MEASURING DELIVERABLES AND EMPLOYEE OWNERSHIP THROUGH ORGANISATIONAL PERFORMANCE MANAGEMENT

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ABSTRACT

In the article the case is made for the effective and efficient implementation of a performance management system to ensure the appropriate measuring of deliverables. A number of issues that hamper determining and measuring deliverables are identified. Providing measurable deliverables are dependent upon the definition of both quantity and quality of services provided. However, an over-emphasis on input deters appropriate determination of output and outcome. Emphasis also has to be placed on establishing an effective link between individual and organisational performance management and indicators. If the link is absent, so will employee ownership be. Without employee ownership and self-efficacy, organisations are unable to sustain their development initiatives. The article makes the case for appropriate identification, monitoring and evaluation of both individual and organisational performance indicators.

INTRODUCTION

How does one measure the effectiveness and efficiency of government in South Africa? And is effectiveness and efficiency the only indicators of success? If efficiency is getting work done in the correct manner and effectiveness as getting the correct things done, then isn't one focusing on the basic systems model and not taking into account current chaos theories on organisational processes and behaviour?

In answering the above question, one first has to consider the framework that governs both individual and organisational performance management. Establishing a link between individual and organisational performance management becomes the most important aspect in ensuring that deliverables are measurable and owned by individual employees.

LEGAL FRAMEWORK IN SUPPORT OF ORGANISATIONAL PERFORMANCE MANAGEMENT

The Department of Public Service and Administration (DPSA) has been extensively involved in formulating policies for the implementation of a performance management system within the Public Service. According to Chapter 5, Section 10 of the SMS Handbook (Department of Public Service and Administration 2001(a)), a performance management system needs to be integrated with all other organisational processes to be effective. Performance management is an approach to how work is done and organised. The approach should focus on continuous improvement of performance, be driven by senior management and should be strategically aligned with all organisational goals and priorities.

The purpose of the system is to provide policy measures and guidelines for effective and efficient implementation of performance management within the organisation. Performance management is aimed at optimising the potential and current employee output in terms of quality and quantity and increasing the total organisational performance (Department of Public Service and Administration 2001(b):6). Thus, the policy links the importance of individual performance with organisational performance.

Chapters 5 and 6 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), requires local government to:

- develop a performance management system;
- set targets, monitor and review performance based on indicators linked to the Integrated Development Plan (IDP);
- publish an annual report on performance management for the council, staff, the public and other spheres of government;
- incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government;
- conduct an internal audit on performance before tabling the report;
- have the annual performance report audited by the Auditor-General; and
- involve the community in setting indicators and targets and reviewing municipal performance.

Key performance indicators (KPIs) (baselines, input, output and outcome indicators) and targets (target date and employee performance targets) linked to the organisational key performance areas (KPAs), priority areas and strategic objectives should be compiled with the aim to also establish a clear link between the organisational performance management system, the organisational indicators and the budget system. However, only focusing on organisational performance indicators will not lead to success. A clear link needs to be established between the performance agreements of employees, the organisational goals, the national performance indicators and the organisational performance management system.

Effective and efficient performance management will be based on the ability of the organisation to:
- develop and clearly formulate the political-administrative vision and values of the organisation; and
- achieve the strategic performance objectives through effective and efficient management.

The main principle of performance management is that performance management should be developmental in that it will identify key competencies required from employees as well as identify the strategic focus areas of the organisation (Public Service Regulations 2001).

KEY FEATURES INFLUENCING PERFORMANCE

Local government, in particular, seems to be caught in the midst of a contradiction – their political leaders charge them with the initiation and management of change, yet the bureaucracy is rule-bound, unable and sometimes unwilling to take on the dynamic and complex task of development. Local government is expected to be an engine of development. But one should also remember that the immense complexity of maintaining a developmental municipality would test the abilities of the most supremely competent manager.

Some other key features that impact of determining the deliverables to be measured include (Jones 2001: 61-62):
- the mechanistic view of organisations based on the assumption that organisations function in accordance with formal policies and objectives, operate at the command of rationality, reasons and factual information;
- emphasis on control rather than performance;
- the contradiction that exists where demands for delegation, decentralisation, consultation and participation are balanced by an equally urgent need for centralisation of power in order to build a cohesive nation;
- poor manpower forecasting leading to inability to create and maintain sustainable pools of managers;
- tension created by the politicisation of local government; and
- extraordinarily powerful belief in the ability of training to solve all organisational problems that leads to vast sums of money spent on unevaluated, and maybe unnecessary, training.

The strategic success of any organisation is dependent on its EVR Congruence – thus, the similarity between its Environment (represented by its key performance indicators measuring customer satisfaction), its Resources (strengths and weaknesses in critical competence areas) and the Values and culture which determine the match between the two and ability of the organisation to sustain its environment-resources relationship. The environment is the source of opportunities and threats – external key success indicators. Resources detail the internal strengths and weaknesses that will either match or fail to match the environmental demands. The values and culture will manage the E-R relationship (Thompson 1996:14-15) by:

- determining the effectiveness of the current match between E and R; and
- managing the ability and will of the organisation to change and strengthen this match.

Traditionally, organisations have relied heavily upon financial measures or hard numbers to evaluate their performance and value (Luthans & Peterson 2002:376). However, experiences have taught that a strong sense of employee ownership of the outcomes of their work is an important predictor of employee behaviour and performance.

How does one go about instilling this sense of ownership? In local government, the emphasis has been on performance and establishing performance indicators. However, if performance indicators attesting to the amount of houses that need to be supplied with water and electricity are not strategically linked to the employee performance system, then trying to match the organisation's resources to its environment becomes and increasingly difficult challenge.

CHALLENGES IN MEASURING DELIVERABLES

Hilliard (1995) states that there are a number of difficulties associated with performance measurement including the elusive concept of output, or in the case of the Senior Management Service (SMS), outcomes; scarcity of performance measures in the sense that only one instrument is used to evaluate performance; and vague performance dimensions dealing with the Public Service's difficulty in determining the quality dimensions of service delivery.

An unresponsive organisational climate and culture together with unclear performance indicators will further exacerbate the situation, while the governance framework of the organisation will either support or lead to the decline of appropriate performance measurement.
Obstacles to measurement of performance include:

- data organisation entailing that municipalities do not have reliable cost and project data centres (including accounting practices/management information systems);
- resistance by managers and staff; and
- outcome measurement issues (quality versus quantity debate).

In order to determine a holistic approach to performance management, leaders need to take cognisance of both the macro- and micro-environmental aspects impacting on performance improvement. Performance improvement needs to be defined in a much broader sense than just taking into consideration the calculable or quantitative criteria that facilitate the achievement of organisational objectives. Performance improvement becomes a way of looking at the entire organisational context within which employees and their leaders find themselves.

Traditional closed organisational models, comprising a strict hierarchy, reliance on rules and regulations and impersonality among colleagues and their clients are not conducive to productivity, innovation and creativity. In the open organisational model service excellence becomes the main aim of performance improvement. Micro-environmental aspects influencing performance improvement centre on the attainment of adequate

employee motivation, control of organisational assets, materials and shrinkage, caring for employee health and safety and developing affordable and accessible public services. The role of leaders in ensuring performance improvement is to provide the supportive organisational climate that is built on norms and standards that exemplify quality and quantity in service delivery.

Performance management is a means of getting better results from organistions, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attributes/competence requirements. In this regard, there are very specific reasons why performance management systems fail, including (Viedge 2003):
*   individual goals are not linked to organisational strategy;
*   there is no consequence of non-performance by employees;
*   employees do not understand what is expected of them;
*   necessary job competencies have not been developed;
*   leaders do not use individual goals to drive performance;
*   there are too many goals per employee;
*   there is no link between effective performance and reward and recognition;
*   no feedback on performance is given by identifying the concrete areas for improvement;
*   employees are not held accountable for results; and
*   performance management is seen as separate from the day-to-day management and leading of people.

EMPLOYEE ENGAGEMENT AND SELF-EFFICACY

The concept of employee engagement is an important predictor of desirable organisational outcomes, including customer satisfaction, retention, and productivity. Employee engagement focuses on how the psychological experiences of work and work contexts shape the process of people presenting or absenting themselves during task performances. Thus, employees need to be cognitively involved in their work – meaning that they have to be acutely aware of their mission and role in their work environment. Disengagement takes place as a result of (Luthans & Peterson 2002:377-378):
*   lacking social interaction at work;
*   experiencing little autonomy in work roles; and
*   feeling that their jobs are unimportant.

Together with employee engagement, manager self-efficacy becomes paramount. Self-efficacy refers to a manager's beliefs about his or her abilities to mobilise cognitive resources and courses of action needed to successfully execute a specific task within a specific context. Self-efficacy is important to the management of performance improvement. Self-efficacy can be increased in four ways (Luthans & Peterson 2002:379):
*   enactive mastery (ability to direct training to job context);
*   vicarious learning;
*   simple verbal persuasion and social support for lower level jobs; and
*   strategy development for higher level jobs.

A performance management system is good leadership practice that has been standardised and incorporated into an all-encompassing system. It will combine the following processes:
*   aligning individual objectives to the vision, mission and strategy of the organisation;
*   setting individual objectives with corresponding measures;
*   setting up a process of regular one-on-one performance reviews;
*   ongoing monitoring of performance in terms of objectives; and
*   individual development plans linked to job requirements and furthermore linked to organisational objectives and goals.

Some of the best practice research suggests that the following should, among other things, be in place in order to facilitate successful local government performance management (Cameron & Sewell 2003):

- Executive involvement. In most cases performance management systems are initiated by top management, but the case is strongly supported that top management involvement should extend beyond initiation. It should be evident in the manner the system is implemented and the manner in which performance is rewarded and laxity addressed.
- Sense of urgency. New performance management systems are usually suggested when a change within the organisation is evident or needed, e.g. new political leadership or new quality philosophy. The change should immediately be seen and felt by all in the organisation as well as by the customers. Thus, the emphasis on the performance management system as the vehicle to facilitate this evidenced change becomes urgent.
- Alignment with strategic direction. Alignment between organisational vision, mission, objectives and both its organisational and individual performance management system cannot be questioned.
- Conceptual framework. An organisation's performance management system should be integral to its overall management process and directly support the achievement of the organisation's fundamental goals.
- Communication. Communication is crucial for establishing and maintaining a performance management system. It should be multidirectional, running top-down, bottom-up, and horizontally within and across the organisation. All different media should also be utilised according to what would suit the organisation and its customers best.
- Employee involvement. Employee involvement is one of the best ways to create a positive culture that thrives on performance management. When employees are involved in every aspect of their performance measurement and when employees are made aware of their organisational performance responsibility, acceptance becomes easier and employee productivity is increased.

In sum, to undertake performance measurement successfully, an organisation must:
- make a commitment to measure performance and get started;
- treat performance measurement as an ongoing process. Performance measurement is an iterative process that progresses but has no end; and
- tailor the process to the organisation, i.e. an organisation must develop performance measures that complement its culture, size, mission, vision, organisational level, and management structure as well as its goals and objectives.

CONCLUDING REMARKS

In 2005 the then Executive Mayor of the City of Tshwane said in his State of the City Address (2005) that it is Tshwane's goal to become the employer of choice with a staff that engenders a culture of commitment to service excellence. That can only be achieved through the implementation of a performance management system that rewards excellence and confronts laxity.

The development objective of local government is imbedded in both administrative policy and political intent. For the development to be meaningful and responsive to customer need, the development agenda needs to be broken down into measurable objectives that can be managed on both an organisational and individual level. The link between individual and organisational performance needs to be created and employees engaged in the process to ensure its success. Without this important link, objectives might be described in a measurable manner, but not attained in the practical sense.

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