The impact of a performance management system on service delivery in the City of Johannesburg Metropolitan Municipality

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ABSTRACT

The article is based on a study conducted to investigate the implementation of a performance management system at the City of Johannesburg. The study uses the hypothesis that a well-designed performance management system with well-thought-out practices and procedures can improve the delivery of services in the City of Johannesburg. In order to validate the hypothesis, empirically based questionnaires on the performance management system and service delivery were utilised. Frequency analysis, which lends itself to correlation analysis, of employees’ responses and residents’ responses was conducted using the Pearson correlation. The findings of the study reveal that managers and subordinates set objectives jointly. However, they are not participants in the evaluation of the municipality’s performance. The research indicated that the key performance areas lacked uniformity, and therefore, created silos in the municipality. The key performance indicators were developed without the involvement of the communities or employees, especially at the lower level of management. The training provided does not capacitate employees to work effectively with the balanced scorecard. The performance management system at the City of Johannesburg is not service oriented, therefore, it is suggested that a model referred to as a convergent model of service delivery-oriented performance management system be used. The aim of the creation of the convergent model could ensure that the performance management system serves as a significant measuring tool and is geared towards the effective delivery of services at all times.
INTRODUCTION

The ineffectiveness of service delivery at grass-roots level has resulted in the introduction and application of performance management systems to municipalities\textsuperscript{1} in South Africa\textsuperscript{2}. Municipalities in South Africa are using performance management systems and the balanced scorecard to improve efficiency and effectiveness of service delivery as well as to reinforce accountability. The latter is important since municipalities are held accountable for the utilisation of a municipality's resources and the quality of service delivery they ultimately render (Hegewisch & Larsen 1996:6; Boland & Fowler 2000:417; Lawrie et al. 2004:353; Radnor & McGuire 2004:245-256; Halachmi 2005:502). Accordingly, the City of Johannesburg has implemented its own performance system, in 2003 with the objective of putting the balanced scorecard into practice in order to enhance its performance to impact positively on service delivery to its residents (City of Johannesburg 2007:34). The article investigates the impact of the performance management system on service delivery in the City of Johannesburg as a case study. It is proposed that a better designed performance management system for the City of Johannesburg that may assist in improving service delivery to its residents.

BACKGROUND AND RATIONALE

Performance management involves the processes of planning, reviewing, rewarding and developing performance (Schneier et al. 1987:231). Thus, the processes are part of the performance management process, and are expected to be embedded in the human resource management function (Armstrong 1996:176). Additionally, performance management is a process ascertaining that employees are aware of the organisation's vision and mission statements, which enables them to comprehend their roles in the organisation, thereby improving the organisation's overall performance (Edmonstone 1996:9). Following from these definitions, performance management consists of four key processes, namely “planning; reviewing (also called measurement in other performance management literature); rewarding; and developing performance” (Brumback 2003:168).

In order to implement the performance measurement effectively, organisations may have to utilise the balanced scorecard. The balanced scorecard is an evaluation technique used in measuring performance during the performance appraisal process (Holzer & Kloby 2005:517; Sureshchandar & Leisten 2005:12; Greiling 2006:449). The balanced scorecard is a measurement instrument that enables an organisation to increase shareholders wealth and satisfy customers' needs. To achieve these fundamental aims, each employee's performance should be integrated in the overall organisation's strategy. Successful integration of employees' performances to the overall organisation's strategy is dependent on setting clear and achievable goals, effective communication, training and development, and linking rewards to performance (Kaplan & Norton 2006:7). De Waal and Gerritsen-Medema (2006:26), as well as Ingram and McDonnell (1996:38), argue that in order to make a performance management system successful, both the structure of the performance management system and the performance-driven behaviour of the organisation need to be of high quality. An appropriate method to assess this statement can be “performance management analysis that looks at both the structural and the behavioural side of performance management.
The structural side deals with structure, which needs to be implemented in order to use performance management. It usually includes critical success factors and key performance indicators of the Balanced Scorecard” (Greiling 2005:551). The behavioural dimension considers how employees utilise a performance management system in an organisation (Natale et al. 1995:6; Arora 2002:240). Both dimensions are unvaryingly imperative to implement a performance management system successfully in any organisation.

PERFORMANCE MANAGEMENT SYSTEM AND THE BALANCED SCORECARD

Performance management is defined, as a strategic approach, which provides a set of tools, and techniques to plan regularly, monitor, measure, and review performance of the organisation and individuals (Municipality Performance Management Framework 2009:6).

The City of Johannesburg introduced the performance management system in 2001, thus meeting with the constitutional requirements to implement the system for improved delivery of services. The implementation of a performance management system complies with the Local Government: Municipal Systems Act, 32 of 2000. This legislation regulates the manner in which the performance management system is operationalised and how the Balanced Scorecard should be utilised. Furthermore, the Municipal Systems Act, 2000 requires the consistent application of PMS across municipalities with the penultimate aim of providing effective and efficient service delivery to communities (Municipal Performance Management Framework 2009:9).

Objectives of the performance management system

The objectives of the performance management system in the City of Johannesburg are to develop viable programmes to achieve targets and political priorities. It also establishes linkages between planning and budgeting; designs a performance measurement system that will improve performance. It will improve accountability between community and the municipal council, its political and administrative components, units or departments, and the office of the municipal manager. The system will furthermore facilitate learning and development of employees throughout the municipality; provide political leadership and management with warnings about potential hazards that could cripple the effective management of and operations within the municipality. An additional benefit is the establishment of a performance-oriented culture across the city; and will simultaneously ensure compatibility of the Service Delivery and Budget Implementation Plans (SDBIP) with the Integrated Development Plan’s political priorities (Municipality Performance Management Framework 2009: 6, 14).

Balanced scorecard

The balanced scorecard instrument is implemented at four levels within the City of Johannesburg, namely group level, sector level, departmental or municipal entity level, and individual level as depicted in Figure 1.

The city manager is authorised to approve the draft sector scorecard. After receiving consent from the city manager, the draft is submitted to the performance audit committee.
The draft, after receiving inputs and feedback comments from the committee, is submitted to the mayoral committee. The mayoral committee submits the recommendations to the council for final acceptance for implementation (Figure 2).

**Figure 1 Balanced scorecard: City of Johannesburg**

![Balanced scorecard diagram](image)

**Source** Municipality Performance Management Framework (2009:17)

**Figure 2 Performance management system review**

Completion of Reviews Against Group and Individual Performance Requirements / Scorecards Provides the Basis for Auditing, Evaluation and Moderation

- Audits the entire performance management system
- Reviews the performance of the City (SDBIP)
- Reviews the performance of sectors
- Prepares and submits a Report to the Performance Evaluation Panel and the Council

- Evaluates the performance of the City Manager
- Evaluates the performance of all managers directly accountable to the City Manager
- Evaluates the performance of all Managing Directors and Chief Executive Officers of the Municipal Entities
- Moderates the outcomes of individual performance review sessions
- Recommends individual performance rewards in line with the City’s reward framework
- Submits recommendations to the Mayoral Committee

- Moderates the outcomes of the evaluation process
- Recommends individual performance rewards in line with the City’s reward framework
- Submits recommendations to the Council

- Evaluates City performance
- Adopts the Annual report for the City
- Considers performance evaluation recommendations of the Mayoral Committee
- Approves individual performance rewards

**Source** Municipality Performance Management Framework (2009:42)
At the heart of the performance management system, as amended by the City of Johannesburg, are the five inter-related phases, namely performance planning; performance execution (monitoring and coaching); performance reviewing and reporting; performance auditing, evaluation and moderation; and managing the outcomes of the performance management process (Municipality Performance Management Framework 2009:17).

Challenges

The main problem researched in this study concerned the design of the performance management system. It is argued that the existing performance management system is implemented ineffectively (Integrated Development Plan 2004/2005:314). Both the improper design and ineffective implementation of the performance management system have led to poor service delivery in the City of Johannesburg (Integrated Development Plan 2004/2005:314).

The Auditor-General’s report (On the implementation of the PFMA 2013-2014) highlights an improvement in the overall audit outcome for the 2013-2014 financial year. The improvement could be attributed to effective implementation plans and improved oversight by the political and managerial leaders in the municipality. However, the Auditor-General also expressed concerns on the following issues:

- lack of review of annual performance plans;
- lack of credibility of performance reports;
- inadequate review of performance and financial information by the internal audit;
- failure by entities to comply with National Treasury’s framework;
- lack of progress in implementing the information technology governance framework as approved by the Cabinet; and
- lack of performance management for employees other than senior managers.

The City of Johannesburg has initiated the balanced scorecard during the 2003/2004 financial year in order to improve its operational processes and improve service delivery (Integrated Development Plan 2004/2005:314). The balanced scorecard, unfortunately, currently is utilised by the City of Johannesburg without due consideration of the critical processes such as planning, rewarding, and human capital development that is required for an effective performance management system (Integrated Development Plan 2004/2005:314).

There are implementation failures, which remain unrecorded in organisations where performance management systems are implemented (De Waal 2007:73-74). Put differently, there is a gap in the literature regarding the implementation of performance management systems and balanced scorecards in municipalities (Manville 2007:62). An important reason for the low rate of implementation success is the fact that behavioural factors of performance (Manville 2007:162) that may have negative impact on efficient execution of the performance management system are too often ignored.

The performance management system is imperative to review the performance of an organisation and has a positive impact on the delivery of services offered. The City of Johannesburg, for example, has “been reported, inter alia, to have made a 65% reduction (below the target of 75%) on the reparation of the reported potholes in city streets as a result of the ineffective implementation of the performance management system and sole use of a balanced scorecard” (City of Johannesburg 2008:3).
Research findings

The size of the sample was decided upon using Gomm’s (2008:146) guidelines on sufficient sample size for each population size. The sample size drawn for the target population of 15 000 employees was 381 employees. For each region, 55 residents were selected. Thus, the total sampled residents from all regions numbered 385 residents. The study consisted of a survey design in which a different questionnaire (designed to utilise a Likert scale) was distributed to the respondents. Two statistical methods were used to analyse data; frequency analysis and correlation analysis methods. Statistical analysis was utilised to establish whether any correlation relationship exists between the performance management system and service delivery in the City of Johannesburg. The aim, put differently, was to establish whether the performance management system has any significant relationship with service delivery in the City of Johannesburg. Equally significant was to determine the magnitude of the relationship between the performance management system and service delivery.

The following guidelines were adhered to in respect of the strength of the correlation:

- Ranges between the $r$ values of 0.10 to 0.29 reflect weak correlations or relationships
- Ranges between the $r$ values of 0.30 to 0.49 represent a moderate correlation or relationship
- Ranges between $r$-values of 0.50 and above are indicative of strong relations or relationship (Ghauri & Gronhaug 2005:181).

Correlation analysis in the study

In Table 1, the coded numbers B1 and B2 represent the questionnaire statements, respectively: “The City of Johannesburg provides adequate health services” and “The City of Johannesburg provides effective library services.” These services are considered collectively as social services in this article.

<table>
<thead>
<tr>
<th></th>
<th>Performance Management System</th>
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<tbody>
<tr>
<td>B1</td>
<td>Pearson correlation</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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<td></td>
<td>N</td>
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<td>B2</td>
<td>Pearson correlation</td>
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<td>Sig. (2-tailed)</td>
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*Correlation is significant at the 0.05 level (2-tailed)

The correlation coefficient for B1 and performance management system is -.187 and for B2 and performance management system is -.080 both of which represent a negative correlation. In accordance with the guidelines previously outlined, the $r$ value for the correlation of B1 and performance management system is between 0.10 and 0.29, thus
reflecting a weak correlation \( (r = .187; \text{N}=171; \text{p}=.015) \). Thus, there is a **weak** correlation between the performance management system and provision of adequate health services.

There is no relationship between the performance management system and B2 \( (r = -.080; \text{N}=171; \text{p}=.300) \). Thus, no relationship exists between the performance management system and the provision of effective library services. The results indicate that the performance management system of the City of Johannesburg is not oriented towards the provision of effective and efficient social services. It would be correct to assert that the performance management system is designed and implemented to improve internal operational processes without due consideration of the satisfaction of residents’ needs.

The coded numbers B3 and B4 from Table 2 represent the following questionnaire statements respectively: “The City of Johannesburg issues accurate tax and rates accounts” and “The City of Johannesburg issues tax and rates accounts in time.” The services collectively are referred to as billing services in this article.

**Table 2** Pearson correlation on performance management system and the provision of billing services

<table>
<thead>
<tr>
<th>B3</th>
<th>Pearson correlation</th>
<th>Sig. (2-tailed)</th>
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<tbody>
<tr>
<td></td>
<td>.128</td>
<td>.096</td>
<td>171</td>
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<tr>
<td>B4</td>
<td>Pearson correlation</td>
<td>-.056</td>
<td>.463</td>
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<td>171</td>
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*Correlation is significant at the 0.05 level (2-tailed)

The \( r \)-value for the correlation between B3 and performance management system is .128 and for the correlation of B4 and performance management system is -.056. Statistically there are no correlations between all these variables, thus confirming that no relationship exists between the performance management system and the issuing of tax and rates accounts \( (r = .128; \text{N} = 171; \text{p} = .096) \). Similarly, the relationship between the performance management system and issuing of tax and rates accounts in time is non-existent \( (r = -.056; \text{N} = 171; \text{p} = .463) \). Yet again, the results show the inward nature of performance management system in the City of Johannesburg. In the development and implementation of the performance management system, the views of residents are not taken into account.

The coded numbers in Table 3 represent the following questionnaire statements:

- B5 – “The City of Johannesburg removes garbage regularly.”
- B6 – “The City of Johannesburg fixes potholes regularly.”
- B7 – “The City of Johannesburg maintains street lights regularly.”
- B8 – “The City of Johannesburg maintains lawns, sidewalks and parks regularly.”
- B9 – “The City of Johannesburg maintains sewage system regularly.”

These services together are known as basic services in this article.
Table 3 Pearson correlation on the performance management system and provision of basic services

<table>
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<th>Performance Management System</th>
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<tr>
<td>B5</td>
<td>Pearson correlation</td>
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<td>Sig. (2-tailed)</td>
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<td>B6</td>
<td>Pearson correlation</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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<td>N</td>
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<tr>
<td>B7</td>
<td>Pearson correlation</td>
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<td>Sig. (2-tailed)</td>
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<td>N</td>
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<tr>
<td>B8</td>
<td>Pearson correlation</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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<td>N</td>
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<td>B9</td>
<td>Pearson correlation</td>
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<td></td>
<td>Sig. (2-tailed)</td>
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<td>N</td>
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</table>

*Correlation is significant at the 0.05 level (2-tailed)

From Table 3 the r-values are recorded as follows:
- for correlation between B5 and performance management system the r value is -.047; 
- for correlation between B6 and performance management system the r value is -.098
- for correlation between B7 and performance management system the r value is -.063 
- for correlation between B8 and performance management system the r value is -.141 
- for correlation between B9 and performance management system the r value is -.120

The results show a negative relationship for all cases. It can be argued that the relationship between the variables in all cases is not significant. By implication, the following correlations are recorded between variables:
- There is no relationship between the performance management system and removal of garbage (r = -.047; N = 171; p = .538).
- There is no association between the performance management system and the fixing of potholes (r = -.098; N = 171; p = .538).
- There is no correlation between the performance management system and maintenance of lights (r = -.063; N = 170; p = .414).
- The relationship between the performance management system and maintenance of lawns, sidewalks and parks is non-existent (r = -.141; N = 170; p = .067).
There is no correlation between the performance management system and maintenance of the sewage system \((r = -.120; N = 170; p = .120)\).

The results prove that the performance management system at the City of Johannesburg is not geared towards service delivery.

**RECOMMENDATION:**
THE CONVERGENT MODEL OF SERVICE DELIVERY-ORIENTED PERFORMANCE MANAGEMENT SYSTEM

The research indicates that the performance management system in the City of Johannesburg is not service oriented, it is proposed that a model that is to be called the *convergent model of service delivery-oriented performance management system* is introduced. The aim with the creation of this system is to ensure that the performance management system is at all times geared towards the effective delivery of services (Figure 3).

**Figure 3: Convergent framework of service delivery-oriented PMS**
The model departs from the premise that every activity in the development phase, implementation phase, and the evaluation of the performance management system, of necessity, should be executed judiciously to give effect to effective and efficient service delivery to the communities in the City of Johannesburg. Activities at every phase of the performance management system should converge to result in effective and efficient service delivery to residents in the respective communities. The essence, referring to the model in Figure 3, is that both the government with its three spheres of government, as well as all employees, unions, and the community, should form integral parts of the planning of the performance management system. The research only concentrated on service delivery to the residents and not suppliers, business or service providers, as one component of the community. However, in order to reap the rewards of the convergent model of service delivery-oriented performance management system the views of these key stakeholders should be taken into consideration.

In accordance with the convergent model of service delivery-oriented performance management system the government must set the tone in the development of the performance management system by tabling legislation pertaining to it. Currently, the South African government has promulgated a number of pieces of legislation aimed at regulating the municipalities in their administration and management specifically in prescribing the imperative for the development and implementation of a performance management system customised to each municipality’s material conditions. After the government has set the stage, the community and all levels of employees should converge to construct the vision of the municipality to portray that Municipality’s vision and mission statement to state unequivocally what its mandate is. If management conceives, the current vision and mission statement as capturing the aspirations of employees and communities, their opinions should be canvassed and the road shows held before implementing it. Briefly stated, the government, employees and community should converge to ensure that the vision and the mission statements of the municipality are aligned. Of course, the council still has to assess if the vision and mission statements comply with the legislative imperatives.

The community and all levels of employees should take the process forward by co-operatively developing the municipal Growth and Development Strategy and the formulation of a municipal Integrated Development Plan. The research has indicated that communities are not involved in the development of the key performance areas. Hence, the performance management system is not service-oriented in the Municipality now, the strategic performance outcomes or objectives should be set jointly with communities and employees that have also been found to be lacking in the current performance management system. In this study, employees have complained repeatedly that the strategic performance outcomes were difficult to achieve. The involvement of key stakeholders will obviate these undesirable consequences. It is also significant to involve labour unions in the setting of strategic performance outcomes to have their support earlier in the process, because they have the capability of mobilising against any system perceived to undermine workers’ rights.

The formulation of key performance areas and strategic performance outcomes should be followed by the process of performance measurement directed at evaluating the employee performance. Evidence in this study confirms that strategic alignment of key performance areas and strategic performance outcomes is non-existent and evidently not implemented. The appraisal of employee performance is aimed at monitoring progress towards the actualisation of key performance areas and the attainment of strategic performance outcomes. The latter
should be broken down into more specific performance objectives. Inter-linkages between the performance objectives and strategic performance outcomes are critical to maintain a convergent approach to a performance management system.

Objectives (MBO) should establish the performance objectives for teams and for individual objectives through the process of Management. The key performance indicators should be developed with the participation of the community stakeholder components, including the employees and managers of the municipality, to maintain convergence towards service delivery. Participation by stakeholders in the identification of key performance indicators in the City of Johannesburg is non-existent. The determination of key performance indicators ultimately leads to the development of the balanced scorecard pertinent to each category of employees. The key performance indicators of the balanced scorecard should be structured to follow the four dimensions of Kaplan and Norton’s balanced scorecard, namely the financial dimension, non-financial dimension, learning and innovation dimension, and internal business processes dimension.

The salient features of and the effectiveness with which the balanced scorecard should be implemented should be accorded due consideration in the implementation of the Municipality’s customised balanced scorecard. If the performance results prove that employees’ performance on key performance indicators fall below the pre-established performance standards, then training and development must be instituted for affected employees. In Figure 3, employees who underperform would have to receive compensation compatible with this performance. However, as previously indicated, the employees should be subjected to training to optimise performance, which will eventually lead to better rewards. The effectiveness of training and development should be obtained and maintained. The practice of compensation should take cognisance of factors linking to improved performance. Above all, the practice should be applicable to all categories of employees, not only Section 57 employees (i.e. employees appointed in terms of the Municipal Systems Act, 2000).

In contrast, performance results, which show that the performance of employees meets the set performance criteria, appropriate rewards should be awarded to relevant employees. Obviously, the processes of performance measurement, training and development and compensation are tuned to improve employee performance in various units or departments in the Municipality. Thus, the practice of these inextricable processes should not merely take note of internal operational processes but also take account of customers’ views of process development and execution, and their identified needs, if it has to be service oriented. Managers should evaluate the performance of employees, as Figure 3 demonstrates, to determine if it provides practical expression of the vision and mission, the Growth and Development Strategy and Integrated Development Plan, key performance areas and strategic performance outcomes. The attainment of employee performance outcomes translates into overall municipal performance, which like employee performance, should essentially be appraised by managers to gauge if it leads to the achievement of the stated vision and mission.

Similar evaluative actions should be taken by key components of the community, namely suppliers, service providers, residents, and business, to determine if the specific employee performance does in fact achieve the realisation of the stated vision and mission, the Growth and Development Strategy, Integrated Development Plan and key performance
areas. The same procedure should be followed when the overall municipality performance is measured. In essence, every stakeholder takes charge of the performance management activities to ascertain that these activities converge towards the realisation of the convergent service delivery-oriented performance management system. The government, as illustrated in the model in Figure 3, should take part in the evaluation exercise to determine if the municipality is reaching the required performance threshold. The study indicates that relevant stakeholders were not involved in the evaluation of the municipality’s performance, which this model could rectify

CONCLUSION

The article concludes with the fact that the performance management system should be applied throughout the Municipality to include all levels of management and employees. Performance of lower level managers and ordinary employees is equally relevant in the assessment of the Municipality’s overall performance. If lower-level managers and employees are rewarded according to their performance, they are likely to sustain the required performance whilst training of the employees who are performing below par will yield positive results. The inclusion of these categories of employees will engender the support and even cultivate the sense of ownership of the performance management system required for its success. In the same vein, residents have to be involved in the development of strategic performance outcomes. It is equally imperative that they should be involved in the evaluation of the extent to which the Municipality has reached the strategic performance outcomes. The bedrock of the effective appraisal of the Municipality’s performance is the effective implementation of a performance measurement system for employees across the municipality.

NOTES

1 The municipalities are required, in terms of the Municipal Systems Act, 32 of 2000, to establish a performance management system in their respective localities.

2 Globally, municipalities introduce a performance management system to improve service delivery (Mol & Beeres, 2005:533).

REFERENCES


Integrated Development Plan 2007 see City of Johannesburg.


Municipality Performance Management Framework see City of Johannesburg.


