

Human Capital Development in Local Government and the search for a Capable State

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ABSTRACT

Any organisation's functioning is dependent on the people involved in it and their ability to optimally work towards the organisation's mandate. In a highly competitive world, career success and accompanying rewards play a significant role in the lives of individuals. In return for contributing to the organisational mandate, people would like to believe and feel that they are equally rewarded. These rewards may of course take on many forms, what is important is that people want to feel appreciated in their work environment.

In outlining the basic values and principles governing public administration, Section 195(1)(a) of the Constitution of the Republic of South Africa, 1996 provides for the promotion and maintenance of a high standard of professional ethics. Section 195(1)(h) furthermore provides for the cultivation of good human resource management and career development practices to maximise human potential. Linked to these constitutional provisions, chapter 13 of the National Development Plan Vision 2030, deals with the strategic development and service delivery blueprint of the South African government, for the creation of a capable state, promoting the notion of "making the public service and local government careers of choice".

For any organisation to be regarded as capable, it can be assumed that it has to achieve results attached to the functions associated with such an organisation. According to a study conducted by Matebesi (2015), protest action by local communities in South Africa had increased from approximately 10 in 2004 to 111 in 2010 to 173 in 2012. In the first nine months of 2014, 134 demonstrations were recorded. The study defined service delivery protests as "collective action taken by a community which was directed at a local municipality over poor or inadequate provision of basic services". Based on this study, one could easily be tempted to argue against the capability of local government organisations in South Africa. Although it would obviously be an unbalanced approach to use the number



of service delivery protests as the only yardstick to measure local government capability, it has to be recognised that the ability of South African municipalities to provide in the basic service delivery and developmental needs of local communities, is under constant scrutiny. The results of the recently concluded local government elections, in which the governing African National Congress lost control in key municipalities in the country, are seen by many, as an additional indication that the supposed recipients of municipal services are not satisfied with the performance of municipal organisations.

This article will, on the basis of the above, examine the issue of human capital development in local government. It will attempt to ascertain how career professionals in municipalities feature in the seemingly challenging environment of local government. The article will furthermore, based on career development literature, determine, what a career of choice as outlined in the NDP, constitutes. The ultimate aim is to use the theoretical foundations of this article for follow-up empirical research in local government.

INTRODUCTION

The National Development Plan's emphasis on a *capable* state could, in the South African context, be interpreted to refer to either a recognition that in order to achieve any government objectives, a *well-oiled* government machinery is imperative or that potential shortcomings exist in the way in which the current government machinery is functioning. Which of the two is most likely applicable probably depends on which side of the political spectrum people view it from. From a neutral and objective observer perspective, it is necessary to contemplate all the factors applicable to ensure that government operations lead to the realisation of government objectives which in turn leads to acceptable service rendering to communities which will in the end enhance the credibility of government with the population.

Much has been said about local government and its inability to perform at a credible level in the eyes of an expectant public. The fact remains that within the significant role assigned to local government in South Africa's constitutional dispensation and its proximity to the real issues that affect ordinary people on a daily basis, local government remains the potential *flag bearer* of the South African government. It illustrates its commitment to act in a manner that will create an environment in which each citizen can reach their full potential. In order for this to be achieved though, a core collective of people are needed that possess inherent to them a commitment, but also the skills and competencies attached to the specific role they fulfill in an effort to make local government work effectively and efficiently. Therefore, in the paragraphs that follow, the role of human capital development in the South African local government environment will be scrutinised. The article will be qualitative, analysing mostly scholarly literature on the variables under discussion. The article is, however, seen as an important basis for future empirical studies on human capital development in South African local government.

METHODOLOGY

The methodology applied in this article consists of mainly textual data in the form of published and/or unpublished documents, reports, journals and books on the subject. According to Maree (2016:88) this type of qualitative study can lay the foundation for later empirical investigations. The purpose, in the long term, is indeed to do a follow-up study consisting of empirical investigation in selected South African municipalities in order to ascertain the extent to which there are meaningful efforts to obtain effective development of human capital to ensure that municipalities are able to deliver on its constitutional and legislative mandate. This will especially be of significance in the aftermath of the recently conducted local government elections.

HUMAN CAPITAL DEVELOPMENT AS AN IMPERATIVE FOR THE MODERN ORGANISATION

According to Luthans, Luthans and Luthans (2004:45) academics and practitioners have, for years, maintained that sustained competitive advantage for organisations could accrue from industry level barriers such as “technological supremacy, patent protection and government regulations.” Luthans *et al.* (2004:45) continue to state that in the modern environment, requiring “flexibility, speed-to-market, effectively developing and managing employees’ knowledge, experiences and skills and expertise – collectively defined as ‘human capital’- has become a key success factor for sustained organizational performance”.

Hsu, Lin, Lawler & Wu (2007:253) argue that it is important for any organisation to maximise performance outcomes through the optimal deployment of existing resources and that one of the most important of these resources is human capital. Phillips & Gully (2014:99) illustrate that if *talented* employees are not deployed where they are needed, an organisation risks “missed market opportunities, poor customer service and revenue erosion”.

From the above references, it therefore becomes clear that the modern organisation requires employees that are knowledgeable, experienced, skilled and in possession of the necessary expertise in their vocational areas in their organisations in order to optimise performance and therefore the achievement of organisational goals. It is further clear that the maximisation of human capital can be regarded as a critical requirement for sustained organisational performance that is necessary for its long-term success. Finally, it is also clear that failing to pay sufficient attention to the issue of human capital development could expose any organisation to significant risk.

While the above references, to a large degree have been written in the context of the private sector, the significance for the public sector, and more specifically local government for the purpose of this article, is clear. In fact, in a public sector context, Thornhill, Van Dijk & Ile (2015:313) refer to human capital management as “the approach to staffing which perceives people as assets whose current value can be measured in terms of productivity and whose future value could be enhanced through investment”. Linked to this, Thornhill *et al.* (2015:313) refer to the term talent management as “the



process through which an organisation's anticipated talent needs are planned for through acquisition or development strategies." The assertion is thus that public organisations, like municipalities, have to invest in their existing human capital through taking care of their developmental needs, while there also has to be a process of pre-planning in terms of what the institution's future human capital needs may be in order to facilitate sustained organisational performance.

It could be argued that if any organisation, public or private, makes a concerted effort at attracting suitably talented people as well as creating an environment in which investing in exiting human resources is part of the organisational culture, being employed will be regarded as a career path of choice. It would therefore be necessary to consider the South African local government environment specifically and investigate the issue of being an employer of choice.

EMPLOYERS/CAREERS OF CHOICE: SOUTH AFRICAN LOCAL GOVERNMENT'S POSITION

When considering whether an individual is suitable to be employed in an organisation and/or whether an organisation's environment and/culture would be suited to an individual's personality, reference is made to the term *person-job fit* or *person-organisation fit*.

Defining *person-job* or *person-organisation fit*

According to Phillips & Gully (2014:175) person-job fit is "the fit between a person's abilities and the job's demands and the fit between a person's needs and motivations and the job's attributes and rewards". Hoffman & Woehr (2005:390) refer to person-organisation fit as "the compatibility between people and the organisations in which they work. Furthermore, Cable & Judge (1996:294) is of the view that "job seekers are affected by congruence between their personalities and organizations' attributes". It can therefore be deduced that in order to ensure optimal performance from individuals and groups in organisations towards its goals, the personality traits, knowledge, experience, skills and expertise of individuals must be reconciled with the organisational environment. This will enable these individual attributes to actually count in favour of the organisation.

Hall, Schneider and Nygren (1970:178) list the following as important factors that produce strong identification between employees and public organisations:

- A strongly felt organisational goal of public service.
- Strong external cross pressures exerted by various users of the public service, producing a kind of common enemy.
- A one-organisation career pattern, supported by a policy of promotion from within.
- The use of symbols, such as the badge and uniform (i.e. strong brand awareness).
- A management philosophy of shared responsibility and decision making and smooth vertical information flow.

Phillips and Gully (2014:176) refer to the following possible dimensions of the person-job fit:

| TYPE OF FIT | POSSIBLE DIMENSIONS OF FIT |
|--|--|
| <p>Person-Job Fit – fit between a person’s abilities and the job’s demands and the fit between a person’s desires and motivations and the jobs attributes and rewards</p> | <ul style="list-style-type: none"> • Education • Job-related competencies • Job knowledge • Previous experience • Personality characteristics relevant to performing job tasks |
| <p>Person-Group Fit – match between an individual and his or her workgroup and supervisor</p> | <ul style="list-style-type: none"> • Expertise relative to other team members • Conflict management style • Teamwork values • Communication skills • Personality related to working effectively with others |
| <p>Person-Organisation Fit – fit between an individual’s values, attitudes and personality and the organisation’s values, norms and culture</p> | <ul style="list-style-type: none"> • Integrity • Compassion • Competitiveness • Values • Goals |

From the above, it is evident that there needs to be well thought through alignment of organisational and individual characteristics in order to mutually benefit both parties. Using the above characteristics and dimensions as a broad guideline, one could consider the possible related factors that influence job fit in a South African local government context.

Defining person-job or person-organisation fit in the context of South African local government

In the paragraphs that follow, closer examination will be done, *firstly* on the factors that produce a strong identification between individual and organisation as suggested by Hall, Schneider and Nygren (1970:178), and *secondly* the dimensions of job fit by Phillips and Gully (2014:176), with specific reference to the South African local government environment.

As far as a **strongly felt organisational goal of public service** is concerned, this should be most evident in the local sphere of government since it represents the place in government where people’s most basic needs should be taken care of. High levels of underdeveloped communities, especially in far-off, remote and rural communities, mean that there is often a high level of dependence on government. There are many policy directives that emphasise the need for a strong sense of service orientation in local government. These include the constitutional provisions in Section 152(2)(b) stating that local government should ensure the provision of services to local communities in a sustainable manner and Section 195(1) (d) stating that services must be provided impartially, fairly, equitably and without bias. Despite these constitutional provisions and other legislative prescriptions regarding a service orientation there are many views that suggest that local government in South Africa falls short as far as a service orientation is concerned. In this regard Koma (2010:112) states that “the performance of numerous municipalities across the country has thus far clearly demonstrated huge deficiencies in as far as the fulfilment of both their constitutional and legislative obligations are concerned,”

The National Development Plan (2011:364) highlights tensions in the political-administrative interface as one of the key challenges to local government performing its tasks effectively and efficiently. This implies a real concern as it is imperative for municipal administrations and political leaders to have a common goal as far as service to the public is concerned.

Strong external cross pressures exerted by various users of the public service, producing a kind of common enemy – in the case of local government suggests a strong system of accountability that works effectively to make sure that municipalities are constantly reminded and held to account as far as their obligations are concerned. In describing “developmental local government”, the *White Paper on Local Government* (1998) promotes the notion of local government working together with all sectors of society including citizens, citizens’ organisations, business and labour in drafting and implementing municipal plans. The NDP (2011:364) in this regard also suggests a challenge for government by suggesting that there has been an erosion of accountability in local, national and provincial governments that needs to be addressed if a capable state is to be established and sustained.

A one-organisation career pattern, supported by a policy of promotion from within – is underpinned by Section 195 Section 195(1)(h) of the Constitution, 1996 which states that “good human resource and career-development practices, to maximise human potential, must be cultivated”. This goes to the core of what human capital development, as earlier discussed in this article, should achieve: maximising the potential of the employees that make up local government organisations by ensuring that there is sufficient career paths for those who perform as far as organisational objectives are concerned. There are, however, too many concerns expressed in this regard, suggesting once again that, at this stage local government in South Africa might be falling short. According to the website infrastructure news, (www.infrastructurenews.co.za) problems experienced by smaller municipalities include “procedures followed when appointing new staff members”. When procedures are not correctly applied in the appointment of new employees, one can draw the conclusion that a wrong person-job fit may occur and that this may lead to ineffective performance. Madumo (2015:163) furthermore suggests that “often, municipal officials fail to perform, because they do not expect any punitive action against them.” This once again refers to how problematic the political-administrative interface may be and how political influence in human resource issues can be to the detriment of local government achieving its goals.

The use of symbols, such as the badge and uniform (i.e. strong brand awareness) – An important question regarding municipalities are concerned, concerns the extent to which there is a strong enough brand as far as e.g. service orientation, the level of customer satisfaction awareness, turn-around time as far as dealing with community problems are concerned. Establishing these and linking it to symbols associated with the municipality can create a sense of cohesion from within municipal teams while at the same time reminding customers of the service excellence they can expect from the institution. Therefore, what do local government customers expect when the associate with the brand?

A management philosophy of shared responsibility and decision making and smooth vertical information flow – local government organisations are unique as decision-making takes place, from a constitutional and legislative framework, at various levels, also external to the institution. Management, in a municipal context can be divided into political management, reflecting the significant role of elected political office bearers as well as ordinary members of

local communities as well as community organisations in local government decision-making on the one hand, and the executive and operational management of the municipality, local government's functional unit, as a day to day operational entity, on the other hand. Reference has earlier been made to tensions in the political-administrative interface and indeed, various dimensions in this relationship are highlighted as one of the significant challenges facing local government in South Africa. While active citizenry as a complementing tool to the role of political representatives, as suggested by Mchunu & Theron (2014:39–41) is important in the management of municipalities. It is imperative to remember that there should still be a significant reliance on the knowledge, experience and skill of suitably appointed career officials to ensure that the municipality performs its daily operational activities at the optimal level. This has proven to be one of the most complex challenges to local government.

Thus, as far as the South African local government environment is concerned, there seems to be established guidelines in place from a constitutional and legislative framework to ensure a human capital core that would make local government work. However, if these guidelines are not applied, it creates a problem as far as achieving the dimensions of a person-job fit, person-group fit as well as person-organisation fit, as suggested by Phillips and Gully. The question is, therefore, what should municipalities do to ensure that there is proper human capital optimisation. Or perhaps the question should be, where does human capital development really fit into the plans of local government?

HUMAN CAPITAL DEVELOPMENT IN THE CONTEXT OF LOCAL GOVERNMENT STRATEGY

In the recent past, emphasis has been placed on the use of strategic planning and management in public organisations in South Africa in order to ensure that there is clarity about the long term goals and objectives of government and to act as a basis for operational planning to deliver services in a sustainable manner. In local government, the Integrated Development Plan, provided for in the *Local Government: Municipal Systems Act, 32 of 2000*, serves as the principal strategic plan of municipalities. The question that is of importance is to what extent does human capital planning and development feature in the strategic plans of municipalities?

According to Shaw, Park & Kim (2013:572) the focus on human capital and its importance in organisations has led to a "tighter integration between fields of strategic management and strategic human resource management". Wright and McMahan (2011:93) refer to strategic human resource management as "the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals". Van Der Waldt, G., Khalo, Nealer, Phutiagae, Van Der Waldt, C., Van Niekerk & Venter (2014:186) continue to state that from a strategic perspective, human resource management (HRM) activities should be dedicated to accomplishing the municipality's overall strategic plan and that strategic plans in turn be developed with consideration for HRM activities that must support them.

From the above references, it becomes clear that no organisational strategy can be accomplished or achieved without aligning it with the human capital available or without taking decisions on human capital acquisition or development, with the organisational strategy in mind. The notions of procedural arrangements not being followed in new



appointments in municipalities and especially the negative implications of the political-administrative interface in local government, raises concerns over the mutual benefits of municipal strategy on municipal human capital and that of municipal human capital on municipal strategy.

At the outset of this article, it was mentioned that it would follow the basis for further empirical study. This would involve investigating the exact extent to which municipalities' strategies are influenced by their human capital capacity and how human capital capacity influences the development and implementation of municipal strategy. It would also have to determine the influence of the role of municipal councillors and communities and community organisations as significant strategic partners in municipal processes. Such empirical research is vital for municipalities' future sustainable existence and ultimately to its contribution to achieving the goals contained in the National Development Plan.

CONCLUSION

This article considered the important issue of human capital as a major contributor to organisational performance. It found that factors such as knowledge, experience and skills of individuals were invaluable in achieving organisational objectives. The issue of human capital was then discussed within the context of municipalities in South Africa. This was because the National Development Plan, South Africa's strategic blueprint for service delivery and development emphasises the need for the state and state organs to be *capable* to attain government objectives and to make government departments and municipalities careers of choice. The article then examined what constituted a career of choice by considering the importance of fit between individuals and organisations and what factors made people identify with organisations in order to perform optimally achieving organisational objectives. Finally, specific municipal characteristics were considered to contextualise the issue of person-organisation fit. It was then emphasised that in order to improve the management of municipalities in South Africa, empirical research would have to be conducted to determine the link between human capital and organisational strategy in a municipal context specifically.

This empirical research could be of particular significance for newly elected municipal councils in South Africa, in the pursuit of having the best possible human capital available towards rendering the best possible quality services to local communities.

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