfaction.

➤ **Internal processes**

The question here is: "What are the key internal processes we must excel at in order to drive value for our customers?" Many organisations have lots of processes but it is vital for the balanced scorecard that only those processes be included that will impact on enhanced outcomes for customers and mission attainment. The processes selected will most likely flow from objectives and measures that were identified in the customer perspective. The internal processes perspective frequently has the most objectives and measures on the scorecard.

➤ **Employee learning and growth**

Achievement in the other three perspectives relies heavily on the capacity of staff and the tools utilised in the execution of their tasks in order to realise the mission. Many organisations overlook these important aspects at their peril. Skilled employees with effective tools will drive process enhancement and financial constraints, resulting in customer and mission success. The three areas which

are important to capture in this perspective, include employee skills and competence, information flow and motivation and alignment.

According to Kaplan and Norton (2006:6-7), a cause and effect chain links these different perspectives, i.e. an activity in one of the perspectives has an impact on another perspective which impacts another perspective, and so forth.

2.5 POSSIBLE FACTORS IMPEDING ON EFFECTIVE PERFORMANCE MANAGEMENT

Performance management and the implementation thereof are not only prescribed, but also a legal requirement for implementation by municipalities. This management capability is legislated in the Municipal Systems Act, 2000 (Act No. 32 of 2000), and regulated by the National Department of Provincial and Local Government (DPLG). The implementation of performance management is also further regulated by the National Treasury through the publication of regulations that require the drafting and submission of Service Delivery Budget Implementation Plans (SDBIPs) shortly after the official council adoption of the annual budget. All these actions aim to create a performance and service delivery focused environment in municipalities.

The Development Impact Framework document on Local Government Performance Management Systems developed by the National Department of Provincial and Local Government (DPLG, 2008:2) has identified certain factors that may impede effective performance management. The following elaborates on its findings:

- The legislation governing performance management in local government is too complex with poor and confusing guidelines which lead to different interpretations of the legislation.
- There is a general lack of staff capacity in the implementation of performance management as far as specialised performance management capacity,

performance management audit capacity, the lack in capacity of audit committees and the lack of dedicated staff with sufficient training are concerned.

- Ineffective performance management is also due to the lack or absence of community participation, either in the development of IDPs or the evaluation of performance. There is a lack of transparency or limited communication with the community which creates a gap between the municipality and the community.
- The implementation of performance management seems not to be a priority of councils as well as their management teams due to the lack of buy-in from section 56 managers. Councils seem to be more focused on complying with performance management legislation than on its actual performance.
- There seems to be a general lack in the linking of performance management systems with councils' SDBIPs which leads to unrelated KPIs on the performance management systems. It was found that some performance management systems did not relate to any compliance indicators.
- The poor and slow planning of IDPs and unfocused budgeting that is not linked to the KPIs, present some of the obstacles to effective performance management, which in turn leads to a general lack of understanding performance management values.

The National Department of Provincial and Local Government (DPLG, 2008:2) has also identified certain outcomes arising from the lack of effective performance management in local government. The following elaborates on its findings:

- The lack of effective performance management results in poor service delivery which leads to an overall deterioration in infrastructure and services with related community protests.

- Staff motivation levels in general will be low with no availability of effective incentive packages to perform. These will inevitably lead to high staff turnover.
- The strategic objectives of the municipality's IDP will not be met which will lead to the municipality not conforming to given related legislation.
- With the municipality not achieving the given national and provincial KPIs, poor service delivery is inevitable.
- The municipality will not be able to comply with related performance management legislation and will constantly receive qualified reports from the Auditor General, indicating mismanagement and a municipality that will not be sustainable.

Zwile Zulu's study in 2006 (Zulu, 2006:11) was aimed at understanding the potential organisational performance management systems that could be used by municipalities in South Africa. Although the study focused more on performance management systems, he also commented on some of the obstacles to effective performance management there might be in local government.

According to Zulu (2006:29) the first characteristic of the public sector that may inhibit performance management is the limited commitment and lack of continuity of top managers in public sector services. Because politics works against long-term leadership and mission stability, there is a rapid turnover in top level managers in many public sector organisations. As a result, top managers of public sector services cannot be involved in improving quality management with single-minded commitment continuously. This is also true for South African local government in that less than 50% of municipal manager performance contracts have to be renewed after five years in office.

Secondly, most public sector agencies produce services rather than goods. Because services are labour intensive, it is difficult to achieve a uniform output while the service quality concept is difficult to define (Morgan & Murgatroyd,

1994; Wilkinson & Dale, 1998:288-292; Zulu, 2006:29). However, Rago (1994:61-64) argues that service delivery processes can be standardised with a deployment flowchart. Standardised service delivery processes lead to output effectiveness and uniformity and a resultant improvement in the quality of customer service.

Thirdly, for several reasons public sector organisations have traditionally focused less on outputs than on inputs and processes. This may include, for example, that outputs are politically debatable and difficult to measure (Morgan & Murgatroyd, 1994; Wilkinson & Dale, 1998:288-292). As a result, employees in the public sector services have fewer incentives than those in profit-making organisations to strive for cost reductions, operating efficiency, and effective performance. Rago (1994:61-64), however, suggests that well-designed process management with well-defined performance goals is conducive to performance improvement.

According to Zulu (2006: 90), it is clear that most hindrances in municipalities emanate from the fact that resources committed to municipal activities are not matching the municipality's activity levels. The knowledge and skills required to perform jobs adequately have not been analysed and job descriptions have not been produced and communicated in most KwaZulu-Natal municipalities. This hindrance is common in all municipalities irrespective of geographical location and category. One of the distinctive features of job descriptions is to specify distinctive performance indicators (Cohen & Brand, 1993 as cited by Zulu, 2006: 29). By strictly following standard operating procedures, employees can achieve goals set by the organisation without undue difficulty. This provides employees with incentives to do jobs more effectively and efficiently. According to Jantjes (2008:37), this further indicates that most employees, except for senior managers, do not know how they contribute towards organisational strategy. They continue to contribute towards the content of their job profiles even if it may

be outdated, without knowing the contribution they are making so that the organisation can achieve its objectives.

Fourthly, given the earlier problem of traditionally being focused relatively less on output, public sector services have fewer incentives to become customer-oriented (Morgan & Murgatroyd, 1994; Wilkinson & Dale, 1998:288-292). Further, uncertain and inconsistent goals resulting from political considerations make both the definition of the customer and the specification of standard operating procedure difficult (Morgan & Murgatroyd, 1994; Swiss, 1992 as cited by Zulu, 2006:30). It further suggests that this is the single most important problem in applying performance management to the public sector, because pleasing customers is the most important principle. Rago (1994:61-64) suggests that the unit of analysis should be individual departments rather than the whole organisation, because each department deals with a far more defined sector of the organisation's customers.

However, a key element in the monitoring and evaluation process is performance auditing. Performance auditing confirms the accuracy of the measurement mechanisms and the suitability of procedures followed to evaluate and improve performance. Municipalities are required to submit performance results that must be audited by the municipality's external auditor on an annual basis. According to Zulu (2006:3), performance is not being monitored against the targets and indicators identified in the municipality's objectives and plans since most municipalities do not have monitoring/assessment control systems and mechanisms to report deficiencies. This includes a lack of policies and procedures to support the business organisation's objectives for the mitigation of any identified risks. Adequate management information is not produced and employed in the management of the municipality. Performance is also not monitored against the targets and indicators identified in the municipality's objectives and plans. Development plans must be monitored and reviewed

continuously to enable the municipality to perform at an optimum level in order to realise the dreams and aspirations of the communities it serves.

According to Zulu (2006:87), municipalities in general have a major problem when it comes to the control environment which establishes the foundation for the internal control system. It is even difficult to conclude with confidence that their structure appropriately reflects the nature of business operations. Municipal leadership has very little time to deal with administrative issues. The resources are a hindrance as well and understandably so, because a substantial proportion of municipalities is new with no baseline information on socio-economic issues.

Zulu (2006: 91) states the notion “what gets measured gets done” does not apply to some municipalities. The fact that objectives and plans are not reviewed in the light of operating performance and change, confirms the fact that municipalities are not identifying risks properly as per the MFMA. Municipalities therefore need to develop structures and policies to deal with risk issues and take associated actions to mitigate the determined significant risks. This is a problem in most municipalities, even those in urban areas. Although IDPs are periodically reviewed, the assumptions are usually not validated, e.g. resource allocation. Zulu furthermore states that municipalities are lagging in terms of aligning their local IDPs with provincial and national government programmes.

On the issue of objectives and risks it is clear that the initiative by the national government to develop national key performance indicators and key performance areas does indeed help municipalities to meet the legislative requirements. Municipalities, however, fail to review their IDPs as operations change. Zulu’s study reveals that municipalities have not done anything with regard to risk identification and mitigation. The control activities or the policies, procedures and practices to ensure management objectives are achieved and risk mitigation strategies are carried out, are clearly a problem. The indication is that municipalities need to be assisted in developing and managing the controls. This

could be linked to the question of resources and time to develop them. Given that time and resources are a problem, one cannot expect municipalities to develop policies and procedure manuals for ensuring that set objectives are realised.

References to other studies and academics working in the field of performance management have also shown certain obstacles to effective performance management in local governments. Mol and De Kuif (2004) concluded in a study of the Dutch central government that budgetary provision does not necessarily take into account performance measurement, which makes decision-making problematic. The intended responsibilities are therefore not covered by the budget. At a later stage there might also be interfering by principals who have demands that could be contrary to those initially agreed. These may be in the form of budget cuts or additional operations/projects requested. Mol and De Kuif (2004) also found that contrary to what was previously thought, performance measurement was not as prevailing in management and that performance targets are controlled by imposed budgetary constraints.

According to Jantjes (2008:31), financial resources are crucial irrespective of the nature of the organisation. In the public sector environment, resources can either be seen as a constraint on operations or as an enabler towards customer satisfaction. It is clear that focus should be placed on certain processes in the performance management system that will have a positive impact on the outcomes for customers as well as the attainment of the municipality's mission statement.

According to Kaplan and Norton (2006:6-7), a cause and effect chain links the different perspectives of the balanced scorecard that serves as the performance management system for local government. More specifically, the activity in one of the perspectives has an impact on another perspective and that on another perspective. The achievements of these perspectives rely heavily on the capacity of staff and the tools used in the execution of their tasks for achieving the municipality's mission. Many organisations overlook these important aspects at

their peril. Skilled employees with effective tools will drive process enhancement despite financial constraints, resulting in customer satisfaction and mission success. The three areas that are important to capture in this perspective, include employee skills and competence, information flow, and motivation and alignment.

During their study on the implementation of the Government Performance and Results Act of 1993 of the United States of America, Long and Franklin (2004) as cited by Jantjes (2008:34), found that there is a lack of ability to ensure flexibility in legislation so that implementation can be adapted. It is also evident here that implementation and the methodology employed around performance management legislation appear to be the problematic area when it comes to policy in general and more specifically the problems experienced with performance management systems, both in the private and in the public sector.

2.6 CONCLUSION

Different perspectives to the definition of performance management were identified and explored, and it was found that performance management may literally be seen as the management or coordination of organisational resources to render a service or create a product that will satisfy the organisation as well as the clients' expectations and goals. Having determined the meaning of performance management, the legislative framework governing performance management in local government was explored. It is evident that clear and detailed legislation exists which identifies the process and actions associated with effective service delivery. The different models for performance management were subsequently explored, concentrating on the balanced scorecard model since this is the system used by local government in managing performance. The possible obstacles to effective performance management faced by local government in South Africa were investigated, while some of the effects that ineffective performance management has on municipalities were explored.

The information gathered further aids in the formulation of the initial key question: What are the obstacles to effective performance management in local government in the Western Cape? Although the Department of Provincial and Local Government has indicated various obstacles to effective performance management, this dissertation aims to clearly identify additional or more abstract obstacles faced by local government as far as effective performance management is concerned.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Analytical research was undertaken. This concept refers to a continuation of descriptive research and aims to understand phenomena by discovering and measuring causal relations among them (Collis & Hussey, 2003:10-15).

The research has an empirical as well as theoretical underpinning. In this respect, "empirical" is defined as "... based on, or guided by the results of observation ...", while "theoretical" is defined as "... contemplative of the mind or intellectual faculties ..." (Remenyi, Williams, Money & Swartz, 2002:31; Leedy & Ormrod, 2001:101).

3.2 DATA COLLECTION

Literature including research studies, journals, academic literature, policy documents and related legislation was explored in the form of desk research. In addition, a survey in the form of an electronic questionnaire was conducted amongst the participating municipal managers of the 30 municipalities serving the Western Cape, elaborating on processes and the identification of associated obstacles to effective performance management. The empirical/theoretical approach will by its very nature call for methodological triangulation whereby data collected and analysed are triangulated to previous studies examined during the literature review. Both a positivistic and phenomenological research paradigm will apply (Leedy & Ormrod, 2001:102).

Babbie (2005:25) supports this view by expressing the opinion that "... recognizing the distinction between qualitative and quantitative research doesn't mean that you must identify your research activities with one to the exclusion of the other. A complete understanding of a topic often requires both techniques".

3.3 SAMPLING TECHNIQUES

Questionnaires were used within the field of a descriptive survey to collect primary data from all municipalities serving the Western Cape (Ghuri *et al.*, 1995:57-58). Descriptive surveys were used since they are suitable for identifying and describing the variability in different phenomena (Saunders, Lewis & Thornhill, 2000:279). Surveys are versatile and accommodate all types of information gathered by questioning participants (Cooper & Schindler, 2006:245). Questionnaires were chosen as they are suitable for both qualitative and quantitative methodologies. The questionnaire made use of a combination of close- and open-ended questions asked during the survey (Collis & Hussey, 2003:173-174).

Questionnaires can be characterised by the distribution methods, each with advantages and disadvantages (Saunders *et al.*, 2000:280; Remenyi *et al.*, 2002:156; Collis & Hussey, 2003:175-176). The survey was conducted electronically and thus resorts under the category of computer-administered questionnaires. The self-administered questionnaires were distributed by e-mail, and the respondent had the benefit of completing the questionnaire in their own time without being influenced by the researcher.

3.4 UNIT OF ANALYSIS

The unit of analysis (Yin, 1994:20-27) was local governmental entities, located in the Western Cape, South Africa (Collis & Hussey, 2003:155). Furthermore, 30 municipal managers of local governments in the Western Cape, South Africa were identified to partake in the research and represented the research population. Initial electronic communication was initiated with the municipal managers informing them of the purpose of the study, securing total confidentiality and requesting their participation in the response to the questionnaire. Data collection was done via electronic questionnaires executed within the ambit of a survey (Remenyi *et al.*, 2002:290). Data analysis was

executed using descriptive and inferential statistics (Cooper & Schindler, 2006:463-468 & 492).

3.5 SIGNIFICANCE OF THE STUDY

The significance of the study relates to the influence of municipal performance management on service delivery by Western Cape municipalities. By validating and further identifying factors that may impede performance management, municipal managers can manage these factors better in order to have a more effective influence on performance management. This might elevate service delivery levels to the customers of the Western Cape municipalities.

3.6 QUALITY OF RESEARCH

The quality of research instruments is determined by its validity and reliability. Validity (Collis & Hussey, 2003:186) refers to the degree to which the research findings are an accurate representation of what is happening. Cooper and Schindler (2006:318-320) identifies three main forms of validity namely “content validity”, “criterion-related validity” and “construct validity”.

- **Content validity:** Content validity refers to the extent to which the measuring instrument provides suitable coverage (Watkins, 2008:67) of the investigative questions. The study was done on all of the 30 municipalities in the Western Cape and surveys were done with all 30 municipal managers representing all of the municipalities in the Western Cape.
- **Criterion-related validity:** According to Watkins (2008:67), this form of validity reflects the success of the measures used for predictions or estimates. The criterion is relevant due to scores being allocated to measure the outcome of the data collection method. The data collection method was constructed in such a way as not to be bias. The criterion was reliable and reproducible, and all of the information specified was available to the respondent.

- **Construct validity:** Construct validity (Watkins, 2008:68) relates to the problem of not-observable phenomena such as motivation, contentment, excitement and anxiety. The data collection method was constructed in such a way as not to intimidate the respondent.

The study was done on the 30 municipalities in the Western Cape. The answer sheets were processed into quantifiable data by an appointed statistician. Prior to the survey being conducted, the respondents were asked to participate, information on the aim and objectives of the survey was provided and a guarantee was given that the information gathered will be handled as strictly confidential. The research instrument, namely the survey, therefore conforms to all the criteria for reliability.

3.7 RESEARCH RELIABILITY

Reliability has to do with the findings of the research and whether it can be duplicated by someone else producing similar results (Collis & Hussey, 2003:186). The reliability of the response to questions in questionnaires or interviews can be determined by the “test re-test method”, “split-halves method” and the “internal consistency method”. After the surveys have been completed, the record sheets were sent to a statistician for processing into quantifiable data. The following two methods were employed to determine the reliability of the survey.

- **Split-halves method:** Questionnaires are divided into two equal groups which are correlated (Watkins, 2008:68) and the correlation coefficient of the two sets of data computed, thus providing an index of reliability.
- **Internal consistency method:** Every item in the sample is correlated with every other item within the sample (Watkins. 2008:68)and the average inter-item correlation is taken as the index of reliability.

3.8 RESEARCH ETHICS

In the context of research, according to Saunders *et al.* (2000:130), "... ethics refers to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it". Most ethical issues can be grouped into one of four categories namely "protection from harm", "informed consent", "right to privacy" and "honesty with professional colleagues" (Leedy & Ormrod, 2001:107-108 as cited by Watkins, 2008:69):

- **Protection from harm:** If emotional discomfort can be experienced during the study, the participants should be informed prior to partaking in the research and if needed, counselling should be provided to them following their participation. No emotional discomfort was anticipated nor experienced by the participants in the study.
- **Informed consent:** Participants should be informed about the nature of the research prior to participating and provided with a choice as whether to participate or not. They should furthermore have the right to withdraw from the research at any stage. This principle was communicated to all research participants.
- **Right to privacy:** Participants have the right to privacy which should be honoured by the researcher. The participants' privacy was honoured and no personal information was made public.
- **Honesty with professional colleagues:** Findings should be reported honestly without misleading others. All research findings were reported true and honestly.

Collis and Hussey (2003:38-39) as cited by Watkins (2008:70), expanded on the above and added "confidentiality/anonymity", "dignity" and "publications" to the list.

- **Confidentiality/anonymity:** Confidentiality or anonymity should be offered to participants as it motivates them to provide honest responses. All participants in the research were offered confidentiality.
- **Dignity:** Dignity of participants should be upheld and they should not be embarrassed or belittled. This principle was upheld during the research conducted.
- **Publications:** Research results should not be falsified to achieve publication success. The research results are true and honest and no manipulation of research results occurred.

3.9 CONCLUSION

Data collection in the form of desk research was completed, including literature studies, journals, academic literature, policy documents and related legislation. In addition to this a survey in the form of an electronic questionnaire was sent to the participating municipal managers.

The unit of analysis was the 30 municipalities representing all three categories of local government within the Western Cape. The study identifies the influence of municipal performance management on service delivery by municipalities of the Western Cape.

Research reliability was discussed and methods suggested to ensure that the research findings were reliable and accurate. The study's research ethics was discussed to ensure that the research was done in an ethical and socially responsible manner, taking into account all participating stakeholders' rights.

The research methodology employed during this study facilitated the validation of the various factors impeding performance management within the municipalities of the Western Cape as reported by the Department of Provincial and Local Government, the Auditor General as well as various academic studies. Performing the survey and analysing the data recovered further identified factors

that may impede these municipalities' performance management. The analysis of the data collected during the proposed survey is discussed in the next chapter.

CHAPTER FOUR

SURVEY RESULTS, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 INTRODUCTION

Reports from the Department of Provincial and Local Government and the Auditor General, as well as literature research, identified various factors that have a negative effect on performance management. To validate these findings and identify additional factors which might have an influence, electronic questionnaires were sent to the 30 municipal managers, elaborating on processes and identifying associated obstacles to effective performance management. Only 18 Municipal Managers responded which represent 60% of the total of 30 municipalities serving the Western Cape.

4.2 DATA GATHERING PROCEDURE

30 municipal managers were identified and listed together with their contact details. An electronically generated letter was sent to each municipal manager within the Western Cape, explaining the scope of the study and requesting their cooperation by completing and signing the predrafted consent document and returning it to the researcher. Confidentiality of the survey as well as access to the findings of the study was guaranteed. This process was followed to ensure the study was conducted in compliance with all ethical considerations and with full stakeholder consent.

18 municipal managers signed the consent document to participate in the study by completing the survey questionnaire. The consent letters along with references to identified members of staff delegated to complete the survey, was provided via electronic mail. A letter of appreciation was in turn sent to the municipal managers, as well as the delegated municipal officials. The electronic survey was distributed electronically to the participating municipalities.

The results arising from the survey were compiled into an Excel spreadsheet, and relevant charts identifying certain trends were produced. Reference to these charts is made in the following section about analysis of data and results.

4.3 SURVEY RESULTS

This chapter discusses the key findings of the study, namely factors impeding performance management of municipalities in the Western Cape. The findings are based on the 18 responses received from the participating municipal managers and/or their delegated members of staff. This represents 60% of all municipalities in the province with all categories represented as per the Municipal Structures Act (Act No. 117 of 1998). The questionnaire included a combination of close- and open-ended questions. The respondents were presented with questions on issues revolving around performance management and systems. In most of the cases respondents had to answer yes or no to the questions. In some questions they had to elaborate on the answers given by selecting from the provided answers or providing additional information in the form of a comment provided.

The results are presented in five broad categories:

- **The control environment**, which establishes the foundation for the internal control system by providing fundamental discipline and structure
- **Integrated Development Plan (IDP)**, which addresses objective-setting, risk identification and assessment and planning
- **Control activities**, which address issues such as policies, procedures and practices that ensure management objectives are achieved and risk mitigation strategies are carried out
- **Management information system (MIS)**, which enables management to assess whether the municipality is operating as desired, identifying opportunities or problems and assessing changes, and

- **Performance monitoring**, which is the assessment of control systems and mechanisms to report deficiencies.

4.3.1 The control environment

The control environment was assessed on the basis of ten questions.

Question 1: Does the municipality employ a system that continually evaluates the performance of the key performance areas (KPAs) against their designated key performance indicators (KPIs)?

Response:

1 Yes	17
2 No	1

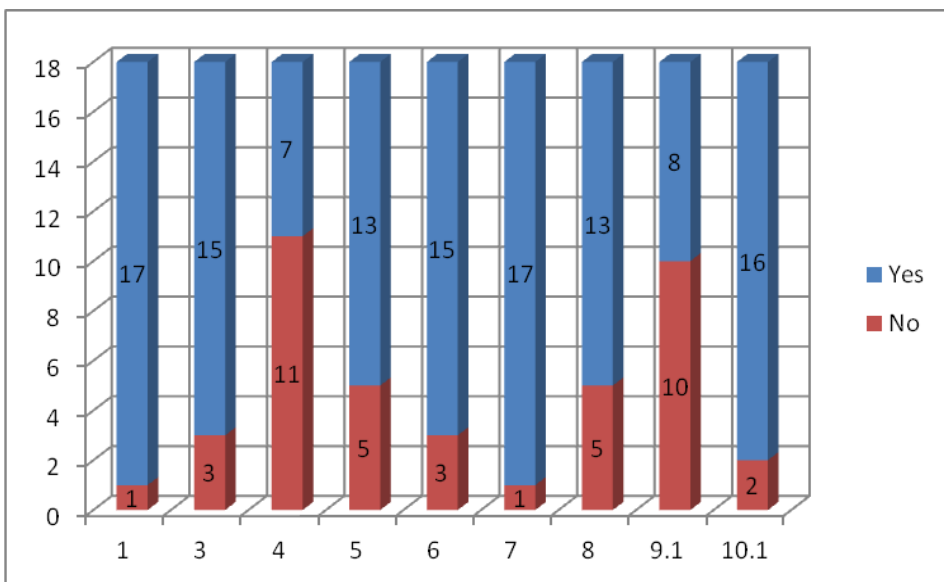


Figure 4.1: The control environment

Question 2: What is the qualification of the municipal manager?

Response:

1	2	3	4	5	6	7
12	4	0	2	0	0	0

1 = Post-graduate degree

2 = Degree

4 = Post-matriculation qualification

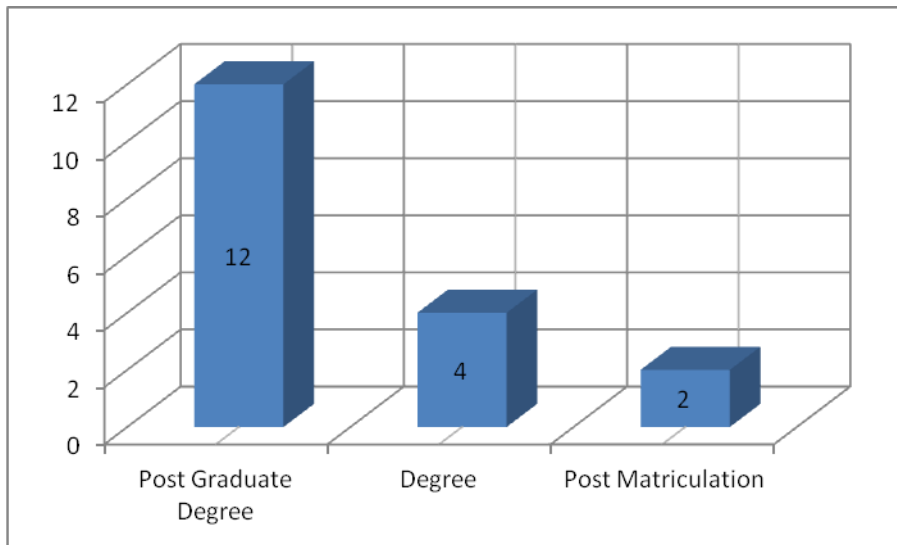


Figure 4.2: Municipal manager qualification

Question 3: Does the municipal manager have any formal training in strategic management?

Response:

1 Yes	15
2 No	3

Question 4: Are there any vacant executive management positions in the municipality?

Response:

1 Yes	7
2 No	11

Question 5: Does the municipality employ a regular skills audit of their executive management staff?

Response:

1 Yes	13
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2 No	5
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Question 6: Does the municipality employ a regular skills audit of their other employees?

Response:

1 Yes	15
2 No	3

Question 7: Does the municipality employ a skills development strategy for their employees?

Response:

1 Yes	17
2 No	1

Question 8: Does every position on the municipal organogram have a comprehensive and complete job description?

Response:

1 Yes	13
2 No	5

Question 9.1: Are job descriptions re-evaluated on a regular basis? If the answer is no, please proceed to question 10.1.

Response:

1 Yes	8
2 No	10

Question 9.2: If the answer to question 9.1 is affirmative, provide the average intervals in years? Select the most appropriate answer.

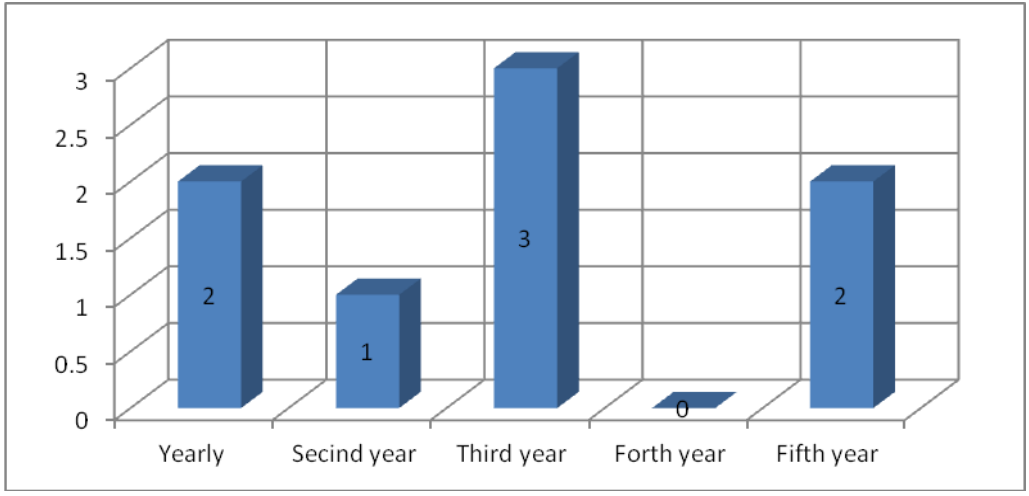


Figure 4.3: Job description re-evaluation intervals

Response:

1	2	3	4	5	N
2	1	3	0	2	10

1 - 5 = years
N = not applicable

Question 10.1: Is there a lack in resources to deliver on set indicators for the KPAs as set in the IDP? If the answer is no, please proceed to the next section.

Response:

1 Yes	16
2 No	2

Question 10.2: If there is a lack of resources, please tick the relevant area to indicate the resources the municipality might be in need of?

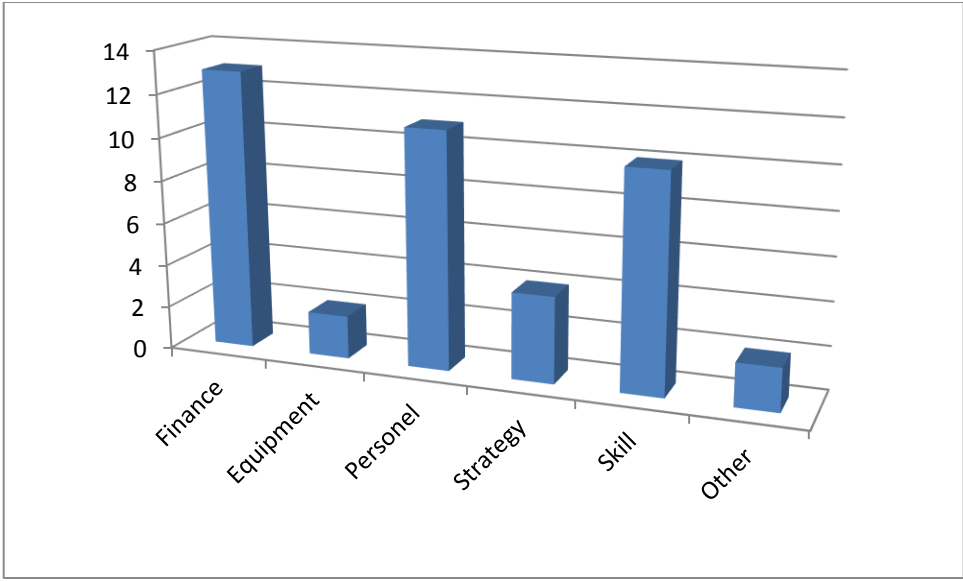


Figure 4.4: Lack in resources

Response:

1	2	3	4	5	6
13	2	11	4	10	2

Question 10.3: If “other” is also selected, please elaborate on the “other” resource that is lacking?

Response: Funds for creative projects and Infrastructure

4.3.2 The Integrated Development Plan (IDP)

Six questions were posed to the participants relating to the IDP.

Question1: Does the municipality, in the IDP planning phase, identify risks for accomplishing its objectives?

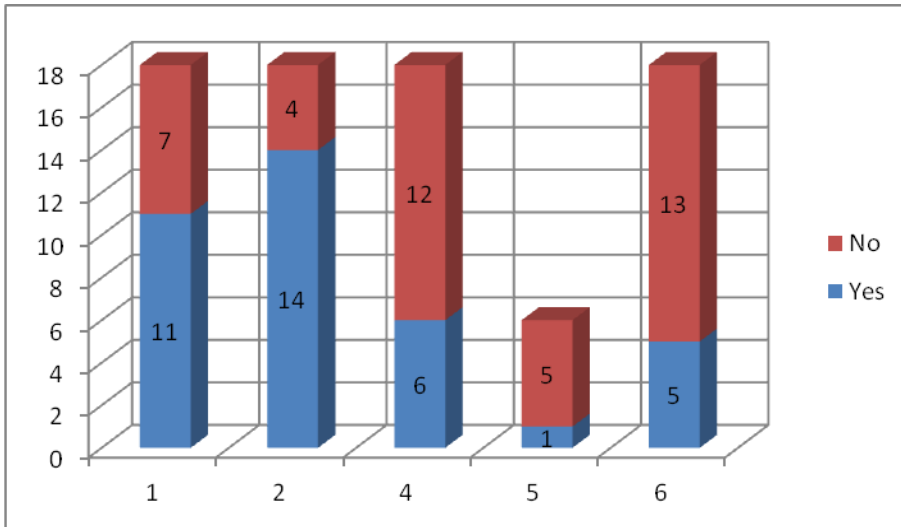


Figure 4.5: Identification of risks during the IDP planning phase

Response:

1 Yes	11
2 No	7

Question 2: Has every department in the municipality created a business plan to accomplish its KPAs as set in the IDP?

Response:

1 Yes	14
2 No	4

Question 3: Does the municipality re-evaluate its business plans and if so, provide the average intervals in years?

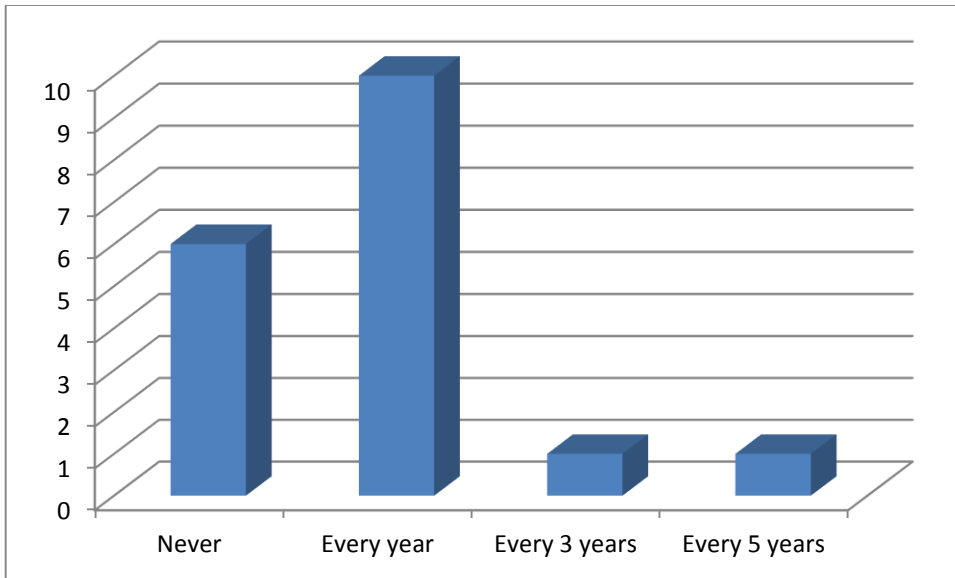


Figure 4.6: Frequency of municipal business plan re-evaluation

Response:

1	2	3	4	5	6
6	10	1	1	0	0

1 = no
 2 = every year
 3 = every 3 years
 4 = every 5 years

Question 4: Does the municipality engage in performance management for each employee? If the answer is no, please proceed to question 6.

Response:

1 Yes	6
2 No	12

Question 5: If so, is the individual's performance linked to any form of compensation?

Response:

1 Yes	1
2 No	5

Question 6: Is the individual's performance discussed with the individual to specifically identify strengths and weaknesses?

Response:

1 Yes	5
2 No	13

4.3.3 The control activities

Eight questions on control activities were posed to the survey participants.

Question 1: Identify the rate of personnel turnover in executive management positions in the municipality?

Response:

1	2	3
0	11	7

1 = High
2 = Low
3 = Moderate

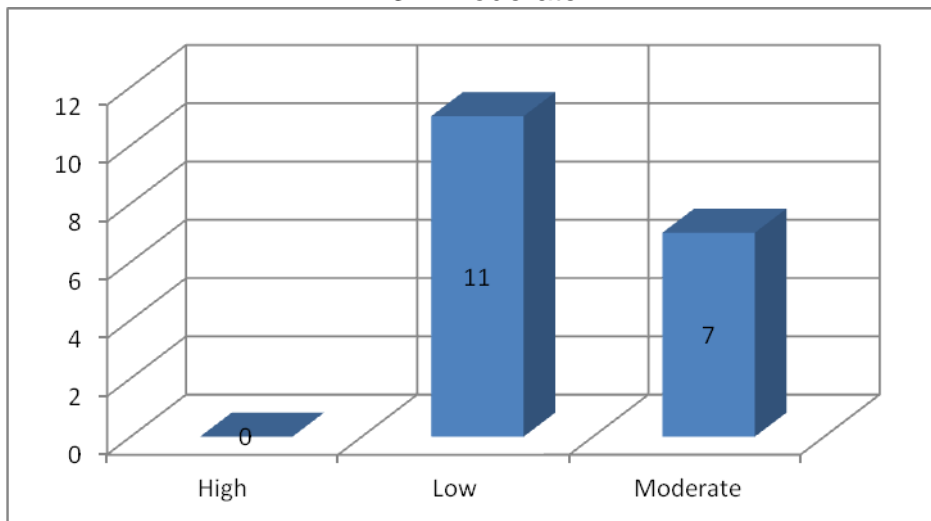


Figure 4.7: Executive management personnel turnover rate

Question 2: Does the municipality employ a policy or procedure to effect timely identification of deviations from the business plan?

Response:

1 Yes	14
2 No	4

Question 3: Are the municipality's policies, procedures and practices re-evaluated on a regular basis?

Response:

1 Yes	17
2 No	1

Question 4: Are all of the policies, procedures and practices used by the municipality documented?

Response:

1 Yes	18
2 No	0

Question 5: Are all of the policies, procedures and practices used by the municipality readily available to any employee?

Response:

1 Yes	16
2 No	2

Question 6: Are the applicable policies, procedures and practices communicated to personnel on a regular basis?

Response:

1 Yes	14
2 No	4

Question 7: Does the municipality make use of some kind of quality evaluation system to determine the level of service it is providing to the community? For example: client surveys, complaint monitoring etc.

Response:

1 Yes	14
2 No	4

Question 8: Does the municipality make use of procedures or protocol to capture and evaluate service delivery complaints made by the community?

Response:

1 Yes	11
2 No	7

4.3.4 The management information system (MIS)

Six questions were posed on the use of management information systems in municipalities.

Question 1: Is the MIS currently used by the municipality capable of generating relevant reports on the performance of the municipality?

Response:

1 Yes	11
2 No	7

Question 2: Does top management identify the reports that must be generated by the MIS in order to assess effective performance management?

Response:

1 Yes	13
2 No	5

Question 3: Is the MIS currently used by the municipality capable of generating relevant financial reports?

Response:

1 Yes	15
2 No	3

Question 4: Are all municipal employees trained in operating the MIS?

Response:

1 Yes	10
2 No	8

Question 5: Is the system user-friendly or easy to use?

Response:

1 Yes	14
2 No	4

Question 6: Is the operating speed of the MIS conducive to the employees making use of the system?

Response:

1 Yes	12
2 No	6

4.3.5 Performance monitoring

Responses to questions posed to the participants on performance monitoring are elaborated upon below.

Question 1: Does the municipality have an internal auditor?

Response:

1 Yes	16
2 No	2

Question 2: Does the municipality have an internal audit committee? If the answer is no, please proceed to question 4.

Response:

1 Yes	17
2 No	1

Question 3: If so, does this committee meet on a regular basis?

Response:

1 Yes	17
2 No	1

Question 4: Does management review municipality's financial statements on a quarterly basis?

Response:

1 Yes	15
2 No	3

Question 5.1: Does the municipality explore any other control deficiency reporting mechanism other than internal audit?

Response:

1 Yes	5
2 No	13

Question 5.2: If yes, please elaborate on other mechanisms?

Response:

- Section 71, MFMA report
- SCOPA
- RISCO
- Risk management process
- Performance management
- Financial reporting
- SDBIP
- Oversight committee
- Directorate monthly reports
- Section 79 committee on irregular, fruitless & wasteful expenditure
- Support from DBSA

Final question: If you are interested in receiving a copy of the findings of this survey, please confirm your option below.

Response:

1 Yes	18
2 No	0

4.4 INTERPRETATION OF RESULTS

The control environment, the IDP, control activities, MIS and performance monitoring were assessed as discussed above, and the analysis follows:

4.4.1 The control environment

Question 1: Does the municipality employ a system that continually evaluates the performance of the KPAs against their designated KPIs?

Analysis: 94,1% of the municipalities involved in the survey indicated that they do employ some form of system that continually evaluates the KPAs against their designated KPIs as opposed to 5,9% that indicated that they do not have a performance management system. Although most of the municipalities employ some form of performance management system, it is not clear to what extent these systems are managed in an effective manner.

Question 2: What is the qualification of the municipal manager?

Analysis: 66,7% of the municipalities involved in the survey indicated that their municipal managers have a post-graduate degree followed by a degree qualification (22,2%) and then post-matriculation qualifications (11,1%). Western Cape municipal managers clearly have adequate education levels.

Question 3: Does the municipal manager have any formal training in strategic management?

Analysis: 83,3% of the municipalities involved in the survey indicated that their municipal managers have some form of strategic management training as opposed to 16,7% who have no strategic management training. The municipal managers' experience levels and exposure to strategic management are clearly not an issue.

Question 4: Are there any vacant executive management positions in the municipality?

Analysis: 61% of the municipalities involved in the survey indicated that they do not have any vacant executive management positions as opposed to 39% that indicated that they do have vacant executive management positions.

Question 5: Does the municipality employ a regular skills audit of their executive management staff?

Analysis: 72% of the municipalities involved in the survey indicated that they do make use of a regular skills audit of their executive management staff as opposed to 28% that indicated that they do not employee any skills audit for their executive management staff.

Question 6: Does the municipality employ a regular skills audit of their other employees?

Analysis: 83,3% of the municipalities involved in the survey indicated that they do make use of regular skills audit of their other employees as opposed to 16,7% that indicated that they do not employee any skills audit for their other employees. Employees with relevant and up-to-date skills are an important factor in ensuring performance within any organisation.

Question 7: Does the municipality employ a skills development strategy for their employees?

Analysis: 94,4% of the municipalities involved in the survey indicated that they do make use of a skills development strategy for their employees as opposed to 5,6% that indicated that they do not employ any skills development strategy for their employees. It is clear that most of the municipalities do indeed employ a skills development strategy.

Question 8: Does every position on the municipal organogram have a comprehensive and complete job description?

Analysis: 72,2% of the municipalities involved in the survey indicated that they do have a comprehensive and complete job description for every position on the municipal organogram as opposed to 27,8% that indicated that they do not. Comprehensive job descriptions linked to the main objectives and vision of the organisation may facilitate and aid each individual employee, but must focus clearly on service delivery and enhance the performance of the organisation.

Question 9.1: Are job descriptions re-evaluated on a regular basis? If the answer is no, please proceed to question 10.1.

Analysis: 55,6% of the municipalities involved in the survey indicated that they do not re-evaluate their job descriptions on a regular basis. The re-evaluation of job descriptions may pose an obstacle to performance management.

Question 9.2: If affirmative in question 9.1, provide the average intervals in years? Select the most appropriate answer.

Analysis: The municipalities that do re-evaluate their job descriptions on a regular basis indicated the average intervals in years of re-evaluation as follows: Yearly – two municipalities, every second year – one municipality, every third year – three municipalities, fourth yearly – zero municipalities, fifth yearly – two municipalities.

Question 10.1: Is there a lack in resources to deliver on set indicators for the KPAs as set in the IDP? If the answer is no, please proceed to the next section.

Analysis: 88,9% of the municipalities involved in the survey indicated that they do experience a lack in resources to deliver on set indicators for the KPAs as set in the IDP.

Question 10.2: If there is a lack in resources, please tick the relevant area to indicate the resources that the municipality might be in need of?

Analysis: A breakdown from the 16 municipalities that indicated that they are experiencing a lack in resources, identified the following:

81,3% are experiencing a lack in financial resources

68,8% are experiencing a lack in personnel resources

62,5% are experiencing a lack in personnel skills or ability resources

25% are experiencing a lack in strategic capacity or planning resources

12,5% are experiencing a lack in equipment resources

12,5% are experiencing a lack in other resources including funds for creative projects and infrastructure

Question 10.3: If other is also chosen, please elaborate on the other resource that is lacking?

Analysis: The lack of resources clearly poses an obstacle in delivering on performance in the municipalities of the Western Cape.

In summary, the control environment was evaluated on the basis of ten structured questions. The outcome of the responses indicated that the control environment in the municipalities of the Western Cape does not necessarily pose a significant obstacle in itself. Inherent or related obstacles may be deduced from the responses and will be fully covered in the following chapter. However, the lack of resources clearly poses a significant obstacle in delivering on performance in the municipalities of the Western Cape.

4.4.2 The Integrated Development Plan (IDP)

Question1: Does the municipality, in the IDP planning phase, identify risks for accomplishing its objectives?

Analysis: 61,1% of the municipalities involved in the survey indicated that they do identify risks in accomplishing their objectives during the IDP planning phase as opposed to 38.9% that indicated that they do not. It is, however, unclear as to what level of effectiveness these risks are managed and the availability of resources in mitigating the identified risks.

Question 2: Has every department in the municipality created a business plan to accomplish their KPAs as set in the IDP?

Analysis: 77,8% of the municipalities involved in the survey indicated that every department in the municipality created a business plan to accomplish their KPAs as set in the IDP..

Question 3: Does the municipality re-evaluate its business plans and if so provide the average intervals in years?

Analysis: The participating municipalities indicated the re-evaluation frequency of their business plans as follows:

55% indicated that they re-evaluate their business plans every year

33,3% indicated that they do not re-evaluate their business plans

5,85% indicated that they re-evaluate their business plans every three years

5,85% indicated that they re-evaluate their business plans every four years

Question 4: Does the municipality engage in performance management for each employee? If the answer is no, please proceed to question 6.

Analysis: 66,7% of the municipalities involved in the survey indicated that they do not engage in performance management for each employee as opposed to 33,3% that indicated that they do engage in performance management for each employee. This outcome represents a significant obstacle to the effective management of organisational performance.

Question 5: If so, is the individual's performance linked to any form of compensation?

Analysis: Where the participating municipalities indicated that they do engage in performance management for each employee, 83,3% indicated that they do not have any form of compensation linked to the individual's performance as opposed to 16,7% that indicated they have linked some form of compensation to the individual's performance.

Question 6: Is the individual's performance discussed with the individual to specifically identify strengths and weaknesses?

Analysis: 86,7% of the municipalities involved in the survey indicated that they do not highlight the individual's strengths and weaknesses during the individual performance management process.

In summary, the IDP was evaluated on the basis of six structured questions. The opening responses indicated that during the IDP planning phase most of the municipalities performed some form of risk assessment to identify enterprise risks

to accomplishing their objectives and indicated that each municipal department created a business plan to accomplish their set KPAs. Most of the participating municipalities indicated that they re-evaluated their business plans on a regular basis.

While the initial response in this section was positive, it soon became evident that the development and management of the IDP posed a significant area of concern when it comes to effective municipal performance management. The findings showed that ineffective individual performance management is a significant obstacle to the overall organisational performance.

4.4.3 The control activities

Question 1: Identify the rate of personnel turnover in executive management positions in the municipality?

Analysis: The participating municipalities indicated their rate of personnel turnover in executive management positions in the municipality as follows:

61,1% as low

38,9% as moderate

Question 2: Does the municipality employ a policy or procedure to effect the timely identification of deviations from the business plan?

Analysis: 77,8% of the municipalities involved in the survey indicated that they do employ a policy or procedure to effect the timely identification of deviations from the business plan. The question presents itself as to the effective management and mitigation initiatives for remedying these deviations. Although most of the municipalities indicated that they do employ a policy or procedure to effect the timely identification of deviations from the business plan, the obstacle might just be the effective mitigation of these deviations.

Question 3: Are the municipality's policies, procedures and practices re-evaluated on a regular basis?

Analysis: 94,4% of the municipalities involved in the survey indicated that they do re-evaluate the municipality's policies and procedures on a regular basis as opposed to 5,6% that indicated they do not. The re-evaluation of the municipality's policies, procedures and practices on a regular basis therefore does not pose to be an obstacle in this respect.

Question 4: Are all of the policies, procedures and practices used by the municipality documented?

Analysis: All the municipalities involved in the survey indicated that the policies, procedures and practices used by the municipality are documented, clearly not defining an obstacle to performance management.

Question 5: Are all of the policies, procedures and practices used by the municipality readily available to any employee?

Analysis: 88,9% of the municipalities involved in the survey indicated that the policies, procedures and practices used by the municipality are readily available to any employee.

Question 6: Are the applicable policies, procedures and practices communicated to personnel on a regular basis?

Analysis: 77,8% of the municipalities involved in the survey indicated that the applicable policies, procedures and practices are communicated to personnel on a regular basis.

Question 7: Does the municipality make use of some kind of quality evaluation system to determine the level of service they are providing to the community? For example: client surveys, complaint monitoring etc.

Analysis: 77,8% of the municipalities involved in the survey indicated that they do make use of some kind of quality evaluation system to determine the level of service they are providing to the community.

Question 8: Does the municipality make use of procedures or protocol to capture and evaluate service delivery complaints made by the community?

Analysis: 61,1% of the municipalities involved in the survey indicated that they do make use of procedures or protocol to capture and evaluate service delivery complaints made by the community as opposed to 22,2% indicating that they do not make use of procedures or protocol to capture and evaluate service delivery complaints made by the community.

In summary, the control activities were evaluated on the basis of 8 structured questions. This section addresses the issues of policies, procedures and practices that ensure management objectives are achieved and risk mitigation strategies are carried out. It became evident from the findings of the survey that this area does not pose a significant obstacle to the effective management of performance within Western Cape municipalities.

4.4.4 The management information system (MIS)

Question 1: Is the MIS currently used by the municipality capable of generating relevant reports on the performance of the municipality?

Analysis: Most of the municipalities involved in the survey indicated that the MIS they are currently employing is capable of generating relevant reports on the performance of the municipality. 61,1% indicated that their MIS is capable of generating relevant reports on the performance of the municipality as opposed to 38,9 % that indicated their MIS are not capable of generating relevant reports on the performance of the municipality.

Question 2: Does top management identify the reports they need to have generated by the MIS to assess effective performance management?

Analysis: 72,2% of the municipalities involved in the survey indicated that their top management identifies reports they need to have generated by the MIS to assess effective performance management.

Question 3: Is the MIS currently used by the municipality capable of generating relevant financial reports?

Analysis: 83,3% of the municipalities involved in the survey indicated that the MIS currently used by their municipalities are capable of generating relevant financial reports as opposed to 16,7% that indicated that their MIS are not capable of generating relevant financial reports.

Question 4: Are all municipal employees trained in operating the MIS?

Analysis: 55,6% of the municipalities involved in the survey indicated that all their employees are trained in operating the MIS.

Question 5: Is the system user-friendly or easy to use?

Analysis: 77,8% of the municipalities involved in the survey indicated that the MIS they are employing are user-friendly as opposed to 22,2% that indicated their MIS is not user-friendly.

Question 6: Is the operating speed of the MIS conducive to the employees making use of the system?

Analysis: 66,7% of the municipalities involved in the survey indicated that the operating speed of the MIS they are employing is conducive to employees making use of the system.

In summary, employing an effective and user-friendly MIS, capable of generating relevant reports on the performance of the municipality as required and indicated by management does not pose an obstacle to effective performance management.

4.4.5 Performance monitoring

Question 1: Does the municipality have an internal auditor?

Analysis: 88,9% of the municipalities involved in the survey indicated that they do have an internal auditor as opposed to 11,1% that indicated they do not have an internal auditor.

Question 2: Does the municipality have an internal audit committee? If the answer is no, please proceed to question 4.

Analysis: 94,4% of the municipalities involved in the survey indicated that they do have an internal audit committee.

Question 3: If so, does this committee meet on a regular basis?

Analysis: 94,4% of the municipalities involved in the survey indicated that their internal audit committee meets on a regular basis as opposed to 5,6% that indicated their does not meet on a regular basis.

Question 4: Are the municipality's financial statements reviewed by management on a quarterly basis?

Analysis: 83,3% of the municipalities involved in the survey indicated that their municipality's financial statements are reviewed quarterly by their management.

Question 5.1: Does the municipality explore any other control deficiency reporting mechanisms other than internal audit?

Analysis: 72,2% of the municipalities involved in the survey indicated that they do not explore any other control deficiency reporting mechanisms other than internal auditing as opposed to 27,8% that indicated they have explored other control deficiency reporting mechanisms in addition to internal auditing.

Final question: If you are interested in receiving a copy of the findings of this survey, please confirm your option below.

Analysis: All the municipalities involved in the survey indicated that they would be interested in receiving a copy of the research findings.

In summary, performance monitoring was evaluated on the basis of 5 structured questions. The outcome of the responses indicated that performance monitoring in the municipalities of the Western Cape does not necessarily pose a significant obstacle in itself.

In the following chapter the findings will be concluded to facilitate a form of recommendation which the municipalities and further research may employ for an improved evaluation of municipal performance management within the Western Cape.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter discusses the conclusions and recommendations based on the findings of the study. Conclusions are drawn from all 5 criteria and recommendations are made to assist Western Cape municipalities in identifying obstacles to effective performance management. All the conclusions and recommendations are supported by the research findings.

The study recognised certain obstacles that have an impact on effective performance management by Western Cape municipalities. Certain conclusions and recommendations have been formulated from the responses received during the survey part of this research.

5.2 CONCLUSIONS

The conclusions will be presented under the sections as defined in the layout of the questionnaire and will include the control environment, the IDP, the control activities, the management information system and performance monitoring.

5.2.1 The control environment

Although most of the municipalities employ some form of performance management system, it is not clear to what extent these systems are managed in an effective manner. Having a performance system is clearly not an obstacle for performance management with municipalities within the Western Cape, but an inherent obstacle might pose to be the effective management of such a system.

Western Cape municipal managers clearly have adequate levels of qualifications. This does not pose an obstacle for effective performance management, however uncertainty as to the areas of qualifications obtained as well as relevance to the management of a municipality may be an issue.

Municipal managers' experience levels and exposure to strategic management are clearly not an issue and must be further employed in the management of performance in delivering ever increasing levels of service to the communities of the municipalities of the Western Cape. Filling an executive management position with a competent and experienced candidate is one of the ways of securing effective management and increased performance.

The development of performance management skills within the executive management component might serve as a catalyst for increased performance within the municipalities. Employees with relevant and up-to-date skills are an important factor in ensuring performance within any organisation. It is clear that most of the municipalities employ a skills development strategy, the issue that might pose an obstacle may be the effectiveness of this strategy and the management of compliance to the targets set by the strategy.

Comprehensive job descriptions linked to the main objectives and vision of the organisation may facilitate and aid each individual employee, but must focus clearly on service delivery and enhance the performance of the organisation. The re-evaluation of job descriptions may pose an obstacle to performance management as the individual employee's job description must be linked to the main objectives and vision of the organisation to effect individual performance and collate the individual's efforts into the organisational performance.

The lack of resources clearly poses an obstacle in delivering on performance in the municipalities of the Western Cape. Budget, the lack of personnel to do the job and the lack of skills and ability seem to be the highest ranking resources required. A lack in strategic planning capacity might be linked to the development in skills and ability and therefore might also be an area that impedes effective performance within the municipalities. A lack of equipment and the development

of creative projects may also be linked to the main need of proper allocation and management of funds.

5.2.2 The Integrated Development Plan (IDP)

Clearly identifying risks during this process is a crucial step in delivering on objectives. It is, however, unclear as to on what level of effectiveness these risks are managed and the availability of resources in mitigating the identified risks. Thus with some certainty it might be indicated that the effective management of risks might also pose an obstacle in delivering on effective performance management.

The question, however, lingers as to the management of the departmental business plans and their effectiveness in delivering on the set KPIs of the specific KPAs. As stated before, proper management in developing and administering these business plans might also pose an obstacle to effective performance delivery.

Municipalities that indicated they do not perform individual performance management represent a significant obstacle to the effective management of organisational performance. For, as previously discussed, individual performance cannot be viewed separately when evaluating the overall performance of the organisation. Individual performance constitutes a significant contribution to the overall organisational performance and therefore should be managed in a more responsible manner. Most of the municipalities indicating that they do engage in individual performance management, declared that they do not link any form of incentive to individual performance. This might also pose an obstacle in the management of overall performance because there is no incentive for performing as an individual.

The findings show that ineffective Individual performance management is a significant obstacle to the overall organisational performance. Municipalities

should focus on the more effective management of their employees and increasing their individual performance.

5.2.3 The control activities

It became evident from the findings of the survey that this area does not pose a significant obstacle to the effective management of performance within the municipalities of the Western Cape. Inherent or related obstacles are deduced from the responses made. Most of the municipalities indicated that they do employ a policy or procedure to effect the timely identification of deviations from the business plan and that they also re-evaluate the municipality's policies, procedures and practices on a regular basis. The question, however, presents itself as to the effective management and mitigation initiatives to remedy these deviations and amend the organisation's policies, procedures and practices accordingly.

All the municipalities involved in the survey indicated that the policies, procedures and practices used by their municipality are documented and readily available to any employee for reference and communicated to them on a regular basis. Although the findings clearly define that the municipal policies, procedures and practices are not an obstacle to performance management, a concern is raised as to the effectiveness of the mode by which these policies, procedures and practices are communicated or made available to the employees.

Employing quality evaluation systems to determine the level of service the municipalities are providing to the community does not seem to be an obstacle to effective performance management. The inquiry might lead to the management of these outcomes and the effective strategies implemented to address the findings of these evaluations, thus in itself posing a potential obstacle to improved performance.

5.2.4 The management information system (MIS)

Employing an effective and user friendly MIS, capable of generating relevant reports on the performance of the municipality as required and indicated by management does not pose an obstacle to effective performance management. A concern might be raised as to employees' levels of competency to effectively operate the MIS, and then as to the management of the information generated by the system with a view to effecting change and improved performance within the municipality.

5.2.5 Performance monitoring

In general performance monitoring does not seem to pose a significant obstacle to the effective performance management of municipalities in the Western Cape. Most of the municipalities employ internal auditors and have regular and scheduled internal audit committee meetings with regular quarterly reviews of the financial statements by management.

Most of the municipalities indicated that they do not explore any other control deficiency reporting mechanisms than internal auditing, thus excluding any other form of mechanism that might provide a more effective form of control or generating synergy within the management of performance. This in itself poses a significant obstacle to the effective management of performance.

All the municipalities involved indicated that they would be interested in receiving feedback of the findings of the research, showing a commitment to identifying the obstacles to effective performance management and the delivering of higher levels of service delivery to their communities.

5.3 RECOMMENDATIONS

The recommendations will be presented under the headings of control environment, the IDP, the control activities and the management information system.

5.3.1 The control environment

- The municipal performance management system should be subjected to quality review by an independent internal assurance provider such as internal audit on a regular basis. Focus should be directed at the performance management model or framework used, the applicability thereof in terms of current best practice, the documentation governing the management of the performance system, accountability defined for managing the performance system and the frequency of such reviews. Furthermore, the organisation's objectives and vision should be clearly reflected in the individual performance contract which is supported by the individual's job description.
- The human resource function should develop a qualification and experience policy for each position identified on the municipality's organogram. The policy should be based on research conducted as to which qualification and experience is best suited for each position, including the executive positions of municipal manager and financial manager.
- A skills development strategy pertaining to all levels within a municipality, including the executive level, should be formalised by the human resource function. Quarterly reporting on the progress and achievements of set targets should be presented to the executive committee.

5.3.2 The Integrated Development Plan (IDP)

- The charter of the independent municipal risk committee, comprised of mainly non-executive members, should reflect the committee's ultimate responsibility for risk management, including the risks pertaining to the integrated development plan.

- Departmental business plan reporting should be done by management on a quarterly basis and presented to the municipal manager. This reporting function should be formalised in management's job descriptions.

5.3.3 The control activities

- The communication function/human resource function should formalise the channels or means by which employees can access organisational policies and documentation. A regular awareness campaign should be launched on a medium accessible to all employees informing them of the availability of these channels.
- The municipal quality function should report to the municipal manager on a quarterly basis on the effectiveness of actions implemented to improve service delivery to the community.

5.3.4 The management information system (MIS)

- The human resource function should formalise, within municipal policy, the compulsory attendance of all new employees to MIS training prior to their user access activation.
- The information systems function should on an annual basis request confirmation from management as to the managerial reports (generated by the MIS) in use thus identifying reports that are obsolete.

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ANNEXURE 1 QUESTIONNAIRE

QUESTIONNAIRE – LOCAL GOVERNMENT – WESTERN CAPE

Please answer the following questions by marking the appropriate answers with an X:

- The **Control Environment**:

- Does the Municipality employ a system that continually evaluates the performance of the Key Performance Areas, (KPA's) against their designated Key Performance Indicators, (KPI's)?

1 Yes	<input type="checkbox"/>
2 No	<input type="checkbox"/>

- What is the Qualification of the Municipal Manager?

1 Post graduate degree	<input type="checkbox"/>
2 Degree	<input type="checkbox"/>
3 Diploma	<input type="checkbox"/>
4 Post Matriculation (other than the above)	<input type="checkbox"/>
5 Matriculation Certificate	<input type="checkbox"/>
6 Grade 8 – Grade 10 (St 6 – St 7)	<input type="checkbox"/>
7 Primary level education	<input type="checkbox"/>

- Has the Municipal Manager any formal training in Strategic Management?

1 Yes	<input type="checkbox"/>
2 No	<input type="checkbox"/>

- Are there any vacant Executive Management positions in the municipality?

1 Yes	<input type="checkbox"/>
2 No	<input type="checkbox"/>

- Does the Municipality employ a regular skills audit of their Executive Management staff?

1 Yes	<input type="checkbox"/>
2 No	<input type="checkbox"/>

- Does the Municipality employ a regular skills audit of their other employees?

1 Yes	<input type="checkbox"/>
2 No	<input type="checkbox"/>

7. Does the Municipality employ a skills development strategy for their employees?

1 Yes	
2 No	

8. Does every position on the municipal organogram have a comprehensive and complete job description?

1 Yes	
2 No	

9.1 Are job descriptions re-evaluated on a regular basis? *If the answer is no, please proceed to question 10.1.*

1 Yes	
2 No	

9.2 If so provide the average intervals in years? *Select the most appropriate answer.*

1 Yearly	
2 Every 2 years	
3 Every 3 years	
4 Every 4 years	
5 Every 5 years	

10.1 Is there a lack in resources to deliver on set indicators for the KPA's as set in the Integrated Development Plan, (IDP)? *If the answer is no, please proceed to the next section.*

1 Yes	
2 No	

10.2 If there is a lack in resources; please tick the relevant to indicate the resources the municipality might be in need of?

1 Finances	
2 Equipment	
3 Personnel	
4 Strategic capacity/planning	
5 Skills/ability of personnel.	
6 Other	

10.3 If other is also chosen, please elaborate on the other resource lacking?

.....

- The **Integrated Development Plan, (IDP):**

1. Does the municipality, in the IDP planning phase, identify risks in accomplishing their objectives?

1 Yes	
2 No	

2. Has every department in the municipality created a business plan to accomplish their KPA's as set in the IDP?

1 Yes	
2 No	

3. Does the municipality re-evaluate their business plans and if so provide the average intervals in years?

1 No	
2 Every year	
3 Every 3 years	
4 Every 5 years	
5 Longer than 5 years	

4. Does the Municipality engage in performance management for each employee? *If the answer is no, please proceed to question 6.*

1 Yes	
2 No	

5. If so is the individual's performance linked to any form of compensation?

1 Yes	
2 No	

6. Is the individual's performance discussed with the individual to specifically identify strengths and weaknesses?

1 Yes	
2 No	

- The **Control Activities:**

1. Identify the rate of personnel turnover of Executive Management positions in the municipality?

1 High	
2 Low	
3 Moderate	

2. Does the municipality employ a policy or procedure to effect timely identification of deviations from the business plan?

1 Yes	
2 No	

3. Are the municipality's policies, procedures and practices re-evaluated on a regular basis?

1 Yes	
2 No	

4. Are all of the policies, procedures and practices used by the municipality documented?

1 Yes	
2 No	

5. Are all of the policies, procedures and practices used by the municipality readily available to any employee?

1 Yes	
2 No	

6. Are the applicable policies, procedures and practices communicated to personnel on a regular basis?

1 Yes	
2 No	

7. Does the municipality make use of some kind of quality evaluating system to determine the level of service they are providing to the community? *For example: Client surveys, Complaint monitoring etc.*

1 Yes	
2 No	

8. Does the municipality make use of procedures or protocol to capture and evaluate service delivery complaints made by the community?

1 Yes	
2 No	

- The **Management Information System (MIS)**:

1. Is the MIS, currently used by the municipality, capable of generating relevant reports to the performance of the municipality?

1 Yes	
2 No	

2. Does top management identify the reports they need to have generated by the MIS to assess effective performance management?

1 Yes	
2 No	

3. Is the MIS, currently used by the municipality, capable of generating relevant financial reports?

1 Yes	
2 No	

4. Are all municipal employees trained in operating the MIS?

1 Yes	
2 No	

5. Is the system user friendly / easy to use?

1 Yes	
2 No	

6. Is the operating speed of the MIS conducive to the employees making use of the System?

1 Yes	
2 No	

• **Performance Monitoring:**

1. Does the municipality have an Internal Auditor?

1 Yes	
2 No	

2. Does the municipality have an Internal Audit committee? *If the answer is no, please proceed to question 4.*

1 Yes	
2 No	

3. If so, does this committee meet on a regular basis?

1 Yes	
2 No	

4. Are the municipality's financial statements reviewed quarterly by Management?

1 Yes	
2 No	

- 5.1 Does the municipality explore any other Control deficiency reporting mechanism other than Internal Auditing?

1 Yes	
2 No	

5.2 If yes, please elaborate on other mechanisms?

.....
.....
.....

Thank you for your time and effort in completing this questionnaire!

If you would be interested in receiving a copy of the findings of this survey could you please confirm your option below?

1 Yes	
2 No	

ANNEXURE: 2 COVERING LETTER TO QUESTIONNAIRE

Eugene Smit
26 Thibault Street
Brackenfell
7560
24 April 2010

The Municipal Manager
City of Cape Town
P.O. Box. 0001
Cape Town
7500

Sir/Madam

QUESTIONNAIRE TO IDENTIFY FACTORS THAT MAY IMPEDE EFFECTIVE PERFORMANCE MANAGEMENT

I am an Environmental Health Practitioner employed by a District Municipality in the Western Cape Province. I am presently conducting a research project as a partial requirement for the attainment of the M-Tech Degree in Business Administration at the Cape Peninsula University of Technology. The purpose of the dissertation is to identify the factors that may impede effective Performance Management in Local Authorities located in the Western Cape.

The identification of these factors may facilitate effective and efficient service to the ratepayers and public. In previous studies conducted by various researchers, both nationally and internationally, including documents sourced from the Department of Local Government and the Auditor General of South Africa, certain impeding factors to effective Performance Management have been identified.

This questionnaire will focus on certain identified factors. The survey will include all 30 municipalities serving the Western Cape.

Your involvement in this survey will be appreciated and confidentiality will be stringently assured. The aim of the survey is to identify and validate the factors. No reference to the participating municipality will be made in the dissertation or any subsequent journals or academic papers that may be compiled and delivered.

Kindly complete the questionnaire electronically and forward it back to me at e-mail address, esmit@capewinelands.gov.za before the closing of business, 30 June 2010.

Your cooperation and interest in this study is greatly appreciated.

Yours sincerely

Eugene Smit
Snr. Environmental Health Practitioner

**ANNEXURE 3 LETTER: REQUEST TO CONFIRM
PARTICIPATION IN THE SURVEY**

Eugene Smit
26 Thibault Street
Brackenfell
7560
24 May 2010

The Municipal Manager

Sir/Madam

**RESEACH TO IDENTIFY FACTORS THAT MAY IMPEDE EFFECTIVE
PERFORMANCE MANAGEMENT**

I am an Environmental Health Practitioner employed by a District Municipality in the Western Cape Province. I am presently conducting a research project as a partial requirement for the attainment of the M-Tech Degree in Business Administration at the Cape Peninsula University of Technology. The aim of the research is to identify factors that may impede effective Performance Management in Local Authorities located in the Western Cape.

The identification of these factors may facilitate more effective and efficient service to the ratepayers and public. In previous studies conducted by various researchers, both nationally and internationally, including documents sourced from the Department of Local Government and the Auditor General of South Africa, certain impeding factors to effective Performance Management have been identified.

This research will be in the form of a questionnaire, mostly comprising of yes and no answers. This survey need to be completed by the Municipal Managers. Completion of the survey will be done electronically and will take about 20 minutes of your time. The survey will include all 30 municipalities serving the Western Cape.

The aim of the survey is to identify and validate the factors that may impede on Municipal Performance Management. **The Municipal Managers involvement in this survey will be appreciated and confidentiality will be stringently assured. No reference to the participating municipality will be made in the research or any subsequent journals or academic papers that may be compiled and delivered.**

Due to ethical requirements your willingness to participate in this survey must be confirmed. You are requested to indicate your willingness to this survey by completing the attached permission confirmation letter electronically and forwarding it back to me at e-mail address, esmit@capewinelands.gov.za as soon as possible.

Your assistance and interest in this study is greatly appreciated. Any related inquiries may be directed to Eugene Smit.

Yours sincerely

Eugene Smit

Cell: 082 739 2505

Office: 021 870 3226

Fax: 021 872 1277

E-mail: esmit@capewinelands.gov.za

ANNEXURE: 4 RESPONSE TO CONFIRMATION REQUESTS

Eugene Smit
26 Thibault Street
Brackenfell
7560

Sir

PERMISSION TO CONDUCT A RESEACH STUDY INfill in the municipalities name.....

This is to confirm that Eugene Smit has been granted permission to conduct a research study, consisting of a survey, withinfill in the municipalities name..... in the Western Cape on the title of: Factors impeding Performance Management of municipalities in the Western Cape

This confirms the participation offill in the municipalities name..... in the completion of the referred survey.

Yours sincerely

..... fill in the name of the Municipal Manager.....

Date:.....