CHAPTER THREE

PERFORMANCE MEASUREMENT IN PERSPECTIVE

INTRODUCTION

This chapter examines the literature available on public policy implementation, performance management and measurement including public sector strategy operationalization. The major part of the study deals with organisational or corporate performance measurement and management. Performance management and measurement are diverse fields with contributions from organisational management, accounting, operations research, human resources and strategic management (Marr & Schruma, 2002:9). Many of these aspects of performance are incorporated.

Within performance management, measurement is still relatively new in the public sector and no research has been done in South Africa on public service performance measurement. This is pioneer work that other researchers in the field of organisational management can learn from. Measuring and managing performance are critical to the success of service delivery and is currently a funding requirement by most donors (UNDP, 2002:24). There is a general presumption that the public sector is good (or bad) because certain arrangements have (or have not) been put into place to assure its goodness (Kearney & Berman, 1999:372). Several governments and countries including the Canada's Results-Based Management; the United States of America's Government Performance and

Results Act (1993), the British Next Steps (OECD, 1994) and many others have made attempts at utilising performance management and measurement and feel strongly that performance should be measured and evaluated (Schacter, 2002:2).

Performance measurement and management is based on Lord Kelvin's (Townsend & Gebhardt, 1997:159, Osborne & Gaebler, 1993:146 and Eccles, 1993:132) famous adage which says that 'what gets measured gets done'. Osborne *et al*, (1993:147) further state that 'if you don't measure results, you can't tell success from failure' and that public executives have no idea whether they are cutting muscle or fat when they cut the budgets unless there is a system that measures performance.

Performance management in the public sector operationalises policy implementation. While public policy's intention is to see to it that social problems like poverty reduction are taken care of, performance management and measurement operationalises this by looking at both efficiency and effectiveness of implementation and service delivery. If public service performance operationalizes policy implementation then the context, especially in the public realm defines performance (Lebas & Euske, 2002). There are two aspects of performance management, that of high level implementation of policy and performance management and measurement at an institutional or organisational level.

THE CHALLENGES OF THE SOUTH AFRICAN PUBLIC SERVICE

The South African public sector is faced with new challenges, one of which is to deliver quality public goods and services to a larger population including the previously disadvantaged communities, with limited resources. The transformation of the public service from a white racial and apartheid state had two sides to it, that dealing with the apartheid past (RDP, 1994) and secondly, transforming the way in which public goods and services are delivered (WPTPSD, 1997). This and other challenges and pressures on service delivery have led to a search for better mechanisms to deliver services economically, effectively and efficiently as is required by the Constitution (1996:s195 (1) (b)), the White Paper on the Reconstruction and Development (RDP), (1994), the WPTPSD (1997) and the Public Finance Management Act (PFMA)(1999). The PFMA (1999) further requires that for public services to be delivered there is a need to manage risk and assess where risk could come from. Obviously, lack of or mediocre service delivery should be one of the areas that the public service need to guard against to meet this requirement.

The struggle for policy implementation still continues today despite the many efforts directed at implementation. The major struggles are those of introducing a performance culture (OECD, 1994:3), increasing performance and accountability of public organisations. Performance management tools for improving government performance amount to sending signals that government work is being taken seriously (Kearney & Berman, 1999:373).

RATIONALE FOR A PERFORMANCE MEASUREMENT SYSTEM IN THE PUBLIC SERVICE

Performance management and measurement means setting goals, defining strategies and programmes and achieving those goals and establishing systems to evaluate progress. This conceptual simplicity is one of the greatest strengths of performance measurement and management systems. Performance management is based on the belief that ‘what gets measured gets done’ (Osborne *et al*, 1993:146) and this will ultimately lead to improvement in service delivery. In the absence of performance measurement there may be a danger of losing control over an organisation because of lack of knowledge of what is happening. Performance management has been found:

(1) To improve performance of an organisation from the point of view of economy, efficiency, effectiveness and quality;

(a) to be able to inform the budgetary process (OECD, 1994:18);

(b) to strengthen accountability and foster responsibility on the part of managers;

(c) to provide knowledge about how an organisation is performing;

(2) To motivate and reward employees (OECD, 1994) on the basis of a system that is based on evidence of performance.

(a) to create a link between individual and organisational performance;

(b) to provide for better decision-making;

(c) to stimulate the public to take a greater interest in service delivery;

(d) improving civic discourse because it helps to make public deliberations about service delivery more factual and specific, and

(e) to improve communication both internally and externally.

The importance of having a performance management system lies in its ability to ensure that there is organisational alignment of effort from the vision and mission, including policy and strategy to individual performance. Alignment then is derived from and strengthened by agreement on strategy among top managers which is in turn derived from a need to identify, allocate and monitor the progress of agreed to key performance areas including the accompanying indicators. Measurement further provides a common language for communication and communication itself becomes much clearer with the clarity of purpose throughout the organisation. Whenever performance is thought of people immediately think that this refers to personnel when it does not. Actually, it is 'how the work works' that is more important. Attitudes of people will largely be shaped by the system in which they work; performance improvement rather than people improvement and it is better to fix the system than to fix people.

The continued use of the term organisation in this document as opposed to institution (Selznik, 1948:5) suggests a certain bareness, a lean no nonsense system of consciously coordinated activities. It refers to an expendable tool, a rational instrument engineered to do a job. On the other hand, an institution is a more natural product of social needs and pressures a responsive and adaptive organism.

COMPARATIVE LITERATURE ON PUBLIC SECTOR EFFICIENCY AND EFFECTIVENESS

The role of the state

Neo-liberal thinking (Hayek, 1973) and public choice theorists (Niskansen, 1971; Buchanan, 1975 and Mueller, 1979) challenge the role the state should be playing, Keynesian welfarism in particular. The central criticism of the public choice theory is that the public sector performance system does not promote efficiency, leading to waste of resources and delivery takes precedence over productivity. This system is therefore a drain on our wealth producing part of the economy (Mwita, 2000:19). Social science generally places four major areas of enquiry as the nation state, markets, democracy and political institutions. Different countries cannot afford to do away with some of the functions of government without first reaching a particular level of development. The level of development achieved by the West would not have been realised had it not been for the role the state played. This has been obvious, especially after World War II or the period known as the reconstruction period (Luthuli, 1999:42). This does not mean that the state needs to continue delivering inferior services but should look at improving its way of doing its business efficiently. In South Africa, the RDP (1994) representing the Keynesian paradigm defined the role of the state as that of reconstructing and developing, especially the previously disadvantaged communities, in an effort to reverse apartheid created inequalities. This, to a certain extent, is the traditional role of the state. Todaro (1994:18) in support of the ideals contained in the RDP, identifies three objectives of development,

(a) to increase the availability and widen the distribution of basic life sustaining goods;

(b) to raise the level of living, and

(c) to expand the range of economic and social choices.

Anti-statist neo-liberal skepticism about service delivery include viewing public agencies as inherently inefficient, wasteful of resources, vulnerable to corruption, and threatening to individual liberties, especially freedom of enterprise while the fiscus is in crisis (Esman, 1991:8). Landel-Mills and Serageldin (1991:14) reporting on behalf of the World Bank, support this thinking and further give a redefined role of the state as the provision of public, social, and infrastructural services and creating an enabling environment for private operators. Kaul (1998:119) supporting this view, states that the role of the state as that of moving towards the liberalization of economies accompanied by a desire to achieve a fresh appraisal of what government does or can do best. This redefined role of the state led to governments being pressurised to reduce the size of their bureaucracies, contract out services and basically looking at ways for doing more with less 'faster, better and cheaper' (Government Performance and Results Act, 1993 and the Guiding Principles on Civil Service Reform (World Bank, 1999).Canada embarked on a similar programme called 'public service 2000 programme' and adopted a slogan 'more work with fewer people at less cost' which resulted in civil service reduction and the introduction of performance management principles (Dwivedi & Phidd, 1998:43).

The President of the Republic of South Africa, Thabo Mbeki, in his budget vote speech (2005), made to Parliament, challenged this role of the state and quoted the very institution that was in the forefront of rolling back the state, the World Bank as saying that 'I'm not an enthusiast for minimum state. You can't get away from the fact that it has to play a more active role but I don't see an alternative ideology'. What this says is that there is a rethink about the minimalist state and the President said in his speech that 'development requires an effective state, one that plays a catalytic, facilitating role, encouraging and complementing the activities of private business' (Mbeki, 2005).

The crafting of the Growth, Equity and Redistribution Strategy (GEAR)(1996) was partly as a result of and a direct response to warnings of a possible debt trap by neo-liberals in South Africa. This group argued that the rate of interest on new borrowing to fund the fiscal deficit will be higher than the growth rate of the Gross Domestic Product (GDP) (Millward and Pillay, 1996: 43 and South African Foundation, 1996:11) and therefore the state needed to reduce its spending through, among others, looking at improving efficiency.

Failure to provide an analysis of why the current deficit-GDP ratio is unsustainable in a dynamic framework, was challenged by Adelzadeh (1996:75). In comparison, Adelzadeh cited examples from other countries and argues that the South African foreign debt as a percentage of GDP was particularly low by international standards 56% compared to Japan's 95% and the United States of America's 63%. Guy *et* al (1996:33) also view deficit as an *ex ante* policy constraint which can lead to slower growth and greater difficulty in reducing deficit. What GEAR and the neo-liberal thinkers failed to realise is that if the state reduces its role, and the efficiency and effectiveness promises from the market do not materialise, the country might not be able to rid itself of past inequalities. There is a currently a rethink about the role the state need to play after the realization that development is unlikely to happen without the state intervening (Mbeki, 2005). It remains to be seen how far this thinking is going into redefining the role of the state.

Transformation and public service reform

Public sector reforms have been driven by a need for efficiency and effectiveness. Among the many reasons, one found to be dominating is where inefficiency has been suspected of, or is result from pressure to stretch resources further than they currently go or rather help reduce budget deficit (OECD: 1994:17).

Beginning with the private sector, the notion of a service culture has moved and is now affecting clients of public services. It is no longer unusual to find service pledges in places where public services are offered. Transformation has been a move from the old bureaucratic rule-driven civil services to accountable results-driven, flexible, responsive and performance based governments. Input oriented budgets are replaced by output and outcome driven approaches.

The influence of the New Public Management (NPM) and the post-bureaucratic era

The setting and context of this research is within public service institutions and therefore makes it part of the practice of public administration and management. It is guided by the Constitutional values (Constitution, 1996:s195) to produce public services and products referred to as the democratic responsibility or due process (Jorgensen *et al*, 1998:509).

Public administration is ‘the most obvious part of government, government in action, the operative, the most visible side of government’ (Viljoen, 1987:136). It is somehow associated with bureaucracy because of its perceived burden with red tape (Kuper & Kuper, 1985:78) , slowness (Negro & Negro, 1979:123) and rigidity (Lane, 1987:8). Bureaucracy, while having some positive aspects to it has been predicted to be doomed to failure due to its inability to address issues of organisational and personal goals especially those pertaining to continuous improvement.

The positive aspects of bureaucracy are that some associate it with administrative efficiency (Morah, 1996:82) or what Weber (1964:330) and Balogun, 2003) term the legal-rational organisation implying a sphere of competence (Brown *et al*, 2003:232) on the part of the administrator. This seem to be disappearing under attack from the NPM and in the name of efficiency.

The mission of the NPM is obviously to roll back the role of the state by applying, among others, private sector management principles to government organisations (UNDP, 2002:2, and Gray & Jenkins, 1995:75). This paradigm has been associated with a number of theories namely, the public choice theory, bureau-shaping and deconstruction or post-modernism (Barberis, 1998:454) with the public choice theory receiving the widest attention. Deconstruction and postmodernism advocates a shift from the relatively rigid, hierarchical, well ordered routine associated with the heyday of the homogenised industrial society towards a more fragmented, polycentric, fissiparous and often amorphous forms of post industrial age. These endeavours were undertaken because of the feeling that bureaucracy and the bureaucratic model stifles innovativeness, is not intrinsically sound and empirically correct and is a safe haven for the insecure.

Contemporary organisation studies are nowadays concentrating their efforts at assessing and getting ready for the post-bureaucratic organisation which began with de-bureaucratisation. Within the idea of a post-bureaucratic organisation is the systems theory approach which stresses ‘flexible specialisation’, ‘multi-skilling’ and ‘post-Fordism’ (Hassard & Parker, 1993:17). This idea encompasses that the organisation is one element of a number of elements that act interdependently. The flow of inputs and outputs is the basic starting point in describing the organisation while the cycle ends with a feedback loop. Before the advent of the NPM, it had been established that the organisation perspective is not novel in the study of public administration (Jorgensen *et al*, 1998:500). Attempts have also been made to adapt generic organisation theory to public organisations (Harmon and Mayer, 1986)

Performance measurement, management and budgeting

Performance measurement and management has its roots in the American Municipalities as far early as 1906 (Williams, 2003). Early performance measurement was strictly concerned with reducing the input cost of government and making it efficient. The Hoover Commission (1949) in the USA recommended the use of results/ performance based approach. Those early performance measurement systems were an extension of an organisation's accounting systems, usually to function as cost control mechanisms. They, however, prompted government to focus on programme efficiency, budget utilization and level of the activity. Pioneers of public administration theory sought to connect the results of public policy to plans made in the budget process. While budgets have historically been used as a prime instrument for providing *ex ante* coordination and *ex post* analysis, this approach has been found to lack the required timeous readjustments. Inability to make timeous necessary adjustments have removed the element of certainty for results because of the lost opportunity to do so during and not at the end of a period and after the fact. Most budgets have, until recently, assumed implicitly that once the budget had been identified, that uncertainty about the environment could essentially be ignored for a period of implementation.

Budgeting is planning what you intend to deliver with whatever kind of resources reduced to financial terms. This planning process involves identifying a strategy to be implemented to achieve the stated objectives and activities which will need to be undertaken to fulfil those strategic objectives. Many governments link their performance measurement systems to their budget processes so as to establish a 'performance-based budgeting system'. Performance-based budgeting has emerged as an alternative to the line item budgeting system and as a typical method of outcome-based government management.

Unlike in the previous government expenditure regimes, taxpayers, who are the financiers of government, want to know where their money is going and modern citizens want to know how well services are being delivered. Citizens generally believe that they are already paying too much for the services they receive (Rubin, 1992:5) and as long as no one is measuring performance, this belief is unlikely to be disputed. This thinking is in line with the public choice thinking which emphasise a relationship between what citizens want the government to do and spend and what it actually does and related cost.

Several countries have made performance measurement part of their culture. In the United States of America, for instance, the *Government Performance and Results Act* (GPRA) (1993), *Next Steps* and *Best Value* in the United Kingdom (OECD; 1994), *Bassanini* reforms in Italy (Bovaird & Loffler, 2003:314), Canadian *Results-Based Management* and Ireland's

Performance Based Accountability (OECD: 1997) are some of the initiatives directed at measuring and reporting performance. This greater consciousness of tax burden has resulted in a desire not only to prioritise services based on need and demand, but to also ensure that the resources put into services are used to the best advantage. Recent management surveys of public services indicate that 'wastage' was not rooted in corruption or incompetence, but rather in a simple lack of knowing what governments were actually trying to accomplish. Performance management bridges that gap by establishing clear goals and objectives that every organisational level and employee can relate to and strive towards. This approach was, in the case of South Africa, strengthened by the drafting of the Public Finance Management Act (1999) (PFMA) which became the financial management instrument to measure the cost of outputs and ensure outcomes. In this context, financial management and resource utilisation including human resources became inextricably linked.

From the budgetary perspective, performance measurement has been driven by the need for goals to be consistent with financial resources. In the United States of America (USA) for instance, Planning, Programming and Budgeting System (PPBS) was used with Zero Based Budgeting (ZBB) to link the budget to programmes and performance (OECD, 1994:22, Miller, 1992 and Pilegge, 1992:75). The idea was to hold government departments accountable for their resources and to measure the cost of programmes.

ACCOUNTABILITY

Accountability requires answering on performance by organs of the state. Performance system and information is thus required to properly meet accountability and reporting requirements. This accountability revolution introduces a new culture intent on making public organisations more accountable through publishing targets, level of attainment and establish complaints procedures (WPTPSD, 1997). Much of the accountability debate in the public management literature focusses on the potential shift of accountability from elected politicians to employed public managers as a result of the NPM reforms (Pollitt & Bouckaert, 1999). Underlying this accountability to the public is the requirement for accountability to regulators, departmental funders like National Treasury and legal standards.

The Constitutional requirement

The Constitution does not leave the performance of organs of state to legislation but requires that performance be improved for the benefit of all. This is indicated by the level at which issues of effectiveness, efficiency and economy are pitched at within government. The South African Constitution (1996:s195(2)(b)), for instance, requires the promotion of efficient, economic and effective use of resources in administration by every sphere, organs of state and public enterprises. The Constitution (1996:s195(3)) also requires that national legislation be crafted to ensure the promotion of these constitutional values. Legislation that directly deals with the Constitutional values of efficient, effective and economic use of resources currently is the

Public Finance Management Act (1999). While most countries that have introduced performance measurement programmes started off by making and linking it to the budget and as a financial requirement, the recent trend indicate a shift away from finances towards the inclusion of non-financial measures for measurement purposes.

Accountability and the South African Parliament

Accountability cuts across every sphere of the Executive Council (Constitution, 1996:s133), national supervision of provincial administrations where they are unable to meet national standards or render minimum standards of service (Ibid:s100) and the supervision of local government (Ibid:s139). These sections from the South African Constitution (1996) are an indication of the importance of accountability and acceptable performance of political office bearers on the functioning of the state machinery.

The South African Parliament is made up of two Houses, the National Assembly (NA) and the National Council of Provinces (NCOP) (Constitution, 1996:s42). Both Houses have committees performing oversight functions of Parliament as an organisation. Parliament gets its mandate from section 55(2) (Constitution, 1996), where the National Assembly is required to provide for mechanisms:

(a) to ensure that all executive organs of state in the national sphere of government are accountable to it: and

(b) to maintain oversight of-

(i) the exercise of national executive authority, including the implementation of legislation; and

(ii) any organ of state.

This requires the National Assembly to perform two functions, hold organs of state accountable for performance, and exercise general oversight over the national executive authority and organs of state.

Section 55(2)(a) of the Constitution (1996), sets obligatory minimum standards of accountability for the Executive organ of state in the national sphere of government. Oversight in section 55(2)(b) describes the broader and more flexible activity of a legislature in relation to the executive. Accordingly, section 55(2) also gives an allowance for the different levels of reporting in respect of the different bodies. The different spheres have relevant and similar mechanisms in place to deal with accountability.

Operational performance, accountability and resource allocation

With democracy comes accountability for actions, they may be political or those taken by and on behalf of public organisations. Government agencies need to be held accountable for resources they use and the outcome they achieve. The advent of NPM enables a shift of accountability from elected politicians to public managers (Anderson & Lawrie, 2002:3).

Operational performance depends on various issues one of which is the delegation to line managers the authority to make decisions commensurate with the responsibility for producing outputs and achieving outcomes. The only way to hold managers accountable is where they have the authority to make decisions over the mix of inputs both financial and non-financial. The following are some of the institutional arrangement that:

(a) need to be available for delivery to take place:

(b) resources, systems and process support

(c) clarity of purpose

(d) clarity of outputs and outcomes expected at all levels authority where needed; and

(e) accountability for the use of authority

There is currently a strong argument for public institutions to be efficient, effective and economical. For instance while underexpenditure could be construed in some instances as inefficiency, it can in others be viewed as saving. The bottom line is, where, as a result of the efficiency of processes there are savings and whether such savings are viewed as inefficiency or not, the fact remains that the resources in excess in one area of execution will find use somewhere else if such excesses are identified timeously and appropriate adjustments made instantly.

PUBLIC MANAGEMENT, THE POLITICS OF DICHOTOMY AND EFFICIENCY

Resulting from scientific management's new gospel and the determination to promote managerialism in public administration, the politics and public administration dichotomy had to be promoted (Bouckaert, 1992:16). According to this philosophy first articulated by Wilson (1887) and latter by Goodnow (1900), political neutrality is supposed to guarantee efficiency and effectiveness. Gulick (1937:192) supported this thinking by proclaiming that efficiency is number one on the administration value scale. Accordingly, Britain's Next Steps, New Zealand and Canada's reform agendas and many others involved the adopted a wholesale approach of structural separation of political responsibility from executive responsibility (Dunsire, 1995:24). However, not everyone agrees with this notion of separating the two in the name of efficiency. There is an obvious relationship between Weber's'ideal type bureaucrat' and Wilson's admonition that administrators should be responsible only for the efficient execution of the law. To this thinking, Lungu (1998:3) and Mainzer (1973) would have responded by reminding us that the line separating politics from administration or management is too fine to be visible. The authority, which springs from the power of mandate, that career officials exercise in their own right also offer career officials a wide political latitude (Balogun, 2003).

While the divide need to be maintained, it is fictional because officials need to be entrusted with some level of freedom of discretion. It is difficult to envision a scenario of complete political neutrality from the part of officials. The context of our policy development and implementation is a highly politicised arena where lack not only of understanding, but also of a particular level of involvement of the context by the implementer might render the policy useless. Overall, if delivery need to be efficient and effective, not only the administering part becomes useful, but managing scarce resource and ensuring intended results and outcome is of interest to all, is also important.

Administering in the public arena or public administration involves the management of state resources and ensuring maximum benefit from minimum input. With the kind of discretion allowed by public administrators comes responsibility. Responsibility requires, among others, the ability to decide, direct resources, motivate people, organise and control, all of which are management responsibilities.

PUBLIC MANAGEMENT AND ORGANISATIONAL THEORY

Public management includes organisational theory. Organisational theory itself is eclectic, borrowing from and relying on contributions from a number of fields including sociology, psychology, political science, anthropology economics and management. A public organisation is in most respects not very different from the private sector organisation since it faces similar if not the same challenges in respect of the manager’s job. The difference lies in purpose, objective and values and this difference is mostly seen as an excuse rather than explanations(Stillman, 2000).

Organisation theory provides different tools for dealing with issues such as resources as an important determinant of success or failure of policy implementation (Heymans, 1996:34). It has different perspectives to it including the rational, natural, institutional and open systems.

Perspectives to organisational theory are made up of the *rational* which includes scientific management (Taylor, 1911), the administrative (Fayol's, 1949), the administrative man (Simon, 1945) bureaucracy (Weber, 1946), and coordination and specialisation (Gulick & Urwick, 1937). The second is the *natural* system to which iron law of oligarchy; the 'Hawthorne Effect' (Mayo, 1945); and the institutional aspect (Selznick, 1948) can be attributed.

The third is the *open systems* approach to which Cyert and March (1963); March and Olsen (1976); Pfeffer and Salanchik (1978) view organisations as loosely coupled systems. Galbraith's (1973) contingency theory and Lindblom's incremental budgeting model and Weick's (1976) cognitive model and system design theory.

The fourth, *new institutionalism*, is found within economic organisation theory, political science, public choice and sociology. New institutionalism attempts to account for outcomes in terms of the characteristic values and practices supported by Dunsire (1995:23) and provide answers to questions about how social choices are shaped, mediated and channelled by institutional arrangements (Powell & DiMaggion, 1991:2). Institutional economists and public choice theory assume that actors construct institutions that achieve the outcomes they desire. Institutional arrangements are viewed as adaptive solutions to problems of opportunism and imperfect or asymmetric information.

All these perspectives represent the different times different organisational professionals and scholars gave consideration to organisational problems and efficiency. While they represent different views, they also represent what an organisation is about.

Organisational performance is equated with effectiveness measured as goal attainment. Effective organisations are those that organise around a set of objectives, determine the activities necessary to achieve those objectives, and allocate resources to those activities. An organisation is efficient when organisational action that augment the value of one variable required for performance necessarily reduces another.

Performance management is the formal information based managerial techniques managers use to maintain or alter patterns in organisational activities (Simons, 2000). The dominant concern of performance management in the public sector is productivity improvement or the production of more and /or better services for each tax rand and staff hours invested (Halachmi & Holzer, 1986; and OECD, 1994:18). To fully understand performance management the concepts need to be separated. Lebas and Euske (2002) provide a good definition of performance as doing today or now what will lead to measured value outcomes tomorrow. It is the application of standards and indicators, installation of a performance measurement system, supervision and motivation of staff, training, performance budgeting and accounting and community involvement (Balogun, 2003:3). Performance depends on measurement and before measurement can take place, it needs to be decided what it is that will be measured. Even with the intervention of Frederick Taylor through scientific management, basic elements of organisations have remained relatively constant. Purposes, structures, way of doing things and methods of coordinating activities have only varied. Through scientific management, efficiency improved by conducting a scientific analysis aimed at the discovery of 'one best way' of carrying out each operation (Negro & Negro, 1979:14).

THE THEORETICAL FOUNDATIONS OF POLICY IMPLEMENTATION

There are various policy implementation mechanisms and associated processes identifiable in literature. In actual sense, public policy implementation theory is well documented more so in relation to policy implementation failures (Pressman & Waldavsky, 1973; Levit, 1980; Barrett & Fudge, 1981 and Lewis & Wallace, 1984). It is then not surprising to hear of such phrases as 'evidence based policy' referring to a need for policy to be linked to outcome (Gray, 2001:3). Factors contributing to failure are many with the major being the unwillingness of legislators to arrive at precise settlements due to conflicting interests and the lack of expertise and technical knowhow on many subjects (Roux *et al*, 1997).

Policy implementation can be seen as a disciplinary sub-field bisected along two, distinct, intellectual branches. The dominant substantive branch, is concerned with substantive issues which are the contents of policy (Henry, 1990:7) and implementation. This involves examining the politics of a specific thing, for example, education or welfare. The second, the theoretical sub-branch, consists of a combination of political economy, organisation theory, programme evaluation and implementation (Hansen, 1983). It is the latter part or what is commonly known as the post decisional phase (Parsons, 1995:457 and Roux, 2002:89) that is of concern when it comes to policy success. Actually, policy problems lie between the design and operation.

Theories that have influenced public policy implementation include, economic theory, public choice theory, the new institutional theory and agency theory (Wallis & Dollery, 1997:247) and organisation theory. In contrast to these theories, implementation failure and gap have resulted in resorting to the older tradition of implementation theory which evolved from the Weberian theory (Dunsire (1995:19). According to this theory, bureaucracy should focus on routine and operationalising activities and on its limits and necessities.

Among the policy approaches, Mazmanian & Sabatie's (1989) and Dunsire's (1995:18) popular top down policy implementation approach seem to have been inadequate because of the complexity of the implementation terrain. According to this model, implementation outcomes are analysed and compared to stated policy objectives and official policy goals. The model does not provide for the how and therefore lacks in the area of processes and systems. It is here that it is felt that the study of management takes over and act as implementation theory (Hill & Hupe, 2002:20). Winters model of implementation is integrative and includes the bottom-up approach which considers both the output and outcome. It is this latter approach that is advocated for, through the use of integrative measurement tools and the inclusion of recipients, the likelihood for implementation to succeed is comparatively higher.

The framework of policy analysis including implementation is also consequently being shaped by continuing and increasing common concerns about cost effectiveness (Parson, 1995:458). Game theory and piloting which may include looking at the different approaches might assist where it is felt that a particular public policy might require more resources than is budgeted for.

It is a debating point whether policy formulation and implementation can be separated as concepts (Barret & Fudge, 1981). Barret *et al* refers to this connectedness as ‘policy in action continuum’. What most policy implementation seem to ask for, is a consideration of implementation elements in policy formulation for cause and effect to be direct. This results from the fact that influential factors that could determine its success or failure like finance and time available lie mostly outside the control of implementers. Gunn (1978:170) suggests a specification of condition for policy implementation to be realised. Policy analysts, Mazmanian and Sabatier (1979 and 1981) disagree and would rather see a situation where lesser emphasis is placed on specification. The two contradicting views highlight a need to balance overprescription and not on considering issues of implementation at the formulation stage. However, Morah (1996:82), like Weber (1964) insists on restricting policy implementation to controlling discretion and maximising routine and compliance through, among others, incentives and sanction. A mechanism for dealing with this dichotomy, is a system where legislators in their policy making function accommodate career public servants through working together during policy formulation. This proposed approach has generated a greater interest where some see and prefer implementation to be part of the policy making process (Palumbo & Calista, 1990 and Pressman & Waldavsky, 1973) through, *inter alia*, backward reasoning or ‘backward mapping (Elmore, 1982).

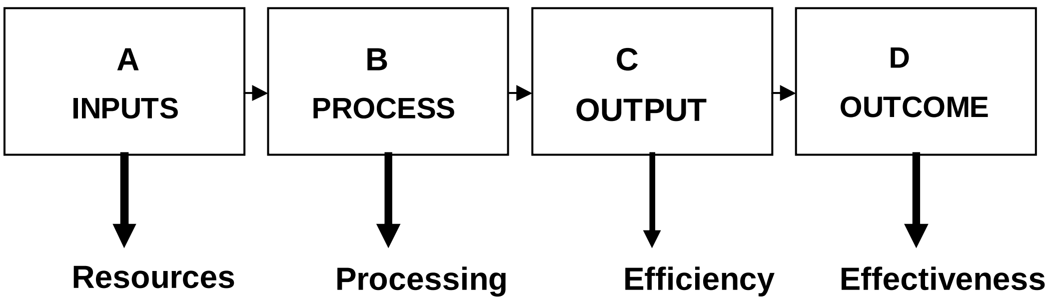
Policy implementation is about the most critical dimension in the policy process given the fact that success or failure of any given policy is , to a high degree , a function of implementation (Ikeji, 2003). Osborne and Plastrik (2000) in trying to deal with the dilemma of policy implementation have proposed as one of the instruments, performance measurement, where a public organisation defines its products and services and develops indicators to measure output. Implementation does not take place in a vacuum but is within an organisation thought to be best able to deliver whether because of the expertise it has or because it has been created specifically to deal with problems that the specific policy is trying to deal with. This expectation presupposes other issues including systems and process (Hill & Hupe, 2002:58) readiness, availability of the necessary skills and the will to implement. Gogin *et al* (1990:182) labelled this as organisation capacity. Policy implementation and organisation theory including the study of management is not new (Hill *et al*, 2002) but its importance quite obvious. While difficulty with policy implementation has led to a search for alternative methods like those propagated by the NPM to its implementation, the ideal and original situation is that the internal organisation will implement once or if barriers are removed.

The institution's ability to interpret policy, transfigure it into mission and strategy and implement it, becomes a challenge. Many institutions fail to create this alignment let alone make it workable.

PRODUCTIVITY IN THE PUBLIC SECTOR

Productivity in the public sector is complicated in a sense that it is not only the output that is important, but more the outcome. This results in performance management itself being divided into two, output and outcome. Outcome is often contingent on factors outside the direct control of the agency responsible for delivery (Bovaird *et al*, 2003:317) while output is normally not. For the outcome to be realised, the output has got to be in line and produce what inputs into making the outcome or what is intended. The following diagram illustrates the public service production process:

Figure 3.1: The public Service Productivity process



Adapted from Basic Logic Model Development Guide (2004) Kellogg Foundation

Box A indicates the resources in the form of inputs that need to be processed in B for the realization of outputs in Box C. Box C is the efficiency level, but cannot be taken as the end of the process as is the case in the private sector. In the public sector, consequence are accounted for in an expanded definition of productivity, indicated by Box D, effectiveness or consequence as a result of the output stage in the production process. Productivity need to be traced from input through to output and ultimately outcome in what Dunn (1994: 353) calls social editing.

Public sector productivity is often viewed as measuring efficiency or the effectiveness (impact) of the productive effort (Luthuli, 1999:45) and the state and level at which given inputs, or the volume of inputs are required to generate an output. Lack of conceptual clarity has made the area of productivity measurement in the public service to generate much debate and argument. Performance and productivity are hard to measure in the public sector because both may refer to output but not necessarily to production.

Discussion of public service productivity in terms of results focus attention on the strategic objectives of the public sector. This makes measures of success become surrogates of productivity measures. It needs to be noted that effectiveness can be complicated when measured as a consequence of efficiency of one process because the effectiveness of most government programmes cannot be determined by considering at a single process, but are affected by factors and forces outside the control of a single programme (Fox *et al*, 1991). Effectiveness or consequence in the public sector is more diffuse and difficult to measure, is unlimited and unlimitable in scope, products and services are more in the nature of collective goods (Pinto, 1998:390).

Productivity in the public sector is a double edged sword in that while it represents an exciting opportunity for a happier more successful society with less waste and improved quality of goods and services (Rosen, 1984:23), it has a tendency to provoke resistance from officials. This mostly results from fears of losing jobs, possible exploitation and even punishment where performance is below expected level on the part of employees. Communication about the purpose for introduction is important to reduce resistance.

APPROACHES TO PERFORMANCE IMPROVEMENT

In recent times there has been a wave-upon-wave of ‘management fads’ that have come and gone in the public sector. These have included among others organisation development, management by objectives, total quality management (Pun, 2002:759), reinventing government, quality circles, performance budgeting and business process re-engineering, programme based systems, activity based costing, the Malcolm Baldridge Award criteria, ISO 9000, Excellent Models (UK Public Sector Excellence Programme, 1996), the Balanced Scorecard (Kaplan & Norton, 1996) and even Six Sigma (Kearney & Berman, 1999:373).

Primarily developed for the private sector and imported into the public service, Total Quality Management, first developed by Edward Deming, has been widely indigenised into the public service to improve excellence. Prominent amongst many is the Baldridge version of the Deming model used in the United States. The Malcolm Baldridge National Quality Awards are based on an organisation evaluating itself. Between the 'hard' statistical and the 'soft people based quality factors, the soft human resources issues are the most preferred because of its emphasis on worker empowerment, teamwork, devolved responsibility, open communication, involvement, skill development and generating commitment to the quality objectives of the organisation (Shafti *et al,* 2003:4).

The Excellence Models especially the European Business Excellence Model, stress the extent to which organisations respond to internal and external changes. The Excellence Model is a self assessment tool that looks at particular aspects and areas of performance in an organization. This particular approach has been implanted into the South African private sector and is being studied by the public service and looked at as a possible tool to improve performance using the famous Excellence Model.

The Balanced Scorecard, first developed by Kaplan and Norton (1996) has been adapted for the public service and is widely used internationally and in South Africa by the public sector and government departments such as the Department of Defence, the Department of Labour and a number of municipalities.

FROM POLICY TO STRATEGY: IMPLEMENTATION FOR SUCCESS

Policy implementation and performance management

Public policy, which implies a theory of causal relationship is useless if no implementation strategy exists to ensure delivery. Morah (1996:89) citing Sabatier and Mazmanian divide this theory into two components, 'the first relating to achievement of the desired end-state(s) back to changes in target group behaviour, the second specifying the means by which target group compliance can be obtained. Both the technical and the compliance components must be valid for the policy objective(s) to be obtained' (Morah, 1996:89).

Performance management means simply to put into effect according to some definite plan or procedure. It can be thought of as a deliberate and sequential set of activities directed towards putting a policy into effect or making it occur. Public policy implementation should consist of organised activities by government directed towards the achievement of goals and objectives. Gunn (1978:173) suggests a need for a complete understanding of and agreement on the objectives to be achieved. Another view concerns the supposed misunderstanding of the purpose of measurement and the role of strategy. According to this view, performance measures are designed to help people track whether they are moving in the direction they want. They also help managers establish whether they are going to reach the destination they set to reach. Strategy, however, is not about destination, instead its about the route chosen by and directing the organisation to its desired destination.

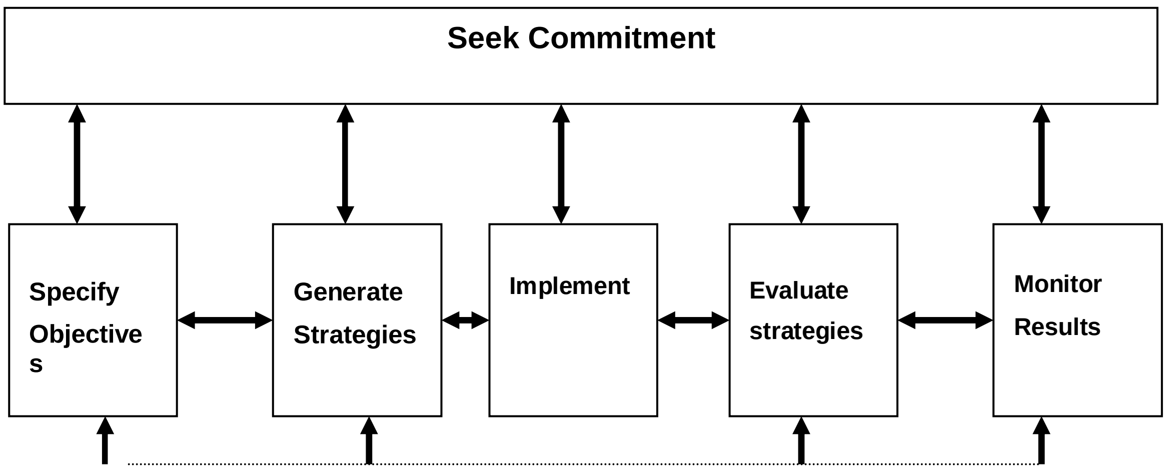
Planning and implementation techniques should be such that implementation can be analysed, controlled and assisted while maintaining good communication. Performance management and measurement have appropriate tools to see to and assist with the implementation of policy.

Goal achievement in the policy setting requires a combination of three theories, goal setting, performance or a combination of the two theories (Winter, 1999). This combination renders the construction of implementation theory very complex. According to Mazmanian and Sabatier (1979), implementation tools need to ensure the validity of cause and effect and that implementing personnel have the necessary skills and competencies. Calista in Nagel (1994:135) propose among the many implementation approaches, the institution theory model according to which there are four choice contexts: the constitutional, collective, operational and distributional contexts.

The value of strategic management in the public service

It was not until Drucker (1980) proposed that strategic planning be introduced into the public sector and warned the public sector against inertia and lack of ability to learn that strategic planning was taken seriously by the public managers. The difference in strategic management between the private and public sector is in the content rather than process (Anderson & Lawrie, 2002:5). According to Anderson *et al* 2002:3), interviews with the public sector managers have confirmed a need for strengthening strategic management to improve performance. Many organisations consider various activities as planning. If planning is action laid out in advance (Mintzberg, 1994:7) then there is no need for any organisation not to involve itself in planning. Defining planning as applied rationality give rise to the external qualities of the decisions (Wildavsky, 1973:130). Strategic planning leads to a development of clear criteria about what the organisation is trying to achieve. The process calls for the examination of the complete system and the generation of alternatives. The following diagram spells out what a formal planning process should achieve:

Figure 3.2: Seeking commitment



Adapted from: Scott (1982) "The Value of Formal Planning for Strategic Decision: Review of Empirical Research" Strategic Management Journal

Performance measurement and management operationalizes the strategy. The very concept of tracking performance versus objectives received attention from researchers involved in managerial control systems (Anthony, 1961, Forrester, 1958 and Hurst, 1979).

Scenario planning as implementation strategy

The public policy domain is an open unlinear, uncertain dynamic system, punctuated by emergent phenomena and characterized by richly integrated yet often ambiguous, feed-back relationships. This need to be complemented by a major methodological initiative to deal with the growing incalculability of consequences and unintended consequences. Conventional planning and forecasting is sometimes challenged by these tendencies. Rather than deny or project troubles on the wrong causes or hide uncertainties, there is a need for designing error-detecting and error-correcting processes. Strategy forecasting techniques include decision analysis and scenario planning. This author propagates for multiple scenario planning as a technique for strategy forecasting. Scenario planning as a mechanism is able to sensitise managers about alternative futures and make plans that will perform well across all the possible consequences (Kim, 1995). Measures may be selected to support a range of potential futures.

Three approaches that deal with uncertainty can be considered. Uncertainty can be ignored, each variable can be considered within a certain margin of error or alternative futures generated. Scenario development gives an opportunity to combine spontaneous insight as a way to scaffold each and integrate this in existing cognitive structures towards the development of what is commonly known as the 'memories of the future'. These memories of the future are organised through the determination of what is perceived at that moment.

The need to map the strategy

Mapping a strategy is a process of trying to identify key success factors that will deliver the organisational goal. It needs to come after the strategic planning thinking and process has been completed. A strategy map allows information to be aggregated or drilled down to be easily performed in what can be referred to as a structured cascade providing a navigable route through the information jungle. Causal linkage or maps are sets of certain relatively persistent assumptions. Cause and effect where the cause is a factor that influences behaviour and effect being the results of that influence on behaviour is what strategy maps are about. They represent what to do assumptions, or the what-how showing agreed strategies that will deliver the high level goals. It further identifies what the organisation needs to be good at or an audit trail for managers at to achieve organisational goals.

THE SOFTER SIDE OF PERFORMANCE

Performance measurement and management is a function of behaviour and accomplishment where processes are designed to enable the organisation to achieve results through creating favourable relationship between the cost of behaviour and the benefit of accomplishment. Human resources is one of the most important components in performance management without which there can be no performance. The quality of services in general and public services in particular is embedded in the quality and quantity of the labour content that is used to produce them. A performance management system that does not take into consideration human resources will be internally inconsistent and contradictory to the environment and what Sun Tzu (1988: 8) refers to as possession of the 'Tao' or bringing into harmony and eliminate conflict. What makes performance measurement difficult is that it relies on getting people to behave differently, something that is more complex than the creation of a model or even collecting data. Mintzburg (1979) referrs to this as the fundamental congruence between external opportunity and internal capability.

Personnel performance management is based on the theories of motivation which a lot has been said about. According to scientific management theory, money is the major need making humans economic persons. Other theorists, for instance, Blunt and Jones (1992:279) disagree with this notion and argue that achievement motivation can also be applied with good results. According to Vroom's (1964) and Lawler's valence and expectancy theories (Luthans, 1981), an expectation gets created by the fact of a promise of rewards as a result of a particular performance target having been met. The outcome has to be attractive and the cycle of exchange becomes comes to an end.

Motivation theory is mostly based on and oriented towards compliance and extrinsic motivation. This approach, as explained before, can have negative effects and lead to a deterioration of performance generally. Basic exchange theory introduces equity into the performance equation between the employer and employee. The perceived existence of equity or perceived equity is whereby workers compare their relative input to relative reward where reward becomes a consequence of performance and cause for satisfaction.

One of major critics of the old performance thinking is that performance systems saw performance as a human resource function that does not have to be seen as part of the overall organisational system. According to the new thinking, management needs to be able to translate global expectations into concrete workplans for individuals and groups. In this manner the system is viewed as a component of a subsystem that should interact with other organisational programmes and be internally consistent, not contradictory with the environment within which it operates (Kiggundu, 1997:146). The overarching argument from the human side is motivation through monetary rewards.

People and performance

If performance measurement and management is implementing strategy, then the advice of Ansoff (1965) that organisations develop a resource profile including the profile of human resources during strategy formulation should be respected. According to scientific management theory, money is a major motivator for workers and if addressed, problems of motivation will disappear (Biescheuvel, 1984:43). The economic law of diminishing marginal utility disagrees with the scientific management assumption in that it states that the value of an additional unit of money tends to decline for individuals the higher their relative salary becomes (Mohr, Fourie & Associates, 1997:313). Post humanists and achievement motivation thinkers feel that financial rewards ignore other needs.

The human relations approach , originated by Elton Mayo and followed by Warren Bennis, Douglas Mc Gregor (Theory X and Y) and Chris Argyris brought into bureaucracy another dimension (Argyris, 1952) that of considering non-financial rewards. Maslow's hierarchy of needs and McClelland's theory of needs achievement in contrast to scientific management are both based on the assumption that people's needs, need not be reduced to financial. Chester Barnard (Lane: 1987) refers to this as non-material needs that fluence behaviour.

Performance can be considered an outcome of both organisational and human activity. Until Argyris (1952) and latter Simon, Guetzkow, Kozmetsky and Tyndall (1954), performance management was not integrated and did not include the human side of performance. These researchers explored the human behavioural side of performance management and their conclusions were a substantial departure from the mechanistic approach to performance management found in traditional management theory. Today it is a given that performance management and control systems cannot be designed without taking into account human behaviour (Simons, 2000).

Financial reward motivates philosophy

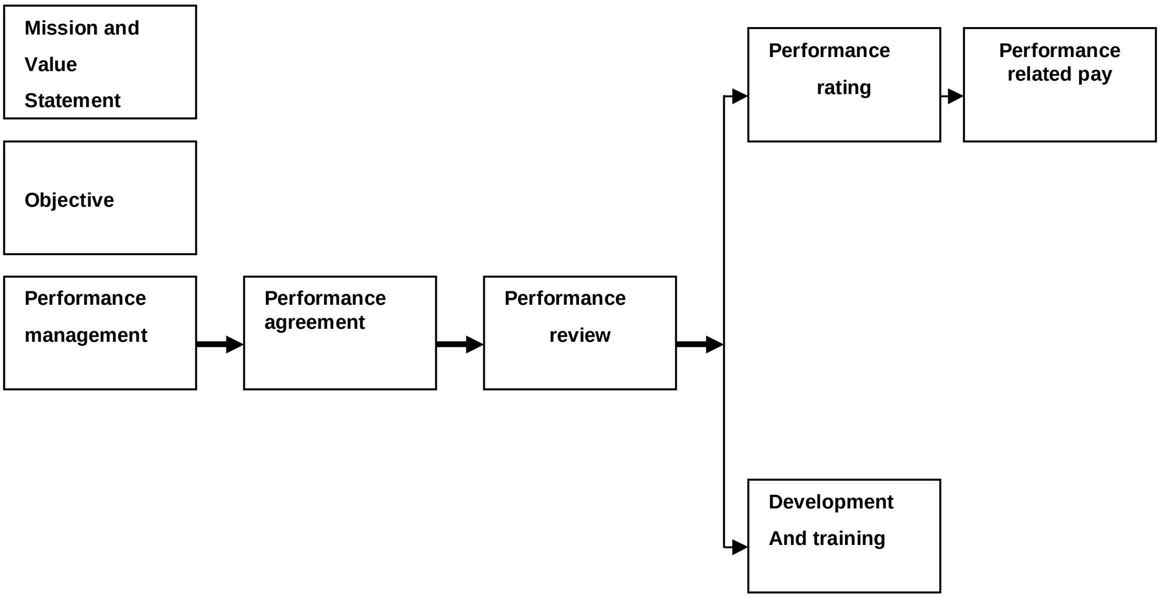
The ‘money motivates’ philosophy is driven by an understanding that money inspires human beings to perform. According to reinforcement theory, money gets treated as a generalized entity, functioning independently as a general incentive rather than as a specific entity that has been coupled with variously valued goals during a person’s history. While responses to financial compensation are more predictable over a range of individuals, other characteristics of employment exchange may also prove to be more powerful than monetary reward (Mahoney, 1979:69). This is so because after a while the expectation of reward becomes a norm and therefore no longer an incentive, or alternatively individuals end up focussing on what will earn them a bonus even if that harms the organisation (Simmons, 2000). Rewards can also compel people to focus their attention on achieving targets rather than doing what is strategically correct. If the assumption that people are motivated by intrinsic rewards is accepted, it need to be noted that this requires persons to be aware of what ‘good performance looks like’ and what aspects of good performance are really important.

Maslow’s hierarchy of needs theory, for instance, posits five categories of needs (i) physiological, (ii) safety, (iii) need for belonging, (iv) esteem, and

(v) self actualisation (Biesheuvel, 1984:47). Any satisfied need loses potency as a motivating force until that satisfaction is dissipated.

Providing a financial reward to individuals (Armstrong & Murlis, 1994:247), and groups need to be linked to organisational strategy to succeed. If Mintzburg's (1994) definition of strategy, which links expected results and goals to the behaviour of employees are considered, then the reward system cannot be seen in isolation to the whole system but as a subsystem that interacts with other programmes. The role of management then becomes that of establishing a process for translating global expectations into concrete workplans for individuals and groups of employees. Luthy (1981:4) in arguing for this critical dimension states that translating global expectations allows for performance contracting to be part of an overall professional and organisational development process. The following diagram illustrates the link between an individual and the organisational goals:

Figure 3.3: A framework for performance management



Adapted from Armstrong & Murlis (1998) Reward Management

Creating an alignment

It is not enough to expect that as a result of commitment the planning process managers undertake will easily result in plans being implemented as agreed. The strategy-action-performance sequence need to be defined, appreciated and understood at a conceptual (Camillus, 1986 and Fayol 1949) as well as operational leves. The organisational activities, core processes, resources (Government Performance and Results Act, 1993), have systems and processes that need to be aligned to support its mission and help to achieve its goals (connecting resources to results). This alignment was found to not exist in both the DoL and the City of Tshwane especially in the alignment of the strategic to operational level. Both these organizations have some form of alignment through the balanced scorecard which is implemented at senior management levels only.

Change management and the administrative culture

Organisations, especially public organisations are distinguished by the way they do things, their values, beliefs, norms and behaviours. Change and culture are part of the micro-structure of political life (Parson, 1995) which considers how organisations, outside and inside political systems conduct their affairs and interact with one another and what motivates them to act in the way they do. Public sector change was adequately summarised by Maor (1999) as a change from hierarchical to economically based structures, from regulative to economically based processes and legally based to economically based values. This change was also described by DiMaggio and Powell cited in Brown *et al,*2003:231) as *isomorphic*. Cultural theory (Altman & Baruch, 1998:770) is credited to Mary Douglas whose model suggests that individual behaviour, perception, attitudes, beliefs and values are shaped, regulated and controlled by constraints. The fact that all organisations form relationships of exchange with their environments, this is what shapes and informs cultures and organisational subcultures in all institutions. Considering that culture change relies on transactional techniques like threats and cooption (Avolio, 2002), it follows then that cultural change comes from a multitude of small daily interventions as well (Badaracco, 2002).

Policy implementation and any performance intervention indiced for that matter involves change. Management of change occurs on two levels, that is the organisational and the individual levels. According to Bennis (1966) organisations need to be more receptive and adaptive to new trends and influences, management techniques and methodologies need to evolve to be in line with and transform values, goals, structure and systems. People who comprise those values, goals and so on. have vested interests in the *status quo* (Spitzer, 1996:26). The most important aspect of managing change is getting buy-in and ensuring stay-in by everybody including senior management. Influencing behaviour can be dealt with using the so called ABC (Antecedent, Behaviour and Consequence) model (Ayers & Daniels cited in Mwita (2000). The ABC model advocates that behaviour can be changed in two ways, by what comes before it (*ex ante)* and what comes after it (*ex post*).

Both organisational culture and administrative culture (Dunsire, 1995:25) refers to shared beliefs and assumptions, and share the same definition of having core values. Hood (1991) took this further by giving meaning to what is referred to as the 'core administrative values' which he divided into three precepts *Sigma, Theta and Lambda*. *Sigma* represents values emphasising economy and frugality in resource use; *Theta* represents commitment to honesty and fairness and the prevention of distortions, inequity and abuse of office while *Lambda* focusses on enhancing the resilience in public agencies (Wallis & Dollery, 1997:249).

Organisational design and structure

The process or function of organising involves the structuring of the resources of the organisation to achieve its objectives. The administrative movement was at the forefront in calling attention to the importance of structure as a determinant of organisational performance. Max Weber (1947 and 1964:39) came up with the definition of bureaucracy including division of tasks in a hierarchical arrangement while Luther Gulick (1937) introduced the concept 'span of control' dictating that a limited number of subordinates need to be supervised and the legal-rational approach. Weber's interest was in the nature of power and authority. This includes dividing tasks, assigning jobs, clustering jobs, units or departments, delegating authority and establishing a chain of command. Within current arrangements, displacement is encouraged in the name of reliability and predictability. Using Weber's model of bureaucracy, it is obvious that rules become more emphasised in the public sector than the ends they are designed to serve, the results being organisational goal displacement (Robins, 1990:314). The current Weberian based hierarchical, bureaucratic and inflexible public service structure is not friendly to the transformation initiatives being propagated. According to Robins (1990:316), bureaucracies breed such devotion to rules that members blindly repeat decisions and actions that have changed. This leads to alienation and distance between the individual and the organisation, lack of commitment and reinforces the feeling of being irrelevant.

Leadership

To understand leadership it is necessary to consider the theories underlying this concept. In the definition given to leadership it is mentioned that leadership involves influencing another or a group to accomplish a task or meet a goal (Bennis, 1998). Carsson (1991) cited in Wallis and Dollery (1997:251) arguer that using this influence, leaders can reduce agency failure through either:

(a) more intensive monitoring of the individual performance of group ; or

(b) more intensive ‘moral manipulation’ through the use of ‘moral rhetoric’ addressed to the group as a whole, with the aim of establishing a particular group norm for moral commitment.

Performance management is actually about leadership developing the appropriate strategy and executing it flawlessly (Burns, 1978 and Bass, 1985). Basically this refers to whatever initiatives or responses the leader might use to direct and coordinate activities related to the task at hand. The choice of leadership behaviour and success will be determined by a number of variables. Luthans (1981:433) quoting McGregor identifies the following variables as necessary to influence behaviour:

(a) Characteristics of the leader,

(b) Attitudes, needs and other personal characteristics of the followers,

(c) Characteristics of the organisation; and

(i) purpose;

(ii) structure;

(i) nature of the task to be performed.

(d) The social, economic and political milieu.

Aside from these variables, there are a number of known theories of leadership which include trait theories (Wright, 1996, Stogdill, 1948 and Mann, 1959), behavioural group (Blake & Mouton, 1978) and exchange theories, situational theories (Hersey & Blanchard, 1977), Fiedler's contingency model (Friedler, 1977), path-goal theory and the social learning approach (Bennis & Nanus, 1985). The *theory of leadership*, like leadership itself, has evolved over time as researchers look for answers. Over the years several beliefs about leadership have shaped what leadership is thought to be in each era, up to the present.

Initial leaders were considered to be individuals endowed with certain personality traits which constituted their abilities to lead. Individual traits such as intelligence, birth order, socio-economic status, child rearing practices, capacity achievement, responsibility participation (Stogdill, 1974) were some of the traits associated with leadership. The focus of trait theory was the leaders themselves and it tried to find the presumed competencies based on the assumption that the 'great man' is born and not made. It was latter found that this narrow characterisation of leadership traits was insufficient and that no single characteristic can distinguish leaders from non-leaders. Although various scientific studies discounted the idea of there being a leadership trait, the belief in its existence and debate about it continues to this day as the search for answers to socio-economic, socio-political and globalization problems continue.

Group and exchange theories have their roots in social psychology. According to Luthans (1981:420), it was Chester Barnard who applied this analysis to subordinates based on an understanding that the person in the role of leader fulfills expectations and achieves group goals, provides rewards for which are reciprocated in the form of status, esteem and heightened influence. This is called transactional leadership (Avolio, 2002). Because leadership embodies a two way influence relationship, recipients of influence assertions may respond by asserting influence in return. Enhanced success and effectiveness in our public organisations might be gained by reducing levels of transactional culture and increasing levels of transformational culture (Bass & Avolio, 1993:113). In real terms this means that vision should be increasingly shared and communicated.

Exchange relationships have traditionally been classified into two types, economic and social types. The majority of relational leadership models are based on the traditional theory of exchange relationships. When partnership is of an economic type, the leader and the collaborator are limited to the formal fulfilment of their obligations, while when the partnership is of a social type, they are capable of doing more than is strictly required.

Situational leadership approach suggests that particular people emerge to prominence because of the timing and social forces in existence at that time. It is dependent on the belief that different situations require different types of leadership while the contingency approach attempts to specify the conditions or situational variable that moderate the relationship between leader traits or behaviours and performance criteria. Differentiating between leadership styles and behaviours indicate leaders' motivational system and that leadership behaviours are leaders' specific actions.

Situational leadership theories further consider the distinctive characteristics of the setting to which the leader's success could be attributed. According to the situational approach, leadership is determined not so much by the characters of individuals but by the requirements of the situation. According to this approach, a person can be a follower or a leader depending upon circumstances. Friedler (1977) and Luthans (1981:421) came up with a widely recognised situational model for leadership effectiveness. The model contains the relationship leadership style and the favourableness of the situation which he divided into three dimensions:

(a) The leader-member relationship;

(b) The degree of task structure; and

(c) The leader's position power.

Last in this group is Houses' the *path-goal theory* (Luthans, 1981:427) which includes the interaction of leadership behaviours with situation characteristics in determining the leader's effectiveness. According to Luthans (1981:427) there are four leadership behaviours which are:

(a) directive;

(b) achievement oriented;

(c) supportive, and

(d) Participative.

THE MANAGEMENT OF CONFLICT

Performance measurement and management is bound to lead to conflict because of a number of areas of disagreement. Conflict involves struggles between two or more people over values, competition for status power and scarce resources. The policy arena is a conflict area due to the number of different understanding of how it is to be implemented.

Not all conflict is disruptive and certain level of conflict should be maintained in an organisation for it to maintain its innovativeness. The public service, due to its complexities could be a breeding ground for conflict that is disruptive especially during transformation and if systems like the performance measurement and management are to be implemented. It therefore becomes imperative for leaders in the public service to understand how to deal with conflict situation and be ready at all times. According to Fox *et al* (1991), it is communication, either too much of it or too little that causes conflict and the channels chosen for communication may have an influence in stimulating opposition to innovation and even excellence.

CONCLUSION

What has become obvious from the literature review is that performance measurement and management is truly eclectic and that it requires the different fields it borrows from to succeed. A number of countries, through concerned with performance measurement and management have tried different mechanisms directed at improving performance and to account better to their stakeholders.

South Africa has serious service delivery challenges from the ambitious policy era of post apartheid reconstruction and the economic pressure associated with the fiscus and the need for astuteness when it comes to budgeting and expenditure. Literature suggests that performance need to be measured and managed but the problem lies in those elements in a policy or programme that are important for its success while measurement is difficult.

Performance improvement requires a consideration of a mix of producers of services and public products. Here the role of the state comes under attack as what comes to the fore is that not all that is produced by the state should be produced by the state but by other stakeholders. Welfarism and the efficiency of state machinery is also challenged when it comes to some services. South Africa's concerns about the deficit and its effects on the economy and the GDP makes it more neo-liberal and sympathetic to the notion and need to roll back the state. Resulting from the NPM paradigm, particular changes have already been made to the way public services are delivered. The 'customer or client' has replaced the citizen in as far as services are concerned. Obviously there is a shift from administration to management, especially with regard to the management of resources at the disposal of public managers. Personnel performance management systems measure personnel achievement of the stated goals and not loyalty and/ or other aspects not associated with performance.

The South African government and the public service in particular is continually looking at ways and means of making public servants more productive and more accountable. In the sphere of local government, it is already mandatory to implement performance measurement as a mechanism for measuring performance and seeing to it that it is in accordance with the IDP.

Accountability is constitutionally (Constitution,1996) entrenched at both the political level and organizational level. While this is acceptable for high level accountability, not much except the requirements of the PFMA (1999) is in place for the organ of state. There is now more than ever before a need to consider not only administrative theory but also, organisational theory to find answers to problems of organisational accountability

The Medium Term Expenditure Framework (National Treasury, 2001) requires that organs of the state, especially government departments support their requests for funds by stating objectives and the expenditure plans. At the end of the finance period, these organisations have to render account by stating in their annual reports what it is that they have achieved. While this is a rearview mirror approach looking at history, the monthly reports which are also a requirement in terms of the PFMA (1999), can be seen as standing for performance measurement on a monthly basis, it is just that they are not balanced. With the budgetary requirement it is also expected that organs of the state further have and submit their strategic plans with priorities for the financial year.

The difficulty with implementing policy has mostly been on operationalizing strategic plans, in actuality, without a performance measurement and management system this is difficult if not impossible. Having a measurement and management system in an organisation reduces the risk of not realising the goals that the organisation has set for itself. This means that the role of performance measurement becomes that of reducing the risk of not meeting stated objectives. Strategy itself needs to be cascaded to all levels in the organisation while systems and processes get aligned for it to be operational.

Implementing a performance measurement and management system is a futile exercise without looking at the support elements such as the human element, structure, culture, communication and leadership, which need to be considered for all levels of the organisation.

CHAPTER FOUR

POLICY IMPLEMENTATION AND PERFORMANCE MANAGEMENT AND MEASUREMENT

INTRODUCTION

The greatest challenge to policy analysis is providing an answer to the 'how' question. This, according to Kooiman (1993) is due to the increasing complexity, dynamism and diversity of the systems. Any policy that is unable to be operationalized renders itself to be a pie in the sky. Very seldom is the implementation of public policy able to deal with the problem it is directed at without the assistance from other implementation mechanisms, such as the performance management system, being put into place. Part of the legitimacy of the political system is derived from the functioning of the administrative and managerial systems of government (Halachmi & Bouckaert, 1995:14). Actually the very idea of reforming the state was initially based on concerns with the slow pace of policy implementation and the institutional problems associated with it. Policy analysis generally and implementation in particular is complex and this complexity is mostly the cause for implementation failure. However, there are a multitude of other reasons for the failure to implement policy. Some of these are the changing environment, stakeholders with different agendas, different policy interpretations at the different levels, institutional capacity, and many others not anticipated at the design stage. To note is that an inquiry about implementation, seeks to determine whether an organisation can bring together people and materials in a cohesive organisational unit and motivate them to carry out the organisation's stated goals and objectives.

Policy implementation, putting an idea into practice; or fulfilling or performing a tasks to put into effect, imply that when policy reaches the implementation phase, it is ready to interact with other mechanisms. This interaction ensures that what has been conceptualised and formulated as policy is implemented. Mostly, decisions need to be made when a problem or opportunity happens to collide with a set of people and a set of feasible solutions. Phases beyond the adoption as implementation require management skills howeve there is no agreement on this distinction. Mazmanian and Sabatier (1979), for example does not see a distinction between the different phases of policy and actually considers the whole of policy analysis as implementation.

Like all activities, the government would like to know how its programmes are doing. Here the role of performance measurement and management becomes clear. Performance measurement is a technical exercise while the process of policy formulation is politically driven and lacks the technical details that the policy needs for it to succeed. Performance measurement is what makes it possible for there to be a strong, meaningful and accountability demanded for delivery. However, measuring performance poses major challenges when it is not clear what element of the programme ought to be measured. Besides the top-down approach problem of lack of alignment between policy formation and implementation, clarity of what, by whom and how is important. This chapter considers at policy implementation mechanisms, tools and their importance to the success of policy and considers public finance and the role it plays in shaping policy implementation especially the different finance instruments. Of special importance is the contribution made by the New Public Management (NPM) paradigm and the revolution caused in the way public services were traditionally delivered. All efforts intent on ensuring delivery and policy implementation indirectly reduce the risks associated with non or poor policy implementation. The management of risk is also discussed in this chapter.

PROBLEMS WITH POLICY IMPLEMENTATION IN SOUTH AFRICA

Everyone concerned with public policy expects that when implemented, the problem it is intended to deal with, will disappear. Very seldom in policy implementation is this the case and where and when it does happen it is after several other mechanisms have been put in place to assist the process of operationalizing policy. It is important to emphasise the ability to appropriately interpret policy at different levels of implementation. The levels of ability/ inability of the different institutions to deal with policy implementation also pose a serious problem when it comes to delivery.

At the level of policy making, politicians should not merely attend to the question of policy development but also consider the attendant question of implementation. Normally, policy analysis will consider the issue of winners and losers without investigating the in-between processes as the area that also need attention. Competing perceptions of efficiency at different levels can mean that there is insufficient agreement on processes and implementation mechanisms. This becomes more apparent where implementation is multi-organisational and expands beyond the authority of a single manager or agency and sometimes extends far beyond the public sector. Evidence shows that the implementation success rate is low (The Presidency, 2003) and this factor probably mitigates for some form of collaboration between the two institutions, policy-making and implementers and the multi-organisational dimension. South Africa's response to these challenges has been the adoption of a sector based cluster system at the national executive level. It still remains to be seen how the cluster approach contributes to implementation.

Major causes of lack of delivery are normally a lack of clearly defined roles, responsibilities and coordination. Financial constraints and fiscal restraint and the shortage of skills and capacity have also impeded the speedy delivery of services. Other softer constraints are fear and anxiety of change leading to low morale and disillusionment. The result of fear change is normally resistance to change and the need for the maintenance of the *status quo*. On the other end of the spectrum are those who are generally becoming impatient with the pace of change and want it to move more rapidly sometimes at the expense of quality of delivery. To be considered seriously is the fact that South Africans are implementing policies for which they have no practical experience as they attempt to deal with not dealt with anywhere in the world before. For example, policies referred to are the basic services concept, black economic empowerment models and many others.

According to the DPSA, lack of knowledge on how to operationalize policy is another major problem when policy is implemented. A valid example is the inability to develop Service Standards as is required by the WPTPSD (1997). A lack of a national framework or common instrument as to how Service Standards need to be developed has led to a proliferation of different approaches.

SELECTED IMPLEMENTATION MODELS: AN ANALYSIS

Traditionally public policy approaches relied on technocratic and interventionist forms of top-down policy making and implementation (Sabatier & Mazmanian, (1980); Mazmanian & Sabatier, (1981) and Sabatier, (1986)) where uniform and detailed requirements are applied to all implementation agencies. In this manner administration becomes concerned with implementing the will of the state and carrying into effect the decisions of the political branch (Anderson, 2000:205). Administration, in this context, can then be seen as dealing with the question of fact; with what is, rather than what should be. The dilemma with this approach is that what the administration normally has to deal with, is based on matters that are nebulous and sometimes incomplete because of the unwillingness of legislators to arrive at precise settlements resulting from conflicting interests, a lack of expertise and technical know how on many subjects (Roux *et al*, 1997:316). There is a need for institutions, especially those dealing with policy implementation, to be able to manage challenges inside and outside their organisations by, among others, understanding the interplay between institutions and culture, ethics, values of efficiency and performance and productivity in general. Unfortunately, policy making takes place within the political arena while detailed implementation is firmly within the realm of line departments and government institutions (Heyman, 1996:34). This creates a need for the gap between prescription and real-world application to be re-examined.

The bottom-up theorists (Winter, 1999; Lipsky, 1978 and Hjern & Porter, 1981) considers implementation from the street level and prefer flexibility over prescription from the top, concentrate on service deliverers and policy targets. Adopting an integrated approach (Matland, 1995:150) suggests the inclusion of forward and backward mapping (Elmore, 1982), advocacy coalition (Sabatier & Pelkey, 1987) and communications improvement (Goggin *et al*, 1990) as part of the mix of the bottom-up and top down approaches. It is suggests that top-down and bottom-up disputes should be settled through considering the policy context like the scope of change, validity of technology, institutional environment, goal, conflict and environmental stability.

While the top-down policy making and implementation speeds up implementation, a great number of issues may be overlooked and remain unattended to. The bottom-up approach, though it may take longer than needed to reach agreement, may result in higher satisfaction rate and be more efficient in dealing with the problems the policy is trying to address. Rather, depending on the circumstances, both approaches be applied taking into consideration the time it takes to consult and the urgency dictated to the process by the problem. Policy implementation may also needs to be considered both as an independent and as well as a dependent variable rather than just models. It further needs to be linked to policy outcomes that can be characterised along evaluative dimensions and as a dependent variable and be linked to design, the political process and other prior implementation activities.

INNOVATION AND UTILISING THE OPPORTUNITY SPACE

Opportunity space, (Simmons, 2000:7) is a unique set of opportunities that an organisation can potentially identify or create at a point and time, given its competencies and resources. Within this, individuals can augment an exogenously determined set of opportunities by creating opportunities for themselves and the organisation. This takes place provided there is organisational attention, and or information processing capacity is allowed as a critical element for creating value. Scarce resources in any environment is normally not information but attention, and as the organisation cannot attend to all its goals simultaneously, attention to particular goals and information is of fundamental importance. In policy implementation, identification of areas to pay attention to and concentrate on will present a unique opportunity to operationalize policy.

THE ROLE OF CENTRAL AGENCIES IN GOVERNMENT POLICY IMPLEMENTATION

Central agencies sometimes called the centre of government, are by their very nature important to the implementation of government policy, especially in ensuring alignment with the state's overall vision. Furthermore they have to see to it that such implementation is not only effective, but efficiently addresses the needs of the citizens. Attempts to coordinate the whole of government across policy, programme and service delivery in South Africa have resulted in the formation of a Forum of South African Directors-General (FOSAD) made up of all Directors-General of the public service (Phosa, 2001). Besides this formation, sub-structures coming from FOSAD further divide the Directors-General into clusters, for example, social services, economic cluster, governance and administration, safety and security. These were formed specifically to remove 'silos' and to avoid grey areas and duplication, while allowing sharing of goals, results and problems to exist within the clusters. Cabinet has a similar formation.

South Africa's central agencies are The Presidency, DPSA, DPLG, National Treasury and the Public Service Commission (PSC). Unlike the other central government departments mentioned here, the Public Service Commission monitors and evaluates the performance of government agencies. It performs this role with other government oversight bodies such as the Auditor-General, who investigates at both financial and lately non financial issues related to the performance of state departments; the Public

Protector; and the Human Rights Commission. While success has been achieved by these government agencies, duplication and areas viewed as ‘grey’ have resulted in one way or the other. The uncertainty over who will occupy a particular area or perform a certain function sometimes lead to unfilled performance and gaps.

Organisational performance management is one of the “grey” areas that exists between the DPSA, DPLG and the National Treasury. This was confirmed during an interview with a DPSA official responsible for organizational performance. While the initial sources for departments to implement performance measurement were National Treasury requirements like the PFMA (1999) and the Medium Term Expenditure Framework (National Treasury, 2001), the DPSA felt that public service organisation performance management fell within its area of competence. DPLG by virtue of its mandate is also supposed to extend its performance management system existing at the municipal level to the provincial sphere. However, this sphere, together with the national agencies also happens to be part of the public service, the performance of which is the responsibility of National Treasury and the DPSA.

The public service and the rest of the public sector view central agencies as guiding departments that should lead and guide them in a number of areas. Departments and other organs of state that have implemented a performance measurement system have done so as a result of the influence central agencies have over the rest of the public sector. Of special mention is the PFMA and the National Treasury's Medium Term Expenditure Framework (MTEF) which require targets to be set and performance against those targets reported annually. The White Paper on Transforming Public Service Delivery (1997) has also contributed towards making departments' measurement of performance to be part of policy implementation. It was also established during the interview with the DPSA that out of concern to improve delivery, the South African Police Service (SAPS), the Department of Trade and Industry (DTI) and the South African National Defence Force (SANDF) implemented some sort of performance measurement systems.

THE SOUTH AFRICA PUBLIC POLICY ENVIRONMENT

The government is charged with dealing with a multitude of societal problems using the executive and administration as agents for implementing those policies intent on achieving its goals. But to be able to do this the environment need to be geared towards that delivery. In the South African context this means transforming the public service from an apartheid machinery that served the minority of citizens on the basis of their race to the one catering for all South Africans. As mentioned earlier, public policies are generally influenced by diverse and often conflicting views, ideologies and competing interests. The translation of government's political priorities and principles into programmes and courses of action to deliver the desired change, by its nature requires a particular driver, like a performance management system, for it to succeed (UK Cabinet Office, 1999).

South Africa has responded well in so far as policy formulation is concerned and the big challenge that everyone agrees to now is that of implementation, what has not as yet been as successful (Roux, 2002:89 and The Presidency, 2003:75). There is a gap between what is supposed to be and what is. Dealing with this implementation gap is normally key to implementation success (Dunsire, 1995:19). This seems to be a general problem when one considers Starling, (1998:414) quoting Williams, (1975:453) who writes that 'the great difficulty in policy analysis is not determining what appears to be reasonable policies but finding the means for converting them into viable field of operation'. Contemporary public policy analysis is no longer sufficient to deal with the increasingly complex, dynamic and diverse socio-political problems (Dunsire, 1993:23 and Dror, 1968:301) but requires innovative ways and means to convert it to reality are what is needed.

Solutions to most problems identified in the democratic South Africa including institutional capacity have been incorporated into and made part of the transformation agenda. The White Paper on the Transformation of the Public Service Delivery (*Batho Pele*) or WPTPSD (1997:s1.2.1) for example, views public services not as a privilege in civilised and democratic society, but legitimate expectations and the current values and public service work ethics leave much to be desired. Further, management accountability and performance have not as yet been inculcated into our culture, what is obvious is that a culture of professionalism is still lacking. This means that while problems are known and instruments to deal with them are being put into place, there is still much to be done to improve the implementation process.

On the level of citizens, the public and civil society are demanding more accountability and transparency from South African public officials. A lack of a culture of professionalism and excellence have been identified as continuously stifling the efficient and effective delivery of public policy, services, achieveing goals, objectives and targets that the government have set for itself. Resulting from this, the government is forced to consider ways and means that can adequately deal with public service inefficiency and lack of effectiveness.

The multi-pronged approach and strategy (RDP, 1994; WPTPS, 1995; WPTPSD, 1997; PSR, 1999; PFMA, 1999; the personnel performance framework and the different individually adopted performance management mechanisms like the Excellence models and the Balanced Scorecards) adopted by the government is indicative of the level of commitment to improving efficiency and effectiveness in the public service. It should, however, be remembered that pieces of legislation and policy documents alone cannot deal with a problem that has existed for a long time, but the government needs to continuously strive for excellence. Since good ethical behaviour contributes to excellence, an integrative approach linking workplans to organisational performance and strategy need to be incorporated into any initiative directed at making the public service more efficient and effective. Through the Inter-Provincial Support Programme

(IPSP), the DPSA has provided guidance to the provinces on how to sustain poverty alleviation and effectively render basic services through giving assistance especially in developing objectives that are in line with political priorities as articulated by the centre of government. This then is made part of the Provincial Growth and Development Strategies (PGDS).

The South African spheres of government including local government are supposed to be distinct, interdependent and interrelated (Constitution, 1996: 41 (2)). This is why some of the laws and policies applyed in the local sphere of government are not meant or directed at the other two spheres, which forms the public service under the Public Service Act (1994). Performance measurement and management in local government is regulated primarily by the Municipal Systems Act (2000) which mandatorily requires municipalities to set up and have a performance management system. Furthermore, performance measurement in this local sphere is also influenced by the Municipal Structures Act (1998), Municipal Finance Management Act (2004) and the White Paper on Local Government (1998).

INSTITUTIONALISING PARTICIPATION AND POLICY ANALYSIS IN SOUTH AFRICA

Since South Africa's transition to democraticy in 1994, the government has allowed for the existence of a strong civil society and pressure groups, including an independent media to strengthen democracy. The policy process itself has ensured that participation takes place through the two tier process of a Green Paper followed by a White Paper which is the final policy document and, or Bills, while Parliament deliberates them before they are enacted. Debate, discussions and presentations of different views takes place between the Green and the White Papers and between a Bill and an Act of Parliament.

The process of participation includes calling for comments from individuals and interest groups while policy is at the formulation stage. Parliamentary representation by interest groups are also provided before deliberation by both houses, the National Assembly and the National Council of Provinces (NCOP) as is required by the Constitution (1996:s55, 59(1) and 72) takes place. The South African government, as an employer, has a central bargaining chamber called the Public Service Coordinating Bargaining Council (PSCBC) where all issues that have an effect on public servants are deliberated on and agreed to before implementation. These include issues like annual wage increases and policies affecting government employees especially human resource policies. This structure further institutionalises consultation and the issue of organisational performance measurement will, if it were to be converted into policy, be discussed and agreed to at this forum.

Post-apartheid policy making has been characterised by processes that are more participatory. This bottom-up approach, while ensuring that all sectors input into policy, has its own problems. The broad based participation approach lengthens the process of policy formulation since it, most of the time, takes longer to consult, leading to delays in implementation and progress. Two groupings, the ‘policy communities’ (Hill *et al*, 2002:60) and ‘issue based groups’ both dominate the concept of networks and popular policy participation (Hill, 1997:70). Policy communities are smaller, close groupings whose representatives have similar interests and are formed around a particular issue (Ripley & Franklin, 1982) usually comprising of relevant politicians, bureaucrats and Non-Governmental Organisations (NGOs). The second formation, issue (policy) networks, are not as tightly controlled as the latter and their relationships are often conflict-ridden. Deliberations are more subject to debate and discussion. Issue networks are dominated by pluralist theory which stresses competition among groups. The latter group, which is the main feature of the South African society, is mainly what causes delays in policy formulation and implementation.

The South African approach to policy formulation is also institutionalised through formations such as the National Economic Development and Labour Council (NEDLAC) which ensures that policy is communicated and all sectors especially capital, labour and the state, are given the opportunity to comment before policy is implemented. This corporatist approach is based on a system of interest representation where constituent units are organised into categories and granted representational monopoly (Hill, 1997:66). This system is based on transaction theory and uses inter-organisational relationships and ensures some measure of stability as a result of this representation. The Department of Labour’s policy process moves from the political level to institutional level through the Minister's ten point plan which is incorporated into the strategic planning process.

Besides this high level national corporatist model (NEDLAC), there are a number of other mechanisms that ensures that even if it is not negotiation, some level of consultation does take place. In the case of the Department of Labour external stakeholders including the politicians and civil society are able to input into policy through being informed via the media of the proposed policies and the manner of participation. The interviewee from the DoL stated that members of the Parliamentary Portfolio Committee on Labour are involved at the implementation stage, during the Department's strategic planning sessions to ensure that the views of the politicians are conveyed to bureaucrats and likewise the views of the department are also shared and carried back to the political level. This is both the bottom-up and the top-down policy approach at work. In the case of the City of Tshwane, a Municipality, taking issues to the different Committees seem to be sufficient, though there are instances where the Ward Committees also form part of the consultation process. According to the interviewee from the The City of Tshwane, ward committees are currently not fully functional in all the areas of the City of Tshwane.

ACCOUNTABILITY FOR ENSURING POLICY SUCCESS

Accountability, policy implementation and the different stakeholders

Communities and citizens are increasingly challenging government expenditure which is not matched by performance. The advent of the New Public Management has also made it possible for public managers to be accountable (Osborne & Gaebler, 1993). Barberis (1998:451), in his accountability model (Redford, 1969:70) views accountability as a system where ministers are accountable to the public, via Parliament for the work of their departments while public servants become accountable internally. Such a type relationship is referred to by Wallis and Dollery (1997) as the principal-agent relationship with intentions directed at reducing agency failure through some contract. According to this model an accountable party becomes responsive to parties receiving a service based on a well-defined topic of common interest (Kazandjian, 2003), normally within a performance management framework. Accountability can also be seen to be dealing with a relationship between a performer (principal-agent theory) and a beneficiary of that resultant output or outcome making it an evaluation of the effectiveness of performance, non or unsatisfactory performance. Accountability is not the responsibility of a single body or individual but different levels of accountability may ensure that policy is implemented. Accountability include accountability to Parliament by the Executive (Cabinet), accountability to the Executing Authority by the Departments and their Departmental Heads, Accountability to the Treasury by the different Heads of Departments and organs of state. Accountability does not end here but throughout the organisation, the leaders at different levels are accountable to those they report to. If accountability was to be utilised appropriately in what Gulick (1937) called span of control was utilised effectively, very little problem with performance would be experienced.

Accountability in municipalities

The WPTPS (1997:s4.1.1) and the Municipal Systems Act (2000:s16) deal with a need to develop a service oriented culture that requires the active participation of the wider community. In the local government sphere, performance management is a statutory requirement. The White Paper on Local Government (1998) proposes the introduction of a performance management system to local government as a tool to ensure developmental local government. According to this White Paper, integrated development planning, budgeting and performance management are powerful tools that assist municipalities to develop an integrated perspective on development. This can enable them to focus on priorities within an increasingly complex and diverse set of demands. Performance measurement is also supposed to enable these local government organisations to direct resource allocations and institutional systems to a new set of developmental objectives. The Municipal Systems Act (2000:s41), requires all municipalities to:

(a) set appropriate key performance indicators as a yardstick for measuring performance, including outcome and impact;

(b) set measurable performance targets with regard to each of those development priorities and objectives;

(c) monitor, measure and review performance at least once a year; and

(d) take steps to improve performance with regard to those priorities and objectives where performance targets are not met.

This comprehensive performance measurement requirement, while directed at the local government sphere and stressing the role of community in performance measurement, is not unique and can be used at and by any organisation including other spheres of government. The guide, developed to operationalises the Municipal Systems Act (2000:s41), seamlessly integrates the IDP planning stage with the implementation through performance management, monitoring and evaluation (DPLG, 2000:13)

TECHNIQUES FOR POLICY IMPLEMENTATION

Among the many contributors to policy implementation and performance, public finance ranks high and has contributed through the budgeting process. Financial management models have stressed the accountability aspect as a requirement when budgeting is done. Recent developments have gone beyond just the financial and budgetary requirements and attempt to create a balance between financial and non-financial measures.

Organisational capability is also assumed whenever policy implementation is considered. Two key dimensions of this that are important are the resource and the systems capability. The former is concerned with the adequacy of resources needed to produce outputs, while the latter deals with the adequacy of management systems used to manage those resources and the output. These management systems refer to strategic planning and implementation, financial management and management of information as well as organisation structure, culture and relationships. All these are important issues for implementation to succeed.

Contributions made by the NPM to policy implementation

The New Public Management (NPM) or 'New Managerialism' brought traditional theories and practices of public administration under attack due to the perceived inefficiency of governments and their inability to steer policy through the increasingly complex political and economic environments. This led to the transfusion of business management practices and market mechanisms (Osborne & Gaebler, 1993) into the delivery of public goods and services.

The contributions to policy implementation and organisational efficiency and effectiveness made by the NPM cannot be ignored. NPM considered, among others, reasons for lack of delivery while challenging traditional bureaucracy.

The post-bureaucratic era is dominated by the NPM missionaries who promote, *inter alia:*

> *High quality services that citizens value* where governments are to be driven by customers (Osborne & Gaebler, 1993:166) while meeting the needs of those customers and not the bureaucracy. South Africa's Batho Pele is based on this principle.
>
> *Increased autonomy*, or decentralisation. The WPTPS (1997) and the PSR (1999) in particular devolves responsibility to government departments. South Africa also has a very strong local government, ensuring that delivery political accountability exist at the local sphere.
>
> *Measuring and rewarding organisations and individuals* on the basis of whether they met set performance targets. Establishing a clear link between achievement of output targets and rewards and penalties for staff (Hood, 1991).
>
> *Receptiveness to competition* and an open minded attitude about which public purposes should be performed by the public sector as opposed to the private sector (Osborne & Gaebler, 1993:76-107 and Brown *et al*, 2003:232).

Few, if any, would argue that government should be allowed to be inefficient. Reinvention, privatisation, entrepreneurism, and customer service are some of the approaches that try to make the public service more efficient and effective. Marketization of the state and certain aspects of the NPM have provided tools for responding to policy implementation problems and increased the potential for policy to be implemented. Two broad orientations can be extracted from the NPM, the business type 'managerialism' and the freedom to manage coming from the tradition of scientific management (Hood, 1991:7) and searching for efficiency. However, while the NPM is said to be allowing managers to manage, the viability of the state bureaucracy as managing agent of public policy and the rise of the contract state (Dunsire, 1993) makes this questionable. The introduction of Citizen Charters, while benefitting the consumers and citizens are viewed as, on the other a move away from the simple managerialism to populism (Dunsire, 1995:26).

The White Paper on Transforming Public Service Delivery (*Batho Pele*): Contributions to policy implementation

A number of policies (Constitution, 1996; RDP, 1994; WPTPS, 1995, WPTPSD, 1997; PSR, 1999) laid the foundation for easier implementation to take place in South Africa. The WPTPSD (1997) can be seen as having contributed significantly to the implementation of organisational performance measurement in South Africa since the advent of democracy. This White Paper, which considers delivery from the customer perspective, was specifically formulated by the DPSA to assist government agencies to deliver services and be customer focussed using eight principles to guide delivery. These are:

Consultation - Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services they are offered.

Service standards - Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.

Access - All citizens should have equal access to the services to which they are entitled.

Courtesy - Citizens should be treated with courtesy and consideration

Information - Citizens should be given full accurate information about public services.

Openness and transparency - Citizens should be told how national and provincial departments are run, how much they cost and who is in charge

Redress - If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.

Value for money - Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

South Africa's *Batho Pele* policy is based on the NPM's consumerism using marketing techniques borrowed from advertising. It is based on the concept of 'active citizenship' leaning on the notion of 'difficult citizen' (Kouzmin, Loffler, Klages & Koras-Kakabadse, 1999:121) which conveys the belief that voluntarism should replace the morally dibilitating 'nanny state'. This approach to government services ignores the fact that the role of the consumer is economic while that of a citizen is political (Hauptmann, 1996) blurring the lines between *homo politicus* and *homo economicus*. Through this approach, accountability is secured by complaint and power exercised using aggregate signalling. The fundamental danger of consumerism is that it may be fostering privatised and resentful citizens whose expectations of government can never be met, and cannot develop the concern for public good that must be the foundation of democratic engagement and support for public services. However, allowing citizens to play the role of holding government accountable for services delivered is but one perspective that will allow the organs of the state to answer the question of how best to deliver services and begin to investigate their systems and process in the name customer satisfaction.

The White Paper on Transforming Public Service Delivery (1997), Batho Pele while not a performance measurement and management system, has certain elements of it. The requirement to set service standards forces those public service organization that implement it to, while deciding on the standards, think seriously about what they are about and how they can achieve whatever service they are supposed to deliver efficiently, its quality and quantity and within what time. This policy cannot be a measurement and management system but will assist such a system in a lot of ways. Another area where it can be of assistance is where a measure is concerned with satisfying external stakeholders, especially customers, since it is about satisfying the customer. Any system that is proposed as a suitable performance measurement and management system need to take advantage of this element policy requirements.

The customer driven approach to performance improvement

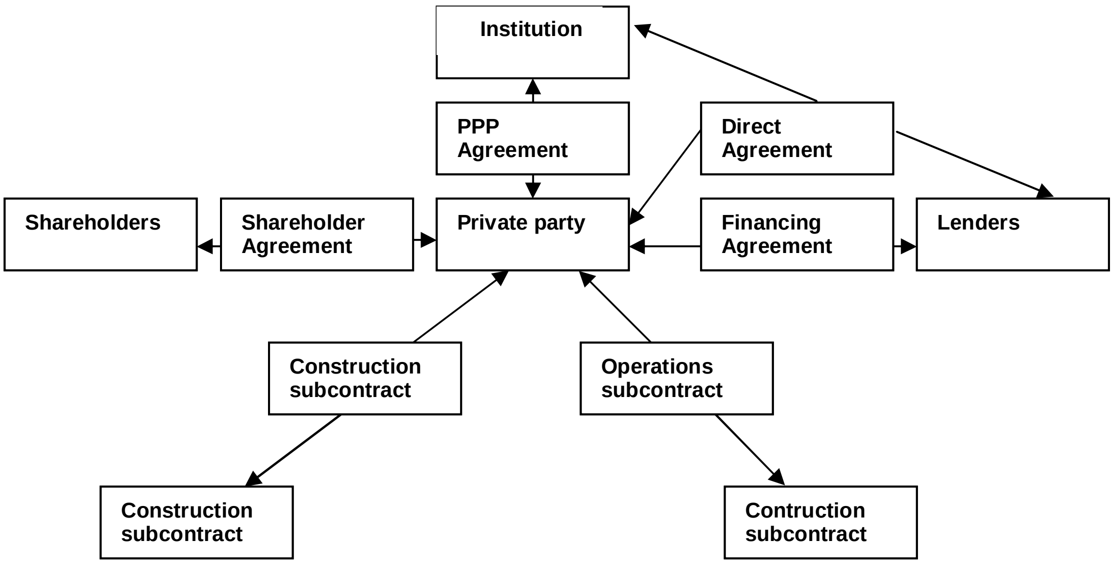
A more holistic approach to improvement is to look at the satisfaction levels of government customers. While this is seen by some practitioners, like the balance scorecard advocates, as incomplete because it focuses on one aspect of satisfaction it nevertheless provides a perspective on performance. Customer Satisfaction Indices have become popular and some of these include the American Customer Satisfaction Index (ACSI), the Canadian Common Measurements Tools, the Swedish Customer Satisfaction Index and the Netherland’s Court of Audit (Bouckaert & van de Walle, 2003:331).

According to the Performance Measurement Report (National Performance Review, 1997), performance management practices do better when used in conjunction with the customer-driven strategic planning. The undertaking of customer satisfaction surveys by the Public Service Commission has become a permanent feature of evaluating performance in the public service. What is not known is whether customer perceptions of public service delivery is shifting from what it was a few years ago.

Implementation through public private partnerships

Sustainable service delivery requires enormous financial, institutional and technical efforts (Bagchi and Paik, 2001:482) and this has driven the capital starved public organisation to look somewhere else for resources and project finance. One way of dealing with this resource problem is through considering other development partners like the private or the NGO sectors using the public-private partnership models. The huge resource mobilisation consists of complex institutional arrangement among users and developers. Public-private partnerships (PPP) working arrangements are based on mutual commitment between a public institution with an organisation outside the public sector taking into consideration public interest and accountability. Success of these partnerships often results from high level of cooperation and a realisation that each party has a stake and interest in the success of the other (Lockwood, Verma and Schneider, 2000). The following diagram represents a project finance structure in a PPP:

Figure 4.1: Relationships in a project finance structure for



Source: National Treasury, (2004) PPP Practice Note No 04 of 2004. Pretoria.

Public private partnerships depend on a number of factors including skills and finances. They ensure that risk and burden is shared by different parties to a particular project or programme. However, PPP's have not escaped becoming suspect because of their ability to dilute political control over decision-making while long term controls undermine competition. It is advisable to decide on which partner to involve and how strategic decisions, based on which services, might best be done internally and which are to be executed through the use of external resources using strategic boundaries as a guide (National Treasury, 2004:2 and Simmons, 2000:50). Because of their profit chasing motive, trade unions have viewed PPP arrangement suspiciously as there are always possible job losses in the long term as the profit motive begins to settle in. Organisations, like trade unions fear a decline in quality when private sector companies chase after profit.

The Multi-Purpose Community Centres

A Multi-Purpose Community Centre (MPCC) is a one-stop government (The Presidency, 2003:109), or an integrated community centre, through which community participate in determining the service delivery needs. It empowers communities by providing access to government information, services and resources for development (Public Service Commission, 2003:5). MPCCs in South Africa are collaborative ventures between the three spheres of government (national, provincial and local), the community, parastatals, organs of civil society and the private sector. This approach to policy implementation is based on the economies of scale resulting from the pulling together of the resources for the delivery of a number of services under one roof using a multiskilled labour force. If used extensively, results may include the speedy delivery of services that communities value.

The DPSA views the issue of multi-skilling tas a challenge. The personnel of the MPCC's are currently multi-skilling especially in the different areas of service delivery. Support from the line function departments may not respond timeously to demands, making the centres incapable of responding appropriately to service demands.

PRODUCTIVITY IMPROVEMENT AS A TOOL FOR POLICY IMPLEMENTATION

Policy implementation results in policy output and outcome. Efficiency of the productive efforts then become important if policy implementation is to succeed. According to Abedian *et al* (1998:83), efficiency improvement or an effort to reduce production constraints is something that can be achieved in four ways:

(a) by increasing output for the given input;

(b) by increasing output by a larger proportion than the proportionate increase in input;

(c) by decreasing input for the same output; and

(d) by decreasing input by a greater proportion than the proportionate decrease in output.

Managerial judgement guided by technical advice would have to be exercised in order to ascertain which measure and the input/output mix is the most suitable for improving efficiency in any given type of a service delivery process.

Policy is normally based on consequence as a desired outcome (Hanekom, 1995:7) while performance measurement mostly measures outputs. This poses a problem, because a measure of output without a consideration of whether stated output leads to the desired outcomes can be misleading and sometimes result in unintended outcomes. From this, the importance of measurement becomes even more obvious, especially as a determinant of whether the planned output will lead to the intended outcome. Through this process, accountability is entrenched at organisational level, as well as in society. Those accounting need to have the relevant information about what they are accounting on using information that performance measurement is able to provide.

Performance management should not be a mechanism for blame apportionment, but something to be used to improve processes. It is the researcher's considered opinion that the success or failure of leaders and programmes are determined more by processes and systems rather than by individuals.

The degree of complexity and uncertainty (Gill, 2000:25), while responding to policy demands will challenge institutions to consider ways to be more productive. For institutions to be productive and respond to policy demands, there is a need for top management to be committed and realise the importance of productivity and performance and the role measurement can play. The problem is that while this need exists, there is no stimulant at executive level and very little knowledge concerning determinants of that stimuli (Ammons & Molta, 1988:69).

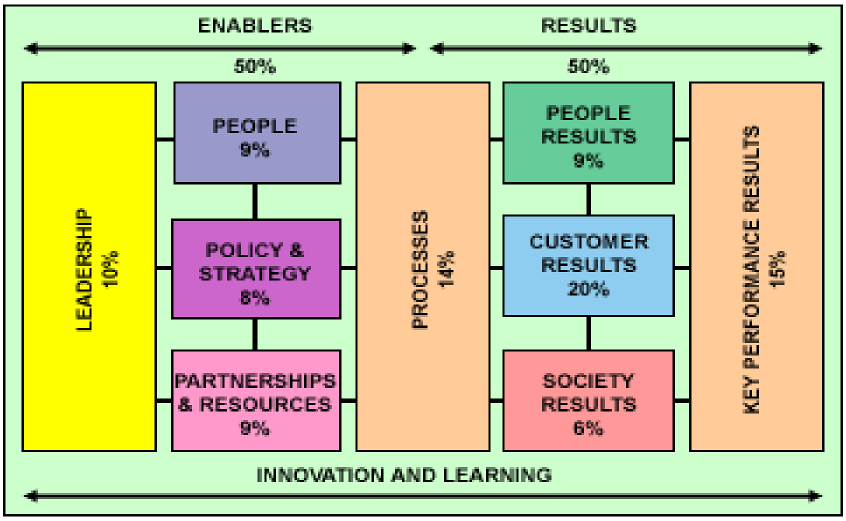
Total Quality Management

Among the various performance measurement frameworks, the concept of Total Quality Management (TQM) has been adopted globally by public organisations as a means of understanding and satisfying the needs and expectations of customers and taking costs out of operations (Dale, 1999 & Ross, 1993). It is an integrated management philosophy and a set of practices that emphacise continuous improvement, meeting customer requirements, reducing error, long range thinking, increased employee involvement and teamwork, process redesign, competitive benchmarking, team-based problem solving, contant measurement of results and a closer relationship with their suppliers (Powell, 1995). TQM strives to create an organisational culture that fosters continuous improvement and requires changes in organisational processes, strategic priorities, individual beliefs, attitudes and behaviours (Dale, 1999). TQM approaches in the USA and Europe have led to the Malcolm Baldridge National Quality Award and the European Quality Award.

Excellence Awards

The Excellence Models are mostly based on the European Foundation Quality (Business) Excellence Model which is a self assessment system utilised by both private and public organizations. According to this model, any public service organization unit or sub-unit including a service delivery point like a clinic or hospital in a province can enter for the award. The following figure is the European Excellence Model to which the European Quality Foundation bases its assessment of public and private organizations for best practice:

Figure 4.2: The European Foundation Quality Excellence Model



The Business Excellence Model is a model designed to assess organizations on the basis of nine areas using allocated percentages to determine a score for each area. According to this model, an organization conducts a self assessment using the model and then develops a prioritized action plan to make improvements. Organisations compete for annual awards using this model. Versions modified and customised for the public sector have been developed. These include the United Kingdom's Public Sector Excellence Model run by the Cabinet Office since 1996 (Cabinet Office, 1999).

Excellence Awards are mostly used by the provincial governments to promote excellence in the province and create competition between programmes, projects and even service delivery points. While competition may be induced through this method, participation is voluntary. Excellence

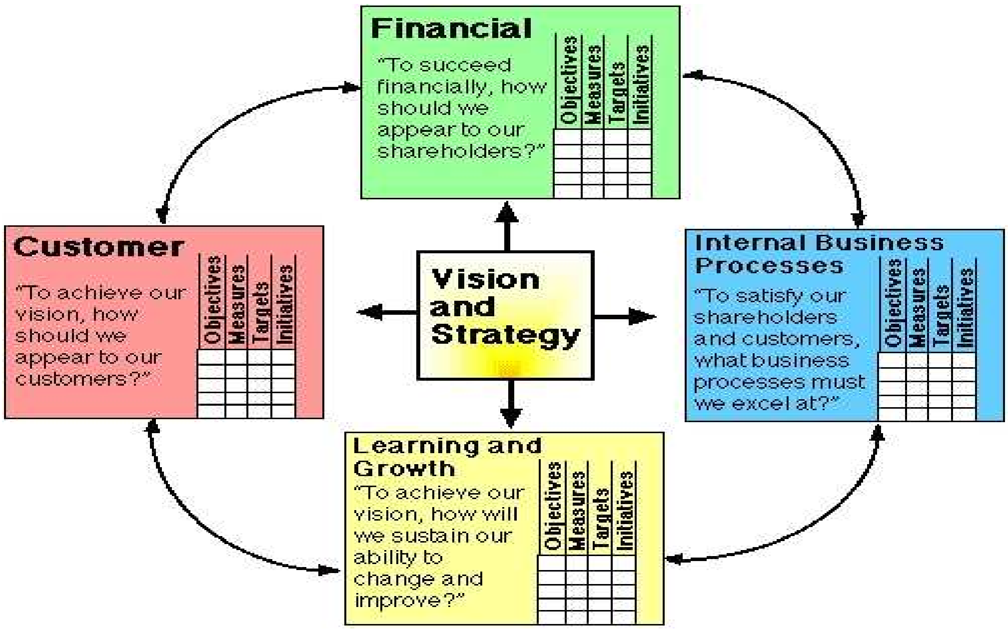
Awards are process based and do not necessarily have a system that drives them. This particular approach, while useful, falls short of saying to government organizations this is what you need to do to improve your performance. Implementation of policy should not rely on Quality and Excellence Awards only because of their inability to measure whole programmes. What is required is a system that is able to look at the organization as a whole. The local government as an example has an Excellence Awards approach called the Vuna Awards which are over and above their IDP based performance measurement and management system.

The Centre for Public Service Innovation (CPSI) does a similar function for the public sector by calling for nomination for innovation and awarding public servants for their contribution. Those entered fror the CPSI Public Sector Innovation Awards are automatically entered for the United Nations Public Service Awards and the CAPAM Innovation Awards. The awards approach is based on the excellence model where an organization or sub-component evaluates itself in terms of pre-determined criteria with the aim of comparing itself to other similar components, processes or sub-organisations.

The Balanced Scorecard

The balanced scorecard, first introduced for the private sector is now widely used in the public sector and includs countries like Finland as well as a means for implementing the strategy (Talbot *et al* , 2001:46). The balanced scorecard ensures that a group of measures are balanced especially between financial and non-financial measures, short and long terms goals and internal and external measures. While the balanced scorecard is used by some public sector organizations including the two reseached cases, the City of Tshwane and the Department of Labour, there is no information on its results available as yet. The good thing about it is that measures are balanced and therefore are able to provide a holistic view to performance measurement and management. Public service organizations that make use of the balanced scorecard have modified the four perspectives to suit their environment. The figure below shows the original balanced scorecard:

Figure 4.3: The Balanced Scorecard



Adapted from Kaplan and Norton (1996) <u>The Balanced Scorecard: Translating Strategy into Action</u>.

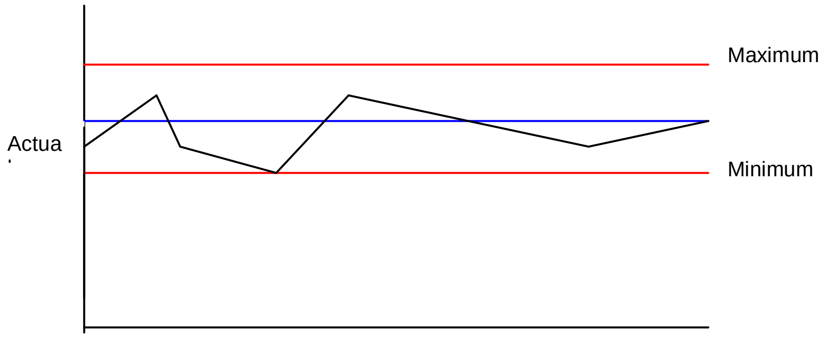
The balanced scorecard as seen above is designed with the private sector in mind, but different versions of it designed specifically for the public sector have been developed and are used by a number of government organizations including the DoL and the City of Tshwane. The financial perspective for instance need to change from representing shareholders to stakeholders, likewise in the perspective of Internal Business Processes what the public sector satisfies are not shareholders but the executive and parliament. Perspectives themselves need not be restricted to four but others may be added.

The Balanced Scorecard, like the Business Excellence Model has been modified for the public sector. In the case shareholders, the public sector would use stakeholders who, though not driven by profit, have a deep interest in the operations of an organization. This model is one approach recommeneded by a number of authors including Motimer (2005), DPLG (2000) and Municipal Systems Act (2000).

Processes re-engineering and improvement

This is a system that focuses on the process based on the belief that if the processes are right, then outputs and productivity will follow suit. Process measurement makes use of what is called 'business process re-engineering' methods to monitor the effects of processes, such as the turn around time, efficiency and downtime on the results. This measurement is normally linked to objectives which drive the results using instruments such as the indicator / control chart as shown in the figure below:

Figure 4.4: Control chart- Parameters of performance



According to the control chart, the performance measure is an achievable mean given current operational circumstances. Either side of the mean (centre of the three lines), for tolerance purposes are upper and lower values against which the performance indicator offer the means to identify success or failure. Any set of results that indicate that upper or lower levels are being breached on a consistent basis prompts investigation and subsequent adjustment of the mean value as problems are solved or best practice adopted. The aim is improving mean performance and predictability while reducing variation.

Benchmarking for improvement

Originally a tool for land surveyors, benchmarking has become synonymous with best practice. This concept owes its narrower meaning to management lexicon (Kouzmin *et al*, 1999:123). Benchmarking can also be seen as the pursuit, by an organization, of enhanced performance through learning from the successful practices of others. The idea behind this concept is not to find out how much others are doing, but rather how they to do it better. This means then that benchmarking is a continuous systematic process of measuring products, services and practices against organisations regarded to be superior with the aim of rectifying any performance gaps. The problem lies in searching for the 'best in the class', because of the high costs associated with this search and the type of information available. Another point to consider is that today's best in the class may not be tomorrow's best in the class (Peters & Waterman, 1982).

Benchmarking need not be difficult in the public service since the competition element does not exist between and among government agencies. An example of this kind of benchmarking is in the Western Australian public sector which compares related government agencies (Frost & Pringle, 1993) on the basis of their performance and make this information available to all other government agencies for them to emulate. The major problem in benchmarking seems to be in the tension between the competitive and cooperative elements when the quality awards phase is considered. These awards have been found to not always have the required motivational effect and thus make them deficient learning fora, where participating organisations learn something and this is supposed to be a precondition for participating in quality awards (Senge, 1990).

Benchmanrking can also be pursued using an approach known as the Data Envelopment Analysis (DEA). The DEA is a linear programming model for evaluating the relative efficiency of decision-making units with characteristics that allow them to have (i) similar outputs and inputs (ii) multiple, non-commensurate and at least ordinal outputs and inputs, and (iii) valued outputs and inputs (Fancet & Kleiner, 1994: 68). The DEA method may be seen or used as an ideal mechanism for improving performance through benchmarking.

Benchmarking is currently not used by the South African Public Service though a benchmarking organization, Benchmark South Africa (BENSA) exists for this purpose. The South African Public Service need to utilize the information and the networks that BENSA has, and to take advantage of other similar international organizations such as the UK's Public Sector Benchmarking Service to share best practices. Benchmarking as a tool must be prioritized and supported by central coordinating departments like the National Department of Health through the creation of, for instance, learning zones, which should:

(a) support the development of comparative information on initiatives in the area of best practice,

(b) follow up on usage while encouraging implementation, and

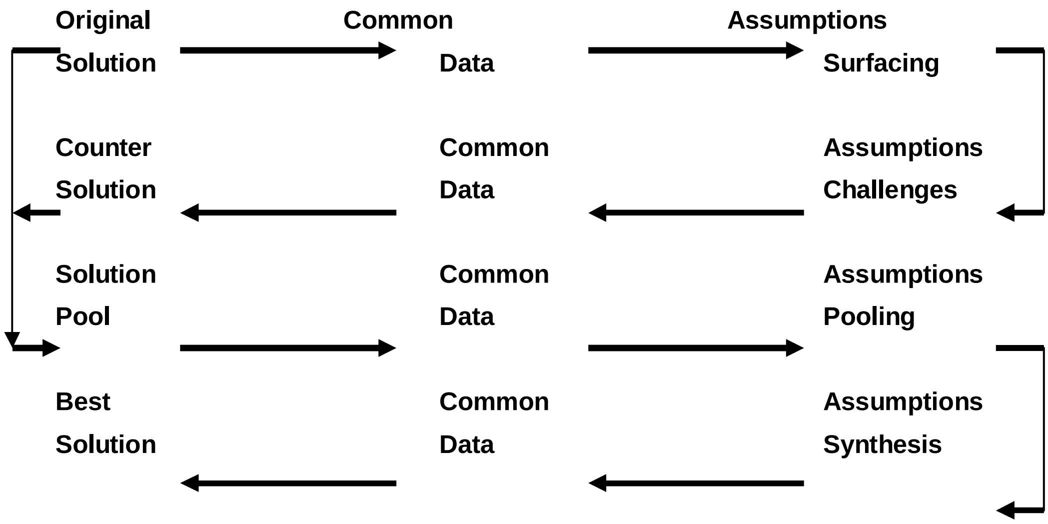
(c) provide contact information where further information can be found.

Most processes are the same whether they are private or public sector processes. An example is the recruitment or even the supply chain processes which can be emulated anywhere. The existence of a professional body, such as BENSA presents an opportunity to look at what has been tried and tested somewhere else. Public service benchmark information is also available and ready for sharing by a number of other international organizations, including government agencies from other countries. It requires little effort to search the internet, network and access such information. Reliability and relevance of performance data are the key elements in achieving data use in comparative measurement.

PLANNING AND FORECASTING FOR POLICY IMPLEMENTATION

There is no better explanation than Mintzberg's (1994:7), definition of planning, action laid out in advance. This, he considers to be controlling the future and being able to design that desired future. Planning can further be viewed as decision making because deciding is future oriented and every decision made takes the future into consideration (Mintzberg, 1994:11). Dror (1971:93) claims that planning is the most structured mode of policy making given its explicit attention to internal consistency. This may be extended to include implementation since it needs more planning than any phase of policy analysis. While the statement itself is correct, the applicability and lack of flexibility in this approach is no longer feasible in the current complex environment. A way of planning and design should include forecasting to anticipate some future. Different methods of forecasting are provided by Dunn (1994:197) and Roux (2002:87). Once assumptions have been arrived at, it is argued that planning has been successful. According to Dunn (1994:179) there is a need for the formulation and analysis of policy assumptions starting for instance with the recommended solutions. The following diagram illustrates this process:

Figure 4.5: Policy planning assumptions



Source: Dunn, originally adapted from Ian I. Mitrff and James R Emershoff (1979), "On Strategic Assumption Making: A Dialectical Approach to Policy Planning" Academy of Management Review.

The problem with assumption is that it mostly does not take into consideration the institutional arrangement and capacity factor meaning that assumption gets based on functioning institutional machinery, something that is not always the case. In situations where the planning tool of forecasting is utilised appropriately, a number of limitations mostly timing related and organisational in nature, emerge (Dunn, 1994:191). However, context, where institutional capacity is located, is a variable to be included and considered though not given the importance expected.

Several factors, more than merely being a party to policy development, need to be part of the deliberations at the design phase. These include considering the capacity of the implementing organisation in terms of its alignment, strategies, structural design, skills and understanding of the policy issues concerned with that particular policy, cost effectiveness and ways for monitoring and evaluation. This approach is associated with the rational actor model (Grindle & Thomas, 1991:27) since it also takes into consideration alternatives to effective delivery. While top management is also critical in this design phase, it need to be understood that it is not only they that will be part of implementation process but those in the implementing institution as a whole. All these considerations are variables that make up policy analysis and implementation a success and need to input into the implementing agency's plans and strategies.

COSTING POLICY BEFORE IMPLEMENTATION

Before policy is implemented, it is advisable to undertake a Cost-Benefit Analysis to determine and weigh benefit in relation to cost. Cost-Benefit-Analysis (CBA) ascertains the net effect of a proposed policy on economic and social well being (Kupper & Kupper, 1985:165 and Dunn, 1994:295) and ensures that opportunity seeking is directed and focussed. It developed out of welfare economics using the notion that benefits to individuals should be measured according to an indicator of consumer surplus. CBA takes into consideration not only the economic, easily calculable items, but includes social aspects as well. For example, if someone's well being is improved because of cleaner air, that person experiences a benefit even though his/ her income may not change. On a basis of this income, a cost can be attached. CBA gets used to determine a willingness to pay. This approach to policy implementation is criticised on the basis of an alleged fallacy of applying a monetary value to intangible items such as peace, and quality of life.

RESULTS AND PERFORMANCE BASED BUDGETING APPROACHES

The transformation of the public service has been very remarkable and more so when viewed from a public financial perspective. Transformation's objective has been to improve delivery using the same resources. One of the instruments for attaining this has been through the budgetary processes. Budgeting, while a part of planning was never linked to departmental plans and strategies, something that is currently a requirement. Budgeting does not end when the budget is presented, this is but one part in the process of accountability that the budget brings into the delivery equation. In the past budgets have concentrated on inputs rather than outputs and outcomes, asking questions related to expenditure rather than looking at whether such expenditure was accompanied by performance. Budgeting within that expenditure driven regime was incremental and based on past expenditure patterns.

More and more emphasis has recently been placed on strengthening the budgetary system so that it incorporates accountability and this has evolved to the current use of zero-based budgeting, and activity based costing methods. One of the most important aspects of the management of performance results involves the integration of performance measurement with the budgeting system. This system has evolved up to as far as asking organs of the state to identify key performance indicators for their particular functions, outputs and measures to determine and track failure or success rate. While budgeting has led in the area of performance measurement in the public sector, attention has increasingly been given to non-financial performance indicators to assess how well an organisation is performing overall. Performance indicators and measurement now feature in all published documents, including the National Treasury Budget Estimates of Expenditure publication. Stated performance indicators are undoubtably a useful addition to the methodology of control though they need to be used with care.

The reform initiative of the South African government has been driven by a need not only to produce balanced matrixes of figures showing that the expenditure remained within estimates but also the ability to evaluate, monitor and track how far projected outputs and outcomes were achieved and how efficiently, effectively and economically the objectives have been met. The effort to use performance measurement as a tool in resource allocation is not new it is just that in line with what Ingram and Anderson (1988:87) refers to as a design integrating output as part of the legislative requirement. The different budgeting systems, and approaches and their contribution to policy implementation are at last given consideration.

Performance budgeting

Performance budgeting or the management approach as it is also known attempts to integrate information about government activities into the budget process so that budget decisions can be based on the relationship between what government does (policy or programme)and how much it costs. A performance budget usually divides proposed expenditure into activities within each organisation and a set of workload measures that relate the activity performed, to cost. Managers are able to arrive at a budget just by simply multiplying the cost of a unit of output by the number of units needed in that year. This kind of budgeting represents a fundamental shift from budgeting that is based on expenditure control to budgeting based on management concerns. When this system was introduced budget estimates were said to be more meaningful (Miller, 1992:232). However, the focus is on work to be done only and not on the usefulness of the objectives themselves (Wildavsky, 1992:55). Its weakness is that it distracted attention from policy outcomes, which requires perspective beyond the annual budget cycle.

Activity based costing and budgeting

Activity based costing and management is part of managing through analysis and accurately linking the cost of the product and services to customers with the consumption of valuable organisational resources (Rosen, 1995). Activity based costing, as some would like to call it, is an essential part of a process improvement and reengineering effort. It uses cost and time data and translates this into decision information. It also measures process and activity performance, determines the cost of business process output, and identifies opportunities to improve process efficiency and effectiveness. According to Johnson and Kaplan (1989), management accounting information is normally produced too late, too aggregated and is too distorted to be relevant for managers' planning and control decisions and this kind of costing ensures accuracy before an activity is undertaken.

The activity based costing methodology is based on two important principles:

(a) activities consume resources such as manpower, electricity and facility costs, meaning that activities cause costs.

(b) products and services require activities such as ordering or receiving.

The application of the aforementioned principle can be done in three steps:

(1) *Tracing of resources to activities* such as ordering and receiving, is an an activity that can be defined as work performed within an organisation and also an aggregation of actions (tasks) performed that have a measurable output.

(2) *Trace secondary activity costs to primary activities* which are activities that require to ensure the efficient performance of primary activities. Primary activities are those fundamental activities performed by an organisation in order to be operative such as receiving, ordering and marketing.

(3) *Calculation of costs per cost object* meaning that the combined cost must be allocated to the products and services consuming those activities. This is done after identifying the cost drivers.

The cost driver can be defined as those factors or transactions that are significant determinants of cost. The following are examples of such cost drivers:

(a) The number of purchase orders drives the cost of the purchasing department.

(b) The number of goods received drives the cost of the receiving department.

In some instances it may be impossible to measure the cost drivers so a surrogate is used instead. A surrogate which has a strong correlation with the activity being measured.

Outcome based budget

One other variety of integrating budget to performance is with regard to outcome-based budgeting in that all appropriate outcome measures are defined and a budget could be developed on a unit cost of outcome basis. This means, for example, the unit cost of providing a household with running water per household will be budgeted for. A portion of the budget would be allocated for that strategy and then a unit cost established.

Outcome based budgeting makes two assumptions which must be questioned. The first is that government programmes are the sole determiners of outcomes or that their role in determining outcomes can be precisely quantified (Hyman, 1996). Clearly this is not the case. Much work remains to be done to quantify the impact which the government has on social outcomes. Secondly this system assumes that all outcomes of a programme can be identified and quantified. Not all outcomes can be quantified and in some cases the cost of measuring can exceed the benefits of the measure. Outcome based budgeting would require the use of outcome measures regardless of their cost. If all of the outcomes are not identified, a departments would have incentives to maximise the measurable outcomes to maintain or enhance funding, perhaps at the sacrifice of more important but less measurable outcomes.

Because of the budget driven measurement system as outlined above, some form of performance monitoring takes place though the budget based measures are problematic in that they reduce everything into rands and cents. The best use of performance measures in budgeting is as an indicator of success. Output should not be the sole determinant of a budget strategy but rather an objective tool for determining mission and goal achievement. With a good measurement system in place, policy makers can determine, to a reasonable degree, the extent of a department's success and the role which that department plays in providing services. In support of this approach Guess (1992:101), argues that linking planning to rigorous accounting structures tend to succeed and is likely to limit the effects of poverty.

The use of performance measures in government is being driven by public scrutiny of government to determine effectiveness, the desire to hold government accountable for results rather than stewardship of inputs, to require reporting of service efforts and accomplishments and the nation-wide effort to make governments more results-oriented is a must. The problem with using outcome rather than output is that it goes beyond satisfaction to including achievement of external or societal objectives which are sometimes difficult to measure (Dalton & Dalton, 1988:25).

PERFORMANCE AGREEMENTS, ADMINISTRATIVE ACCOUNTABILITY AND AGENCY ARRANGEMENTS

In the area of performance improvement the Public Service Regulations (1999) require government departments to enter into performance agreements and contracts with the different institutional heads as a mechanism for improving delivery.

Performance agreements entered into between departmental heads or CEOs need to define accountability for specific organisational and policy goals (Schultz-Petersen, 2001:10). Performance agreements normally define individual employee performance expectations and establish results-oriented goals and expectations. Through performance agreements, departmental heads are able to understand the connection between their organisation's daily activities and those of the lower operational levels and the department as a whole. There are several benefits that can be derived from having performance agreements which include:

(a) stronger alignment with result-oriented goals since accountability for specific organisational goals help align daily operations while contributing to the department's goals and objectives.

(b) collaboration across organisational boundaries.

Better opportunity to discuss and routinely use performance information to make performance improvements. Agreements become an effective vehicle for collecting and communicating performance data on organisational progress. These agreements should use performance information to track results, pinpoint opportunities to improve internal processes and identify performance gaps.

Result-oriented basis for individual accountability through providing of a useful vehicle to bring result-oriented performance information into the managers performance evaluation and the determination of reward (for example 95% of complaints will be dealt with within one week where the time one week becomes the target resolution time, the target percentage is 95% and the actual percentage will be whatever is achieved within the stated period).

Where performance agreements exist, goals during leadership transition are not easily changed, but can reinforce accountability. The current South African performance framework for senior managers and heads of departments have, according to the DPSA, led to a great improvement in the performance of government and its officials. Typically, the responsibility for a particular task is passed on to an employee. In theory, there is a chain of contracts linking each individual employee to the mission and policy imperatives.

Performance measurement can also be seen within the context of a contract or agreement between the agent (worker) and the principal (supervisor). This refers to a situation where there is a clear definition of required performance and the performance measurement system itself is based on producing desirable results. Austin *et al*, 2002:80) refers to this kind of an arrangement as an *ex ante* specification of performance. In support, agency theory also favours this approach where the agent enters into some sort of agreement with the principal on what kind of performance is required.

The transaction cost theory does not take into consideration the psychological contract and that workers are intrinsically motivated by being part of a shared purpose or goals. The danger here lies in the fact that humans are opportunistic by nature and self interest becomes greater where there is an option of reward.

Actually, as pointed out by Deming, measurement has a negative side and can be more harmful where the issues such as the fear of reprisal takes over control and lead to a decline in accuracy. This point is further stressed by Lepper and Greene (1978) in their book titled '*The Hidden Costs of Reward*: *New perspectives on the psychology of human motivation*' which highlights the dangers of a situation where the reward ends up controlling the recipient (Osterloh & Frey (2002:110). An example is a situation where children who are enthusiastic about a task get promised a reward for fulfilling the same task in what van Thiel and Leeuw (2002:268) call negative learning. Such a situation will, over time, result in children not being prepared to perform a task they were enthusiastic about initially before the reward became part of the equation. This behaviour otherwise known as the cognitive evaluation theory (Osterloh *et al,*2002:111) leads to the substitution of intrinsic motivation by an external intervention and introduces the element of reciprocity into it.

Performance also refers to some comparative judgement and can integratively be seen as the sum of all processes that will lead managers to taking appropriate actions to improve service delivery. But judgement and interpretation including predicting the future, presupposes an existence of a causal model where action taken now or today gets linked to results in future(Lebas *et al*, 2002:69). Performance itself need to have value if it has to impact on decision making.

THE INFLUENCE OF DONOR COMMUNITY ON POLICY AND PROGRAMME EFFICIENCY REQUIREMENTS

Pro-market and pro-private sector approaches including performance management in policy implementation were first introduced by the lending institutions as conditions for obtaining credits and scheduling debt from creditor banks and multilateral lending institutions (Numberg, 1990 and Havnevik, 1987) The understanding was that the 'minimal state' that will result from the imposed reforms will lead to efficiency (Grindle, 1997:4).

Donor institutions have become increasingly aware that the success of their assistance is greatly affected by the quality of governance in the borrowing states. This includes recommendation for the introduction of and making performance measurement and management part of the lending conditionality. One example of trying to improve programme performance is through the use of methods such as the logical framework whose origin can be traced to the private sector's management theories such as management by objectives. According to the logical framework, programme performance indicators, assumptions and means for verification are stated upfront. The logical framework and other similar methods of ensuring programme success are nowadays widely used as a tool for implementing and managing policies and programmes by the different countries including South Africa.

PROJECT MANAGEMENT IN POLICY IMPLEMENTATION

The Logical Framework brought with it project management approaches to programme and project implementation (The Presidency, 2003:109). Project Management, is an approach that is similar to the Logical Framework. It also forces project leaders to have project plans, including specifying the length of time and resources each activity will take before a project is undertaken. Project Management and the Programme Evaluation and Review Technique (PERT) is thought to have originated from the Post World War II purely to manage large scale challenging initiatives and projects, and is another method belonging to the family of project management approaches. A number of government departments including the DoL, make use of this approach to track and deliver on planned projects.

THE ROLE OF MONITORING AND EVALUATION IN POLICY ANALYSIS

Much of what is going on in the public service is the development and strengthening of monitoring and evaluation systems. While both monitoring and evaluation and performance management will allow one to think about the performance of public policy they however are not the same. Both work from some common data sources but differ in their time horizon, their assumptions and uses. According to Schacter (2002) performance measurement is about the here and now and investigates where activities are today through asking how well we are doing now. It considers evidence and assist managers make mid-course corrections. Evaluation looks at a longer term perspective, it is more definitive, and is mostly based on an in-depth research analysis. They can complement one another in improving performance in the public sector.

The Public Service Commission currently undertakes a three year cycle monitoring and evaluation of the public service using Section 195 Constitutional (1996) values and principles. Besides the fact that this is a three yearly cycle approach and this is problematic in terms of time it takes before the next round and the use of Constitutional values and principles as against programmes because this does not provide a complete picture in terms of performance.

The DPSA and the Minister for Public Service and Administration have an outreach programme through visits to departments, listening to problems and looking at the progress of service delivery. The interview established that the Minister pays unanounced visits to service delivery points to assess service delivery. This same programme is linked to the Senior Management Deployment Strategy where Senior Managers can be deployed to service delivery points. Both these approaches are directed at assessing, monitoring, evaluation, motivating and more importantly conveys a message to the service users and service providers that somebody actually cares about what is happening there.

Performance measurement and indicators serve as a very important vehicle for monitoring and evaluation. Evaluations are mostly conducted in relation to planned performance and use techniques, such as survey and case studies. The aim is normally to establish whether objectives have been achieved and to identify sources of problems and decide how they can be corrected. Monitoring and evaluation depend heavily on the availability of timely and relevant information.

Systems such as the National Treasury's Vulindlela provide up-to-date information on government transactions and finances. Some departments have in-house monitoring and evaluation systems which need to be made part of the overall monitoring and evaluation system.

POLICY MODIFICATION AND FEEDBACK

Controlling policy outcomes requires continuous feedback and depends on the kinds of control measures that are put in place. This means that on a periodic basis, a measure of the extent the objectives have been met through activities or the business plans are to be undertaken. During this control cycle, performance is measured on the basis of the performance indicators identified. The planning process involves identifying strategies to be implemented to achieve the stated objectives and identifying activities which will need to be undertaken to fulfil the strategic objectives. The feedback loop then gets created in the system through the control mechanisms that are built into the process. The policy formulation level, through feedback, is able to be informed of the necessary modifications required to align policy to what is taking place on the ground.

PUBLIC POLICY IMPLEMENTATION AND RISK

Uncertainty, complexity and conflict that characterise the difficulty of strategic problems especially accepting the reality that implementation constitutes a possible failure. The consequences for not designing and implementing policy effectively include society's expectations not met, and may result in poor quality public services or even the exclusion of some sections of society from benefiting from a policy meant to benefit them. The threat comes from different kinds of risks which if not managed could sabotage the noble intentions associated with governance and performance. It, therefore, becomes important to manage risk in a manner that when and if risks become a reality they are not just issues that were unknown but have been anticipated. Risk management is the active process of identifying and acting on risks facing the organisation, taking advantage of, reducing, mitigating or otherwise adjusting plans to ensure that the organisation and the policies it implements meets its intended objectives. Risk management deals with the management of uncertainty in the achievement of goals.

The era of globalisation is growing in diversity, dynamism and complexity creating uncertainty and posing risks not thought of before. The New Public Management Paradigm, to which the Public Service Regulations (1999) subscribe, requires a devolution of much of the responsibility to government departments while the rule-driven public service culture is also being done away with. Without accountability, this devolution and decentralisation will be meaningless since inherent risk implications become uncontrollable. Within this context, risk management will mean the identification of risk, the assessment of the impact should risk manifest itself, planning the response to risk, to treat the symptoms and to monitor the high risk areas, including the effectiveness of the planned responses and the remedies prescribed. This is an integrated risk management approach which includes treating risk, not as a add-on but as part of public administration and management.

Risk management strategy and process within policy implementation

In the public service, the culture has always been that minimal or no risk involving activities are undertaken to such an extent that officials have tended to make it a point that they do not go beyond what is stated. This was partly influenced by the central management of risk using prescribed rules and control measures. This practice is however slowly disappearing. For a strategic management of risk to succeed, it needs to focus on establishing the fundamental rules; providing an environment for support; determining key risk areas; and consulting stakeholders. Senior management involvement to provide leadership and ensure desirable linkages with other important strategic and operational issues is needed.

By a risk management strategy it is intended to help the organs of state meet their objectives by ensuring that everyone has a clear understanding of:

(a) the objectives of the organization;

(b) factors that could impact on the department's ability to meet its objectives; and

(c) the actions necessary to ensure objectives are met.

An effective risk management strategy will:

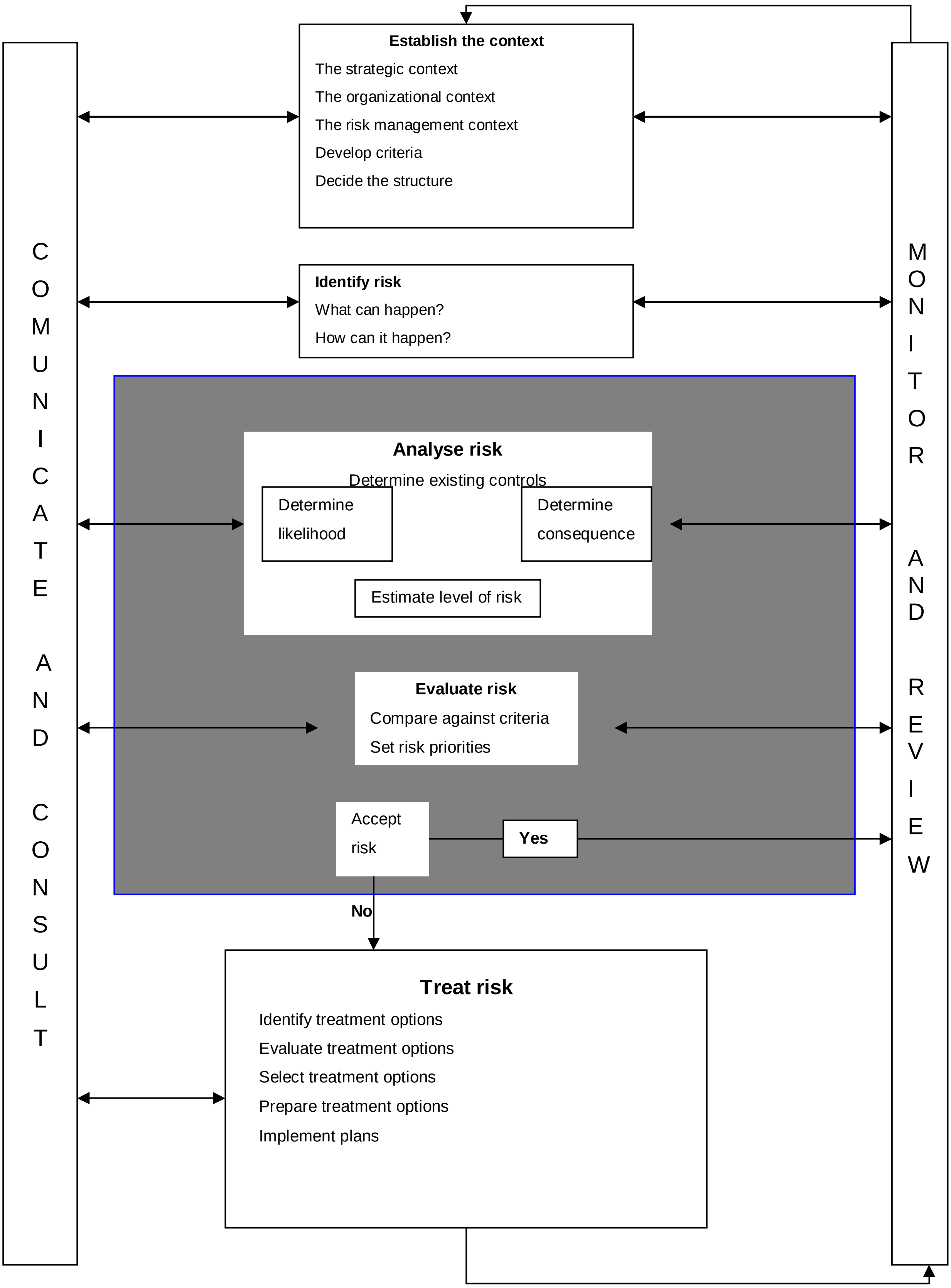
(a) improve accountability by ensuring that risks are explicitly stated and understood by all stakeholders, that the management of risk is monitored and reported on, and that action is taken based on results;

(b) focus on planning to deal with factors that may impact on the objectives of the department, and provide an early warning system; and

(c) ensure opportunities are not missed and costly surprises do not arise.

The risk management strategy need to incorporate the process as well while the risk management process deals with stating objectives; identifying key risks that could affect stated objectives; assessing the potential likelihood and impact of occurrence for each identified risk; developing and documenting a course of action to reduce or mitigate identified risk to an acceptable level; and monitoring internal and external environments for risks and the on-going effectiveness of action plans while adjusting the plans where necessary. The following figure represents a risk management process:

Figure 4.6: Guidelines for managing risk



Source: Guides for managing risk in the Australian and New Zealand public sector (1996)

Risk, while possibly able to be stated in financial terms, does not always involve finances directly. Risk may be in the form of political risk, economic risk, employment risk, natural disasters and so on. As stated previously, risk management is not a separate management process, but should be part of an overall management strategy and plan which is also communicated well with staff at all levels. Everyone in an organisation needs to know what the benefits of the risk management process is as part of the planned management of risk. Risk can also be managed by just accepting it without taking any steps to mitigate it.

Key principles underlying effective risk management

Everyone in a government department should be responsible for sound risk management practices and be held responsible for achieving results. Risk management activities should be fully integrated into the department's planning, monitoring and reporting process into the daily management of departmental programmes and activities. To ensure that everyone understands, relates to, and uses risk management tools and techniques, communication about risk needs to be across the department and everyone need to be capacitated through training and other means, to fully understand their risk management duties.

A development of a broad set of rules to allow for the necessary flexibility is also necessary, though this needs to be done within the confines of accountability for action within an environment that is supportive based on trust and shared values. Broad rules can include:

(a) ethics for example acting legally, politically neutral and fairly

(b) rules for example acting within delegated authority; and

(c) principles for example not wasting public resources.

The assessment of risk and consideration of adjusting measures by looking at whether the occurrence will be acceptable or not. This needs to obviously be followed by mapping several steps that can be taken to manage the risk and risk acceptance.

CONCLUSION

This chapter has considered policy implementation and the different approaches to implementation. Assuming that a government agency is ready to implement any policy proposal including performance measurement and management is a mistake. What is required is a consideration of an implementation mechanism that will assist an organ of the state in implementing policy. Among the different models that have been used in the past, the bottom-up approach seems to be accommodative of other mechanisms for implementation and therefore flexible enough to take into consideration a number of mechanisms.

The South African policy terrain is flexible and based on consultation which is institutionalised and corporatised. The big challenge seem to be with implementation and the implementing agencies. While the Batho Pele policy operationalises policy from a client or customer perspective, this contribution to policy implementation may also be seen as indirectly asking the organ of state to consider its systems and processes to attain customer satisfaction.

Implementation itself and not only the programme being implemented need to be evaluated. Evaluation, whether of the programme or of the system coming at the end, is useless due to the accumulated damage. Monitoring implementation provides in a timely manner, the information needed:

(a) to ensure that a project is implemented efficiently and economically and is achieving its objectives, and

(b) to help in the selection and planning of future projects.