

**PERFORMANCE MEASUREMENT AS A PUBLIC
POLICY IMPLEMENTATION TOOL IN THE
SOUTH AFRICAN PUBLIC SERVICE**

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2005

PERFORMANCE MEASUREMENT AS A PUBLIC POLICY IMPLEMENTATION TOOL IN THE SOUTH AFRICAN PUBLIC SERVICE

by

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**A Thesis submitted in partial fulfilment of the requirements
for the Degree of Doctor of Philosophy (PhD)**

in Public Affairs

**at the School of Public Management and Administration in the
Faculty of Economic and Management Sciences**

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ABSTRACT

Policy implementation in South Africa has not been as successful as the policy formulation phase. In the last ten years of democracy and the shift from apartheid minority white rule to the present majority rule, a lot has been achieved. Among the achievements is the ability to formulate policies directed at integrating society and the fragmented administrative systems. While the performance of government organisations has not been as good as anticipated, several mechanisms, though insufficient, have been put in place to assist with policy implementation and in an attempt to make government more efficient and effective in delivering public services.

This research considers whether having a performance measurement and management system to oversee and evaluate the organisational side of performance might address the question of service delivery in the public service. Both policy implementation mechanisms, those referred to as alternative service delivery methods and strategy implementation using performance measurement as a tool are considered. The finding of this research project is that an improvement in policy implementation and strategy deployment using a performance measurement system, will lead to an increase in the current levels of service delivery. Two cases are considered, one, a city government of Tshwane, where performance management is mandatory in terms of the Municipal Systems Act (1999), and the National Department of Labour, which, through its own recognaizance, has implemented a performance measurement system.

DECLARATION

I hereby declare that this report is my own unaided work and that, to the best of my knowledge and belief, contains no material previously published or written by another person nor material which, to a substantial extent, has been accepted for the award of any other degree or diploma of a University or other institute of higher learning, except where due acknowledgement has been made in the text.

Tholumuzi Bruno Luthuli

Date

ACKNOWLEDGEMENTS

My greatest thanks go to my supervisor, Professor Jerry Kuye, without whom this work would not have been completed. To my family, especially my children who I could not be with all the time, suffered as a result while I was working on this research project, I hope this work will be inspirational and a challenge. My thanks are also directed to Mr Dick Bvuma from Department of Public Service and Administration, Mr Mcezi Mnisi of the City of Tshwane and Ms Mongo Phukela of the Department of Labour. These individuals have provided an abundance of factual material as well as many helpful comments.

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ACRONYMS

BENSA	Benchmark South Africa
CAPAM	Commonwealth Association for Public Administration and Management
CBA	Cost-Benefit-Analysis
CEO	Chief Executive Officer
CPSI	Centre for Public Service Innovation
DEA	Data Envelopment Analysis
DoL	Department of Labour
DPSA	Department of Public Service and Administration
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EEA	Employment Equity Act
FOSAD	Forum of South Africa Directors General
GEAR	Growth Equity and Redistribution Strategy
GDP	Gross Domestic Product
GPRA	(USA's) Government Performance and Results Act
HoD	Head of Department
IDP	Integrated Development Plan

IPP	Integrated Implementation Plan
IPSP	Inter-Provincial Support Programme
KPI	Key Performance Indicator
MDG	Millennium Development Goals
MPCC	Multi-Purpose Community Centre
NA	National Assembly
NCOP	National Council of Provinces
NGO	Non-Governmental Organisation
NMTF	National Medium Term Expenditure Estimate
NPM	The New Public Management
NEDLAC	National Economic and Labour Council
OECD	Organisation for Economic Cooperation and Development
PGDS	Provincial Growth and Development Strategy
PFMA	Public Finance Management Act, 2000
PPBS	Planning, Programming and Budgeting Systems
PPP	Public Private Partnerships
PSC	Public Service Commission
PSCBC	Public Service Coordinating Bargaining Council

PSR	Public Service Regulations
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SAMDI	South African Management Development Institute
SANDF	South African National Defence Force
SAPS	South African Police Service
TQM	Total Quality Management
UNDP	United Nations Development Programme
USA	United States of America
WPTPS	White Paper on the Transformation of the Public Service
WPTPSD	White Paper on Transforming Public Service Delivery
WPLG	White Paper on Local Government
WPPSHRM	White Paper on the Public Service Human Resources Management
ZBB	Zero Based Budgets

CHAPTER ONE

INTRODUCTION AND BACKGROUND INFORMATION

BACKGROUND TO THE STUDY

Few countries would have travelled the social, economic and political distance South Africans have in the ten years of its democracy. The journey has, however, not been without problems. While the availability of solid public policy indicates the beginning of the process of delivery to all, it alone is insufficient if not supported by effective systems and processes for actual delivery. The biggest challenge lies in the government's effectiveness and efficiency in reaching its goal. Several mechanisms put into place to improve the delivery of public services fall short and where they do not, no one is able to say with confidence what the level of success or failure is because, instruments to measure success or failure are not as accurate, have not been implemented or do not exist. Performance related and management decisions are taken, not on the basis of information available but mostly as a response to some crisis.

In the ten years since South African democracy came into being, much has been achieved, and a lot more could have been, especially in the area of policy implementation and improving performance. The so-called twin challenge of institutional transformation including integrating the former apartheid administrations and introducing policy (The Presidency, 2003:3) has resulted in levelling the political playing field. A shift from policy formulation towards implementation and efficiency faces the government

now. A number of efforts such as the introduction of Multi-Purpose Community Centres (MPCC's) and Anti-Corruption Strategies as well as legislation directed at achieving efficiency and effectiveness have been put in place.

The problem of performance improvement was realised from the beginning of the new democratic era, and mechanisms to deal with it were put into place. The performance vision was codified through the enactment of the Constitution of the Republic of South Africa (1996), and various supportive policies and legislation (Msengana-Ndlela, 2004). The White Paper on Reconstruction and Development (RDP) (1994:s5.7), for example in its endeavour to liberate the true potential of the public service, visualised an introduction of a performance measurement system to increase productivity. Enshrined in South Africa's Constitution (Constitution, 1996:s195) is the determination to promote values directed at improving efficiency, effectiveness and economy. Accordingly, The White Paper on Transforming Public Service Delivery also known as Batho Pele (WPTPS) (1997:s1.1.2), criticised the manner in which public services are delivered. This White Paper, concerned with the improvement of service delivery, further introduces the service recipient into the service delivery and quality equation. The response to a need for a performance management system has so far come from the human resources perspective, through Public Service Regulations (1999) by requiring the introduction, in state departments, of performance management systems that link individuals to agreed performance outputs and levels. Realising the organisational

performance gap, The Public Finance Management Act (PFMA) (1999) brought together all these performance improvement initiatives by insisting on adherence to the three e's (efficiency, effectiveness and economy). However, the organisational performance monitoring gap has remained despite this endeavour.

Accountability requirements have also placed an obligation on government organisations to report on success or failure (Constitution of the Republic of South Africa, 1996:92(2), (3), 133 (2) and (3); Public Service Commission, 1999) regularly (on an annual basis) on predetermined outputs (WPTPS, 1997). In reality, there is agreement with the public sector reform missionaries, for example, Osborne and Gaebler (1993:147) state that 'if you do not measure results, you can't tell success from failure and if you can't recognise failure, you can't correct it'. This is true in many respects and mitigates for a move towards measuring performance, something that South Africa has evaded in the past (Presidential Review Commission Report, 1997). Accountability becomes a fad if it is not accountability for delivery on the basis of policy requirements which is what government agencies are concerned with.

Policy needs to be reflected as a vision and a mission that the organisation has set for itself, this means that the organisational strategy, objectives and the resultant indicators need to reflect policy objectives and priorities. It is balancing the policy to the strategy that is sometimes a big challenge to technocrats.

At the local government level, performance measurement has been taken more seriously. The White Paper on Local Government (1998) proposes the introduction of performance management systems as tools to guarantee that local government is developmental, and has to be linked to the Integrated Development Plans (IDP). The IDP then becomes the Municipality's strategic plan. This White Paper does not only give guidelines but goes further and addresses the 'how', especially in so far as communities are concerned, and in particular in the development of performance indicators. This was followed by the Municipal Systems Act (2000) which operationalizes performance measurement. In local government, performance measurement has been elevated by making it a statutory requirement and thus creating a performance measurement vision gap between local government and other spheres of government. Evidenced here is the lack of co-ordination between the different government spheres and departments. The National Treasury, through its multi-year planning framework (Medium Term Expenditure Framework) (National Treasury, 2002:38), the Department of Public Service and Administration (DPSA) through the Human Resource based Performance Management System and the Department of Provincial and Local Government (DPLG) through its Municipal Systems Act (2000) are all players in the public sector performance measurement arena with different approaches.

As in the private sector, finance and budgetary requirements deal with the issue of performance measurement in the public sector. In terms of the

Treasury Regulations (2001), government departments are required to state their intended outputs and accompanying indicators as part of their budgetary process. The processes for arriving at and measuring performance are however not articulated. Without any guidance, determining a performance management and measurement mechanism becomes the prerogative of and something each government organisation determines. It is common knowledge that where it is not mandatory for something to be done, the likelihood for it happening is greatly reduced. Many government organisations and departments have, as a result, merely looked at the two ends of the performance equation, the input and output, and in doing so have ignored the process element. Unfortunately, it is this process element which determines, on the basis of its efficiency, the amount and ratio of input to output and ultimately outcome.

THE SOUTH AFRICAN PUBLIC SERVICE IN CONTEXT

This study would be incomplete by omitting South Africa and its political history. South Africa, a country in the southern part of Africa, is geographically bordered by Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho. Statistic South Africa (2001) estimates the population of South Africa to be 44 million, 90% of which is African while Whites, Coloureds and Indians make up the remaining 10%. South Africa got its first democratically elected government in 1994, after 48 years of apartheid and discriminatory white rule by the National Party. Under the apartheid government, black South Africans were denied the vote and most human rights. Whites occupied 87% of the country's richest lands, while

blacks were forced into the remaining 13% where 'homeland' governments were created (Native Land Act, 1913 and the Native Trust Land Act, 1936) . Black South Africans did not have equal access to government services, but had to rely on what their homeland governments could give them. The challenge after South Africa became democratic was that of transforming and bringing together the homeland governments, including their systems and those of the South African government. Instead of delivering services to a minority white South African population, as was the case before 1994, the new democratic government had the challenge of equalising service delivery, in terms of quality and quantity, throughout the whole country. It is this challenge which has partly necessitated the government to look at efficient and effective ways of service delivery.

SIGNIFICANCE OF THE STUDY

This study looks at the existing methods of performance management and measurement in the public sector. In many of the public service departments, performance is too often based on 'impressionistic' and 'presumptive' measures. By using such measures capricious conclusions about the effectiveness of government can be reached. It is important to find ways in which to measure the performance of government that transcends impressionist and presumptive accounts by being vigorous, outcome oriented, systematic, and as objective as humanly possible. Parastatals have been excluded from this study. A performance management and measurement system is needed to evaluate the consequence of government goals. However, in a performance

management system there are components, of both human and other resources, which need to be considered.

Performance measurement is sometimes confused with performance management, which specifically focuses on human resources and the reward system. Measurement is part of performance management. This, while difficult to omit because of the nature of performance and the fact that it involves human resources, will not be the focus of this study. Performance measurement is about the reduction of the impact of internal and (where possible) external influences to the point where they can be controlled or anticipated. Policy implementation, strategy, mission and programme implementation and operationalizing or building alignment on what the organisation wants to achieve and how it would be measured is looked at in this study. Research in the area of performance measurement and management, looking at the public sector processes and systems and how strategy, in support of policy, has not been done locally in the past. This study aims to fill that research gap while directing the public sector to the problem and appropriate or suggested remedies.

This study further highlights the need to set objectives, targets, and performance indicators, measure performance using appropriate data and improve the performance of an organisation. If policy implementation is a major challenge facing the government, then the purpose of this study can be said to be assisting, by ensuring that through these performance driven

actions, the value of decision-making improves and ultimately lead to service delivery improvements.

AIMS AND OBJECTIVES OF THE RESEARCH

This study will identify and bring awareness to those in authority of the measurement gap existing in the public sector between local government and the public service. This study will also make recommendations on appropriate performance improvement related mechanisms that, when implemented, will lead to improved accountability, efficiency and effectiveness. In the few public organisations where some form of service measurement and management exists, this study will make specific recommendations and increase awareness and interest in performance improvement. Little has been done in the area of organisational processes by academic institutions, this gap will be bridged by this research. It will give further recommendations regarding strategy and policy implementation and demonstrate that where strategy is cascaded to, and shared with lower levels in the public organisation, the likelihood of success and performance improvement is quite high. Mapping the proposed strategy should also demonstrate perceived cause and effect through starting at the future the organisation wants to achieve and asking what factors are most critical for the strategy to succeed. These critical factors for success should be the factors that need to be continually monitored and controlled. For each of the success factors there is a need to know what systems are most likely to affect them and which factors most affect the success of those systems. A higher success rate will undoubtedly make accountability easier within, and

to those stakeholders outside public organisations and the most important activities can be reported and acted upon. The results of this study are likely to be useful and usable to both practitioners and academics.

THE PROBLEM STATEMENT

The public sector accounts for a sizeable chunk of any country's Gross Domestic Product (GDP) but little is done about improving performance and productivity in this sector. Traditionally governments have avoided the use of measures of public output and outcome, preferring instead to use measures of input, which are usually restricted to spending and or employment. Increasing demand and shrinking government resources have led to a growing emphasis on the output and outcome dimensions of public sector productivity. The South African public sector is faced with challenges to deliver services on different fronts, and notably to address apartheid backlogs. The major challenge is that, despite this intense endeavour directed at improving service delivery, lack of or mediocre delivery continues to plague this sector. Skills deficit, lack of motivation (Provincial Review Report, 1997) and inability to implement plans and policies (Presidential Commission Review Report, 1998) as intended are some of the problems frustrating all levels of society. Numerous high flying consultants are being paid large amounts of money to craft visions, missions and strategies for the different government delivery agencies. Despite strategic planning and policy implementation endeavours, government continues to be unable to deliver services efficiently and effectively (National Treasury, 2002:38).

Strategic goals are often set as aspirational statements of direction without any real thought being given as to how they can be achieved. Very few strategic plans move beyond being paper plans because objectives or goals are not clearly defined, roles and responsibilities not allocated and general alignment is lacking. There is a need to pave the way for achieving significant organisational goals. Identifying the long term goals and then working backwards to identify and prioritise what needs to be done in the medium and short term to close the gap between where the public organisation is currently and where it intends to be have to be defined. It is these particular areas in policy implementation, strategy cascading and delivery that need more attention.

THE RESEARCH QUESTIONS

As a means for focussing, a research question has been developed. A research question can be used to validate the contribution to knowledge and gives an indication of the exploratory nature of the research. The major research question that this research tries to answer is:

Whether the implementation of a performance management and measurement system in the public sector can result in an improved operationalization of policies and strategies? The second question is to what extent such implementation can result in the realisation of an effective and efficient public sector?

A performance measurement system includes design, implementation and evaluation and this report will consider these different stages of implementation to assess how best each phase could have been completed to realise efficiency and effectiveness.

STRUCTURE AND OUTLINE OF THE REPORT

This study will begin by analysing the problem and posing the research question in **Chapter One**.

Chapter Two will look at the related literature review, including the theoretical foundations of public administration and management, public service reform and efficiency and productivity.

Chapter Three looks at the research methodology and why a particular approach was chosen over others. The case study and how performance management and measurement is currently approached in the public service is also presented.

Chapter Four looks at policy implementation and the different mechanisms for success.

Chapter Five looks at the organisational performance management and measurement including operationalizing the strategy.

Chapter Six, is the conclusion, recommendations, and areas for potential further research.

CLARIFICATION OF KEY CONCEPTS

Accountability

Accountability is difficult to define but possesses qualities that make its presence in a system immediately detectable. It is an obligation to render an account for a responsibility conferred (Leclerc, Moynagh, Boisclair & Hanson, 1996:44; Gloeck 1996:9 and The Public Service Commission, 1999) on an organisation (Osborne & Gabler, 1993:254 and Anderson & Lawrie, 2002:3) to allow public challenge of its performance. In the public domain, accountability basically means to give an account of actions or policies, or 'to account for'. Accountability can also be seen as a requirement obligation. In this sense accountability can be said to be a requirement or obligation to answer for a responsibility for a person to explain and justify, against criteria of some kind. It presumes the existence of at least two parties, one who allocates responsibility and the one who receives it. This will also require that the person makes amends for any fault or error and takes steps to prevent its recurrence in the future.

It is an obligation to expose, explain and justify actions. Accountability demands that actions of public organisations be publicised to encourage public debate and criticism (de Bruin, 2002:579). It requires that a government should explain and justify its decisions and actions to the citizens and is a mechanism through which decisions are subject to public

scrutiny. Because of this requirement, those in power are kept in check and are more likely to consider consequences, act with restraint and use resources effectively and efficiently (Finance and Fiscal Commission Document, 1995:4).

Budget

A budget is an income and expenditure plan. In all definitions of a budget, Miller (1992:228) sums it up when he refers to it as a plan provided in financial terms (Committee's Report, 1997:69) of operation(s) embodying an *ex ante* estimate of proposed expenditures for a given period and the proposed means of financing them, or process for systematically relating the expenditure of funds to the *ex post* accomplishment of planned objectives. Savoie (1996:318) on the other hand simply sees it as a means of delivering value for money against the background of aims, objectives and targets. Traditionally budgeting was intended to keep control over all money spent. Since government departments do not have to worry much about the income side of the budget equation, it is the expenditure plan that guides allocation of finances that gets left. This makes the budget one of the most important policy instruments presented in quantifiable and measurable terms.

A budget is defined as a formal document that quantifies an organisation's plan for achieving its goal. It is a description of the financial implications of a sequence of coordinated actions and specialised targets that will allow an organisation to achieve its objectives in a changing environment. Several

approaches to budgeting determine the efficiency of expenditure while ensuring easier methods for accountability. Programme budgeting is one of these mechanisms where rather than being general, allocation is by each function of government instead of being input based (Abedian, Strachan & Ajam, 1998:57). There are other approaches like performance budgeting which places emphasis on objective and output.

Economy

Economy is the minimization of resource consumption (Hilliard, 1995:4) or the cost of inputs that are used to produce outputs (National Treasury, 2002). Economy refers to the acquisition of resources in the right quantity, of the right quality, at the right time and place at the lowest possible cost. However, it cannot be of much use to know that a service was cheap if it does not satisfy the intended objective or quality. Questions such as whether due economy was exercised in achieving a goal give an answer to this concept. According to Abedian *et al* (1998:85) there are two generic questions related to economy:

- (a) Was the service delivered as budgeted for?; and

- (b) Did the services delivered cost more than comparable services elsewhere?

Effectiveness

Effectiveness is an extension or consequence (Coombs *et al*, 1994:30) that results from efficiency and determines the relationship of an organisation's output to what it intends to accomplish (Dalton & Dalton 1988:25). It also means the match between the results achieved and those needed or desired (Public Service Commission, 1999. Amitai (1964:8) defines it as the degree to which an organisation realises its goals. It can also refer to the extent to which set policy objectives and other intended effects are achieved (Erridge, Fee and Mc Ilroy, 1998).

Efficiency

Efficiency is a dimension of performance that is based on a direct relationship between input and output (Epstein, 1992:167; Morley 1986 and National Treasury, 2002). It is measured by the ratio output: input or what is referred to in short as productivity. The larger the ratio, the more output per unit of input and hence the more efficient the operation be it an activity, an organisation or a programme (Abedian *et al* , 1998:83). This, Diewert (1992) sees as the measure of changes in the coefficients that make up the input total. The central question of efficiency that can be posed is simply: 'are we doing things right?' In this question, the phrase 'doing things right' means without unnecessary expenditure of time, money, or effort (Rothwell & Kazanas, 1992:5). Individuals have more control over inputs that lead to direct outputs and can have an influence over how that input is economised for maximum output. Broadly defined, this is the ability to bring the limited resources of an organisation into a proper relationship to the desired goals.

Efficiency is increased if, with a given supply of resources, the factor proportions used in the services are altered to produce more of every service of product.

Goal

This is a general statement of purpose or accomplishment indicating anticipated level of achievement, or desired results and (Public Service Commission, 1999) outcome defined more specific, quantifiable and time based. It is a general end towards which an organisation directs its efforts. A goal provides a framework within which the programme operates. It also reflects realistic constraints upon the unit providing the service. A goal statement speaks generally towards end-results rather than specific actions. Sometimes referred to as an objective normally.

Input

Input is the resources (National Treasury, 2002:53) that an organisation uses to produce services. Inputs include humans, finance, facilities and materials. A complete definition of input includes information, requests, problems and even conflicts (Linden, 1994:64) as inputs to be processed to attain complete products, deliver services or goods. Even a simple procurement process involves some processes that could be considered to be inputs into the development of a product or services.

Organ of state

An organ of state is better defined in The Constitution's section 239 (1996) as 'any department of state or administration' or 'any functionary or institution exercising a power or performing a function in terms of the Constitution or provincial constitution; or exercising a public power or performing a public function in terms of any legislation'. While the Constitution's definition excludes the courts, as a public service this study does not exclude courts since the introduction of performance improvement methods will improve delivery in the courts as well.

Output

Outputs are goods and services produced. Coombs and Jenkins (1994:30) and Brudney and Morgan (1998:163) see output as an indicator of activity like the number of houses built. Ideas can also be seen as either inputs, outputs (Harrison & Shirom 1999:45) or outcome of organisational action. Depending on where you are in the organisation, ideas can be inputs as well as outputs. Outputs are activity oriented, measurable, and usually under managerial control. This refers to how well services are delivered without regard as to whether they contribute to effectiveness. It is the ratio of quantity of services provided to the cost required to produce the services.

Performance indicator

A performance indicator is evidence to help managers answer the question, 'how will I know when we have been successful?' It refers to what specifically is to be measured for each aspect of performance, that is, the

specific, normally numerical complaints or percentage of customers that are satisfied with the service they receive. It is an event or value that reflects on the status of something (Maryland Hospital Performance Evaluation Guide, 2002).

Performance management

While performance management generally would be referring to a system used to evaluate performance of people, here it refers to a combination of both the people and systems and processes but very specific to the latter. Performance management is the means through which performance against objectives is reviewed, using appropriate performance measurement information and decisions made regarding direction, required action and resource allocation. In defining performance management, it is important to begin with the concept performance before dealing with management and combining them. According to Neely (2002:67) performance is identified or equated with effectiveness and efficiency and refers simultaneously to the action, the result of the action and to the success of the results compared to some benchmark. It is setting targets (goals) and evaluating output/outcome (actual). It therefore could be measured using the planned and actual outcome. Effectiveness and efficiency are attained by the ability to focus the attention of organisation members on a common objective and galvanise them to attain this objective (Balogun, 2003). Performance management takes management to a higher plane by trying to understand causes of unusual performance and everything that could possibly go wrong with corporate strategies, decision rules, institutions, processes and people.

Performance Measurement

This is the process of quantifying the efficiency and effectiveness of past actions through acquisition, collation, sorting, analysis, interpretation and dissemination of appropriate data (Neely, 1998). However, Moullin (2004:3) put this definition into perspective when he refers to it as evaluating how well organisations are managed and the value they deliver. Performance measurement is the essential foundation on which performance management can be built (Audit Commission, 2000:5).

Process

It is a sequence of related tasks or ordered set of sub-processes which act on inputs to add value to create outputs. It can also be an activity which takes place over time and which has a precise aim regarding the results to be achieved. It uses resources subject to controls and influences. Formal and informal processes have always existed because that is how day to day business operates.

Public Financial Management

It is necessary to understand what public financial management is to understand the context within which government activities take place. If Rosen's (1995:4) definition of public finance is accepted, the taxing and spending activities of government, it follows then that the management side of public finance leads to it being called public finance management. This view is accepted because both sides of the fiscus, the demand and supply sides are catered for creating the necessary balance and then managing the process of either collecting, preserving, utilising and distributing of assets. Public finance management can also be seen as the process

through which a government unit or agency employs the means to obtain and allocate resources and or money, based on implied or articulated priorities and utilises methods and controls to effectively achieve publicly determined ends. In general terms public financial management comprises of three main activities;

- (a) It determines the scope and content of fiscal policies
- (b) It establishes general guidelines and standards to ensure that funds are spent honestly and wisely.
- (c) It provides organisational structures and controls to effectively carry out fiscal duties and responsibilities.

Public administration

It is administration in public administration that need to be understood especially within the performance management context. Among the many definitions, seeing administration as a 'systematic ordering of affairs and the calculated use of resources aimed at making those things happen which we want to happen and simultaneously preventing the developments that fail to square with our intention'(Vieg, 1946), captures it very well. It follows that if administration is public, it means that administration is undertaken on behalf of the public.

Risk

Different people perceive risk differently. For the purpose of this study, risk refers to a deviation or variability of actual results from desired or expected results. This concept deals with uncertainty and controlling and predicting consequences. It is the chance of something happening that will have impact upon the objectives of the department (Guidelines for managing risk in the Australian and New Zealand public sector, 1999:4). The wider the range of possible events that can occur, the greater is the risk (Petty, Keown, Scott and Martin 1993:103). Risk depends on the frequency with which an event occurs and the probability that it will have certain outcomes. The reduction of uncertainty gets referred to as risk management.

System

This is a set of related processes, an assemblage or combination of steps which might be independent but connected to the attainment of a common overall, unitary aim or objective, or coherent entity. It can also be said to be and ordered manner, orderliness by virtue of being methodological and organised. A performance management system will have the stated characteristics with the aim of attaining a particular goal.

Targets

By targets it is here meant performance targets which are commitments that the government and different organs of state make about the level and timing of results to be achieved. A target is a desirable end state. For each

performance indicator selected for a strategic objective there should be a target (Drucker, 1993). Whereas the indicator defines how performance will be measured along a scale or dimension, the target identifies the specific, planned level of result to be achieved within a specific time frame for instance 1000 houses to be built before August, represents a target that the housing agency sets for itself .

BACKGROUND ARGUMENTS

Neo-liberalism and the welfare state

It will not be doing justice to this study if the role of neo-liberal thinking (Jenkins, 1992) and the public sector efficiency and effectiveness is not highlighted. Actually, the very role of the state and its ability to deliver is in question (Esman, 1991:8) when the performance debate emerges. According to Luthuli (1999:33), the effects of economic crises and growth of new ideas on the nature of government, create new challenges within the public sector. It is these challenges that are giving direction and forcing governments to be innovative and look for ways for delivery in an efficient and effective manner.

Dealing with the problems associated with welfarism allowed the 'New Right' and what became known as the 'pragmatic consensus' (Esman, 1991) and anti-statist ideas to take precedent over statist with more emphasis being placed on market mechanisms, creating new relationships in the provision of services (Erridge, *et al*, 1998:342 and Osborne &

Gaebler, 1993) and governments concentrating on effectiveness and efficiency means to deliver. Pragmatic consensus or the agreement that there was a need to relax ideological rigour, compromise, a greater willingness, especially among the government elite, to consider and try new approaches and fresh policies for delivery. This was accompanied by an openness to pragmatic measures that allow a greater scope for private enterprise and market forces to exist in traditional government terrain.

The crisis of the welfare state appears more as a finance related crisis. The problem is not so much in the system itself but lies in whether it can be financed in a situation of increasing demands and deficit in efficiency.

The need for performance improvement is also driven by government expenditure that is continually becoming more than citizens can be persuaded to pay (Thomas & Potter, 1992:137). Higher taxes have been found to have other effects like loss of economic efficiency when some social service are provided by the government. Besides, the cost of providing services, if not financed through taxation, forces the government to borrow. The negative effects of borrowing on a nation is well known and beyond the scope of this study. Higher taxes have a distorting effect on a number of areas including the country's savings rate, allocation of investments, entrepreneurialship and employment.

The New Public Management Paradigm

The coming into being of the New Public Management (NPM) or 'New Managerialism' (Wilson, 1996:1509) introduced to the public sector private sector domain approaches. These new approaches, which emphasise entrepreneurialism and market based solutions to address policy problems, ranged from consumerism and customer service approaches to decentralisation and allowing managers in decentralised organisations to manage in an autonomous manner (Osborne *et al*, 1993 and Government Results Act, 1993). This kind of approach ushered in elements like accountability for results and a need to show and motivate why a particular approach to delivery was chosen over others (Talbot, 2004). There is no way this could be done without measuring and managing performance.

The public service transformation agenda

Public services transformation or reform as it is sometimes called, have mostly been driven by a need for efficiency. Transformation in South Africa, added to it elements like the bringing together of fragmented services from the former Bantustans and the apartheid regime needs to be transformed or reformed in order to attain efficiency. The WPTPS (1995) and the RDP (1994), articulated as one of their challenges, as to improve the way which public services are delivered towards efficiency and effectiveness. Accordingly, National Treasury requires that organs of state have strategic and business plans and approved organisational structures (National Treasury, 2002:17). While organisationally there was a weakness in delivery, a lot has been achieved at the level of human resources. This

transformation has continued to where (Public Service Coordinating Bargaining Council Resolution 7, 2003) staffing levels matching the requirements for service delivery (Mbeki, 2003). According to the Public Service Co-ordinating Bargaining Council's Resolution (2003), 'public service should be composed in such a way that it is capable and committed to the implementation of the policies of the government and the delivery of basic goods and services to the people of the country'. It further sought to promote a public service characterised by efficiency, professional ethics, effectiveness, equity, timeous service delivery and responsiveness where the right people with the right skills are in the right jobs.

The role of central government agencies

Excluding the Presidency, there are three government departments responsible for performance improvement measures. These are the National Treasury, the DPSA and the DPLG.

The DPSA is concerned with public service, especially human resource aspects, and the DPLG is solely responsible for the provincial and local governments. The DPSA is a policy formulation department which may be viewed as being responsible for the formulation of policy regarding performance measurement for the public service. Both, the DPSA and the DPLG have not yet formulated a mechanism to deal with organisational performance for the public service or part thereof. Through the formulation of the so called Integrated Implementation Plans (IPP), government

departments have been assisted in the development of strategic plans which are linked to the Medium Term Strategic Framework (MTSF) (The Presidency, 2002). The IPP process (South Africa Yearbook, 2001/2002:314) has internalised government priorities more effectively and made plans that are better designed for implementation. However, the personnel performance management system crafted by the DPSA is well taken care of. Policies around the performance of heads of department, the Senior Management Service and the public service as a whole are on track and functional.

The National Treasury, through its requirement that the multi-year budgets, should include performance targets has, to a certain extent, placed particular requirements on each department to report on, in terms of its annual reporting requirement.

In so far as the DPLG is concerned, only local government has a performance management requirement (Municipal Systems Act, 2000). The challenge seems to be coming up with a performance management system for the provinces. This will, however, complicate issues because the DPSA is also responsible for the public service which includes both the provinces and national government. Batho Pele has attempted to deal with performance from the client perspective, and while this approach could pull the rest of the organisation towards being efficiently and effectively run, it cannot be seen as performance management and measurement system, but rather an instrument of it.

The Public Service Commission (PSC), which monitors and evaluates government programmes, has not responded directly to performance measurement and management in the public service. However, its contribution has come from its monitoring and evaluation, a Constitutional requirement. Though broader in approach, the PSC's monitoring and evaluation is to a certain extent able to identify and highlight how delivery is progressing (Levin, 2002:42) without providing much assistance to the internal public organisation.

On policies with regard to personnel performance, like those dealing with heads of department, Senior Management Service and other civil servants, studies have been conducted by the PSC, which is also involved in the evaluation of heads of department. It follows then that when appropriate policy with regard to organisational performance has been formulated, the Public Service Commission will respond appropriately by providing the necessary advice and monitoring the system.

Accountability requirements

Performance management is also driven by the accountability and responsibility revolution, which propels the new culture towards efficiency and effectiveness in public institutions. To be able to measure particular processes, there is a need to identify, isolate and facilitate accurate measurement of both process efficiency and the effectiveness of the results

or their outcomes. Accountability requires that the roles and responsibilities be clarified (Norman, 2002:619).

The South African government may not have sufficient accountability mechanisms, especially at organisational level, but there are important accountability requirements, including the right to just administrative action (Constitution, 1996:s33 and the Administrative Justice Act, 2001). Parliament's accountability requirements include the Constitutional requirements (Constitution, 1996:s55(2)), where the National Assembly is required to provide mechanisms to ensure accountability by organs of the state. Through different committees, especially the Joint Standing Committee on Public Accounts, further accountability by the different organs of the state is ensured.

Several oversight bodies also ensure that there is fairness, effectiveness, efficiency and accountability for services rendered and resources utilised. These include the Public Service Commission (Constitution, 1996:s195) which monitors, evaluates and advises the government on public administration issues, and the Public Protector, who investigates any complaints by the public (Public Protector Act, 1994). The Auditor-General facilitates accountability through auditing on behalf of the taxpayer, while the PFMA (1999) requires of accounting officers an astute management of financial and other resources.

Annual reports also form part of the reporting and accountability mechanism in the public sector. The National Treasury through the PFMA (1999:s55) and the Public Service Commission (2000) have released guidelines on how and what to report on, in annual reports, besides financial requirements.

The influence of the private sector

Management, both, from the public and private sectors have come together through the realisation that performance is what both are concerned with. Performance management and measurement have therefore, been for a long time, used by the private sector as a means for improving profitability and productivity. As state resources have shrunk, a rethink of the approach has resulted in a number of formerly private sector approaches being adopted by the public sector. One of these is the performance management and measurement system, which includes the use of the Excellence Models, Total Quality Management, the Balanced Scorecard, Six Sigma and many others.

In the case of South Africa, while it has been a requirement to plan in terms of the RDP White Paper (1994) and lately as required by the National Treasury, taking those plans to implementation has not been an area well looked after except the emphasis, notably from the DPSA, on the human resources side of performance management.

From budgeting to planning and accounting

Over the years budget allocations have shrunk while the demand for government services has increased. This has necessitated considering innovative means to deliver improved services at less than what it cost in the past. Process improvement and staff motivation remain the only options and avenues available for implementing this. Planning and tracking progress has also been the way in which managers have been able to manage and account for resources.

Budgeting is planning, and considers everything in terms of rands and cents, while in some instances, especially in the non-profit sector, this approach might not be approved of. If budgeting is planning then somebody needs to map the performance path so that the plan facilitates reaching the planned target. Other factors which are non-financial become more important than the financial factors. The National Treasury requires that government departments submit multi-year plans together with targets and measurable objectives (The Presidency, 2003) to which they can be held accountable. This is a big shift from the input driven approach to output and outcome based method. Objectives and targets need to be monitored throughout the reporting period and one way of doing this efficiently is to track the cascaded strategy through the use of a performance measurement and management system.

Operationalizing mechanisms

Recent changes to the National Treasury's National Medium Term Expenditure Estimate (NMTEE) reporting requirements emphasise the shift away from simply reporting expenditure to one where departments establish measurable performance goals and actual results that can be reported as part of the budgetary process (National Treasury, 2001). This is part of the convergence of economic and political forces that are driving a systematic search for greater efficiency, effectiveness, economy, transparency and accountability in the public service. There is a growing movement towards performance measurement, quality improvement and citizen satisfaction particularly in the public service. Shrinking resources underscore the need to 'do more with less' and government departments are being challenged to increase their effectiveness and demonstrate that their services are having the desired impact on the communities. Funding decisions are being clearly linked to achieving results and the performance of departments, particularly in the area of service delivery. Whilst organs of the state have for some time been developing strategic and work plans, and submitting annual reports as part of reporting. There is a strong drive to explicitly link programme budgets and activities to outcome or objective measures.

Strategic or integrated planning lays the foundation for budgets that are performance based. Through strategic planning, organs can be enabled to develop goals and measurable objectives that form the basis for budget requests and appropriations. Because the plans will provide the strategic framework from which budgets are developed and reviewed, they need to

clearly indicate the direction the department is taking to address its key goals and objectives. Strategic or integrated planning and budgeting can provide the tools to improve performance and accountability.

Within the reporting mechanisms, the National Treasury in South Africa, has come up with a concept called 'the early warning system' whereby, over or even under-expenditure results in the system are detected, and an indication that something wrong is exposed. This results from data collection and analysis including comparison of figures using financial expenditure entries and comparing them to what is financially available. Government departments, through this system are then able to make the necessary adjustments or return to Treasury with amended expenditure plans. Vulindlela, a government data warehousing and analysis management system, plays a crucial role in this early warning system approach.

Making budgetary decisions requires the use of particular tools like the cost-benefit analysis to be informed of the possible outcomes associated with each of the options that exist. Other methods of assessing including costing mechanism will assist greatly in making informed decisions (Kraan, 1996:66).

Performance management: a need for a holistic approach

What is clear is the intention of the government concerning performance measurement and management and the lack of coordination that the different strategies experience. Reducing performance management to the human resources merit systems is a clouding factor as is failure to understand the concept, this failure omits the more important organisational component which includes systems and processes outside the mainstream. It is not only humans that are responsible for improved performance, it is argued that the ratio of systems to people for organisational improvement to take place could be as high as 90% in favour of the systems. There is a need to learn from, and emulate the path taken by DPLG (Municipal Systems Act, 2000) towards local government and making this, for example, part of the requirement for all organs of the state. In the case of parastatals, this could be part of corporate governance.

Issues of efficiency, effectiveness and productivity improvement in government will also be placed high on the service delivery agenda with the systems and processes playing their respective roles in the improvement agenda. Policy and its implementation and the role of strategy, include cascading it to lower levels. This is important as a delivery mechanism and an instrument of communication.

The systems approach can give guidance to an integrated approach that seems to be at the core of performance improvement. While performance

management has been recognised as at the core of improving service delivery, one wonders why only human resources received a better focus than other resources and systems. The performance and implementation of the strategy, for instance, cannot solely be seen as a function of human resources, though humans form the greater and a more important component of delivery. A need exists for the understanding of how all systems interact with each other and viewing the organisation as a system where the various parts and people interact and affect one another over time.

Problems with implementing policy and strategy

While it is difficult to implement policy, the major challenge normally lies with translating policy into strategy so that they are able to communicate with one another. Performance management tries to link the two by asking questions such as how one contributes to the success of the other through processes such as the fishbone approach or strategy maps. Fishbone and strategy maps assist in creating a causal link between the different levels and ensure alignment and consistency. Strategic plans are normally crafted without any reference to policy dictates leaving the two lying opposite each other. Without there being a link between the day to day operational activities and the medium to long term strategy, it will always be difficult to assess whether daily activities contribute to the intended strategy and mission and if so, how and why.

The need for alignment and leadership in performance

Unlike in the past, today's leaders need to manage within a framework of continuous learning where there is continuous feedback, and a need to promote the development of business plans based on the strategy the organisation has chosen for itself. Leaders need to assess the organisation's performance based on multiple points of view. Leadership skills such as visioning, communication and the capacity to inspire are very important in such situations. Managers and leaders in the public sector and the public service in particular have not reached a stage where they can operate with these points of view in mind but the Treasury drives performance and understandably so from a financial standpoint. While visioning, leadership need to be aware of policy requirements and how they translate to strategy and the link to operational and individual plans. This kind of alignment needs to be mapped, otherwise policy runs the risk of failure when alignment is lacking. Performance management and measurement requires the support and involvement of leaders and managers for it to succeed.

CONCLUSION

Governments, generally and the South African government in particular have, despite successes in policy formulation, experienced problems when it comes to public policy implementation. Numerous causes have been identified as playing a role in this failure. It is for this reason that a need exists for more effort to be put into making government organisations more

efficient and effective through the use of instruments such as performance measurement and management.

Performance measurement has various aspects to it that need consideration. It is for this very reason that makes the South African government experience problems with policy and strategy implementation. Linking the two has been found to be a problem as well. There are, however, compelling reasons for performance measurement and management to be considered especially when greater demand for a superior quality of government service is made by the citizens.

The Constitution (1996) supported by the Public Finance Management Act (PFMA) (1999) requires of public administration to be efficient, effective and economical. The realisation of the three e's means looking at systems and processes, as well as at human resource performance in a holistic manner. More than ever before, accountability places an obligation on managers and politicians to report success or failure. A performance measurement system will make this reporting much easier. While South Africa has succeeded in formulating appropriate policies aimed at improving the livelihood of all, little implementation has taken place and this is an area where the challenge is greater.

Pressure on the state has been brought about by the welfare state, which is experiencing a shrink in resources. Managing the state therefore requires

innovation and skills in performance improvement. The requirement for departments to have and to craft strategic plans has not as yet yielded the required results due to a lack of implementation. A performance measurement system will ensure that senior managers cascade strategic plans to lower levels as a means for operationalizing them.

The human resource aspect of performance management seems to be progressing well in the public service. The current Departmental Performance Management Systems (DPSA, 2003), while having no link to organisational performance, is being implemented by various departments. What is missing is the creation of a link between individual or personnel performance and the organisational performance especially the strategy used and actually trying to operationalise and cascade the strategy throughout government organisations. This will be in line with the government's vision of translating 'global' expectations into concrete individual or group workplans. Through this approach, employees are able to share in the common vision and goals that the organisation is trying to achieve, and collectively, they identify with the values, goals and priorities of the programmes that serve the citizens.

CHAPTER TWO

RESEARCH METHODOLOGY

INTRODUCTION

Research is a rigorous exercise that requires, from the outset, developing plausible arguments for inference data/ information collection, analysis, actual writing and the presentation of the findings. This chapter explains the rationale for and shows why a particular research methodology was thought to be appropriate for this study. A selection of research methodologies, are also investigated. The topic of public administration and management can be approached from a number of different angles, depending on the nature of the problem under consideration. In the case of the topic at hand, a case study approach was chosen because of its ability to use multiple sources of evidence (Yin, 1993:3) including documents, interviews, observations and its flexibility. Gummertson (1991:76), views case study research as seeking to obtain a holistic view of a specific phenomenon or a series of events able to assist, where managers are the audience, in the implementation of the findings. Public sector performance management and measurement could not have found a better approach because of the need for informed decisions that would assist with the implementation of proposed programmes and policies.

South Africa is comprised of three spheres of government (Constitution, 1996:s41), namely, national, provincial and municipal governments. At the

national sphere there are approximately 34 government departments; about 90 departments are provincial level with each province having approximately ten departments. There are 284 Municipalities made up of six metros, 47 district Councils and 231 lower level municipalities. The national Department of Labour and The City of Tshwane, which is a Metropolitan Council are the two state organisations selected for this study. These two organizations represent different levels of government with the DoL being part of the public service while the City of Tshwane is a metropolitan government independent of the central government and public service policies. A Metropolitan government is not defined as part of the public service (Public Service Act, 1994) though efforts are being made to include all spheres of government under one public service.

The Department of Labour is one of the few departments that has some form of measurement while the City of Tshwane, as a municipality is statutorily required (Municipal Systems Act, 2000) to measure and manage performance.

RATIONALE FOR CHOICE

A case study method can contain several case studies and could use multiple sources of evidence (Yin, 1993:3) including documents, interviews and observations. It also allows for the utilisation of both qualitative and quantitative approaches and is thereby seen as being in line with the

postmodern thinking that is integrative. It is for this reason that a case study approach was chosen.

Because this study intends to deal with a management and administration phenomenon, it became logical to adopt a case study approach. Two cases are looked at, that is performance management and measurement in a national department and a large municipality. While not all sectors of the public sector can be covered by this research, the fact that two out of three spheres of government form part of it allows for the generalisation of the results. Actually, only the public enterprises and parastatals are left out. These cannot be said to fit perfectly into the public sector because of the element of profit that has been added to them. However, the findings of this research could apply to parastatals since it is organisationally based and does not take into consideration the return on investment element.

The unit of analysis is an organisation in this case the Department of Labour and the City of Tshwane. Bless and Higson-Smith (1995) in defining the unit of analysis say that data collected describes that unit which, when combined with similar data collected from a group of similar units provides an accurate picture. The unit of analysis is an organ of the state in this case, a government department and a city government. Deducing from the results, the conclusion will be that the outcome can apply to all other organs of state especially the public service. The focus of research itself can be said to be divided into three categories (Bless *et al*, 1995) (i) conditions

(exposing current state), (ii) orientations (concern with the attitudes and beliefs) and (iii) actions (observed by an actor and directly reported).

The two organisations, the Department of Labour and the City of Tshwane have been chosen as case studies for this research. A case study is of secondary interest because it plays a supportive role facilitating our understanding of something else. The case is looked at in depth, its context scrutinised, its ordinary activities studied because this helps us pursue the external interest, in this case the implementation problem (Stake, 1994:236) and performance measurement. The governance cluster of the South African government is responsible for good governance, and each of the members of the cluster has a particular responsibility in so far as promoting good governance is concerned. Members departments of this cluster are the Department of Home Affairs, Department of Public Service and Administration, the Presidency, the National Department of Provincial and Local Government, the National Treasury, the Public Service Commission and the South African Management Development Institute (SAMDI). Except for the Department of Home Affairs and SAMDI, each of these departments will be considered to determine what their roles are or supposed to be and what they are doing in the area of performance measurement. The choice of these departments is based on their direct role and responsibility they have with the public service.

The Department of labour

The National Department of Labour (DoL) has the responsibility to regulate labour issues especially administering particular programmes, for Occupational Health and Safety of Persons at work; Social Insurance and the Unemployment Insurance Fund; Employment Skills Development Services; Labour Relations; Labour Market Policy; Service Delivery; and Auxiliary, including contributing to the National Economic Development and Labour Council (NEDLAC). This department is tasked to reduce unemployment, poverty and inequality through policies and programme development. It is also required to improve economic efficiency and productivity, skills development and employment creation, sound labour relations, eliminating inequality and discrimination in the workplace, alleviating poverty, as well as employment, and the protection and enhancement of workers rights and benefits (Department of Labour Annual Report, 2002/2003:9).

The Department of Labour was selected because it has, to a certain extent, implemented an organisational performance management system over and above the mandatory human resource performance management system for both the Senior Management Service (SMS) and the Performance and Development Management System for Level 12 and below (DPSA, 2003).

The City of Tshwane

The City of Tshwane is situated in the north of the Gauteng Province, which is one of the nine provinces of South Africa. It is one of the six Metropolitan governments existing in South Africa. The Gauteng Province where the City of Tshwane, the administrative capital of the Republic of South Africa, is located, is known as the economic powerhouse of South Africa.

In the case of the City of Tshwane, performance management and measurement is a requirement in terms of the Municipal Systems Act (2000). Any Integrated Development Plan (IDP) of a municipality need to be followed by a performance management system that operationalises that plan. A large municipality like the City of Tshwane, has a number of areas where performance management is monitored against goals predetermined and stated in its IDP. A combination of the two cases, the DoL and Tshwane will also highlight the gaps that exist between the different spheres of government (Constitution, 1996:s41) in so far as performance management is concerned.

The challenges facing the City of Tshwane are based on its population of about 2,2 million (Tshwane 2020 Plan). The City of Tshwane, like all other municipalities, is further constrained by the fact that they are the most visible part of government. Local governments, generally and due to their proximity to the ground, become the most visible part of government. An example could be that a politician in local government interacts with the

community on a daily basis as compared to a provincial or a national Member of Parliament. Expectations are higher than resources available and a need exists for innovative ways for stretching those resources and being held accountable for their actions and the resources at their disposal. The Municipal Systems Act (2000) requires that municipalities, including the City of Tshwane, to establish performance management systems (Ibid:s38) which must be adopted by a municipal council (Ibid:s39). Such a system must have key performance indicators, measurable performance targets and performance needs to be monitored, measured and reviewed (Ibid: s41). It is for this reason that it was considered appropriate to include a municipality in the study so as to create an awareness of the existence of such system in at least one of the three spheres of government and not in the other two.

OBJECTIVITY AND THE TYPE OF RESEARCH

Objectivity in any research is an important element that contributes to respect for results, reliability and validity. Research is not undertaken in isolation. The researcher's knowledge of the topic is crucial, therefore it is important to state one's methodological frame of reference.

With the two types of research, basic and applied research, it has been considered that the latter is more appropriate to public administration and management, especially if what is being studied concerns organisations or institutions as the case is with this research. Supporting this notion is

Brynard and Hanekom (1997:5) who view applied research as that kind of research where the results can be applied to solve an immediate problem. Performance measurement as a mechanism that intends to improve service delivery fits the description of being an immediate problem. The fact that not one, but a number of government departments and a Metropolitan government are part of this research ensures its objectivity.

Science and objectivity

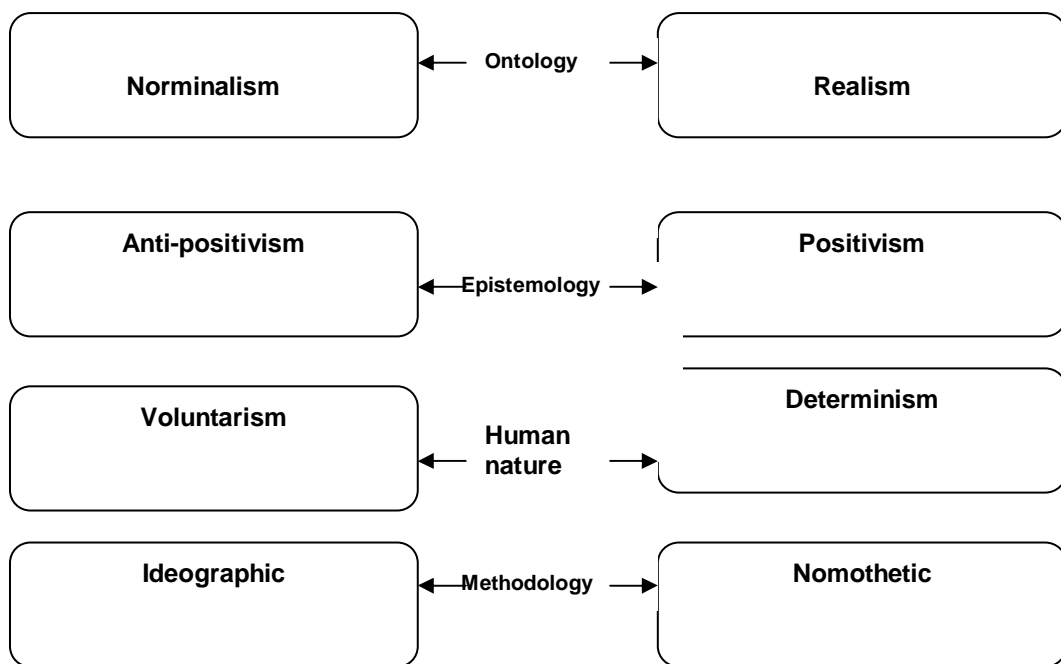
It is generally accepted that the role of science is that of defining the world we live in and attempting to improve people's standard of living. The unfortunate part is that there is lack of compatibility and major disagreements on demarcation over what constitutes a convincing explanation of social phenomena. While natural science objectivity can be achieved by successfully maintaining a distance between the researcher and the subject, this is not possible or even desirable within human sciences. Burrell and Morgan (1979) argue that it is convenient to conceptualise social science in terms of four sets of assumptions related to:

- (a) ontology or assumptions about the nature of reality and how it exists, is organised and works,
- (b) epistemology referring to the nature of knowledge and how it is derived and validated,
- (c) the human nature, and

(d) methodology or techniques for acquiring knowledge.

Burrell and Morgan (1989) had the following to say about the philosophy of science and theory of society:

Figure 2.1: Philosophy of science and theory of society



Source: Burrell and Morgan's (1979) assumptions about the nature of science, the subjective versus the objective approaches

Ontology or assumptions about reality. Social scientists are faced with the ontological question of whether the 'reality' to be investigated is external to the individual, imposing itself on the individual consciousness from without, or is it the 'reality', a product of the individual consciousness. In short, is the 'reality' a given, or a product of an individual's mind.

Epistemology or the theory of knowledge, based on how one understands the world and communicates that knowledge to one's fellow human beings. It also covers the form in which knowledge can be gained including sorting the truth from what is false. Questions such as whether knowledge can be acquired or attained through experience form part of epistemological doctrine.

The philosophy of social science is divided into two broad camps with regard to epistemology; the objectivist and the constructivist paradigms. The objectivist paradigm contends that human experience and reason alone lead to knowledge, meaning that the pursuit of knowledge is gained through a procedure. Further knowledge production is informed by the role of rationalistic, empiricist and positivist processes. The empiricist view relies on experimental design where quantitative research yield figures. The constructivist thinking rejects the notion of using a procedure to produce universally significant knowledge. The humanities or the “soft sciences” have always favoured ways of thinking concerning an appreciation of multiple perspectives and reasoning in context (Comstock, 1982) viewing knowledge as constructed from researched instances. It is this constructivism that has informed the the approach this project has taken despite the fact that it is not easily definable because it covers a wide spectrum of beliefs about cognition.

Conducting research has been debated mostly between positivists, who favour a quantitative approach, and phenomenologists, who favour

qualitative methods. It is difficult and nearly impossible to come across a situation where both cultural and personal beliefs do not influence our perceptions and interpretations of human phenomena. Phenomenologists recognise that even the act of simply observing a phenomenon changes it while positivists view this reactivity as a variable to be eliminated in the interest of objectivity.

Positivism is based on the assumption that there are universal laws that govern social events, and uncovering these laws enables researchers to describe, predict, and control social phenomena (Wardlow, 1989). Interpretive or phenomenologically based research, in contrast, seeks to understand values, beliefs, and meanings of social phenomena while critical science explains social inequalities through which individuals can take actions to change injustices (Comstock, 1982).

While the ideal is for any discipline to be driven by scientific methods as the positivist approach tried to do to research, the interpretive element, which most view as subjective, also allows the alternative models of reality to enrich and give a deeper analysis to a phenomenon. Management and administration cannot rely on central tendencies though the central tendencies may become good checklists for action. Social scientists use descriptive theories because of their ability to focus on the emotions, aspirations, achievement and social behaviour of individuals and groups. Using descriptive methods and theories enable social scientists to identify

deeper forces at work in organisations. The following table compares the two approaches, positivism and phenomenology:

Figure 2.2: Positivism and phenomenology

	Positivist paradigm	Phenomenological paradigm
Basic beliefs	The world is external and objective Observer is independent Science is value free	The world is socially constructed and subjective Observer is part of what is observed Science is driven by human interests
Researcher should	Focus on facts Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate hypotheses and test them	Focus on meaning Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
Preferred methods include	Operationalising concepts so that they can be measured Taking large samples	Using multiple methods to establish different views of phenomena Small samples investigated in depth over time

Source: Easterby-Smith, Thorpe and Lowe (1991) *Management Research Summary*. London Sage.

Public management and administration is a discipline within humanities and it falls outside the definition of natural science. As a management field it is concerned with managing people as employees, who undoubtedly cannot only be the subject of the kind of scientific approach propagated by natural scientists. This does not mean that natural science and the positivist

scientific approaches cannot be used, but merely that there is a need in this field to look beyond natural sciences for answers.

Human nature deals with the relationship between human beings and their environment. One perspective of human nature is based on an understanding that human beings' experiences are products of their environment and are conditioned by external circumstances. However voluntarism regards human beings as the creator of his/ her environment, the controller as opposed to being controlled.

RESEARCH WITHIN HUMANITIES, ADMINISTRATION AND MANAGEMENT

Public management and administration mostly uses case study methods as a means of determining the appropriateness and possible success of a particular approach.

Just as there are various kinds of causal assertion, different modes of theory-building and different research objectives, there are different kinds of case studies. Causal assertions, can be simple, complex, or chaotic (complex interactions, numerous variables, low probability associations, and endogeneity). Such assertions can take the form of 'covering laws', contingent generalizations, or explanations of individual cases in terms of generalizable variables.

Modes of theory building include heuristic induction of candidate theories, empirical testing of proposed or competing theories, and preliminary probes of the plausibility of new theories. Research objectives may focus on one or more of these modes of theory-building, they may address phenomena on various levels of analysis or at various stages of causal processes. Not one case study design is appropriate to all possible causal assertions, modes of theory-building, and research designs adapted to different purposes, including designs of single case studies, comparative case studies, and case studies of most and least likely cases.

THE RESEARCH STRATEGY

Research strategies can be classified into three distinct categories, namely experiments, surveys and case studies (Yin, 1993). These three strategies describe the different ways of collecting and analysing data. Robson (1993) states that a common understanding between research strategies and the research purpose exists and are as follows:

- (a) Surveys are appropriate for descriptive work
- (b) Experiments are appropriate for explanatory work
- (c) Case studies are appropriate for exploratory work.

The success of any research depends on the methodology followed by the collection and analysis of data for it to be reliable, valid and respectable. For

this study, two case studies were chosen. The area of performance measurement and management is fairly new and is currently mandatory in terms of the Municipal Systems Act (2000) in municipalities while in the public service it is only the human resource part that has been implemented. This study is not so much about the human resources performance management element but is focused on the systems and processes which is the reason for choosing the Department of Labour and the City of Tshwane.

While this study is not fully exploratory work but answers research questions that are applied in real life context, it was considered that a case study approach would be appropriate though a lot of both explanatory and descriptive elements are also included.

The problem with a case study approach is that the researcher may need to gain familiarity with the phenomenon in question by undertaking a preliminary examination of a variety of cases before selecting one or several intensive examinations. This can be time consuming. Despite the researcher's best efforts, the formulation of the design has a likelihood of remaining imperfect in one or another respect. These imperfections may emerge and become evident to the investigator as (s)he progresses. If these defects are sufficiently serious, the researcher might have to consider halting further work and redesigning the study. This is normally dealt with by conducting a pilot study.

Not much has been documented about organisational performance management in South Africa. The background information and data will come from the Department of Labour, the City of Tshwane and international public sector organisations that have embarked on implementing systems measuring and using performance management. Secondary information used, includes guides especially the guide on performance management from the Department of Provincial and Local Government, DPISA's Integrated Performance and Development System for levels 12 and below, internal memos of the Department of Labour and the City of Tshwane and any other documents found to be useful for this purpose. The government is also divided into clusters with the Governance and Administration cluster the most relevant. Cluster partners like the Departments of National Treasury, Public Service and Administration, The Presidency, Provincial and Local Government each have a role to play in ensuring that performance is measured and managed. They are also given consideration together with the Public Service Commission, a body responsible for public service oversight (Constitution, 1996:s196).

Data gathering

Data was gathered using semi-structured open interviews as a major source of data collection. These interviews were conducted with senior and middle managers in the Department of Labour and a senior manager responsible for performance measurement in the Tshwane Metro. The method utilised for collection was voluntary participation (Bless *et al*, 1995). The selection of

managers knowledgeable and directly responsible for performance enabled the data collected to provide a necessary deep insight.

Interviews are a kind of conversation, a conversation with a purpose and a flexible and adaptable way of finding things out (Robson 1993). There are several types of interviews which are based on the degree of structure or formality used with the interview process. They vary from being highly structured to free-range conversations using closed and open-ended questions and responses in a set order. This type of interview is used in survey and case study research. Semi-structured interviews use a list of prepared questions where the interviewer determines which questions to ask and when. Semi-structured interviews are more flexible than fully structured interviews thus allowing the interviewer to adapt an interview for specific situations.

The first case study, the Department of Labour one was chosen to indicate both the personnel as well as the organisational side of performance management within a service driven environment while the municipality's choice was driven by their emphasis on organisational performance and measurement.

Policy documents, especially in the area of performance management in the public service both for the Senior Management, the Directors-General and the Integrated Performance and Development Management System for

levels 12 and below (DPSA, 2003), the Public Service Regulations (1999 & 2001), the WPTPSD (1997), Treasury Regulations (2001), documents from the Department of Labour including their Annual Report and budgetary information and other policy and secondary policy documents are used. In so far as local government is concerned, the Municipal Systems Act (2000) and the Municipal Structures Act (1998) is given consideration together with the IDP of the City of Tshwane.

Data presentation and analysis

Data collection and analysis is an integral part of an inquiry, without data there is no inquiry. There are distinctive methods of collecting evidence that give rise to qualitative data and those that give rise to quantitative data. According to Coolican (1990), quantification means to measure on some numerical basis whatever is counted or categorized while the quantitative approach by contrast emphasises meaning, experience and descriptions. Raw data will be exactly what people have said or a description of what has been observed. It is this data that is presented and on the basis of it, an analysis and recommendations are provided. It needs to be stated that unlike quantitative approach, it is not that easy to present information collected through qualitative research methods. Chemail (1995) wrote that it takes two studies to present one in qualitative research. One study is the 'official' research project and the other is the study about the study.

While the data presented here is guided theory, data presentation itself does requires a particular strategy which would depend on a number of issues. Costas (1992) makes a few suggestions regarding how data can be presented. These are *natural, most simple to most complex, first discovered to last discovered or constructed, qualitative informed, theory guided, narrative logic, most to least important or major to minor, dramatic presentation and no particular order.*

Natural: Data is presented in a form that resembles the phenomenon being studied or in a manner that represents a sequential order following the flow of the session itself.

Most simple to most complex: Starting with data with the simplest example and as complexity of each example presented increases, the reader will have a better opportunity of following the presentation.

First discovered to last discovered: Data is presented in chronicle like fashion, showing the course of the researcher's personal journey in the study.

Qualitative-informed: Data is presented according to strategies commonly found in quantitative or statistical studies (central tendencies, ranges, clusters or frequencies).

Theory guided: Data arrangement is governed by the researcher's theory regarding the phenomenon being studied.

Narrative logic: Data arranged with an eye for story telling in order to best relate particulars of a theory.

Most important to least important: Taking the journalistic style of the inverted pyramid, the most important findings first followed by the minor discoveries.

Dramatic presentation: This is the opposite of the pyramidal style preferring to present last the dramatic or the climax.

No particular order; Where there is no particular order or the author fails to explain it if an order system has been used.

SIGNIFICANCE OF THE METHODOLOGY

Since no performance measurement system has been implemented nationally in the public service except for those departments that considered it necessary, and in the local government sphere, it would not have made sense to approach this research from the quantitative perspective. Firstly, this study intends to find out how the different government departments responsible for performance, view the issue of performance measurement.

Secondly, it was undertaken to find out how and why the departments that have implemented performance measurement have gone about it so that learning can take place and feed into future efforts that may be directed at developing and implementing similar systems in other departments or throughout the public service. The conclusion was that the best way to do this was to approach it from a qualitative research perspective.

THE PROBLEM STATEMENT AND METHODOLOGY

What is important in any research is the correct formulation of the problem statement. The problem or question becomes the axis around which the whole study revolves. If the statement of the problem is expressed with the utmost precision and then divided into more manageable subproblems, goals and directions of the entire research effort becomes clarified.

The relationship between the data collected and analysed and the phenomenon lies in the gap that exist between what is implemented at the different levels of government in the area of performance management and what could be. It is the knowledge lying in between the two that forms the basis of this study. The problem that this study deals with is whether the use of performance measurement and management will amount to an improvement in service delivery. The different tools of policy, mission and strategy implementation are explored.

VALIDITY AND RELIABILITY TESTS

For any result of a research project to be accepted, there has to be some level of validity that is scientifically acceptable. There are three important elements to validity, *construct*, *internal* and *external* validity that all assist in determining the reliability of the results.

In terms of *construct validity* which according to Gomm (2004:147) answers the question of whether one is measuring what should be measured (Brinberg & McGrath, 1985:114), the study, looks at measurement and performance management which are the identified gaps in service delivery and therefore satisfy construct validity.

In terms of *internal validity*, described by Gomm (2004:39) and Hall & Hall (1996:43) as the ability to show a causal relationship between treatment and outcome, this study intends to demonstrate that when and where performance measurement and management are applied, performance results will improve. It therefore satisfy internal validity.

In terms of *external validity*, which refers to the study's findings to be generalized (Gomm, 2004:42 and Dooley, 1990:218), or the ability of the research findings to be applied to other client groups or in other settings, the study of the two cases will show that irrespective of the nature of the government department, systems are the same and in some instances policies apply across departments.

In terms of *reliability*, it is an indication of consistency and stability (Singleton *et al*, 1988:111) and reducing uncertainty (Brinberg *et al*, 1985:127) that if the study were to be repeated, similar results will be produced, is proven through an understanding firstly that the policies the study is investigating are central and apply to the public service and all municipalities.

SCOPE AND NATURE OF THE THESIS

The public sector is broad and even more so when considering it as an organ of state (Constitution, 1996:s239) in perspective and definition. This study will not investigate the public sector as a whole while benefits from it will accrue to the public sector as a whole. It will confine itself to the national Department of Labour and a municipality, the City of Tshwane.

Performance measurement systems have been implemented and do exist in the local government sphere, it is for this reason that this sphere will be included in the research. Parastatals operate more as the private sector and execution of mandates is normally based on both public policy and the Companies Act (1973) and on an individual bases. It would have been ideal to also include them in the survey but this will require more resources including time and money. It is however hoped that objectivity will not be compromised as a result of these exclusions.

LIMITATIONS OF THE STUDY

This study only concentrates on management leaving the lower level employees, who could have assisted in giving a different perspective. This has been deliberately done since policies in both the public service and local government are negotiated centrally with the trade unions and is presumed to have been discussed and agreed to by members of trade unions and, or elected representatives.

The risk in targeting management lies in getting one side of the case with a possibility of having an interviewee bias. The case study approach itself cannot be fully relied upon for generalizability and a danger exists where generalization does not represent what is existing. Telling the truth can sometimes lead to problems and even victimization, and not telling as it is. Consequences arise where the identity of the interviewees is known or very obvious. While implementation studies are evaluation studies as well, the role and scope of this study is not to evaluate policy implementation but rather considers implementation methods. Though this study has used a public service department and a municipality, its intention is to make recommendations to the public service it is the lack of public service departments that have implemented performance measurement and management systems that has necessitated the inclusion of a municipality.

CONCLUSION

This chapter has considered the research methodology to be followed and why that particular methodology was chosen over others. The two main sources of information, namely the Department of Labour and the Metropolitan Government of Tshwane are introduced with reasons given for their choice over other departments and government organisations. The chosen research approach's objectivity, because it concerns public administration and is case study based. It is considered to be objective. Its results are considered applicable in situations where an immediate problem is to be solved. This chapter looked at science and objectivity and ensuring arguments of ontology, epistemology, methodology and human nature, including the fact that the phenomenon under study is an performance within an organisation.

The research strategy is to include how data will be collected and gathered, presented, and analysed using the case study approach before the findings and recommendations are arrived at. Lastly, the scope of the study and the reasons for choosing the public service, including a municipality is defended in that it is not feasible to also include the parastatals, but the results can also be of use throughout the public sector. Validity and reliability elements are also discussed and defended.

Through the selected approach it was considered that the required and necessary information would be gathered and the results will be scientifically acceptable to be used for generalization about what the current

and 'as is' situation in the public sector is. Constraints are explained, given the research problem and the approach. The manner in which validation and reliability are tested is explained, giving the study the required scientific respect. Recommendations from this study will and can be accepted as scientific enough to be utilised in the formulation and implementation of a performance management and measurement system in the public sector.

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 (Niskanen, 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 (WTPSD, 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

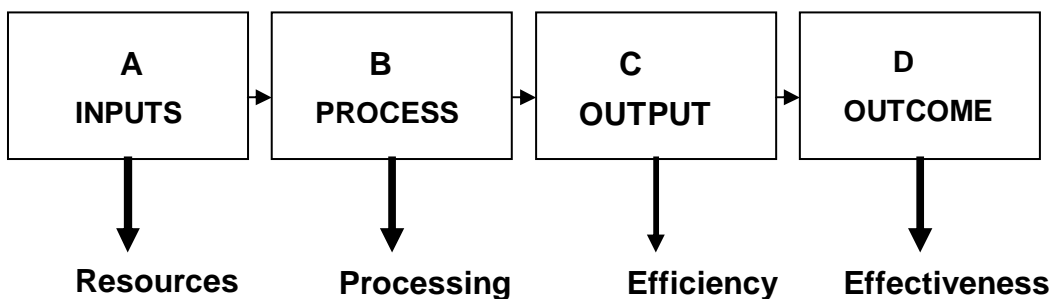
high degree , a function of implementation (Ikeji, 2003). Osborne and Plastrik (2000) in trying to deal with the dilemma of policy implementation have proposed as one of the instruments, performance measurement, where a public organisation defines its products and services and develops indicators to 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 Baldrige 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 Baldrige version of the Deming model

used in the United States. The Malcolm Baldrige 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.

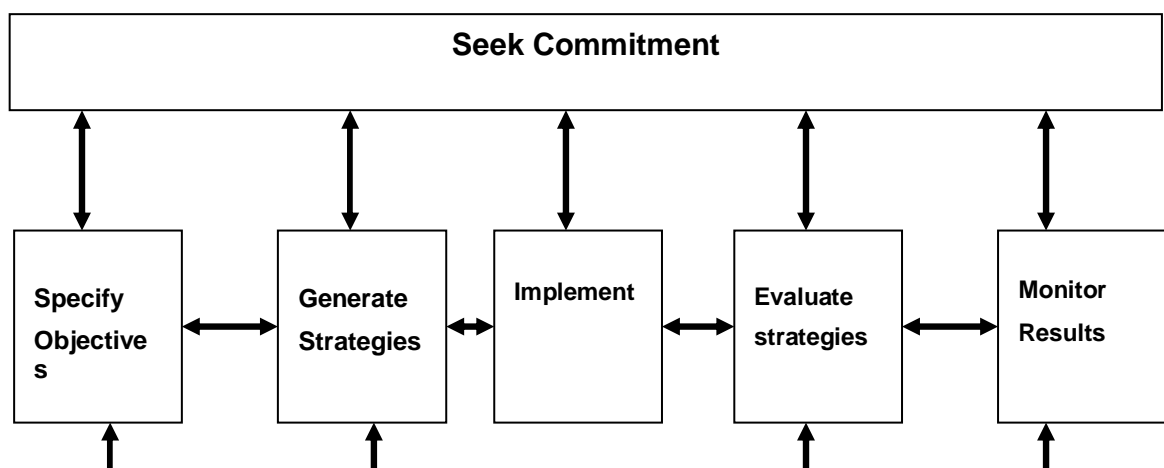
Goal achievement in the policy setting requires a combination of three theories, goal setting, performance or a combination of the two theories (Winter, 1999). This combination renders the construction of implementation theory very complex. According to Mazmanian and Sabatier (1979), implementation tools 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. Mintzberg (1979) refers 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 influence 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

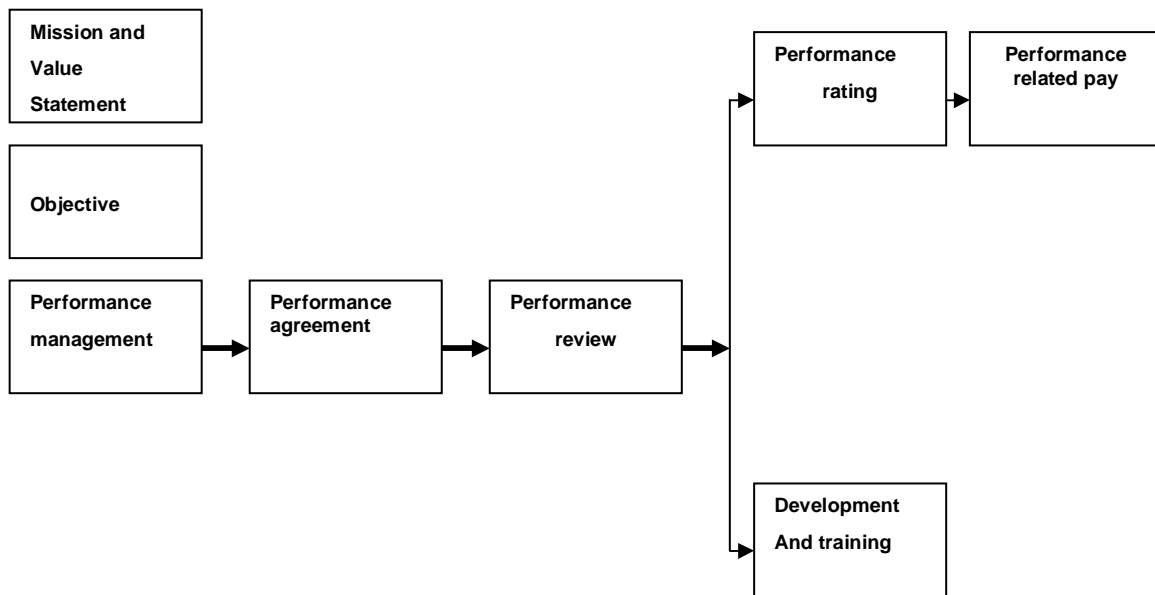
The 'money motivates' philosophy is driven by an understanding that money inspires human beings to perform. According to reinforcement theory, money gets treated as a generalized entity, functioning independently as a general incentive rather than as a specific entity that has been coupled with variously 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 Mintzberg'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 levels. 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 indicated 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 (Fiedler, 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 House's' 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 understandings 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 WTPSD (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 WTPSD (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, achieving 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 applied 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 democracy 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 operationalise 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, entrepreneurship, 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 debilitating '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

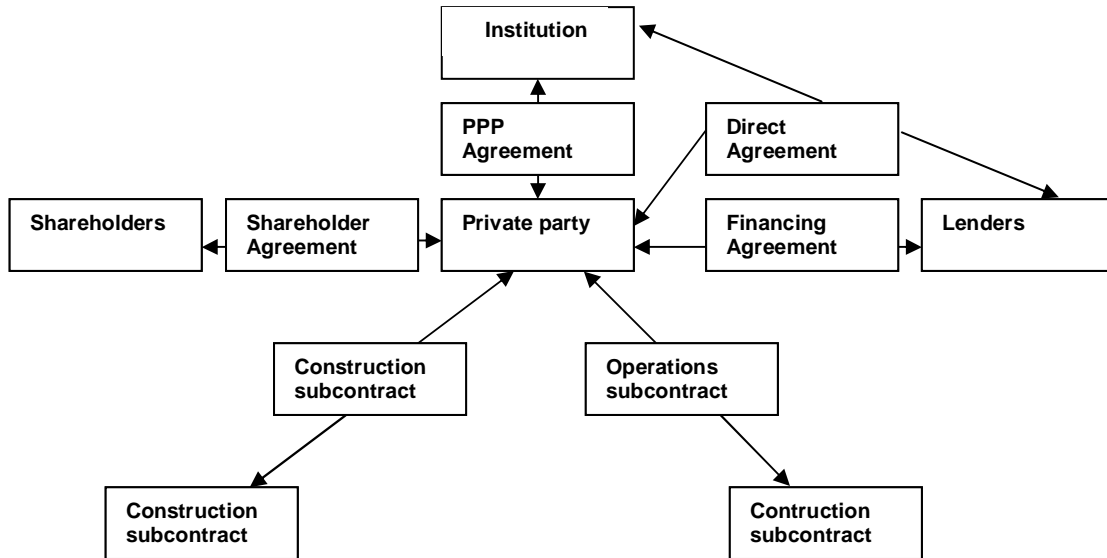
A more holistic approach to improvement is to look at the satisfaction levels of government customers. While this is seen by some practitioners, like the balance scorecard advocates, as incomplete because it focuses on one aspect of satisfaction it nevertheless provides a perspective on performance. 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 as 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

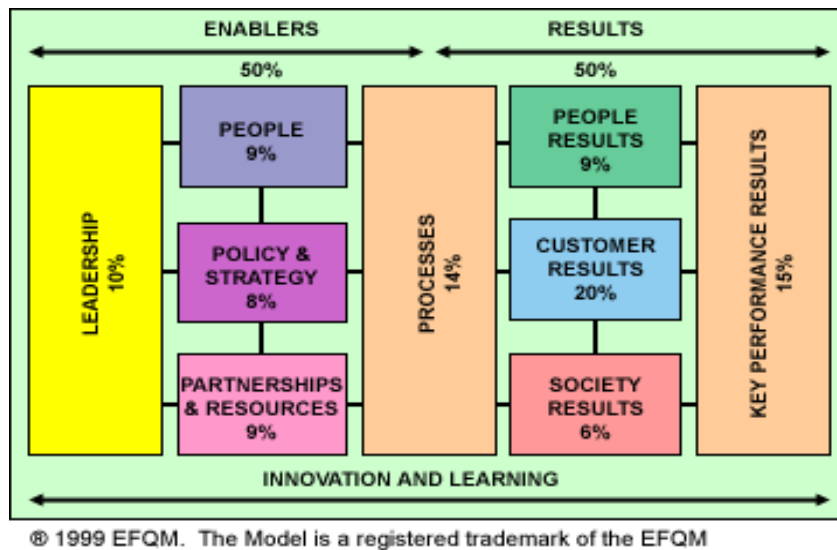
Among the various performance measurement frameworks, the concept of Total Quality Management (TQM) has been adopted globally by public organisations as a means of understanding and satisfying the needs and

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 emphasise continuous improvement, meeting customer requirements, reducing error, long range thinking, increased employee involvement and teamwork, process redesign, competitive benchmarking, team-based problem solving, constant 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 Baldrige 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.

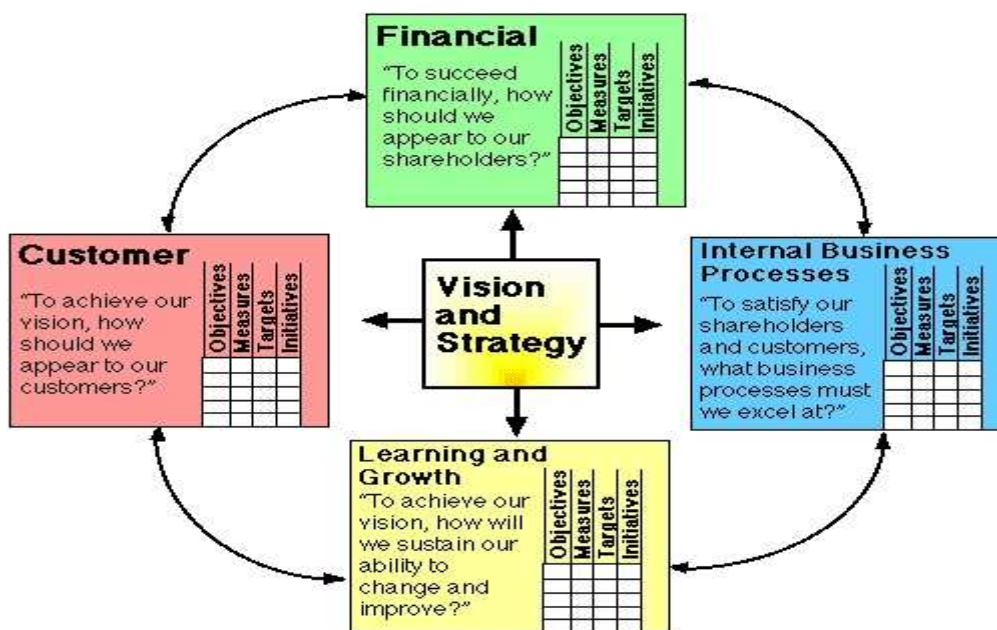
The Centre for Public Service Innovation (CPSI) does a similar function for the public sector by calling for nomination for innovation and awarding public servants for their contribution. Those entered for the CPSI Public Sector Innovation Awards are automatically entered for the United Nations Public 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 includes 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 researched 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) The Balanced Scorecard: Translating Strategy into Action.

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.

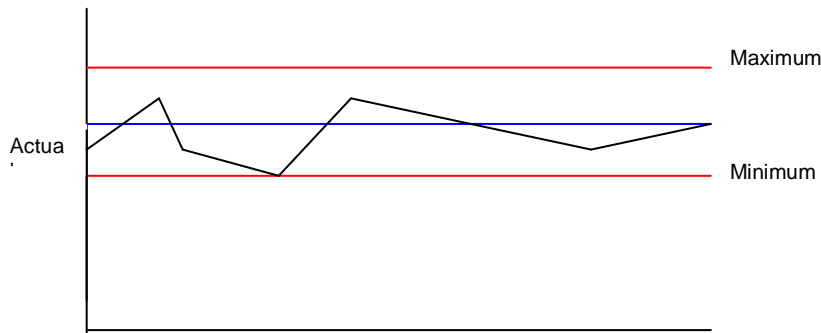
The Balanced Scorecard, like the Business Excellence Model has been modified for the public sector. In the case shareholders, the public sector would use stakeholders who, though not driven by profit, have a deep interest in the operations of an organization. This model is one approach recommended by 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).

Benchmarking 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.

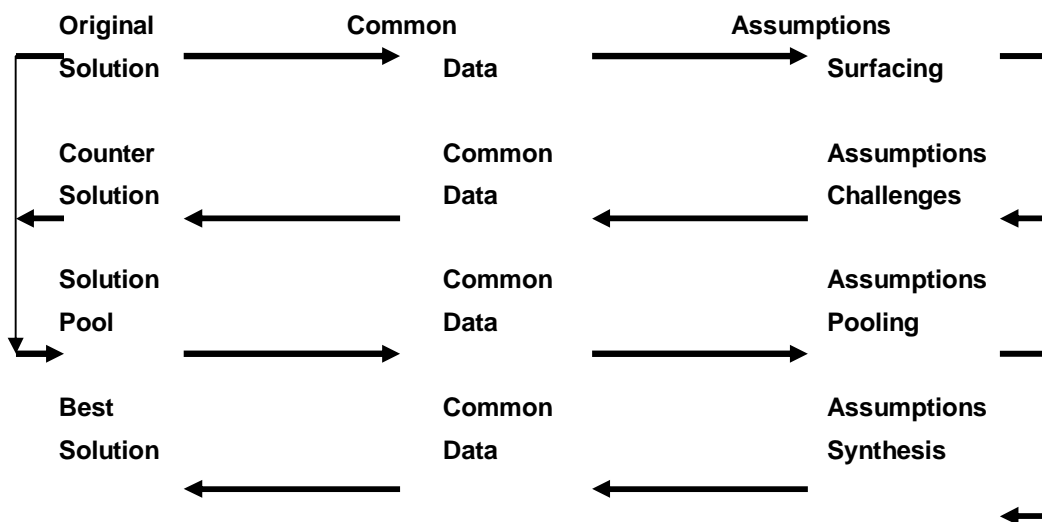
Most processes are the same whether they are private or public sector processes. An example is the recruitment or even the supply chain processes which can be emulated anywhere. The existence of a professional body, such as Bensa presents an opportunity to look at what has been tried and tested somewhere 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. Mitroff 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 undoubtedly 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 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 nationwide 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 DPISA 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 unannounced 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:

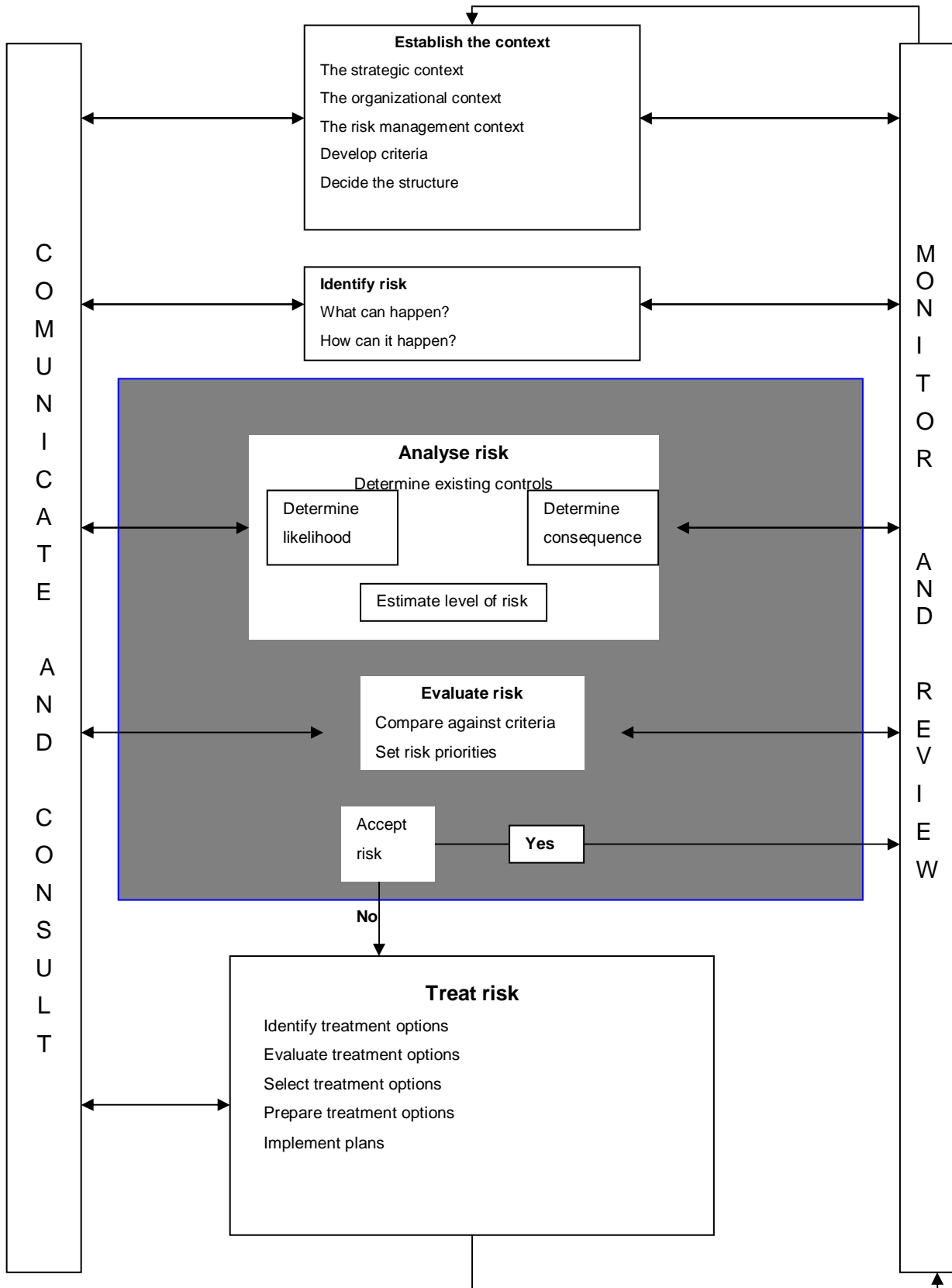
- (a) the objectives of the organization;
- (b) factors that could impact on the department's ability to meet its objectives; and
- (c) the actions necessary to ensure objectives are met.

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.

CHAPTER FIVE

PERFORMANCE MEASUREMENT IN PUBLIC SECTOR ORGANISATIONS

INTRODUCTION

Organisations are created to carry out particular functions and likewise public organizations, for example, government departments, agencies or parastatals carry out and deliver on government policies, programmes and goals. As public policy is purposive, goal-oriented action should consist of courses of action, it then follows that agencies that implement those policies need to reflect and be driven by the particular goals public policy is advocating. Public organisations are sometimes created after policy has already been formulated leaving them very little scope of influencing that policy except implementing it as is required by the crafters. Whether they had the opportunity to influence policy, public organisation's role in implementing policy remains. It is then up to the leadership of those organisations to identify, formulate and operationalise those policies by translating them into the organisation's vision, mission and strategy. This chapter looks at how public organisations need to respond to policy implementation requirements by formulating their own guiding Vision, Mission, Objective, Strategies and Tactics (VMOST) and/ or Objectives, Goals, Strategies and Measures (OGSM) all based on and guided by the public policy they are supposed to implement (Goggin *et al*, 1990).

Public organisations performance need no more rely upon anecdotes, rumours, assumptions, or wild guesses but results from objectivity. To be considered in this chapter is the formulation and implementation of the strategy, elements of strategy alignment, mapping and cascading the strategy as a means for implementing policy. In doing this, public organisations need to provide an answer to the question of who it is and where that organisation is headed and also consider what it is that will take it to where it wants to be. Different organisational systems, particularly Performance Measurement and Management and their role in ensuring that there is congruence with the implementing mechanism will also be considered. These include the human resource performance systems, organisational design and structure, culture, leadership and the management of conflict. Interviews conducted with officials from the City of Tshwane, the Department of Labour and the Department of Public Service and Administration are referred to in this chapter.

STRATEGY DEPLOYMENT

All actions with future consequences are planned actions. Therefore non-planning only exists when people have no objectives, when their actions are random and not goal oriented, according to Mintzberg (1994:8). The concept planning also means strategizing, four distinct ways in which the concept may be utilised are provide by Mintzberg (1987) as a plan, a pattern of actions, competitive positioning or overall perspective or a perspective shared by members of an organisation through their intentions and by their actions. Competitive positioning would not apply to a public

service organisation as the government monopolises and has no competition in the services they provide. Successful implementation is no accident, but results from planning. While public policy will, in most cases, provide the vision, the mission, the objectives and strategies, success is the result of organisational planning in the form of strategic and business plans. Strategic planning, such as management have been found to be as much relevant to the public as they are to the private sector. Likewise, performance measurement and management have, for instance, been made a critical element in the modernisation of the public sector in Europe (OECD, 1994) because it was felt that a failure to deliver public services of good quality may affect the competitiveness of a country's economy.

Of all tasks necessary for the attainment of an organisation's strategic vision of the future, implementing the strategy is most important and also the most difficult to realise (Bryson & Roering, 1988). One of the most respected and successful mechanism assisting implementation is performance measurement. Measuring performance should be an integral part of modern government standing behind the creation of targets, contracts and agreements intent on improving service delivery.

Different mechanisms for deploying the strategy are used by different organisations. For many public organisations, deployment is the missing link between planning and implementation. The most basic and straightforward of these is the breaking of strategy into action or business plans (Simmons, 2000:9). Strategically, the Department of Labour is guided by the Minister's

Ten Point Plan also known as the Minister's five year plan. According to an interviewee from DoL, each programme of this department is linked to each of the components of Minister's Ten Point Plan. Parliament's Portfolio Committee on Labour, a political body overseeing the activities of this government department, and the Minister are also party to the formation of the department's strategic plan. In this manner, the necessary link between policy and the implementing organisation is created. Looking at the DoL's approach, it could be argued that a properly administered strategy management system can be a unifying theme for applying performance based management to the executive branch of government.

Political and top management support is not enough for strategy implementation and performance management to succeed, urgency for change needs to be well defined at the executive level well before strategic planning. Strategy implementation is about what it is that needs to be done and how (Ansoff, 1984) in a manner that allows an organisation to focus (Rowley & Dolence, 1997:37), and an articulation of the plausible view of the future with action programmes and resource allocation priorities (Hax & Majluf, 1996:14). Kaplan and Norton (1996), when considering strategy implementation, place an emphasis on cause and effect where cause and effect relationship is expressed through a sequence of 'if-then' statements. The South African National Treasury budgeting framework following on this suggestion and provides the following as a guide to strategic planning (National Treasury, 2002):

- (i) Preparing strategic plans and prioritising planned objectives,
- (ii) Assessing costs and resource implications in preparation,
- (iii) Preparing budget,
- (iv) Developing processes to facilitate monitoring and re-prioritising of spending when strategic or operational plans change,
- (v) Monitoring and evaluating the performance and delivery of programmes in relation to clearly defined priorities, objectives, key performance measures, indicators and targets, and
- (vi) Finalising annual financial statements and reports that review performance and achievements against the strategic plan set out at the start of the financial year.

This approach, while biased towards finance, strengthens the link between services and the benefits and costs of the services. The Medium Term Expenditure Framework further becomes an instrument for providing a firm foundation for integrated strategic planning and budgeting and the introduction of performance measurement. Treasury Regulations (2001) require that plans include;

- (a) measurable objectives and outcomes for the programmes, and
- (b) details of the Service Delivery Improvement Programme.

It becomes obvious how near this is to a fully developed performance measurement and management system. It is this basic approach to measuring performance that provides a starting point for looking at having a comprehensive performance measurement system, taking into consideration the non-financial aspect of activities as well. Basically a performance measurement systems should have (i) a balanced set of measures, (ii) a matrix system, and be (iii) based on targets set before its commencement which acts as a unifier in the organisation . Having a performance measurement system in the case of the Department of Labour, has, according to the interviewee, been found to have a unifying effect in that components which previously considered themselves exclusive now identify a need to be a part of the whole and the silos that existed are fast disappearing.

Situation analysis for a successful performance based strategy

The implementation of strategy and performance is the most difficult and therefore should not be considered only after planning has been completed. Planning to plan and groundwork are to be undertaken well before actual planning takes place. Such groundwork should include deciding on who the members of the planning team are to be and ensure that key functional managers are not left behind. The question of which stakeholders to involve in strategic planning sessions always arise (Ackerman & Eden, 2001) especially in the public sector. Leaders, and those responsible for planning should also be allowed to gather relevant information before planning takes place. This should be complemented by soliciting information from

employees to build the necessary commitment and allow them to feel that they are part of the plan.

Throughout planning, participants are to be reminded that what is being developed is a performance based strategy. Part of the strategy itself should be to make an organisation a measurement-managed organisation while trying to identify key processes and determining what the driving indicators for those processes are. The measured indicators will take the pulse of the organisation and indicate how well the strategy is being implemented. This will include reinforcing measurement by insisting that key elements of the strategy be measured and that their performance be evaluated against such measures. Organisational policies are to be reviewed and made to reflect the measurement bias emphasised by the strategy.

In determining the implementability of a particular element of a strategy, the cause and effect relationships between the critical success factors need to be defined so management can establish how each element relates to achieving goals.

The problem with any strategic plan does not, due to a number of reasons, focus on the plan but rather on the implementation of the plan. The following are some of the reasons that may render a strategy difficult to implement:

- (a) Jumping from policy and mission formulation to strategy development without sufficient time to determine the critical success indicators embodied in the mission statement;
- (b) Management fails to communicate the plan to other employees, who continue working in the dark;
- (c) Management rejects the formal planning mechanism and makes intuitive decisions;
- (d) Failure to use the plan as a standard for measuring performance;
- (e) Top management merely delegates the planning function to the facilitator without the ownership element;
- (f) Failure to create a climate which is collaborative;
- (g) Getting engrossed in current problems that insufficient time is spent on long range plans;
- (h) Becoming so formal that the process lacks the flexibility and creativity that has to be addressed;
- (i) Specify who is doing what and by when;
- (j) Specify and clarify the plans, implementation roles and responsibilities; and

- (k) Translate the strategic plan into job descriptions and personnel performance reviews.

Cause and effect in the public management domain includes factors not normally visible. These may be the political environment, social and economic factors in the environment and the consideration of other delivery agents or departments that have an impact on services delivered.

Strategy formulation and even implementation takes the hierarchical top-down approach which when the strategy hits the different levels of the organisation leads to an emergent strategy. Mintzberg (1987:69) suggests that both the intended and emergent strategies be allowed to operate simultaneously and the theory for controlling them must accommodate both models. Strategy is to be managed at every level through a performance measurement system to eliminate the problems cited here. In this manner, each member of a public organization takes responsibility for their part irrespective of how small that is relative to the corporate strategy.

Mapping and cascading the strategy to ensure alignment

Having a viable strategy is not enough and to be successful, operational or process, excellence is needed to cascade and or align the strategy to other systems and processes. Cascading the strategy allows people to see what happens and the extent of their actions and how the actions impact on the strategy. Strategy mapping is a chain of action-outcome or cause-effect relations (Bryson & Finn, 1995:256) which involves reducing strategic

complexity to a core set of key outcomes and drivers to show how they causally relate to one another. A strategy map is normally used to help an organisation align the measures and goal attainment from corporate goals to the individual and ensure that each level contributes to the one above it and each individual sees and understands the linkage. It also mean being aware of the emergence of major strategic themes reflecting thrust lines from the strategic plan. These represent critical success factors where all parts and functions of an organisation value chain work towards the same purpose. For example, in a city's strategic plan broad themes such as economic development, safe communities, quality of life or good governance can always be identified. Strategy mapping can also be a major contributor to an organisation by:

- (a) aligning leaders around a single interpretation of the strategy;
- (b) communicating the strategy to employees;
- (c) identifying leading indicators of strategic success;
- (d) validating and test assumptions about what core capabilities drive performance;
- (e) structuring a core set of strategic performance metrics; and
- (f) accelerating strategic execution.

The interview from the DoL revealed that alignment is done only through managers communicating the strategy with their subordinates. While communication is important, it alone is not enough if alignment is to be achieved. Brown *et al* (2003:236) proposes an alignment frame that focusses on the alignment of structures, people and systems and seeks to align the organisation around effective structures, efficient systems and appropriately skilled people. Every level in the organisation needs to be involved, especially in the development of measures and targets for ownership of the outcomes to be achieved.

Performance, mostly involving power and conflict and goal congruency immediately becomes threatened when power come into the picture. The element of power and conflict can be minimised through mapping the strategy, as more members of the organisation begin to share the same goals the lower the level of conflict. Conflict is then reduced to positive conflict dealing with issues that contribute to strategic alignment rather than individually driven agendas.

The two organisations, the Department of Labour (interview response) and the City of Tshwane (City of Tshwane Scorecard, 2004-2005) cascaded their strategies through their performance management systems which are high level only, ending at senior management. The lower levels are as yet to be involved in the process. It need to be noted that both these organisations rely on the balanced scorecard approach to cascade the strategy. What need to be considered is the suitability of the balanced scorecard as a

performance measurement tool for lower level employees. Organisations need to move away from the belief that the balanced scorecard is not suitable for lower levels of the organization and boldly implement it there as well. In this way performance will be measured against goals and set targets.

IMPLEMENTING THE STRATEGY THROUGH MEASUREMENT

Performance measurement asks organizations to consider their objectives in the light of government stated objectives and ensures that services are provided to the expected standard. It also provide a vehicle for government to set and follow up on the organisation's strategic objectives. Performance measurement is based on particular principles that guide its usefulness to the organization and its strategy. These principles include:

- (i) clarity of purpose;
- (ii) focus;
- (iii) balance;
- (iv) ownership;
- (v) on-going learning; and
- (vi) continuous improvement.

Goal and objective setting

Stating what the important objectives are including what it is that need to be achieved, is important, and as such objectives and goals (Dunn, 1994:342) have to be clearly defined and understood (Parson, 1995:464). Best laid plans are worthless unless managers understand the tools and techniques of strategy implementation. In the case of the Department of Labour, the Minister's Ten Point Plan guides implementation while the City of Tshwane utilises its Seven Areas (Tshwane 2020 Plan, 2001) identified as a guide for developing objectives. Goals describe where the organisation wants to go and how that future looks like while objectives define specific results that will show movement towards meeting the goals (Turningpoint, 1999:25). For each goal and objective, performance measures, baselines, and performance targets need to be established, both organization-wide and for each contributing programme or project. Correctly and well defined outputs can make a huge contribution to performance improvement.

Planning and budgeting for strategy implementation

Resource allocation needs to be informed by and assisted towards the attainment of the set of goals and objectives set by the planning process. According to the DoL, performance reviews have assisted in informing the budgetary process. Actually, the National Treasury requirements, especially the MTEF, compels managers to focus on outcomes while not losing sight of the fact that they need to report at the end of every financial year on achievement in terms of the stated and promised delivery objectives. Budgeting itself becomes easier if linked to planning because the goals

become what the organisation will or can be measured against. The DoL uses financial accountability information to inform and ensure alignment of programmes to the budgetary process.

Developing performance measures

Performance measures are signs indicating the destination, for example the measure in the DoL's Employment Equity Act (1995) (EEA) programme will be the number of previously disadvantaged people who have been promoted to management positions. Cognisance of the fact that in the process of delivery there are inputs, the process, outputs and outcomes and that measures can be developed around any of these phases needs to be considered. The critical part of performance measurement and operationalising plans lie in the ability to develop appropriate measures and performance indicators. Measures are sometimes referred to as the critical success factors determined by trying to answer the question of if strategy failed, what factors would be identified as causes of this failure. Though they are important, the process to measure seem to be much more important.

The most critical aspect of any performance measurement system is ensuring that the important actions are measured. Whatever it is that is measured need to contribute to organisational and institutional growth. Performance measurement can be rendered useless if it measures trivial outputs. Successfully defining a hierarchy of outputs, performance

measures, targets and feedback system, will ensure that the important activities are being measured.

There are a number of guides through this process and the following are some aspects that need to be considered:

- (a) appropriateness and relevancy including simplicity, meaningfulness and manageability;
- (b) balanced and able to address input and outputs though the key concern should be outcome and results;
- (c) reflective of responsibility and accountability;
- (d) clearly defined and accurate to allow those collecting and analysing the data to fully understand the purpose;
- (e) timely and availability for timeous decisions to be made;
- (f) cost effective;
- (g) objective, observable and specific; and
- (h) linked to goals.

Firstly, use of the collaborative process, including people whose work will be measured and the people who will implement important components of the measurement process, is important. Obtain commitment to measures and the measurement approach from the organisation's top management.

Secondly, it is necessary to develop a process model or input/output chart that defines the organisation's main activities. These should correspond to questions such as what the main business is, inputs, what the outputs are, who are the customers, the desired outcomes and critical support functions, before the design phase starts.

Thirdly, it will be required to design measures by identifying information requirements from strategic plans, understanding information requirements (from strategic plans, from the DG or CEO) considering the impact of measures before selecting a few measures.

When performance measures are developed, it is important that they the guides provided are followed for them to be meaningful. Also to be considered are stakeholders especially the people that will use the information coming from measures, whether that information, if available and the costs involved in utilizing the measure.

Setting targets

Setting targets is not as easy as it seems and this difficulty is what sometimes causes organisations to set sensible interim targets. What managers need to be careful of is setting arbitrary targets for example how could management know what could conceivably be achieved by whom until people really understand 'how the work works' in practice. It need to be remembered that poor application of targets may lead to the failure of the target based system. It is also important to develop challenging but achievable stretch targets and placing them in a non-punishing context.

Targets normally go together with objectives. For each objective, there has to be a target determined sometimes by customer needs, baseline, policy position or reality (Maphorisa, 2003). In the case of the DoL's EEA programme the target for five years could be 50% of all jobs in management should be occupied by the previously disadvantaged officials. This is the process of and translating outputs into measurable figures. Target setting as part of the measure is used to evaluate performance measurement data and assess performance achieved compared to expected performance. Target setting is used for a number of reasons common among which is concern with informing on strategic choices or defining best practice for example 1 000 customers without complaint. Once performance measures have been developed, they should make it clear how performance will be judged and provide a framework for generating targets. Baseline information to be used for the development of targets has, in both the DoL and The City of Tshwane, been obtained from previous information and has considered

the views of the different stakeholders including finding out what it is those stakeholders want. The comparison of achieved performance with targeted performance is the primary method through which performance measurement alerts managers of the need to implement interventions to improve performance. The problem with target setting is that there is a need to have sufficient information to establish what target to set.

Crafting performance indicators

Performance indicators have meaning if they are compared against some target (Jackson & Palmer, 1992:25) for example, what has to be done and how much of it has to be done. Indicators of success or the critical success factors should be defined in such a way that they provide the means to determine whether or not the identified strategic goals are being achieved. Indicators of success are based on the targets set and it becomes those targets that everyone looks at when success or failure is considered. Performance indicators are a means of identifying and evaluating the levels of success which provide information on the efficiency and effectiveness of programmes or policy. They are also an important tool of management, providing, *inter alia*, benchmarks and showing trends in achievements (Office of the Auditor-General Western Australia, 1994). Key performance indicators normally come from the identified performance areas and provide a basis to evaluate and improve performance (Government of Western Australia, 1997). The City of Tshwane interviewee, during the interview, cited this as a challenge and the challenge as having too many areas to focus on and this leads to too many indicators. Drucker (1980) warned

against chasing too many indicators. When this becomes the case, the indicators increase drastically as the performance measurement system cascades into the lower levels of the organisation.

Indicators should also be credible, consistent, comparable, clear, controllable, contingent, comprehensive, relevant, feasible and enabling (Jackson *et al*, 1992:26). Units of measurement to be used when a Key Performance Indicator (KPI) is measured need to be defined, for example, if it is costs, it needs to be stated in currency terms, for example, of Rands. There is a school of thought that prefers that few indicators to be chosen to best inform management especially because for each indicator, data needs to be collected to support it. A performance indicator should trigger further investigation when supporting data shows that something unusual is happening.

There is a danger in that most indicators focus on objectives that can be quantified at the expense of those that cannot easily be measured. Reports based on such performance indicators might not actually show the full picture of how current programmes and strategies contribute to achieving performance goals. Trends are often presented as results, which may encourage decision-makers to view these as programme accomplishments.

Having indicators also assist junior managers and staff because the complexity of operations and sheer number of decisions needed daily forces

subordinates to make decisions on their own. This diagnostic control system (Simonns, 2000:59) has features that enable outputs to be measured, pre-determined and standards against which actual results can be compared and the ability to correct deviations(output control).

Balancing measures

Problems with giving consideration to measures in an unbalanced manner are well known. Consider, for instance, a situation where an input measure such as finance is looked at without taking into consideration the quality aspect, incomplete reporting only dealing with savings at the expence of quality could result from that. Performance reporting that is based on a consideration of particular measures in an unbalanced manner can be problematic. It is for this reason that balancing measures is propagated (Kaplan & Norton, 1996). The role of stakeholders such as the customer and employees are very important and key to the success of any performance driven approach to delivery. This means that when measures are developed, these stakeholders need to be taken into consideration. According to the City of Tshwane, developing a balanced set of measures enables it to define what measures mean most to customers, stakeholders and employees by having them work together, creating a clearly recognisable body of measures and identifying measures to address their concerns.

While most view Kaplan and Norton's (1996) Balanced Scorecard as a pioneer approach to balancing measures, the Swedish National Office, for instance, adopted, in the 1970s a view of performance measurement which focussed on the use of separate measures to describe performance. Not only are measures balanced in a manner that makes them representative of all stakeholders but they also need to represent medium and long term goals (lead and lag), financial and non-financial, and internal and external stakeholder focussed (Kaplan & Norton, 1996) to be able to contribute to the outcome, not just the output. It may be this need for a balance that prompted the DoL and the City of Tshwane to utilise elements of a balanced scorecard to ensure that a balanced approach is maintained.

PERFORMANCE MEASUREMENT DATA IN PERSPECTIVE

One of the difficult areas in implementing a performance management and measurement system lies in the inability to identify, collect, analyse relevant, reliable and valid (Dunn, 1994:336) data and information. The purpose of performance measurement is to measure and this cannot be done without access to appropriate data to show achievement or shortfall. That information, coming from data collection and analysis, is what is used to improve performance and it also tells stories related to quality, delivery, cost, and cycle time. The problem with measurement is that data has to be collected, collated, managed and the results distributed, all of which can be costly if not managed properly.

Measurement relies on data that is reliable easy and inexpensive to collect. Data collection needs to be planned to allow and facilitate easy analysis and understanding. Making performance information available to inform strategic resource allocation is also an important aspect and requires a considerable amount of innovation (Hilliard, 1995:4). Measurement requires reliable sources of data and a result oriented government is no exception to this need. Furthermore, information is the life blood of budgetary, resource allocation and financial management. Such information, besides deciding on how it is to be collected, needs to be defined in terms of the various levels of decision making. This will assist the different levels in the organisation hierarchy with their different information requirement.

Performance data is interpreted differently by various users and according to the different time frames, objectives, intent, risk avoidance, attitudes or perspectives. Information also requires systems that integrate information on cost, expenditure, output and outcome. Most important in the delivery of this information is the institutional arrangement and the skills and resources to collect and process data to the specification of the different stakeholders (Heeks, 1999). Different stakeholders have different interests, for instance Parliament will have a different reason for wanting the information they need and therefore require performance information packaged for that purpose while people within a government department will require maybe the same information packaged differently for their own internal purposes. It was reported during the interview at the DoL that their system is able to satisfy all its stakeholders internal and external information needs.

Performance measurement data is useless if it is not based on key drivers of performance. This implies that there is a need to identify and construct reliable and valid key drivers of performance based on a causal mode linked to the strategy .

Data collection, analysis and performance information

Data is an important aspect in performance measurement because it is difficult to make a clear decision from inaccurate data. With data a single version of the truth is required to be reliable. Different kinds of information emerging from the same measurement from different officials or level in the organization is unacceptable for measuring performance.

Appropriateness and accuracy of data collected

Adequate and reliable performance data are indispensable to decision-making. Data collected need to be validated before it can be used. The interview with the City of Tshwane revealed that the reliability of information generated through their use of a column called 'evidence' when information is presented as a means for ensuring reliability. In the case of reports such as the audit report, there is a requirement for such reports to be signed by a manager before being released or utilized. Likewise, all performance information presented to the Canadian, Danish, Finish and New Zealand Parliaments are subject to an Audit (Talbot, *et al*, 2001:34). These reports also have a column called 'verification' which states how information being presented has been verified. A need to ensure that collected data is

completely accurate and consistent to document performance and support decision-making at various organisational levels exists. It is this information that will lead to an improvement in the organisational processes, identify performance gaps and assist in the improvement of goals.

There is a tendency for the different spheres and oversight departments such as the OPSC and the DPSA to ask for similar kinds of data from departments (DoL Interview). In other instances, the emphasis is more on the amount of written information compelling managers to spend more time on administration and paper work rather than performing their functional activities. This is sometimes referred to as over-reporting or rather paper chasing. Deciding what to measure, how and by whom helps to reduce the possibility of drowning in data. A short to long term objective should include working on packaging data and information in such a way that systems are able to communicate to one another.

Developing information infrastructure

Nether the City of Tshwane nor the DoL make use of information technology to store and process data and make information available. It is important to generate information with some design for it to serve the needs of the stakeholders. This might include looking at whether that information is global and intended for benchmarking purposes, or for legislative reporting, or administrative and management purposes. Regularity of reporting also needs to be given consideration as well as how that information will be

portrayed. Some information require security and special skills to access. Having this information about data analysis and reporting will assist in determining the kind of information infrastructure needed.

When deciding on using an information system it would need to be seen in the context of the wider institution building. More often than not information systems are implemented as components of separate projects responding to specific needs with little thought given to requirements in other areas and/or to critical inter-relationships. The resulting information systems are often disparate and segmented with little or no capacity for sharing data. These systems have overlapping and sometimes conflicting functions and provide incomplete coverage particularly for managerial information requirements, which normally span several areas. The failure to integrate information could result in:

- (a) fragmented and unreliable data;
- (b) duplications of data difficult to reconcile;
- (c) failure to use actual results in planning and budgeting;
- (d) failure to fully and publicly report financial and operational results; and

- (e) undue emphasis upon one of the component subsystems, usually budgeting, which tend to dominate, duplicate and crowd out others.

It is recommended that a multi-tiered network, with systems modules at the different levels and facilities for generating, storing and processing data at each level and for exchanging data between levels (Altar, 1996), be considered. The software at each node should be able to run on small or large computers without major changes. These properties can be achieved by choosing compatible computers that offer multiple size configurations. A need to ensure vertical and horizontal portability and scalability within an open system assembled from components that conform to generally accepted standards should exist. The software should therefore be interchangeable, providing greater flexibility.

Performance of this kind of a system relies on the skills of the people that will be working with these systems. It therefore is important to provide appropriate training and to also undertake a change management exercise since this amounts to a major change and can affect the way people do their day to day activities.

STRATEGY IMPLEMENTATION AS A RISK MANAGEMENT TOOL

Risk or risk propensity may be viewed as the potential for failure. Risk management is the active process of identifying and acting on risks facing

an organization (Petty *et al*, 1993), taking advantage of, reducing, mitigating or otherwise adjusting plans to ensure that the organisation meets its intended objectives. Risk management deals with the management of uncertainty in the achievement of goals. The era of global diversity, dynamism and complexity create uncertainty and pose risks not considered before. Failure then means that goals and objectives are not reached (outcomes fall short of expectations) or important performance criteria are not met. Implementing strategy reduces the risk for underperformance. Performance measurement and management ensures that every level in the organisation contributes as planned. Plans are part of the organisational goal and reduce the risk of being engaged in activities that do not add to organisational effectiveness.

It needs to be agreed to that performance is threatened by different kinds of risks that the organisation is exposed to, which, if not managed could sabotage all 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 no one knew about but have been anticipated.

The New Public Management Paradigm requires a devolution of responsibility to agencies and government departments accompanied by a need to have a strategic plan (Treasury Regulations, 2001) in all government departments and organs of the state. Though not expressly stated, those plans need to be implemented and set targets met as agreed

and funded. Within strategic planning and management context, risk management would have been identified, the impact of that risk on programmes assessed and acknowledged planning is a response to risk, to treat the symptoms and monitor the high risk areas including the effectiveness of the planned responses and the remedies prescribed. In recognising the role risk management need to play in public financial management, the Public Finance Management Act (1999:s38-42) sets out responsibilities of accounting officers *inter alia* as:

- (a) the establishment and maintenance of an effective, efficient and transparent system of financial and risk management and internal control;
- (b) the establishment of a system of internal audit under the control of an audit committee;
- (c) the establishment and maintenance of an appropriate procurement system which is fair, equitable, transparent, competitive and cost-effective;
- (d) the effective, efficient, economical and transparent use of resources of the organisation;
- (e) collecting monies due to the organisation;
- (f) preventing unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct;

- (g) making working capital available, efficiently and economically;
- (h) responsibility for the management, including safeguarding and maintenance of assets and for the management of liabilities;
- (i) compliance to any tax, levy, duty, pension and audit commitments;
- (j) responsibility for settling all contractual obligations; and
- (k) taking disciplinary steps against officials who fail to comply with the provisions of the PFMA, or who undermine the financial management and internal control system, and officials who permit or make unauthorised, irregular control system, and officials who permit or make unauthorised, irregular, fruitless or wasteful expenditures.

Upon discovering any of these occurrences, the accounting officer must report them to the relevant treasury or state tender board where applicable. Performance measurement is unlikely to succeed in a situation where risk is not considered important. Actually, embarking on a performance measurement exercise is a way of reducing risk and increasing certainty levels. Both the management of risk and performance measurement need to work hand in hand to improve performance.

PERFORMANCE MEASUREMENT: THE HUMAN FACTOR

Organisations are instruments created to achieve specific goals. They are also societal systems, a collection of individuals bound together to meet

personal as well as societal needs. Performance measurement and management is doomed to fail without considering the human element. Performance measurement and control systems cannot be designed without taking into account human behaviour (Simons, 2000). The successful implementation of performance measurement and management depends on understanding and accommodating the human element (Holloway *et al*, 1995). Earlier developments that intended to improve organisational efficiency, such as Frederick Taylor's scientific management approach, tended to concentrate their efforts on the organisation side at the expense of the human element. It is unfortunate that the only link between organisational and individual performance in the DoL are the performance contracts that senior managers have and the workplans that the rest of the staff work towards. The City of Tshwane's approach comprises three parts; the individual, the manager's report and the 360° reporting. Because of the existence of organisational performance, the City of Tshwane was able to link individual to organisational goals.

High performance is positively correlated to more effective people management, satisfaction and commitment by internal customers. Human resource measures need to be used as an upstream predictor of improved organisational performance outcomes. This implies that each satisfied and committed employee adds to the sum total of the overall organisational performance. Measurement should be able to predict which human issues have the greatest impact on performance (Armstrong & Murlis, 1994). Internal customers are integral parts and links in an organisation's value

chain. The aim should be to hold employees as human beings accountable and this must be made part of the organisation's culture. In this sense, culture is viewed as the sum total of the organisation's norms, values and beliefs, systems, processes and structures.

Common as measurement tools are, merit ratings which are done annually and are highly subjective (Public Service Regulations, 1999). These are mostly done for maintenance and administrative purposes. An approach where the human resource function is not merely that of maintenance, but developmental oriented could be appropriate. The developmental approach is designed to improve individual ability, motivation and commitment to the organisation and to enhance the organisation's capacity to utilise its employees more effectively in performing their present and future job requirements.

The South African public service has given priority to human performance by introducing performance management and measurement systems to measure human resource performance. The public service is divided into three categories each with a system for measuring its performance. These are the Heads of Departments, who are measured by the Public Service Commission (Public Service Commission, 2002), the Senior Management System which utilizes performance agreements by comparing what was agreed to at the beginning of the performance or evaluation period against the achieved results (DPSA, 2000) and the System for employees below. Because of this factor, the South African public service can be said to be

advance in so far as human resource measurement is concerned. The interviewee from DPSA revealed an awareness of the imbalance that is created by this unevenness resulting from non consideration of the performance aspect the organization.

It could be argued that for a system of performance measurement to be successful, human resources measurement needs to feature prominently. It is the employees that make the systems perform and not the other way around, and it will be the same employees who will report on the effectiveness and efficiency of systems including where shortfalls might be.

LINKING PERFORMANCE MEASUREMENT TO THE REWARD PROCESS

The link between performance and pay first emerged as a result of Taylor's *Principles of Scientific Management* (1911) which defined performance standards and believed that workers would only respond to financial rewards. This view has since changed. The ability or inability of performance based approach to improve performance and productivity is well documented (Solano, 1992:25; and Shafie, 1996:341-352), but most authors refer to design and link to organisational goals as the key to its success (Laabs, 1998:40; Spitzer: 1996:26 Luthy, 1998: 5 and Sabastino: 1996:4-7).

The interview established that no link currently exists between organisational and individual performance at the DoL. In the City of Tshwane, it was reported, senior managers are rewarded and receive bonuses on the basis of performance, this is a statutory requirement (Municipal Systems Act, 2000). However, the DoL has reported instances of demotivation resulting from the performance measurement review especially in situations where reported performance is not at the expected and agreed to level. Performance measurement system should never be presented as a blame apportionment system especially to people who have the know how and can manipulate data in the system.

IDENTIFYING AND MEASURING PERFORMANCE GAPS

It is easy to plan performance as long as the mission and strategy are clear enough. To measure it is problematic. Performance measurement mapping out and dealing with the who, where, how often and relevance need to be clearly stated. Through reliable information gathered, it becomes easy to differentiate between actual and intended performance. Managers can determine where to target resources to improve mission accomplishment. Improving goal should flow from fact-based performance analysis.

ESTABLISHING ACCOUNTABILITY AT ALL LEVELS OF THE ORGANISATION

Success depends largely on defining the roles and assigning responsibilities including levels and lines of authority. The point of measuring results is to

improve performance, by the intermediate process of making individuals more accountable for the results of their actions. Accountability, it was established that the City of Tshwane strengthened its performance with the expected, becoming known to all employees in the organisation. Accountability is a multi-dimensional concept and often a key enabler of success. Within the scope of an organisation, accountability is the responsibility of an individual, staff element or unit for achieving a mission and the functions to support that mission. To truly work, accountability has to be shared by managers and employees and the organisation must be accountable to its stakeholders. Control over actions and assets, answerability to a chain of command and responsiveness to changing demands and an organisational environment are essential elements in a successful strategic framework. If either of the two is missing then the organisation's strategic framework could collapse from lack of accountability. Without responsiveness, a programme may become stagnant and irrelevant to an organisation's day to day operations.

Strengthening accountability is one of the major benefits of the performance measurement system. At the DoL, senior managers account half yearly and during the accounting sessions, the Director-General and his or her deputies are required to account for the measure of success of the various programmes.

Accountability for implementing and using a set of measures within an organisation lies with those responsible for achieving the organisation's

intended goals and in the case of a public organisation this is the responsibility of management and the entire workforce. They then become accountable for outcomes not directly under their control. Under these circumstances accountability need to be shared with the employees and works better when combined with established measures that reflect stakeholder needs and a committed, skilled workforce. This is to be done within the context of team effort.

CHOOSING BETWEEN CONTROLLING AND COMMUNICATING

A common thread running through all components of a performance management system is communication. Sound communication is an essential component of performance management. What should be communicated must be considered as carefully as how the components are to be communicated. This is easily done through defining the mission, clarifying roles and developing outputs and performance measures.

Performance feedback allows for communication to take place and is important for a number of reasons. Reporting on performance improves communication as is the case both at the DoL and the City of Tshwane. Some of these are to redirect or correct problems within the programme which include:

- (a) diffusion of best practices of specific programmes or other agencies;
- (b) collaborative effort with stakeholders that achieve outcomes; and
- (c) providing incentives for performance and motivating staff.

Outwardly, communication improves accountability within government, among spheres of governments and partners, to customers or clients and citizens. Most importantly, performance information can also be used to make decisions. Lessons can be learnt about which activities are more effective.

For communication to be successful, a communication strategy need to be crafted. Also to be considered is the fact that performance measurement and a good information systems go hand in hand and are a component that makes feedback work.

NEED FOR ALIGNMENT TO OTHER ORGANISATIONAL SYSTEMS

Performance management, like all other new methods of performing activities requires what Neely (2002:71) calls nutrients in the soil or levelling the playing field. A change in management approach and performance management and measurement can be tools for introducing new ways of service delivery. There is no other time as opportune as this one where

almost every comment about our public services paints a negative picture while the demand for services is on the increase. Public service employees who were part of the different administrations, with different cultures, different languages and different operating experiences are still searching for a common unifying purpose and performance management system.

A framework for creating an alignment

Performance measurement is not only about the development of objectives and measures and thereafter measuring them and doing something about deviations from the planned. It is also about systems and processes which most performance measurement systems ignore. Accordingly, Linden (1994:185), calls for the systems and processes to be considered. These include the structure, systems, shared values, symbolic behaviour and skills. Considering these elements gives an organisation the opportunity to step back and assess its capacity (Turningpoint, 1999:28). In Tanzania the approach to Installing their Performance Improvement Model was inclusive (Mollel, 2001:65) taking into consideration strategic plans, annual performance budgeting, monitoring and evaluation and performance review.

It is hoped that through focus strategy implementation, shared value will emerge as the corporate objectives get cascaded through the organisation. However, when it comes to issues such as skills, structure, system and symbolic behaviour or culture, a different approach needs to be considered.

Linking output to outcome

Ensuring that there is a link between output and impact is important for the attainment of policy goals. This link becomes more easily attainable with the increase in the use of causality to link output to outcomes. However, this is, for a number of reasons, not easy. The main reason is that government programmes normally require contribution from a number of departments while the performance of an organ of the state's mandate may be narrower than this. The DoL assesses the impact its programmes have by conducting impact studies and to ensure that a link is not lost between output and impact. The interview revealed that the City of Tshwane ensures that indicators developed link to outcomes and respond to both quality and quantity,. The City of Tshwane's quarterly and even monthly reports on performance are a method of assessing and ensuring the continued existence of this output/ outcome link.

Knowledge, skills and competence

It is an established fact that the public sector lacks the prerequisite skills (Koranteng, 2001:11) which is why Cuban doctors are used and where they exist, they are often not put to use resulting ultimately in the loss of those skills (Department of Health, 1999) through the Health Sector Strategic Framework (1999-2004). The public sector lacks the ability to retain skills for reasons such as inadequate pay and poor conditions of service. Without the appropriate skills it does not make sense to speak of performance measurement because the system needs employees with skills to implement and to maintain the system. It is therefore imperative that the

issue of skills be given the necessary attention if performance measurement is to succeed. But other factors, like the policy framework, content of the task, can inhibit also interfere with the ability to perform (Franks, 1999:53).

Structural complexities

Implementation depends mostly on organisation structure. Various activities that reflect the work of the organisation are divided in ways that are intended to help get work done efficiently and effectively. Designing the right structure can enhance the chances to succeed with performance improvement. Failure to realise that policy implementation is change and that change needs to take cognisance of the micro-structure of the organisation is but one reason for the failure of performance management. It could be that some activities, as a result of the intervention, need to be co-ordinated and integrated so that the organisation functions effectively. Designing the right structure can enhance the chances of a strategy to succeed. Andrew (1971) notes that structure, for implementation, relates not only to division and co-ordination of responsibilities, but also to organisational systems such as standards and measurement control systems.

Rarely will institutions present a perfect match to a formulator's model and the system should mostly be dictated to by the strategy (Gill, 2000:25). Organisational activities must be coordinated and integrated so that the organisation can function effectively. The public service is notorious for its

pyramidic and hierarchical structures that value rank and superiority above performance (Weber, 1937). The hierarchical structures of the public service create a problem in a sense that it promotes wrong values and is not flexible enough to deal with the challenges of today's public service.

Systems

Between input and output is the transformation of those inputs into outputs. It is here that if there is was a problem it would have occurred. Despite its importance, little attention is given to this. Actually systems and processes are deciding factors of whether performance measurement succeeds or not. Any system that does not take into consideration its sub-systems is doomed to fail. Suppose there was a system that remunerates officials on the basis of the length of term in office, while the new system requires a new value to be instilled, a value that promotes and is driven by performance measurement and improvement. These two systems do not belong together and one of them need to be done away with to make way for the new one and allow for it to develop. What this explains is that a need exists for a review of systems, including policies, and alignment of them to the new approach and culture focused on improved service delivery and recognition of performance.

Behavioural change, culture and performance

It is surprising to find that organisations such as the Department of Labour and the City of Tshwane never considered a culture change intervention to

deal with the organisational culture and organisational stability when their performance measurement systems were implemented. Responses to interviews about whether any culture change intervention were done were negative in both cases.

Organisation culture is a pattern of behaviour and belief system developed by an organisation as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and to be taught to new members as a correct way to perceive, think and feel. Organisation culture can be used as an indicator of the degree and level of alignment or the degree to which everyone in the organisation is pulling together. Performance management and measurement requires culture change and has to be managed in such a way that the strategy-culture relationship is balanced. Culture is a critical factor which strategy and performance management depends on.

Performance management can also determine how critical management relationships are formed. Managing the culture strategy relationship requires sensitivity to the interaction between the changes necessary to implement and compatibility or 'fit' between those changes and culture. Culture as resistant to change can present a major strength or weakness. An organisation culture must support the collective commitment of its people to a common purpose by fostering competence and enthusiasm. The biggest challenge is the management of resistance to change and creating a strategy supportive culture. This will include communicating

formally and reinforcing systematically to provide basic values, linked to strategic purpose and direction (Simmons, 2000:20). The primary purpose of belief system should be to inspire and guide organisational search and discovery while helping to determine the types of problems to tackle, solutions to search for and motivate employees to search for new ways of creating value.

Amongst the many cultures and approaches to culture, Parry and Proctor (2000:5), advocate a culture that is adaptive and stimulates and nurtures innovation, and is committed to key constituencies. Managing the culture-strategy implementation relationship requires sensitivity to the interaction between the changes necessary to implement performance measurement and compatibility or 'fit' between those changes and culture (Huse, 1975).

Performance, ethics and human behaviour

Employees in an organisation are opportunity seekers. Most theorists of organisations assume that people act to situations or choices that are presented to them (Armstrong & Murlis, 1994). Triggered by stimuli in the environment, human beings are intrinsically motivated to create situations of advantage by seeking and or creating behaviour that may be purely for self interest (Simmons, 2000). There are, however, basic assumptions about human behaviour which are the desire to do right, the desire to achieve and contribute and the desire to create. All these assumptions about human

desire may be utilised negatively if the right environment is not created and organisational blocks are not removed.

The Public Service Commission, in trying to contribute to public service effectiveness and efficiency, as is directed by the Constitution (1996:s196), developed a Code of Conduct for Public Servants (1997) which guides the behaviour of public servants. The problem with humans is that when it comes to morality and corruption especially, these are behaviours very difficult to control using written guidelines but rather require reinforcements using stimuli, cohesion and sometimes threats. Performance measurement and management fits into this category and has the ability to change behaviour and therefore assist in steering public servants towards the behaviour as prescribed by the Code of Conduct.

Planning and performance management as a leadership tool

Leadership is a critical element for making organisations successful. Through cascading the strategy throughout the organisation, leadership gives the performance management process a depth and sustainability that survives changes at the top including those driven by elections and changes in political party leadership. Leadership does not stop at the top, it is important but not just at the top levels only. Leadership by employees in solving problems and achieving the mission is what makes for a most successful organisation.

Weak leadership can wreck the soundest strategy (Sun Tzu, 1988). Leadership involvement should include leaders from all levels in the organisation. One of the most comprehensive leadership theories of organisational improvement is the theory of transformational and transactional leadership. Burns (1978) developed the initial ideas on transformational leadership in the political context. Transactional leadership develops from the exchange process between leaders and subordinates wherein the leader provides rewards in exchange for subordinates' performance. Transformational leadership goes beyond transactional leadership and motivate followers to identify with the leader's vision and sacrifice their self-interest for that of the group or the organisation. Kotter (1990:63) introduced an important element to leadership after concluding that effective leaders are able to motivate and inspire to bursts of energy in support of organisational goals and strategies. This, he referred to as inspirational leadership created by articulating the vision, encouraging recognition and rewarding success.

Bennis and Nanus' (1985:7) understanding of the leadership environment is based on three pillars, commitment, complexity and credibility. It is important to note that the focus on leaders, instead of declining, is actually increasing, though this topic has been under scrutiny for a long time. There are a number of reasons which all revolve around many diverse and complex issues. The first stems from the socio-political turbulence and the pervasive impacts of technological, market and business change that dominate the international and local economic landscapes. The

consequence is an economic and political environment of fluidity and uncertainty which demands a decision that robustly, yet sensitively balances numerous contending considerations, one against another. The difficulty of taking such decisions is greatly magnified by the forces of globalisation and of internal competition, increasing the number of factors that must be taken into account and hence the uncertainties as well.

THE INTERNATIONAL OVERVIEW

There are a number of approaches to performance measurement and management that different governments and countries have adopted. Performance measurement has become the keyword permeating all discussions about NPM (OECD, 1993) and all OECD member states have invested considerable resources in introducing performance measurement systems (Francesco, 1999). In the United States the Malcolm Baldrige Criteria for Performance Excellence was designed to help organisations enhance competitiveness through the efficient delivery of services to customers and improving organisation performance and capabilities. The Malcolm Baldrige Criteria is based on self assessment which serves as a basis for the Malcolm Baldrige National Award. Not only the United States of America (Bobrowski and Batham, 1994) but other countries have followed suit by introducing similar systems, for example the European Quality Management Framework (Powell, 1995) was introduced in some parts of Europe in response to a need for a system similar to the Malcolm Baldrige Criteria for Performance Excellence. A number of provinces and

local authorities in South Africa are using similar approaches, in the form of provincially based Premier Awards to recognise superior performance.

Through the Government Results Act (1993) the results oriented approach has been institutionalised in the United States of America. It has progressed quite well with the measurement of government programmes. Set performance targets are divided between the agencies and the Office of Management and Budget (Talbot, Daunton and Morgan, 2001:17). According to the report, *National Partnership for Reinventing Government: Balancing Measures: Best Practice* (1999), objectives have been made much clearer while accountability was reinforced as a result of measurement.

Botswana's productivity improvement initiative involved their National Productivity Institute (Nkhwa, 2003). The Botswana Performance Management System had the objective of providing planning and change management framework linked to the national development plan and the budgetary process. These include managing change, the development and implementation of strategic plans, development of targets, collection and analysis of performance data, measurement and review of performance. In the case of Botswana, the productivity improvement teams created for assisting government departments, were utilised to instill the culture of performance and measurement in the public service (Bakwena, 2003). Within this system, strategic plans are cascaded down into the organisations with goals and objectives getting aligned in the process. A

holistic approach like the Zimbabwe's Critical Path (Zondo, 2001:119) including both organisational and human resource performance, capacity building and development and management information system is the ideal one. Ghana on the other hand, through its Public Sector Re-invention and Modernisation Strategy, had the objective of transforming the public service into using the performance framework that is output and results focused (Koranteng, 2001:11).

Uganda's Results Oriented Management (ROM) directed itself to cultivating a new management culture whereby the focus is on measurable outputs and outcomes as opposed to simply managing processes (Mitaka, 2001:81).

Performance measurement in a central aspect of reform of the public sector in New Zealand. Through its advanced performance system, New Zealand has been reputed as having the world's most advanced performance system (Kettle & Lawrence, 1989:7). New Zealand, through its separation of policy advice from operational functions allowed managers to concentrate on their prime objective, that is operational efficiency. In terms of its Public Finance Act (1989), the input based system was replaced by an outcome and output based one while outputs were redefined goods and services. Ministers, under the new Act had to purchase output in what became known as 'annual purchase agreement (purchase contract) (Jones, 2004:191) from a number of sources including their own department under what became known as the 'purchase' interest where (s)he purchases, if (s)he so

chooses, from the CEO of his department. This led to the improvement in output information and specification. It is believed that the introduction of a comprehensive system for strategic planning, output-based budgeting, measurable performance indicators proved to be a catalyst for the introduction of similar systems elsewhere (Norman, 2002:619). New Zealand further introduced a mechanism for identifying Strategic Results Areas and Strategic Priorities and Overarching Goals as mechanisms, albeit at a high level, of stating performance objectives (Talbot *et al*, 2001: 31).

In the United Kingdom, reforms and performance management and measurement are based on its Measurement and Performance Project (MAPP) which is part of a series of initiatives launched in 1999 as part of the Modernising Government White Paper (Cabinet Office, 1999). Through its Modernising Government Project, the UK government required each department and its agencies to articulate its priorities and set clear targets for improvement over a period of three years. This was strengthened by the introduction of the Public Service Productivity Panel set up to advise government on improving the productivity of departments and their agencies (Cabinet Office, 1999). These initiative also formed part of the Charter Mark, a customer pledge, implementation of the Excellence Model (OECD, 1994) and the concept of market testing where public organisations to compete on the open market for the delivery of public goods and services. The capacity to account for performance and to inform citizens of their rights and quality of service provided was the prime concern. The aim of all these initiatives is to make the public sector more efficient.

Greece's approach is through an Act of Parliament that requires every public organisation to set goals, measure performance and report on their accomplishments (Zeppon & Sotirakon, 2003:322). Greek public organizations, at all levels, are urged to streamline, decentralise and deregulate their operations, satisfy citizen's needs and balance expectations of all stakeholders, focus on results and outcomes, improve service quality, fund outputs rather than inputs and simplify procedures and processes. Improving government performance is supposed to be based on a model called the STAIR (strategy-targets-assessments-implementation-results) which aims to offer a comprehensive tool for improving government performance and converting it into strategically focussed organisations. The National Centre for Public Administration (NCPA), a public agency under the direction of the Hellenic Ministry of Public Administration was selected to monitor and assist with implementation.

In Australia, like New Zealand, performance measurement and management became an integral part of Financial Management Improvement Programme (OECD, 1994:23 and Talbot *et al*, 2001:7). The Australian reform project at the federal level, focussed on performance and called for a critical evaluation of core tasks and improvement in efficiency and effectiveness. In Finland performance measurement resulted from a need for a move towards a results-oriented budgeting. Canada's results focus on an accountability programme, this includes a requirement from Ministers to focus on results, seek clearer objectives, develop effective strategies and monitoring and reporting on performance. Close

collaboration between the Auditor-General's Office and the different government agencies also became an important feature of Canada's results-focussed programme. Instilling a performance based culture management was based on the Canadian government's 'Getting Government Right' programme through which federal departments specify outputs and to what policies will contribute, specifying outputs including price, quality, quantity and outcomes.

Singapore, through its introduction in 1996 of 'Budgeting for Results' (Dent, *et al*, 2004) programme, converted departments into autonomous agencies which are piece rate funded. These agencies are to identify appropriate indicators of service quality and effectiveness and set goals and targets for them. This ensured that agencies remain faithful to maintaining high standards of service and achieve ultimate goals of their programmes.

Ireland's 'Delivering Better Government' resulted in a series of statutes including the *Public Service Management Act* which could direct Secretaries General to produce strategy statements that become the basis for deciding and setting organisational objectives and turning those into work plans for all levels of the organisation (OECD, 1997).

While basic approaches have included the processes articulated herein (objectives, measures, targets, data collection and analysis and reporting) (USA's GRA, 1993) other countries have approached this differently.

Norway's performance measurement system, for instance, started with operational planning, resource allocation, identifying and deciding on activities and responsibilities. This was combined with a 'chain of effects' measurement model which related services to their final impact (OECD, 1994).

In Sweden, agencies had to compete with each other and identify best practices. The United Kingdom's market testing had similar element of competition not only internally but with the private sector service providers as well in the name of performance measurement. Budget processes with outputs and results were measured and evaluated over a period of three years.

Finland followed an input-output-outcome model where each agency had to develop performance measures linking action plans to results achieved. The USA had a very elaborate method according to which agencies had to craft strategies and implement them using performance measurement for reporting achievement and accountability (GRA, 1993). Common to all the approaches internationally is the centrality of the performance measurement system. This means that it is implemented from the centre of government in a similar manner that it is approached in the case of our local government.

REVIEWING, REPORTING AND TAKING ACTION

Before reporting there is a need for interpretation and simple numbers do not normally say much and may even be misleading. There is therefore a need for knowledge of the context or environment to which the numbers relate and some recognition of the significance of the measure under consideration. Public organizations should develop their processes for reviewing performance to ensure that the lessons learnt are fed back and used to review set objectives and are included in their strategies for service delivery improvement. Public organizations should develop their processes for reviewing performance to ensure that the lessons learnt are fed back and used to review objectives and are included in their strategies for service delivery improvement.

At the DoL, the interview revealed that feedback is provided through periodic reports while the City of Tshwane has reporting mechanisms, they are not fully developed to the level of assisting them to take action. They reported that to be successful in taking action on the basis of reviews and reports, information will require the targets to be broken down and cascaded to lower levels in the organisation, something not yet achieved in the organisations. Reporting performance requires the consideration of questions such as what it is that the manager is watching or interested in and assessing if those around him/ her are also watching similar things.

Once performance is calculated, it must be evaluated against some base or standard. OECD (1994: 40) suggests four areas for possible comparison of performance results:

- (a) What the organisation achieved in the past;
- (b) What other comparable organisations are achieving;
- (c) What was targeted, and
- (d) What could reasonably have been achieved in the circumstances.

Performance reviews follow immediately after the information about performance becomes available. Reviews consider actual results achieved and determines the gap between actual and forecasted results while considering what the likely causes for gaps, either positive or negative, are. Last is to determine what the key lessons are from that gap. The review process has enabled the DoL to track performance, and decision-making to be informed by performance measurement results. Out of this information, task teams, for instance, have been commissioned to look at performance specific issues.

Tracking progress and taking action creates the opportunity to assess and improve on practices, processes, activities and systems and establish whether there is progress towards achieving the objectives and goals that

have been set. Performance improvement initiatives are important undertakings. They require a lot of time, energy and resources to even get started and get off the ground. The development of organisational strategy, identification of relevant measures, and finally the actual implementation of the performance management and measurement framework are key milestones. Yet, the goal of the entire exercise is yet to happen. It is from the results and activities identified as key measures that the real intelligence is derived, revealing how the organisation is performing. This is followed by an assessment of how well this compares to past performance.

It is at the assessment phase where reporting, often overlooked in the afterglow of successful implementation, is critical. Reporting of results enable decision-makers to identify where performance is lagging and where resources need to be applied. Reporting enables decision-makers to identify the problem areas and to put into effect efforts to correct those problems, or rather to take action to close the loop. During reviews at the DoL, the department is afforded the opportunity to ensure and maintain a balance between the different measures and perspectives through balancing financial and non-financial effects, long and short term goals, and internal and external issues. Decision makers not only search for the highest value action from an array of actions, they may also construct or invent acts that prior to their invention, could not have been specified as decision alternatives.

The ability to adjust acting on performance management information enables the organisation to become a learning organisation operating as an adaptive system with control mechanisms (leadership) that interpretes and reacts to the internal and external feedback to keep the system in balance.

The Public Finance Management Act (1999) and accompanying Treasury Regulations, acting as that feedback loop, require that performance measurement and reporting take place on a quarterly basis. Over and above this requirement, the accounting officer is required, by the PFMA (1999), to submit information each month in the prescribed format with a breakdown per month of the anticipated revenue and expenditure of that department for that financial year (PFMA, 1999:s4(a)); each month submit information on actual revenue and expenditure for the preceding month and the amounts anticipated for the following month (Ibid:s4(b)); and within 15 days of each month, submit to Treasury and the executive authority responsible for the department:

- (a) information for that month;
- (b) a projection of expected expenditure and revenue collection for the remainder of the current financial year;
and
- (c) where necessary, an explanation of any material variances and a summary of the steps that are taken to

ensure that the projected expenditure and revenue remain within budget.

If the accounting officer is unable to comply with any of the responsibilities determined in this part of the Act, the accounting officer must promptly report the inability, together with reasons, to the relevant executive authority and treasury (Ibid:s5). This section of the Act clearly indicates the controls and budget monitoring responsibility placed on the accounting officer and the checks and balances that regulate expenditure and revenue collection. From this information, an indication of whether the department is within the budget or not with regard to certain items is provided.

It should be noted that under expenditure does not necessarily indicate a saving or cost-effectiveness but could, and in many cases is, an indication that a department has not utilised the amount granted to it. Monthly reports further facilitate the requirement stated in section 32 (1) of the Act (PFMA, 1999) which compels National Treasury to, within 30 days after the end of each month, publish in the Government Gazette a statement of actual revenue and expenditure with regard to National Revenue Fund. In the case of a provincial treasury, this requirement stipulates that reporting must be after the end of a prescribed period, but at least quarterly a report must be submitted to National Treasury for publication in the national Government Gazette within 30 days after the end of the prescribed period (PFMA, 1999:s32(2)).

The stated requirements reflect and also facilitates communication and where variances have taken place act as feedback loops to management, the executive authority and treasury long before the financial year ends allowing corrective action to be taken timeously. The government's interest is to know that the funds invested in the department are utilised efficiently. These funds have an opportunity cost and therefore need to be put to efficient use. There are different types of budgeting that a department can embark on. These include line item budgets, planning programming budgeting system and the zero based budgeting system as already alluded to. Furthermore, the feedback from measurement system allows the implementation of the strategy to be monitored, the strategy to be challenged and when necessary, updated and amended in a timely fashion.

CONCLUSION

Operationalising the strategy and implementing a performance system in an organization is challenging. This becomes more of a challenge in public institutions because of the policy complexities but what is important is the performance measurement's ability to keep things on track and being reasonably confident that no major, unpleasant surprises will occur (Simmons, 2000:61). The two organisations, the Department of Labour and the City of Tshwane which are case studies in this study have indicated the difficulties that exist when a performance measurement system is implemented. This chapter looked at performance measurement and management as tools and requirements for operationalising organisational strategy. Different aspects of performance measurement and management

including mapping and cascading the strategy to lower levels, setting goals and objectives have been given consideration. This involves a clear definition of goals and tracking performance at every level in an organisation to check alignment and performance. Challenges of collecting data and the importance of having accurate and reliable information has been stressed by the City of Tshwane and the Department.

The human resources element of organisational performance could not be left out. The South African public service has a well developed human resources performance measurement and management system for both the senior management and lower levels. What is lacking is the organisational performance measurement system that will incorporate the human resources element which is already there. The DPSA is aware of this shortfall and the different departments have taken a lead by introducing systems to track and measure performance in some case motivated by the requirements of the international donor and funding agencies and to a particular instance prompted by National Treasury's requirement. There is general agreement that accountability has improved as a result of having the performance measurement system.

Implementing performance measurement is regarded as major change and it is surprising that change management intervention methods were not made part of the implementation strategy. The danger in this is that the *status quo* may be maintained by those opposed to change. The role of systems, skills, structure and leadership in the implementation of strategy

and assessment of performance was also given consideration. The main object in the implementation of performance measurement is that implementation itself should not be considered as an event but a process that is not intended to punish and look at mistakes but at improving performance.

Performance management and measurement, like all programmes should be evaluated as a system to make the necessary corrections and modifications. Indigenising or adapting does not only require thinking locally but also seeing to it that the processes fit the local environment, the structures, the cultures and policies.

CHAPTER SIX

CONCLUSION, RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH

INTRODUCTION

This concluding chapter summarises the findings from this study and provides recommendations and suggestions for the design, implementation and sustainability of a performance measurement and management approach for the public service. The current uncoordinated and fragmented performance measurement approach existing in the public service is unsustainable in the long run. However, these different approaches are a symptom of a need for working solutions to policy implementation, operationalisation and service delivery improvement. Problems with operationalisation are not South Africa's alone but are global and will be with us for some time. Different systems currently being used by the several provinces are the Premiers' Excellence Awards modeled along the Malcolm Baldrige. At the national sphere, departments have implemented performance measurement systems which include the use of the Balanced Scorecard to measure and manage their performance. Local government, the most organised in the area of organizational performance measurement in South Africa, has approached performance measurement from a perspective whereby it was made part of their planning and incorporated into their Integrated Development Plans. Besides local government, the public service, does not have a coordinated system of performance measurement and management except for those based on human

resources performance based ones. However, there are other policies and mechanisms that direct departments, though not fully, towards measuring performance. These are the different pieces of legislation and policies including the Constitution (1996), RDP (1994), WPTPS (1995), WPTPSD (1997), National Treasury's PFMA (1999) and its Medium Term Expenditure Framework, and the high level cluster approach. The National Treasury driven performance measurement systems rely heavily on historical data and is lacking in a forward looking performance approach.

The absence of a national organisational performance framework, especially for the public service, makes the area of measurement disorganised. This is despite the importance public service productivity is to the country's economy as a whole and the GDP in particular. To highlight this importance, OECD member countries, have long realised and accepted the important role efficient and effective administrations have on the country's economy as well as its international outlook (OECD, 2004) and in turn introduced performance measurement systems into their administrations. Performance measurement and management is an exciting area of discovery and innovation. This research project shows how, if performance, especially, organisational performance, is targeted, public policy will be operationalised. Furthermore, while many state organisations develop strategic plans intent on assisting delivery as part of the MTEF requirement, these are mostly not implemented or even implementable. The introduction of a performance measurement system will obviously assist in

tracking strategy implementation while ensuring that organs of state achieve their intended goals and objectives.

This research also shows that, while policy intentions are political, it is important to involve other stakeholders especially from the implementing agencies in the formulation of policy. Among the countless efforts that the government has embarked on, introducing a performance measurement system that will assist government departments to implement their strategic plans and ensure meaningful accountability. The National Treasury's budget based efforts of and the Public Service Commission's (1999) annual reporting requiring departments to state and report on the performance of their objectives (Public Service Commission, 1999) while important, are not enough, but are a good starting point towards performance excellence. What is required is a system that is able to track performance continuously and not just consider it at the end of the financial reporting period, or annually as most budgeting approaches do. Other measures, non-financial in nature, also needs to be incorporated in the reporting and such reporting need to include a comparison of resources utilized to achieved results and attach reasons for performance or underperformance and suggestions for improvement.

Performance measurement has been implemented at the local government sphere and this provides an opportunity for the rest of government to learn from it. What one fails to understand is why other spheres were left out of

the performance equation when the decision to implement performance measurement in municipalities was considered.

CHALLENGES WITH IMPLEMENTING POLICY

Moving from a common understanding that South Africa has not been as successful in policy implementation (The Presidency, 2003) despite successes in many other areas, there is a need to concentrate more efforts on the implementation. There are numerous aspects of policy analysis that need to be considered for policy to be implemented or implementable.

General conditions for successful implementation of policy

Besides the organisational constraints, particular elements not normally visible during policy formulation are to be considered during the formulation phase. Actually, while we see policy as having different stages including formulation and implementation, authors like Barret and Fudge (1981), do not see this division but view policy as 'policy-action continuum' where all the parts belong to the whole. This, nevertheless, does not remove the importance of the post legislative stage (Dunsire, 1978:178) which is extremely important in determining success or failure including ensuring that the objectives of the policy are met. Hogwood and Gunn (1984:198-206) propose that particular factors need to be taken into consideration when implementation takes place. These are:

- (a) seeing to it that there are no crippling external constraints;

- (b) allowing for sufficient time and resources where not too much too soon is expected;
- (c) making available the required combination of resources;
- (d) basing policy outcome on valid and thoroughly researched causal theory and an understanding of a problem;
- (e) ensuring that the number of dependencies to other agencies for delivery is kept to a minimum and each participant's task is specified;
- (f) ensuring that there is a complete agreement and understanding of goals throughout the implementation period, and that; and
- (g) there is perfect communication and coordination.

These conditions, while not all are possible to be met in the real world, need to be viewed as a guide to policy implementers. They favour an approach that allows for the involvement of all stakeholders in the formulation stage. For instance, seeing to it that there are no crippling external effect requiring an analysis and scanning of the external environment, something politicians have no time for, but which, if done, will ensure buy-in from all stakeholders and make implementation easy.

Considering the different stakeholders and accompanying factors

Policy when broken down into programmes is better understood than when it is at the high level. Schacter (2002) views this challenge as related to the high level outcomes of policy measurability, especially when it comes to the so called soft outcomes, and the time it takes from implementation and realising results. The fact that intended results may be as a result of a number of factors some which are beyond the control of the implementing agency. The difficulty with implementing and measuring policy outcomes is that success is often contingent on factors outside the direct control of the agency responsible for delivery.

Outcomes measurement, normally requires an inter-agency effort and inevitably involve data sharing, shared results (Whitaker, 1980) and co-production within arrangements that are based on implementation partnerships (Hupe, 1993). It then makes sense to determine, up front, which departments or agencies other than the obvious ones, are likely to provide the necessary skills, assistance and input to the policy that need to be implemented. The government's current cluster system may adequately deal with this aspect of policy implementation because of the collaborative nature of its structures. One innovation that is required is not only for the clusters to work at high level (Director-General) but for their work to be filtered through to lower levels of the organisations represented in a cluster. While there is nothing wrong with government working alone for the sake of policy implementation, there might be other stakeholders with an interest

and capacity to assist and these, whether they are the private sector or the NGO sector, need to, in the name of excellence, be given consideration.

Getting the processes and implementation mechanisms in place

It is easier to agree on which problem a particular public policy is supposed to address and how, though the how part is normally left to the so called implementing agencies. The coming into place of NPM has placed at the disposal of politicians and many public managers a number of implementation options previously unknown in administration circles. While most of these options are directed at making implementation easier, utilizing them may require some level of political direction, involvement or just political agreement. Political agreement then at the formulation phase, on the implementation model including the public private mix may assist and speed up implementation.

Aligning government planning from the centre

The bottom-up approach starting with the local government level's IDP process and development which informs the Provincial Growth and Development Strategies, a national planning framework need to follow in similar pattern. While Cabinet's Medium Term Strategic Framework does this in a particular way, it considers more the translation of political manifestoes into programmes and falls short of being a national plan coming out of provincial and national departmental plans. The practice instead, has been up to now, relied on the President's State of the Nation

address at the beginning of each year that gives the state machinery a feel of what the plan is. Rather than relying on the President's speech, a plan to which everyone will refer to, need to be available. For every programme manager to try to interpret a political speech may be dangerous and it is suggested that a plan that unpacks the "state of the nation address" be made available either before or immediately after the speech. Such a plan will have to include Cabinet's Medium Strategic Framework, the Provincial Growth and Development Strategies and any other nationally directed plan available. From the center all levels of government will be much more confident of what the government and the nation needs.

Organisational capacity

Organisational capacity is made up of the capacity of the organization and its systems and processes and the capacity of individuals within that organisation. Approaches to these two differ and depend on the problems identified. Therefore capacity, including organisational readiness, skills and inability to define roles needs to be part of the priorities of public organisations. The Public Service is an administration organ and lack of management skills accompanied by lack of urgency for implementation may stifle service delivery. Service delivery challenges placed on the new public service make the public service inefficient and to rely on guidance, by way of national frameworks and follow up workshops, on how to implement policies. A good example is the implementation of the WPPSD (1997) or *Batho Pele* policy. Lack of knowledge on how to develop, for example, service standards (Public Service Commission, 2005), have led to non-

implementation of this otherwise excellent performance enhancement policy.

A quick look at the different alternative service delivery mechanisms enables one to say that because of the extensive consultative process that policy formulation goes through, there is sufficient consensus about policy and not so much concerning implementation methodology. This brings in the importance of understanding the organisational context of policy. Weimer (1992) suggests a shift of research emphasis to the study of the generic tools of government action he refers to as policy instruments. These generic instruments include resources such as regulatory alternatives for design, capacity building, vending, intergovernmental agreements, contracts, franchises, vouchers. Generic instruments or alternative service delivery (Osborne *et al*, 1993) need to be developed to fit a particular policy and not be imposed in a top-down manner to allow issues such as the terms of contract, performance standards, penalties and rewards to be agreed to upfront.

If policy implementation is part of throughput (Hill & Hupe, 2002:9) and throughput is the phase between input and output, it then makes sense to concentrate implementation efforts at the throughput phase. The role of strategy implementation and performance measurement and management challenges resurface at this phase and need to be stressed.

Public organizations are required to develop and implement strategies in response to policy implementation challenges. This requirement presupposed the existence of capacity and know how of implementation and cascading the strategy to the whole of the public organization. Normally this skill does not exist and was identified by both the Tshwane Metro and the DoL as a challenging area in the implementation of strategy. The difficult part in implementing performance measurement is the development of measures, targets and outputs. Without an understanding of these, all efforts directed at implementation, will not succeed. Education and training will undoubtedly play a central role in building the capacity of an organisation. The ability to formulate training strategies and interventions mechanisms is important. Capacity can also involve ensuring that there is a clear understanding of policy, programme or project through involving all levels of employees from the design phase while allowing the environment to be enabling by creating supportive policy and legislative environments.

Availability of resources

Most policies are formulated without any consideration of the availability of physical, human, financial resources. What normally drives policies is the availability of organizations to implement them. Often policy is not properly costed or even piloted to determine implications for implementation especially on resources. Normally when policy is midway, implementation and the realization that resources to continue are not there or are insufficient, it is too late to do anything about it and withdrawal of resources which had become overstretched, result in implementation disaster and a

lack of trust in the system and government. It is then important to determine the resources required before policy is implemented. Implementation also need to be piloted to determine problems, resources, capacity and possible unintended consequences.

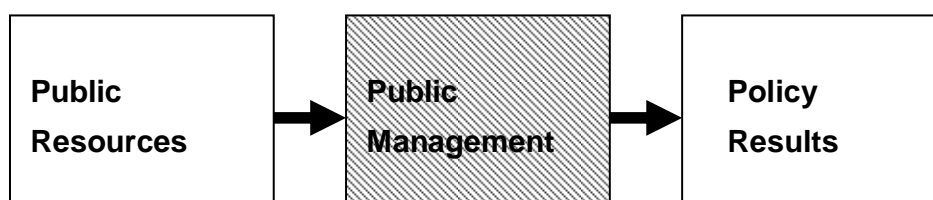
Resources need to be made available, the chain of command needs to be capable of assembling and controlling resources, and the system should be able to communicate effectively and control those individuals and organisations involved in the performance of different tasks (Dunsire, 1990:15). In this, institutional arrangement will have to enhance the multi-disciplinary complementability in terms of skills. This stage cannot be reached if goals are not adequately understood and agreed to by all stakeholders.

Management in public organisations

A major component of the NPM is a necessity to move away from administration to management for performance to improve. The public sector administrator (manager), like his private sector counterpart has a lot of decision-making powers at his/her disposal and therefore requires management skills rather than administrative ones to effectively execute most of his/ her responsibilities. Whenever public management is raised, arguments concerning the distinction drawn by Lynn (1992) about the administration and management surface. At issue is the definition of a public manager as compared to his/ her administrative role. Lynn (1992)

provides an appropriate definition of a public manager as a decision maker, strategist rather than neutral technocrat. This particular definition is useful to exploring the links between management and performance. The following diagram shows the role of a public manager in the policy implementation arena:

Figure 6.1: The public manager in policy implementation



Source: Ingram, Joyce and Donahue (2003)

Ingram *et al*, (1988) challenge whether management does matter and if it does, what its importance is. In agreement with there being a need for public managers, the argument is what managers and management systems do inside public organisations and how they do it have an impact on how the organisations perform. If public organisations have good managers and good management systems, it is assumed that they are more likely to be effective performers. Management by Objectives principle are also based on assessing where managers are likely to make the most impact which is where the purpose and mission are clear, where there is flexibility to pursue that goal and predictable action is valued for linking results to performance.

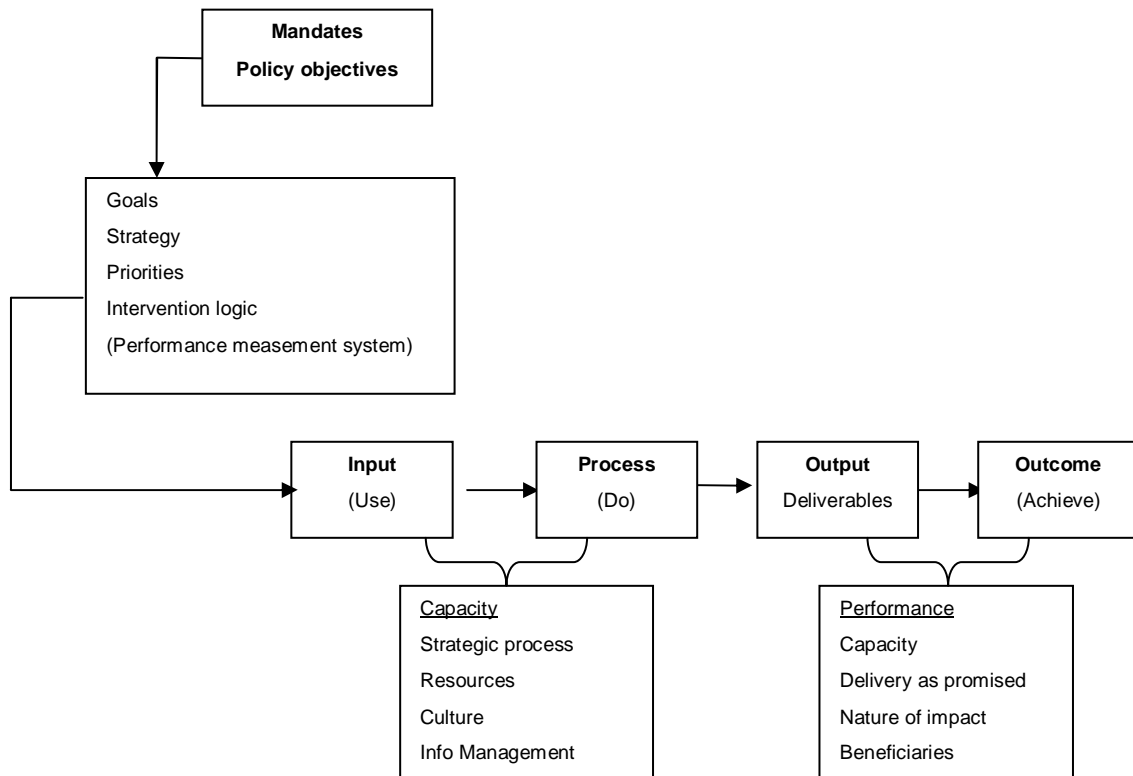
THE ROLE OF STRATEGIC PLANNING IN POLICY IMPLEMENTATION

All South African government departments and organs of state are required to develop and have strategic plans as part of their budgeting (PFMA, 1999) and the MTEF. The PSR (1999:IIIB) and the PFMA (1999) outline the requirements and components of a strategic plan for public service departments and other organs of state. The Medium Term Expenditure Framework (MTEF) approach can be said to be an outcome based budgeting method because it looks at medium term output and the multiyear outcome. National Treasury must have realized the importance of utilizing a strategic plan in tracking and ensuring that outputs and outcomes set are achieved. While the role of a strategic plan need not be overemphasized, its implementation and implementability, this is a challenge to most public organizations. Looking at the mission and crafting the strategy around that mission with its accompanying objectives, goals, measures, and targets and cascading the strategy to the rest of the organisation has been one public service area lacking and is in need of attention.

The execution of strategy is through operation. All operational activities should serve the policy and be in line with the strategic direction of the public organisation. The sad part is that strategic planning appears more like phase two or even phase three strategic planning in the public service (Jackson & Palmer, 1992:3) where the emphasis at organizational level is on financial allocation, budgetary control and efficiency with some limited

review of external circumstances. This calls for an integrated approach to planning and implementation where officials participate in high level planning and politicians also participate in implementation planning (Hill *et al*, 2002) as is the case with the DoL. In this way the overall planning process would have been adequately accommodated. The Department of Labour should be an example to other departments in the way it handles the division between the political and organizational functions. Different government departments probably utilizing the cluster system, need to look at cross participation in planning activities of one another to promote understanding of the why and how especially where political outcomes are to be jointly met by action across departmental boundaries. The following diagram is a clear indication of the different levels in the planning and operational levels:

Figure 6.2: Linking planning to operations



Source: Bhatta (2003): Intent, risks and capabilities" *International Review of Administrative Science*. 69(3)

PERFORMANCE MEASUREMENT IN STRATEGY IMPLEMENTATION

It is an established fact that public organisations embark on strategic planning mostly because someone says so, most do not see a reason for it. In South Africa this is a requirement in terms of National Treasury (2001). This requirement forces the organs of the state to go on planning retreats, not because they are concerned with implementation but for other reasons including the availability of funds and the legitimacy this is given by National Treasury. It is no wonder that most strategic plans are not implemented and

are ignored for the rest of the, supposedly, implementation period. Performance information that is provided in the Annual Reports and to National Treasury on performance, while responding to performance, does not necessarily provide much about the process part of the productivity input-process-output model. The only way real implementation can be determined would be through having a performance measurement system that operationalises the strategy and create a link between policy and service delivery.

Realising the challenge of strategy implementation, some public organisations have also resorted to having persons or a unit that oversee strategy implementation. The struggle to implement becomes greater if and where strategy operationalises public policy. While some form of implementation takes place, it is not based on any plan, is not as coordinated, and is difficult to report on because there is no information on performance and is sometimes chaotic in its implementation. To the public service, strategy implementation is not as easily attainable due to what Drucker (1980) calls the 'six public administration sins'. These are:

- (a) setting unrealistic goals;
- (b) doing too much at once;
- (c) overstaffing;
- (d) inadequate experimentation; and
- (e) insufficient learning from feedback and failure to abandon.

To have a chance at performance measurement implementation there is a need for clear targets, which can be measured, appraised or at least judged. Setting a large number of objectives has been found to increase the danger of the organisation losing focus and more difficult to control (Drucker, 1980 and Boyle, 1989:3). Mostly, the approach to planning is top-down, though the DoL has elements of the bottom-up approach. Strategy implementation responds better when critical performance drivers have been identified and selected with the aim of focusing on them. This may include determining where the biggest opportunity for productivity exists and shifting focus to that specific operation.

Objectives and goals

The main purpose of embarking on strategic planning is to set organizational objectives and to answer the question of what the organization is about and how it intends to get there. Since goals describe where the organisation wants to go and how that future looks (Mintzberg, 1994:192), it is important that the organisational objectives and goals are clearly defined and understood by all. Ambiguity or contradiction in policy and strategic goals, whether caused by design, misunderstanding, uncertainties, lack of knowledge or value conflict constitute a significant part of the implementation challenge (Morah, 1996:87).

Defining a hierarchy of outputs is also a critical step in the quest for performance improvement, for example, patients discharged or children

immunised for measles versus the percentage reduction of the number of measles cases in children. If outputs are carelessly defined, written or incorrectly applied, they may be achieved without satisfying policy needs.

When goals and objectives get cascaded throughout the organisation, the lower levels in the organisational structure experience a problem if organisational or corporate goals are not clear. The different levels in the organisation need to frame their own goals which when aggregated result in the goals of the level above them.

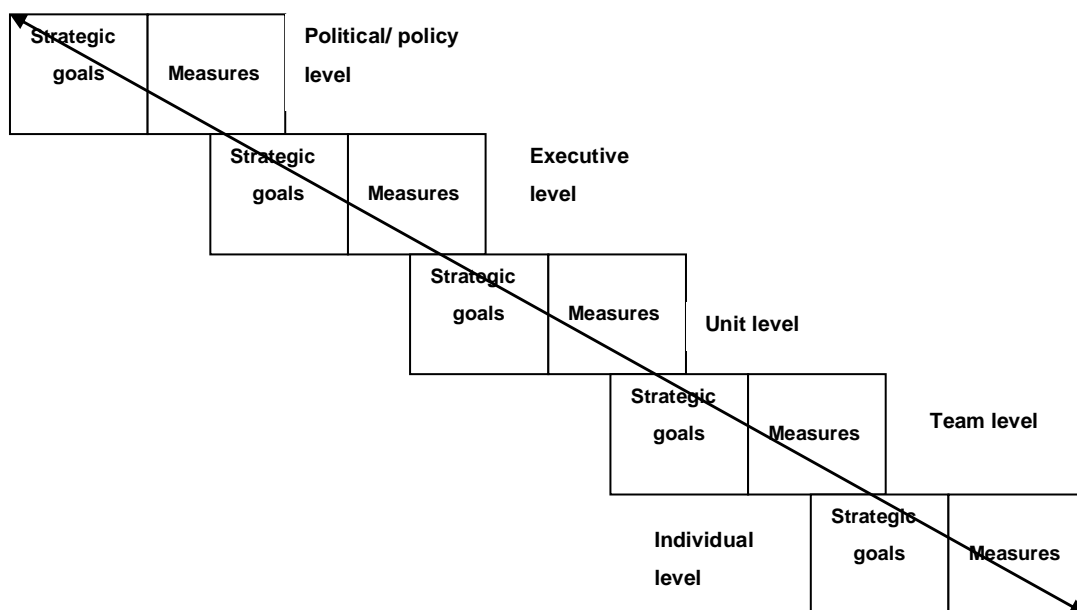
Establishing organisational goals requires not only a consideration of organisation but also pre-empting the question of what the legislature or political level stakeholders would like to know about. It is for this reason that politicians are involved in the development of DoL's strategy. In the City of Tshwane, communication, is internal and involve council committees, and the external members of the ward committees. This is not very far from the requirement of community involvement in the development of local performance targets (Municipal Systems Act, 2000). With goals established, a system is needed to indicate success in achieving those goals. That is where performance measures and indicators come into play.

Creating the strategic alignment

Strategic goals need to be broken down to activities or business/ action plans that will, when combined, lead to the attainment of organizational

goals. These activities are themselves goals at lower levels which when aligned add up and become the global goal. There should be a common agreement not only about goals but also the means for attaining those goals and the achievement of goal congruency where all parts and functions of an organisation's value chain work towards the same purpose. Strategy implementation, institutionalisation and performance management require relentless commitment and considerable focus and perseverance. Action plans from the lower part of the organisation, creating a causal link between corporate strategy and action plans of components, teams and individuals can only be fulfilled if the link between action and strategy is well understood. The following diagram depicts alignment as described here:

Figure 6.2: Strategic alignment



Source: William Fournville and Larry Carr "The Role of Organisation Alignment in Strategic Performance Management"

From the diagram above, it is obvious is that alignment includes both cascading the strategy down to the lowest individual level, while individuals within an organisation are able to identify their contribution to the strategic, and executive level as a result of alignment. It also highlights the need to establish clearer hierarchies of performance goals and measures and indicate links the goals and performance measures have for each organisational level. The number of measures for each goal at a given level should be limited to a vital few (Kaplan & Norton, 1992).

Alignment of the system or approach to other existing systems, policies and practices is important for the success of this endeavour. These may include policies and practices such as appraisals, rewards, human resources development and include dealing with the hearts and minds. Alignment, if done properly should lead to everybody in the organization looking at the same things and working towards the same goals.

The performance measurement system should be aligned to objectives setting and the performance review processes of the organization. There should be links between performance indicators used for operational purposes and indicators used to monitor corporate performance. Managers and line staff need to understand and accept the validity of corporate or national targets.

The need to map the strategy

Once the strategy has been developed, it makes sense to identify all the stakeholders and performance areas like human resources and finance and determine what the drivers of performance are for each area and likely benefits to be derived from concentrating on those drivers. It is important to consider cause and effect and analyse the causal chain to identify drivers in the cause and effect hierarchy while managing those relationships. The following are some of the steps involved in strategy mapping include:

- (a) review of existing strategy for completeness and focus;
- (b) identification of individual leaders' interpretation of the strategy and ideas about the causal link among the different strategic components;
- (c) reviewing existing data or information pertinent to resolving differences in perspective;
- (d) working with organisational leaders to resolve differences in perspective and building a strategy map with associated behavioural definitions;
- (e) validating the map with key stakeholders; and
- (f) establishing mechanisms for using the strategy map to guide strategy execution.

Mapping the strategy will also ensure that goal congruence (Nadler & Tushman, 1977) is achieved and that there is alignment of the organisation's goals to operations throughout the organisation. This will allow for the management of causal relationships to take place and the removal of the 'strategy silos'. It also ensures that there is a linked cause and effect chain that leads to the realisation of the goals, long and short and financial and non-financial. Mapping and cascading the strategy in both the Department of Labour and the City of Tshwane went as far as the fourth level of senior management from the top. While the City of Tshwane does not have a performance management system for lower levels, the Department of Labour uses the public service wide individual performance management system for this category of employees.

The process of mapping the strategy will ultimately indicate cause and effect, the what-how, process networks, capital utilisation, capacity, information and many more important issues. This may further lead to an understanding of the importance of causal relationship between what organisations do and what they expect to happen when they do what they do. In the end it is the process of developing strategy maps that becomes useful rather than the maps themselves. This process forces managers to think through all things that must happen to achieve the goals. It also provides management with the opportunity to articulate overall strategy, enhance internal communication process, break down walls between functional levels and bring clarity, predictability and purpose.

Developing performance measures and indicators

The challenge with performance measurement lies in the ability to identify and develop performance measures including their accompanying targets. The problem in having appropriate measures mostly lie in the lack of clarity of objectives and goals. While pursuing the performance measurement approach, it is easy to loose track of the bigger societal problem that the policy is trying to deal with. A continuous method of assessing that outputs contribute towards the attainment of the intended outcome need to be in place. The practice currently is that of tracking output due to obvious reasons. Process measures are as much difficult to measure and intermediate anyway.

Performance measures not developed in consultation with those who deliver services, and not taking into consideration conditions unique to that level of performance, become irrelevant and fall short of being true measures of performance. Choosing and developing performance measures can be a daunting task because careful consideration should precede decisions on a particular measure. Deciding on measures makes people to focus their attention on a set of issues. Consideration needs to be given to using conceptual frameworks to stimulate thought about critical activities to be measured. Key or Critical activities are those that impact to total process efficiency, effectiveness, quality, timeliness, productivity and safety. Using the Guidelines for Performance Measurement: US Department of Energy (1997) as a guide, four approaches to choosing

measures are identified and presented, the so called Sink and Turtle Framework, Balanced Scorecard and Programme Logic Model.

The Sink and Turtle: is grounded in the supplier-input-process-output-customer-outcome model using seven criteria, efficiency (inputs), effectiveness (outcomes), productivity (input/output), budgetability, quality, innovation and quality of work life. The aim in this framework is to link measurement to strategic planning.

The Balanced Scorecard: Ensures that no measure is achieved at the expense of the other and follows the approach of having a family or cluster of measures modeled along the balanced scorecard. While the balanced scorecard is not used as is in the public sector, there are versions of it that have been developed and modified from the original. The City of Tshwane and the DoL, for instance uses a version, modified for its environment, of the balanced scorecard while the DoL utilises elements of the balanced scorecard, especially the perspectives.

Programme Logic Model: It is used in a collaborative setting where programme staff, partners and customers create a model describing the course of action a programme need to take to achieve its vision. The power in this model is that it not only communicates the path, 'what leads to what' but also communicates the key points at which progress should be assessed to facilitate programme improvements. This particular approach is

mostly used by donor agencies to track programme progress and ensure accountability of results. It from this approach that the Department of Labour was influenced into implementing a performance measurement system while the City of Tshwane embarked on it as a result of a statutory requirement (Municipal Systems Act, 2000).

The very act of deciding what to measure compels managers to clarify strategy. This process translates something, which for many organisations is no more than just a wish list, into concrete objectives and targets. It makes priorities explicit, forcing managers to clearly identify trade-offs and make key decisions.

Once objectives have been agreed to measures can be identified and constructed to support management ability to monitor the organisation's progress towards the achievement of goals (Anderson & Lawrie, 2002:7). It is important to ensure stakeholder involvement in choosing the appropriate and acceptable measures (Kearney & Berman, 1999:374). The choice of measures need to be guided by their importance and relevance to the strategy

The design of what to measure, and therefore how good it is, depends on several factors: the purpose of the measure, the entity whose quality is being measured, the dimension of quality being measured, the type of measure, and who will use the measure. It is also important to identify

these, because a measure that is good for one purpose, entity, dimension, or audience might not be suitable for another.

Figure 6.3: Developing performance measures

Performance measures								
Objective	Performance measure	Who will use the measure?	Where is the information?	How often do we measure?	Who will capture the data?	Is it unambiguous?	Is it cost effective?	Is it simple?
Objective to be measured								

By deciding what to measure and displaying the measures around the business, the strategic direction becomes widely communicated and followed long after the strategy document has been compiled. Implementing measures should influence behaviour and stimulate action throughout the organisation, compelling the organisation to follow its chosen path. Measures may also be crafted using categories of the delivery process. These are efficiency measures (unit cost or productivity), effectiveness measures (quality, timeliness) and depending on the needs of the stakeholders, input measures like funding levels may also be used.

Government's performance is somehow not as easy to measure as it is in the private sector (Smith, 1993). This is more so when outcomes are considered simply because there are mostly too many factors to consider. The time, effort and its effect may be too involved for it to be meaningful.

What remains measurable are the inputs and outputs. This does not mean that outcomes should not feature because that is what policy is about in the first place.

On the international arena, the approaches of Denmark, Iceland, Netherlands, Norway and Sweden concentrate on activities and outputs while Australia, the USA and United Kingdom's activities, at least to some extent look at outputs and outcomes (OECD, 2002). Netherlands has moved towards the inclusion of index indicators that give insight into the total costs of performance (Talbot *et al*, 2001:26). Denmark initiated the 'Effective Public Process' project which concentrates on using tools of process re-engineering. It need to be mentioned that concentration on output results from the difficulty normally accompanying the identification, quantifying and the remoteness in time and space which arise whenever outcomes are to be measured. To begin, measures focus needs to be on output while ensuring congruence to outcome and later as the system matures, move to the inclusion of outcomes.

Need to balance the measures

A single measure will not be able to provide enough information on its own or give a comprehensive picture of performance. Furthermore, it contains the risk of skewing performance especially where resources get shifted to activities that are being measured. Measures need to be balanced and move away from the finance driven approach. The main reason why

Tshwane Metro and the Department of Labour utilize the balanced scorecard is to maintain this balance. The overall set should provide a balanced picture of the organisation's performance reflecting main aspects, including outcomes and the client perspective. The set should also reflect a balance between the cost of collecting and the value of information provided. Adapting the balanced scorecard approach is the way to go and will ensure that there is a balance between financial and non-financial measures, short-term tactical and long-term strategic, and internal and external customers. Perspectives of measures need not be restricted to the four suggested by the original balanced scorecard nor need they be exactly those in the original scorecard. The two cases, the City of Tshwane and the DoL adapted the traditional balanced scorecard, an indication that adoption is not suited for all situations rather the development of balanced measures uniquely situated to the organisation's culture, structure and mission is the most suitable. According to the National Partnership for Reinventing Government (1999), 'there is no such thing as a fixed and truly balanced set of measures'; instead, the process of balancing the needs of customers and employees against mission is a constant and living one, flexible and open to change.

Crafting targets

Target setting seem to be a challenge because of the different perceptions within the organisation and between the organisation and the political level. The DoL and the the City of Tshwane set their targets with their stakeholders especially the politicians, something that definitely ensures a

buy-in and an acceptance of targets set. A target or measurable objective allows the organization to focus by setting a specific goal, challenging the organization to improve. Targets can either be continuous targets (100% invoices paid within 30 days), time-bound (building 1000 houses within a set time period) or percentage achievement targets.

Setting targets for the sake of it can be counter productive and can lead to 'target fatigue'. Too few targets can mean that attention is too focused on the targets, at the expense of other areas of work. Getting the balance right so that an acceptable number of targets reflect the priorities of the services involved is important. In setting targets it is also important to think about what level of the organization results against targets will be reported. Consideration needs to be given to how the targets will be communicated to people who need to know about them, when and how they will be built into plans. Targets can be set at organizational, team and individual levels. Targets once set, should have common characteristics that are said to be S.M.A.R.T. an acronym standing for **S**pecific, **M**easurable, **A**ggressive but **A**ttainable, **R**esults-oriented, and **T**ime based.

DATA COLLECTION ANALYSIS AND REPORTING: THE CHALLENGES

The collection, analysis and transformation of data are the areas and phases where resources in the system are required. A performance measurement system must provide intelligence for decision-makers in the

form of information. Such data needs to be restricted to that which relates to measures and organisational goals, objectives and that provide timely, relevant and concise information. Performance data is evidence to support claims of alleged achievements so that consumption of resources can be meaningfully related to results.

The main problem around data and its transformation into useful information is that while this data is mostly available as reported by the City of Tshwane, the infrastructure to process it is normally non-existent. Resources to specifically deal with this phase of performance measurement are normally inadequate. In the case of the City of Tshwane the whole exercise was not properly budgeted for while with the DoL additional finances were needed to train staff. The City of Tshwane sought outside expertise to implement the performance system and implementation itself took longer than anticipated. These costs were once-off though training and coaching still continues in the City of Tshwane.

Problems with data collection in the DoL included data found to be missing and instances where data was not quantified. This department found that the major cases was lack of training on data collection and analysis.

Besides determining what raw data is required, it need to be assessed as well where that data is located, where it will be collected and a determination of how to actually measure or collect what is needed.

Normally simple processes with straight forward performance measures may require many raw data from numerous sources. The regularity and frequency of the measurement should also be determined at this time. This is normally figured out when the performance measure is decided upon. Setting targets ensure that there is some idea at the end of each reporting period whether or not the processes are on target to achieve longer term goals. Sometimes only long term goals are set even though data is reported more frequently.

Time lags between information and action may disguise the information in a number of ways. From a control perspective, the error between required performance and actual is increased when there is a time lag between detection and action. From a social perspective, contextual information about why a situation exist is rapidly lost over time resulting in trying to make sense of data, making the process a subjective detective exercise. Time lag also makes performance measurement data a simple historical record rather than a useful aid. Timescales to understand is driven by the time it takes to:

- (a) make sense of data;
- (b) decide what actions to take;
- (c) implement those actions; and

(d) see the results emerge in practice,

Advantages of having a management information systems

Neither of the organizations in this study makes use of an information system to track performance. Both, however, acknowledge the fact that there is a big advantage in having and using such an information system. The PSR (1999) and the PFMA (1999) requires Executing Authorities to specify information systems to enable him/ her to monitor progress made towards achieving goals, targets and core activities. Although public sector organisations have information systems such as the National Treasury's Vulindlela that collects and store data on their operations, these often do not cover non-financial performance information and are not integrated across various organisations and spheres of government. There is therefore a need to develop information systems that will also capture non-financial information that can be aggregated to a higher level by defining Generic Key Performance Indicators for the public service.

A need exist for pursuing strategic information management which is a comprehensive management of information and information technology to maximise improvement in mission performance. This allows public organization, to have the data they need and consider ways to realign their processes, reduce costs, improve effectiveness and ensure results.

PEOPLE AND PERFORMANCE

Human resources performance measurement and management is advanced in the South African Public Service in that systems to deal with it are more than adequate though weaknesses still exist especially in linking individual to organization performance. In the interview with the DPSA an awareness of this gap was indicated. The human resource section need to have its own strategy hooked into the organisation's strategy. According to the White Paper on Public Service Human Resources Management (1997:4.3.1) 'human resource strategy determines not only the numbers and types of positions which are to be filled, but also the contractual capacity in which staff are to be employed...continued employment will depend not only on employee's performance, but also on the extent to which his or her skills and potential match the organisation's operational requirements'. In the public service personnel is one part that is well taken care of. This does not mean that there are no problems with the systems in place. However human resources performance is beyond the scope of this study. Some assumptions about human performance are however presented to complete the performance measurement and management cycle.

Motivation and performance

As mentioned earlier, the public service has taken care of the human resources side of performance through three mechanisms, the service contracts of the Head of Departments (HODs) (PSC, 2001) and their

evaluation, contracts of Senior Managers (DPSA, 2003a) and the Integrated Performance and Development Management System for level 12 and below (DPSA, 2003). All these merit based systems compensate financially for better human resources performance. Relying on financial rewards to motivate employees can be dangerous. There is evidence indicating the existence of opportunistic behaviour especially from subordinates who have access to privileged information and therefore can take advantage and exploiting the system for their own personal gain. Maslow and Herzberg (Simmons, 2000:23) were further able to distinguish between physical/ security and emotional/ psychological needs with Herzberg stressing job satisfaction, a sense of accomplishment and personal growth as better motivators. Rather than rely on finance only for motivation, a consideration should be given to using other non-financial rewards. The Public Service Regulations (1999) does suggest an introduction of non-financial rewards and the extent of use of this approach in the South African public service is not known.

Performance related pay

Performance in the public service is supposed to be linked to pay in terms of the different systems for the different categories of employees. Performance and its link to pay is problematic in a number of ways. Performance pay or merit pay may be considered as being in arrears because its paying for past performance. Paying now on the expectation of stimulating (current or future) performance is risky. Lepper and Greene (1978) in their book entitled '*The Hidden costs of reward : new perspectives*

on the psychology of human motivation', highlight what rewarding individual does by way of making them to focus on achieving targets rather than doing what is strategically correct. This may also make them to focus on what will earn them a bonus but which may harm the organisation.

Individual performance should be compared to organisational performance and where these do not tally, this would mean that either is not fully represented. It does not make sense to have individual performing excellently while units where they are from are not as excellent.

The public sector does not offer valued financial rewards and if these were offered, they should be directly related to performance without diminishing the intrinsic reward (Luthans, 1981:252) that motivates, and increases the self esteem of employees while maximising opportunistic behaviour. The fact that most public services do not offer sufficient financial rewards (Koranteng, 2001:11) may handicap public employers in their ability to compensate superior performers in percentages that would affect motivation. Studies have shown that 3% to 5% merit increases are not motivational factors. Mitchell (1989) provides a possible allocation that could be seen to be fair:

Figure 6.5 Three acceptable increase patterns for employees who rate above expectations on a 5% budget				
Employee	Rank Order	Increase Pattern	Increase Pattern 2	Increase Pattern 3
1	1	7.0%	7.0%	7.0%
2	2	6.5%	7.0%	7.0%
3	2	6.5%	7.0%	7.0%
4	3	6.0%	6.5%	7.0%
5	4	6.0%	6.5%	6.3%
6	5	5.5%	6.0%	5.8%
7	5	5.5%	6.0%	5.8%
8	6	5.0%	5.5%	5.0%
9	7	5.0%	5.0%	5.0%
10	8	5.0%	5.0%	5.0%
11	9	5.0%	5.0%	5.0%

Source: Michelle (1989) "Pay for performance" IPM Publication

This means that instead of ranking 1 to 11, some levels may be grouped together to increase percentage increases without interfering with the proposed financial rewards. If people are not paid well enough, they will be dissatisfied and may not do their best, but paying people more on the other hand might not make them work harder either. Pay for performance plans

have not provided consistent evidence of being effective in stimulating productivity. The danger is paying out people for doing what they are supposed to do.

Linking performance to rewards is based on the belief that employees will be motivated and behaviour change will result if financially rewarded for better or superior performance. Last, is that the system should never be punitive, but positive while at the same time recognising superior performance.

COMMUNICATION IN PERFORMANCE MEASUREMENT AND MANAGEMENT

A well structured performance measurement and management system is one where communication is part of the system. Communication takes place before, during and after the system has been implemented firstly to ensure that everybody is on board and the latter communication is about information, the results, decisions and how the system and outputs may be modified to deliver on the goals set by the organization. Communication and consultation does not always mean imposing but allowing for a bottom up approach to emerge. This would be where a system, based on guidelines, suited to own situation would be developed together with all involved.

In the South African public sector, labour is very powerful and consultation is entrenched through the Constitution (1996) and the Labour Relations Act (1997) which requires consultation with employees to be undertaken whenever change that could affect employees is undertaken. Likewise a performance measurement system has major impact on human resources and therefore should be consulted on, to get buy-in and ensure staying in if it is to succeed. Experience has shown that any system implemented without sufficient consultation and agreement has a high potential of failure.

Good governance, communication and consultation

The unsteady growth in community-based activism and issue based activism and the process of democratization, not only in South Africa but in the rest of the world. This has led to the emergence of interest groups willing and able to express views on matters that affect them and sometimes on matters not affecting them. The consequence is to place a special onus on any government and organisation to look beyond its own boundaries in taking decisions and to consult and engage with interested and affected parties whenever necessary. Furthermore, the more public the office or organisation the less there is the right to privacy and the more it must be seen as legitimate by all stakeholders. To achieve the status of legitimacy requires an explicit articulation of its strategies, values and also a projection of its distinct identity, both of which need to deliver and be externally acceptable.

Secondly, the nature of the fast emerging knowledge and the globalisation of information challenge predictability. Hubbard (2000:8), when speaking of knowledge and predictability suggests a move towards flexibility while predictability itself, will ultimately have to come from shared values. To qualify this by way of example, one needs to look at the workers of today who depend less on instructions and formal structures and systems and more on a sense of shared purpose, mission strategies and values. People are generally becoming more educated and much better informed. At a governance level the electorate is generally not satisfied with being consulted once every five years. Increasingly they are better able to articulate their needs and have the confidence to put them forward. In this environment, the government need to consult people at large as well as the relevant interest groups if it is to produce the most effective policies. Consultation does not only mean that governments will ask people their views on the government's proposals but that the government will listen to proposals that come from their citizens. Obviously this has serious implications for leadership which is required to steer rather than row (Osborne & Gaebler, 1993:25).

One of the most overlooked is the cost of ownership of performance management programmes. Linked to organisational intelligence, should be an audit of costs associated with ownership especially if ownership fails or does not reach the required levels. Buy-in and consensus seeking initiatives can at times be problematic because of particular approaches. Consensus is often little more than an agreement to stop arguing. Even with consensus

you still have plenty of people who feel their good ideas have been passed over in favour of bad ideas with more political weight behind them. People sometimes stop arguing just because they do not have the time or political clout for it. In other instances they do not know what they are doing and have low faith in what they conclude. There are instances where what people are to accept is non-negotiable and the decision has already been made. It is some of these circumstances that at times lead to consensus seeking and the general buy-in not to be accepted.

Under these circumstances, the cost for ownership and implementation can become very high and implementation may fail. Organisational intelligence will play a crucial role in determining and auditing the associated risks and avoid pitfalls and traps as the performance management systems gets deployed.

Feedback and review in performance measurement

Successful organisations manage by fact and do not rely on anecdotes, rumours, assumptions or wild guesses to make their decisions. The introduction of performance measurement and management will provide the necessary intelligence required for quality decisions to be made. The importance of understanding the user's priorities and demands and managing expectations through communicating with service users needs to be stressed. Users needs need to be balanced with organizational resources constraints (Audit Commission, 2000:13). Providing such

information without fear will also require a culture change and assurance that such information will not be used negatively for punishing those accounting honestly. There is a need for the development of a culture whereby officials value presenting accurate bad news as much as presenting accurate good news needs to be instilled. Such culture will ensure the production of data that is reliable for sound policy analysis to take place actually exist. Also making use of institutional knowledge for learning from lessons where similar problems were experienced.

Measurement does not occur until data is evaluated against a reference value. Feedback need to be frequent enough to allow actions to be taken on time and before damage is done. The financial reports required currently need reporting to be an annual event. While Regulation 18.3.1 of the PFMA (1999) detail items the Accounting Officer (Head of Department) should report on, including efficiency and effectiveness, it comes a little late for anything to be done about performance. What is required is an expression of activities and outputs in the strategy. This will allow for more regular internal communication about performance and what need to be done to be on target at the end of the reporting period.

It is important to note that feedback depends on the context and that critical information is generated at the present moment, it is not history. Feedback itself is life sustaining because it provides essential information about how to maintain the system and also indicates when adaptation and growth are

necessary (Wheatley & Kellner-Rogers, 1999) while ensuring that there is movement towards fitness or system effectiveness.

Performance measurement is not intended to act as a reward or as a punishment mechanism, but rather as a communicator and management tool. A no-blame approach needs to be adopted so as to facilitate learning from failures. A common thread running through all components of a performance management system is communication. Sound communication is an essential component of performance management. What should be communicated must be considered as carefully as how the components are to be communicated. Senior management should agree with each other on what should be communicated. This is easily done through defining the mission, clarifying roles and developing outputs and performance measures.

Some decisions require a certain level of skills in analysis of data. This means that managers must look for signs of chaos and predictability, something that comes with analytical knowledge and experience.

STRUCTURE, ORGANISATIONAL DESIGN, STRATEGY AND PERFORMANCE MEASUREMENT AND MANAGEMENT

Most organisation's programmes are reflected in the structure. This means that after deciding on the strategy, a structure indicating a clear parenting style, tasks and responsibilities is to be crafted and implemented. Most

programmes tend to be issue specific and while most problems are long term in nature, some are of a shorter term basis and therefore require a specialist team and not a bureaucracy for whatever problem that needs to be dealt with to succeed. The most preferred structural configuration for delivery is the matrix structure because of the project based nature of government programs. Depending on the types of policies, flexible structures crafted along matrix type (Robins, 1990:331) should be considered. Though routine tasks are best accomplished through hierarchical and centralized structures, creativity gets stifled and is best handled via teamwork (Ahula & Carley, 1999). Flexibly designed structure allow for consensual arrangement to exist and conflict within this kind of design is normally managed by collaboration or avoidance including working together. Public managers should pay attention to task design and structure based on the degree of routine and non-routine tasks.

Structures themselves are not enough and as Rummler and Brache (1995) pointed out, the white spaces or gap between the boxes is where the action is and the largest impact has been realised by acting upon the boundaries between components of a system. Rummler *et al* (1995) further point out that the white spaces is where the flow of products takes place, paper, information, interface, and hands-off takes place. This means that we need to connect the dots to get the big picture, but the picture lives between the dots. While the boxes in the organisation structure are important to show who is doing what, there is a lot that goes on between those boxes. It is then the quality of connections between events that matters not necessarily

the reported numbers. Thus further implying that the largest impact might lie in acting upon the boundaries between components of a system.

Public organisations are responsible for multi-level services surrounded by a number of general values. This often makes it difficult when time for classification comes and organisational typologies based on purpose and function are applied (Jorgensen, *et al* 1996:458). When structure is talked about it is not merely a reference to the boxes and reporting lines but includes the degree and type of horizontal differentiation, mechanisms of coordination and control, formalization and the level of centralization or decentralization of power. The link between strategy and design (Chandler, 1962) view this as linking the environment, organisation structure and fit.

Each strategy formulation and implementation needs to evaluate the appropriateness of the structure and assess its ability to deliver on the new strategy while making it a point that there is alignment between the strategy and the delivery structure and the organisational objectives. This means that the structure should not come before the strategy but *vice versa*. While a good organisation structure does not in itself produce good performance, a poor organisation structure makes good performance impossible (Drucker, 1989). According to the classical approach, this facilitates predictability where the structure is in line with the strategy (Mintzberg, 1979). Organisation structure can further be seen as facilitating the process of management and creating a framework of order and command through which activities of the organisation can be planned, organised, directed and

controlled. According to Drucker (1989:223) structure should satisfy three requirements:

- (a) It must be organised for performance and be geared to future demands and growth of the organization;
- (b) It should contain the smallest possible number of management levels to enhance communication and coordination; and
- (c) It should enable the training and assessment of future top management.

While the classical belief in predictability exist on one part, evolutionists would like to leave things as flexible as they can because, according to this thought, the environment is typically too implacable and unpredictable to anticipate effectively (Lawrence and Lorsch (1967).

CULTURE CHANGE IN PERFORMANCE MEASUREMENT AND MANAGEMENT

Culture change does not seem to be an issue when change occur in the public sector. This is evidenced in the two case studies, namely the City of Tshwane and the DoL. The key role for management during the design, implementation and usage cycle should be to get across the message that 'performance measurement is very important and we expect everyone to engage in it and prioritise it'. Edward Deming's first of the fourteen points,

constancy of purpose, might serve as an agent releasing the power of intrinsic motivation by creating joy, pride, and happiness in work (Boules & Hammin, 2001:41).

Organisational culture is complex and hard to change though a measurement system can be one of the most powerful ways of changing organisational culture. Management style is ingrained in the personalities of the individuals and dynamics of the team. Both Botswana (Nkhwa, 2003) and Ghana (Koranteng, 2001:17) established change management teams in government agencies as part of their performance measurement programme. It is unrealistic to think that culture and management style can be different for the design, implementation and use stages of a performance measurement system.

In the usage stage this boils down to leading by example. Review measurement reports, asking relevant questions, and promoting action. In fast moving environments this means measuring, reporting and acting every day. It needs to be stressed that the aim of embarking on a performance measurement system is not to apportion blame but to improve performance because blame based approach leads to compliance without commitment.

Involvement is crucial when setting up a performance measurement and management system. Consultants may facilitate the process of implementation but functional managers and people are the people who

have the experience to say what constitutes representative performance measures for their individual disciplines. It is difficult to imagine how a system can be set up except high level unless one gets functional involvement. The downside is that the functional experts also know what areas they may not want to highlight for obvious reasons. The consultant may not have the depth of specific knowledge to easily recognise where elements have been omitted.

Behaviour change at the level of the individual requires more complex changes than simply an elegant way of communicating goals and assessing achievement. It requires change to occur both within job description and management processes.

LEADERSHIP AND ORGANIZATIONAL PERFORMANCE

Leadership and the use thereof is critical to organizational success. Abrahamson (1989) posits that leadership is a function of three factors, vision (alternative future), communication (internal and external), learning, directing innovation and attention to results.

Leadership does not stop at the top. Leadership by employees in solving problems and achieving the mission is what makes a most successful organisation. Leaders set or limit mission boundaries (Simmons, 2000 and Ingram *et al*, 1988) are able to state and defend limited purpose and clear priorities.

Most theories of leadership are insufficient because they deal more with the single leader and multiple follower concept than with organisational leader in a pluralistic sense. Leadership is in most cases non-linear and not normally found in one individual's traits or skills but is a characteristic of the entire organisation where the leader's role overlapped, complemented each other and shifted from time to time and from person to person. The assumption when leadership is discussed is that it is the top echelons of the organisation that it is referred to, when this is not necessarily the case (Talbot *et al*, 2001:17). Leadership, in terms of an organisation refers to all its members. An important observation made by the National Partnership for Reinventing Government: Balancing Measures: Best Practice (1999) was that leadership is not just at the top but is also by employees who are part of, and important in solving problems and achieving the organisation's mission. The hero-leader framework ignores the invisible leadership of lower members throughout effective organisations.

There is no need to look for heroes but quite leaders addressing everyday problems such as acting on values, integrating information and taking risks is what keeps organisations alive (Badaracco, 2002). An extension of organisational leadership is the concept of shared leadership. Bennis and Nanus (1985:27) in agreement see leadership as the marshalling of skills possessed by the majority but used by the minority. This skill can be learned by anyone, taught to everyone and denied to none.

The frustrations resulting from the constant shift in focus in the study and understanding of leadership were noted by Waldavsky (1984:18) when he said 'Unfortunately, multiplying traits of leaders, times types of followers, times sample of situations, times group interactions has led to more variety than anyone can manage'.

MANAGEMENT OF CONFLICT

Whenever a performance related system is introduced in a workplace, the immediate response is that it is meant to monitor employees and will lead to job losses and retrenchment. This is a sign of fear and like all other change management systems, there is a need to manage this process. A lot of well designed systems do not make it solely because this particular aspect is not well taken care of. The Public Service in particular, is notorious for being a hiding place for non-performers and any performance driven system is likely to be viewed with scepticism because of the potential exposure of those who are not performing (DPSA, 2003).

All change involves conflict because it intent is to change the *status quo* which is where most are comfortable. Conflict may simply be from lack of understanding and a need to effectively communicate with the ultimate aim of sharing in the vision including clarity on the rationale for embarking on such approaches. Conflict may therefore result from lack of understanding and/ or resistance to change especially if there is an element of fear. Major conflicts have occurred between management and organised labour,

something that suggests that productivity or performance improvement is viewed with equanimity, if not indifference, by employees. However, the impact of collective bargaining has resulted in major productivity gains through these cooperative efforts (Ammons, 1988:91). Management of conflict in this context will then involve proactivity and discussion with all stakeholders including organized labour the system and its intentions.

Sometimes rigidity becomes a problem while allowing for flexibility can take care of some elements of a conflict. This should not negate the requirements of central levels of government.

POST STRATEGY IMPLEMENTATION: EVALUATING THE STRATEGY AND THE PERFORMANCE MEASUREMENT SYSTEM

Strategy itself and the performance measurement system that implements that strategy need to be evaluated to assess their effectiveness. Obviously, an important strategy evaluation activity will require having a performance management system that measures organisational performance. This will include comparing expected results, to actual results, investigating deviations from plans, evaluating individual performance and examining progress made towards meeting the stated objectives.

Performance measurement's ability to focus attention on the extent to which results are attained is its major coordinating role, in which it directs attention

to the organisation's primary and secondary objectives. Its focus is directed at ensuring that effectiveness, systems and processes within the institution are applied in the right way to achieve results and ensure that the strategic plan is on track. All of the results across organisations will continue to be aligned to achieve the overall results desired by the organization. It needs to play a monitoring role, in which it measures and reports performance in meeting stakeholder and policy requirements. It has a diagnostic role, in which it promotes an understanding of how the performance of the processes affect organizational learning and performance.

Strategy implementation and cascading is to be done through utilising a performance measurement system, a system whose performance also need to be evaluated. Every system evolves over time and for a performance measurement system to succeed, monitoring and evaluation mechanisms need to be applied for it to be effective. Any performance measurement system is developmental and therefore its implementation incremental. Keeping the system meaningful and current is one of the challenges that management will have once the system is up and running. Monitoring and evaluation tools have been found to be useful in the measurement of projects and with the design of any system, a measurement component seem to be in line with the intention of maintaining any endeavour directed at innovation.

INTEGRATING MULTIPLE PERFORMANCE MANAGEMENT SYSTEMS: A SYSTEMS APPROACH

While in most instances only one system is in operation there is nothing stopping organisations and institutions from utilising multiple systems to improve performance. Looking at, and considering the organization from a holistic perspective helps in making all systems work towards the same goal. The most common have been the use of the balanced scorecard and the excellence models, while others have combined the hard organisational measurement mechanisms with the soft human resources performance management systems. With the many demands placed on the organisation organisations have considered and even used several systems, for example, Activity Based Costing, Management by Objectives, Supply Chain Engineering, Process re-engineering and continuous improvement, Total Quality Management and others. The important issue is bringing cohesion and to integrate them into a unifying framework. The problem of implementing the balanced scorecard, for instance, has resulted in it being implemented at senior management. This indicates the difficulty of implementing one system at all the levels in the organisation. This may call for a consideration of other systems for lower levels in the organisation.

Organisational performance, taken alone, will yield an incomplete picture of the organisation. There is a need to integrate the different systems, the financial, the human resources systems (evaluation of the Heads of Departments, evaluation of Senior Management Service performance

agreements and the Integrated Performance and Development System for Level 12 and below) and organisational systems and other accountability mechanisms. This integration will be in the form of a multi-dimensional approach reflecting the interests of a broader range of stakeholders and will provide a complete view of the organisation from all perspectives. (Mayston, 1985, Pollitt, 1986 and Brignall, 1993). Modell (2001) further suggests a decoupling of performance indicators reflecting constituent interests as a viable strategy for simultaneous legitimating the public sector organisation to multiple constituency in what he calls a search for social legitimacy.

WHOSE RESPONSIBILITY IS IT TO MEASURE PERFORMANCE?

In most countries covered by a study conducted by the OECD (1994), performance management and measurement was run as an independent programme from the centre, an approach which intended to ensure blanket delivery. In Finland and Switzerland for instance, it became a programme under the Finance Ministries while in Norway, France and Spain it was placed under the Ministries or organisations responsible for Public Administration and Management. Belgium created an internal central consultancy to deal with performance measurement (OECD; 1994:10). Among a number of approaches existing the most popular is having a performance measurement system in the Treasury or the Department of Finance.

In Australia, the so called Guidance on 'Specifying Outcomes and Outputs' (1998) and 'Outcomes and Outputs' (1999) were drafted and issued by the Commonwealth Department of Finance and Administration (Talbot *et al*, 2001:14). These guides were to be used in a wholesale review of outputs, and outcomes in Australia. Canada uses the Treasury Board Secretariat, while Denmark utilizes the Agency for Financial Management and Administrative Affairs which is a part of the Ministry of Finance. The Ministry of Finance is used by Netherlands and Sweden, while the USA relies on The Office of Management and Budget. Ghana created a Compact Secretariat to provide central technical guidance, management and coordination (Koranteng, 2001:18) to oversee implementation.

What this says is that it is important to have a government wide advisory body of some form, probably with grassroots representation (Nkhwa, 2003; OECD, 2002). Such a body need to be appropriately staffed. This will ensure credibility and enhance government wide communication on the system. Actual implementation should be the responsibility of each department or agency.

Performance measurement is and is supposed to be the responsibility of a number of government institutions, each focussing on its unique objectives, measures and goals. While there might be a need for this and even for each agency to measure its performance, the importance of central coordination of performance measurement remains important.

Central agency versus decentralisation

The concept of framework is important in designing and deploying an effective performance measurement and management system. A Benchmark Study Report done by the National Productivity Institute (1997) found that every public organisation in the United States of America needed a clear and cohesive performance measurement framework that is understood by all. Currently, there are a number of national departments that have seen a need for having an organisational measurement system. Within provinces there is competition for the best performance recognition in what is normally called the Premier's Excellence Awards while municipalities measure and manage performance through their IDP's. Obviously this is fragmented implementation of the system. What is required now is to make all these attempts talk to one another either through the coordination of Provincial Growth and Development Strategies of the provinces which then inform Central planning and national programmes or other mechanism. Actually, there is no way that programmes such as the Millennium Development Goals (MDG) and targets can be co-ordinated at the national level without having a coordinated measurement systems in place. Central departments like the DPSA, DPLG, National Treasury and the Presidency, normally adopt the role of external stimulus in the form of guidance and directives to other departments (Boyle, 1989:33).

The role of the productivity institutes

Productivity institutes have a very important role in so far as the efficiency and effectiveness in a country is concerned. Efficiency and effectiveness is

not a private sector only requirement especially when so much resources are handled and are in the hands of the state. Productivity institutes seem to have played a major role in guiding, capacitating and ensuring that performance measurement and management is promoted in the public sector. South Africa's National Productivity Institute (NPI) is already involved in the local government sphere facilitating and ensuring excellence through being part of the Vuna Awards, modeled along the USA's Malcolm Baldrige Awards. It is without doubt that the National Productivity Institute will be a useful partner in an endeavour to improve government productivity.

The role of the Productivity Institutes, notably the Botswana Productivity Institute (Nkhwa, 2003) was found to be very important. This institution drove performance measurement through the formation of units to guide government departments through the formulation and implementation of the performance measurement system.

Instead of focusing on the private sector, the NPI needs to balance its focus by either, creating a public sector focused unit within itself or, alternatively being part of a government created structure to oversee public service productivity. If the latter becomes the preferred route by the government, a Public Service Productivity Improvement Unit is to be created in one of the central departments preferably the Presidency to co-ordinate productivity in the public service. Appropriately established this unit will work closely with the Presidency's policy coordination unit to oversee the development and

implementation of the performance measurement system and ensure capacity availability and readiness for implementation.

AREAS FOR FURTHER RESEARCH

Performance management and measurement tends to look at the performance of the micro organisation which normally contributes to the broader government programme, be it that of poverty reduction, economic improvement or any other programme. There is then reason for a widespread interest to develop, rather than narrow departmental focus. While performance at a departmental level is important, measuring not only the quality of services but also improvements in quality of life and improvement in governance is important. Alignment need not only take place at the micro organisation but strategies and policies not only within departments but also between departments (Bovaird *et al*, 2003:313) and government wide.

Performance measurement and management has been implemented at the local sphere of government and a need exist to determine the success of its implementation and the types of systems in operation. A lot can be learned from them. Interesting to know are the kind of systems used by the different local government and their success rates. Areas of concern include the ability or inability to implement the balanced scorecard at all levels.

Most endeavours that the government enters into either as partners or even privately are done without adequate determination of the possible success levels. While it is not easy to project success or even discount it, lessons can be learned from similar project that have been implemented using such models. Evidence suggests that most of these projects are driven by current needs and demands. This calls for a comparative study of the different delivery models to ascertain success rate.

Embarking on strategic planning is a requirement by treasury (National Treasury, 2001) while strategic planning is not one asks the question of whether such strategies are implemented or even implementable. Actually, most collect dust while the public service continues to operate as if there were never such plans. A need not only to assist with the crafting of plans as is currently the cas, but a need to assist with implementation and assessing implementation bottlenecks is required.

CONCLUSION

This study has given consideration to the how part of policy-mission-strategy implementation problem. The study itself brought to the fore the gap existing in the different spheres of government in so far as performance measurement and management is concerned. While there is failure to understand this gap, its existence however, gives us the opportunity to learn from the local phere where there is a coordinated effort for implementation of policy through performance measurement.

This study coincides with the realization of the importance of the state in development, a move away from the neo-liberal minimalist state approach adopted by the NPM era. President Thabo Mbeki, quoting the World Bank, made this shift known in his budget vote speech (Mbeki, 2005) by saying that a well performing state contributes favourably to economic growth, development and poverty alleviation.

What is obvious is that at macro and country level, failure to deliver public services of good quality may affect the competitiveness of a country's economy by for example lowering the level of health, education or training of the workforce and the efficiency of its tax administration.

Having a performance measurement and management system can and will lead to better performance of public sector organisations but there is a need to monitor the system closely. If not monitored closely metrics become out of date and can actually drive performance down; numbers can get manipulated to look good; managers sometimes easily lose interest when they are not monitored and the performance measurement and management system is not made part of their daily work leading to staff disillusionment with the system. Performance measurement can evolve into a pure numbers game, with managers becoming Key Performance Indicators (KPI) managers instead of managing. Unless someone monitors the measurement systems very closely, an element of management will always find ways to circumvent the system.

While there are obvious gains from making public organisations to deliver efficiently and effectively on their policy mandates, the negative aspect of this is that methods of arriving there may sometimes be seen as unsympathetic (Brown *et al*, 2003:234), antisocial and therefore politically unattractive to elected politicians. If and when this threatens this good system, there will be a need to look at the balance which would have been created during the system design phase. Sometimes measures can be seen as complex sets of indices or may be so technical as to be unintelligible to anyone outside the core business being measured. Measures that are not understood will have relatively little impact on performance.

The perception that the public sector is inefficient remains irrespective of the efforts that government puts into improving delivery. This suggests that either efforts are not working or citizens see no difference. The important thing to do in dealing with this kind of perception is by making the efforts known, especially where citizens or communities are not involved or their involvement is through some representative organization or body. Except where the WTPSD or *Batho Pele* (1997) is working and the citizens are involved in deciding on the kind, quality of service, it is only the local sphere where communities are actively involved in decisions directed at improving delivery through inputting into the formulation of the IDP. Very little publicity is given to projects like the Vuna Awards and other efforts, some of which gain international recognition for excellence while the perception of efficiency is poor locally and where those projects are from.

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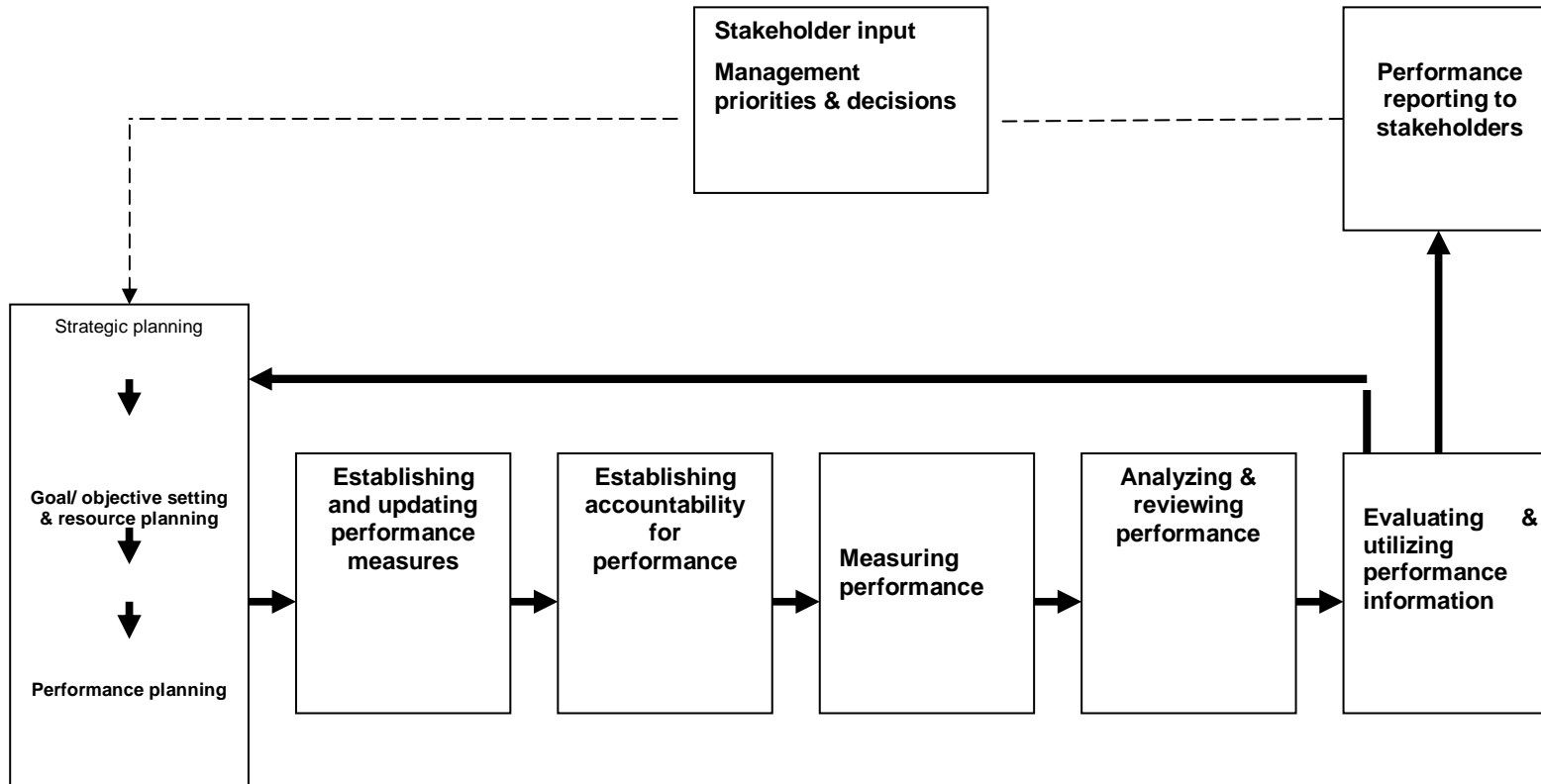
Annexure A

The requirements of a Performance Measurement System

A performance measurement system must:

- Be aligned with, and support the vision, mission, goals, objectives, strategies and critical success factors of the organization.
- Provide comprehensive and substantive information supporting better decision making, organizational learning and improvement.
- Provide quantitative, objective feedback that helps identify, understand and manage performance trends and makes accurate forecasts.
- Assist in workflow streaming, maximizing through as well as eliminating waste.
- Minimize surprises.
- Reflect strategic, tactical and operational realities.
- Measure only system relevant information, while avoiding too much measuring.
- Collect data and report results in a way that wastes few resources.
- Provide substantial clues as to the root cause of poor performance.
- Be a component of the total information strategy.
- Contain information, both on what needs to be measured and what the unit measurement can be.

Adapted from Johnson & Scholes, 2001:165.



Adapted from the Department of Energy (USA), 2001. The Performance-Based Management Handbook (Vol 2): Establishing an Integrated Performance Measurement System.