Implementing performance management in local governance in South Africa

A case study of West Rand District Municipality

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ABSTRACT

The post-1994 era proclaimed a period of transition for municipalities in South Africa. Within the sphere of local government, performance management has been identified as a tool for promoting accountability. Together with strategic planning, benchmarking and continuous improvement, performance measurement forms the nucleus for managing for results in any sphere of government. The aim of this article is to assess the degree to which performance management has been implemented at the West Rand District Municipality. The West Rand District Municipality (WRDM) is a Category C Municipality, located on the South Western edge of Gauteng Province of South Africa. WRDM comprises four local municipalities namely, Mogale City, Merafong City, Randfontein and Westonaria. The stratified sampling approach was used in selecting the respondents that participated in the questionnaires. The article recommends that, performance management needs to be strengthened such that it measures the actual delivery of services and a formal performance management system needs to be designed. Also, as part of strengthening governance, local government through the councillors should report regularly to communities they serve. Though there is alignment in the process of planning, implementation and performance management, the conclusion of this article is that the systems for monitoring remain a challenge that needs to be addressed by local government.

INTRODUCTION

Performance management has been identified as a tool to promote accountability in local
government. It is seen as a driver for change local government and a mechanism for guiding the implementation of the Integrated Development Plan (IDP). Together with strategic planning, benchmarking and continuous improvement and performance measurement form the nucleus for managing for results.

Performance has been an issue in government for as long as government has been around (Van der Waldt 2004:34). At its inception performance was introduced as a possible way of strengthening the public sector (Kambuwa and Wallis 2002:5). The public organisation’s performance should constantly be scrutinised by the different stakeholders including politicians, citizens, service users and all government officials. Hence, public managers in the different spheres of government are under constant pressure to improve the performance and the quality of services that are delivered (Van der Waldt 2004:170). The article examines the broad concept of performance management within local government, discusses the research problem, methodology and research area. Finally, the article discusses the analysis based on the results of the research and conclusion.

**WHY PERFORMANCE MANAGEMENT?**

Performance management aims to maximise the qualitative value of the relationship between inputs, activities, outputs and outcomes. It also provides methodologies required to gear the organisation towards the service delivery priorities identified during the strategic planning process (Minnaar 2010:1). The main components of the Performance Management System include setting indicators, including outcomes and impact, linked to the municipal Integrated Development Plan setting measurable targets, performance monitoring, review, performance improvement and regular reporting (Kambuwa and Wallis 2002:5). The Integrated Development Plan is a prerequisite for a Performance Management System to play a key role in promoting better implementation. Performance ideology suggests that activities must be clearly defined and understood as separate to outputs and outcomes (Haynes 2003:93). With the inputs being what makes the activities to occur, whereas the activities produce outputs and outcomes (Haynes 2003:93).

**THE RESEARCH PROBLEM**

Municipalities are required by the *Local Government: Municipal Systems Act, 32 of 2000* to develop an Integrated Development Plan as a strategic plan for the municipality to achieve its developmental goals. Integrated Development Plans are a good concept aimed at ensuring synergy in the planning processes. However, implementation still remains a challenge. There is a tool for performance monitoring and evaluation that is supposed to be utilised, but there are still gaps in efficiency and effectiveness of performance monitoring. Based on the above observations, the key objectives of this research were to:

- analyse the extent of alignment between planning, implementation and performance management; and
- evaluate the extent to which performance management and measurement contribute in fast-tracking and improving of service delivery.
RESEARCH METHODOLOGY AND DESIGN

As part of the research process, both primary and secondary data were gathered to conduct an analysis of the implementation of performance management in the District Municipality. Secondary data entailed the collection of literature for definition and discussion of different concepts that are relevant to the topic such as governance, project planning, development planning, project implementation, community participation and service delivery among others. The literature utilised in conducting this research included sources such as academic books, journals, dissertations/theses, newspaper articles, local government publications, local government legislation and policies.

The next stage after secondary data was the collection of primary data which was collected through administering questionnaires to the key respondents within the different categories. The questionnaire that was utilised in gathering primary data was mainly quantitative in nature with a portion that was qualitative. The researchers distributed questionnaires and also explored the findings of various primary researches done in this area of study.

Sample size

The total number of people that took part on this research was 80, both from the West Rand District Municipality and the Westonaria Local Municipality. Prior to the administering of the questionnaires a formal request to conduct research was made to the relevant authorities following the appropriate procedures.

Respondents

The categories of respondents (both from the district and the local municipality) were political leaders (politicians); senior management of both municipalities; municipal officials responsible for project management, planning and implementation; officials from the provincial Department of Local Government and Housing; South African Local Government Association officials; Integrated Development Planning officials; and community representatives.

THE RESEARCH AREA AT A GLANCE

The West Rand District Municipality (WRDM) is a Category C Municipality, located on the South Western edge of Gauteng Province. WRDM comprises four local municipalities namely, Mogale City, Merafong City, Randfontein and Westonaria. The WRDM is serviced by national, provincial and local roads, N12 and N14 which are the two national roads running parallel to each other, forming a strong south-east to north-west linkage. These routes generally provide good regional access between the WRDM and Johannesburg to the east, Pretoria to the north and the North West Province to the north-west. The R28 acts as a seam in the context of the District connecting the main movement lines in a north-south direction. The R500 provides the north-south direction connecting to the N14 to the north.
The whole of West Rand region has a population of 848,597 and covers approximately 4,095 km² in size (West Rand District Municipality IDP 2011/12 to 2015/16).

**THE CONCEPT OF PERFORMANCE MANAGEMENT**

Performance is one of the principles or characteristics of governance and it refers to the ability of the responsible agency to undertake required functions and the capacity to undertake a regular and comprehensive review of progress towards goals, and to respond to findings (Shipley and Kovacs 2008:217). It is essentially about using best business practices to enhance organisational performance. As a foundation, strategic planning is one way of assuring that the organisation assuredly accomplishes its ends. The researchers have concluded that there is a strong correlation between strategic planning and organisational effectiveness (Carver 1990 and Bradshaw 1992 cited in Taylor 2000:111). Thus better strategic planning results in better organisational performance.

Linked to the issue of performance are the terms *governance* and *good governance* which are said to be somehow related to the performance of government, the political institution responsible for exercising the executive power of the state (Elahi 2009:1168).

Within the local government context in South Africa, the Integrated Development Plan incorporates a system of performance management and performance budgeting. The intention of this is to ensure that the municipality has appropriately prioritised its budget and is to monitor and report on its performance against clear measurement criteria. Performance planning commences with the review of the Integrated Development Plan. It is important to ensure that the Performance Management System is an extension of the Integrated Development Plan since PMS is the tool that is used to monitor the implementation of the Integrated Development Plan and as well report back on the extent of its implementation.

Performance management is the systematic process of:
- planning work and setting expectations;
- continually monitoring performance;
- developing the capacity to perform;
- periodically rating performance in a summary fashion; and

In an effective organisation, work is planned out in advance. Planning means setting performance expectations and goals for individuals to channel their efforts towards achieving organisational objectives (De Waal and Counet 2009:108). In addition to that, a Performance Management System draws together both the management and other employees to work towards achieving the overall organisations goal. Getting employees involved in the planning process will assist them to understand the goals of the organisation, what needs to be done, why it needs to be done, and how well it should be done (Carpinetti, Galdamez and Gerolamo 2008:411).

Shipley and Kovacs (2008:218) outline eight different criteria for performance as follows:
- cost effectiveness: the efficiency in the achievement of objectives;
- capacity: the ability of the responsible agency to undertake required functions. It also refers to policy capacity and the adequacy and security of funding;
• co-ordination: the ability to synchronise the efforts of players;
• performance information to the public requires provision of sufficient information for the public to assess progress;
• responsiveness: an agency’s ability and inclination to deal with complaints and public criticism;
• monitoring and evaluation: the capacity to undertake regular and comprehensive review of progress toward goals, and to respond to findings;
• adaptive management: the ability to learn and adjust management based on experience; and
• risk management: the capacity to identify key potential problems and to prepare for them.

Performance management considers the following key aspects as part of a broader Performance Management System, namely Monitoring, Evaluation, Rating, Rewarding and Reporting.

**Monitoring**

Monitoring is a continuous process aimed at early detection of performance deviation in order for it to be addressed prior to reaching devastating impact on the measurable performance of the institution (Minnaar 2010:157). Performance monitoring involves tracking of performance on an on-going basis, in order to determine whether the achievement of objectives is likely to occur (Van der Waldt 2004:67). Performance should be monitored in order to ensure that implementation is done according to plans Van der Waldt (2004:95). This should not be limited to financial performance, but also consider non-financial performance. This aims to improve the efficiency and effectiveness of the project or organisation. It is based on targets set and activities planned during planning phases of work.

In an effective organisation, activities and projects are monitored continually. Monitoring well means consistently measuring performance and providing on-going feedback to employees and work groups on their progress toward reaching their goals. The regulatory requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and set standards.

If performance is monitored challenges will be identified and addressed prior to causing negative impact on the end result (Syamil, Doll and Apigian 2004:209). Therefore, the monitoring of performance provides early-warning signals. Implementing and managing a performance measuring system assists to concentrate in the key performance factors and stimulate decision making according to the information analysis that contributes positively towards the performance management of any organisation (Carpinetti et al., 2008:412).

**Evaluation**

Evaluation is an in-depth process of investigation which assesses whether or not the stated objectives have been reached, and the nature of the process undertaken (Van der Waldt 2004:67). It is the comparison of actual project impacts against the agreed strategic plans (Minnaar 2010:157). It considers what was planned, what was achieved and how it was
achieved. Performance evaluation is important for government in order to determine whether it is meeting the previously established goals and objectives of a specific programme at a specific time. It has a crucial role to play in performance management because it can be utilised to determine whether or not Performance Management is succeeding (Van der Waldt 2004:239). It is defined as a cyclical process that starts with strategic planning and moves through programme implementation and monitoring to performance evaluation (Van der Waldt, Van Niekerk, Doyle, Knipe and Du Toit 2002:32). The said alignment between planning, implementation, monitoring, evaluation and reporting is critical to good resource management. Evaluation of performance reflects whether departments or the organisation is achieving the objectives or outcomes identified in their strategic plans.

There are some similarities between the two terms (monitoring and evaluation) because they are both aimed at learning from what is being done and how it is being done by focusing on efficiency, effectiveness and impact. Both monitoring and evaluation depend mainly on timely and relevant information (Van der Waldt 2004:95). Users and citizens have a central role to play in monitoring and evaluation. Hence stakeholder involvement at all stages of the process of measuring, monitoring and evaluation is important (Gaster 2003:98).

**Rating**

From time to time, organisations find it useful to summarise employee performance. This assists with comparing performance over time or across a set of employees. Organisations need to know who their best performers are. Within the context of formal performance appraisal requirements, rating means evaluating employee or group performance against the elements and standards in an employee’s performance plan and assigning a summary rating of record.

**Rewarding**

In an effective organisation, rewards are used often and well. Rewarding means recognising employees, individually and as members of groups, for their performance and acknowledging their contributions to the institution’s mission. A basic principle of effective management is that all behaviour is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative. The development of Performance Management System is being advocated in the Local Government: Municipal Systems Act, 32 of 2000 which stipulates that all municipalities are required among other things, to develop a Performance Management System, monitor and review performance based on the indicators linked to the Integrated Development Plan.

**Reporting**

Performance Management System is a method of reporting critical matters, motivating employees, promoting control and accountability and also intervening where required (Nelly 1998, Fisher 1995 and Haas and Kleingeld 1998 cited in Radnor and Barnes, 2007:389). The main goal of every project is success. Therefore utilising Performance Management System helps in assessing success (Najmi, Ehsani, Sharbatoghlie and Saidi-Mehrabad 2009:114), and
assists in improving service delivery and in advancing performance (De Waal and Counet 2009:108). The success of every project is linked to performance measures which are ultimately aligned to the overall project objective, and put emphasis on the importance of measuring performance.

**EFFICIENCY AND EFFECTIVENESS**

Performance is seen in the light of two critical characteristics i.e. efficiency and effectiveness, argue Radnor and Barnes (2007:390), hence a suitable system is required in measuring the said characteristics (Najmi et al. 2009:114). Efficiency is concerned about doing things right, whilst effectiveness refers to doing the right things right.

According to Elahi (2009:1170) efficiency and effectiveness require a process where institutions produce results that meet needs while making the best use of resources. Good governance requires processes and institutions to produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Performance measurement by its nature focuses on efficiency, productivity and utilisation. Also performance management focuses on effectiveness through building on performance measurement. Lebas (1995) cited in Radnor and Barnes (2007:391) indicates that though performance management and measurement’s procedures are distinct they are interlinked. It is of public interest that municipalities performs in an efficient manner.

Holzer and Kloby (2005:521) make an observation that most organisations focus on accountability particularly measuring and reporting performance or progress. Accountability is crucial for government to have credibility with the different stakeholders. This system continuously monitors and reports the progress based on the goals (Najmi et al. 2009:114). This system will therefore indicate in detail exactly what is happening in a particular project. According to Neely (1997) cited in Radnor and Barnes (2007:390) supported by Najmi et al. (2009:114) performance measurement is regarded as a way of enumerating efficiency and effectiveness. Holzer and Kloby (2005:519) add that measuring performance also contributes towards increasing productivity. Neely (1995) cited in Najmi et al. (2009:114) further elaborate that measuring performance is regarded as a metric used to quantify both the efficiency and effectiveness of an action.

Performance is evaluated according to cost, quality and time which is known as the project triangle (Syamil et al., 2004:208). The extent of compliance with predetermined cost and time is considered as an efficiency indicator and the extent of compliance with expected quality is considered as an effectiveness indicator (Najmi et al. 2009:115). Holzer and Kloby (2005:522) emphasise that measuring performance helps in creating a shift from subjective personal measures of performance to objective, empirical gauge. However, what is crucial is measuring the right things and using those measures as the basis for managing performance improvement (Radnor and Barnes 2007:388).

There must be sufficient resources (budget) and capacity (people) available for the implementation (De Waal and Counet 2009:109). In order for a Performance Management System to be successful it is crucial that management prioritises its implementation and also
commit to its implementation and functioning so that other employees take it seriously and also prioritise utilising the system (De Waal and Counet 2009:109). Buy-in from management and the employees is crucial for the success. When management and employees see its purpose then the implementation will be delayed or even not fully utilised.

Holzer and Kloby (2005:525) recommend that effective measurement systems are capable of addressing questions such as:

- Is an agency doing its job?
- Is it creating unintended side effects or producing unanticipated impacts?
- Is it responsive to the public?
- Is it fair to all, or does it favour certain groups, either inadvertently or deliberately?
- Does it keep within its proper bounds of authorised activity?
- Overall, is it productive?

**PERFORMANCE BUDGETING**

The budget, according to Van der Waldt et al. (2002:10), serves the following functions:

- Policy declaration: through presenting government goals to the citizens. For instance the beneficiaries of government services have to go through the content of the budget to determine the ways in which community needs will be addressed.
- Source of information: it determines the proposed activities that government aims to undertake.
- Work programme: aims to guide the authorities/ functions tasked to undertake the aims of government. If further serves a guideline for the detailed programmes on which officials can base their operational activities.
- Control measure: the budget can also be utilised to determine if key activities were done in accordance with the legislative prescriptions. The budget is an important document for rational decision making.

South Africa has laid a foundation for a shift to performance budgeting, but beyond that the Act 56 of 2003 (MFMA) assists the implementation of a budget-analysis process by prescribing a reporting cycle with specific time-frames and a content guide for departmental reports (Van der Waldt 2004:121). The process of monitoring and measuring performance and service delivery process provides valuable information to a manager’s contributing to better planning and budgeting within departments and enhancing service delivery to communities (Van der Waldt 2004:178). Successful integration is crucial in the implementation of an appropriate PMS that contains financial and operational management data. Beyond that monitoring and measuring performance and service delivery are key elements of Medium-Term budgeting (Van der Waldt 2004:178).

**HUMAN AND INDIVIDUAL PERFORMANCE MANAGEMENT**

Performance management ideology is aimed at achieving better results through people (Van der Waldt 2004:205). Human Performance Management aims to assist managers to get
improved performance from their employees, who will be rewarded accordingly. Human Performance Management is concerned with the development of potential so that employees are capable of taking on greater responsibility and thus earn even higher rewards (Van der Waldt 2004:205).

In municipalities, the Performance Management System is accompanied by the performance contracts or agreements for public servants which has been one way of ensuring that services are delivered. Gaster (2003:91) emphasises that performance measurement for quality, in the environment within which most public service workers now operate, needs to have clear benefits to the employees, public and the organisation. Furthermore performance in government is important to communities in the same way as it is to officials (Van der Waldt 2004:33). It is about doing the work, as well as the results achieved, according to Otlay (1999) cited in Van der Waldt (2004:34). Performance Management is a system which management harnesses the endeavours of individual managers and works towards an organisation’s strategic goals (Van der Waldt 2004:39).

A performance agreement, also known as a performance contract, defines expectations, the work to be done, the results to be achieved and the attributes (skills, knowledge and expertise) and the competencies required to achieve these results. A critical component in service delivery is at the individual performance level (Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner 2006:107). In this instance there has to be accountability that is linked to job descriptions and delegation of authority, education and training, commitment to delivering services, ethical conduct, effective placement in both back and front office, and appropriate performance management in areas of rewards and discipline (Nel et al. 2006:107).

The development of individual performance agreements or scorecards poses a number of challenges for municipalities. Municipalities are continuously challenged to develop meaningful goals and objectives for individual employees. Annual appraisal is fraught with disagreements on issues varying from the actual meaning of the indicators. All employees require opportunities to demonstrate how their specific actions are making the difference and helping the municipality fulfil its strategic objectives.

Individual performance scorecards aim to change behaviour through communication. The aim is to realise the intended strategy. The particular interventions that the municipality make in order to learn, improve internal business processes, or fulfil the expectations of its communities, must be based on the conviction that these interventions constitute the best path to the future. Individual performance scorecards translate the Integrated Development Plan into terms that are meaningful for municipal employees in their everyday activities.

Van der Waldt (2004:205) views Performance Management as a tool for integration at two levels in organisation:

- at the organisational level Performance Management links individual and team performance to strategic goals through an appropriate organisation and management framework; and
- at the individual level, it links all the people management processes to the strategic goals and does so coherently, in a process that starts with human resource planning, knowing what the purpose of a job is and what competencies are required to do it as well as the basis for the processes designed to attract, retain, support and develop staff and set them up to succeed.
Nel et al. (2006:109) argues that performance management provides an opportunity to link an individual’s performance with institutional performance. In a sense that institutional key performance areas (strategic and the operational plans) should be linked to the key result areas in the performance agreements of senior management. The strategic and the operational plans of an organisation in turn should be cascaded into the key performance areas of the subordinate staff. In defining key performance areas, emphasis should be placed on measurability.

Progress with attaining goals linked to the operational plans performance agreements of employees should be rigorously monitored and reported upon, at least on a quarterly basis. This should be the opportunity to identify problems that may impact on delivery and solutions to redirect delivery. Rewards-delivery should only be allocated to above-average performers, while under-achievers should be disciplined where skills development and motivation fail. Ultimately the focus should be on getting underachievers to shape up or ship out (Nel et al. 2006:109).

In an effective organisation, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or other methods. Providing employees with training and developmental opportunities encourage good performance, strengthen job-related skills and competencies, and help employees keep up with changes in the workplace, such as the introduction of new technology.

**PERFORMANCE ASSESSMENTS VERSUS APPRAISAL**

Performance Appraisal and Assessment are two terms that are different but interrelated and it is important to differentiate between them. Performance Assessment is defined as the process by which an employee’s contribution to the organisation during a specified period of time is assessed. Assessment means making a judgment about measuring a person’s performance against standards (Van der Waldt 2004:243). Whilst appraisal is the process of reviewing and making decisions about past performance with the performance, prior to planning for the future (Van der Waldt 2004:243). Evaluation of the Human Performance Management is done through the performance appraisal. Liff (2011:139) argues that the performance standards are crucial components of the Appraisal Plan because the said standards are the basis for measuring the performance of the employees. Alignment of the standards with the organisational goals is important so that whilst employees are performing consequently the organisation performs as well. Contrary, if these are not aligned, people will focus on different things are not in the organisations best interest (Liff 2011:140).

It is important to be cautious about setting clear objectives because of the danger that bias and emotion may enter, perhaps unconsciously, to sway employees’ judgments (Van der Waldt 2004:224). The reason being that objectives form a visible set of criteria against which a choice will be made. Beyond that objectives constitute the should for the employee as a set of guidelines against which to model his or her own performance (Van der Waldt 2004:224). In addition, it is important for both the supervisor and supervisee to understand the set objectives for the job because that will give the basis for evaluating performance.
Analysis Based on the Results of the Research

Democracy has brought a lot of lessons to the sphere of Local Government and South Africa as a whole. Hence, there are a number of successes achieved from which lessons could be drawn on the implementation of performance management within the sphere of local government, but challenges still lie ahead.

The pioneering of the Constitution of the Republic of South Africa, 1996 creates a culture and environment in which the public sector should operate in support of good governance. Some legislative frameworks governing local government reflect the doctrine of governance in which the different principles of good governance should be adhered to. Nevertheless, the responsibility still lies with the municipalities’ political and administrative leaders to instil a culture of performance within the subordinates in the sphere of local government as a whole towards achieving the set vision.

For holistic governance in local government to be achieved, there are relevant aspects that are crucial in the process of which adherence to the regulatory and policy frameworks within local government is amongst these key characteristics. The Integrated Development Plans are good frameworks for enhancing intergovernmental relations hence fully utilising them will achieve its essence in being the ‘plan’ of the state as the whole.

In order to further enhance governance in the sphere of local government with specific focus on the study area, the following assumptions and recommendations are made:

- Monitoring and evaluating by tracking the progress is one way of instilling the culture of good governance because it encourages transparency and the accessibility of information and it strengthens accountability.
- Performance-management need to be strengthened such that it measures the actual delivery. Reporting of municipal performance also need to be done as legislated and be accurate, thorough and also user-friendly.
- A formal performance management system need to be designed both for senior managers and also for the councillors and also monitored accordingly in executing their responsibility.
- Participatory monitoring and evaluation is extremely important since it assists in addressing challenges as they arise and provide the basis for influencing and scaling up.
- Local government through the councillors should report regularly and also in detail to the community, because it is through reporting to the public that continuous feedback on the local government projects gets known to the public.

Conclusion

There is a strong correlation between planning, implementation and performance management. This linkage is based on the fact that the projects are planned in the Integrated Development Plan which is the strategic planning tool for the municipality. These later get implemented and their implementations are monitored accordingly. There are plans in place in the form of Integrated Development Plans, but effective implementation still remains a challenge. Also though the Integrated Development Plans exist at the local government...
sphere, there is lack of adherence with them at the provincial and national spheres, which means fragmentation and lack of true integration still remain.

Though there is alignment on the process of planning, implementation and performance management, the systems for monitoring remain a challenge that needs to be addressed by local government. As indicated above monitoring is done, but linking organisational performance and individual performance is sub-standard, including the processes for appraising employee performance.

NOTE

1 Paper presented at the IASIA 2014 Conference, Port Elizabeth, South Africa.

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