

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 expense 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.

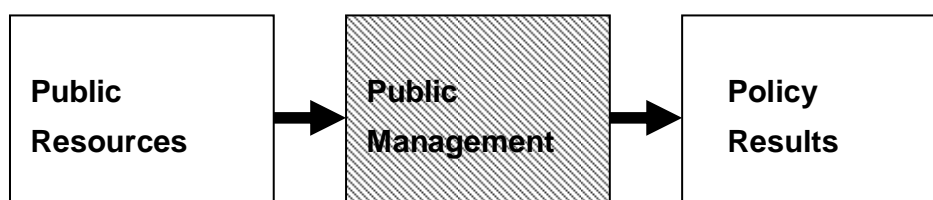
Resources need to be made available, the chain of command needs to be capable of assembling and controlling resources, and the system should be able to communicate effectively and control those individuals and organisations involved in the performance of different tasks (Dunsire, 1990:15). In this, institutional 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.

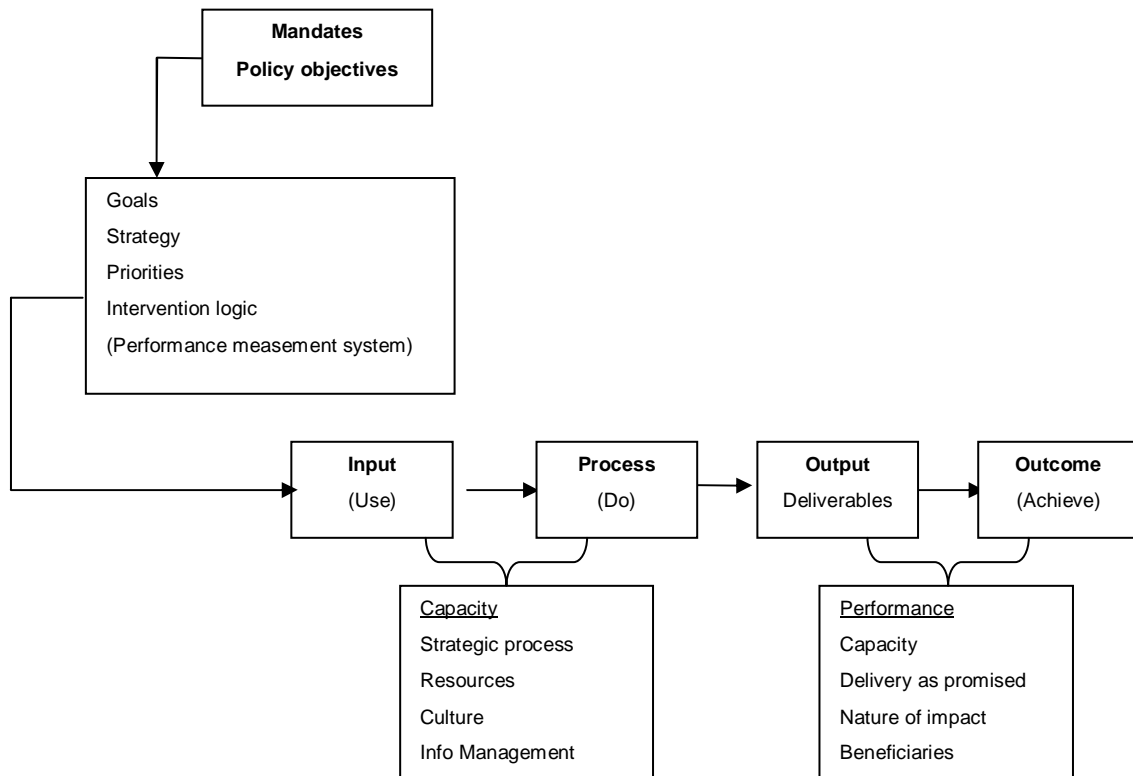
THE ROLE OF STRATEGIC PLANNING IN POLICY IMPLEMENTATION

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.

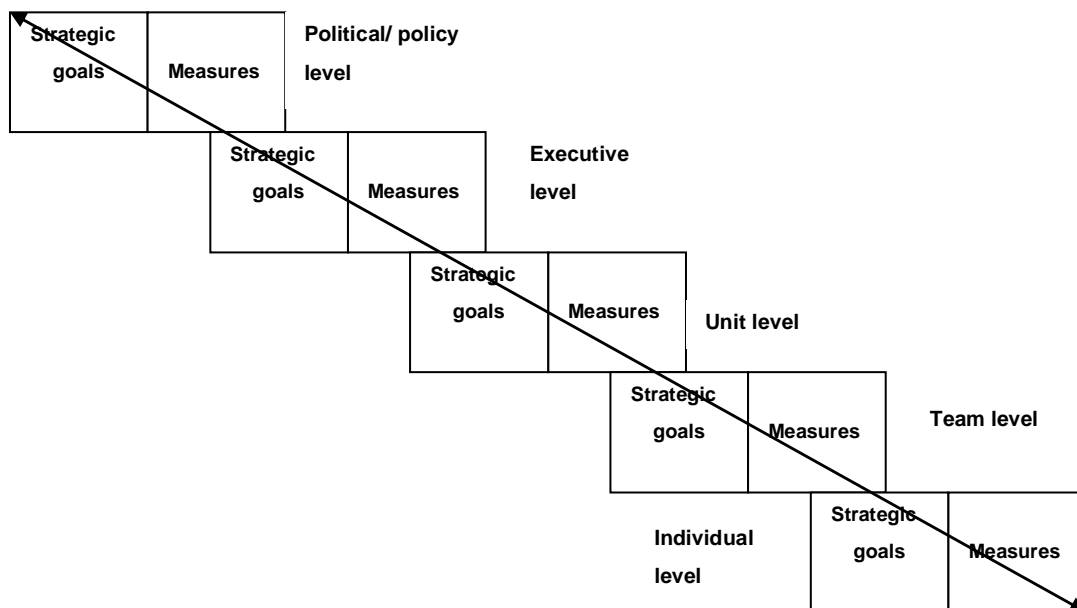
Establishing organisational goals requires not only a consideration of organisation but also pre-empting the question of what the legislature or political level stakeholders would like to know about. It is for this reason that politicians are involved in the development of DoL's strategy. In the City 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 grassroot 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 loose 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.