

AN ASSESSMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT AT THE DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

by
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DECLARATION

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ABSTRACT

This study set out to assess the degree to which organisational performance management (OPM) has been implemented at the Drakenstein and Stellenbosch municipalities. A purposive sampling protocol was used, as being representative of developing “B” municipalities. A mixed methodology was employed in lieu of satisfying a thorough triangulation.

The thesis objectives were to assess four components or themes of OPM, namely, (i) the objectives specified for OPM, (ii) capacity to implement OPM, (iii) resources available to implement OPM and (iv) the instrument(s) employed to measure organisational performance outcomes. The fifth objective was to construct a “normative” for OPM, for the chosen population, based on the findings from the assessment of the first four objectives stated.

The findings revealed that OPM was not institutionalised, or formalised in a manner that manifested a dedicated OPM department and operation. Findings revealed too, that there were many factors which led to “indistinctness” in the way OPM is regarded at the municipalities, as OPM is merged with the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP). One critical factor is that the IDP and SDBIP are not instruments designed to measure performance; hence ‘overall’ performance reports issued in the annual reports remain lacking in being comprehensive. The researcher stressed the importance of strategic planning beyond the IDP and the SDBIP and has motivated for a dedicated OPM function with strategic human resources planning. These measures would ensure the alignment of strategic objectives to the municipalities programme and departmental objectives. Furthermore, no clear separations of functions were found between OPM and the individual appraisal (IA) of senior and general employees as stated in the ‘performance management policies of both municipalities.

Chapter five of the study evaluates each of the four themes in terms of the survey results, literature and legislation reviews. For each of the four themes, critical success factors (CSF’s) for the implementation of OPM at the municipalities were constructed. In addition, the evaluation of information in chapter five provided a basis for the

formulation of the normative framework presented in chapter six, which offers a “normative” picture of what would constitute effective and efficient OPM at both municipalities.

Taken together, the empirical findings, CSF’s and normative framework offers solution to the research problem, which was to conclude an assessment of OPM at the Drakenstein and Stellenbosch municipalities. It is envisaged that the results from this thesis would be of strategic value to the municipalities assessed.

OPSOMMING

Die doel van hierdie studie was om die mate waarin organisatoriese prestasiebestuur (OPB) by die munisipaliteite van Drakenstein en Stellenbosch geïmplementeer is, te assesseer. Die steekproef is doelgerig gekies as verteenwoordigend van ontwikkelende “B”-munisipaliteite. ’n Gemengde metodologie is gebruik ten einde ’n deeglike triangulasie uit te voer.

Die doelstellings van die tesis was om vier komponente of temas van OPB te assesseer, naamlik (i) die doelstellings wat vir OPB gespesifiseer is, (ii) kapasiteit om OPB te implementeer, (iii) hulpbronne beskikbaar om OPB te implementeer en (iv) die instrument(e) wat gebruik is om organisatoriese prestasie-uitkomst te meet. ’n Vyfde doelstelling was om ’n ‘normatief’ vir OPB vir die steekproef saam te stel op grond van die bevindings van die assessering van die vier eersgenoemde doelstellings.

Die bevindings het aan die lig gebring dat OPB nie geïnstusionaliseer of geformaliseer is op ’n wyse wat ’n toegewyde OPB-departement en -werksaamhede aan die dag lê nie. Die bevindings het ook getoon dat daar talle faktore is wat tot ‘onduidelikheid’ lei oor die manier waarop OPB by die munisipaliteite hanteer word, aangesien OPB in die Geïntegreerde Ontwikkelingsplan (GOP) en die Dienslewering- en Begrotingsimplementeringsplan (DLBIP) opgeneem word. Een kritieke faktor is dat die GOP en DLBIP nie instrumente is wat ontwerp is om prestasie te meet nie, wat daartoe lei dat die ‘algehele’ prestasieverslae in die jaarverslag onvolledig sou bly. Die navorser beklemtoon die noodsaaklikheid van strategiese beplanning wat verder as die GOP en die DLBIP strek asook van ’n toegewyde OBP-funksie tesame met strategiese menslike hulpbron beplanning. Hierdie maatreël sal verseker dat strategiese doelstellings in ooreenstemming is met die munisipaliteite se program- en departementele doelstellings. Voorts is geen duidelike skeiding van funksies gevind tussen OPB en individuele beoordeling van die senior en algemene werknemers soos gestipuleer in die prestasiebestuursbeleide van die munisipaliteite nie.

In hoofstuk 5 word elk van die vier temas teenoor die resultate van die opname, die literatuur en ’n oorsig van wetgewing geëvalueer en vir elke tema word kritieke suksesfaktore gelys vir die implementering van OPB by die munisipaliteite.

Hierbenewens vorm die evaluering van die inligting in hoofstuk 5 'n grondslag vir die formulering van die normatiewe raamwerk wat in hoofstuk 6 aangebied word, wat 'n geheelbeeld gee van wat doeltreffende en doelmatige OPB by albei munisipaliteite behels.

Gesamentlik bied die empiriese bevindings, die kritieke suksesfaktore en die normatiewe raamwerk 'n antwoord op die navorsingsprobleem, naamlik om 'n assessering van OBP by die munisipaliteite wat in die steekproef verteenwoordig word, uit te voer. Die resultate van hierdie studie sal van strategiese waarde wees vir die munisipaliteite wat geassesseer is.

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LIST OF ACRONYMS

AG	Auditor General
ANC	African National Congress
BSC	Balanced Scorecard
CBO	Community Based Organisation
COGTA	Cooperative Governance and Traditional Affairs
CSF	Critical Success Factor(s)
CSRG	Civil Society Reference Group
DBSA	Development Bank of South Africa
EFQM	European Foundation for Quality Management,
EPWP	Expanded Public Works Programme
FGE	Fourth Generation Evaluation
GWM&EF	Government Wide Monitoring and Evaluation Framework, 2007.
HoD	Head of Department
IA	Individual Appraisal
IDP	Integrated Development Plan
IGP	Government Improvement Plan: Our Approach 2009.
IGR	Inter-governmental Relations
ITC	Information Technology & Communication
KPA	Key Performance Area(s)
KPI	Key Performance Indicator(s)
LGTAS	Local Government Turnaround Strategy, 2009.
MAC	Ministerial Advisory Committee (COGTA)
MDG'S	Millennium Development Goals
M&E	Monitoring and Evaluation
MEC	Minister in the Executive Committee of the Provincial Government
MFMA	Municipal Finance Management Act, 2003 (No.56 of 2003)
MINMEC	Ministers (National) and Ministers of Executive Committees (MEC's) meeting
MTSF	Medium Term Strategic Framework, 2009

NCOP	National Council of Provinces
NCU	National Coordinating Unit (COGTA)
NPC	National Planning Commission (Office of the President)
NT	National Treasury
OPM	Organisational Performance Management
PEC	Provincial Executive Committee (of SALGA)
PCF	Premiers Coordinating Forum
PFMA	Public Finance Management Act, 1999 (No.1 of 1999)
PGP	Personal Growth Plan(s)
PGWC	Provincial Government Western Cape
PMG	Parliamentary Monitoring Group
PMS	Performance Management System
SABS ISO	South African Bureau of Standards International Standards Office
SALGA	South African Local Government Association.
SDBIP	Service Delivery & Budget Implementation Plan
TQM	Total Quality Management
UFE	Utility Focused Evaluation

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CHAPTER 1: OVERVIEW OF RESEARCH STUDY: AN ASSESSMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM) AT DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

1.1 INTRODUCTION

The post-1994 era heralded in a period of transition for municipalities in South Africa. Municipalities have emerged somewhat reorganised through the application of new legislation, major shifts in staffing and stabilised leadership through democratic political-party elections and by-elections. Municipalities have however had the misfortune of meandering through stages of administrative discord, violent behaviour, negligence and meagre delivery of services (State of Local Government in South Africa 2009:8).

Manning (2001:297) holds that internationally, the New Public Management (NPM) has influenced “a way of thinking” about public management. Performance management and public participation were endorsed and councillors received training in various aspects of municipal matters. Section 163 of the Constitution of South Africa 1996, (No. 108 of 1996), makes provision for the existence of The South African Local Government Association (SALGA) that would represent and assist municipalities on all matters pertaining to local government efficiency and effectiveness, in line with NPM reasoning.

Performance management at municipalities is encouraged by the Department of Cooperative Governance and Traditional Affairs (COGTA), the National Planning Commission (NPC) at the Presidency of South Africa, and through policies such as the *Government Wide Monitoring and Evaluation Framework* (GWM&EF, 2007) and *Improving Government Performance: Our Approach* (2009), referred to as the IGP.

In addition to the institutions and policies stated above, The Constitution of the Republic of South Africa 1996, (No.108 of 1996), hereafter referred to as The Constitution, The White Paper on Local Government (1998), Chapter six of the Local Government Municipal Systems Act 2000, (No. 32 of 2000), Section 139 of the Municipal Finance Management Act 2003, (No. 56 of 2003), the Medium Term

Strategic Framework (2009) and the Green Paper on National Strategic Planning (2009), obligate municipalities to implement a functional, flexible, effective and results driven organisational performance management (OPM) function.

The appraisal of performance for municipal employees has been partially implemented at many municipalities and is currently applicable to senior managers only. Thus, the municipal manager is referred to as “Section 57 manager” in terms of Section 57 of the Municipal Systems Act 2000, (No. 32 of 2000), and is compelled to sign a performance agreement. The municipalities of Drakenstein and Stellenbosch are at the threshold of introducing OPM, in order to measure and report on the effective utilisation of resources, efficiency in planning and overall performance of the organisation. With OPM and senior managers’ individual performance appraisal in place, the individual appraisal (IA) of all employees would be likely to be implemented.

Since communities constantly draw attention to service delivery needs, the focus has shifted to benchmark service delivery outputs for excellence, quality and relevance. Focus has also shifted to measure outcomes of programmes. Municipalities are compelled by national policies to focus on the Medium Term Strategic Framework (MTSF), 2009, “ten priorities”, as well as the recent addition of the Local Government Turnaround Strategy (LGTS), 2009. These responsibilities are in addition to what municipalities are already required to deliver on infrastructure, amenities, basic services, housing and local economic development. It is well known that smaller municipalities in South Africa have limited resources to effect their mandates on service delivery and performance management.

Municipal performance is presently dominated by the delivery of results on the Integrated Development Programme (IDP), specified in the Municipal Systems Act, 2000 (No. 32 of 200) and the Service Delivery Budget Improvement Plan (SDBIP), specified in the White Paper on Local Government, 1998. Municipalities are obliged to integrate public participation into all their programmes, policy and projects planning.

As a higher level management function, OPM would feature prominently, as it serves to ensure the efficient and economic delivery of services and products. OPM serves

to facilitate the thorough and regular assessment of municipal performance. It is the purpose of this study to assess the current (operational) status of OPM at municipalities.

1.2 BACKGROUND

Curtis (1999:263) defines performance management as “an approach to management which harness the endeavours of individual managers and workers to an organisation’s strategic goals”. OPM sets the goals, outputs and outcomes needed to achieve continuous successes in the improvement of the material conditions of people. Municipalities are thus required to instil a culture of performance management to bring about a favourable context for OPM. Value creation, economic use of resources, regard for stakeholder demands and effective communication with them, coupled with timeous delivery of quality services and products, are known responsibilities of OPM.

A “total performance solution” for any organisation is suggested by Hofrichter & McGovern in Grobler *et al.*, (2006:481) as having the following vital elements, (i) strong, focused leadership driving performance from the top down, (ii) high performance, (iii) winning behaviour, (iv) measurable goals, (v) measuring performance, (vi) performance rewards and fear of punishment for inadequate performance.

Section 3.2 of the White Paper on Local Government, 1998 (1998:33), states that performance management at municipalities ensures that “plans are being implemented” and that “resources are being used efficiently”. Here, the involvement of the community in the structuring of key performance indicators (KPI’s) are strongly suggested as it serves to raise the level of accountability at municipalities. The White Paper (1998:33) suggests that municipalities should focus on priorities and locate scarce resources in the achievement of key “development objectives” (with the participation of communities).

A well designed local government performance management system is one that is synchronised with the legislative framework, strategic framework, municipal administrative capacity, material and financial resources. A realistic vision, open policy, accountable practices, stringent standards and quality are necessary

elements for effective and efficient management of organisational performance. Given the foregoing, the Green Paper on National Strategic Planning (2009:29) states that “performance monitoring and evaluation will assess progress, identify constraints, weaknesses and failures in implementation” at national, provincial and local level. COGTA and the NPC offer guidance to municipalities in stabilising their planning and reporting functions.

Adam (2009:9) states that the Green Paper on National Strategic Planning might become a “white paper”; in effecting the national strategic planning policies, it will be necessary to consider “performance-based legislation that promotes spatial, social and economic restructuring”. The Green Paper strongly suggested that municipal planning be synchronised with national planning initiatives.

In reflection of the current situation at municipalities, the 2007/2008 municipal performance report for the Western Cape and the report delivered to the Ad Hoc Committee on Coordinated Oversight on Service Delivery (Parliamentary Monitoring Group 2010b:51-56) neglected to address the need for OPM institutionalisation at municipalities. The response from the committee were that the following “problems” required solutions: (i) the political-administrative interface and the “de-politicisation of the administration”, (ii) “corruption in procurement” and (iii) the “non existence of internal audit committees and units”. Since these problems appeared nationally, initiatives such as the Green Paper on National Strategic Planning (2009) and the LGTS (2009) were geared to mitigate problems negatively affecting municipal performance.

The issue of weak municipal performance reports must be seen in relation to the absence of the OPM as a coordinating function. Since the IDP is essentially a planning tool for the integration of programmes and the rationalisation of resources, there is an indiscrimination in its employ as an organisational performance measuring instrument.

An institutionalised OPM function is supported by SALGA (Toolkit 2009:5) and is essential for the measurement of quality outputs and outcomes of municipal programmes and projects; further, OPM supports oversight, accountability and

measures the developmental impact municipalities have on stakeholders. The OPM function would be catalytic in the regular review and implementation of the IDP.

In another development, municipalities are obliged to report to provincial government and COGTA on the challenges highlighted in the LGTS surveys and interviews held with municipalities, since the aim is to “restore the confidence of people in municipalities” and to improve performance in the short, medium and long terms. The LGTS is regarded as a “primary delivery vehicle of the developmental state” (COGTA 2009:3-4).

Municipalities have to report on local economic development (LED), community safety, infrastructural development, the IDP, SDBIP, job creation in support of the Extended Public Works Programme, Phase Two (EPWP II), Five Year Local Government Strategic Agenda (5YLGSA) and the Millennium Development Goals (MDG's). With limited material and professional resources, under-capacitated municipalities are bound to work under strain. Given the strategic nature of the LGTS, it remains a concern that the institutionalisation of OPM function is not dealt with sufficiently.

The SDBIP is a comprehensive plan drawn up by a municipality, stipulating the intended spending on service delivery which includes operational and capital expenditure. The SDBIP is approved by the mayor, in terms of the Municipal Finance Management Act (Act 56 of 2003), Section 53 (1) (c) (ii). However, municipalities utilise the IDP and SDBIP reports as organisational performance instruments, resulting in an obscured understanding of OPM and its value in managing and measuring actual organisational performance. While elements of the “full delivery chain” (Improving Government Performance: Our Approach 2009:3), such as “inputs, activities and outputs” are utilised in these reports, the reports do not reflect “organisational” performance in terms of strategic coordination, growth and gains quantified.

However, the study will caution that the IDP and SDBIP reports should not overlap and should each retain a unique quality, separate from OPM reports. It is therefore important that an institutionalised OPM function directs, coordinate and quality assure the performance reports of the municipalities' key programmes and projects.

1.3 MOTIVATION FOR THE STUDY

The study will show that the assessment of municipal OPM is necessary and warranted in order to reveal the organisation's worth to its stakeholders. The IGP policy states that effective OPM must reveal the effectiveness and efficiency of the organisation in every area of its functioning. The quality of leadership, level of political interference in the administration, oversight, financial strength, level of public participation, quality of delivery of its products and services and accountability and transparency of its functions, are municipal performance components which require periodic assessment and review (*Improving Government Performance: Our Approach* 2009:1).

The IGP, in support of OPM, has a four-fold purpose to (i) serve as a guide in directing policy implementation, (ii) ensure service delivery, (iii) insist on the assessment of individuals and teams, and (iv) assess the effectiveness and relevance of policies (*Improving Government Performance: Our Approach* 2009:4).

The IGP introduces the "full delivery chain" which is intended to assist municipalities with establishing a process of performance monitoring and evaluation, in terms of the inputs, activities, outputs and outcomes of programmes. Municipalities may utilise this methodology as a basis for organisational performance reporting. On the employee level the IGP recognises that a "shift in employee thinking", i.e., a paradigm shift, is a necessary building block in the creation of a culture of performance (*Improving Government Performance: Our Approach* 2009:18). The adoption of the "full delivery chain" therefore demands a paradigm shift in facilitating and effecting OPM.

Given the forgoing, the study will assess the degree to which the principles of the GWM&EF (2007) have been incorporated into the municipality's performance objectives. The GWM&EF (2007:10) proposes the utilisation of the logic model (Kellogg Foundation 2004) in operationalising monitoring and evaluation (M&E) objectives. Municipalities are thus duty bound to integrate the principles of both the IGP and the GWM&EF (2007) into the performance measuring and managing operations. The study will use data collected to demonstrate, whether on the basis of these developments, there has been a paradigm shift, which simultaneously serves to promote a culture of performance management.

The Local Government Turnaround Strategy Implementation Plan (2009:24) stipulates three core components for M&E which are, (i) monitoring the trends of outputs, (ii) monitoring implementation of programmes, projects and policy and (iii) assessment of impact of selected programmes, projects and policy. However, the stipulations are not accompanied by directives for its implementation, nor are any suggestions made for its incorporation into the OPM function of the municipality. The study intends to bring clarity on how municipalities are currently combining their LGTS priorities with their performance planning objectives.

The reasons for the low priority accorded to the M&E of municipal programmes and projects will be revealed through this study as it is an important component of OPM. The Development Bank of South Africa's Knowledge Week (DBSA 2009:10) emphasised M&E, while the LGTS did not. Motivated to obtain clarity, municipalities in the Western Cape sought guidance from the Community Law Centre (University of the Western Cape), on aspects of the LGTS. As a result, "three key pillars" for OPM were announced; (i) the need to "simplify monitoring and support, (ii) to streamline operations and (iii) to implement and sustain good governance and accountability" (Steytler, De Visser & May 2009:12). M&E did not (unfortunately) feature as a "key pillar" in this instance.

An OPM function at municipalities is intended to increase value, credibility and performance reporting in compliance with a system of checks and balances, in order to effect quality reports to stakeholders, particularly the Auditor General. Sole (2009:9) contends that while there is little understanding of how the performance management system produces value for the organisation and stakeholders, there is a perception by stakeholders that it does. Since all local government legislation emphasise the desirability for accountability and transparency, one may motivate that the OPM will examine how value is added in the organisation, through the practice of accountable and transparent performance management.

Further, Pillay & Subban (2007:58) states that performance management will alert municipalities to wasteful expenditure, under-performance, capacity limitation and weaknesses in the local government system. Pillay & Subban, (2007:66) holds that "ultimately, a holistic perspective to implementing and managing performance within local government" is crucial for the acceleration of service delivery.

More recently, the Green Papers on National Strategic Planning (2009) and the NPC (2009), have emphasised the need for effective and efficient OPM, outcomes and evidence based reporting and M&E at all spheres of government. Similarly, requirements from the Auditor General, National Treasury and the COGTA parliamentary committee, express the need for accuracy and regularity of municipal performance reports. OPM can serve as a monitor for the achievement of stakeholder needs and objectives and for the continuous improvement of performance outcomes.

1.4 PROBLEMS IN RELATION TO ORGANISATIONAL PERFORMANCE MANAGEMENT

The Report rendered by the Ad Hoc Committee on Coordinated Oversight on Service Delivery (Parliamentary Monitoring Group 2010b: 2), with particular reference to the Western Cape, highlighted “party politics” and “blatant lack of communication” as primary problems. The Report stated that not only is there a need for more relevant communication between the spheres of government, but “party politics tended to overshadow delivery to the people”; this prompted the Chairperson to advise that relationship building between all stakeholder groups should be addressed.

The fundamental need for thorough and concise reporting by municipalities to external stakeholders such as the Ad Hoc Committee on Coordinated Oversight on Service Delivery, the Auditor General and the provincial office of COGTA, were repeatedly stated by these bodies. “Poor communication and accountability” are listed as primary governance and service delivery problems in the State of Local Government in South Africa: Overview Report (2009:3). The Report stated that municipal performance reports to the MEC’s were of “poor quality” and indicated that stakeholders were not receiving accurate information (Parliamentary Monitoring Group 2007 / 2008 Municipal Performance Reports 2010a: 5).

Following from the above, there is a clear role for OPM. Franceschini (2007:110) argues that municipalities and communities should jointly engage in formulating, understanding and managing performance instruments. The public can “improve organisational activities” through (i) identifying problems, (ii) setting standards and (iii) growth and development initiatives. Pillay & Subban (2007:62) agrees but urge

that “organisational barriers” such as “bureaucratic rigidity and fragmented authorities” should firstly be addressed.

The COGTA report (2009:28) discusses performance management in terms of individual performance agreements pertaining to top managers only; OPM, one may conclude, has not been embraced or promoted by national authorities in a consistent way. OPM serves as a control function to ensure accuracy and adequacy in reporting to stakeholders, coordination of programme performance, and to quality assure the services and products delivered by municipalities to communities. It is therefore imperative that OPM is institutionalised in order to address municipal problems thus far stated, in coordinated and sustainable way.

Given the financial, material and capacity constraints (skills deficits) at municipalities, an evaluation of the municipalities’ current system of performance on income and expenditure should be assessed and aligned to performance reporting and improvement. The building of houses for indigent communities, as an example, is dependent on grant funding from national government. An OPM function or unit is best positioned to monitor and evaluate financial trends, issues and reports at municipalities on housing. OPM should strengthen its relationship with financial management units and the audit committee in the advancement of skills development, accountability, budget planning and control, income generation and policy development, in the amelioration of performance related problems (State of Local Government in South Africa: Overview Report 2009:61-62).

In the past, national programmes to improve the performance at municipalities had not had much success. Project Consolidate (2004), the Integrated Sustainable Rural Development Programme, Urban Renewal, the “five year local government strategic agenda” had not achieved to legitimise OPM in terms of its legislative and regulatory requirements. The lack of service provision from municipalities persisted due to “weaknesses, non sustainability, poor accountability and weak political oversight” (Africa 2009:4). Hetherington (2009:12), states that “no matter how many delegations, senior officials, hands-on supporters and task teams are dispatched to municipal offices across the country, the problem remains broad and deep”. The inadequate analysis, flow of information and collaborative decision making in the

implementation of nationally planned municipal programmes were cited as performance management weaknesses.

Following on the above, Chun & Rainey (2006: 94-97) highlights “goal ambiguity, red tape and bureaucratic procedural regulations” as constraining factors in municipal performance which serves to crystallise existing problems. Since municipal problems are complex, and systemic, there is a need to examine the strategic goals, objectives and key areas in which municipalities perform.

Johnson & Scholes (2002:578) contends that without strategic planning and strategic thinking, “an organisation and those within it could find themselves in a state of confusion with no clarity of direction, no way of knowing whether they were being successful and quite probably with a disenchanted group of shareholders and a demotivated workforce”. While strategy and performance objectives are required to instil synergy in operations and to reduce goal ambiguity, it is also necessary to align the objectives of strategy, performance and human resources.

Pandey, Coursey & Moynihan (2006:137) confers that low levels of employee buy-in and party political loyalties eventually lead to “internal stagnation and strategic inertia”. The ideal approach is “is one where there is widespread agreement on what the organisation should be doing” and linking departmental goals to a “limited number of measures”. Van Dijk (2007:51) and Pillay & Subban (2007:62) supports Pandey *et al.* (2006), that municipalities should link “delivery with measurable targets”.

Table 1.1: Summary of municipal problems presented at the launch of “Operation Clean Audit-2014”

Problem Location	Nature of the Problem.
At Top Management Level	Unsigned performance contracts; absence of risk monitoring; poorly managed and nonexistent internal and external audit committees.
At The Political (Leadership) Level	Technical and conceptual skills deficits; no clear separation of powers; required tightening up of “political oversight” at the Parliamentary Standing Committee on Public Accounts (Scopa). Lack of transparency.
Municipal Performance	56 of the 283 municipalities in South Africa received “unqualified” (acceptable) reports from the Auditor General; absence of a culture of performance.
Administration	Corruption, mismanagement, political party interference and political loyalties by officials. Skills deficits. Absence of performance reviews of the top managers and the municipal manager.
Municipal Finance	Poor internal controls; non compliance to supply chain management regulations; too many disclaimers; poorly constructed financial statements; inability by officials to properly analyse financial statements.
Community Interface	Public participation methods not rationalised; weak civil society formations (such as ward committees); violent service delivery protests; lack of involvement by the public in municipal affairs.

(Source: Shicheka, 2009).

Hetherington (2009:13) holds that the Director-General for COGTA, outlined a “litany of failures from poor governance to weak management, in describing a system in distress”.

This contention was repeated by the Minister for COGTA (Shiceka, 2009), in his keynote speech at the launch of “Operation Clean Audit – 2014”. A summary of the problems highlighted is presented in Table 1.1 above. Similar problems were listed in The State of Local Government in South Africa: Overview Report (COGTA, 2009:3) and the LGTS press statement (COGTA, 2009).

1.5 RESEARCH PROBLEM AND QUESTION

Research Problem: Municipalities have difficulty in implementing OPM in a sustainable way in terms of (i) organisational performance objectives, (ii) managerial capacity to effect OPM, (iii) availability of resources to equip the OPM function, (iv)

the effectiveness and efficiency of the performance instrument to measure organisational performance and (v) formulating a normative view for OPM.

Research Question: Would an assessment of OPM at municipalities reveal the strengths and weaknesses of the five criteria stated in the research problem?

1.6 RESEARCH AIM

The aim of the study is to assess OPM, in a population of two municipalities, namely, Drakenstein and Stellenbosch Municipalities, in terms of the research objectives outlined in 1.7. The research aims to add value and understanding to the issues, claims and concerns with regard to OPM and measurement. From the data collected and subsequently analysed, a normative view for an effective, efficient and economic OPM function would be constructed.

1.7 RESEARCH OBJECTIVES

In assessing OPM at the municipalities for the given population, the following objectives will guide the research methodology:

- a) Locate and assess the municipality's OPM objectives.
- b) Assess managerial capacity to implement the OPM function at the municipality.
- c) Assess availability and quality of resources in effecting the OPM function at the municipality.
- d) Assess the choice of performance management and measurement instrument used by the municipality.
- e) Conceptualise and construct a normative view (framework) for the municipalities' OPM function.

1.8 SIGNIFICANCE OF THE STUDY

In relation to the literature perused, the employment of an effective and efficient OPM function at a municipality would mean that strategy is likely to be aligned to departmental plans, organisational and individual performance scorecards. Assessments of OPM would point to the whether strategic objectives have been cascaded to all departments and where synergy is present or lacking.

OPM at municipalities has developed in importance over the years and universal practices in performance management are gradually being adopted by municipalities. Bless & Higson-Smith (2004:142) states that it is necessary to give attention to the relevance of problems “in terms of its theoretical and practical implications” and thereby pursuing methods that would ameliorate performance problems. The study will draw on international experience (and praxis) to bring value to the municipal OPM function.

In emphasis of the above, and in keeping with the study objectives, Rossi *et al.* (2004:55) confers and states that the “assessment of program theory” involves questioning the design and conceptualisation, purpose and function of municipal programmes, in terms of its value, so as to ensure relevance within the scope of the municipalities’ resources and capacity to achieve success. Johnson & Scholes (2002:578) supports this understanding and states that the theoretical understanding of programmes will provide guidance on the use of logical frameworks for OPM, so that the strategic value of resources spent may be efficiently monitored. The study will therefore assess the extent to which the OPM function can influence the efficient use of municipal resources and capacity.

The study, in addition to stated benefits, intends to increase the sustainability of the OPM function to assess municipal programmes in terms of theory and utility. Performance standards for the effective delivery of municipal services and products and the synergy required for performance excellence, accountability and transparency with all stakeholders, would emanate from the assessment of programme theory and utility, thereby adding value and credibility to the OPM function.

OPM is a necessity in terms of oversight and the bringing about of ethical governance. Rossi *et al.* (2004:56) highlights the need for “assessment of program process”, using program monitoring and evaluation tools to establish programme worth and value. Assessment of the OPM function will encourage innovation and “value creation” in the delivery of services and products, in the short, medium and long terms.

The study will assess the level of implementation of the “full delivery chain” (Improving Government Performance: Our Approach 2009:3), accompanied by the design of performance systems that are evidence and outcomes based, so that the integrity of the function satisfies stakeholders. Monitoring baselines, targets, clarity of indicators and standards for output and outcomes, evolves with the implementation of the “full delivery chain” According to SALGA in Pillay & Subban (2007:58), OPM monitors the value of the organisation in its task of delivering services and products while all employees are required to focus on effective, efficient and accountable local government.

The study will take cognisance of the importance of strategic alignment between the legislative, institutional, organisational and operational frameworks in bringing about an effective and efficient OPM. Figure 1.1 depicts this alignment; the legislative framework provides the mandate for OPM at a corporate level, institutionalising the performance and human resources functions, while the organisational and operational frameworks ensure the delivery of quality services and products to stakeholders.

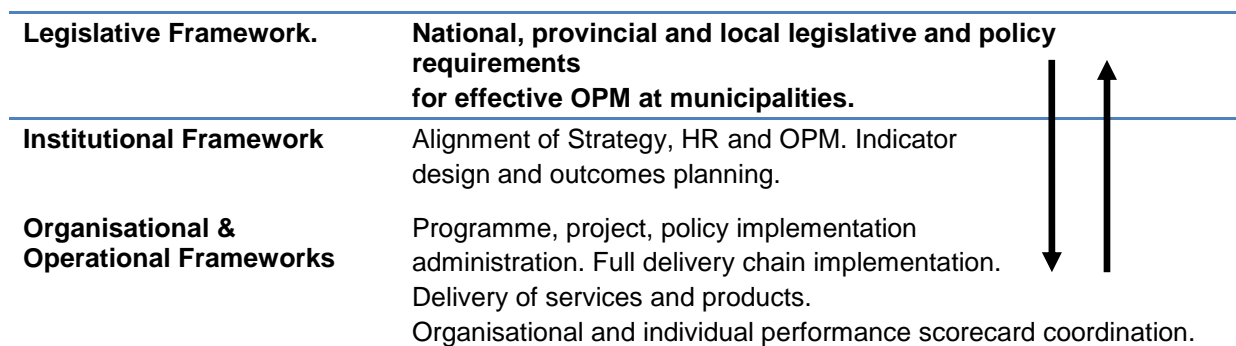


Figure 1.1: Illustration of synergy between municipal frameworks

(Source: Compiled by author).

Further, the value in the assessment of the OPM function lies in the benefits and value additions which may accrue to municipal performance through ongoing understanding of the issues, performance components, synchronicity with external stakeholder demands and the efficiency of the performance measuring and managing instrument. The study is significant because it aims to contribute to the institutionalisation of the OPM function at municipalities, which would assume responsibility and accountability for the performance of the organisation.

1.9 RESEARCH DESIGN AND METHODOLOGY

The researcher will employ a combination of qualitative and quantitative measures in the assessment of OPM at the Drakenstein and Stellenbosch municipalities. “Descriptive quantitative research examines a situation as it is” (Leedy & Ormrod 2001:191) while the qualitative aspects of the research serves to contribute to the understanding of the various perspectives of the phenomenon (Leedy & Ormrod 2001:147).

The methodology for data collection in this research exercise will employ a survey and face to face, semi-structured interviews, which will constitute the primary data; the review of literature, legislation, documents, speeches and municipal frameworks will provide secondary data.

1.9.1 The population and sampling procedure

The Cape Winelands district consists of six municipalities, namely, Stellenbosch, Langeberg, Breede Valley, Witzenberg, Drakenstein and Cape Winelands District Municipality, constituting the “population” from which the population is taken. The Drakenstein and Stellenbosch municipalities constitute the population chosen because it has an established economy (agricultural, wine production, tourism, game farms, some manufacturing) and generally typical of South African semi-rural municipalities.

The Drakenstein and Stellenbosch municipalities compose the “population” which will be treated as a “non-probability” element (Welman, Kruger & Mitchell 2008:67-69); the population (municipalities) were chosen “selectively” based on the researcher’s prior “experience” and knowledge of performance management implementation at municipalities. The population (municipalities) were selected to highlight the findings of the research to other municipalities in the same district. The findings obtained from the study would serve to enhance the practice of OPM at the Drakenstein and Stellenbosch municipalities.

1.9.2 The unit of analysis

The unit of analysis in this study will be the individuals (top managers, managers and officers) at the municipalities, in their various posts or departments. The unit of analysis will be approximately 60 employees at each of the municipalities.

1.9.3 Data collection

The researcher will employ the following methods in the collection of primary data:

- A survey (questionnaire) using the Likert Scale according to “themes” based on the study objectives; four “themes” will be explored. The anonymity of the respondents will be maintained in order to protect the validity of the responses. Questionnaires will be issued with a cover letter to each municipality. The researcher will be available to clarify items in the questionnaire or to provide further explanation.
- Face-to-face semi-structured interviews, consisting of five questions will be used when greater clarity is required from employees at the municipalities on issues and matters raised by the survey.

Observation notes will be made (verbal and non verbal information) during the data collection process in line with the principle of triangulation. Literature, legislation, speeches and municipal frameworks reviewed will be included for analysis of data.

1.9.4 Reliability and validity

Reliability analysis and content validity will be established from a pilot study as well as from actual data obtained from the survey. The appropriateness and relevance of the survey content will thus be ensured. During the issue and receipt of research material, face-to-face contact with municipal employees and in the treatment of the data, the validity of the material and data will be observed and protected. Face validity, content validity and construct validity will be maintained. The reliability of the survey data collected will be ensured, in terms of “interrater and test-retest reliability” (Leedy & Ormrod 2001:98-99). The researcher will capture the experiences of the interviewees accurately and ensure that the instrument has “internal consistency” (Bless & Higson-Smith 2004: 156; Leedy & Ormrod 2001:153). Objectivity will be maintained during the collection, coding and interpretation of data in order to preserve the integrity of the data.

1.9.5 Data analysis and interpretation

Leedy & Ormrod (2001:155) suggest various coding methods such as open coding, axial coding and selective coding. Welman *et al.* (2008:214-215) lists descriptive, interpretive, pattern codes as well as methodology for creating the codes. The main

activity during the collection and processing of the data is to identify the five “themes” according to the research objectives and research question. Meanings, perspectives and trends will be presented graphically. Data will be analysed with the assistance of a qualified statistician and the information will be presented in graphic and narrative form.

The data will be analysed in relation to five key themes of the study:

- The municipality’s organisational performance objectives.
- The managerial capacity to implement the OPM functions at the municipality.
- The availability and quality of resources in effecting the OPM function.
- The effectiveness and efficiency of the performance measurement instrument used by the OPM unit / department.
- A normative view for the municipalities’ OPM function.

Bless & Higson-Smith (2004: 137-143) state that inconsistencies, bias and error in the data should be carefully interpreted and presented in the findings. Findings, conclusions and recommendations are stated in subsequent chapters.

1.10 LIMITATIONS OF THE STUDY

The study will be limited to an assessment of OPM at the Drakenstein and Stellenbosch municipalities. The difficulties and limitations experienced during the data collection phase will be recorded.

This study will not explore:

- The impact of organisational performance management on service delivery.
- Individual performance measurement.
- The political interface between administrators and politicians.
- Management style.
- Cost-benefits and cost-efficiency analysis.
- The relevance of municipal programmes.

1.11 CHAPTER OUTLINE

Chapter 1 An overview of research study. The object of the study will be the assessment of organisational performance management (OPM) and measurement at the Drakenstein and Stellenbosch municipalities. An introduction, background,

motivation, contextualisation of performance related problems and the significance of the study will be presented. A brief overview of the research design and data collection methodology, both qualitative and quantitative, will be outlined.

Chapter 2 A literature review of organisational performance management (OPM). This Chapter presents the literature reviewed on OPM, internationally. Current and ongoing research will be outlined. Challenges to OPM will be discussed and a theoretical and substantive overview of OPM will be presented and contextualised in terms of its strategic application, trends, models, success and failure factors. Arguments for the successful institutionalisation of OPM will be presented.

Chapter 3 The legal framework for OPM in South African local government. A legal framework for the institutionalisation of OPM at South African municipalities is presented in this chapter. A study is made of the acts, regulations and municipal policies in providing the reader with a motivation for the adoption of an OPM function at municipalities. An outline of the current context for OPM at municipalities is outlined.

Chapter 4 Data analysis and interpretation of results. The study design and methodology is described in detail in answer to the research problem and study objectives; the choice of design and choice of data collection instruments is explained. Reliability and validity measures will be discussed. A summary of the data analysed will be presented. The data will be analysed by a qualified statistician and presented in a descriptive manner conducive to logical interpretation.

Chapter 5 Evaluation of previous chapters. This chapter will critically evaluate the analysed data from chapter 4; chapters 2 and 3 will be evaluated along with findings from chapter 4, according to “evaluation criteria”. The researcher will state how arguments and interpretations influence OPM and critical success factors (CSF’s) for effecting OPM successfully at the municipalise in the population, will be listed. This chapter provides an answer to the research problem and prepares a basis for arguing the “normative” in the following chapter.

Chapter 6 A normative view of OPM for municipalities. Based on the findings in chapter 4 and the CSF’s outlined in chapter 5, a normative view and framework for

OPM will be constructed in answer to the fifth study objective, stated in section 1.7. The normative perspective will provide an overview of purpose, function and procedures on the OPM function “as it should be”. The chapter will show how the normative framework evolved, in line with the criteria identified in chapter 5. The study recommendations are constituted by the “normative framework” for OPM, presented in this chapter.

CHAPTER 2: LITERATURE SURVEY: AN ASSESSMENT OF ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM)

2.1 INTRODUCTION

This chapter presents a review of local government organisational performance management (OPM) literature. The aim of the literature survey will be to examine the challenges, problems and models used in the successful application of OPM at local government. The information presented in this review would assist in the study of the design and implementation of an OPM function, particularly when managing and measuring performance at local government is growing in importance.

The literature review aims to present the theoretical and practical elements of OPM, the content, context, latest trends and strategic implications required for improved processes, management and reporting. The literature will explore the use of the Balanced Scorecard in government settings and end with a brief view of the normative theory for OPM at local government.

2.2 DEFINITIONS OF ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM)

OPM is defined by Cordero, Rolstadus and Moseng & Bredrup in O'Donnell & Duffy (2002:1201) as the effective measurement of outputs and the efficient allocation of resources to programmes and projects. The focus of the OPM function at municipalities is the "adaptability" and "complex inter-relationships" between measuring and management of quality, productivity, innovation and profitability (outcomes) as relating to the improvement of performance of the entire organisation.

Municipalities around the globe, recognise that the function of effective OPM is critical in the delivery of quality services and products to stakeholders, as it is catalytic in the institutional development of the municipality itself. Sole (2009:4) holds that to derive maximum benefit from OPM, it is best utilised in terms of its three "organisational levels", namely, strategy, operations and team (or individual) levels.

Grobler *et al.* in Craythorne (2003:124) and Van der Waldt (2007:111) states that the OPM function embraces the functions performed in the entire organisation, in line

with its vision, mission and objectives. Performance management drives continuous performance assessment, akin to “Total Quality Management” (TQM), used extensively in the past to “achieve performance goals”. Craythorne (2003:193) states that the performance management function drives four important managerial tasks, namely, “organisational, process, team and job performance management”.

Pollitt, Girre, Lonsdale, Mul, Summa & Waerness (2002:12) defines OPM as having “three necessary core components”, which are; (i) the performance audit of the administration in terms of its principles, practices and management policies, (ii) an audit of the efficiency of resources utilised, benefits derived, deficiencies thereof, and (iii) an audit of the organisations’ strategic objectives in relation to outcomes and impacts. Pollitt *et al.* (2002:4) states that the insistence on the three E’s (economy, efficiency and effectiveness), lies at the core of the OPM function. Boyne in Van der Waldt (2007:111-112) concurs with the latter and adds that “democratic outcomes” and “responsiveness” are critical performance components, for a successful performance management process.

Fryer, Anthony & Ogden (2009:480) defines the role of performance management as being responsible for “improvements in behaviour, motivation and processes” and lists five “universal criteria” for OPM implementation; (i) leadership commitment, (ii) strategy aligned to performance objectives, (iii) stakeholder involvement, (iv) continuous monitoring, assessment and feedback and (v) building a culture of performance in the delivery of quality outputs and outcomes.

Franceschini, Galetto, & Maisano (2007:109-110) and Sole (2009:9), defines performance outputs and outcomes in terms of its targets, policies and objectives; “external accountability, internal reporting, strategic planning, operations planning and human resource management”. In this way, the validity of the performance outcomes are maintained.

OPM assumes the responsibility for setting in place a series of measures (indicators) by which a municipality may quantify and qualify the progress made in lieu of its organisational development and the services and products it renders to its stakeholders. Ketelaar (2007:2) holds that by engaging stakeholders (such as

citizens) in the design and accomplishments of measures (indicators) and targets, the performance of the organisation is incrementally enhanced.

2.3 ORGANISATIONAL PERFORMANCE MANAGEMENT “CHALLENGES”

Key OPM “challenges” constitute “critical factors” and require “strategic” attention as this impact on the entire process of performance, from the commitment to objectives to the evaluation of outcomes. The performance management and measurement process involves observation, analysis and evaluation of how efficiently resources are converted into quality public services and products, i.e., positive performance outcomes. Yasin & Gomes (2010:214) states that the OPM process involves identifying (i) how well the organisation is doing in achieving its goals, (ii) factors that will enhance the process, (iii) innovations, (iv) solutions, and (iv) benchmarking criteria.

Grobler, Wärnich, Carrell, Elbert & Hatfield (2006:262) regards OPM as a function that would continually process periodic performance reviews. Thompson (2001:819) argues that the OPM process begins with analyses of strategic imperatives and ends with stakeholder satisfaction.

2.3.1 Measuring performance for improved accountability

There is a constant demand from stakeholders for the accurate and systematic collection and dissemination of relevant performance data, for which managers of performance are accountable. “Outputs, efficiency, productivity, external accountability and internal reporting” are seen as key performance measures on the operational level. While outputs are easy to quantify, outcomes and impact studies are long term variables which may alter or be influenced by other factors over time, making accurate reporting difficult (Boyne *et al.* 2006(a):52; Pollitt 2003:162; Sole 2009:5).

Melkers & Willoughby (2005:180-189) studied data from an Alfred P. Sloan Foundation (New York, USA) sponsored survey of 300 local governments and found that 71% of the respondents agreed that performance measurement enhanced program performance. It was clear from the study (i) that broad communication across departments and branches, (ii) an increase in learning (iii) improvement in decision making skills around budgeting and (iv) extensive reward schemes, served

to motivate employees to take responsibility for performance outcomes. These findings converge with the organisational performance objectives listed by Hatry & Fisk in Holzer & Kloby (2005:519), of which accountability to stakeholders feature prominently.

Often it is required to redefine policy on how best to measure performance and be accountable to the public. In this regard, the construction of baselines, targets and output indicators are measures that may be communicated to stakeholders, for the purpose of gaining their feedback. Performance measures compel managers to be responsible for the effective use of resources, choice of staff, public participation and comprehensive planning (Holzer & Kloby 2005:517-519; Ketelaar 2007:1-2).

Municipal financial measures and controls, such as economic indicators, debt, debt in relation to liquid assets and borrowing and debt in relation to deficits, can serve as “early warning signals” in effective financial control and budget management. The issuing of quantified results on accomplished programmes, focus invariably on the effective use of resources; hence the requirement for accountability and accurate reporting from officials and politicians on these matters (Pillay & Subban 2007:55; Shah 2009:9-10).

Svara in Morse, Buss & Kinghorn (2007:92-96) holds that managers need to redefine their goals, constantly provide new information on outputs and outcomes and periodically adjust management style to ensure greater accountability. De Bruijn (2007:3-4) argues that while local government has autonomy as an organised legal body, there should be accountability, since “autonomy without accountability” obscures actual performance. Accountability, “value for money” and reduced bureaucratic rigidity are related criterion that should receive more attention from managers.

The “human” elements of motivation, shared vision, values, and ethical behaviour, influence the administration and processing of performance measures. (Kee *et al.* in Morse *et al.* 2007:157-158; Svara in Morse *et al.* 2007:92-96; Springer in Morse *et al.* 2007:351-355). Shah (2009:2) suggests that benchmarking the quality of life inside the municipality adds value and success to performance measurement as

employees feel a recognition of their efforts and sets in motion a culture of accountability.

2.3.2 Productivity and performance

Linna, Pekkola, Ukko & Melkas (2010:302), in deliberating on the meaning of “productivity” within municipalities, stated that a “mutually complementary” relationship exists between an organisations’ efficiency and its productivity. Low productivity and weak management stood in relation. “Productivity” broadly referred to the cumulative outputs (products and services) at the lowest cost for the municipality, i.e., the rate at which services and products are rendered to stakeholders. A high volume (output) of quality products and services is associated with good productivity.

Municipalities interpret “productivity” in different ways. While productivity is said to be the core business of municipal performance management, it is not defined in terms of its industrial meaning. “Productivity” is thus “simplified, misinterpreted and misapplied” in the public domain. The relationship between “productivity” and performance at municipalities demands greater synergy between divisions and improved internal communication with all employees (Linna *et al.* 2010: 302; Sole 2009:5).

Stakeholders have a role in defining municipal “productivity”. The “point of view of customers” in terms of their assessment of the services rendered is important when measuring “service productivity”. Accordingly, “productivity” is used in reference to (i) effectiveness in delivering quality services, (ii) benefits to citizens and (iii) the production of knowledge in terms of customer preferences. Municipalities are a large employer, using tax resources and a major provider of services to the public and therefore compelled to offer reports to the public on their “productivity” (Linna *et al.* 2010: 306).

2.3.3 The need to reduce red tape

The reduction of red tape would assist municipalities to achieve efficiencies in areas where it is lacking. Red tape is defined as “official rules that prevents things from getting done quickly and easily” (Longman 1995:1186). With specific reference to

municipalities, this definition refers to the restrictive laws, regulations, policies and procedures that inhibit or prevent quick decision making or action.

Addington and Graves in Morse *et al.* (2007:162) suggests that red tape and regulatory requirements should not be used as an excuse for lack of performance in the organisation; managers tend to use red tape to avoid being dynamic and accountable in their practice. A distinction is needed between the need for “daily administrative control” and “the periodic injunctions which stem from the political leadership”. Red tape obstructs productivity and reduces motivation among employees.

Purohit in Shah (2007:286) argues that bureaucratic red tape is a “driver of corruption” as it creates the context for “gaming” in which questionable behaviour or decisions will not be discussed openly. De Bruijn in Coulson (2009:276) states that “gaming” allows employees to meet their targets without bringing improvements to the service, i.e., officials could delay or obscure decision making by using red tape to their advantage.

The impact of red tape can discourage innovation, block ambition, hide problems and drive down performance (Coulson 2009:276). Jackson in Coulson (2009:277) argues that “definitional gaming” can be used to distort information; “numerical gaming”, where figures may be used to distort interpretations and “behavioural gaming” where selection of targets and juggling of resources are used to gain achievements. Coulson (2009:277) states further that fraud is a form of “gaming”. “Gaming” and red tape therefore, in conjunction, tends to maintain a culture of non-performance.

Fryer *et al.* (2009:478) found, based on a theoretical study that the implementation of accountability, quality of service, transparency and value for money to stakeholders and community “had not yet materialised in the public sector”. The findings highlighted restraining factors such as “external impositions” (imposed red tape requirements from national and provincial government authorities) and “re-organising the administration”; these “red-tape” factors tended to “restrict the successful implementation of openness”. Red tape curtails decisions, increases delays or cancellations of programmes, which impacts negatively on performance outcomes.

2.3.4 Administration-political interface

The debate on whether the municipal administration may be free from political meddling by councillors or political leaders is relative to the ethics of good leadership, be they administrators or politicians. Legislation on this matter deserves examination. Political influence in the appointment of administrators is common practice and the impact of this manoeuvring will affect municipal productivity, the incidence of corruption and the organisations' image to stakeholders.

Mintzberg (1996:77) holds that it is futile to wish to prevent political influences on the administration as these are integrated at every level in the municipality and cannot in reality be avoided. "Corrupt transactions" are associated with "a hierarchy of administrative levels"; political appointments of top officials, while it may be linked to reduced work efficiency and skewed interests, is commonly regarded as a norm. Purohit in Shah (2007:287-288) states that "corrupt" managers are responsible for filtering corruption to various parts of an administration.

Political interference in the administration, if coupled with rigid management styles and lack of accountability, will result in low morale, demotivated staff and lower performance. Pollitt *et al.* (2002:31-32) notes two "politico-administrative regimes", which are (i) majoritarian, where the party controls the executive power, (ii) consensual, where more than one party share power. The latter two "regimes" may be found to impact (positively or negatively) on performance outcomes in combination or independently of each other.

2.3.5 Leadership in promoting organisational performance management

Municipalities are best served by qualified, dynamic and innovative administrators. Similarly, politicians who assume leadership positions will be remembered by their integrity, persuasion and service to the public. Kee in Morse *et al.* (2007: 157) holds that leadership and management merge as a "governance strategy designed to create a strong sense of ownership, accountability and responsibility to outcomes, including change, at all levels of the organisation", since the public perceive municipalities to be representative of national government, in their delivery of services and products.

“Strategic leaders” have a clear sense of the strategic direction and organisational goals and should “link the strategic and the operational” in bringing about the desired organisational performance outcomes. Leadership is therefore “a process of influencing” directors, assistant directors and managers as change agents and not to be subserving (Johnson & Scholes 2002: 534-549). Politicians and administrators should therefore build synergous relationships that would enhance performance outcomes.

Increasing authoritarianism in local government diminishes the capacity of employees to be flexible and strategic thinkers, and so inhibit opportunities that would advance OPM. Public leaders who plan for results and lead by example, are effective, innovative, good communicators and create partnerships for progress. There is a need for research and analyses of intra-organisational leadership, networking and collaboration within municipalities; “flatter” and fewer hierarchical structures implies a shift from autocratic management to a more democratic and integrative managerial culture which, in a knowledge economy, will better serve employees (Buss in Morse *et al.* 2007:x-xii; Svava in Morse *et al.* 2007:11; Morse *et al.* 2007:10-16).

Mayors often lose sight of their potential and opportunities and fail to gain legitimacy for their role in the administration or in being accommodative to the public. Mayors should be catalytic agents in bringing about excellence in organisational performance and through engaging with stakeholder demands (Stone in Morse *et al.* 2007:265-266; Morse *et al.* 2007:265-266).

Boyne *et al.* (2006b: 53) refers to Miles and Snows’ model of three strategic leadership styles, namely, the “prospector, defender and reactor stance” and holds that the “prospector stance” is the preferred leadership style. “Prospector” leaders showed a willingness to take risks, break new ground, are committed to strategy and have ability to drive performance to higher levels. The “defender” and “reactor” styles of managerial leading may be associated with convention, hierarchy and bureaucracy, while “prospector” leaders are innovators, drivers of change and offer high levels of flexibility.

Gains, Greasley & Stoker (2009:75-76) asserts, based on a five year study of the impact of the British Local Government Act (2000), that all municipalities in Britain were directly or indirectly, positively or negatively, influenced by their political leadership. The persistence of “hung councils” impacted negatively on the municipalities’ organisational performance. A culture of “political autonomy” allowed for a “facilitative leadership” to improve performance, in keeping with the trend towards “modern urban democratic governance”, which utilised and promoted community involvement, accountability and openness. Šević (2005:582-596) states that mayors in Serbia, at the time of introducing the New Public Management (NPM), used their positions in leadership to dismiss and victimise their political opponents, thereby rendering the performance management system useless.

2.3.6 Citizen-driven government performance initiatives

Dai & Teng (2008:2-3) provides insight into the success achieved in OPM by the People’s Municipal Government of Hangzhou (PMGH), China. The City’s rapid economic development demands efficiency in the delivery of services. The Performance Evaluation System of Hangzhou (PESH), an annual evaluation of the municipalities’ services to the public, actively engages the community and rewards high performance, “materially and mentally”.

The PESH is guided by effectiveness, efficiency, quality public service, sound internal management and continuous improvement. The PMGH employs 1500 “local assessors” (volunteers) to perform the PESH survey, based on (i) institutionalised and government wide performance evaluation system with monthly reporting (ii) customer satisfaction, (iii) incentives to municipal staff which is material and non-material, and (iv) the performance results are made transparent.

Weeks in Holzer & Kloby (2005:523) found that public participation and public opinion “create opportunities for deliberation” and decision making for citizens collaborating with municipal managers. NGO’s and community organizations (focus groups, citizen surveys) participate in performance assessment programmes. Citizens may document the quality of outcomes, share intellectual resources, sustain collaboration with the municipal body and promote transparency and accountability.

Holzer & Kloby (2005:523) describes “citizen-driven demand” for the effective utilisation of municipal resources as integral to monitoring and assessment of programmes. The A P Sloan Foundation (New York, USA), supports public participation in government programmes. Russell-Einhorn in Shah (2007:218) states that “monitored data” should be made available to the public so that they may make informed inputs into “complaints and redress institutions” concerning poor delivery of services. Russell-Einhorn in Shah (2007:202) argues that legislation which allows citizens to be involved in “special monitoring and consultation processes” stimulates good performance.

2.4 FACTORS LEADING TO ORGANISATIONAL PERFORMANCE FAILURE

The factors leading to organisational performance failure are complex and have diverse sources of origin. Organisational performance objectives may be irrelevant, resources or capacity may be inadequate and the instruments (tools) employed to measure performance might be inappropriate. There are also human factors such as non-commitment from employers and stakeholders, leadership style and political factors that will lead to performance failure as would organisational structure and culture.

Viedge in Van Dijk (2007:52) contends that the following factors lead to the failure of OPM: (i) employee goals are often not aligned to the strategic goals of the organisation, (ii) “under-developed” job competencies and weak skills bases, and (iii) “unchecked financial rewards” (bonuses) are paid irrespective of the quality of performance rendered to the organisation. When managerial roles are not be clearly defined by the organisation, performance outcomes are hardly measured. Similarly, where a “culture of commitment to service excellence” is absent, gaps in the measurement of service quality are evident. Rantanen, Kulmala, Lönnqvist & Kujansivu (2007:415-433) adds two specific problems faced by the Finnish public sector and linked to performance failure, which are, (i) conflicting stakeholder needs (ii) lack of commitment to programmes by leaders.

Programme failure is rarely analysed by management upon completion of projects or programmes. Denrell (2003:234-239) argues that it is common for managers to study organisational successes, while the examination of performance failure is neglected;

leading to the belief in “management myths”, i.e., uncontested good or bad practices, which prevails over factual analyses of successes and failures in OPM.

Denrell (2003:234-239) suggests that to prevent performance failure each situation requires independent analysis; the failure to examine “management myths” may result in failures in resource allocation, erroneous decision making, poor risk analyses, absence of a culture of excellence and assumptions about employee loyalty, promotion and incentives. Centralised decision-making distances power from employees and reduces the level of openness and accountability to stakeholders, leading to poor utilisation of resources and performance failure (Mwita 2000:19; Boyne *et al.* 2006b: 273-296).

2.5 FACTORS LEADING TO ORGANISATIONAL PERFORMANCE SUCCESS

Hatry & Fisk in Holzer & Kloby (2005:520) state that performance measuring tools invariably “encompass” strategies (success factors), which serve to overcome challenges and add value to processes. The most important of these “strategies are (i) establishing goals and measuring results, (ii) justification and quantification of resources, (iii) organisational development and (iv) motivating employees”. In a facilitative manner, Gains *et al.* (2009:78) refer to “facilitative leadership” and argues that local authorities should be cognisant of four success factors, viz., (i) leadership in the development of local economies, (ii) institutional design should facilitate productivity, (iii) accountable leaders and (iv) a unified local authority.

Taking cognisance of the above, Hiltrop (1996:635) confers with Boyne, Andrews, & Walker (2006a: 58) that the link between performance and strategy (and its link with strategic human resources) is important in the achievement of successes in management. Strategy “content” and “evidence” were stated as success criteria for high performance in public organisations.

Van Dijk (2007:53) argues that successful organisational performance is dependent upon a commitment from top managers to measure performance. Performance measures should be “tailored” to the unique performance of the organisation, such as the vision, strategy, structures, goals, objectives and should be an “ongoing” process.

An entrenched “routinised” communication system will advance learning within the organisation, placing internal communication high on the list of success factors; in addition, “learning at all levels” in the organisation facilitates the relationship between politicians, officials and community members (Melkers & Willoughby 2005:18; Curtis 1999:268).

Behn (2003:598) holds that successful performance management requires standards, “a gauge and a context” by which to compare current performance, suggesting that critical organisational performance elements (such as evaluation, budgeting, learning) constitute employable “performance measures”.

Community involvement, people issues, rewards and an individuals’ links with higher managerial levels, leadership and top management commitment, a workplace culture of performance and employee responsibility are success factors in public performance. The success criteria of democratic internal relations, accountability and transparency are in the same category of measures (Sole 2009:7-8; Ketelaar 2007:2-4).

2.6 INTRODUCING ORGANISATIONAL PERFORMANCE MANAGEMENT MODELS

2.6.1 An overview

Mouton & Marais (1994:60) explains that a model is a conceptual framework or construct. Mouton and Marais (1994:137) holds that a model is “heuristic” (to discover or to reveal) and usually an end product of a research process. Gorrell in Mouton and Marais (1994:140-141) defines a model as that which “simplifies and systematises the domain under investigation by virtue of positing certain assumptions about the structural, causative or functional nature of the modellandum”.

The organisational performance management models reviewed, employ principles of outcomes-driven performance. According to Osborne *et al.* in Van der Walde (2007:117), positive outcomes and successful performance management, are driven by “transparency, accountability, learning and incentive(s) for increased output”. Pollitt *et al.* (2002:25) states that models should encourage a wide range of questions that can be used in policy formulation. Municipalities may, from a

comparison of performance management models, adopt a hybrid of models or adapt a performance management model to suit their circumstances. According to Mintzberg (1996:76-77) a balance need to be found between the public and private sector performance modelling while municipalities may use elements employed by both systems.

2.6.2 The New Public Management (NPM) approach to OPM

A relatively new approach to OPM, the New Public Management (NPM) embodied a shift in public management practice from the “public service driven” organisation to a results oriented, customer-centred mode of delivery of public products and services through the employment of external contractors, thereby stimulating private enterprise. The NPM influenced performance management by focusing on results, “value for money”, efficiency and cost effectiveness in resources usage and the empowerment of communities to engage public bodies via tender processes (Fryer *et al.* 2009:479). Pollitt (2003:27-30) confers and lists the characteristics of the NPM as “talk-decision-implementation-results” process.

Minogue (1998:18-27) holds that the rationale of the NPM was to trim large bureaucratic organisations so as to achieve efficiencies “through performance auditing and measurement”. The NPM performance model would thus favour measurable, cost-based outcomes, quantification of revenues and the employment of service providers. Bovaird & Loffler in Rabie & Ackron, (2010:18) cautioned that the “NPM created undue and complex problems, that the citizens’ role was too weak and that poor service delivery resulted from a lack of transparency and inwardly focused” public bodies.

2.6.3 The need for simplicity in performance management modelling

Curtis (1999:260) cautioned that “elaborate systems” of OPM and excessive control of the performance management process are costly and that the choice of performance model should contribute to “mutual organisational learning and problem solving”. The chosen performance model should be understood by all employees, “using simple, low cost information gathering and dissemination techniques that are within the capabilities of existing leaders and officials”.

Performance modelling should incorporate, (i) work done in performance modelling by “higher spheres of government”, (ii) a decentralised and flexible workforce and (iii) a culture of performance excellence. These criteria would facilitate greater efficiency of the performance process (Curtis 1999: 264; Mintzberg 1996:81). Mintzberg (1996:81) holds that “inspired employees are superior to empowered employees” in a decentralised system of performance management, with some retention of bureaucratic (central) controls.

2.6.4 Examples of OPM models

The following are examples of organisational performance models applicable to local government. Detailed elements of the models discussed are contained in Annexure 2.1.

2.6.4.1 The logic model

The “logic model”, described in the Kellogg Logic Model Development Guide (2004:5), puts forward a well developed instrument for the logical planning and tracking of programmes. The “logic model” enables managers and stakeholders to follow the sequence of the programme events, from start to finish and to understand the theoretical bases for a programme or project. The programme objectives are operationalised through a logical outline of programme inputs, targets, baselines, outputs and outcomes, presented in the matrix format. Key performance indicators (KPI’s) are introduced in each activity in the programme or project, thereby simplifying reporting. The model offers flexibility for the monitoring and evaluation (M&E) of programmes, data storage and iterative analyses of programmes.

2.6.4.2 The public service quality model

Gaster & Squires (2003:60) presents a “Public Service Quality Model” incorporating the “Parasuraman-Zeithaml-Berry Gaps Model of Quality” which places a strong focus on the delivery of quality services and products to the public. Five “gaps” are highlighted, which if effectively addressed at municipal level, adds value (and new knowledge) to the OPM function. These “gaps” identify (i) public “expected” service (ii) service quality specifications, (iii) quality of services delivered (iv) external communication with the public and (v) expected service versus the perceived service.

The Public Service Quality Model is a “quality assurance” instrument for the ongoing enhancement of organisational performance, with the emphasis on measuring quality outputs and customer satisfaction. The Public Service Quality Model addresses areas in service delivery neglected by municipal authorities and places a compelling focus on it.

2.6.4.3 *The systems model*

Straub, Koopman & Van Mossel (2010:325), outlines a “systems model” for OPM in which a systemic analysis of inputs, throughputs and outputs of service efficiencies (planning, budgeting, training, work flow, coordination, communication) may be evaluated as elements of an operational function. The model makes provision for stakeholder involvement, problem solving and the effective and efficient delivery of municipal services and products, i.e., outputs, as well as instilling opportunity for ongoing improvements.

The “systems model” is geared to attain the organisations’ vision, mission and goals. Grobler *et al.* (2006:288) advises that managers should be the “raters” trained in “person and system factors” and should come from different divisions of the organisation to work collaboratively. The “systems model” holds much in common with the “logic model”, which may be referred to in Annexure 2.1 and 2.2.

2.6.4.4 *The results-oriented “framed” performance management model*

Burke and Costello in Morse *et al.* (2007:285-292), proposes a results-oriented “framed model” for OPM, which consists of four “frames” (strategic domains) in which performance is managed and measured. Implementation of the model, entails strengthening internal management, developing empowered, capable employees and placing the interests of the public above that of the organisation. The four “frames” are:

The Structured Frame: outlines organisation, institutionalisation, relationship building, roles and responsibilities, strategy and facilitation of a results-oriented organisational performance management function.

The Human Resource Frame: outlines training and capacity building of employees, establishing links between organisational and employee needs; encourage internal networking, collaboration and linking individual performance appraisal with the organisations’ performance objectives.

The Political Frame: establish balance in power, leadership, the administrative-political interface, self-interest versus collective interests and shared power for excellence in organisational performance.

The Symbolic Frame: represents building the “energised environment”, performance culture and reflection on the organisation’s vision, mission, goals and objectives.

2.6.4.5 *The ISO 9000 as a model for service excellence*

The ISO 9000 presents categories of standards for quality management and control, internationally recognised, against which an organisation may obtain a certification of compliance for their continuous performance assessments of organisational structures, functions, outputs, outcomes measures and public opinion. The ISO 9000 requires meticulous management, reporting and compels the continuous improvement of organisational processes. Vouzas & Gotzamani (2005:259-266) contend that there is much value in the employment of ISO 9000 quality standards in the development of quality assurance instruments in large organisations, “particularly with the new ISO 9000:2000” range of standards and measures.

According to Gaster *et al.* (2003:136), the ISO 9000 may be used in the measurement of achievements at municipalities. The factors influencing quality at municipalities are (i) a need for clear specifications or standards, (ii) clear objectives for service delivery, (iii) consultation with the public (iv) innovation, (v) commitment from top management and (vi) a commitment from national government to improve service delivery. Gaster *et al.* (2003:61) states that there are difficulties in defining quality as no consensus exists on the definition. Gaster *et al.* (2003: 88-89) asserts that “standard setting” and an “ascending quality improvement” takes place when quality is defined in terms of standards.

Kgafela (2010:1) holds that standards are generated with community participation, at the place of need, to ensure the sustainability thereof. Grobler *et al.* (2006:269) suggests that a standard is defined by its norm, i.e., a quantity or a quality of a produced good. One may find standards for safety, planning, training or maintenance. Managers are expected to be responsive to “specified mandatory standards”, by way of being compliant with preset service standards or policies. Standardisability has a direct bearing on efficiency, accountability and equity, without

which, clear measures for performance will not be obtained. When norms and standards are “imposed on public sector managers” a decline in motivation and innovation might occur (Pollitt 2003:162; Shah 2009:4-13; Zeegan in Fryer *et al.* 2009:489).

2.6.4.6 *The New Zealand “service performance measurement” model*

Breitbarth, Mitchell & Lawson (2010:3-7) state that the “service performance measurement model” officially instituted in New Zealand in 2009, is driven by the ratepayers’ involvement and demands and is integrated with the Medium Term Municipal Assessment (MTMA) and the Long-Term Council Community Plan (LTCCP). The strategic objectives of the municipality are made known to public as they are involved in the planning of the municipal regulatory framework.

The LTCCP involves all employees, the auditing authority, consultancies and politicians in the operation of the model. A “service performance index” (SPI), is used to rate what is of high and low priority in respect of performance objectives. In this manner, important municipal functions are rated in terms of importance and past performance ratings.

2.6.4.7 *O'Donnell & Duffy's E² model*

The “E² Model” presented is designed specifically to obtain measures for efficiency and effectiveness of performance. O'Donnell & Duffy (2002:1217-1218) developed the “E² Model”, based on three “axioms”, used in the design of key performance indicators (KPI's) to ensure alignment, congruency and coherence between activities and their performance outcomes. These “axioms” are, (i) that activities are fundamental to the creation of performance, (ii) that all performance measures “can be typified” to efficiency or effectiveness indicators and (iii) that the execution of activities and the management thereof are inextricably linked.

The “E² Model” employs four (GIRO) knowledge factors, in calculating the “product” of efficiency and effectiveness; (G) “knowledge goal” which steers activities, (I) “knowledge inputs”, collective prior knowledge, (R) “knowledge resources”, (O) “knowledge outputs” which are the results of the activities performed. The GIRO factors contribute to the measurement of effectiveness, but cannot measure efficiency; however, inferences about efficiency can be made.

2.6.4.8 Sole's three "performance dimensions" model

Sole (2009:3-5) provides a performance management model that serves to measure municipal performance in three "performance dimensions". The first is "the strategic dimension", which involves the public and politicians in the monitoring and measurement of the effectiveness of the municipalities' strategic initiatives. The outcomes are used at a later stage in decision making processes. The second is "the operational dimension" where performance measures focus on municipal efficiencies and quality of services and products. Performance may be assessed daily, weekly or monthly. The third is "the team and individual level" where feed-back to employees, attention to internal accountability and human resources enhancement is effected. Organisational productivity (outputs) is therefore a result of the "three performance dimensions" interacting systemically.

2.7 THE BALANCED SCORECARD AS AN INSTRUMENT FOR ORGANISATIONAL PERFORMANCE MANAGEMENT AND MEASUREMENT

The following sections introduce the generic Balanced Scorecard and two examples of the Balanced Scorecard tailored to meet the requirements for its employ in a public management setting.

2.7.1 Operating principles of the Balanced Scorecard

The Balanced Scorecard (BSC) designed by Kaplan & Norton (1992), Figure. 2.1, was primarily intended for the private sector and is currently being tailored for the public sector. The BSC allows for the achievement of "strategic balance" in performance management planning and measurement, in five components of the entity, namely, (i) finance, (ii) internal learning and growth, (iii) customer engagement, (iv) internal business processes and (v) strategy. Each component is accorded a set of key performance indicators by which the four components may be monitored and evaluated (Johnson & Scholes 2002:437; Olve *et al.* 1999:6; Niven 2003:149-156).

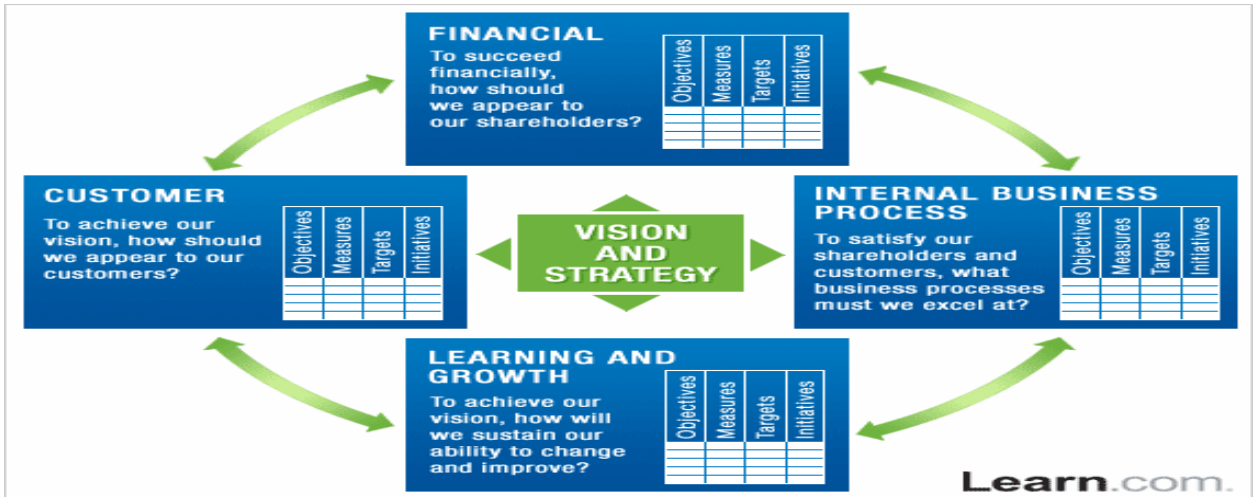


Figure 2.1: The Balanced Scorecard

(Source: <http://www.learn.com>).

2.7.2 The workforce Balanced Scorecard

Huselid, Becker & Beatty in Pillay & Subban (2007:65) presents the Workforce Balanced Scorecard, “workforce scorecard”, as depicted in Figure. 2.2.

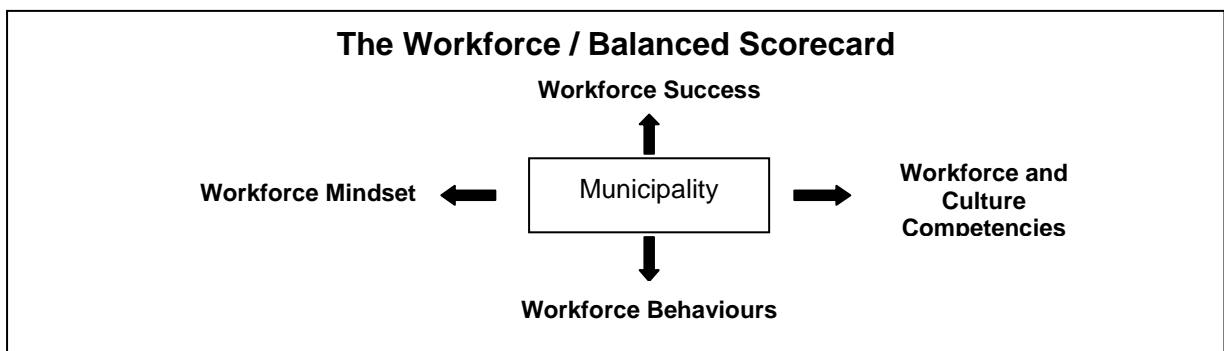


Figure 2.2: The Workforce Scorecard

Source (Huselid, Becker & Beatty in Pillay & Subban 2007:65)

The “workforce scorecard” focuses on the elements of “workforce success” and “turning strategy into performance” in four key areas of organisational performance that may be monitored and evaluated. Successful performance outcomes are sought in the areas of (i) measuring workforce success, (ii) assessment of workforce behaviour, (iii) assessment of mindset and motivation, and (iv) culture and competencies. The “workforce scorecard” might pose difficulties in measuring organisational performance owing to its bias towards the ongoing development and empowerment of employees.

2.7.3 DeSeve's Balanced Scorecard for government

DeSeve in Morse *et al.* (2007:204) presents a Balanced Scorecard adapted for the public sector, as depicted in Fig. 2.3. "Sixteen metric categories" or measures are used in which the organisations' vision is central to driving performance. Each of the "categories" hold performance elements (measures) which may be quantified and which provides a viable means of assessing performance in government settings.

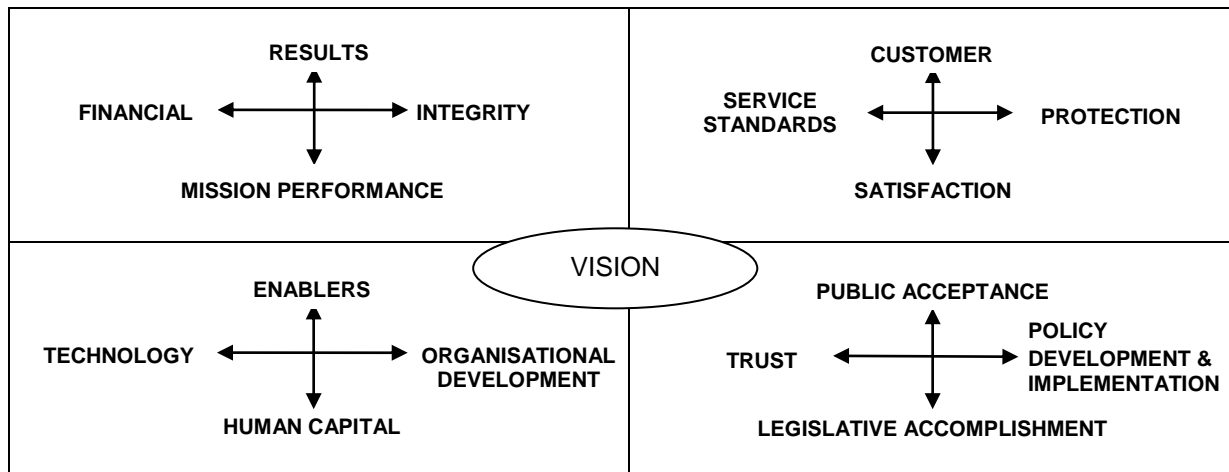


Figure 2.3: Balanced Scorecard for Government

(Source: DeSeve 2009:11).

2.7.4 Difficulties found in the implementation of the Balanced Scorecard in the public sector

The Balanced Scorecard was designed to measure and control key strategic components in the private sector, performance the market, competition, internal business enhancement, customer satisfaction, learning and innovation. Public sector organisations have a different strategic focus, constraints and financial base and therefore have to tailor the Balanced Scorecard to their specific needs. Public organisations deal with a diverse stakeholders group, communities, political groups, financial limitations and changes to its leadership, which may thwart the likelihood of expecting reliable results from the employ of a Balanced Scorecard (Behn 2003:600; Linna *et al.* 2010: 306).

Behn (2003:587) states that public managers may employ the Balanced Scorecard by focusing on specific managerial "purposes", such as (i) evaluation, (ii) control (iii) budgeting (iv) motivation (v) promotion (vi) celebration (vii) learning and (viii) continuous improvement. Each "purpose" should be used to transform the Balanced

Scorecard to the needs of the organisation. The evaluation of long term programmes in the public sector requires a system of measurement quite different from the Balanced Scorecard.

The city of Charlotte (USA) implemented the Balanced Scorecard, but “not always successfully”. The problems encountered were found in addressing weaknesses in leadership, empowerment of employees, lack of empirical evidence on Balanced Scorecard implementation in the public sector, alignment of scorecard measures to the strategic plan, non-flexibility of the performance measures and little consensus on vision and strategic objectives (Umashev & Willet 2008:380).

According to Chan (2004:204), in a study on USA (federal and state) and Canadian municipalities, limited use of the Balanced Scorecard was found, owing to inhibiting factors such as: (i) reporting on non financial measures proved difficult, (ii) top management buy-in, (iii) employee buy-in, (iv) impetus to “customer based planning, (v) training and education and (vi) resources to implement the instrument.

2.7.5 Positive aspects of implementing the Balanced Scorecard

There is a growing tendency in the public sector to use the Balanced Scorecard for organisational performance reporting. Public sector organisations can, according to Jarrar & Schiuma in Fryer *et al.* (2009:482) develop measures suited to the design implications of the Balanced Scorecard if “they invest more time and effort” in customising it to their needs. Chang in Fryer *et al.* (2009:482) suggests that the Balanced Scorecard may be more of an information gathering tool than a “strategic performance management tool”, depending on the sector it is used in.

According to Behn (2003:599), there are advantages for public organisations in implementing the Balanced Scorecard as it is able to accommodate (i) internal changes for improved quality, capacity and skills, (ii) value additions and (iii) continuous improvements to the financial position of the organisation. According to Chang in Fryer *et al.* (2009:491) the Balanced Scorecard has the advantage of instilling congruence at the operational level, compelling top management to recognise team-work and information and communication systems in their engagement with stakeholders.

2.8 THE ROLE OF PROGRAMME EVALUATION IN OPM

2.8.1 Programme monitoring and evaluation (M&E)

De Bruijn (2007:90) sees monitoring and evaluation (M&E) as “interactive” processes, combining authority, learning and collaboration with partners, in order to secure a system free of rebuke and fear when outcomes are unsuccessful. Participants in the process of M&E of programmes decide on the criteria (time, scope, sustainability, diversity, capacity, resources) to be employed in the process. Perrin (2004:7) states that the monitoring process is an essential data gathering exercise which answers the “what” question, while evaluation of programmes or projects answers to the “how and why”.

Shah (2009:1) states that performance based budgeting, benchmarking, activity based costing and accrual accounting are monitoring and evaluation tools which assists in evaluation processes. Russell-Einhorn in Shah (2007:218) contends that monitoring and evaluation of public programmes and budgets are a means of ensuring accountability to the public in “strengthening oversight and combating corruption”.

Mbele (2010:2) argues that if the M&E tasks are without “essential support” functions, there will be compliance within the bureaucracy, but without real differences and change in outcomes on programmes. M&E must therefore be an effective catalyst in institutional transformation and in support of the OPM function as a mainstream municipal function.

Programme evaluation is an integral requirement of OPM. It involves a systematic set of procedures that will uncover the worth of a programme, in terms of its successes, shortcomings and outcomes, intended or unintended. Rossi *et al.* (2004:418) holds that “systematic evaluations are inevitable to current and future efforts to improve the lot of humankind”. The complexity of social issues, the unstable nature of political trends, the increase in population and the spiralling costs of resources, are factors driving the demand for more scientific appraisal of programmes in the public sector. The role of program evaluation, and its advantages in public organisations is described by Patton (2001:12-15) as (i) being instrumental in increasing accountability and bringing about standards of excellence in program

implementation, (ii) facilitating experiential learning and (iii) a culture of stimulating best practices.

Purbey *et al.* in Yasin & Gomes (2010:214) states that performance assessments constitute an important organisational task, where planned and targeted objectives help to identify areas of strengths and weaknesses. Garengo and Bititci in Yasin and Gomes (2010:215) states that the information obtained from the process of M&E of programmes can assist decision-making for the enhancement of future performance in the public sector.

2.8.2 Participatory approaches in programme evaluation

The participatory approaches reviewed below will establish, (i) the merits of the process and program worth, as these might have changed over time, (ii) whether the strategic objectives of the organisation were met, (iii) standards or criteria for success of the organisation's programmes, projects and policies, (iv) cost effectiveness, (v) organisational responsiveness to stakeholders and (vi) barriers to expected performance (Guerra-Lopez 2008: 26; Pollitt 2003:122).

2.8.2.1 Utility focused evaluation (UFE)

According to Schurink (2004:26), Patton's Utility Focused Evaluation (UFE) approach is based on the premise that evaluations of programmes are judged by its utility and conformity to need, i.e., emphasis is placed on the usefulness of the programme attributes and how users benefit from it. Public sector programmes, policies and projects may be evaluated for its usefulness. The process is iterative and involves identifying a dedicated group of persons who would be committed to structuring sets of evaluation questions, design processes and outcome indicators and who would report the results of the evaluation to managers of the organisation.

2.8.2.2 Fourth generation evaluation (FGE)

Schurink (2004:12-13) explains Guba and Lincoln's Fourth Generation Evaluation (FGE) approach to program evaluation as employing two key *elements*; these are, "responsive focusing and constructivist methodology". The "responsive" element deals with claims, concerns and issues brought to guide the evaluation and the "constructivist" element contains the investigative material, i.e., to check for relevancy, direction and worth of the programme, policy or project. This method of

evaluation uncovers socio-economic, educational and cultural factors influencing performance outcomes. FGE outcomes are not finite conclusions, but rather products and services that may assist internal and external evaluators in making sense of the programme, policy or project outcomes for future intended applications and improvement thereof.

2.8.3 Benefits from programme evaluation for OPM

The evaluation of programmes by the World Bank Independent Evaluation Group, IEG, (World Bank Independent Evaluation Group 2009: ix), over a ten year period, from 1998 to 2008, in which 190 IEG municipal development projects (MDP's) were evaluated worldwide, revealed valuable benefits to OPM, which were, (i) improvement of municipal performance in service delivery to business and communities, (ii) effective project documentation, (iii) improvement in monitoring and evaluation of projects, (iv) financial strengthening through the generation of "own" funding (v) poverty alleviation through empowerment and sustainable arrangements with municipalities.

2.9 THE IMPORTANCE OF STRATEGY FOR OPM

The following sections will briefly describe the importance of the relationship between the organisation's strategic planning process and OPM.

2.9.1 Linking strategy to OPM

Resources planning, the "value" of outputs, intergovernmental planning and performance indicator formulation involves integrating national and local strategies to the management and measurement of organisational performance at local level (Johnson & Scholes 2002:29).

Johnson & Scholes (2002:475) states that "strategy is about how organisations perform overall". Ilbury & Sunter (2009:31) states that "strategy is direction ... it is about knowing what you control and don't control and what is certain and uncertain"; strategy is about changing direction when necessity demands. The organisations' strategic objectives should be known by all departments in order to encourage goal attainment at all levels of the organisation. This measure would be reflected in a specific performance outcome.

Ilbury & Sunter (2009:107) holds that problems which arise in strategic management should be addressed immediately as uncertainties may have a “major impact” on performance outcomes, while Mankins & Steele (2005:68) highlights the “strategy-to-performance gap” and cautions that the linkages between strategy and performance planning and auditing should be strengthened in order to bring about effective organisational performance measurement and management.

There is a need for top management commitment to effectively drive the strategic direction and strategic objectives of the organisation, since the “outcomes orientation requires a strategic focus” (Boyne *et al.* 2006a: 52; Perrin 2004:19; Roberts 1994:13-14; Teare *et al.* 1998:58; Macpherson & Mwita in Van der Waldt 2007: 111-126).

2.9.2 The Link between the human resources and performance management functions

The strategic links between attaining a high performance organisation and an effective human resources (HR) function is regarded as fundamental to strategy formulation. The process involves goal setting, HR acceptance of strategic and performance objectives, incentives planning and recruitment of unique competencies and training (Johnson & Scholes 2002:459; 480).

A fundamental task of strategic human resources is to “formulate a clear, coherent and consistent construct” for OPM as a higher order management function. An HR strategic plan would contain guidelines for indicator development, with respect to effectiveness, efficiency, products, quality, services and employee job satisfaction. The alignment of key performance indicators (for strategy, human resources and performance management) is critical to effectively administer the organisation (Hiltrop 1996:630-633; Rogers and Wright 1998:311-315; Van der Waldt 2007:171).

Olve *et al.* (1999:76) states that where functions of an organisation are clearly aligned, (“interrelated”), a shared vision and “common overall strategic goals” would be found. The author holds that often there is no alignment between top level and middle level scorecards.

2.9.3 Three essential strategic planning elements

The following elements are often left out of account during strategic planning exercises, performance management planning and human resources planning.

2.9.3.1 *Value chain management*

The organisations' value chain means the value addition of all activities and resources, from inputs to outcomes, which one would identify in the creation of a service or product. Process enhancements, alignment of plans to scorecards, performance objectives and departmental business plans, awareness of the external environment, adds value to performance outcomes (Hiltrop 1996:632; Johnson & Scholes 2002:151). Value chain enhancement is commensurate with organisational performance enhancement.

Olve *et al.* (1999:62) states that at most times the understanding and development of Porter's value chain "is all but present organisations". Value chain analysis, is required to assist organisational performance planning, in identifying performance drivers and key focus areas (KPA's).

2.9.3.2 *Fostering a culture of performance*

The need to create a workplace culture for the delivery of excellence and quality services and products, is evidenced across the literature reviewed (Sole 2009:8). Van Dijk (2007:51) observed that "an unresponsive organisational culture together with unclear performance objectives will lead to a decline in appropriate performance", and an inaccurate assessment of strategic capabilities. Curtis (1999:264) contends that the strategic planning process should not impose tight controls on the performance management function since increasing "administrative burdens" would not resolve problems of performance.

2.9.3.3 *Environment-values-resources (E-V-R) considerations in strategic and organisational performance management.*

Thompson (2001:69) states that an organisation's strategic position is influenced by environmental factors (E), institutional values (V) and resources (R). Strategic managers are required to ensure E-V-R congruence. E-V-R congruency is employed during the strategic planning exercise in order to "match key success factors and core organisational competencies" and is regarded as bringing organisational efficiency and effectiveness to operational functions, top management involvement, teamwork and integrated information systems, driving positive performance outcomes (Chang in Fryer *et al.* 2009:49; Van Dijk 2007:51).

2.9.4 Indicator development

Indicators are known variables, measures of quality outputs and outcomes of performance. Indicators should be precise, clear, tangible and effective (qualitative or quantitative) reflecting programme activities and achievements. Indicators can be “static or dynamic”, material or non material and may “stimulate organisational effectiveness” (Ketelaar 2007:1; Tarr in Fryer *et al.* 1999:483).

Fryer outlines four types of indicators, which are, (i) output (ii) social or infrastructural, (iii) performance and (iv) a composite of the three. Boyne in Fryer *et al.* (1999:482) cautions against the danger of having too many indicators to one programme.

2.10 TOWARDS A NORMATIVE RATIONALE FOR THE OPM FUNCTION

A normative view of OPM in the municipal context would reveal the current performance management status, modes of operation, criteria, objectives and links to the legislative framework. Robbins & Barnwell (2006:123) holds that generally public organisations are examples of the “machine” bureaucracies, characterised by an organisational hierarchy, a centralised authority and control system, with “formalised operating tasks, rules and regulations”; the norm for OPM effectiveness in such a setting will be largely influenced by corporate decisions, control and management style.

Mintzberg (1996:81-82) holds that there are many performance models that will suit the needs of public bodies. An “overlay of normative” elements in combination with systems of network and machine models, in an “eclectic system”, is found in public bodies. Mintzberg (1996:81) lists “five key elements” present in a normative approach to performance management, which are, (i) selection of staff by institutional values and attitudes, (ii) socialisation and integration, (iii) a work ethic of principles above targets, (iv) shared responsibility and (v) performance evaluated through experience and by “recipients” of services. The establishment of the “norms” are often areas of contestation between governing parties in a given municipality.

2.11 CONCLUSION

The literature surveyed, contextualised and intensified a case for the institutionalisation of effective OPM and measurement at municipalities; this function

informs all stakeholders of the degree to which municipalities have attained their strategic goals which includes the growth and development of the organisation.

The importance of acknowledging contextual and process factors, models for OPM design, instruments for programme evaluation and the importance of linking strategy, performance and human resources, were highlighted. The most compelling factor in the success of establishing the OPM function is that a dedicated organisational performance unit is necessary at the corporate-strategic level and not at the operational-business level. Top management commitment to the OPM function has surfaced as an imperative in order to effect positive performance outcomes.

The literature surveyed makes inferences towards the adoption of a normative understanding of OPM, “as it should be”. With due regard to municipal concerns, challenges and issues retarding the formalisation of OPM at municipalities, certain imperatives for its effective functioning were indicated: these are (i) a need for the delivery of quality services and products to the public, (ii) community involvement, (iii) managerial accountability and transparency, (iv) the need for a culture of performance management and measurement at every level, (v) norms and standards for efficiency and effectiveness and (vi) monitoring and evaluation of programmes, projects and policies.

CHAPTER 3: AN ASSESSMENT OF THE LEGISLATION AND REGULATORY FRAMEWORK WITH RESPECT TO ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM) IN MUNICIPALITIES

3.1 INTRODUCTION

The purpose of this chapter is to survey the legislation on organisational performance management (OPM) at municipalities in South Africa, including the supporting national guidelines, policies and regulatory frameworks. This mandating framework determines performance criteria and objectives, clearly defining, describing and offering purpose and procedures which may be employed in the institutionalisation of the OPM function.

OPM is an essential conduit for the development of every aspect of municipal work, through which internationally recognised performance criteria are applied: these are “economy, efficiency, effectiveness, sound management practice, good governance, goal attainment and public participation” (Pollit *et al.* 2002:90). Presently, the OPM function (or dedicated unit) is hard to locate at municipalities and fragmented within the administration. The OPM function may only be identified through quarterly reports issued to the municipal council, such as the top managers’ performance reports, the Integrated Development Planning (IDP) reports, the Service Delivery and Budget Implementation Plan (SDBIP) reports and Annual Report.

The legislation governing OPM covers municipal structures, functions, organisational development, financial probity, codes of conduct and clear lines of reporting to other spheres of government, among other functions. Local Government legislation takes cognisance of the municipalities’ socio-economic position and limited capacity which allows municipalities the independence to develop and grow the municipality in the interest of the public it serves.

This chapter will show that national and provincial government has instituted capacity building mechanisms to mitigate the problems being experienced at local level. The OPM function “drives” the need for high performance as a primary focus in the delivery of services and products to stakeholders.

3.2 LOCAL GOVERNMENT LEGISLATION

Aspects of the legislation pertaining to the implementation of an OPM function at municipal level will be dealt with in this section.

3.2.1 The Constitution of the Republic of South Africa, 1996 (No. 108 of 1996)

The Constitution is the basis for a democratic South Africa. Chapter 7 of the Constitution sets out the legal bases for municipal structures. The Constitution sets forth the precursory elements which constitutes subsequent legislation that mandates, guide and informs municipalities. Organisational performance is the sum total of performance outcomes, of every aspect of the organisation's operation; hence the Constitution identifies the areas of municipal operations that are measurable in terms of its (services and products) outputs and developmental outcomes.

Section 151 of the Constitution provides for the independence of municipalities from the national and provincial governments, in terms of exercising its "own initiative". Provision is made for the executive and the legislative functions to reside with the municipal council. Municipalities are engaged in constant debate on the interpretation and application of Section 151, concerning (i) the notion of municipal autonomy which does not exonerate them from ties with national and provincial regulations and (ii) the separation of the executive and the legislative and its effect on and subsequent impact on the performance of the municipality. Linked to Section 151, Section 154 states that local government must maintain cooperative government and intergovernmental relations with other government spheres in terms of broader legislation.

The Constitution (Section 152) sets forth the "objects of local government" which imbed five key measurable areas (key performance areas) for municipal success in its performance. Municipal performance may be measured and managed in terms of (i) its democratic and accountable values and culture, (ii) its services to communities, (iii) socio-economic development, (iv) safety and environmental health and (v) community involvement in the affairs of the municipality. These key performance areas, (KPA's) guide municipalities in structuring their strategic and performance objectives.

Section 155 (7) specifies that the accountable oversight bodies for municipal organisational performance remain the national and provincial governments. Related to this, Section 160(1), (a) and (d) places all power relating to the performance of the municipality in the hands of the municipal council, who may assume responsibility for the employment of personnel, “necessary for the effective performance of its functions”. Herein lies a major contention with respect to the political-administrative dilemma. The Constitution does not advocate clarity on the political-administrative interface but does give municipalities the power to administer their own affairs.

In lieu of the current wave of disputes and protests over services between communities and their municipalities, the advent of co-operative governance and public participation grows in importance; since municipalities require resources and have the need to build its capacity, provincial and national government are required to act constitutionally and in good faith in offering support to struggling municipalities (Baatjies 2009:11).

Chapter 8 and 9 of the Constitution lays the foundation for the administration of justice, which makes provision for the state institutions to protect, preserve and administer the principles in the Constitution.

3.2.2 The White Paper on transforming public service delivery (1997)

The White Paper extends the principles of developmental local government, as stated in Section 152 of the Constitution. The White Paper advocates that municipalities are the “focal point of public service delivery”. Eight principles, for the transformation of service delivery and public participation, are stated; (i) efficient monitoring (ii) rating of employees at the point of service to customers, (iii) adoption of key output indicators, (iv) cost efficiency, (v) cost effectiveness, (vi) adoption of standards of service outputs, (vii) annual performance reports and (viii) public involvement in holding departments accountable. The White Paper does not specify directives for the existence of a performance management function; however the eight principles stated therein may be regarded as objectives for the OPM function from which performance measures may be constructed (Van der Waldt 2007:40).

3.2.3 The Organised Local Government Act, 1997 (No. 52 of 1997)

Section 163 of the Constitution makes provision for the Act, which establishes a representative body for municipalities in South Africa. The South African Local Government Association (SALGA) came into existence in 2001. The Act states that national and provincial representatives for municipalities occupy seats on the Financial and Fiscal Commissions and the National Council of Provinces (NCOP).

SALGA is an advocacy and advisory body, and have no powers over municipalities; however SALGA has a core intergovernmental focus which is divided into six strategic areas, or key performance areas, namely; Intergovernmental Relations, Economic Development, Municipal Infrastructure and Services, Local Economic Development, Social Development and Municipal Finance. Municipalities are expected to show improvement in performance in each one of the six strategic focus areas listed and to report quarterly to the SALGA working groups.

3.2.4 The White Paper on local government (1998)

The White Paper advocates that municipalities should be developmental bodies with developmental objectives; that municipalities require a performance management function, with the involvement of communities (Van der Waldt 2007:41). The White Paper states that municipalities must act responsibly in the efficient use of resources and should ensure that the intended users benefit from expended resources. The White Paper provides for the SDBIP which is the strategic budgeting instrument with a core focus of allocating resources where it is most needed. The SDBIP is currently being integrated into municipal performance planning and reporting. The IDP was introduced in the White Paper and is a key strategic planning instrument in the implementation of “developmental local government” which aims to entrench “participatory democracy” at municipalities. The purpose of the IDP is to integrate municipal planning and to consolidate departmental plans in the execution of delivering uniform services and products to communities.

In the execution of the IDP, the White Paper demands the incorporation of the criteria for “developmental local government”, in four key areas; (i) “social development, (ii) economic growth, (iii) integration, coordination and democratic development, and (iv) leading and learning”. These criteria are simultaneously key

performance areas (KPA's) applicable in the implementation of the IDP (The White Paper 1998:23).

Ward Committees are referred to in the White Paper as “partners in resource mobilisation for the development of the municipal area” (Van der Waldt 2007:41). Ward Committees, while having no powers or resources, are representative of the community and have a role to play as an advisory body. Municipalities have the discretion to set up ward committees. Ward Committees may; (i) serve as a “stakeholder” voice in that community, (ii) stimulate public involvement in municipal programmes and projects and (ii) be instrumental in the evaluation process of municipal performance on programmes and projects and (iv) the “establishment of Ward Committees should go hand in hand with strengthening support to ward councillors and building accountable and effective local political leadership”, (v) monitor the allocation of resources. Ward committees may participate in the performance appraisal of the municipality as per legal prescription on public participation, with the discretion of the municipal council.

The White Paper (1998) advocates and provides a mandate for the establishment of a performance management function as it offers the basic principles for such a function to be instituted, which are, (i) to ensure that plans are implemented, (ii) setting down measures or key performance indicators (KPI's), (iii) community involvement in the design of KPI's, (iv) setting down monitoring indicators, (v) consideration for the goals and unique circumstances of local municipalities (The White Paper 1998:32).

3.2.5 The Local Government Municipal Structures Act, 1998 (No. 117 of 1998)

The Act has significance for the bases of the institutionalisation of OPM as it clarifies the structures, functions, objectives and responsibilities of the municipal council in performance management. The division of powers and functions of the district and local municipalities, as set out in the Act, has significance for the performance of the municipalities in relation to its particular process of transformation.

The preamble to the Act states the purpose and mechanisms for the establishment of a municipality in terms of type and category best suited to its geographic and economic environment. The Act emphasises the need for the transformation process

of nation building through representative, developmental and democratic local government. The structures of the municipal councils, the provision and election procedures of office bearers such as the Executive Committees, the Executive Mayors, the metropolitan sub councils or ward committees as the case may be and the election and role of the Speaker (the Chairperson of the Municipal Council) are specified. The decision making powers of these structures bears evidence on municipal performance.

Section 44 (3), (a), (b), (c) of the Act is relevant to the performance of the municipality and deals with powers and functions of the Executive Committee of the council and their responsibility to “review and evaluate” the needs of the municipality in terms of its priorities. An important function of the Executive Committee is to “review the performance of the municipality in order to improve its efficiency, effectiveness and economy”; The Executive Committee may “recommend the best methods to deliver” products and services, in the interest of the community.

The Executive Committee has the task of monitoring and “evaluating progress against key performance indicators” as part of their role in managing the performance function of the municipality. Section 44 (3), (g) has direct bearing on municipal performance management and demands that the Executive Committee deliver a report on the quality and extent of “community involvement” in the affairs of the municipality. The code of conduct for councillors, stated in Schedule 5 of the Act, has bearing on the performance of councillors and their constituency interests.

An executive mayor has the right to appoint a mayoral committee, whose function it would be to ensure “effective and efficient government”. The executive mayor or mayoral committee has the authority to initiate and institutionalise the OPM function and exercise control over it. Political indecision on managerial systems that would facilitate the measurement and management of municipal performance, is located at the level of the mayoral committee and municipal council.

3.2.6 The Public Finance Management Act, 1999 (No. 1 of 1999)

The principles of honesty, integrity, transparency and accountability feature prominently in the substance of the Act. The public authority remains accountable to the stipulations of the Act and has the responsibility for the implementation of the

principles stated therein. The Act provides for an important “oversight” role which strengthens the objectives and principles for the OPM function at municipalities. Performance measures for financial and general reporting must include the principles advocated in the Act. The Act demands high standards for accounting officers in assuming their oversight, “fiduciary” and managerial roles, in the implementation of government programmes. Important bases for financial reporting on municipal performance are stated in the Act.

The Act serves to “regulate” financial management of public sector authorities, “in an efficient and effective” manner. The Act is of direct relevance to the financial performance of public sector authorities and constitutes the legal foundation for quarterly and annual financial reporting, as well as oversight of government finance and assets. Section 55, (2), (A) of the Act demands that financial reports should “fairly present the state of affairs”, as it pertains to municipalities and Section 55, (2), (b) (i) admonishes “fruitless and wasteful expenditure”, which has direct bearing on fraud and corruption. Financial reports are issued to the national and provincial treasuries and to the Auditor General. The Act generates ethical standards for the OPM function.

3.2.7 The Promotion of Access to Information Act, 2000 (No. 2 of 2000)

The Act “gives effect” to Section 32 of the Constitution in which citizens have the right of access to information and where government must establish a climate to “foster a culture of transparency and accountability” in public institutions (Van der Waldt 2007: 42). Ward committees and community organisations can only interact effectively with municipalities when they have adequate and accurate information.

The Act is particularly directed at senior managers at municipalities (and public entities) with the authority and obligation to issue information. The Act allows citizens access to information “in good faith”, in lieu of (i) furthering the ends of developing a performance management culture at municipalities and (ii) allowing the public to receive the required information for programme and project work, council programmes, policies and by-laws. In relation to municipal performance, the Act points out measures of performance with respect to openness and transparency in its interaction with stakeholders.

3.2.8 The Local Government: Municipal Systems Act, 2000 (No. 32 of 2000)

Chapter 6 of the Act legitimises the institutionalisation of OPM at municipalities. The Act, in conjunction with the Constitution, the White Paper (1998) and the Municipal Finance Management Act, 2003 (No. 56 of 2003), constitutes the key legislation for municipal performance. The “object” of the Act is to solidify processes in the delivery of services to the public through implementation of appropriate programmes and policies on matters such as municipal powers and functions, the IDP, public participation, performance management, human resources, debt collection and the codes of conduct for councillors and municipal employees.

Section 24 of the Act and Section 155 (7) of the Constitution states that the planning undertaken by the municipality, must bear relation (alignment) to national, provincial and local strategic and development planning initiatives. It follows therefore that OPM should be cognisant of national and provincial linkages in the evaluation of its programmes.

Section 38 of the Act compels municipalities to establish a performance management function, “commensurate with its resources”. The essential components for an effective performance management function is stated in Section 38 (a), (b) and (c) as; (i) stipulating performance priorities, (ii) stating performance objectives, (iii) selection of indicators and targets, (iv) gearing performance management to the results of the IDP, (v) promoting a culture of performance among the administrative and political leaders and (vi) to maintain an accountable, efficient, effective and economical performance management system; measurable performance indicators may be derived from these components. The terminology in the Act does not expressly refer to OPM; however it is strongly inferred, since there is prescription for the existence of an OPM function.

Section 39 of the Act, demands that the Executive of the council, or a committee of councillors (or mayoral committee) manage the “development” of OPM, assign responsible persons to it and submit such a report on the implementation status to the municipal council for adoption. Section 40 of the Act suggests that “a mechanism for monitoring and review” of performance, such as an OPM function, be established. The annual review of the IDP involves a set of procedures which measure results in lieu of achievements. In the absence of a dedicated function for

OPM, it is near impossible to effectively coordinate the performance measures for the entire organisation. Monitoring and evaluation activities can best be served by a dedicated unit of professionals, as recommended in Section 40 of the Act.

Sections 41 of the Act provides a detailed breakdown of “core components” for the OPM function. The components are, in addition to the components stated in the previous paragraph, (i) the design and construction of key performance indicators, drawn from the strategic objectives of the municipality and in line with the objectives of the IDP, (ii) design and construct a performance model which will measure outputs, outcomes and impacts, with measurable targets, (iii) monitoring and evaluation reports to be issued at least once per annum. Community involvement in the performance of the municipality is stipulated and described in Section 41(e) (ii).

Section 42 of the Act calls for the effective performance of programmes and projects, with public involvement and in line with the principles of participatory democracy. The function of OPM demands that public involvement be an essential key performance indicator. Communities perceive municipalities to be “developmental” and “democratic” institutions of government. Since the IDP is the strategic and integrative instrument of delivery, communities expect to be involved as a stakeholder. There are aberrations between the stated ideals of the Act and the reality found at municipalities, as is demonstrated by the recent service delivery protests.

Section 43 (1) (a) of the Act gives the Minister powers to set down key performance indicators that every municipality must comply with. These key performance indicators should be applicable to the programmes of the municipality after the Minister has consulted with SALGA and the provincial MEC’s. The key performance indicators should be relevant to the IDP and aligned to the ten strategic priorities stated in the Medium Term Strategic Framework (MTSF).

Public participation (and public-private partnerships) has implications for institutional arrangements with regard to performance management. There is also the implication that a municipality is compelled to offer leadership, direction and resources and in so doing bring awareness to the public of at least some of the performance objectives of the municipality (Mathekga & Baccus 2006:12).

Section 46 (2) and Section 47 (1) and (3) specifies that the MEC submit the analysis of municipal Annual Reports to the provincial parliament, the Minister and subsequently to the National Council of Provinces (NCOP), for discussion and recommendations. The performance report (referred to as a Section 47 report) indicates municipal performance which highlights under- performance or outstanding performance. The report facilitates comparisons with the previous years' performance reports.

Section 49 lists the performance management regulations and guidelines; a municipality cannot transgress on any of the regulations without reporting on the circumstances which caused the deviation. The periodic review of performance indicators (measures) by the internal audit committee of the municipality is compulsory.

Section 55 (1) (a) (ii) of the Act prescribes that the administration of the municipality must operate "in accordance with the municipalities' performance management system". The municipal manager is held accountable for this task. In support of an institutionalised OPM, the municipalities' strategic objectives must be aligned with the "objects of the local government", as stated in Section 152 of the Constitution.

Section 57 of the Act sets out the requirements for the employment contracts of municipal managers and managers directly accountable to municipal managers i.e., top managers, in lieu of the role of the municipal council in monitoring the performance of the executive team and that of the municipal manager, as stated in the municipal performance regulations.

3.2.8.1 The Local Government: Municipal Performance Regulations, 2006.

The local government "Performance Regulations" (2006) relates directly to Section 120 of the Municipal Systems Act, 2000 (No. 32 of 2000), hereunder referred to as "the Act". The relevance of the performance regulations to OPM is found in (i) top management's leadership role in performance management, (ii) an outcomes and evidence driven performance function, and (iii) an insistence on community involvement in the performance of the municipality. The purpose of the performance regulations is to declare how the performance of municipal managers and those managers directly accountable to the municipal manager will be managed. The

performance regulations specifies performance agreements, performance contracts, job description, grievance procedures and dispute resolution and constitutes a basis for continuous improvement in performance.

The “Performance Regulations” expand on specific aspects of performance contracts relating to the “section 57 manager”, as in the appointment of the municipal manager upon signing a contract of employment and accepting the code of conduct stated in Schedule 2 of the Act. In terms of regulation 32, a performance bonus will only be paid after the annual report has been reviewed and adopted by the municipal council and upon the affordability of the municipality to pay a bonus.

The “Performance Regulations” further define the requirement that municipal managers achieve the stated “performance objectives” within time frames and targets with particular reference to the performance objectives of the SDBIP and the IDP. The managers’ performance will also be measured in terms of “contributions to the goals and strategies set out in the municipalities’ IDP. Senior managers’ performance will be examined by an evaluation panel consisting of the mayor, performance audit committee (of which one member must be a performance specialist), a ward committee member, a municipal manager from another municipality and a mayoral committee member.

3.2.9 The Municipal Finance Management Act, 2003 (No. 56 of 2003)

The Act provides principles and procedures for government financial planning, financial and managerial accounting, budgeting control and reporting. Performance management and measurement draws on this Act to provide and maintain the high standards required for performance reporting. The Act therefore strengthens the core of OPM as it supports performance monitoring and evaluation of all municipal resources.

The purpose of the Act is to implement and sustain sound financial management at the municipality. The Act may be read in conjunction with The Public Finance Management Act, 1999 (No. 1 of 1999) in order to obtain substantiation on financial matters, disputes and cases of unethical practices by politicians or administrators.

Section 53 of the Act specifies the role and responsibility of the mayor in providing political guidance to councillors in terms of annual municipal planning on issues such

as the budget, service delivery, and annual performance agreements for senior managers; the mayor has the added responsibility of implementing the “measurable performance objectives” specified in the municipalities’ SDBIP and IDP. The accounting officer is compelled to integrate aspects of the Act in order to assure a continuum of compliance. Section 61 of the Act specifies the “fiduciary responsibilities” of the accounting officer, namely, the municipal manager, who would act in the “best interest of the municipality”. Above all, the accounting officer has the responsibility of building capacity in the financial accounting department in terms of the “treasury norms and standards”.

The Act entrusts accounting officers with all aspects of municipal accounting which comprise of budget formulation, financial planning, borrowing, supply chain management, assets and liabilities, revenue, bank account monitoring, monthly reconciliation, expenditure and budget implementation. Section 32 (2) (a) allows the accounting officer to report to the mayor, or council, or Auditor General or provincial treasury on all matters pertaining to “fruitless and wasteful expenditure”. Section 92 of the Act gives the Auditor General “powers” to audit and report on accounts, financial statements and financial management of each municipality.

Mayors may submit their annual budgets to a council meeting 90 days prior to the commencing of the new financial year. The municipal budgets are subject to public scrutiny before adoption and submission to the stakeholders. Section 34 of the Act makes provision for capacity building in respect of budget preparations and submissions. National and provincial treasury as well as the Development Bank of South Africa (DBSA), provides capacity building to municipalities in financial disciplines.

The Act specifies that the municipal manager (accounting officer) of a municipality is obliged to prepare monthly budget statements, and that these are to be issued to the mayor and provincial treasury. A mid-term report follows and includes a performance assessment; these documents are issued to the mayor, national and provincial treasury. Section 74 of the Act demands compliance of financial reports, to be issued to the respective treasuries and the Auditor General on any matter that is deemed being extraordinary and outside of the norm, such as noncompliance with financial accounting practices. The Annual Report, which includes the budget preparation and

expenditure pertaining to the SDBIP and the IDP, is tabled with the Auditor General two months after the end of the municipal financial year. The Report is then submitted to the municipal council for ratification and hence publication for public comment. Once an oversight report has been received by the accounting officer, the report may be sent to the respective treasuries and the MEC for local government.

Section 166 (1) of the Act states that a municipality must have an internal audit committee. The Act supports performance auditing as a function of the internal auditing unit of the municipality. The internal auditing unit must be involved in the municipalities' performance audit which may not always be restricted to financial matters, depending on how municipalities interpret and apply the regulations.

3.2.9.1 The Local Government: The Municipal Budget and Reporting Regulations, 2009

The local government *Budget and Reporting Regulations (2009)*, referred to as the “*budget regulations*”, relates directly to the Municipal Finance Management Act, 2003 (No. 56 of 2003), hereunder referred to as “the Act”.

The budget regulations “gives further content to the Act”, and serves to regulate budget matters such as municipal finance policies, annual budgets, “adjustments” budgeting process and time-provisions in respect of municipal compliance to these regulations. The budget regulations intend to “tighten up” on matters of wasteful, irregular, and other unauthorised expenditure. The drive for transparency and accountability feature prominently in financial management, as does public “ownership” of processes. The budget regulations offer additional guidance in respect of “resource allocation” and sets high standards for fiscal management. The budget regulations contribute to the maintenance of sound financial performance.

3.2.9.2 The Local Government: Municipal Planning and Performance Management Regulations 2001

The local government “Planning and Performance Regulations” (2001), referred to as the “*planning regulations*” (2006), relates directly to Chapters 5 and 6 of the Municipal Systems Act, 2000 (No. 32 of 2000), hereunder referred to as “the Act”. Chapter 2 of the “*planning regulations*” expand on the IDP and chapter 3 clarifies regulations relating to performance management.

Municipalities are compelled to implement the “planning regulations” as it relates to the accomplishment of strategic and planning objectives, in respect of indicator development for inputs, outputs and outcomes. The IDP and municipal performance benefits from the planning regulations. Sections 11 (1) (2) and 13 (2) of the municipal planning regulations states that the key performance indicators of the SDBIP and the IDP have to be reviewed at the mid-term and annually. The municipal planning regulations state that the process of performance evaluation must “identify strengths, weaknesses, opportunities and threats” in “meeting its KPI’s and targets. It should be acknowledged that a municipality does not “strive to meet its KPI’s but rather use its KPI’s as measuring tools” (Steytler & De Visser 2007:7-24).

Section 14(1)(a) and (b) (i) of the “planning regulations” states that “the functionality of the municipality’s performance management system” must be the responsibility of the internal audit committee; the “planning regulations” demand that a municipality devise methods for auditing performance management as prescribed by the internal auditing process as defined in Section 165 (2) (b) (v) of the Act.

In addition to the role of the internal audit committee, the municipal planning regulations, Sections 14 (1) (c) and 14 (2) (a) (b) (c) acknowledges a performance audit committee consisting of three persons with “at least one person who has expertise in performance management” and “the majority of which may not be involved in the municipality as a councillor or an employee”.

Section 15 (2) (iv) (v) of the “planning regulations” is of particular interest and gives municipalities the power to develop, review and revise the “performance management system” and may “monitor the municipality’s performance in relation to the key performance indicators and performance targets set by the municipality”. This regulation supports Section 40 of the Municipal Systems Act, 2000 (No. 32 of 2000) for the review and enhancement of OPM.

3.2.10 The Intergovernmental Relations Framework Act, 2005 (No. 13 of 2005)

Municipalities obtain information, exchange ideas, contribute to the agenda and decision making processes by participating in national intergovernmental relations (IGR) structures. The Act provides the opportunity for interaction with all spheres of

government in the pursuit of best outcomes for municipal arrangements and programmes.

OPM is thus justified for municipal performance objectives, in line with IGR interests. Intergovernmental planning is defined by the following parameters: (i) coherence in planning, (ii) coherence in policy making, (iii) national strategic planning should be informed by sector plans, provincial and local plans, (iv) coordination (v) cooperation, mutual trust and good faith between parties (The Green Paper on National Strategic Planning 2009:27).

The Act places the emergence of intergovernmental relations (IGR) between spheres of government and departments on a legitimate and institutional platform. Since the promulgation of the Act, government spheres have begun to work in a co-operative manner, implementing the ideals of the Act in order to add value, effectiveness, and cost benefits to government programs such as the IDP. The Act aims to address co-ordination and alignment of work required between national, provincial and local planning as well as the need to avoid duplication by departments in the delivery of services.

The Act is based on assumption of “good faith and mutual trust” between government spheres, to “work together almost spontaneously and organically”, with commitment to joint planning and budgeting and the promotion of “seamless” government. The need to develop an IGR culture among all government employees is of high concern for the successful implementation of the Act, in order to “assist, support, inform and consult” on a collaborative and in co-ordinated manner (Baatjies 2009:11-14).

The purpose of IGR structures is to give effect to intergovernmental relations, bringing the following structures into existence; the Presidents’ Co-ordinating Council, The Premiers Co-ordinating Forum, District Co-ordinating Forums, local government Speakers’ Forums and working groups. Section 9 (2) of the Act establishes MINMEC (Ministers’ and MEC forums) for the advancement of IGR interests between government departments.

Since IGR embraces all municipal programmes to lesser or greater degree, municipalities become “IGR impact zones”, i.e., a convergence place for national

programmes, making the need for performance reporting critical as stakeholder groups are increased (Baatjies 2009:11).

3.2.11 The Green Paper on National Strategic Planning 2009 & The Green Paper on the National Planning Commission (NPC) 2009

The Green Paper on National Strategic Planning (2009) defines an intention by national government to synchronise long term planning and to achieve a common set of objectives across all national, provincial and local spheres of government. It is envisaged that national strategic planning would lead to greater coordination, less duplication and rationalise the allocation of resources on government programmes primarily associated with the ten strategic priorities listed in the Medium Term Strategic Framework (MTSF).

The development planning “continuum” is defined in the Green Paper as commencing with policy development, followed by formulating strategy, operational planning, resource allocation, implementation and ending with monitoring and evaluation of programmes, projects and policies. It is implied that to effect this “strategic” task, each government entity, such as municipalities, would have to implement an organisational performance unit. The policies of the NPC will impact on planning at a municipal level. It follows that there should be alignment between municipal objectives on programmes and strategic objectives nationally.

Both Green Papers recognise the inability of government bodies at the three spheres to address the question of national spatial planning and social inequality post 1994 and advocates that the NPC should direct and address issues pertaining to integrative (national) programme planning. The NPC is to escalate long term planning (of 15 years duration) of programmes, in realising the national governments vision for development up to 2025, in line with the ideology of the “developmental state” (national development priorities). Municipalities are compelled to participate in national programmes within their jurisdiction.

The Green Paper on National Strategic Planning (2009:22) suggests a structure for the national strategic planning function which will consist of “the National Planning Commission (NPC), a secretariat, external commissioners, a ministerial committee

on planning, an agency to drive monitoring and evaluation and an agency to drive greater coherence of government work”.

All areas pertaining to economic, social, educational, health, industry, delivery of government services and infrastructure will be earmarked as focal areas for national development planning and will constitute the work of the NPC. The critical role of the NPC will be to provide political guidance to the planning process, support a “strategy” ministry, integrate policies and programmes across spheres of government and implement national strategic programmes. (The Green Paper on National Strategic Planning 2009:24).

Adam (2009:7), on commenting on The Green Paper on National Strategic Planning and referring to the literature on national monitoring and evaluation imperatives, states that “It promises to be developmental because it introduces the notion of research, evidence-based action and policy coherence”.

3.3 POLICIES, FRAMEWORKS AND GUIDELINES FOR MUNICIPAL PERFORMANCE MANAGEMENT

3.3.1 The South African Government-Wide Monitoring and Evaluation Framework 2007 (GWM&EF)

The GWM&EF is the guiding framework for monitoring and evaluation in the South African government. GWM&EF is supported by the *Framework for Managing Programme Performance Information* (National Treasury) and the *South African Statistics Quality Assurance Framework* (Statistics South Africa). Monitoring and evaluation is “complex, multi-disciplinary and skills intensive” (GWM&EF 2007:5). However, it is expected that local government implement the GWM&EF.

The GWM&EF has the purpose of institutionalising a process of monitoring government programme activities and to evaluate the outputs and outcomes thereof. This process aids the establishment of relevancy, worth and cost efficiencies (Improving Government Performance Policy: Our Approach 2009:16).

The GWM&EF is premised on the following dependencies; (i) the attainment of work done in relation to the MTSF (ii) outcomes based evaluation, (iii) all spheres of government programmes should be subjected to monitoring and evaluation, (iv)

recognition of the need for capacity building and training and (v) that new monitoring and evaluation structures may integrate already existing ones and (vi) evidence-based decision making “in management and policy settings” (Improving Government Performance Policy: Our Approach 2009:16).

The GWM&EF contains a programme performance information framework, for (i) auditing of non-financial information, (ii) clarification of standards and (iii) improvement of structures, (iv) role definition (v) to promoting accountability (The South African Government-Wide Monitoring and Evaluation Policy Framework 2007:17). These measures will facilitate monitoring and evaluation reports issued to the Auditor General, which will contain non-financial (qualitative) information.

3.3.2 Improving Government Performance Policy: Our Approach, (2009)

The *Improving Government Performance Policy: Our Approach*, (2009) or IGP, embraces the GWM&EF in promoting the institutionalisation of performance management in government and is applicable to OPM. The management and improvement of performance requires the following “non-negotiable” principles to be recognised; the need for leadership, effective intergovernmental relations, community participation, transparent government, recognition of scarce resources and a skilled and motivated workforce.

The purpose of the IGP is stated as (i) implementing the priorities stated in the MTSF (ii) to guide policy implementation, (iii) to assess individuals and collectives, (iv) to evaluate the institutional effectiveness and (v) to assess the validity of policies. The IGP supports the implementation of the “full delivery chain”, i.e., a performance monitoring mechanism, starting with the “outcomes” to be achieved, after which the outputs, activities and inputs are recorded and evaluated (Improving Government Performance Policy: Our Approach 2009:3).

According to the IGP, the critical success factors for performance management are (i) the “buy-in” from all employees as opposed to “achievement by coercion” in the implementation of the “full delivery chain” (ii) “credible, validated, timely information” on each phase of delivering outputs, (iii) in reporting, both service delivery outcomes (quality, access, equity, timeliness) and financial information (effectiveness, efficiency and economy) are prescribed. The methodology suggested

in the GWM&EF may be paralleled with that of the Logic Model (section 2.6.4.1 refers) as proposed by the World Bank (Improving Government Performance Policy: Our Approach 2009: 22).

3.3.3 Medium Term Strategic Framework, 2009 – 2014

The MTSF provides a set of strategic priorities common to national, provincial and local government bodies. These priorities have been adopted as the electoral mandate and are linked to the National “vision 2025” for the period 2009 – 2014. Municipalities are obliged to adopt strategic priorities which relate to the MTSF and which requires accurate performance outcomes reporting to provincial and national government.

The performance of government programmes are guided by the 10 strategic priorities which relates to the “objects of local government” stated in Section 152 of the Constitution. The performance drivers, or ten “priorities” underlying the MTSF are intended for integration into the strategic and performance objectives of the OPM function. These objectives form part of the municipalities’ five year local government strategic agenda. The objectives are; (i) to speed up economic growth to create “sustainable livelihoods”, (ii) programmes to build economic and social “infrastructure”, (iii) rural development and food security, (iv) skills development and strengthening the human resources pool, (v) health improvement, (vi) reduction in crime and corruption, (vii) regional and international co-operation, (viii) sustainable resources management, (ix) delivery of quality services and (x) to build a developmental state and improve public services and democratic institutions (Medium Term Strategic Framework 2009:10-44).

3.3.4 Local Government Turnaround Strategy, 2009 (LGTS)

The LGTS set in motion by COGTA, occurred in response to the general decline in performance at a large proportion of municipalities and by the country-wide protest for basic service delivery. The LGTS may be defined as a “strategy” to understand, assist, and facilitate improvements to the service delivery process at municipalities. Municipalities experience acute challenges, in the delivery of services and products to communities. COGTA has recognised that while there may be general understanding of the issues that led to the protests, municipalities would require individualised assistance to “turnaround” their performance. COGTA called

on national and provincial government, SALGA, NGO's and CBO's to support municipalities in dealing with the problems they identified at municipalities (LGTS 2010:4).

The LGTS aims to reverse the negative image municipalities have of dysfunctionality and poor performance and to ensure clean, effective and accountable government at the local level. The LGTS proposes to capacitate municipalities to produce meaningful reporting to the provincial and national government, effective communication with communities and reliable and valid reports to the Auditor General and to the COGTA parliamentary oversight committee (LGTS 2010:3).

Five strategic outcomes for municipalities are specified in the LGTS, which are, (i) municipalities must deliver basic service to communities, (ii) to implement the need for accountable, effective, efficient government, (iii) responsiveness to communities, (iv) improve performance and professionalism, (v) to focus attention on internal oversight, (vi) build and strengthen partnerships with civil society (LGTS 2010:19).

Measures to implement the LGTS meant that COGTA was required to show "facilitative" leadership in addressing the more urgent challenges at municipalities. Municipalities were requested to submit detailed accounts of their "critical challenges" to COGTA, which meant municipal buy-in and commitment from top management and employees in the realisation of the LGTS's attempts to improve matters locally. Municipalities are encouraged to deliver efficient, sustainable and quality services to communities and to report to GOGTA on the successes and failures of their efforts (LGTS Implementation Guidelines 2010:3-4).

The LGTS implementation plan proposes a number of "post 2011" priorities, which may be interpreted as "targets", such as the eradication of informal settlements and "operation clean audit 2014". The LGTS calls for a "commitment to the IDP" with more visible connection between the IDP and national and provincial action plans (LGTS Implementation Guidelines 2010:4). The LGTS Implementation Plan proposes a short term focus, ending in March 2011 and a medium term focus on "municipal turnaround", ending in March 2014; by implication, municipalities should consider the institutionalisation of functional OPM units by 2014.

The following sub-structures of COGTA have been set up to assist municipalities; the National Coordinating Unit (NCU), the Ministerial Advisory Committee (MAC) and the Civil Society Reference Group (CSRG). These structures will integrate efforts and render technical and managerial assistance to municipalities in “seven special focus areas”, which are housing and informal settlements, governance, financial management, organisational development, municipal planning, municipal infrastructure and local economic development (LGTS Implementation Guidelines 2010:6-9).

3.4 THE ROLE OF THE CONSULTANT IN IMPLEMENTING OPM

Ignite Advisory Services was allocated the task by the Western Cape provincial government of facilitating the formalisation of OPM at selected municipalities in the province of which the Drakenstein municipality was one (Provincial Government Western Cape: Circular No. 11 & 13, 2008). The first phase began early in 2009.

Ignite Advisory Services issued a “Performance Management Manual (Volume 1)” to municipalities. The manual outlines the process for the first phase of the implementation of the “performance management system (PMS)”, consisting of the PMS guiding principles, phases for implementation, indicators for inputs, outputs and outcomes and the organisational and individual performance objectives. Subsequent volumes of the manual promises to address methods for performance measurement, reporting and feedback to employees and stakeholders.

The manual offers facilitation in the following “process” phases, (i) the design and choice of indicators, with relevancy to the IDP and SDBIP and alignment with the strategic objectives of the municipality, (ii) setting performance targets, (iii) decision on a methodology of PMS, (iv) structure a monitoring and evaluation instrument, (v) build in continuous performance improvement and (v) ratification of performance reporting procedure in relation to dates specified in the “performance-cycle”. The PMS performance cycle is divided into four quarters for periodic (compliance) reporting. The PMS process starts with a strategic planning session, integrating the objectives of the IDP and SDBIP. The intended PMS process will issue milestone reports on (i) the performance management system (ii) IDP and (iii) the SDBIP budget planning objectives, which will be announced in the annual performance report.

Municipalities have the responsibility of constructing specifications for the establishment of a dedicated (formalised) OPM function, a methodology for cascading performance objectives to all departments and managing or co-ordinating the links between organisational performance and employee performance appraisal.

3.5 SALGA TOOLKIT VOLUME 1: IMPLEMENTING A BASIC PERFORMANCE MANAGEMENT “SYSTEM” FOR MUNICIPALITIES (2009)

SALGA issued a performance management “toolkit” to all municipalities in South Africa; the “toolkit” holds guidelines for the implementation of a municipal “performance management system”, aligned to the legal framework. The “performance management system” contains seven implementation steps; (i) planning, (ii) monitoring, (iii) measuring, (iv) reviewing, (v) reporting, (vi) quality assurance and auditing and (vii) improvement to organisational and individual performance management. Municipalities are required to implement clear time frames, quarterly reports and a designated group of “performance managers” to implement the “toolkit” (SALGA Toolkit 2009:14).

The “toolkit” intends to facilitate improved accountability, learning and improvement of the “municipal performance system” as well as setting up measures to detect “early warning signals” of pending financial difficulties. The implementation of the latter involves strict monitoring of income and expenditure by all line managers, technical staff and ultimately the municipal manager as accounting officer.

The role of the administrators and politicians, as well as stakeholders (National Treasury, internal audit committee, performance audit committee, COGTA and SALGA) are defined in the “toolkit”. The elements of input, output and outcomes indicators are stated as (i) simplicity, (ii) precision, (iii) relevance and (iv) objectivity. A matrix template (instrument) is suggested to monitor achievements, targets, baselines, key performance areas, key performance indicators, outputs and outcomes, which is in conformity with the “full delivery chain” requirements, stated in the IGP policy.

As the “toolkit” is the first in the series of performance management “modules” issued by SALGA, subsequent modules will cover (i) “the Balanced Scorecard for local government”, (iii) “the SA Excellence Model in managing PMS in local

government”; and (iii) “how to conduct a benchmark study”. The “SA Excellence Model” (SALGA Toolkit 2009:2) was not distributed to municipalities by SALGA at the time of writing this review.

3.6 MUNICIPAL PERFORMANCE MANAGEMENT POLICY: DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

3.6.1 Drakenstein Municipality: Policy Framework Performance Management System, 2008

The Drakenstein Municipality adopted their “Policy Framework: Performance Management System” in 2008. The definition of performance management, stated as “a strategic approach”, prepares employees at different levels to buy-in to a system of OPM, initiating a culture of performance at the municipality.

The municipalities’ performance management framework is comprehensive and has been implemented, with a dedicated unit and appointed manager. The policy framework outlines the OPM function on the strategic and operational levels, integrating the IDP and the SDBIP. Based on the document, there is a large degree of “strategic fit” with the legal framework, the planning regulations (2001), the performance regulations (2006) and the strategic objectives of the municipality. The policy framework declares staff participation, monitoring of service providers, performance auditing and community involvement, in line with the municipalities’ policy on “participative governance and communications” (Drakenstein Municipality 2008:6.1- 6.5).

Employee performance is distinguished from organisational performance. A framework for individual performance is based on principles and guidelines based on the regulations in Section 49 of the Municipal Systems Act, 2000 (No. 32 of 2000). The performance framework for councillors is included in the policy framework but left to the of the executive mayor to develop.

The municipality has constructed a monitoring and measurement instrument, based on the model suggested in the SALGA “toolkit”. A matrix (format) template is being employed by the municipality to monitor achievements set against, key performance areas, key performance indicators, outputs, targets, baselines and outcomes, which fully integrates the SDBIP and the IDP (Drakenstein Municipality 2008:8.2.2).

3.6.2 Stellenbosch Municipality: Policy on the Performance Management System, 2005

The policy framework for performance management adopted by the Stellenbosch municipality, known as the “Policy on PMS”, conforms to the guidelines outlined in the legal framework for performance management, the SALGA “toolkit” and the IGP policy. The “Policy on PMS” links their vision and mission to strategy implementation on four levels: (i) the corporate or organisational level, (ii) municipal manager and senior management level, (iii) business and team level and (iv) the employee level (Stellenbosch Municipality 2005:7).

Stellenbosch municipality has endorsed OPM as a process “in progress”. One of the “tasks” of OPM is “linking measures and targets to performance commitments of staff”, which thereby aligns OPM to individual performance measurement. The municipalities’ corporate (organisational) scorecard intends to reflect performance achievements of all its departments and units, which are aligned to the strategic objectives (Stellenbosch Municipality 2005:7-10).

The policy on PMS proposes regular reviews of performance management, targets and baselines with regularity of reporting to the internal audit committee. The policy on PMS stipulates that measures (key performance indicators) for inputs, outputs and outcomes are being used. The measures for the IDP and the SDBIP are integrated in the measurement and management criteria of the performance function and subjected to “quarterly analyses” (Stellenbosch Municipality 2005:11-12).

A “performance cycle” is employed to organise and monitor key performance indicators (measures), targets and outputs (achievements). Internal auditing is a continuous process and builds up to the compilation of the annual report. Performance reporting is regular and reports are issued to the municipal manager and the municipal council. The municipal manager is accountable for rating senior managers, based on their achievements in the areas agreed upon in performance contracts and the municipal business plan. At “team level”, a “Municipal Managers Award for Outstanding Performance” is issued as well as a “once-off” bonus to the team. The entire performance management function is subjected to annual reviews to identify changes and areas for improvement (Stellenbosch Municipality 2005:8-9).

3.7 THE CONTEXT OF OPM LEGISLATION IN SOUTH AFRICA

3.7.1 Inappropriateness of imposing uniform standards on municipalities

Kgafela (2010:1) argues that since a broad range of challenges face the 283 municipalities in South Africa, cognisance must be taken of the unique internal and external environments. Municipalities are unable to adopt “standardised solutions” or “uniform standards”, as proposed at the COGTA Indaba in 2008. Mbele (2010:1) states categorically that “the one size fits all approach is neither realistic nor desirable” and suggests that municipalities “depoliticise” the administration to facilitate clear guidelines for an “effective performance management system”.

Kgafela (2010:1) observed that poverty rates, ranging from 23% in the West Coast, to 76% in the Eastern Cape, have impacted negatively on municipal financial management. Savage (2009:9) states that the National Treasury figure for outstanding municipal debt, as at March 2009, stood at R41 billion. Metros are substantially wealthier and experience fewer problems related to service delivery.

3.7.2 Municipal instability

Mathekga & Baccus (2006:13) states that the 2006 municipal elections in South Africa were “the most widely contested” and were regarded as a watershed year for communities and government, heralding in a phase of “service delivery” protests. Stakeholders such as the Auditor General and National Treasury demand comprehensive, quality and quantified performance information, from planning to implementation. Municipalities are positioned at the coalface of adverse socio-economic conditions, such as acute poverty, services, infrastructure, and health deficits; hence organisationally, politically, financially and administratively unstable.

3.7.3 Lack of resources

Carrim (2009:1), in his speech on the implementation of the LGTS, stated that it was well known that municipalities are severely challenged in terms of resources. As a champion for municipal democracy, he expressed the commitment of the ruling party to effectively transform this sphere of government, where “it is the crucial site of democracy, service delivery and development”. Municipalities have a “central challenge to build strong organisations”; however, there are difficulties in applying the legislation as stipulated, as municipalities are at different stages of development

and “have yet to formulate realistic strategic objectives and measures for the attainment of positive results” (State of Local Government in South Africa Overview Report. 2009:5).

3.7.4 Addressing municipal problems

De Waal & Counet (2009: 367-372) provides a list of “31 problems” extracted from a literature study of recent works, which were “validated by experts”. The list contains problems that have arisen during the process of performance management implementation at municipalities. Each of the “31 problems” stated has applicability to the South African municipal dynamic and are identical with those listed in the Report (2009:3). A summary of the “problems” are stated in Chapter 1, Table 1.1.

Municipalities are pressured from communities, local political activity, internal administrative constraints and a weak fiscus. The performance management function, as prescribed in law, is therefore an important stabilising factor for municipal endurance in their state of transition to an improved administration.

The LGTS has a major role to play in facilitating the implementation of the OPM function so that performance may be measured and managed effectively and efficiently. In so doing the LGTS will consider “a differentiated approach to local government” in the process towards the achievement of the “ideal municipality” (LGTS 2009:12-15).

3.7.5 State of Local Government in South Africa: Overview Report, 2009

The State of Local Government in South Africa Overview Report (2009), referred to as the Report, issued by COGTA, comprehensively describes the South African local government situation in terms of governance, service delivery and financial challenges, briefly addressed in Chapter 1 of this study. The Report also addresses the “symptoms” and “root causes” of municipal problems as they were compiled by the LGTS initiatives. The Report (2009:30) acknowledges the need for OPM. However, there is a need for deeper analysis in terms of OPM for “leadership, policy regulatory and oversight reforms”, as well as setting down of linkages between the LGTS and the OPM at municipal level (The Report 2009: 70).

3.7.6 A leadership challenge

Mbele (2010:2) states that municipal “leadership problems” must be addressed in order to successfully implement performance legislation and measures since past experience has shown that internal discord in the administrative and political strata “will further compromise delivery”. Local government legislation, regulations and policies for OPM are comprehensive, democratic and developmental and warrant a leadership commensurate with good governance, democratic relations, openness and high ethical standards.

3.8 CONCLUSION

The legal framework for performance management in South Africa, has contributed clear directives for the implementation of OPM at municipalities. As an essential function, OPM aims to align the objectives of the legal, institutional and organisational frameworks in such a manner, as is required to gear the municipality to achieve outputs and outcomes of a high standard. The conditions and challenges facing municipalities in their pursuit of a practical and simple OPM function are multi-factored. The demand from national and local stakeholders is for effective, efficient and economic local government. Through implementing OPM, municipalities are able to achieve performance efficiencies and learn where their strengths and weaknesses lie.

Legislation for performance management at local level identifies three major requirements for the successful implementation of OPM; (i) satisfying the requirements demanded by the legislation, policies and guidelines, (ii) setting up a dedicated unit or department for performance management, (iii) creating synergy at the level of administrative and political leadership. Community participation in the performance appraisal of municipalities is legislated and requires recognition at all municipal levels.

Municipalities are required to find sustainable solutions for the “separation of powers” dilemma, over-regulation, red tape and corruption in order to free up the administration from its “weaknesses and threats”. Essentially, it is the task of the legal and regulatory frameworks to facilitate the use of performance indicators to measure organisational and individual capabilities and outputs, in satisfying stakeholder demands, internal growth and development at South African municipalities.

CHAPTER 4: DATA COLLECTION METHODOLOGY, ANALYSIS AND FINDING OF SURVEY CONDUCTED AT DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

4.1 INTRODUCTION

The purpose of this chapter is to provide a qualitative and quantitative analysis and interpretation of data collected at Drakenstein and Stellenbosch municipalities on the assessment of OPM. The research methodology, data collection design and techniques used in the study will be described. Findings will be provided in answer to the research problem and central research task, which is the assessment of OPM at Drakenstein and Stellenbosch municipalities.

Quantitative data was obtained from the issue of questionnaires at the two municipalities and the qualitative data was obtained from open ended questions in the questionnaires and semi structured face to face interviews with managers. The findings from the analysis of the four themes (refer to research objectives, section 1.7) will be stated at the end of the chapter.

4.2 DATA COLLECTION METHODS

Drakenstein and Stellenbosch municipalities were chosen as the population for the study. Mandates were received from both municipal managers to conduct a survey (Annexure 4.5) and semi structured face to face interviews with managers (Annexure 4.6). The questionnaire contained 81 test items on the four themes of the research objectives as well as qualitative open ended questions for the purpose of gaining greater insight into the Likert scale responses. Questionnaires were issued electronically and by hand and the researcher coordinated the return thereof over a period of 14 weeks.

4.2.1 Choice of data collection method

The mixed method was the choice of data collection method because, (i) it provided for both quantitative and qualitative inquiry, (ii) data obtained from questionnaires, open ended questions and face to face semi structured interviews is verifiable. Since OPM has not been implemented at municipalities in South Africa, the case study method would have been inappropriate, whereas a purely qualitative study would

have increased the risk of greater bias from managers on testing the four themes of OPM.

Quantitative approaches provide more objectivity, measurement, analysis and evaluation of the respondents' opinions in relation to phenomenological studies (Mouton 2011:24; Welman *et al.* 2008:8-9). A qualitative approach to research allows for more meaningful interpretation of concepts, constructs and opportunities, which brings the research findings closer to the truth with regard to "aspects of social reality" (Bless & Higson-Smith 2004:156; Mouton & Marais 1994:160). In a mixed method the validity, reliability and the value of the study is increased.

4.2.2 Population, population and unit of analysis

A purposive "population" of two municipalities was chosen for the study, indicated in Table 4.1 by the highlighted band. The unit of analysis was identified as the various levels of managers at the municipalities. The "generalisability" of the study is limited when using a purposive population protocol, since the "population" was not randomly chosen.

Table 4.1: Cape Winelands District: population and access to services

Municipality	Total population	Urban population	Rural population	Total Households	Access to Electricity	Access to piped water
Langeberg	81 271	64%	36%	21 856	96.2%	97.4%
Breede Valley	146 028	67%	33%	36 495	94.3%	99.2%
Drakenstein	194 417	80%	20%	51 614	90.9%	98.9%
Stellenbosch	118 709	69%	31%	36 413	97.9%	98.6%
Witzenberg	83 567	47%	53%	24 410	90.8%	92.6%
Cape Winelands District	6 500	0%	100%	2 559	82.1%	94.1%

(Source: Local Government and the Poverty Challenge, SAIRR 2008/2009 Survey)

4.2.3 Data collection

The data collection period at Stellenbosch Municipality was from 18 April – 24 June 2011 and at Drakenstein Municipality, from 9 May – 15 July 2011. 62 questionnaires were collected out of 101 issued, shown in Tables 4.2, 4.3 and 4.4. Figure 4.1 shows the proportions of data collected from the population. Open ended questions were

included in the questionnaire. Semi structured face to face interviews were held at Drakenstein municipality with top and lower level managers at Human Resources, Strategic Services and Strategic Planning; at Stellenbosch Municipality interviews were held with the municipal manager, top managers at Corporate Strategy and Human Resources departments. A full account of the interviews recorded is provided in summaries contained in Annexure 4.10.

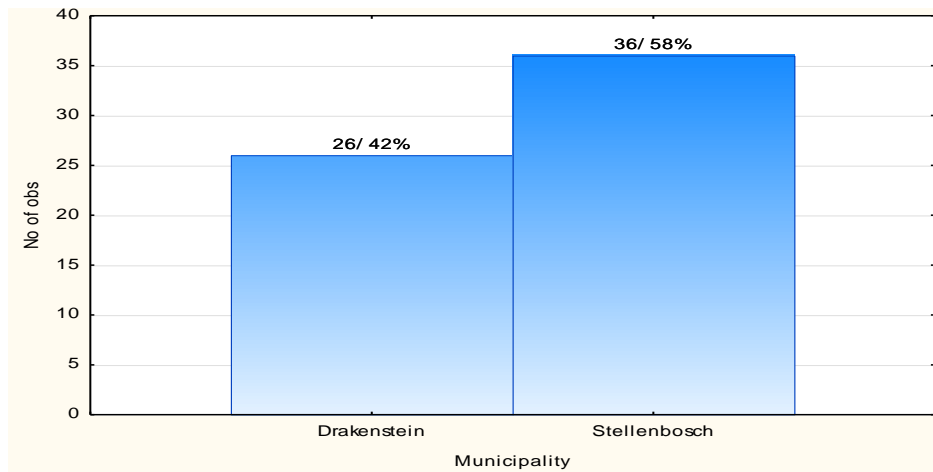


Figure 4.1: Survey data collected at Drakenstein and Stellenbosch municipalities by percentage

(Source: Department of Statistics, Stellenbosch University 2011)

Table 4.2: Combined questionnaires obtained for the population

Drakenstein Municipality	Questionnaires Issued	Questionnaires Returned	Percentage Returned
	41	26	63%
Stellenbosch Municipality	Questionnaires Issued	Questionnaires returned	Percentage returned
	60	36	60%

(Source: Compiled by author).

Table 4.3: Questionnaires returned from Drakenstein municipality

Directorate	Number Issued	Number Returned	% Returned
Strategy & & Corp Services	8	7	88%
Corporate Governance & HR	7	6	86%
Infrastructure & Planning	10	7	70%
Finance	5	2	40%
Social Services	11	4	36%
TOTAL	41	26	63%

(Source: Compiled by author)

Table 4.4: Questionnaires returned from Stellenbosch municipality

Directorate	Number Issued	Number Returned	% Returned
Strategy & Corp Services	2	2	100
IDP	2	2	100
LED	4	4	100
Planning & IHS	9	8	89
Engineering	8	7	88
Public Safety	5	4	80
Communications	2	1	50
CFO	7	3	43
HR	9	2	22
Community Services	5	2	40
Institutional Support	7	1	14
TOTAL	60	36	60%

(Source: Compiled by author).

Figures 4.2 to 4.5 describe the elements of the population studied, in terms of age of respondents, departments, managers' positions and gender.

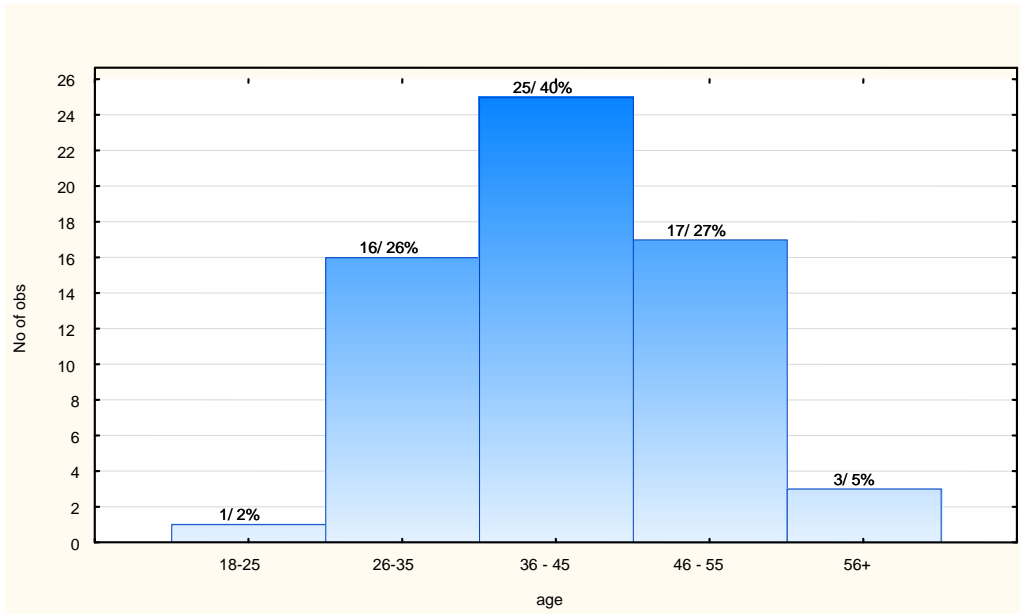


Figure 4.2: Age of respondents at Drakenstein and Stellenbosch municipalities

(Source: Department of Statistics, Stellenbosch University 2011)

The majority of the respondents were between the ages 36 and 45.

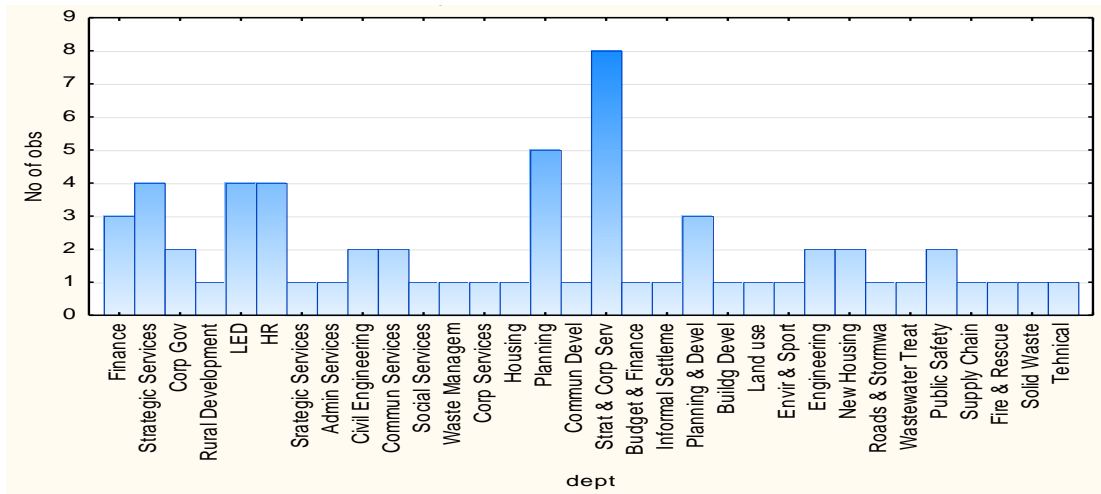


Figure 4.3: Respondents by department at Drakenstein and Stellenbosch Municipalities

(Source: Department of Statistics, Stellenbosch University, 2011)

The majority of respondents participating in the survey were top managers from the planning and corporate strategy departments.

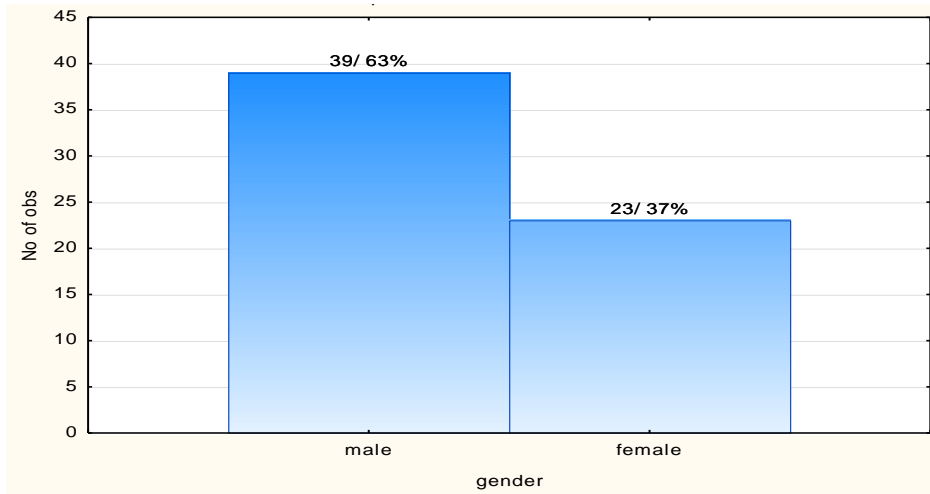


Figure 4.4: Respondents by gender at Drakenstein and Stellenbosch municipalities

About one third (37%) of the respondents who participated in the survey were female, i.e., 36% at Drakenstein municipality and 38.8% at Stellenbosch municipality. The mode and the median for male and female respondents fall in the 36-45 (age) range.

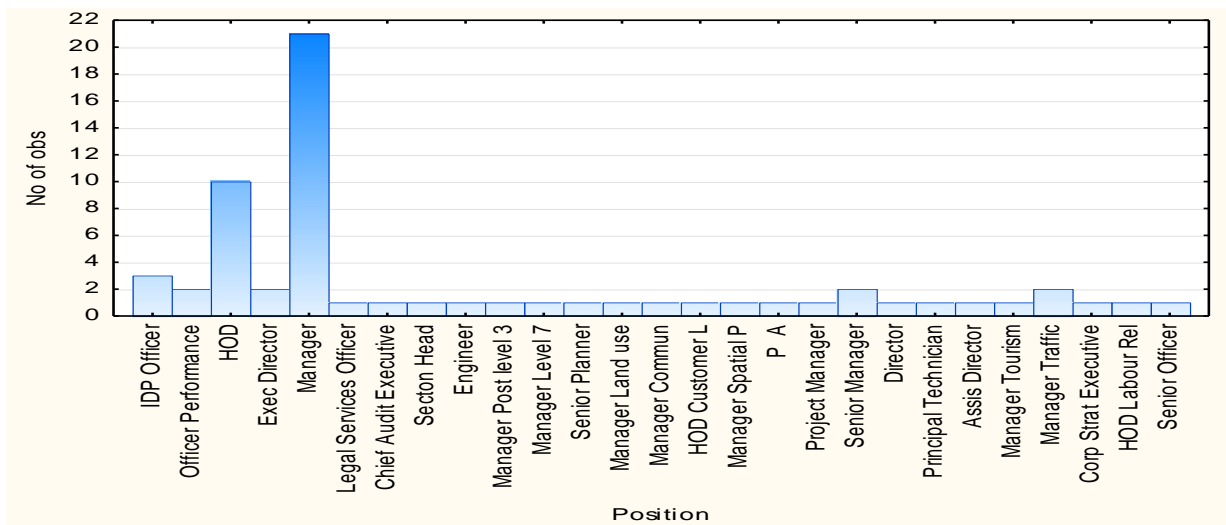


Figure 4.5: Respondents by post at Drakenstein and Stellenbosch municipalities

(Source: Department of Statistics, Stellenbosch University, 2011)

The respondents were mainly top and middle managers, as the researcher was to a large degree restricted to work within this grouping.

4.2.4 Strengths and limitations of the data collection process

The strengths of the data collection method were:

- The purposive “population” and size was adequate for the study.
- The mixed method research design increased reliability and validity.
- The pilot study report (Annexure 4.4) indicated that the statements in the questionnaire were valid.
- The criteria for OPM norms are the 81 test items (statements) in the questionnaire.

The limitations of the data collection method were:

- At the time of the study, municipalities were not using OPM as terminology.
- There is a varied understanding of OPM at municipalities.
- Bias was detected by the researcher on managers’ approaches to OPM.

4.2.5 Ethical considerations

Objectivity was maintained when recording and collecting data. The confidentiality of interviewees and respondents were upheld throughout the research process.

4.2.6 Problems encountered during data collection

- The municipal elections of May 2011 meant that many officials were not always at their work stations as they were assisting with the preparations for the municipal elections. This resulted in delays with regard to the issue and return of questionnaires. Initially the researcher experienced a lack of interest by managers and the municipal managers in granting the researcher a mandate to explain the purpose and value of the research and to conduct a presentation of the intended research to executive directors.
- Many managers were reluctant to complete the questionnaires, as they were not directly involved with performance management.
- Managers saw little relevance in completing the questionnaire as both municipalities had not implemented OPM.
- Municipal managers and executive directors did not display an overtly “high” interest in the study and delegated the study to lower level managers.

- Officials lower than directors or HoD's were reluctant to complete the questionnaires when (i) their "superiors" had completed it and (ii) authorisation from top managers had to be obtained.
- Many officials did not respond to the open ended questions contained in the questionnaire.
- Most officials delayed in the completion of questionnaire for long periods of up to four weeks as they were busy with their work.
- PA's stated that their directors were too busy to grant the researcher an interview. The majority of the executive directors avoided completing the questionnaire.

4.2.7 Reliability and validity of the study

The reliability of the (i) data collection instruments, (ii) items contained in the questionnaire and (iii) the questions used at the interviews, were established during the pilot study undertaken at Stellenbosch municipality. The reliability of concepts, concerns and issues were established; there was consistency in the responses from respondents and interviewees during the data collection period. Table 4.5 refers. The reliability tables for the four themes pertaining to the questionnaire are found in Annexure 4.7. A strong reliability is reflected by a value near to 1.00, i.e., indicating a little variance in the distribution.

The levels of difficulty contained in the items were acceptable to respondents. The items with a low reliability coefficient (highlighted in red) will not have a significant impact on the analysis and interpretation of results.

The validity of the data was established as the components of the research problem (stated in four themes) were relevant and related accurately to the topic under investigation, i.e., "as closely as possible to the true state of affairs" (Mouton 1994;15). All data collection sources are verifiable. Objectivity was maintained during the recording of data in order to preserve data integrity, construct and content validity.

Table 4.5: Reliability results dialog for questionnaire items (four themes).

Reliability results dialog for questionnaire items. Comprehensive tables are displayed in Annexure 4.3							
Item No.	Itm - Totl Correl	Item No.	Itm - Totl Correl	Item No.	Itm - Totl Correl	Item No.	Itm - Totl Correl
1.1	0.649014	2.1	0.714139	3.1	0.562405	4.1	0.790830
1.2	0.800423	2.2	0.764127	3.2	0.756564	4.2	0.724796
1.3	0.678195	2.3	0.715778	3.3	0.662620	4.3	0.699638
1.4	0.740439	2.4	0.652524	3.4	0.740015	4.4	0.633022
1.5	0.566257	2.5	0.734118	3.5	0.826764	4.5	0.308399
1.6	0.699759	2.6	0.805113	3.6	0.843086	4.6	0.470143
1.7	0.727597	2.7	0.732689	3.7	0.791265	4.7	0.572257
1.8	0.716912	2.8	0.582363	3.8	0.752306	4.8	0.658952
1.9	0.745184	2.9	0.574304	3.9	0.773510	4.9	0.704072
1.10	0.670836	2.10	0.455387	3.10	0.725438	4.10	0.496114
1.11	0.666470	2.11	0.723718	3.11	0.623598	4.11	0.678419
1.12	0.693546	2.12	0.582627	3.12	0.744441	4.12	0.718436
1.13	0.706042	2.13	Omit item	3.13	0.362819	4.13	0.716131
1.14	0.751946	2.14	0.598060	3.14	0.280348	4.14	0.696426
1.15	0.737202	2.15	0.561756	3.15	0.598290	4.15	0.710280
1.16	0.174168	2.16	0.757822	3.16	0.570525	4.16	0.644985
1.17	0.524959	2.17	0.629722	3.17	0.718429	4.17	0.762479
1.18	0.760423	2.18	0.756186	3.18	0.720953	4.18	0.354465
1.19	0.514710	2.19	0.801995	3.19	0.655190	4.19	0.573220
		2.20	0.723997			4.20	0.612760
		2.21	0.706090			4.21	0.018171
		2.22	0.693117				

(Source: Compiled by author).

4.3 CRITERIA FOR THE ANALYSIS AND EVALUATION OF FINDINGS

The criteria for the analysis and interpretation of data and the later evaluation of OPM constructs will be derived from the 81 items contained in the questionnaire. These criteria, (derived from four themes), will be used in the assessment of OPM at the municipalities.

4.4 ANALYSIS OF QUALITATIVE AND QUANTITATIVE DATA

The sections hereunder will deal with the analysis of quantitative data obtained from the survey, analyses of the qualitative data obtained from the face to face semi structured interviews and the open ended questions that were contained in the questionnaires.

4.4.1 Analysis of the objectives appropriate to OPM (Theme 1)

Table 4.6 represents the summary of responses obtained from the population, per item tested, for theme 1, on the assessment of the objectives appropriate to OPM. Further analysis of the table is based on and illustrated by the histogram, Figure 4.6.

Table 4.6: Assessment of the objectives appropriate to OPM

	THEME 1. Organisational Performance Management (OPM). Assessment of the municipalities' OPM Objectives.	5	4	3	2	1	TOTAL	CODE
1.1	Objectives for OPM are linked to IDP performance planning	16	23	16	3	4	62	1
1.2	Objectives for OPM are clearly stated	8	26	19	4	5	62	2
1.3	Objectives for OPM are understood by all managers.	3	22	23	10	4	62	3
1.4	Objectives for OPM are applied (are operational)	4	26	21	7	4	62	4
1.5	Monitoring and Evaluation of programmes is an OPM objective	6	26	21	5	4	62	5
1.6	Objectives for OPM are evidence driven	11	26	15	6	4	62	6
1.7	Objectives for OPM are 'target - outputs - outcomes' driven	9	24	22	3	4	62	7
1.8	Objectives for OPM receives much focus	2	20	25	11	4	62	8
1.9	Objectives for OPM regarded as developmental	7	23	22	6	4	62	9
1.10	Objectives for OPM involves community participation	12	10	19	13	8	62	10
1.11	Objectives for OPM are based on local government legislation	14	32	12	2	2	62	11
1.12	Objectives for OPM motivate employees	4	10	31	11	6	62	12
1.13	Objectives for OPM are measurable	6	27	22	4	3	62	13
1.14	Objectives for OPM are achievable	5	31	20	3	3	62	14
1.15	Objectives for OPM are relevant to the LG Turnaround Strategy	7	23	25	2	5	62	15
1.16	Older staff members resist OPM more than younger staff members	3	14	30	6	9	62	16
1.17	Objectives for OPM are cascaded to all departments	8	20	14	13	7	62	17
1.18	Objectives for OPM are aligned to the organisations' strategic objectives	9	27	19	4	3	62	18
1.19	Objectives for OPM drives performance excellence among all employees	4	10	29	12	7	62	19

(Source: Compiled by author).

The values in Table 4.6 above, detail the actual number (62) of responses (not percentages) obtained from the questionnaires received. For each of the 19 items, the total number of responses on the Likert scale was recorded, which represents the scores obtained from 62 respondents. The Likert scale was used because respondents could state the degree to which they agreed or disagreed with the item statements, where 5 indicated "strongly agree", 4 indicated "agree", 3 indicated

“neither agree, nor disagree”, 2 indicated “disagree” and 1 indicated “strongly disagree”.

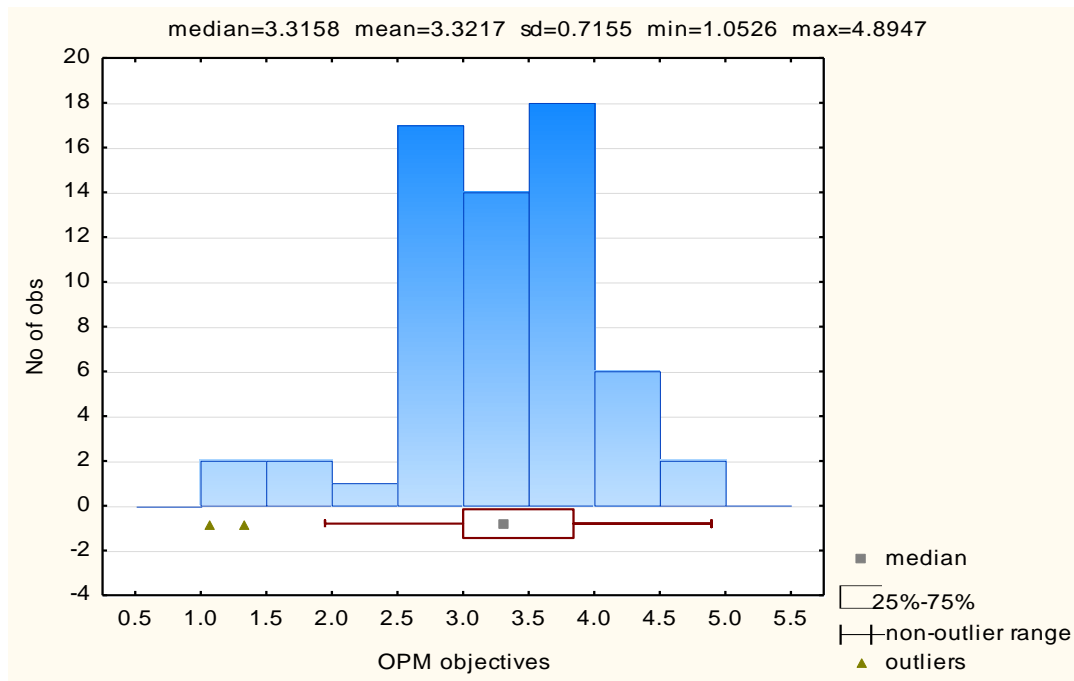


Figure 4.6: Frequency distribution of responses to items in Table 4.6

(Source: Department of Statistics, Stellenbosch University, 2011)

4.4.1.1 Analysis of quantitative data

Results given by the frequency distribution in Figure 4.6 above, shows statistically that all respondents were not confident that the current set of objectives for OPM were specific and appropriate to implement and manage an OPM function within the municipalities. While the norm for the OPM objectives would be determined by scales 4 and 5, the resulting mean and median, 3.3217 and 3.3158 respectively, indicated that respondents were mainly undecided on the components (specified by the questionnaire items) constituting the OPM objectives at both municipalities in the population.

Individual item analysis (Annexure 4.8) reveal that respondents tended to “agree” on 11 of the 19 items; that the “overall” performance objectives support effective OPM. The term “overall” performance management as commonly used by municipalities, confounded the concept and meaning of OPM. “Overall” performance management measures spending as per the IDP and the SDBIP mainly. However, OPM measures

organisational performance as per the strategic objectives for all municipal programmes in terms of KPA's and the effective alignment of strategic processes in terms of the "full delivery chain".

The confounding of definitions of OPM has influenced the statistical results, i.e., the mean and median obtained. The statistical results of theme 2 to 4 confirm that OPM as per the test criterion did not exist, but that municipalities used the term "overall" performance as the norm. Responses obtained from the face to face interviews and open ended questions suggest that the performance objectives currently employed by the municipalities are not aligned to strategy, strategic human resources planning, and OPM as measured in line with the "full delivery chain".

Furthermore, results show that organisational performance objectives have not been "cascaded" to managers below top management, while responses to item 1.17 show that respondents "agree" that it has. Managers at lower levels are generally not engaged in the formulation of objectives for municipal performance. It has been stated by interviewees that effective OPM and measurement objectives will contribute to the eradication of "silos" within the administration, since all department heads will be compelled by OPM requirements to work towards common outcomes, linked to strategic objectives formulated by the municipality.

On item 1.6 the mean and median shows that more respondents "agreed" that performance is evidence driven while the municipality had not instituted "evidence driven" performance yet. This meant that respondents confused "evidence driven" performance with having "portfolios of evidence", a completely different administrative requirement. Similarly, the responses to item 1.7 show that the majority of respondents believe that the municipality had instituted the "full delivery chain", i.e., the measurement of targets, outputs and outcomes on a "matrix system", while there is no evidence that this is true. In terms of the municipalities support for the Local Government Turnaround Strategy (LGTAS), almost the same number of respondents assumed that the objectives for OPM support the objectives of the LGTAS, without their direct involvement in the implementation of the LGTAS performance objectives.

Responses to items regarding (i) managers comprehension of OPM, (ii) the emphasis on performance objectives by departments heads (iii) community participation, (iv) objectives as a motivating factor, (v) resistance to implementation of OPM and (vi) objectives as a driver of performance excellence, all fell within the mean and median, i.e., on the “3” scale.

4.4.1.2 Analysis of semi-structured face to face interviews in terms of objectives for OPM (Refer to Annexure 4.6 & 4.10 for full account of interviews held with top and middle managers)

The following statements were summarised:

- Interviewees stated that specific objectives for OPM did not exist. However, existing objectives specified for “overall” performance requires more specificity in relation to planned performance outcomes. The existing objectives also require reformulation and dissemination to all employees.
- Existing objectives for organisational performance are (i) not known by all managers, (ii) not aligned to components of the “full delivery chain” (iii) not demanding of outcomes and evidence performance measures.
- Objectives for monitoring are stated, but not implemented. Evaluation is not discussed.
- Objectives were not designed to diminish “silo” operations.
- Interviewees hold that performance objectives are constructed in the interest of top management alone.
- Interviewees hold that performance objectives are accurate, meaningful and relevant in spite of reports that the SDBIP and the IDP requires intensive alignment.
- There are no objectives which call for a dedicated OPM unit.
- Objectives for the development of “a culture of performance” (demanding performance excellence) are stated but not implemented.
- There are no objectives demanding the alignment of OPM with strategy, IDP and SDBIP outcomes.
- Objectives are demanding of consistent public participation, in lieu of openness, feed-back and accountability to communities.

4.4.1.3 Analysis of open ended statements in terms of objectives for OPM (For full record of open ended statements refer to Annexure 4.9)

The following statements were summarised:

- Organisational (strategic) objectives appropriate to an OPM function does not exist, hence alignment to IDP and SDBIP performance planning is absent. The non existence of a performance measuring system is clear, hence the reliance on the IDP and SDBIP as “records of performance” measurement and management.
- There is no clear evidence that points to the employ of organisational (strategic) objectives for all employees (as drivers of performance) as it serves only as a driver of performance for the top managers.
- The practice of M&E is to a large degree not instituted or practiced. Communities are by large not involved in the evaluation of programmes and projects.
- Community participation occurs at least once per annum, at the start of the financial cycle, when the IDP and SDBIP is presented for public engagement.
- The LGTAS does not feature as a priority programme at both municipalities.
- There is no clarity, or substantial evidence that older staff members are resistant to an OPM function being fully instituted, while many respondents indicate that resistance from older staff members, for the initialisation of OPM, is present.
- Departments operate in “silos”; (strategic) objectives for OPM have not been “cascaded” to middle and lower levels of management. Greater liaison (vertical and horizontal) between managers and lower level employees is required.
- There is no clear evidence that points to an overt development of an organisational culture of performance; employees refer to “corporate bullying” from senior managers.
- The need to implement OPM as an institutionalised function was stated.
- The need to know the organisation’s strategic goals were stated.

4.4.2 Analysis of the required capacity for OPM (Theme 2)

Table 4.7 represents the summary of responses obtained from the population, per item tested, for theme 2, on the assessment of the required capacity for OPM. Further analysis of the table is based on and illustrated by the histogram, Figure 4.7.

Table 4.7: Assessment of the required capacity for OPM

	THEME 2. Organisational Performance Management (OPM). Assessment of Organisational Capacity (HR).	5	4	3	2	1	TOTAL	CODE
2.1	Managers institute OPM effectively	1	16	24	14	7	62	20
2.2	Compliance to performance policy is well managed	4	17	26	9	6	62	21
2.3	Managers of organisational performance are qualified	4	18	29	9	2	62	22
2.4	Managers of organisational performance are competent	4	19	30	6	3	62	23
2.5	Managers of organisational performance inspire confidence	2	16	31	10	3	62	24
2.6	Managers of organisational performance are outcomes oriented	2	21	24	12	3	62	25
2.7	OPM is building a culture of performance excellence among employees	3	16	26	11	6	62	26
2.8	REMOVED ITEM.							
2.9	All staff are exposed to workshops on the achievement of excellence in performance	1	10	18	19	14	62	28
2.10	The OPM function is optimally staffed	0	8	22	24	8	62	29
2.11	Managers of organisational performance promote staff participation in OPM	2	15	24	13	8	62	30
2.12	The municipality has capacity to build knowledge of the OPM function	6	18	19	15	4	62	31
2.13	Rate your level of understanding of OPM legislation	9	20	20	8	5	62	32
2.14	Local Government legislation covers OPM adequately	5	25	23	5	4	62	33
2.15	Managers engage staff in developing incentives for performance excellence.	4	14	25	10	9	62	34
2.16	The municipality creates an enabling environment for OPM	4	15	25	13	5	62	35
2.17	Employee growth plans (PGP's) are linked to municipal performance objectives	2	4	26	19	11	62	36
2.18	The OPM function has seen growth	3	20	18	12	9	62	37
2.19	The OPM function is actively building its capacity to meet growing customer needs.	2	8	27	17	8	62	38
2.20	The OPM function promotes capacity building for staff	2	13	22	16	9	62	39
2.21	Capacity for effective communication between the OPM function and other departments is available.	3	11	29	10	9	62	40
2.22	Managers encourage (empower) staff to 'outperform' performance standards	4	15	22	14	7	62	41

(Source: Compiled by author).

The values in Table 4.7 above, detail the actual number (62) of responses (not percentages) obtained from the questionnaires received. For each of the 22 items, the total number of responses on the Likert scale was recorded, which represents

the scores obtained from 62 respondents. The Likert scale was used because respondents could state the degree to which they agreed or disagreed with the item statements, where 5 indicated “strongly agree”, 4 indicated “agree”, 3 indicated “neither agree, nor disagree”, 2 indicated “disagree” and 1 indicated “strongly disagree”.

4.4.2.1 Analysis of quantitative data

Results given by the frequency distribution in Figure 4.7 below, indicate that greater than 80% of the respondents in the population were not confident that the current capacity for OPM were adequate and appropriate to implement and manage an OPM function. While the norm for OPM objectives would be determined by scales 4 and 5, the resulting mean and median, 2.9462 and 2.9286 respectively, indicate that respondents are undecided on the capacity of the municipalities to implement an OPM function.

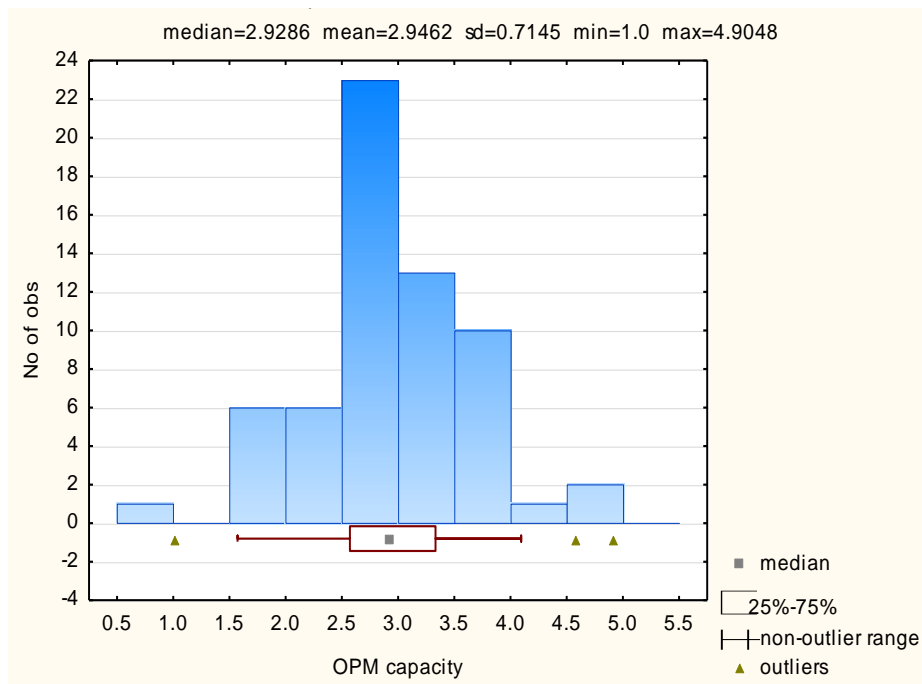


Figure 4.7: Frequency distribution of responses to items in Table 4.7

(Source: Department of Statistics, Stellenbosch University, 2011)

Generally, all directorates at municipalities cite a lack of “capacity, capacity problems or challenges” and propose capacity building exercises. Of the 22 items employed to assess capacity requirements, 18 items fell within the mean, i.e., in the scale of “3”. Item 2.9 clearly shows that respondents feel strongly that staff is not exposed to

workshops on achieving excellence in performance. 82% of the respondents therefore agreed that capacity in the realm of (i) the intellectual ability (based on skill, qualifications, expertise and experience) of employees to utilise resources effectively, (ii) amount or quantity of material, financial and human resources available to the municipality, (iii) requirements to improve organisation and production at the municipality, were critical “capacity” requirements.

Respondents believe, that on the following items, results indicate that municipalities should do more to improve (i) managerial competency and skills, (ii) effective institutionalisation of OPM, (iii) increase capacity to meet growing customer needs, (iv) develop a culture of performance in striving for excellence in rendering services and products to communities, (v) develop performance standards and (vi) have effective inter-departmental liaison and relationship building.

Only 14% of the respondents “agreed” that (i) the municipalities’ top managers are committed to drive performance excellence among lower level staff, (ii) local government legislation promote OPM adequately and (iii) that OPM has seen “growth” in the recent past. This low percentage indicates that there is a need to build capacity in these essential functional areas. Results for item 2.12 shows that 39% of respondents believe that the municipalities can build knowledge of OPM while 61% of respondents do not agree. The implication of the latter reveal that top management need to place focus on the need for knowledge and learning within the municipality, as it pertains to the internal capacity for the effective institutionalisation of an OPM and measurement function.

4.4.2.2 Analysis of semi-structured face to face interviews in terms of capacity required for OPM (Refer to Annexure 4.6 & 4.10 for full account of interviews held with top and middle managers)

- The capacity to implement and sustain OPM has not been quantified at either of the municipalities. The management and measurement of performance is tasked to top managers with portfolios in strategic and corporate administration. However, the function and concept of OPM is supported at the top level of management. Not all top managers share the same understanding of OPM; some believe that no additional capacity is required to manage the OPM function while others believe that OPM specialists should drive the OPM

function. In addition, top managers hold that municipalities cannot financially afford to “head hunt” scarce skills for the establishment of a dedicated OPM team.

- Training in performance management is not done at the municipalities. Personal growth plans (PGP's), incentives and reward schemes for middle managers are not in place. Reward schemes such as *employer excellence awards* are skewed in favour of top managers. Teamwork in striving for performance excellence is not implemented by top management, hence the persistence of “silos”.
- All managers are not driven towards establishing a culture of performance among all employees. Some managers report that others have “no organising” ability.
- No capacity building takes place on “outcomes and evidence driven” performance. Top managers believe that evidence driven performance is not applicable to all managers at various levels in the organisation.
- Knowledge management for enabling OPM has the support from top managers but it is not utilised for the implementation thereof.
- Capacity is required in OPM to facilitate the needs of stakeholders. Top managers are satisfied that performance reporting is satisfactory to the external stakeholders such as the Auditor General and the Provincial Treasury.
- The high level of political interference in the affairs of administration is debilitating to employees.
- Improved intra-organisational communication required improvement in the support of an OPM function.
- “Capacity problems” have been identified as (i) absence of performance planning with employees, (ii) the need to acquire knowledge of performance measurement, and (iii) the need to integrate the performance goals of departments.

4.4.2.3 *Analysis of open ended statements in terms of capacity required for OPM* (For full record of open ended statements refer to Annexure 4.9)

- Top managers have not incorporated national government policy and legislation in the interest of institutionalising an OPM function.

- The capacity to conduct an OPM function effectively is not under consideration at present.
- There is a lack of capacity and a lack of information on OPM.
- There is a shortage of skilled employees in the field of performance management and measurement within the population.
- “Silos” impact negatively on the institutionalisation of an OPM functions. Some middle managers hold that top managers are appointed in their posts regardless of their qualifications. Top managers’ qualifications, competencies and experience are not communicated to managers at lower levels causing suspicion that appointments were politically motivated. Lower level managers hold that they “have to” perform to make top managers “look good”.
- Managers of organisational performance are not outcomes oriented.
- Managers do not engage staff in developing incentives for performance excellence.

4.4.3 Analysis of the required resources for OPM (Theme 3)

Table 4.8 represents the summary of responses obtained from the population, per item tested, for theme 3, on the assessment of the required resources for OPM. Further analysis of the table is based on and illustrated by the histogram, Figure 4.8.

Table 4.8: Assessment of the required resources for OPM

	THEME 3. Organisational Performance Management (OPM). Assessment of Resources for OPM.	5	4	3	2	1	TOTAL	CODE
3.1	The OPM function is identifiable as a dedicated department	4	17	12	15	14	62	42
3.2	The OPM function is fully operational	2	14	16	17	13	62	43
3.3	The OPM function operate independently of external expert assistance	2	5	30	14	11	62	44
3.4	Stakeholders can access OPM information via the internet	5	13	20	12	12	62	45
3.5	The OPM Department is equipped in terms of its computer operating requirements	5	15	22	12	8	62	46
3.6	Programme theory and programme utility is assessed by the OPM function	3	10	28	12	9	62	47
3.7	Time, effort and money is expended to develop performance excellence	3	15	25	9	10	62	48
3.8	Time, effort and money is expended to monitor programme achievement	4	14	27	10	7	62	49
3.9	Time, effort and money is expended to evaluate programmes	3	12	33	8	6	62	50
3.10	The OPM function views the community as a strategic resource	6	10	29	11	6	62	51
3.11	The OPM function supports the effective use of municipal resources.	6	21	26	5	4	62	52
3.12	The current municipal IT system supports the OPM needs	4	13	24	13	8	62	53

3.13	The OPM department underutilise available resources	1	9	33	11	8	62	54
3.14	The OPM function is challenged by scarce financial resources	7	10	32	8	5	62	55
3.15	Financial resources were allocated to OPM to achieve strategic positioning.	2	14	34	5	7	62	56
3.16	The OPM received assistance from a service provider / consultant	6	18	25	8	5	62	57
3.17	The OPM function has its own Business Plan	1	9	36	9	7	62	58
3.18	The municipality utilises national OPM policies as a fundamental resource	5	18	31	2	6	62	59
3.19	The OPM is guided by internal performance management policies	6	18	29	4	5	62	60

(Source: Compiled by author)

The values in Table 4.8 above, detail the actual number (62) of responses (not percentages) obtained from the questionnaires received. For each of the 19 items, the total number of responses on the Likert scale was recorded, representing the scores obtained from 62 respondents. The Likert scale was used because respondents could state the degree to which they agreed or disagreed with the item statements, where 5 indicated “strongly agree”, 4 indicated “agree”, 3 indicated “neither agree, nor disagree”, 2 indicated “disagree” and 1 indicated “strongly disagree”.

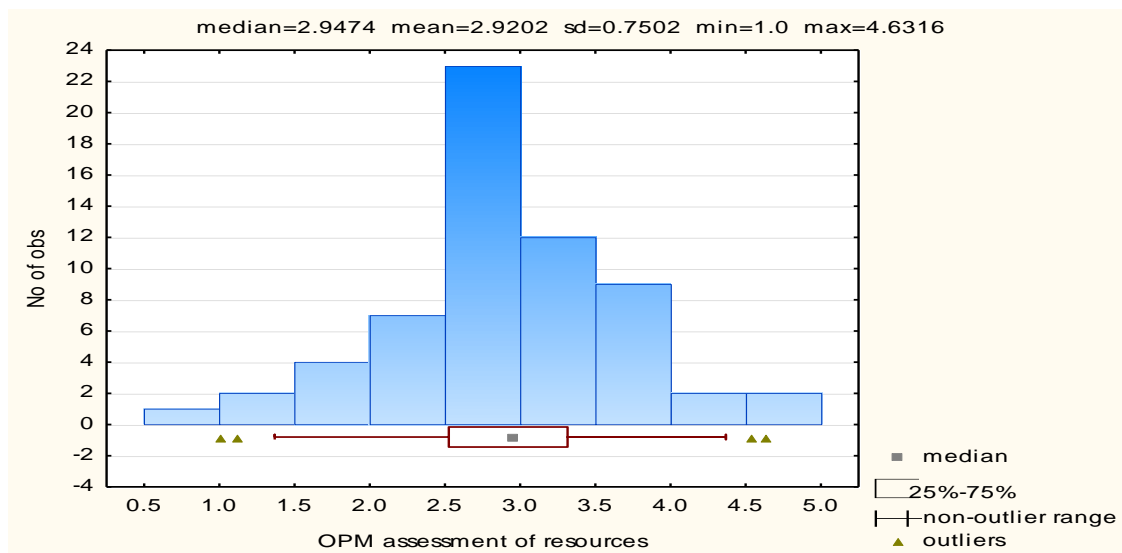


Figure 4.8: Frequency distribution of responses to items in Table 4.8

(Source: Department of Statistics, Stellenbosch University, 2011)

4.4.3.1 *Analysis of quantitative data*

Results given by the frequency distribution in Figure 4.8 above, shows statistically that greater than 61% of the respondents in the population were not confident that the current resources for OPM were adequate and appropriate to implement and manage an OPM function. While the norm for OPM objectives would be determined by scales 4 and 5, the resulting mean and median, 2.9202 and 2.9474 respectively, indicate that respondents were to a large degree undecided on the test items in the assessment of the municipalities' resources base to implement an OPM function.

The statistical results for item 3.1 shows that 6.5% of respondents "strongly agree" and 27.4% "agree" that the OPM function is identifiable as a dedicated department within the population. However, the remaining 66.1% of respondents were of the opinion that the OPM function was not identifiable. It appears that there was "confounding" on the terminology of OPM and "overall performance", terminology generally confused by employees.

Based on observations of the population, the researcher could not identify a dedicated OPM function, nor a dedicated employee for the function. The researcher observed that as OPM is mistaken for "overall performance" measurement for the purposes of annual reporting, and that the function is the responsibility of the corporate strategy managers. Item 3.2 is strongly related to 3.1. For these items, 28% stated that OPM is operational and identifiable, while 72% gave an opinion rating of "3, 2 and 1". For Items 3.3 to 3.19, a mean of lower than 3 was at obtained, indicating that resources for OPM are required to make the function operational, i.e., that resources were lacking or were not effectively employed in the management and measurement of organisational performance.

Results show that employees in general and managers in particular are not fully involved with the quantification, sourcing and application of resources with regard to OPM. The employability of strategic resources such as the community, consultants, national and local policies are neglected in daily and annual planning. An assumption may be made that OPM priorities with regard to implementation, are not budgeted for. A similar assumption may be made that since financial resources are not allocated to ITC, M&E and service excellence development, the resource is either scarce or channelled into other programmes and municipal administrative processes.

4.4.3.2 Analysis of semi-structured face to face interviews in terms of required resources for OPM (Refer to Annexure 4.6 & 4.10 for full account of interviews held with top and middle managers)

- “Resources planning” for establishing a dedicated OPM function is currently not being done. It is uncertain whether financial resources are lacking for material, equipment, training of personnel and for specialist assistance in organisational performance management and measurement.
- The municipality does not have the resources for a “viable and sustainable” M&E function. A lack of specialist skills in this regard.
- Human and ITC resources are required to automate the system of communication between directorates in institutionalising OPM.
- Resources are required to educate and elucidate OPM as a necessity for municipal performance management and measurement.
- Ward committees and the community were not exploited as strategic (unique) resources in measuring or planning for performance excellence. Managers acknowledge this as a need for the development and understanding of OPM. The community is engaged once per annum, at the review of the IDP.
- Employees should have the mindset to “achieve with the resources they have”, i.e., with available resources.
- Municipal officials do not communicate the lack of resources to communities which lead to a breakdown in communication and poor public relations.
- The underutilisation of resources, public participation and poor performance outcomes are attributed to poor management, incompetence and skills (capacity) shortage.
- Top managers hold more than one strategic (critical) portfolio and do not have the time for OPM matters.
- Poor annual reports are attributed to a lack of capacity.

4.4.3.3 Analysis of open ended statements in terms of required resources for OPM (for full record of open ended statements refer to Annexure 4.9)

- Respondents firmly state that a dedicated and institutionalised OPM function is not in place. Human resources and material resources are required to operationalise the function. A vision and budget is required in this regard. A

knowledge (information) management plan for OPM is required. Resources are underutilised or unutilised.

- Departmental business plans either do not exist or employees are not aware that it exists. SDBIP serves as departmental business plans.
- Currently the community is not regarded as a strategic resource; hence strategic intentions, objectives formulation, capacity building and the utilisation of the community not fully incorporated into the functions of the municipality. This resource is underutilised.
- Performance management is implemented in terms of the legislation; however there is much room for the development of OPM in respect of the legislation.
- Where the resources for an OPM function are available, the skills (capacity) to utilise the resources were lacking.
- The municipal manager is accountable for “overall performance”, while directors are responsible for collating data for performance, tracking and managing performance audits. Performance is thus assessed but not empirically measured.

4.4.4 Analysis of the instrument (s) appropriate to measure organisational performance (Theme 4)

Table 4.9 represents the summary of responses obtained from the population, per item tested, for theme 4, on the assessment of the instrument(s) appropriate for measuring organisational performance. Further analysis of the table is based on and illustrated by the histogram, Figure 4.9.

Table 4.9: Assessment of the instrument(s) appropriate for measuring organisational performance

	THEME 4. Organisational Performance Management (OPM). Assessment of the Organisational Performance Instrument and Implementation	5	4	3	2	1	TOTAL	CODE
4.1	The OPM instrument is fully operational	3	16	17	14	12	62	61
4.2	The OPM instrument effectively measures performance of 'targets - outputs - outcomes'.	5	14	24	12	7	62	62
4.3	The OPM instrument is used by other departments	4	23	24	7	4	62	63
4.4	Employees are permitted to offer comments on KPI's	6	21	19	12	4	62	64
4.5	Implementation of the OPM instrument requires more time and effort than expected	12	24	22	2	2	62	65
4.6	The OPM instrument requires too much administration	6	22	25	5	4	62	66

4.7	The performance management <i>cycle</i> is managed according to strict due dates	8	17	27	5	5	62	67
4.8	The OPM instrument measures municipal productivity	3	13	22	16	8	62	68
4.9	Senior management is committed to maintain the OPM instrument	8	23	27	2	2	62	69
4.10	The KPI's for target - outputs - outcomes are understood by employees	4	14	24	15	5	62	70
4.11	The OPM instrumentation is adjusted at the mid-term review	7	17	31	4	3	62	71
4.12	The OPM instrument shows where progress is blocked.	3	21	25	7	6	62	72
4.13	The performance measuring instrument measures customer satisfaction	5	5	29	9	14	62	73
4.14	Managers generally support the OPM instrument(s) being utilised	6	19	29	5	3	62	74
4.15	The OPM instrument measures community participation on programmes	4	8	29	12	9	62	75
4.16	The OPM instrument evaluates programme worth (utility / relevance)	2	9	36	6	9	62	76
4.17	The OPM instrument monitors programme achievement	8	19	29	2	4	62	77
4.18	There is resistance from senior managers towards organisational performance appraisal	4	10	24	14	10	62	78
4.19	Employees have a positive attitude towards OPM	3	12	28	12	7	62	79
4.20	The OPM instrument encourages transparency in the organisation	7	20	24	8	3	62	80
4.21	There is too much focus on the results of the implementation, while the change process of the organisation is ignored	5	13	34	7	3	62	81

(Source: Compiled by author)

The values in Table 4.9 above, detail the actual number (62) of responses (not percentages) obtained from the questionnaires received. For each of the 21 items, the total number of responses on the Likert scale was recorded, representing the scores obtained from 62 respondents. The Likert scale was used because respondents could state the degree to which they agreed or disagreed with the item statements, where 5 indicated “strongly agree”, 4 indicated “agree”, 3 indicated “neither agree, nor disagree”, 2 indicated “disagree” and 1 indicated “strongly disagree”.

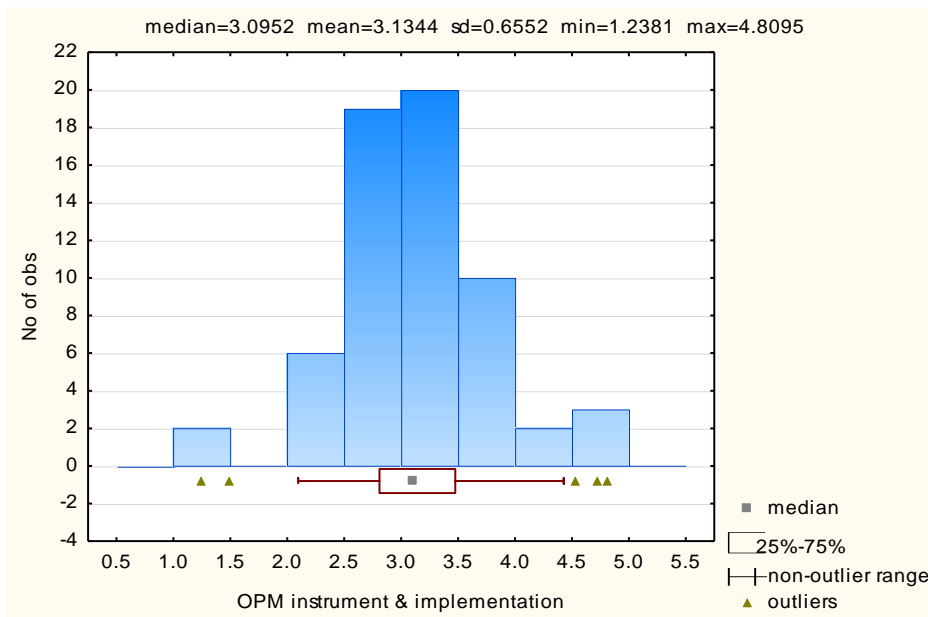


Figure 4.9: Frequency distribution of responses to items in Table 4.9

(Source: Department of Statistics, Stellenbosch University, 2011)

4.4.4.1 Analysis of quantitative data

Results given by the population frequency distribution in Figure 4.9 above, shows that more than 90% of the respondents were not confident that a performance measuring instrument(s) for OPM was in place to measure and manage an OPM function. While the norm for OPM objectives would be determined by scales 4 and 5, the resulting mean and median, 3.1344 and 3.0952 respectively, indicate that respondents were to a large degree undecided and did not agree with the test items for the instrumentation of an OPM function. This result was supported by 70% of respondents on item 4.1 and 69% of the respondents on item 4.2. One may deduce with confidence that organisational performance is not measured appropriately.

Results show that more than 80% of the respondents could not agree, or was undecided on items 4.13, 4.15 and 4.16. Together, these items indicate the degree to which there is a convergence of responses that the municipalities do not measure customer satisfaction, public participation and programme worth. Further observation show that without effective measuring instruments, the municipalities cannot effectively manage (i) organisational productivity, (ii) senior management commitment, (iii) implementation of the “full delivery chain” in line with the organisations’ KPA’s, (iv) mitigation of “silos” (v) programme monitoring and evaluation and (vi) increase transparency.

4.4.4.2 *Analysis of semi-structured face to face interviews in terms of the instrument(s) appropriate to measure organisational performance (Refer to Annexure 4.6 & 4.10 for full account of interviews held with top and middle managers)*

- A performance measuring instrument facilitating the “full delivery chain” has not yet been implemented at the municipalities. The need for a performance measurement instrument was not of high priority. The “full delivery chain” was not known to interviewees. A view captured verbatim was that “performance was not about matrixes and paper work, but about real outputs”.
- There is an interest among managers to implement the “full delivery chain”.
- There was no consideration or cognisance of a viable M&E component to OPM.
- Drakenstein Municipality is considering the following methodologies: (i) TQM model, (ii) the Balanced Scorecard, (iii) SABS ISO 2008, (iv) SA Excellence (customer satisfaction) Model and the European Foundation for Quality Management, EFQM: Stellenbosch municipality has not made a choice in terms of a methodology for performance measurement.
- The municipality placed emphasis on the SDBIP and the IDP quarterly reports as primary measures of organisational performance.
- Both municipalities reported lack of alignment between the IDP and the SDBIP.
- Municipalities have listed the Balanced Scorecard in their policy documents without an attached study of its merits or demerits.
- KPI’s are highlighted but not KPA’s. “Outcomes” KPI’s are not employed.
- Lack of knowledge of (i) the Logic model, “excellence” models, the Kellogg logic model or the model proposed by SALGA in their “toolkit” and (ii) government performance measurement guidelines contained in national policies (IGP and GWM&EF).
- Measures are not in place for the implementation of outcomes and evidence based performance management. The municipal manager judges performance successes or failures. Confusion exists over the concepts of “outputs” and “outcomes”. Managers’ report on the “intangibles” (outcomes) to the municipal manager.

- Measures are not in place to formalise community involvement in municipal planning, nor for regular feedback to communities on performance on programmes and projects.
- All employees need to be jointly responsible for the successful implementation of the OPM measuring instrument.

4.4.4.3 Analysis of open ended statements in terms of instrument(s) appropriate to measure organisational performance (For full record of open ended statements refer to Annexure 4.9)

- The population revealed that a functioning and organisation wide PMS was not in place. There is a shortfall of appropriate skills to implement a dedicated OPM function. Organisational performance measurement remains a task at top management level and is diffused with other functions or responsibilities.
- No staff to implement the monitoring and evaluation of programmes and projects.
- The measurement of programmes according to a “full delivery chain” framework or matrix instrument is not being effected.
- The SALGA performance management and measurement “toolkit” is not being considered.
- Middle and lower level managers are not involved in OPM and measurement.
- Municipal productivity is not measured. There are no reports dealing with municipal “productivity” as is done in the private sector. Respondents stated that “value is not always added” and that “the technical environment is too complex to be measured”.
- Clarity on the relationship between KPI’s and KPA’s, how it is constructed and how it is managed and measured requires attention.
- The management and measurement of organisational performance is not an open and transparent process.
- The empirical evaluation of programme worth, programme utility, community involvement on programmes and strategic alignment of the IDP with the SDBIP requires much attention in terms of its effective implementation. The evaluation of the performance of top managers in relation to these tasks is not effected through an established OPM function.

- As instrumentation for measuring organisational performance is not in place, corrective measures relating to poor performance cannot effectively be addressed.

4.5 THE STATISTICAL RELATIONSHIP BETWEEN THE FOUR THEMES

The correlation of scores for the four themes relating to the research problem shows strong and positive relationship, as demonstrated by the scatterplots in Figures 4.10 (A - F). The correlation matrix (Table 4.10 below) shows the positive arrangement of correlation coefficients.

From a visual inspection of the correlation matrix, the largest deviation from the median (correlation coefficient of 0.65) is found in correlating theme 1 with the other three themes (variables). This means that on the assessment of objectives for OPM, respondents were largely divided on the interpretation of the 19 items presented. The least deviation (correlation coefficient of 0.84) is found in theme 3, where respondents proved to be more unanimous in their interpretation of the 19 items presented.

Table 4.10: Correlation matrix for four OPM variables, using the Spearman rho correlation coefficient, where $p=0.0000$

	Objectives	Capacity	Resources	Instrumentation
Objectives	1.00	0.70	0.65	0.70
Capacity		1.00	0.75	0.79
Resources			1.00	0.84
Instrumentation				1.00

(Source: Compiled by author).

Figures 4.10 (A - F) scatterplots, show in each case, a positive (Spearman rho) correlation between the four variables or themes, where $p=0.0000$.

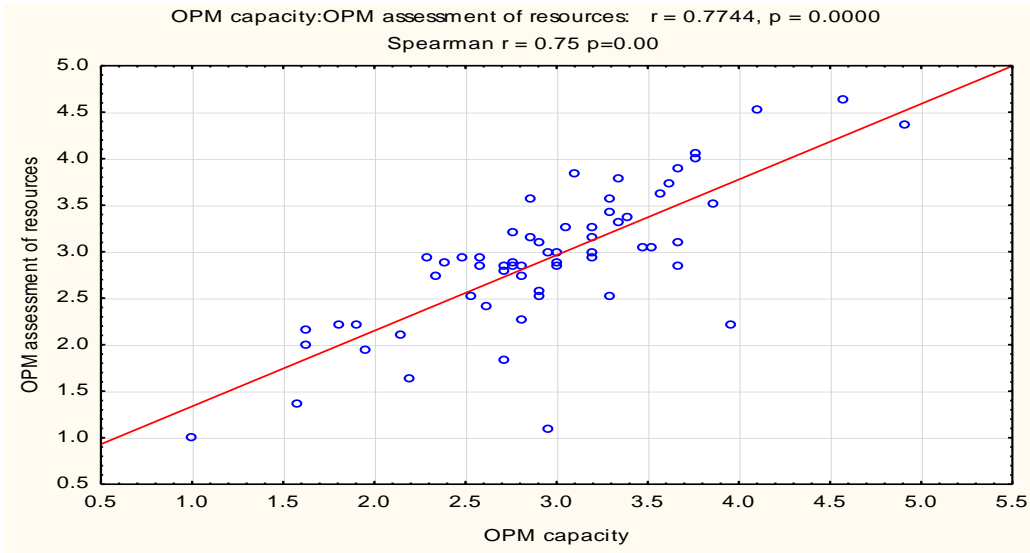


Figure 4.10 A: Scatterplot for required capacity vs required resources for OPM

(Source: Department of Statistics, Stellenbosch University, 2011)

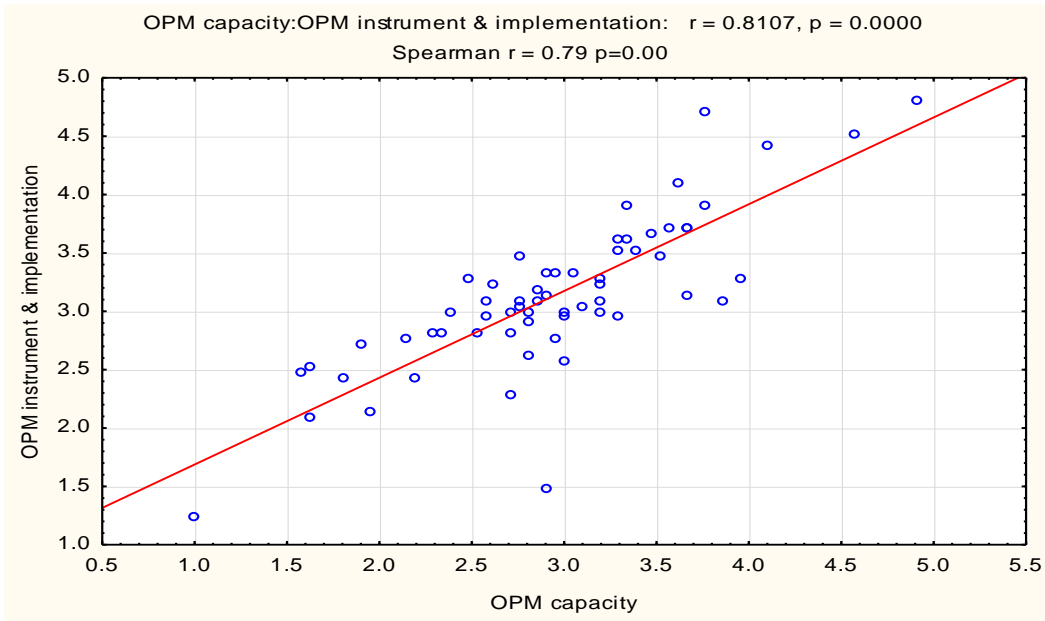


Figure 4.10 B: Scatterplot for required capacity vs instrument(s) required to measure OPM

(Source: Department of Statistics, Stellenbosch University, 2011)

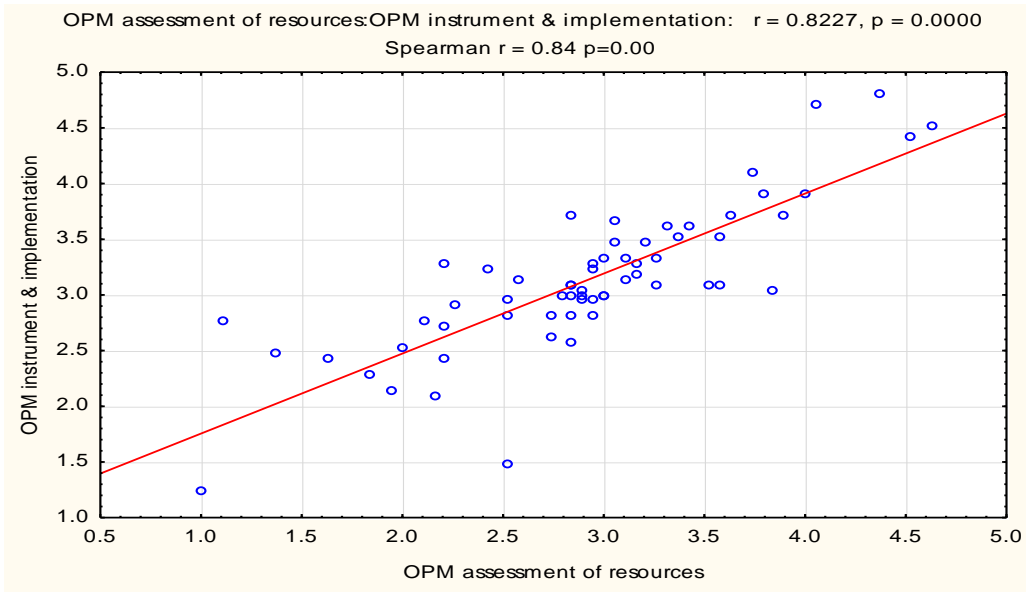


Figure 4.10 C: Scatterplot for required resources vs instrument(s) required to measure OPM

(Source: Department of Statistics, Stellenbosch University, 2011)

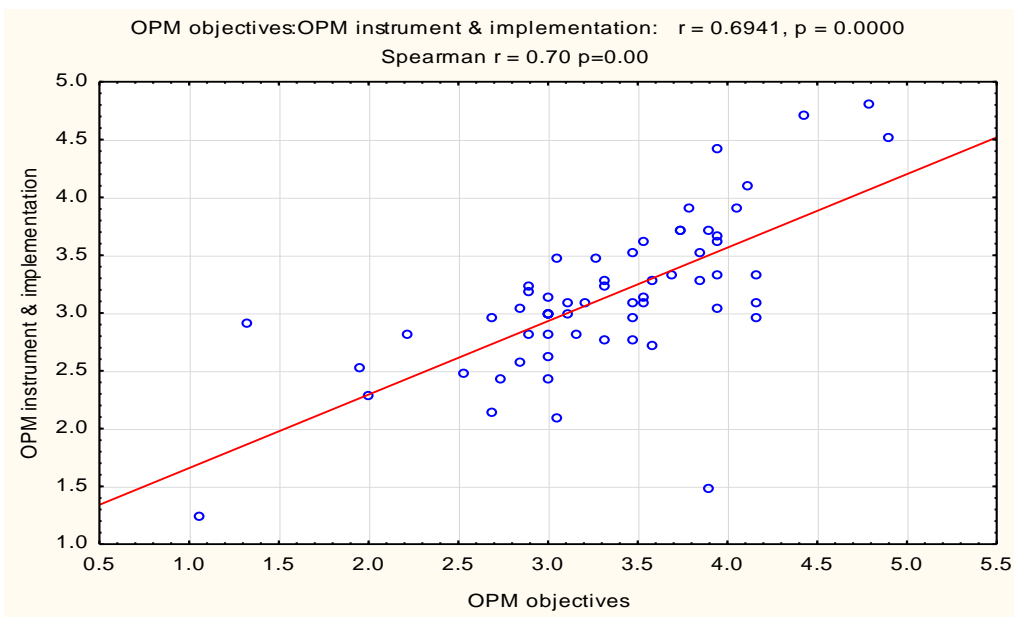


Figure 4.10 D: Scatterplot for objectives of OPM vs instrument(s) required to measure OPM

(Source: Department of Statistics, Stellenbosch University, 2011)

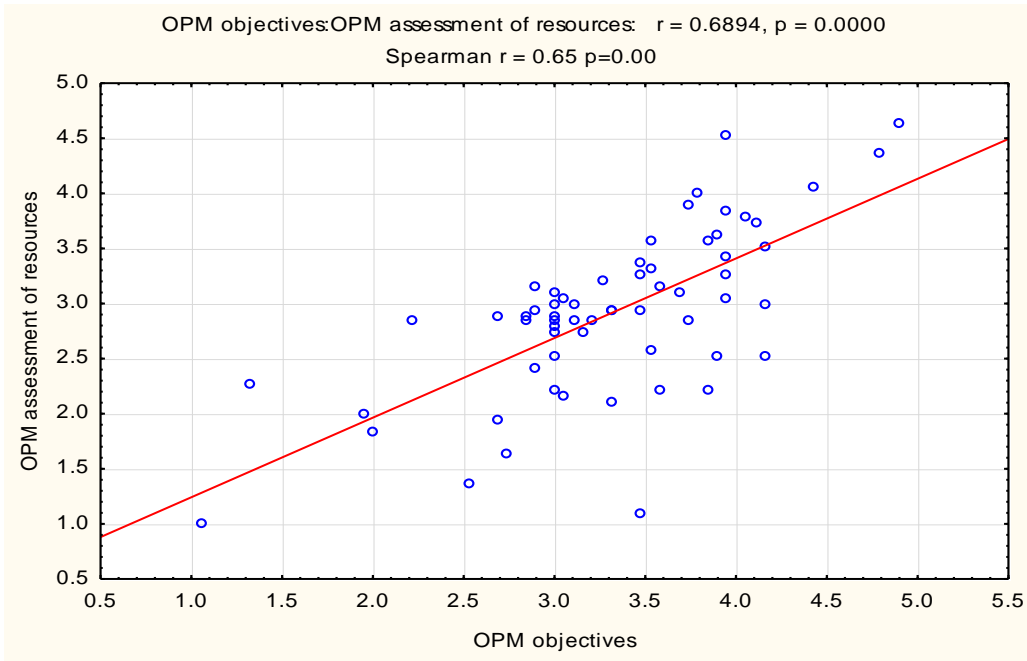


Figure 4.10 E: Scatterplot for objectives of OPM vs required resources for OPM

(Source: Department of Statistics, Stellenbosch University, 2011)

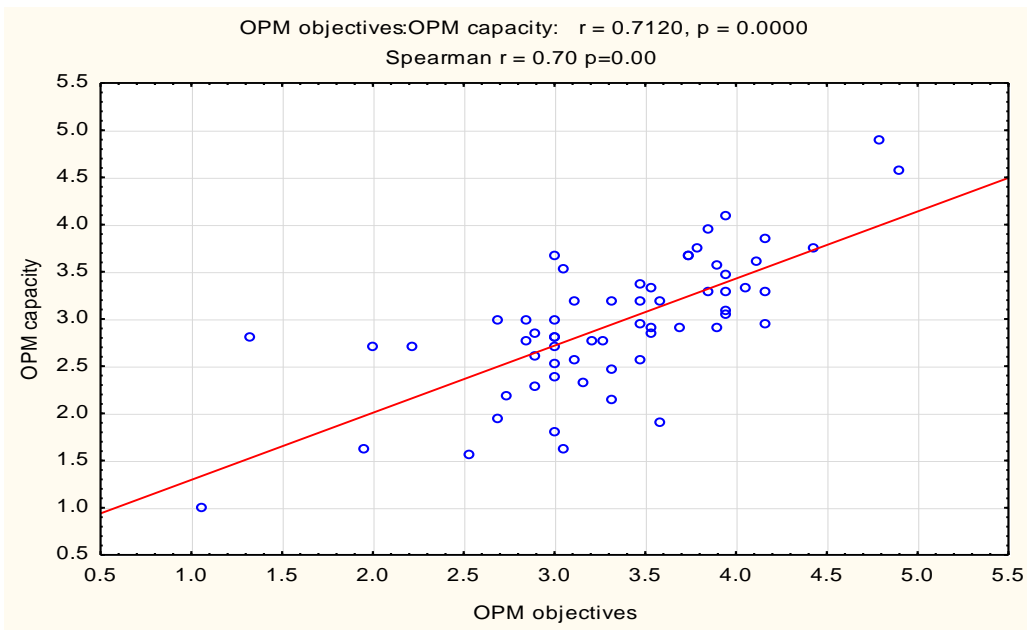


Figure 4.10 F: Scatterplot for objectives of OPM vs required capacity for OPM

(Source Department of Statistics, Stellenbosch University, 2011)

4.6 FINDINGS

A summary view of statistical findings is presented in Tables 4.11 and 4.12 below. Means and medians show that for all themes relating to the research objectives, there are (critical) focal areas that require much focus in order to establish effective, efficient and economic implementation and institutionalisation of an OPM function.

A follow up study is necessary to examine this trend after work has been done in the critical areas specified by the findings of this study. A shift of the means and median into the 4 to 5 on the Likert scale will indicate that OPM is functioning normally.

Table 4.11: Statistical results table

Number of respondents: 62. Drakenstein municipality: Issued 41 questionnaires, 26 (42%) returned, Stellenbosch municipality: Issued 60 questionnaires, 36 (58%) returned.				
Themes	1 Assessment of Objectives for OPM	2 Assessment of Capacity for OPM	3 Assessment of Resources for OPM	4 Assessment of the Instrumentation for OPM measurement
Questionnaire items	19	22	19	21
Median	3.3158	2.9286	2.9474	3.0952
Mean	3.3217	2.9462	2.9202	3.1344
Variance	0.51194	0.51051	0.56280	0.42929
St. Deviation	0.7155	0.7145	0.7502	0.6552
Max Score	4.8947	4.9049	4.6316	4.8095
Min Score	1.0526	1.0	1.0	1.2381
Av Reliability coeff.	0.659162	0.679315	0.668872	0.597333

(Source: Compiled by author)

Table 4.12: Summary of median and means

Likert scale	5 Strongly agree	4 Agree	3 Neither agree nor disagree	2 Disagree	1 Strongly disagree
Theme 1			3.3217 3.3158		
Theme 2				2.9462 2.9286	
Theme 3				2.9202 2.9474	
Theme 4			3.1344 3.0952		

KEY: Mean in blue; median in red.

(Source: Compiled by author).

4.6.1 Findings on the objectives appropriate for OPM (Theme 1)

- Objectives specific to an OPM function, linked to strategic intention and implementation have not been formulated. These objectives would include the institutionalisation of public participation, M&E and the development of organisational culture geared to services excellence, as per reporting on the “full delivery chain”.
- OPM is confounded with “overall” performance as it is currently practiced and reported.
- An assumption is made that the IDP is the main objective of organisational performance, measured by the SDBIP. EPWP and MDG’s are included in the IDP. This is a matter that requires strategic re-conceptualisation.
- Organisational performance objectives have not been cascaded to lower levels of managers and employees in general.

4.6.2 Findings on the required capacity for OPM (Theme 2)

- Municipalities do not have a dedicated OPM unit or department. The tracking and reporting on projects and programmes are managed by top management, who are responsible for corporate and strategic functions.
- A large percentage (>82%) of respondents stated the need for capacity planning in respect of establishing an OPM function. The provision of “scarce” skills would be a natural consideration in this regard.
- Managers demand capacity building and enskilling in order to effect (i) implementation of the OPM objectives and processes, (ii) organisational performance measurement, (iii) performance (services) excellence, (iv) knowledge management, knowledge dissemination and learning within the municipality as it pertains to OPM.
- The concept of “outcomes and evidence” driven performance requires capacity building.
- Managers confirm a high level of political interference in the affairs of administration.
- Improvement in intra-organisational communication is a requirement for identifying capacity requirements.

4.6.3 Findings on the required resources for OPM (Theme 3)

- 66.1% of respondents agree that the OPM function does not exist, while 33.9% state that it is in existence. 61% of respondents stated neither agreement nor disagreement on the effectiveness of resources planning for an OPM function. In addition, managers cannot agree nor disagree on the adequacy of resources available for OPM. An assumption may be made that resources are allocated to the management and measurement of OPM in a fragmented manner.
- Strategic resources such as the community, consultants, national and local policies may be exploited to enhance the drive to establish an OPM function.
- Financial constraints may be said to hamper the employment of experts in the field of OPM. The HR functions have also reported a lack of experts in their departments.
- Additional resources are required for the measurement of (i) automated performance (ii) M&E and (iii) service excellence.
- Financial and human resources are required to educate and elucidate OPM as a necessity for municipal performance management and measurement
- Underutilisation of resources, public participation and poor performance outcomes are attributed to poor management competence and skills (capacity).

4.6.4 Findings on the instrument(s) appropriate to measure organisational performance (Theme 4)

- Municipalities have not implemented an instrument to measure organisational performance. Models such as the Balanced Scorecard are under consideration; the Logic model and the full delivery chain matrix model have been considered, in part.
- Statistics indicated that respondents (>90%) did not agree nor disagreed with the test components necessary for effective performance measuring. Top managers lacked knowledge about the measurement of organisational performance.
- Top, middle and lower level managers acknowledged the need for an effective instrument to measure performance across departments.

- An OPM and measuring instrument would measure (i) organisational productivity, (ii) senior management commitment, (iii) implementation of the full delivery chain in line with the organisations' KPA's, (iv) programme failures and successes, (v) customer satisfaction, (vi) public participation, (vii) programme worth, (viii) programme monitoring and evaluation, (ix) transparency and (x) mitigation of "silos".
- Municipalities make the assumption that the SDBIP measures performance on IDP related programmes and projects and thus report this under section 47 of the Local Government Municipal Systems Act, 2000 (No. 32 of 2000).
- The measurement of OPM would confirm whether departmental objectives are aligned to the strategic objectives of the organisation.
- The methodology of the management and measurement of organisational performance is not an open and transparent process at either of the municipalities.

4.7 CONCLUSION

The concept and understanding of OPM at the Drakenstein and Stellenbosch municipalities were elucidated through data collected from a survey, semi-structured face to face interviews and open ended qualitative statements. Upon analysis and interpretation of the quantitative and qualitative data, a set of findings were produced for each of the four themes relating to the research problem and objectives.

The findings revealed valuable insights into the current status of OPM and measurement at the municipalities (the population). For each theme, a summary list of findings was set out to assist the reader in assimilating the outcomes from this chapter. The findings show that much more must be done to realise the institutionalisation of OPM at the respective municipalities.

The next chapter will offer an evaluation of the previous chapters, thereby integrating all information obtained on OPM and performance measurement as pertaining to the study.

CHAPTER 5: EVALUATION OF LITERATURE, LEGISLATION AND EMPIRICAL FINDINGS ON ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM) AT DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

5.1 INTRODUCTION

In this chapter, the primary data (empirical findings, chapter 4) and the secondary data (literature and legislation, chapter 2 and 3) will be critically evaluated. Evaluations are known to offer judgements of merit or worth, through which fresh decisions may be made on organisational and process matters (Scriven 1967; Fitzpatrick, Sanders & Worthen 2004; Mark, Henry & Julnes 2002 in Fitzpatrick *et al.* 2009:1-5). The trends and relationships between data elements revealed during the evaluation will be assessed and presented as a set of critical success factors (CSF's). The CSF's are intended to provide "assessment" synopses for the current situation at the municipalities constituting the population and thereby satisfying the research problem and research objectives (section 1.5 & 1.7 refers).

5.2. EVALUATION OF LITERATURE, LEGISLATION AND EMPIRICAL FINDINGS ON OPM IN ANSWER TO THE RESEARCH OBJECTIVES

The evaluation of empirical findings, literature and legislation will be pursued in terms of the "evaluation criteria" stated in section 4.3 and tabulated for each of the four themes. The evaluation criteria will be critically addressed, in answer to the research problem and research objectives (section 1.5 & 1.7 refers).

5.2.1 Evaluation of the objectives appropriate to OPM (theme 1)

Table 5.1 lists the criteria used in the evaluation of primary and secondary data, for theme 1.

Table 5.1: Criteria for the evaluation of objectives appropriate to OPM

Criteria	Links to items in the questionnaire theme 1
5.2.1.1 Performance planning, excellence and alignment to strategic objectives	1.1, 1.18, 1.19
5.2.1.2 Measurable, achievable, clear, developmental, understood objectives	1.2, 1.3, 1.9, 1.13, 1.14
5.2.1.3 Full delivery chain	1.4, 1.5, 1.6, 1.7
5.2.1.4. Compliance with Local Government Legislation	1.10, 1.11
5.2.1.5. OPM objectives in support of managers	1.12, 1.15, 1.16, 1.17

(Source: Questionnaire items in Table 4.6. Compiled by author).

Survey results show that for the 19 test items in this theme, a mean and median of 3.3217 and 3.3158 respectively was obtained for municipalities constituting the population. The norm for this theme was the expected mean and median values of between 4 and 5 on the Likert scale.

5.2.1.1 Performance planning, excellence and alignment to strategic objectives

The empirical findings (section 4.6.1 refers) indicate that no identifiable or quantifiable drivers of performance planning for excellence in the delivery of services and products to the public could be found. In combination with this finding, the researcher could not positively identify any indication that the strategic planning agenda included intentions on the part of the municipalities to involve all employees in the accomplishment of service excellence.

The researcher could not find evidence from reports or policies that would link strategic planning, the formulation of organisational performance objectives and the strategic intention to involve all departments in the implementation thereof. Evidence from interviews and open ended statements reveal that certain functions performed by top managers and information generated at that level, were not “thoroughly known” by lower level managers. Models for “services excellence” are discussed in section 2.6, particularly the “public services quality model” (section 2.6.4.2 refers). These models are not being addressed or utilised by the municipalities.

Strategic planning (sections 2.9.1 to 2.9.4 refers) deals with the formulation of key performance areas (KPA's), departmental business plans and key performance indicators (KPI's), linked to strategic performance objectives. It is expected that this

process is driven by top management. The assumption may be made that departmental business plans will be aligned to programme plans, inclusive of the IDP and the SDBIP. Scenario planning and the potential to change strategic direction (such as the reduction of red tape, section 2.3.3 refers) are valuable means that may be utilised to accomplish the municipalities' strategic objectives.

Performance planning and alignment of performance objectives to strategic intentions can ameliorate problems related to the "silo" phenomenon, weak inter-departmental liaison and fragmented programme planning. Statements obtained from respondents indicate that strategic planning for performance excellence remains the domain of top managers without it filtering to the rest of the organisation.

The Local Government Municipal Systems Act, 2000 (No.32 of 2000) and related statutes pertaining to local government, provide the bases for the construction of performance measuring systems, indicators and monitoring mechanisms. However, the statutes do not compel municipalities to construct and implement performance excellence models. It remains a managerial obligation to incorporate quality assurance systems and performance excellence plans into the managerial functions of the municipalities. The SALGA "toolkit" (2009) promises to deliver an "excellence model" to municipalities, as does the national strategic planning department's NPC.

The delivery of quality products and services by the municipalities is integrally linked to the municipalities' responsibility to structure and implement managerial imperatives to do so. The information obtained from the study provides no indication that municipalities are engaged actively in the delivery of excellence in services and products or that performance outcomes would be realised in this regard.

5.2.1.2 Measurable, achievable, clear, developmental, understood objectives

The Drakenstein municipality has specified clear, measurable and achievable performance objectives for the accomplishment of (i) development planning, (ii) developing a culture of performance, (iii) alignment of strategies to programmes, (iv) fostering understanding of performance objectives internally and externally, (v) endorsement of the "full delivery chain", (vi) improving levels of transparency and accountability and (vii) effective resources utilisation. These objectives are contained in the *Drakenstein Municipal Performance Management Framework* (2008).

Stellenbosch municipality formulated its performance objectives around (i) the development of a culture of performance, (ii) accountable local government, (iii) continuous improvement, (iv) skills development and (v) implementation of the IDP (*Stellenbosch Municipality Policy on the Performance Management System 2005*).

The above objectives were not specified as OPM objectives and is not linked to the strategic intention of the municipalities. Little distinction was made between definitions for individual appraisal, organisational performance and “PMS” objectives. The confounding of definitions strips away the quantifiable element to be found in OPM objectives. It also equates to not having clear OPM objectives, geared to the dedicated function of OPM.

Statistical information analysed, indicate that respondents were uncertain about the specificity and appropriateness of the existing objectives. Clearly there is a disjuncture between the objectives as stated and the objectives applied. While the objectives were stated in the municipalities’ performance management policies, many respondents had not seen the objectives and had not been party to its construction (Annexure 5.1 refers). In addition, respondents stated that there was no compulsion on employees to implement performance objectives in any structured manner.

Section 152 of the Constitution (No.108 of 1996), the “objects” of local government, serves to guide a municipality’s *raison d’être* as well as its performance objectives. Section 38 (a) (iii) of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) clearly states that municipalities’ objectives must be “in line” with its IDP.

The researcher contends that OPM objectives are wider in scope than the IDP and the SDBIP. OPM objectives should direct performance components such as M&E, strategic positioning, community participation, quality assurance and standard setting (benchmarking).

The effective management of municipal programmes, projects and administration demands that performance objectives are measurable, achievable, clear, developmental and understood by all employees. Top management remains accountable, while all employees are responsible for the implementation thereof.

5.2.1.3 *Full delivery chain*

Statistical evidence indicates that the implementation of the “full delivery chain” and the importance thereof as a performance objective, was not dealt the concern of top managers. The definition and concept of “full delivery chain” appeared in the IGP (2009) only recently, which may account for the absence of this objective. Municipalities are aware of the individual elements contained in the “full delivery chain”, such as generating KPI’s from KPA’s and working towards the accomplishment thereof in terms of targets, outputs and outcomes. Respondents confirmed that the “full delivery chain” matrix components such as inputs, allocation of resources, output and outcomes KPI’s were not aligned to strategy, strategic human resources planning or OPM.

Municipalities dealt with the “full delivery chain” in a fragmented manner, making effective measurement of the KPI’s difficult to effect. While section 41 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) supports the demand on municipalities to measure outcomes, it leaves much room for the development and adoption of a coherent and efficient performance measuring instrument.

There is a link between the monitoring and evaluation (M&E) of programmes and projects and delivery according to the “full delivery chain”, fully elaborated in the GWM&EF (2007). The “full delivery chain” allows for effective M&E since KPI’s are clearly designed for (i) measurement, (ii) monitoring and (iii) evaluation according to empirical principles. The IGP (2009) motivates strongly that municipalities adopt an outcomes and evidence driven OPM system, which should in addition, be stated as an OPM objective. In this way the IGP (2009) and the GWM&EF (2007) complement each other as vehicles serving municipal OPM.

Definitions for OPM (section 2.2 refers) direct on how best to obtain quality outputs and outcomes, in the interest of satisfying stakeholders. This “responsiveness” to the needs of stakeholders could also be considered to be a strategic driver of OPM. It is therefore necessary for municipalities to name the performance measurement model (such as the “full delivery chain”) that will be employed as a performance objective.

The utilisation of the “full delivery chain” brings with it the following advantages, (i) it is a visual tool, (ii) it is relatively easy to manipulate at quarterly OPM meetings, (iii)

all employees are able to engage the instrument, (iv) it has an easy to follow matrix lay-out, (v) it is supported by the SALGA, (vi) provides substantiated measures, (vii) value for money planning (cost efficiency and cost effectiveness) and it will be easy to identify 'fruitless and wasteful expenditure' (refer to 3.2.2, 5, 6 and 9).

5.2.1.4 Compliance with Local Government Legislation

Statistically, 74 % of the respondents agreed that the municipalities' performance is in line with objectives that are based on local government legislation (prescription). This statistic points to an awareness among respondents that performance management has its basis in local government law.

Only 35% of the respondents believed that the municipalities' performance objectives were aligned to the demand that the municipality must involve the public in its affairs. From the literature evaluated, one learns that community involvement in municipal affairs is weak. It is implicit in interpreting the mean and median for theme 1, that the municipalities should structure its organisational performance objectives with greater clarity on: (i) how it will relate to the public, (ii) how it will implement legislation for improved accountability, (iii) improved democratic relations internally and externally, (iv) socio-economic development and (v) promotion of healthy and safe environments, as per section 152 of the Constitution (No. 108 of 1996).

Local government legislation, surveyed in chapter 3, provides municipalities (in general) with very specific OPM focus areas for the construction of performance objectives. Examples of these are M&E, community participation, performance measurement and promotion of a culture of performance. Municipalities are in turn, obliged to carve performance objectives and KPI's for each of these focal areas. This exercise demands meticulous sifting through the legislation in order to structure an OPM framework. Municipalities appear to be challenged in accomplishing this task and evidence shows that they may require expert assistance or guidance from consultants. Observation of the current objectives for the population shows that municipalities interpret the local government legislation too literally; leaving many managerial and strategic imperatives out of account (Annexure 5.1 refers).

The mitigation of "red-tape" (section 2.3.3 refers), political interference, party political influence on the administration (section 2.3.4 refers) and "silos", are among the

constraining factors which inhibit the creation of a performance culture. This too is an area which requires specific organisational performance objectives, in order that these issues are not lost on the municipal agenda.

It is an anomaly that both municipalities (the population) regard the IDP and the SDBIP as the primary and only concern for organisational performance monitoring, evaluation and reporting, as per the requirement in section 47 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000). One may argue that the Act is “interpreted in a narrow way”, at the expense of monitoring, evaluation and reporting on individual programmes.

The IDP is a planning device and not a programme, while the SDBIP is a budgeting control instrument. Each one has its own objectives, characteristics and attributes. It is hardly logical to lump the EPWP, MDG’s, local government strategic agenda (MTEF) and LGTAS with the IDP. OPM objectives would include strategy enhancement, internal organisational growth and development, stakeholder analysis and value chain management (section 2.9.3.1 refers). It is clear that the IDP is not designed to perform this task. It is essential, according to Pollitt *et al.* (2002:4) that economy, efficiency and effectiveness is prioritised in the formulation of OPM objectives.

5.2.1.5 OPM objectives in support of managers

A mean and median of 3.3217 and 3.3158 respectively implies that not all managers are of the opinion that the management of organisational performance objectives are being dealt with effectively and to the best advantage of all employees. Of the population tested, 22.5% of respondents were of the opinion that OPM objectives are catalytic in motivating employees; 48.3% agreed that the OPM objectives are related and appropriate to the LGTAS; 27.4% agreed that older staff members are more resistant to OPM than younger staff members and 45.1% agreed that OPM are cascaded to all departments in the municipality.

From observation, managers do not find the need to stretch the scope of their work, citing “being busy” and therefore not having time. In this sense, a managerial inertia exists at both municipalities and may be rooted in a wide range of complexities. Strategic or departmental objectives, if well structured and managed, can be used as

motivating factors; the statistics above, points to gaps and opportunities for managerial enhancement in processes that would bring employees and managers closer on issues. Annexure 5.1 contains the performance objectives that clearly do not satisfy the requirements for the institutionalisation of OPM and the measurement of performance.

The qualitative results revealed that managers are required to improve vertical and horizontal liaison and communication between themselves, with more knowledge and information sharing. Managers show a frustration with the “relationships” between departments and indicated a need to go beyond the boundaries of the “silo” phenomenon. OPM objectives are ideally derived from strategic objectives. Top managers have the task of promoting, bringing understanding to and implementing organisational performance objectives, across departments and in the interest of employee satisfaction and responsiveness (section 2.9.1 refers). An example was highlighted at both municipalities of the need for departments to meet to discuss strategic and operational matters, citing disjuncture between planning and implementation processes.

5.2.2 Evaluation of required capacity for OPM (theme 2)

Table 5.2 lists the criteria used in the evaluation of primary and secondary data.

Table 5.2: Criteria for the evaluation of required capacity for OPM

Criteria	Links to items in the questionnaire theme 2
5.2.2.1 Effective use of managers’ capacity to drive OPM	2.1, 2.10, 2.11, 2.18, 2.19,
5.2.2.2 Compliance to legislation and policy	2.2, 2.13, 2.14,
5.2.2.3 Management capacity and competencies	2.3, 2.4, 2.5
5.2.2.4 Managers drive outcomes and evidence based performance	2.6
5.2.2.5 Managers build a culture of performance for performance excellence	2.7, 2.8, 2.9, 2.12, 2.15, 2.16, 2.17, 2.20, 2.21, 2.22.

(Source: Questionnaire items in Table 4.7. Compiled by author).

Survey results show that for the 22 test items in this theme, a mean and median of 2.9286 and 2.9462 respectively, was obtained for municipalities constituting the

population. The norm for this theme was an expected mean and median value of between 4 and 5 on the Likert scale.

5.2.2.1 Effective use of managers' capacity to drive OPM

Data analysed on the effectiveness of the existing "capacity" in the population, revealed a mean and median of 2.9462 and 2.9286 respectively. This result indicates that respondents did not agree with at least 86% of the test statements. Employees in general, were not participating in skills development and goal setting to increase levels of expertise and intellectual insights, invariably required for the effective implementation of socio-economic and other programmes of the municipalities. Hence, managers were not seen as "drivers" of OPM capacity in order to accomplish strategic (organisational) goals.

The primary concern among 86% of respondents was that managers lacked the expertise or skill to translate performance related theory into practice. While performance related documents were available, little was done by managers to actively engage employees on "critical" capacity issues to address performance requirements. Effective exercises to plan for raising levels of capacity among all employees were not in place. Respondents claim that (i) managers lacked the skill to manage and measure organisational performance, (ii) to communicate effectively and (iii) that little information on performance matters is shared or discussed, thereby slowing down the growth and development of OPM at the municipalities. A more acute result of this deficit is that growing customer needs were not being satisfied.

Top managers perform within the parameters and scope of their independent job descriptions and pay little attention to the capacity requirements of lower rung managers, thereby missing the opportunity to raise levels of intellect, understanding and ability among lower level employees in order to improve outputs and outcomes on a continuum towards quality and excellence in delivery. Growing organisational capacity across the board, is integrally tied to the rigour by which managers set and implement organisational performance goals.

Top managers perform multiple and high level strategic and corporate tasks. However, while OPM does not feature prominently in an institutionalised form, it features on the agenda as "overall performance" with specific reference to the

section 47 report in compliance with the Municipal Systems Act, 2000 (No. 32 of 2000). There is also a varied understanding of OPM among this group.

Performance is done without (i) a dedicated unit or department, (ii) dedicated and trained staff, (iii) employee participation; hence OPM does not feature as an independent entity, warranting a trained, experienced and able team to execute this important task. From observation, there is an indication that managers are being curtailed, by virtue of the nature of the hierarchical system, from being innovators (section 2.3.5 refers).

Following on from the previous point, many OPM components are left out of account when only “overall” performance is acknowledged. These are (i) M&E, (ii) evaluation of KPI’s in lieu of the “full delivery chain” (iii) effective strategic planning with value chain analysis and effective scenario planning (section 2.9 refers), (iv) evaluation of community participation, (v) a synergous relationship with all departments, (vii) employee participation in the evaluation of organisation performance and (viii) cost benefit / cost effectiveness analyses. It is clear that “capacity” related problems are coupled with the lack of commitment from top managers to implement OPM and measurement, formally.

5.2.2.2 Compliance to legislation and policy

One may ask whether legislation and policy promotes sound management practice and OPM in particular. A mean and median of 2.9462 and 2.9286 respectively indicated that 86 % of respondents believe that local government legislation, national policies and their own policies did not adequately promote the implementation of OPM and measurement.

The statistics reveal that employees require more insight and understanding of local government legislation in order to engage and contribute to functioning OPM. Capacity building workshops on legislation and performance policies are necessary for all employees in addressing the results from the survey. The policy documents produced by the municipalities in the population require more specificity in relation to the distinct components of OPM. The performance appraisal of the top managers converges with organisational performance with less attention being paid to the individual performance appraisal (IA) of lower level employees.

Section 55 of the Municipal Systems Act, 2000 (No. 32 of 2000) makes provision for a performance management system (refer to 3.2.8). Municipalities therefore have the responsibility of utilising the Act to design and produce an OPM function which would incorporate an individual performance appraisal. The phrase 'performance management system' (PMS), as used in the legislation, does not clarify the distinctive parts of PMS, which are OPM, performance measurement and IA.

Employing "PMS" terminology means that the distinctive parts of the system should be made clear to employees, so as to gain clarity and understanding thereof. Managers require skill, intellect and training to formalize, institute and synchronise the various components of PMS.

While the Act does not explicitly demand an OPM function, it is clear that the principles of general and strategic management demand that a dedicated and institutionalised OPM function is required. Without the OPM function, related components of OPM will remain unaddressed and annual performance reports required by the MEC will therefore remain empirically skewed. Nel & Beudeker (2009:80) holds that top managers are expected to be innovators, in order to turn adverse factors into benefits and advantages for the purpose of effective performance within the organisation.

Employees are of the opinion that performance management serves the career interests of top managers only. The statistics obtained from the survey indicates that for the population, municipalities had not institutionalised monitoring and evaluation, public participation and OPM as independent functions, as specified in legislation. The importance of M&E is expounded in the Green Paper on national Strategic Planning (sections 1.3 and 2.8.1 refers). The strategic positioning of M&E and similarly, OPM, remains unanswered. Mainstream functions should be located at a strategic level, given its strategic role and importance to performance management.

Mbele (2010:1-2) cautions that when attention is not given to the democratic values prescribed in the local government legislation (section 3.2.1 refers) there is a risk of "bureaucracy, centrism, authoritarianism" that is likely to crystallise, causing "depression and vacuums" in the measurement and management of organisational performance. Chun & Rainey (2006: 94-97) supports the idea that all employees

must have a common understanding of OPM so that they may contribute to policy in lieu of (i) reduction of “red-tape”, (ii) performance objectives and (iii) reduction of constraining bureaucratic “procedural regulations”.

5.2.2.3 Management capacity and competencies

Qualitative and quantitative findings show a weak confidence level in the competencies and expertise of top managers. A need for top managers to be qualified, competent and to have the ability to inspire confidence in employees became evident. A mean and median of 2.9462 and 2.9286 respectively reflects directly on top management’s level of expertise and ability to manage performance, as perceived by the respondents.

Political appointments were raised as a destabilising factor in employees’ confidence in top managers’ ability to effect quality relationships on the basis of genuine skill, ability insight and commitment to teamwork. 61% of the respondents believed that top managers do little in relation to knowledge management, knowledge transfer, information sharing and learning within the organisation. The latter is an indication of the degree to which lower level managers feel alienated from top management. Johnson & Scholes (2002:577-578) contends that this factor has an adverse impact on the strategies and strategic direction of the organisation; a lack of expertise and understanding of strategic management principles and purpose may reduce “clarity of direction” and organisations will be challenged by a “disenchanted group of shareholders and a demotivated workforce”.

Consultants contracted by top management or provincial government are not always precise in their assessment of the specialised needs at a municipality and often do not transfer knowledge to empower employees. It is the responsibility of top management to effect well thought out plans to enhance and retain intellectual capacity, competency and skills and to provide clear guidelines and specifications to consultants.

Nel & Beudeker (2009:46-47) states the need for top management to be analytical in “redefining and streamlining” leadership and relationships with stakeholders for the purpose of transforming the organisation into vibrant and democratic entities. Top managers have the task of reducing authoritarian leadership, power politics,

incapacity and advancing technology and information systems and democratic relations. When there is a deficit of skill, competence and willingness to transform organisational systems, performance remains poor and unmeasured. While local government legislation is not prescriptive on the precise requirements of skills, ability and competencies of top managers, it is however in the interest of the organisation to employ the persons with executive competencies, skill and broad understanding of strategic imperatives for growth, innovation and organisational development.

5.2.2.4 Managers drive outcomes and evidence based performance

Survey results indicated that managers do not have the capacity to drive the national demand for evidence and outcomes based performance management. A lack of understanding of planning requirements and theoretical constructs prevail and should be through capacity building workshops. For items testing outcomes and evidence driven management, a mean and median of 2.9462 and 2.9286 respectively was found, while the norm would be reflected by a score of 4 or 5.

Of the respondents, 35% believed that managers were “outcomes” oriented while 65 % disagreed or were undecided.

Managers require training on the design and use of KPI's. Evidence driven management would entail tasking knowledge management to an employee who would be responsible for sourcing the most current material (evidence) that would inform the organisations' programme, projects and processes. Managers would be in a position to utilise or make performance decisions based on the best available information. Evidence and outcomes based performance would contribute directly to raising accountability and transparency considerations.

Evidence and outcomes based performance management and reporting constitutes an important component of OPM, as does the full delivery chain and programme evaluation, forming an integral part of OPM as national policy (Green Paper on National Strategic Planning, 2009; GWM&EF 2009:29). This measure would increase the integrity, relevance and credibility of the information upon which the performance management function rests (Dopson in Addicott and Ferlie 2006:55; IGP-approach 2009:3-14).

5.2.2.5 *Managers build a culture of performance for performance excellence*

The developing and institutionalisation of a “performance” culture is directly linked to the drive for “excellence” in the workplace. From the survey, a mean and median of 2.9462 and 2.9286 was obtained respectively, for the following test items, (i) establishing a work ethic that will positively influence an organisational culture of “excellence” in outputs and outcomes, (ii) knowledge management for enhancing the knowledge base of managers so that they achieve a depth of understanding and purpose of their functions, (iii) establishing personal growth plans, an enabling environment for learning and capacity building in areas deemed critical for OPM, (iv) establishing rewards for performance excellence (v) enhancement of inter and intra departmental communication on all matters. All the respondents were undecided (not in agreement) on the test statements.

Statistics indicate that the municipalities’ capacity for effective communication between the OPM function and other departments was low. 77.5% of the respondents are of the opinion that for item 2.21 much more work is required on inter and intra departmental communication. Implicitly, more understanding, interdepartmental liaison and information sharing was required.

The mean and median for this set of variables, falls outside the norm, which would be indicated by a mean and median of between 4 and 5 (section 4.4.2.1 refers). 82% of the respondents agreed that the five issues stated above were priority areas for the development of “capacity” at their municipalities. Perusing the definitions of OPM stated in section 2.2, indicate clearly that the institutional development of the organisation is dependent on the manner in which synergy is created, i.e., that the culture of employees to perform with excellence is a catalyst and conduit for (internal) organisational growth.

Section 55 (a) (ii & iii) of the Local Government Municipal Systems Act, 2000 (No.32 of 2000), hereafter referred to as the Act, sets clear tasks for the municipal managers and executive directors to set the tone as motivators, pioneers and sponsors in the demand for performance excellence, in recognition that all managerial processes are dependent on the values of performance outcomes. Personal growth plans (PGP’s) and skills development are directly linked to capacity audits, annual strategic and operations planning and OPM. Capacity planning is thus

an inclusive process important to organisational wellbeing and growth. Section 57 of the Act makes provision for skills development of top managers (refer to 3.2.8).

Qualitative statements from respondents revealed that there is “skewness” about the manner in which rewards for excellence are accorded to top managers in comparison to lower rung managers. Section 2.5, dealing with OPM success factors, reveal that (i) top management commitment, (ii) community involvement, (iii) clear performance objectives and (iv) established norms and standards, assists in bringing about a culture of performance in the workplace.

Statistics indicate that the following aspects of OPM is required to bring the level of operation to an acceptable norm; these are (i) the willingness and interest of top management to share knowledge with all their managers and hence to open discussion on the issues, matters and concerns prevailing, (ii) for employees who perform well and who will go beyond the expectations of top managers, (iii) to create an enabling environment for the freedom of employees to express their ideas, to be creative and innovative, (iv) to link personal growth plans (PGP’s) to capacity building, training and skills development and (v) to actively pursue plans for a culture of performance excellence.

Section 38(b) of the Act sets a clear directive to municipalities to build a “culture of performance”. The absence of a culture of performance will lead to the decline of the organisations’ ethic and *raison d’être* (section 2.9.3.2 and 3.2.8 refers). Raising the level of employees through opportunities for learning, knowledge sharing, team work, openness, transparency, accountability and introducing a non-punitive performance system of management and measurement with rewards and incentives will define a culture of performance.

5.2.3 Evaluation of the required resources for OPM (theme 3)

Table 5.3 lists the criteria used in the evaluation of primary and secondary data.

Table 5.3: Criteria for the evaluation of the required resources for OPM

Criteria	Links to items in the questionnaire theme 3
5.2.3.1 An identifiable, fully operational and dedicated OPM function	3.1, 3.2, 3.3.
5.2.3.2 ITC, access to information via the internet, effective employ of municipal resources	3.4, 3.5, 3.11, 3.12.
5.2.3.3 Time, effort and money expended on programme performance & monitoring and evaluation (M&E)	3.7, 3.8, 3.9.
5.2.3.4 Legislation and national policies governing community involvement	3.10, 3.18, 3.19.
5.2.3.5 Scarce resources utilisation or underutilisation	3.6, 3.13, 3.14, 3.15, 3.16, 3.17.

(Source: Questionnaire items in Table 4.8. Compiled by author).

Survey results show that for the test items in this theme, a mean and median of 2.9202 and 2.9474 respectively, was obtained for municipalities constituting the population. The norm for this theme was an expected mean and median value of between 4 and 5 on the Likert scale.

5.2.3.1 An identifiable, fully operational and dedicated OPM function

Of the respondents tested, 78.2% are of the opinion that an OPM function cannot be identified as a dedicated department or unit since it is not fully operational. The advantages of a fully operational OPM function were stated in section 1.3, the motivation for the study. According to the statistical evidence and the researcher's observations, interviews and open ended statements, an identifiable and dedicated OPM and measurement function did not exist.

Section 1.3 explores the purpose for the OPM function and concludes that OPM serves to assess and measure components of performance which are, in addition to the IDP, organisational synergy, strategic intent and internal organisational growth and development. Section 38 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) is not explicit on how performance management should be constituted and narrows the focus of OPM by linking performance exclusively with the IDP. Clarity is therefore required in relation to this managerial problem, discussed in section 2.5.1.4.

From the literature reviewed, (section 2.5 refers), the task of OPM is to monitor, evaluate and measure the use of resources in relation the critical success factors on

programmes, projects and processes. The applicability and appropriateness of the strategic objectives, results, justification and quantities of resources utilised may also be measured. Internal communication between directorates and external communication with stakeholders are critical success factors which may be measured in terms of its value and effectiveness in the utilisation of resources.

As a learning organisation, the municipality could measure the development of the local economy and the success of new programmes and projects. Success factors should be taken into account when resources are expended, as learning from the experience ultimately opens avenues for improvement in strategic planning, strategic human resources and OPM.

5.2.3.2 ITC, access to information via the internet, effective employ of municipal resources

Survey results show that 72.2% of the respondents are of the opinion that (i) ITC development in respect of OPM, (ii) access to information on OPM via the internet, (iii) effective employ of all resources in coordination with OPM, are below the operating standards required. For these 4 test items a mean and median of below 3 were obtained, while the norm is indicated by 4 or 5 on the Likert scale. Two questions may therefore be posed in relation to (i) the cost of bringing enhancements to the existing ITC system and (ii) the slow pace of enhancing the existing ITC system.

From observation, interviews and open ended statements, the items listed by the questionnaire, could not be related to real, identifiable resources, as systems were not fully operational. The qualitative information revealed that managers are of the opinion that while resources are adequate, top management is not committed to setting up systems in a way that would facilitate the upgrading of ITC and thereby bring about an information system that will be open, transparent and available to stakeholders.

Information that could be made available to stakeholders would be the stages of progress on programmes, problems being experienced, employee development, monitoring information, programme evaluation results and reports on meetings with stakeholder groups. The ITC information should also carry IDP and SDBIP reports,

SALGA PEC and working group reports, MINMEC reports and LGTAS reports. ITC and resources expended to support ITC are in the interest of advancing community participation and unlocking the image of the municipality as a closed entity.

OPM is a strategic function and is deserving of an independent unit, located at a strategic level. The nature of performance management and measurement indicates that the function should be independent of influence from top managers, politicians or the municipal manager. It is required that an ITC system would facilitate internal relationships between departments, as a way of promoting “e-government”.

5.2.3.3 Time, effort and money expended on programme performance & monitoring and evaluation (M&E)

Survey results show that 73.2% of the respondents are of the opinion that (i) the development towards performance excellence (ii) monitoring and (iii) evaluating programmes, are below the operating standards required. For these 3 test items a mean and median of below 3 was obtained, while the norm is indicated by 4 or 5. One may assume that time, effort and financial resources are not being adequately allocated to the monitoring and evaluation function. Observation, interview and open ended statements reveal that (i) there is prevailing uncertainty whether there are adequate resources planning for an M&E function, alongside the OPM function, and (ii) that material, equipment, office, training and specialist skills would be required to effect the function.

Section 41 (c) (i) of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) states that in lieu of measuring performance, programmes, projects and processes may be monitored. Subsequent to the publication of the Act, the GWM&EF (2007) and the IGP (2009) were published, wherein monitoring is linked to the evaluation of programmes, projects and processes. In the Green Paper on National Strategic Planning (2009:13) a vigorous account is given of the importance of M&E as a governance imperative at all levels of government; the following activities were grouped “as a continuum of related activities”, (i) employ of existing or revised policies, (ii) formulation of strategic and operational plans, (iii) allocation of scarce resources, (iv) implementation plans and (v) implementation of an M&E function.

The Stellenbosch municipality's policy on the *Performance Management System* (2005) and the Drakenstein municipality's *Policy Framework* (2008) address the importance and role of M&E. However there is no in-depth account on establishing an M&E unit or department. It is appropriate at this point to state that COGTA's LGTAS implementation plan list M&E as a "capacity support" measure to be implemented by the Structural Reform Unit (Implementation Plan: LGTAS, COGTA 2009:8).

The models for OPM and measurement described in section 2.6 and Annexure 1 and 2 are accommodating of an M&E function. Furthermore, definitions of M&E are found in section 2.8. Municipalities are compelled to examine the introduction and mainstreaming of M&E as a function, as a means to evaluate existing and future programmes in relation to programme worth and "value for money" when budgeting.

5.2.3.4 Legislation and national policies governing community involvement

Survey results show that 66.2% of the respondents are of the opinion that (i) the community and the ward committee (as part of the community) are not being factored into OPM, (ii) inputs, outputs and outcomes are not being measured and (iii) national and local performance management policies do not feature prominently in the daily work of managers. For these 3 test items a mean and median of below 3 was obtained, while the norm is indicated by 4 or 5 on the Likert scale.

The researcher's observations, interviews and open ended statements, support statistical results, that the community and ward committees are being undervalued as strategic resources in performance assessments and measurement and that the legislation is not being complied with, in that (i) policies are not explicit about how the communities will be involved, (ii) how meetings and feedback will occur, (iii) how the outcomes of community involvement will be measured, evaluated and reported.

Legislation such as section 152 (1) (e) of the Constitution of the Republic of South Africa (No.108 of 1996), the White Paper on Local Government (1988) and Section 16 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) state that communities must be involved in municipal matters, the IDP and the budgeting process to ensure accountability to communities. Section 3.2.4 of the White Paper

(1988) states that “ward committees are partners in resource mobilisation” and should “monitor the allocation of resources”.

By implication, the empowerment of the community through capacity building and training is a necessary precursor to their involvement with municipalities. This venture would no doubt assist in validating municipal programmes in terms of need and appropriateness. The Green Paper on National Strategic Planning (2009) discusses the role of the community and the importance of strategic planning, but does not exploit the community as a strategic and unique resource, in the interest of OPM.

Section 2.3.6 presents a brief overview of results and outcomes when communities are involved in the appraisal of performance. Incorporating communities into performance management implies that communities are issued with monitored data, allowed to deliberate, decide on matters and document results. For government this would stimulate good performance, accountability and transparency.

5.2.3.5 Scarce resources utilisation or underutilisation

For the following tasks related to OPM, (i) business plan availability, (ii) use of consultants, (iii) strategic positioning and (iv) assessment of programme theory and utility, 50.5% of the respondents could not agree or disagree on the effective utilisation (or underutilisation) of these resources. A similar pattern was observed for the employ of financial and non financial resources, whether well utilised or under-utilised. For the utilisation of resources, with regard to the management and measurement of organisational performance, 24.3% of the respondents tended to agree that resources are expended on OPM and measurement, while 25.3% tended not to agree, with the majority being undecided. This result indicates that for the majority of respondents, there is uncertainty on whether the municipality has available resources for the establishment of an OPM function and whether resources are available for departmental business plans, use of consultants, strategic positioning and assessment (evaluation) of programme theory and utility. Perhaps it is more appropriate to state that it is essential to expend resources on the above mentioned management functions.

Open ended statements, interviews and observation reveal that (i) resources planning is not done as an “open” exercise, (ii) uncertainty about skills deficits, measured incompetence and underperformance among managers prevailed, (iii) that there is confusion as to where unutilised resources reside (iv) while top managers are appraised annually, the perception is that resources utilisation is skewed in their favour. Respondents believe that resources are utilised to make the top managers “look good”, as recorded in the open ended statements (Annexure 4.9 refers). Since departmental business plans are not produced, the SDBIP serves as the departmental business plans. By assumption, the absence of departmental performance assessments and individual performance appraisals per department will be a result of using the SDBIP as a common business plan for the entire municipality.

Since the respondents were drawn primarily from the middle managerial rung, the perception at this level is that there is little clarity on how resources are allocated, the cost of the resource and the degree to which it may be manipulated in terms of the latest budget reforms and applications. Public private partnerships for locating resources are a neglected area and not fully developed in the interest of the community or local economic development.

Most managers were not involved in the quantification of resources. Information processed by the chief financial officer (CFO) is hardly made known to middle and lower level managers, hence the financial picture on available resources is never clear. While local government legislation dictates the careful and wise use of resources it does not specify mechanisms for implementing transparency, accountability with regard to resources sourcing, expenditure, evaluation and reporting on resources. Community involvement in the allocation of resources is required in lieu of local government legislation. It is not clear to what extent this measure is implemented and no instrument is being employed to measure this action. A valuable role can be performed by the OPM function insofar as the function can report on the availability of resources and its relation to performance.

5.2.4 Evaluation of the instrument(s) appropriate to measure organisational performance (theme 4)

Table 5.4 lists the criteria used in the evaluation of primary and secondary data.

Table 5.4: Criteria for the evaluation of the instrument(s) appropriate to Measure organisational performance

Criteria	Links to items in the questionnaire theme 4
5.2.4.1 Attributes of an identifiable and operating performance measuring instrument	4.1, 4.5, 4.6, 4.7, 4.11, 4.12, 4.21.
5.2.4.2 Measuring the full delivery chain, M&E and municipal productivity	4.2, 4.8, 4.10, 4.16, 4.17.
5.2.4.3 Community involvement, customer satisfaction and transparency	4.13, 4.15, 4.20.
5.2.4.4 Status of OPM and measurement among top Managers and lower level managers	4.3, 4.4, 4.9, 4.14, 4.18, 4.19.

(Source: Questionnaire items in Table 4.9. Compiled by author)

Survey results show that for the 21 test items in this theme, a mean and median of 3.1344 and 3.0952 respectively, was obtained for municipalities constituting the population. The norm for this theme was an expected mean and median value of between 4 and 5 on the Likert scale. More than 90% of the respondents were of the opinion that the municipalities did not have an appropriate instrument to measure organisational performance.

5.2.4.1 Attributes of an identifiable and operating performance measuring instrument

Managers are aware of the positive relationship between management of tasks and measurement of outputs or outcomes. Municipalities employ rudimentary methods to measure inputs, indicators (KPI's) and achievement of targets and outputs, as specified in section 38 (a) (iii) and 41 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000). The task of empirical measurement of programme, project or process performance diminishes without specific performance measuring instruments in place,

Test item 4.1 has particular reference as 69.4% of the respondents are of the opinion that organisational performance is not being measured by a specific instrument. 30.6% believe that such an instrument exists. Further, the Local Government

Municipal Finance Management Act, 2003 (No.56 of 2003) and the Local Government Municipal Planning and Performance Regulations (2001), address the measurement of organisational performance in terms of performance indicators (for output, outcomes and impact) and targets. The necessity for the adoption of appropriate instruments for the task is not stated in the local government legislation.

A result for the population shows that an OPM and measurement instrument has not been implemented. Models for OPM and measurement are explored in section 2.6, while section 2.3.1 explores the importance of organisational performance measurement for the achievement of accountability. From the researchers observations, interviews held and open ended statements, results show that (i) there is a lack of knowledge on organisational performance measurement models, (ii) confusion exists over the definitions of outputs and outcomes, (iii) community involvement is not measured or rated, (iv) SALGA's organisational performance measurement "toolkit" is not known and therefore not under consideration, (v) management and measurement of organisational performance is not an open and transparent process and (vi) where effective instrumentation for the measurement of organisational performance is not present, corrective measures will not be forthcoming.

More than 90% of the respondents could not confirm (i) that more time (ii) more administration would be required to implement a performance measuring instrument. The same number could not confirm that a performance measuring instrument would actually be beneficial for mid-term reviews, the performance cycle and for the identification of blockages on programmes or projects. Implicitly, employees at municipalities would require capacity building on the benefits of implementing a performance measuring instrument at either of the municipalities. The advantages of having a fully operational organisational performance measuring instrument are stated in section 1.3.

5.2.4.2 Measuring the full delivery chain, M&E and municipal productivity

An overwhelming number of respondents are in agreement that the "full delivery chain", M&E and productivity is not being measured. The study indicates that (i) 69.4% of respondents could not clearly identify an existing organisational performance measuring instrument designed according to the "full delivery chain", (ii)

71% claim a lack of understanding of KPA's and KPI's, (iii) 74.2 % are undecided or believe that productivity is not being measured, (iv) 82.3% are undecided or believe that programmes are not evaluated and (v) 56.5% are undecided or believe that programmes are not monitored.

The concept of “productivity” at municipalities is fully defined in section 2.3.2; M&E is explored in section 3.3.1 and the “full delivery chain” as defined by the IGP (2009) is dealt with in section 3.3.2. Each of these components of OPM has a vital role in measuring organisational performance and cannot be left out of account.

Observations, statements from interviews and open ended statements support the statistical results obtained. In addition, the performance measuring instrument was of no priority to implement. Some managers expressed a sincere interest in adopting an organisational performance measuring instrument, while others expressed complete confidence in the SDBIP as an organisational performance measuring instrument. It is understood that employees were not exposed to the GWM&EF (2007) and would therefore not carry knowledge of how M&E is linked to the organisational performance measuring instrument.

Section 2.6.4.1 and 2.6.4.2 introduces the logic and the systems models, which offers a high degree of flexibility, transparency and simplicity in its application. The “full delivery chain” and the SALGA “toolkit” employs the principles of these models, using a matrix layout on “excel” spreadsheet for electronic transportability. Any derivative of these models may be speedily implemented, at very little cost and without the assistance of a consultant. The challenge to the municipality is to employ the methodology across departments, in a manner conforming to strategic and business planning principles.

At Drakenstein and Stellenbosch municipalities, the Balanced Scorecard is a choice of instrument for OPM and measurement. With reference to section 2.7.4, the Balanced Scorecard is thought highly suitable for plotting strategic direction, measuring gains from new marketing strategies, to increase profits by expanding markets and business units. The Balanced Scorecard is not suitable for the measurement of the “full delivery chain”. According to Behn (2003:587) and Chan (2004:204), the measurement of non-financial matters, top management buy-in,

community based planning and education and skills development would be difficult to measure with the Balanced Scorecard.

However, the Balanced Scorecard may be adapted for the public sector, as shown in the Huselid, Becker & Beatty and DeSeve models (section 2.7.5 refers). In evaluating the merits of the Balanced Scorecard it would serve the municipality well if it is utilised at a corporate level and specifically to track advancements made in municipal growth and stability, strategic advancements and acquisition of vital resources such as finance and human expertise through public private partnerships.

5.2.4.3 Community involvement, customer satisfaction and transparency

Statistics indicate that 83% of the respondents believe that the municipality does not measure customer satisfaction; 80.7% of the respondents believe that the municipality does not measure community participation on programmes and 56.5% believe that an OPM and measuring instrument will encourage transparency in the organisation. From observation, interviews and open ended statements, two main considerations are stated, (i) that the management and measurement of organisational performance is not an open and transparent process and (ii) there are no measures in place regarding the formalisation of community involvement in OPM.

In contrast with the statistics obtained, section 152 (1) (e) of the Constitution (No.108 of 1996) and sections 16 and 42 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000) set down that communities must be involved in setting KPI's and other matters related to OPM and performance measurement. Franceschini (2007:110) holds that a customer-centred performance instrument assists understanding of organisational activities insofar as (i) goals may be identified by communities, (ii) standards may be shaped by communities, (iii) growth and development is controlled, (iv) problems may be identified and corrected, (v) the organisation becomes effective. It remains the "human element factor" that brings success or failure to the organisation (Zaire in De Waal & Counet 2009:377). Community demands for quality services and the measurement thereof is stated in section 2.6.4.2.

In closing, service delivery protests are fuelled by councils' lack of responsiveness to stake-holders, corruption, high utility charges and mismanagement of funds. OPM

and the measurement of services and products delivery, coupled with the mobilising of local resources, serve to mitigate these problems (Curtis 1999:270; Kgafela 2010:3).

5.2.4.4 Status of OPM and measurement among top managers and managers

Holzer & Kloby (2005:522) found that the vast majority of municipalities found difficulty in measuring outcomes related to organisational performance standards. Of the municipalities researched, “only one-third use a performance instrument” and of this number, “only one-fifth have implemented a high level” performance methodology.

For test items 4.3, 4.4, 4.9 and 4.14, an average of 55.4% of respondents neither agreed nor disagreed, tending to disagree completely on (i) awareness of other departments employing an organisational performance measurement instrument, (ii) employees being able to participate in KPI construction, (iii) top management commitment to organisational performance measurement and (iv) managers general support for organisational performance measurement. Slightly less than half of the respondents held the opposite view.

In order to shift the mean and mode to a value of between 4 and 5, the managerial task would involve the implementation and institutionalisation of OPM and measurement. This would entail (i) inviting employees to participate in the construction of KPA's and KPI's through capacity building workshops, (ii) motivating top managers and managers at all levels to embrace OPM and measurement (iii) displaying the benefits it would bring to the organisation and (iv) driving performance objectives. On test items 4.18 and 4.19, an average of 76.6% of respondents neither agreed nor disagreed, tending to disagree completely, on (i) the reality of resistance from top managers for organisational performance measurement and (ii) that employees have a positive attitude towards organisational performance measurement. The ultimate goal for top managers would be the sharing of new knowledge with all managers to break down “silos”, resistance to new ideas and to build a positive attitude towards transformation.

From observations, interviews and open ended statements, the researcher learned that the hierarchical relationships played a fundamental role in dividing managers

into their respective levels of seniority and managerial domains. The existing workplace culture and ethic is one characterised by inhibition, barrier rigging, top-down “order” and obligation. It is within these parameters (limitations) that employees below top managers are not involved in OPM and measurement. Jones in Van Dijk (2007:49-53) suggest that an integrated view of local government, less bureaucracy, less political tension, choice of employees upon merit and an open policy around consultation would break down the mechanistic view of local government. In finding “integrated” solutions, the author recommends (i) excellence in performance, (ii) reduction of political interference in the administration, (iii) choice of employees for expertise and skill for key senior posts and (iv) “consultation” above “centralisation” of power.

5.3 CRITICAL SUCCESS FACTORS (CSF’S) FOR OPM

The research objectives outlined in section 1.7, necessitated inquiry into the validity of the statement that for the population chosen, managerial and political interference would cause “difficulties” in the implementation and sustainability of OPM. The research problem was divided into five themes of which four were tested in a survey. The fifth objective, the normative view, will be derived from information (outcomes) obtained from this chapter.

The critical success factors (CSF’s) formulated below, are intended to inform municipalities of (i) of the outcomes from the evaluation, (ii) what processes or tasks require emphasis for the successful implementation and sustainability of OPM and (iii) normative evaluation methodologies that are appropriate for the establishment of a normative framework, to guide “performance” managers at all levels.

5.3.1 CSF’s in the formulation of objectives appropriate to OPM (theme 1).

- Performance planning, excellence and alignment to strategic objectives
The formulation of objectives for the implementation of OPM must embrace performance planning, services excellence and alignment to strategic objectives (KPA’s). Furthermore the objectives must incorporate M&E and public participation. A key objective of OPM would be the measurement of each component of the “full delivery chain”, across departments. Employee involvement in OPM would be a key driver in the pursuit of economy, efficiency and effectiveness of performance outcomes.

- Measurable, achievable, clear, developmental, understood objectives
The objectives employed by an OPM department or unit must be realistic, achievable, measurable, clear, developmental and understood by all employees and stakeholders. The governance principles of transparency and accountability should be integrated into OPM processes, organisational and employee growth and development of a culture of performance excellence.
- Full delivery chain
A key objective of OPM is the implementation of the “full delivery chain”. The “full delivery chain” is an instrument for the measurement of performance in terms of its inputs, baseline, activities, targets, outputs and outcomes. This instrument, based on the Kellogg logic model, serves as the link (or catalyst) between strategic intent, operations and stakeholder satisfaction. The instrument is suitable for displaying the strategic programmes of the organisation.
- Compliance with Local Government Legislation
Local government legislation serves as a guide to municipalities in the formulation of OPM objectives. When legislation is interpreted literally, managers will be restricted in using advanced strategic management applications, innovations and other means to bring about synergy. A clear example is the delayed incorporation of M&E, OPM, strategic HR planning and community involvement in municipal planning and performance monitoring. Creative interpretation of local government legislation will “free-up” constraining factors such as “red-tape”, over-regulation, over-legislation, party political influence on the administration and the prevalence of silos.
- OPM objectives in support of managers
The understanding of the OPM objectives must be that the following managerial activities are supported: (i) motivating employees, (ii) mitigate resistance for performance appraisal of programmes, projects and processes, (iii) communicate OPM objectives to all employees, (iv) improvement to vertical and horizontal liaison and communication within the organization, (v) encourage team-work, (vi) knowledge and information sharing.

5.3.2 CSF's for capacity planning with regard to OPM (theme 2)

- Effective use of managers' capacity to drive OPM

A municipality can build or develop its capacity, i.e., increase the sum total of its existing skill, intellectual assets and ability to utilise scarce resources in an effective, efficient and economic way. As capacity is never static, there is the mitigation of risk of its depletion through the continuous accrual of skills to the organisation. Capacity is required in the arena of institutionalising (i) OPM and measurement, (ii) M&E, (iii) community involvement and (iv) growing customer needs. Capacity may be correctly assessed through the established strategic management mechanism of the organisation

- Compliance to legislation and policy

Sound managerial capacity and depth of understanding is required to link the components of OPM and measurement as it appears in various local government legislation and national policies. While the legislation and policies announce key components of OPM, it does not offer a comprehensive performance management system. The performance components such as KPA's, KPI's, M&E, community involvement, culture of performance, "full delivery chain", performance review, targets, place and purpose of IDP and SDBIP, requires integration into a coherent and logical OPM function.

- Management capacity and competencies

Top managers are required to be competent, skilled, with insight and understanding of higher order managerial applications (such strategy) and the implementations thereof. Top managers may want to explore ways of bringing confidence, clarity of direction and motivation into the workplace through, (i) growing leadership, (ii) inspiring lower level managers to be open, transparent, accountable, innovative and (iii) encouraging the expression of ideas without fear of punishment.

- Managers drive outcomes and evidence based performance
Top managers are required to understand, implement and transfer knowledge to lower level managers on the national policy requirement for outcomes and evidence based performance management. Top managers have the responsibility of driving a culture of excellence in performance, based on broad evidence, current knowledge and construction of key performance indicators for outcomes on programmes, projects, processes and integrity.
- Managers build a culture of performance for performance excellence
Top managers are required by legislation to build a “culture of performance” among employees. This would entail the eradication of hierarchy, gate-keeping, “silos” and the inertia among managers to be innovative. A culture of performance entails imbuing the workplace with sound ethics, an enabling, knowledge and people centered environment and rewarding excellence in performance. Top managers are expected to set the tone as motivators and sponsors for performance excellence.

5.3.3 CSF’s for resources planning with regard to OPM (theme 3)

- An identifiable, fully operational and dedicated OPM function.
The need for high levels of capacity and efficiency with which resources planning and utilisation takes place, are fundamental to the demand for a fully operational and institutionalised OPM function. The OPM function, having such status, would be the connecting point for the following components of OPM, (i) OPM and measurement, (ii) implementation of strategic objectives across departments, (iii) M&E, (iv) community involvement, (v) individual performance appraisal, (vi) strategic human resources planning, (v) IDP, (vi) SDBIP and (vii) quality assurance.
- ITC, access to information via the internet, effective employ of resources
The organisation ensures the implementation of an ITC policy, commensurate with an efficiently run OPM function, in order to ensure (i) stakeholder access to information, (ii) employee access to information, (iii) an open, transparency and accountable system of governance and (iv) to avail reports related to IDP, SDBIP, SALGA working groups, SALGA PEC, MINMEC and LGTAS.

- Time, effort and money expended on programme performance & monitoring and evaluation (M&E)

Local government legislation and policies demand the M&E (which are tracking and review instruments) of programmes, projects and processes, in order to know its programme results, utility and worth. Monitoring by itself has little value if the data obtained is not well evaluated. The purpose of M&E is to utilise the results obtained to enhance, improve and re-direct resources on programmes, projects and processes in order to achieve an end product that was initially intended.

- Legislation and national policies governing community involvement
All local government legislation and national policies demand the involvement of the community in the performance management of municipalities, not only as a monitoring body but also as a stakeholder in the formulation of objectives, plans and decisions. Ward committees (a community and business stakeholder) are partners in resource mobilisation and are monitors of resources allocation and utility. The role of OPM is to correctly and collaboratively manage community inputs, outputs and outcomes. The community is a strategic (unique) resource in addition to the organisation's strategic resources.
- Scarce resources utilisation or underutilisation
The OPM function has a pivotal role in coordinating the effective, efficient and economic use of scarce resources. The OPM function may explore in collaboration with stakeholders and managers, how best to utilise, source, or re-direct unused or underutilised resources in the interest of beneficiaries. The OPM function, through a performance measuring instrument such as the "full delivery chain", may monitor and evaluate resources expended on programmes, projects and processes.

5.3.4 CSF's for the implementation of an instrument(s) for measuring organisational performance (theme 4)

- Attributes of an identifiable and operating performance measuring instrument
The "Logic" and "Systems" models for measuring organisational performance, accommodates the requirements for the implementation of the "full delivery

chain” (section 2.6.4.1 and 2.6.4.3 refers). The attributes of these models or performance measuring instruments are that inputs, KPA's, activities, targets, baselines, KPI's, outputs and outcomes are measured on a continuum. A matrix lay-out makes the instrument visible, electronic, transportable and simple to understand and apply.

- Measuring the “full delivery chain”, M&E and municipal “productivity”
“Productivity” is the sum total of quality outputs (services and products) rendered to the public, incorporating value for money, sound management, efficient and effective management, monitoring, evaluation and performance outcomes. The implementation of “the full delivery chain” is suited to the measurement of organisational productivity. “Productivity” may be increased through, training, skills development, capacity building, employment of experts, advancements and acquisition of vital resources (such as foreign aid) and public private partnerships. The “full delivery chain” is designed to be visible, thus promoting transparency.
- Community involvement, customer satisfaction and transparency
Municipalities are compelled by legislation to accommodate communities and organisations (CBO's) in matters which have direct bearing on the development of that community in relation to infrastructure, socio-economic, environmental, health and safety matters. Transparency requires openness to ideas and management decisions on programmes, projects and processes. The expected result is community, or customer satisfaction, which may be measured on a rating scale. It is important to hold regular “feed-back meetings” with communities on the programmes of the IDP and municipal performance therein.
- Status of OPM and measurement among top managers and managers
The current status of OPM and measurement at the municipalities is weak and to a large degree neglected. The interest, level of commitment and need for transformation in organisational “overall” performance management is necessary in terms of effective management and employee morale. The institutionalisation and implementation of OPM and measurement, requires “consultation” above “centralisation” of power. A fresh approach to work-place

ethics and a shift to a more open and accountable OPM and measurement culture would contribute to the positive image of the municipalities.

There is little consensus at the municipalities on the approach to performance measurement, owing to departmental divisions which eventually brings about “internal stagnation and strategic inertia”. The remedy for this is to establish consensus on OPM design and operation at municipalities (Pandey *et al.* 2006:137; Pillay & Subban 2007:62; Van Dijk 2007:51).

5.4 Conclusion

Chapter five provided an in-depth evaluation of the previous chapters, in terms of the four themes relating to the research problem and research objectives. The themes were evaluated according to summarised “evaluation criteria”, derived from the survey test statements. Quantitative and qualitative data was evaluated and for each theme a set of critical success factors were extracted from the evaluated information.

The critical success factors (CSF's), in combination with the findings from chapter four, already provide strong indication of the status of OPM and measurement at the municipalities composing the population. The information derived, thus produced a comprehensive assessment of OPM at the municipalities constituting the population.

The institutionalisation, implementation and smooth operation of OPM and performance measurement at the municipalities is therefore dependent on the recognition of the CSF's by the top management at both municipalities.

The criteria used in this chapter for the evaluation of information, the CSF's derived and the findings from chapter four, will be utilised in combination, to produce a normative approach and framework for the implementation of OPM and performance measurement at both municipalities. Chapter six therefore fulfils the fifth research objective, i.e., to formulate a normative approach and normative framework, to guide officials, stakeholders and politicians in instituting OPM effectively and to bring about a culture of measuring performance at all levels in the organisation.

CHAPTER 6: A NORMATIVE APPROACH TO ORGANISATIONAL PERFORMANCE MANAGEMENT (OPM) AT DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES

6.1 INTRODUCTION

In this final chapter, the rationale for the normative approach to OPM function is explored in terms of its value. Having obtained findings from the survey, and having evaluated the previous chapters to obtain a set of critical success factors (CSF's), the opportunity arises to present the normative approach as a methodology that would map out a path for the successful operation of the OPM function.

The normative approach would entail using the research findings and CSF's in an integrative way to suggest an alternative treatment or modus operandi to the existing and current way in which performance is managed and measured, presenting OPM "as it should be". Normative approaches and normative evaluations are iterative, producing the best results over a period of time.

During the course of the evaluation of previous chapters (of literature, legislation and the survey), a series of "norms" pertaining to the OPM function clearly emerged. These "norms" were collated for each theme and duly compiled as a normative framework for the effective structuring and institutionalisation of the OPM function. The normative framework may in addition, be viewed as a composition of key performance indicators (KPI's) for the efficient and effective implementation of the OPM function.

6.2 A NORMATIVE APPROACH TO OPM

PART A: Underlying norms for a normative framework

Moore & Braga (2004:14) describes the normative approach as contestation, imbedded in the difficulties organised bodies have of reaching "satisfactory philosophical and political judgement about what it wants and expects" from its organisation, "and how it would measure whether its gets what it wants". The on-line "businessdictionary" describes "normative" as the "theoretical structure of assumptions, principles, and rules that hold together the ideas comprising a broad concept" (www.businessdictionary.com). A "normative" understanding is more likely

to evolve through ongoing debate between stakeholders, politicians and public officials, in the search for norms, “acceptable forms of justification” and standards for producing services and products to the public (Woolman & Botha 2008:149-155). The normative approach aims to bring consensus on norms and standards that would assist departments not functioning effectively.

A normative approach may translate into a normative framework, thus presenting an instrument or catalyst for the transformation of a system. A normative framework is therefore likely to be enhanced from time to time, in satisfying stakeholders, maximising benefits and creating value where it is being applied, be it a strategic planning process, formulation of objectives or an OPM function.

The “norms” particular to this study, are based on principles located in (i) section 152 of the Constitution, 1996 (No. 108 of 1996) and chapter 6 of the Local Government Municipal Systems Act, 2000 (No.32 of 2000), as points of reference. “Norms” would guide the restructuring and implementation of (i) ethical and governance considerations of openness, accountability and transparency, (ii) principles of strategic and general management, (iii) international standards for performance management, (iv) community (public) involvement in local government.

For the purpose of the study, the normative framework presented below contains the “norms” derived from the evaluation, classified under the performance evaluation criteria relevant to each theme. The normative approach and the normative framework presented in this chapter, fulfils the fifth theme of the research objectives i.e., conceptualising a normative approach on OPM (section 1.7 refers).

PART B: Underlying values and principles for a normative framework

The normative framework is grounded in collaboration between officials and the public, exercising a democratic element in the way norms are acknowledged and implemented. Norms may be the subject of debate, bearing in mind that limitations are set by legislation. The normative framework to setting up public functions is generated out of evaluations of what exists and what stakeholders want in relation social demands, values and ethical considerations.

Section 7 of the Constitution, (No. 108 of 1996) states that peoples’ rights are “enshrined” in the “democratic values of human dignity, equality and freedom”. There

is an implicit understanding that municipalities must shape their functions in line with the values and principles expressed in the constitution. A further implication is that the demands from the public (or their expectations) for efficient and quality service delivery are based on values and principles emanating from the concept of democracy.

A normative framework fulfils the purpose of being (i) a standard of review, (ii) a reference of constitutional text and (iii) a means for guaranteeing excellence in the delivery of services to the public. A normative framework provides for a “value based approach”, “norm setting behaviour”, “best practices” and may therefore be conceived as compliant with “norms and standards” born in social settings (Woolman & Botha 2008:150-152). Normative frameworks contain norms that are intended to guide public officials and politicians in their roles as facilitators of public services and products.

Table 6.1 below shows values and principles employed in setting norms and standards for performance management at public institutions. These values and principles are obtained from management experiences, research, observation, stakeholder collaboration and guidance from experts in the field. The normative framework presented in this chapter has a strong relationship with the management elements, values and principles presented in Table 6.1. Moore & Braga (2004:14) refers to Table 6.1 as a “social scorecard”, a means through which the public may engage a public institution in relation to its performance.

Table 6.1: Values and principles in support of a normative approach to OPM and measurement

Political - philosophical values and principles	Scientific values and principles	Managerial values and principles
<ul style="list-style-type: none"> • Community involvement • Shared responsibility in community building • Ethic of anti-corruption • Ethic of collaboration as opposed to silos • Empowering stakeholders to engage in municipal affairs • Relationship building with national government • Municipal ethical role in being accountable • Municipal developmental role 	<ul style="list-style-type: none"> • Calculating the 'public value' of the municipality. • Programme and project monitoring and evaluation • Strategy formulation • SWOT analysis • Stakeholder Analysis • Fair allocation and economic treatment of resources • Measuring performance 	<ul style="list-style-type: none"> • The municipality is developing a normative value chain • Concept of customers as strategic imperative • Top quality customer service • Customer satisfaction • Stakeholder satisfaction • Municipality has an obligation to stakeholders • Stakeholders have an obligation to municipalities • Municipal material role in infrastructural development • Delivery of stable, safe, developing community • Development of open spaces for recreation, sport and LED. • Develop a culture for performance excellence in services delivery.

(Source: Table 1 in Moore & Braga 2004:14 and customised by author)

The critical success factors (section 5.3 refers) reveal that the alignment between strategy formulation, OPM, strategic human resources and operations for the population requires tightening. A study of the CSF's in conjunction with the normative framework can greatly assist the municipalities (in the population) to improve the current state of the OPM and management. Winning the commitment of top managers on the institutionalisation of OPM and measurement would be a key indication that the normative approach and normative framework has value for the municipalities in the population.

6.2.1 Normative framework for theme 1: Norms in the formulation of OPM objectives

6.2.1.1 Performance planning, excellence and alignment to strategic objectives

- OPM objectives are aligned to strategic objectives, strategic human resources plans and operations (IDP and SDBIP) planning.
- Performance excellence (and quality assurance) is measured using the Public Service Quality Model, section 2.6.4.2 refers.
- Economy, efficiency and effectiveness in performance is an organisation wide objective.

6.2.1.2 *Measurable, achievable, clear, developmental, understood objectives*

- OPM objectives are measurable, achievable, clear, developmental and understood by all employees.
- OPM objectives are realistic, embracing the governance principles of transparency, accountability and openness.

6.2.1.3 *Full delivery chain*

- The “full delivery chain” is comprehensively implemented (operationalised), for all key performance areas (KPA’s).

6.2.1.4 *Compliance with local government legislation*

- The OPM function operates in line with the prescriptions in local government legislation and national policy. Implicit in compliance to local government legislation is (i) community involvement in all matters relating to the administration and delivery of services and products, (ii) M&E and (ii) a culture of performance excellence.
- The municipality engage with national and provincial government on matters pertaining to intergovernmental relations (IGR).

6.2.1.5 *OPM objectives in support of managers*

- Employees are motivated through full participation in OPM and measurement.
- Employees across departments know and understand the OPM objectives.
- Managers support the objectives and initiative of the LGTAS.
- Managers pursue the mitigation of resistance to performance appraisal of programmes, projects and processes.
- Managers implement continuous improvement of (i) internal communication, (ii) team-work, (iii) knowledge and information sharing.

6.2.2 Normative framework for theme 2: Norms for capacity planning in OPM

6.2.2.1 *Effective use of managers’ capacity to drive OPM*

- Managers staff the OPM function optimally.
- Managers institute OPM effectively, efficiently and economically.
- Managers promote (i) employee participation in OPM, (ii) building capacity to meet growing customer needs.

6.2.2.2 Compliance to legislation and policy

- Managers comply to capacity requirements as legislated and as policy.
- Managers are able, competent and skilled to implement (i) community involvement in all matters relating to the administration and delivery of services and products, (ii) M&E and (iii) a culture of performance excellence.

6.2.2.3 Management capacity and competencies

Managers in the OPM department / unit are qualified, able, competent and skilled.

6.2.2.4 Managers drive outcomes and evidence based performance

Managers of OPM drive outcomes and evidence based performance, in congruence with national policies, the “full delivery chain”, community involvement and M&E functions.

6.2.2.5 Managers build a culture of performance for performance excellence

- Managers motivate, share knowledge and prioritise performance excellence in
- outputs and outcomes.
- Managers promote and encourage (i) incentives for performance excellence. (ii) effective internal communication, (iii) community involvement, (iv) M&E, (v) excellence in performance.

6.2.3 Normative framework for theme 3: Norms for resources planning in OPM

6.2.3.1 An identifiable, fully operational and dedicated OPM function

Financial, human and material resources are allocated and utilised in the implementation and institutionalisation of OPM.

6.2.3.2 ITC, access to information via the internet, effective employ of municipal resources

Financial, human and material resources are allocated and utilised in the implementation of an ITC system, favourable to internal OPM functioning and utilisation by the public.

6.2.3.3 Time, effort and money expended on programme performance & monitoring and evaluation (M&E)

Financial, human and material resources are allocated and utilised in the implementation and enhancement of (i) performance excellence, (ii) M&E of programmes, projects, policies and processes.

6.2.3.4 Legislation and national policies governing community involvement

- Managers utilise local government legislation, national strategic planning policies, internal performance management policies and the local community as strategic (unique) resources in the implementation of OPM and measurement.
- Ward committees (a community and business stakeholder) are partners in resources mobilisation and are monitors of resources allocation and utilisation.

6.2.3.5 Scarce resources utilisation or underutilisation

Managers plan for the utilisation of scarce resources in an effective, efficient and economical way. The opposite holds true as managers eradicate the underutilisation and unutilisation of scarce resources.

6.2.4 Normative framework for theme 4: Norms regarding the instrument(s) for the measurement of organisational performance

6.2.4.1 Attributes of an identifiable and operating performance measuring instrument

- The instrument measures programme, projects and process (i) achievements, (ii) blockages, (iii) failure, (iv) alterations and changes at mid-term, on all KPA's and related KPI's.
- The instrument is "tailored" or "adjusted" to the needs and conditions subsisting within or outside of the entity, from time to time.
- The instrument employs a matrix lay-out, is visible, electronic, transportable and simple to understand and apply.

6.2.4.2 *Measuring the full delivery chain, M&E and municipal productivity*

- The performance instrument measures KPA's, KPI's in inputs, baselines, targets, activities, outputs and outcomes.
- The instrument integrates evaluation results.
- The instrument measures municipal productivity.

6.2.4.3 *Community involvement, customer satisfaction and transparency*

The instrument measures KPI's for community involvement, customer satisfaction and transparency.

6.2.4.4 *Status of OPM and measurement among senior managers and managers*

Senior managers and general managers are committed to the measurement of organisational performance.

6.3 RECOMMENDATIONS

The following recommendations, stated for each of four themes, are proposed in lieu of OPM development within the municipality.

Theme 1: Objectives for the implementation of OPM

- The municipality is advised to formally institute an OPM function with a dedicated staff compliment and top manager, to direct, manage and measure the performance of the employees and organisation as an integrated entity.
- Align strategy, OPM, strategic human resources and operations for effective and efficient delivery of products and services.
- Assuming that OPM objectives are aligned to the strategic objectives of the municipality, quality standards for planning at departmental level, financial control, inputs and outputs, such as ISO 9000 measures for quality service delivery, should be implemented. This recommendation provides impetus for the proliferation and manifestation of a culture of performance within the municipality.
- Top managers are obliged to facilitate the reduction of the inhibiting effect of red-tape, over-legislation and over-regulation in order to achieve quality of performance.

- Departmental performance objectives should be aligned to the strategic objectives of the municipality.
- The objectives of the municipality are required to (i) be implementable, measurable, clear, understood by all employees and linked to the strategic agenda of the municipality and (ii) incorporate, sustain and develop public participation.
- The municipality should implement the “full delivery chain” as defined in the IGP (2009).
- The municipality should highlight the implementation of a monitoring and evaluation mechanism as defined in the GWM&EF (2007).
- The municipality should construct an OPM objective compelling top managers to acquire higher level (academic) managerial skills.
- The municipality should keep abreast of current national policies and engage national policy issues at MINMEC and other IGR levels.

Theme 2: Required capacity for OPM implementation

- The municipality should assume responsibility for the provision of adequate and high quality capacity in lieu of expertise, competency and skill to implement the management and measurement of organisational performance.
- The municipality should adopt measures to sustain and grow (develop) capacity to meet the increasing demands (needs) from their communities.
- The municipality should assume responsibility for the mechanisms (such as skills training, PGP’s and management development) that would ensure the required capacity, as defined by the need for an OPM function.
- The municipality has the responsibility to partner with state departments and the private sector to implement measures for management enhancement and institutional development.
- The municipality should promote the innovation of systems, processes, ideas and employee initiatives through the relaxing of hierarchical procedures.
- The municipality should adopt a method (plan or policy) for the evaluation of community participation.

- The municipality should provide managerial capacity for the implementation of the “full delivery chain” (with evidence based outputs and outcomes) as defined in the IGP (2009).
- The municipality should provide managerial capacity for the implementation of a monitoring and evaluation mechanism as defined in the GWM&EF (2007).

Theme 3: Required resources for OPM implementation

- The municipality should acquire (for the implementation of OPM) an ITC system that will (i) facilitate effective internal communication between departments and (ii) facilitate the needs of stakeholders for transparency through making information available on the internet.
- Material resources (a functioning office) and human resources (adequate staff) should be acquired for the implementation of a dedicated OPM unit.
- The municipality should monitor and evaluate KPI's in relation to the “full delivery chain” in order to ensure the effective, efficient and economic employment of financial, human and material resources.
- The municipality should regard the community as a unique resource in terms of their participation in the implementation of strategic planning, legislation and the measurement of performance of the municipality.
- The community should be empowered (through effective public participation training) to engage the municipality on issues and concerns relating to the IDP, SDBIP and the delivery of quality services and products.

Theme 4: Instrument(s) for measuring performance, appropriate to OPM implementation.

- The municipality should employ an organisational performance measuring instrument (section 2.6.4.1 and section 2.6.4.2 refers) with which inputs, outputs and performance outcomes of programmes and projects may be measured, managed and recorded. The purpose of measuring and quantifying the achievements of the municipality is to improve planning through the review of the municipalities' successes and failures. The performance measuring instrument should be visible, operational and understood by all employees and community representatives.

- The “Kellogg logic model” should be implemented by the municipality (as a pilot study or project) as it accommodates the SALGA performance management “toolkit” and the “full delivery chain” (sections 2.6.4, 3.3.2 and 3.5 refer).
- The municipality should ensure that the instrument employed to measure organisational performance, simultaneously measures community involvement, customer satisfaction and organisational transparency. This may be accomplished with the “Kellogg logic model” displayed in a matrix (spreadsheet) format.
- The municipality should comply to the legislative framework, national government policies and the Auditor Generals’ guidelines in order to effectively accomplish the measurement and evaluation of top managers’ successes and failures.

6.4 CONCLUSION

The study has successfully undertaken to assess OPM at Drakenstein and Stellenbosch municipalities. A solutions oriented answer to the research problem and study objectives were achieved in a comprehensive and integrative manner.

Chapters two and three dealt with a review of current OPM literature and legislation. Chapter four provided findings from quantitative data obtained from a survey conducted at Drakenstein and Stellenbosch municipalities (the population) as well as qualitative data obtained from semi-structured face to face interviews and open ended questions. The object of chapter 5 was to evaluate the previous chapters, employing nineteen criteria drawn from the 81 test items in the questionnaire and duly classified under the four themes (research objectives). The evaluation produced a set of critical success factors which constituted the “assessment results” for OPM and measurement, for the population chosen.

The normative approach and framework reviewed in this chapter fulfilled the fifth objective of the study. The normative approach offered a perspective on what the OPM function should conform to and delivered a basis for the construction of a normative framework, or guide that would assist the municipalities in making improvements in managing and measuring organisational performance in the future.

The normative approach and framework thus embodies a proposal to fortify and institutionalise their OPM and performance measurement functions.

The study has therefore succeeded in the assessment of OPM at Drakenstein and Stellenbosch municipalities in terms of the five research objectives. Future research may seek to repeat the assessment, in order to establish the impact the study had on organisational performance management and measurement.

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ANNEXURES

ANNEXURE 2.1

Comparison of Organisational Performance Management Mode (Source: Author).

ANNEXURE 1.		The Logic Model. Kellogg Foundation. 2004.	Public Service Quality . Model.Gaster, L. & Squires, A. 2003	The Systems Model. Straub et al. 2010.	The Framed Approach. Burke, F. B & Costello, C.B. 2007.	The ISO 9000 as Performance Model	The E ² Model. O'Donnell, F.J., & Duffy, A.H.B. 2002.	Service Performance Measurement. New Zealand, 2009.	Based Performance - Citizen. Assessment. The Sloan Foundation, USA. 2005	Three "Performance Dimensions" Model. Sole, F. 2005.	The Balanced Scorecard. Kaplan & Norton, 1992.	The 'Workforce' Balanced Scorecard. Huselid et al. 2007	The Balanced Scorecard. DeSeve, E. G. 2007.
1	Quality Assurance	*	*	*	*	*	*	*	*	*	*	*	*
2	Logical	*	*	*	*	*	*	*	*	*	*	*	*
3	Accountable & Transparent	*	*	*	*	*	*	*	*	*	*	*	*
4	Difficult to apply.						*						
5	Planning & tracking	*	*	*		*		*	*	*	*	*	*
6	Iterative	*	*	*		*		*	*	*	*	*	*
7	Full delivery chain	*	*	*		*		*	*	*			
8	Employs CSF's / KPI's	*	*	*	*	*	*	*	*	*	*	*	*
9	Participatory process	*	*	*	*	*		*	*	*			
10	Employs outcomes approach	*	*	*	*	*		*	*	*			
11	Calculates Efficiency						*						
12	Calculates Effectiveness						*						
13	Flexible system	*				*		*	*	*			
14	Utilise strategic goals	*	*	*	*	*	*	*	*	*	*	*	*
15	Track multiple programmes	*		*		*		*	*	*			
16	Matrix layout	*		*				*	*	*			
17	Model easily transportable	*	*	*		*		*	*	*	*	*	*
18	Foster common understanding between participants	*	*	*	*	*		*	*	*	*	*	*
19	Employs monitoring	*	*	*		*		*	*	*	*	*	*
20	Employs evaluation	*	*	*		*		*	*	*	*	*	*
21	Identifies obstacles	*	*	*	*	*		*	*	*	*	*	*
22	External Accountability	*	*	*		*		*	*	*	*	*	*

ANNEXURE 2.2: COMPARISON OF ORGANISATIONAL PERFORMANCE MANAGEMENT MODELS WITH ADDITIONAL DESCRIPTION OF EACH (SOURCE: AUTHOR).

ANNEXURE 2.		Applications and examples of organisational performance management models.
1	The Logic Model. Kellogg Foundation. 2004.	Used in a Community-University Partnership, (Arizona, USA), in which action research was conducted to (i) evaluate and plan programmes (ii) identify critical needs and issues of youth (9th to 12th grades) (iii) to develop a sense of ownership and responsibility for young people (iv) improve the quality of their lives. The model may be used in the administration of all programmes and projects.
2	Public Service Quality Model Gaster, L. & Squires, A. 2003	Providing quality in the public sector, the health sector (RSA) has currently invested R8-billion in PPP projects. The partnership is an integral part of government's 'service improvement strategy'. At the Growth and Development Summit Agreement (2003) the link between people-centred government and quality services was stressed. The model is used to improve service quality.
3	The Systems Model. Straub et al., 2010	A systems approach to performance measurement is being used in the Dutch social rented sector, (following standards of the Dutch Building Decree). Performance indicators for input, throughput, output and outcome, ensured the effectiveness and efficiency of the internal business process and also covered accountability to stakeholders. Transparency is an essential aspect of this model.
4	The Framed Approach. Burke, F.B & Costello, C.B. 2007.	An application of the model, based on the findings of two case studies in Canada and the USA, used surveys and interviews with 'performance leaders' in the analyses of the 'structured, HR, political and symbolic' frames. The study focused on 'reforming leadership, performance culture and empowerment of leaders, linked to the use of performance measurement and strategic planning. Results showed that 25% of the 'leaders' used performance measurement and employee evaluation in reorganisation efforts.
5	The ISO 9000 as Performance Model	Conventionally used in the manufacturing sector and generally not in local government performance assessments. It is however valuable in examining standards set for quality management systems. ISO 9001:2000 combines the three standards 9001, 9002, and 9003 into one, called 9001. The ISO 9000 standard is continually being revised by standing technical committees and advisory groups.
6	The E² Model. O'Donnell, F.J., & Duffy, A.H.B. 2002.	A PHD project, The E ² Model was designed for the purpose of measuring the relationship between efficiency and effectiveness, for each of the performance factors, goals, inputs, resources and outputs (GIRO). While effectiveness could be related to performance factors, the findings showed that it was not the same for efficiency. It was not possible to distinguish the efficiency of the design activity from that of design management, as efficiency appeared to be inherent to an activity, but proved difficult to measure.
7	Service Performance Measurement. New Zealand, 2009.	The "Service Performance" model (approved by the Auditor General in 2009) has been instituted in New Zealand in 2010, after seven years of testing various methods of measuring "service levels". Data collected was both qualitative and quantitative. The model involved 'a higher level of ratepayer involvement and accountability' in order to enhance medium term local government planning. Citizen demand is the biggest driver in the success of the method.
8	Citizen-Based Performance Assessment. The Sloan Foundation, USA. 2005.	The Sloan Foundations' performance assessment of 'Municipal Government programmes', encourages citizen driven performance measurement and improvement, in documenting "outcomes that matters" to citizens. Citizens are involved on many levels in government programmes with 'positive results'. Focus groups, advocacy groups and assistance from universities were used to promote the enabling environment for citizens' participation on government programmes.
9	Three "Performance Dimensions" Model. Sole, F. 2005.	The performance measurement system (PMS) has worth in theory but is hardly ever implemented in a way that is of daily significance. The PMS model is related to the Italian local governments' endeavour to adopt and implement performance measures which are influenced by cultural, political and managerial 'assessment factors'.
10	The Balanced Scorecard. Kaplan & Norton, 1992.	Examples of Balanced Scorecard used in major government programs in the USA; Defence Financial Accounting Service (DFAS); Federal Aviation Administration Logistics Centre; Department of Energy Federal Procurement System and generally at Department of Energy Federal Personal Property Management Program.
11	The 'Workforce' Balanced Scorecard. Huselid et al. 2007	Examples of the Workforce scorecard used at IBM, Nordstrom, American Century, Electronic Data Systems (EDS) Corp. Focus is placed on empowerment of the workforce, integral to workers' success in accomplishments in production, workforce mind-set, competencies and behaviour. Talent receives much attention in the development of 'A players', as does human capital analysis and workforce accountability. The thrust of the model is to bring about equity in the workplace and to close the gap between workers and management status.

12	The Balanced Scorecard. DeSeve, E. G. 2007.	The Balanced Scorecard for government was designed , in part to promote leadership at government institutions at Washington DC. The application is said to have added value to (i) the results perspective, (ii) observation of public managers' reluctance to be measured, (iii) an outcomes perspective, (iv) external communication and (v) internal accomplishment of goals.
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ANNEXURE 2.3

References to ANNEXURES 1 & 2

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5	Vouzas, F. K., Gotzamani, K. D. 2005. Best practices of selected Greek organizations on their road to business excellence: The contribution of the new ISO 9000:2000 series of standards. <i>The TQM Magazine</i> . 17(3):259 – 266.
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9	Sole, F., Schiuma, G., (2010). "Using performance measures in public organisations: challenges of Italian public administrations". <i>Measuring Business Excellence</i> , Vol. 14(3):70 – 84
10	The Balanced Scorecard Institute. http://www.balancedscorecard.org/AbouttheInstitute/AbouttheInstitute/tabid/64/Default.aspx
11	Huselid, M,A., Becker,B,E., Beatty, R,W. 2005. <i>The Workforce Scorecard - Managing Human Capital to Execute Strategy</i> , Massachusetts:Harvard Business School Press.
12	DeSeve, G,E.,2009. <i>The Presidential Appointee's Handbook</i> . Brooking Institute Press. USA. Washington DC.

ANNEXURE 4.1: MANDATE FROM DRAKENSTEIN MUNICIPALITY TO CONDUCT RESEARCH.



Date: 13 May 2011
Enquiries: Ms. N.G. Ndolela
Tel: 021 807-6219

Dear Mr. F. Jessa,

Your letter dated 20 March 2011 has reference.

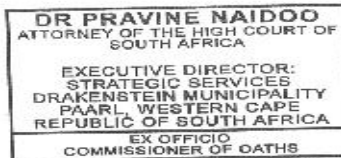
I would like to inform you that Drakenstein Municipality herewith approve your request to conduct research pertaining to Organisational Performance Management in the Municipality.

The Manager: Strategic Planning will assist you to coordinate your research within the Municipality on the terms and conditions which will be communicated to you upon meeting with the Municipality.

I would like to wish you all the best with your intended research and hope that the outcome/results of the research will be of mutual benefit.

Yours faithfully,


DR PRAVINE NAIDOO
EXECUTIVE DIRECTOR:
STRATEGIC SERVICES



ADDRESS ALL CORRESPONDENCE TO
THE MUNICIPAL MANAGER
SERGRIEVE BULLEVAARD
P.O. BOX 1, MAIN STREET, PAARL, 7602
Telephone: +27 (21) 807 4500 Fax: +27 (21) 822 8054
ceo@drakenstein.gov.za

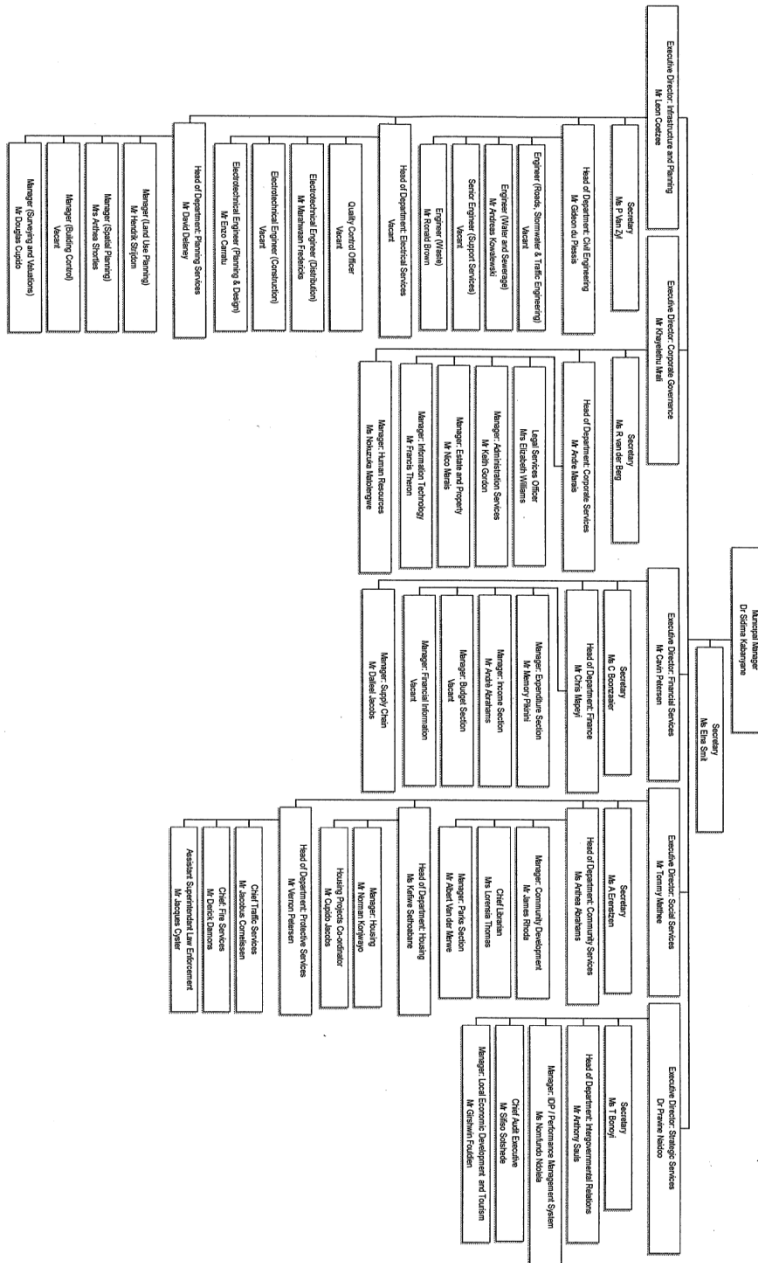
RIK ALLE KORRESPONDENSIE KAN
DIE MUNISIPALE BESTUURDER
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PAARL, HERMON, SAKON, WELLINGTON, GRINDA

ANNEXURE 4.2: ORGANOGRAM DRAKENSTEIN MUNICIPALITY ADMINISTRATION.

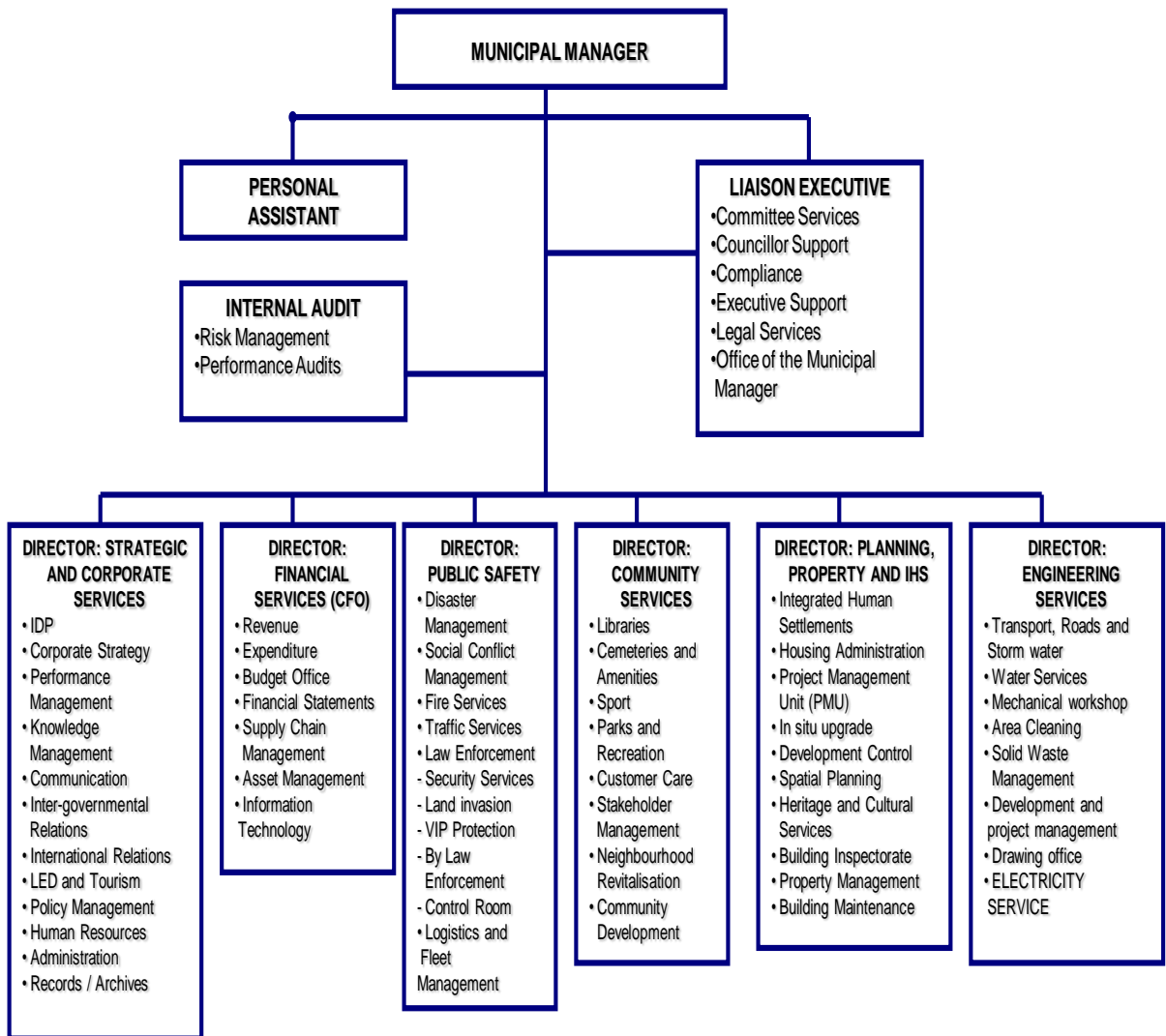
2009/2010 HIGH LEVEL ORGANOGRAM



ANNEXURE 4.3: STELLENBOSCH MUNICIPALITY CORPORATE STRUCTURE.

Appendix 1
Council Meeting
26 AUGUST 2010

**STELLENBOSCH MUNICIPALITY
REVISED MACROSTRUCTURE
AUGUST 2010**



ANNEXURE 4.4: REPORT ON THE PILOT SURVEY CONDUCTED AT STELLENBOSCH MUNICIPALITY 7-16 MARCH 2011.

1. Introduction

A pilot survey was conducted at the Municipality of Stellenbosch between 7 March 2011 and 16 March 2011. Much appreciation to the municipal manager and the Director: Corporate & Strategy for allowing this study to proceed.

2. Factors taken into account with respect to the pilot survey.

- 2.1 Items in the questionnaire must reflect the constructs in each of the four themes, presented on a Likert scale. In this way the reliability of the questionnaire will be increased owing to item relevancy in each of the themes.
- 2.2 Items must be unambiguous and clear. One construct per item.
- 2.3 Measure the time taken to complete a questionnaire, queries, noting non applicable items and problems relating to the questionnaire in general.
- 2.4 The study could not be easily generalised as the "population" was defined.
- 2.5 Positive items were chosen as negative statements may be confusing.
- 2.6 Each theme had to be explored in depth considering all of its attributes.

3. Non quantifiable results from the execution of the pilot study.

- 3.1 Five questionnaires issued at the Stellenbosch municipality were regarded as adequate and appropriate for the pilot survey.
- 3.2 Observation of the layout and the volume of the items were acceptable.
- 3.3 Time taken per respondent to complete the questionnaires was permissible.
- 3.4 Interviews with respondents revealed that all the items were relevant.
- 3.5 An in-depth reliability analysis would be done when the study was concluded.
- 3.6 The discussions held with the respondents during the pilot study were important to assess the relevancy of the statements and the validity of the contents.
- 3.7 The researcher could encourage but not compel respondents to answer the open ended questions.
- 3.8 Five employees of the municipality were the respondents. The time taken to complete a questionnaire was recorded as an average of 11.4 minutes. The respondents were an executive director Corporate & Strategy, a director at Corporate & Strategy, an assistant director at Human Resources, a Knowledge Management manager and an officer working in the IDP section.

4. Researcher's observations.

- 4.1 The pilot study took one and a half weeks to complete. Issued on the 7/3/11, none were completed as the director had to inform and request employees to complete questionnaires and offer time to discuss items with the researcher. Three were done on 11th, one on the 14^h and one on the 16th. Out of the five respondents, only three dealt with the open ended questions. Lengthy discussions with regard to the items were held with three respondents
- 4.2 Items were positively accepted by all respondents. When asked if all statements were relevant to performance management, respondents answered in the affirmative.
- 4.3 Respondents had knowledge of the operating performance instrument (a customised version of the Kellogg Logic Model, as adopted by the SALGA in their 'TOOLKIT') but were not able to name it or to relate it to the IGP Policy Document (2009).

5. Conclusion

The primary study will be prepared and executed at the Drakenstein and Stellenbosch municipalities. Questionnaires will be issued to executive directors, directors, assistant directors, senior managers, managers and officers. The target will be to collect more than 60 valid and completed questionnaires.

ANNEXURE 4.5: THE QUESTIONNAIRE ISSUED AT DRAKENSTEIN AND STELLENBOSCH MUNICIPALITIES.

Respondent Name

Position

Department

GENDER: MALE FEMALE

AGE: 18-25 26-35 36 - 45 46 - 55 56+

Researcher: Fakier Jessa. MPA, STELLENBOSCH UNIVERSITY (15218473).

Rating Scale

- 5 Strongly agree** *[For the purpose of this questionnaire,*
- 4 Agree** *regard the IDP, SDBIP, EPWP, LED,*
- 3 Neither agree, nor disagree** *5YLGSA, LED, MDS's and the LGTAS*
- 2 Disagree** *as programmes of the municipality]*
- 1 Strongly disagree**

Please complete (tick-off) all the items.
Please provide comments where open ended questions are indicated.
Thank you.

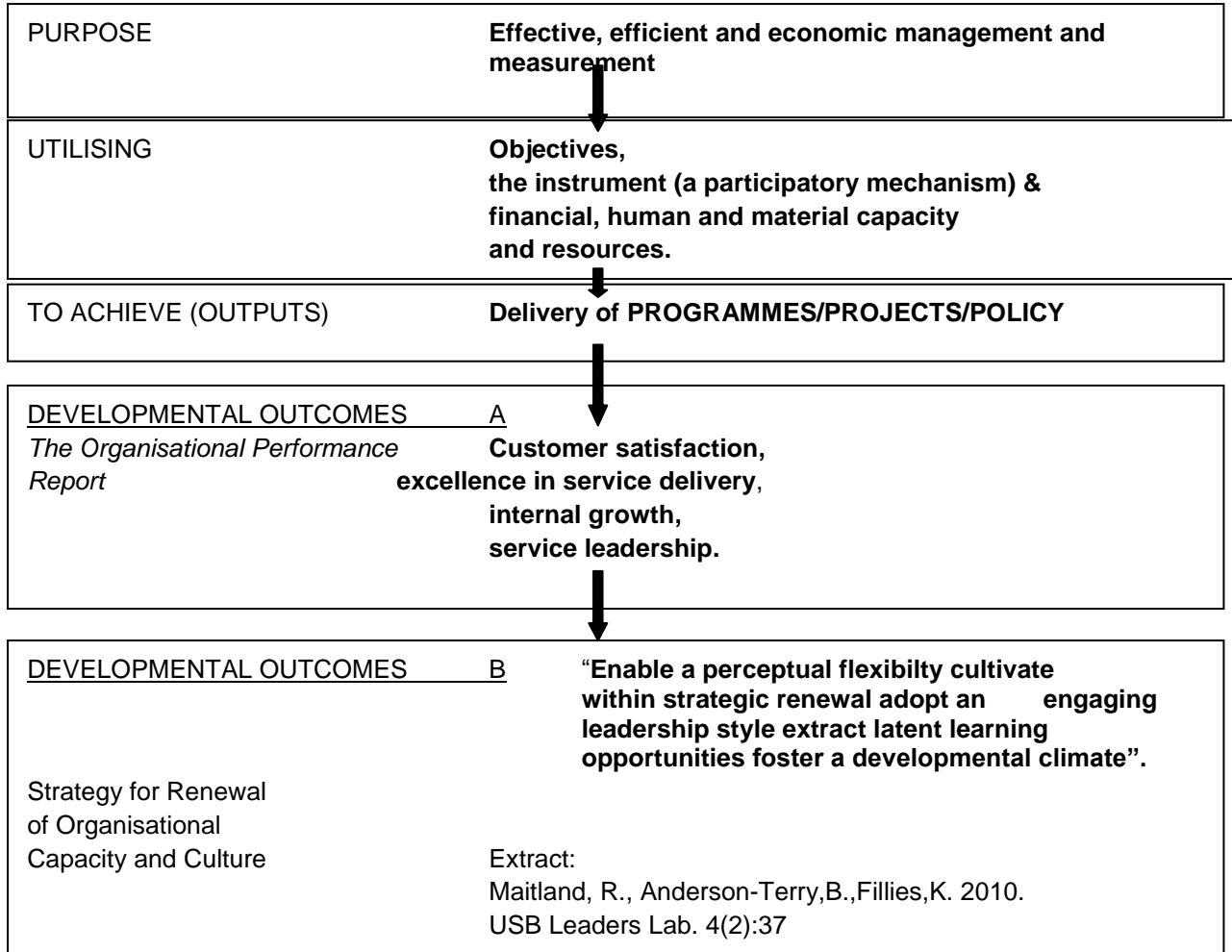
	THEME 1. Organisational Performance Management (OPM). Assessment of the municipalities' OPM Objectives.	5	4	3	2	1	TOTAL	CODE
1.1	Objectives for OPM are linked to IDP performance planning							1
1.2	Objectives for OPM are clearly stated							2
1.3	Objectives for OPM are understood by all managers.							3
1.4	Objectives for OPM are applied (are operational)							4
1.5	Monitoring and Evaluation of programmes is an OPM objective							5
1.6	Objectives for OPM are evidence driven							6
1.7	Objectives for OPM are 'target - outputs - outcomes' driven							7
1.8	Objectives for OPM receives much focus							8
1.9	Objectives for OPM regarded as developmental							9
1.10	Objectives for OPM involves community participation							10
1.11	Objectives for OPM are based on local government legislation							11
1.12	Objectives for OPM motivate employees							12
1.13	Objectives for OPM are measurable							13
1.14	Objectives for OPM are achievable							14
1.15	Objectives for OPM are relevant to the LG Turnaround Strategy							15
1.16	Older staff members resist OPM more than younger staff members							16
1.17	Objectives for OPM are cascaded to all departments							17
1.18	Objectives for OPM are aligned to the organisations' strategic objectives							18
1.19	Objectives for OPM drives performance excellence among all employees							19

	THEME 2. Organisational Performance Management (OPM). Assessment of Organisational Capacity (HR).	5	4	3	2	1	TOTAL	CODE
2.1	Managers institute OPM effectively							20
2.2	Compliance to performance policy is well managed							21
2.3	Managers of organisational performance are qualified							22
2.4	Managers of organisational performance are competent							23
2.5	Managers of organisational performance inspire confidence							24
2.6	Managers of organisational performance are outcomes oriented							25
2.7	OPM is building a culture of performance excellence among employees							26
2.8	Top managers are committed to drive organisational performance excellence							27
2.9	All staff are exposed to workshops on the achievement of excellence in performance							28
2.10	The OPM function is optimally staffed							29
2.11	Managers of organisational performance promote staff participation in OPM							30
2.12	The municipality has capacity to build knowledge of the OPM function							31
2.13	Rate your level of understanding of OPM legislation							32
2.14	Local Government legislation covers OPM adequately							33
2.15	Managers engage staff in developing incentives for performance excellence.							34
2.16	The municipality creates an enabling environment for OPM							35
2.17	Employee growth plans (PGP's) are linked to municipal performance objectives							36
2.18	The OPM function has seen growth							37
2.19	The OPM function is actively building its capacity to meet growing customer needs.							38
2.20	The OPM function promotes capacity building for staff							39
2.21	Capacity for effective communication between the OPM function and other departments is available.							40
2.22	Managers encourage (empower) staff to 'outperform' performance standards							41
	THEME 3. Organisational Performance Management (OPM). Assessment of Resources for OPM.	5	4	3	2	1	TOTAL	CODE
3.1	The OPM function is identifiable as a dedicated department							42
3.2	The OPM function is fully operational							43
3.3	The OPM function operate independently of external expert assistance							44
3.4	Stakeholders can access OPM information via the internet							45
3.5	The OPM Department is equipped in terms of its computer operating requirements							46
3.6	Programme theory and programme utility is assessed by the OPM function							47
3.7	Time, effort and money is expended to develop performance excellence							48
3.8	Time, effort and money is expended to monitor programme achievement							49
3.9	Time, effort and money is expended to evaluate programmes							50

3.10	The OPM function views the community as a strategic resource								51
3.11	The OPM function supports the effective use of municipal resources.								52
3.12	The current municipal IT system supports the OPM needs								53
3.13	The OPM department underutilise available resources								54
3.14	The OPM function is challenged by scarce financial resources								55
3.15	Financial resources were allocated to OPM to achieve strategic positioning.								56
3.16	The OPM received assistance from a service provider / consultant								57
3.17	The OPM function has its own Business Plan								58
3.18	The municipality utilises national OPM policies as a fundamental resource								59
3.19	The OPM is guided by internal performance management policies								60
	THEME 4. Organisational Performance Management (OPM). Assessment of the Organisational Performance Instrument and Implementation	5	4	3	2	1	TOTAL	CODE	
4.1	The OPM instrument is fully operational								61
4.2	The OPM instrument effectively measures performance of 'targets - outputs - outcomes'.								62
4.3	The OPM instrument is used by other departments								63
4.4	Employees are permitted to offer comments on KPI's								64
4.5	Implementation of the OPM instrument requires more time and effort than expected								65
4.6	The OPM instrument requires too much administration								66
4.7	The performance management cycle is managed according to strict due dates								67
4.8	The OPM instrument measures municipal productivity								68
4.9	Senior management is committed to maintain the OPM instrument								69
4.10	The KPI's for target - outputs - outcomes are understood by employees								70
4.11	The OPM instrumentation is adjusted at the mid-term review								71
4.12	The OPM instrument shows where progress is blocked.								72
4.13	The performance measuring instrument measures customer satisfaction								73
4.14	Managers generally support the OPM instrument(s) being utilised								74
4.15	The OPM instrument measures community participation on programmes								75
4.16	The OPM instrument evaluates programme worth (utility / relevance)								76
4.17	The OPM instrument monitors programme achievement								77
4.18	There is resistance from senior managers towards organisational performance appraisal								78
4.19	Employees have a positive attitude towards OPM								79
4.20	The OPM instrument encourages transparency in the organisation								80
4.21	There is too much focus on the results of the implementation, while the change process of the organisation is ignored								81

ANNEXURE 4.6: FACE TO FACE SEMI-STRUCTURED INTERVIEW QUESTIONS.

ORGANISATIONAL PERFORMANCE MANAGEMENT
 What are your thoughts?



PART 2

ORGANISATIONAL PERFORMANCE MANAGEMENT
 Semi –structured interview.

The survey and semi-structured interview is in relation to the Organisational Performance Management function implemented at your municipality. Please comment on the following questions as openly and as freely as you wish:

1. Based on the outline above, what would you like to add about your municipalities' **performance objectives**? Any shortcomings? Any critique on the current system?
2. Based on the outline above, what would you like to add about your municipalities' **utilisation of resources**? Any shortcomings? Any critique on the current system?

3. Based on the outline above, what would you like to add about your municipalities' **capacity for the Organisational Performance Management function**?
Any shortcomings? Any critique on the current system?

4. Based on the outline above, what would you like to add about your municipalities' **measurement and management instrument**? Any shortcomings? Any critique on the current system?

5. How do you see the future of organisational performance management? Please be as descriptive as you wish. Any shortcomings? Any critique on the current system?

Thank you.
Researcher.
F Jessa
Stellenbosch University, MPA,
St No. 152 184 73.

**ANNEXURE 4.7:RELIABILITY COEFFICIENTS FOR THEMES 1 TO 4. TABLES
GENERATED BY THE DEPARTMENT OF STATISTICS, UNIVERSITY OF
STELLENBOSCH.**

Reliability results dialog

OPM objectives

Summary for scale: Mean=63.1129 Std.Dv.=13.5950 \					
Cronbach alpha: .940240 Standardized alpha: .94216					
Average inter-item corr.: .478444					
variable	Mean if deleted	Var. if deleted	StDv. if deleted	Itm-Totl Correl.	Alpha if deleted
Question 1.1	59.40322	162.4664	12.74623	0.649014	0.937216
Question 1.2	59.66129	159.9982	12.64904	0.800423	0.934335
Question 1.3	59.96774	164.7737	12.83640	0.678195	0.936734
Question 1.4	59.82258	163.1782	12.77412	0.740439	0.935654
Question 1.5	59.74194	166.9657	12.92152	0.566257	0.938627
Question 1.6	59.61290	160.7534	12.67886	0.699759	0.936210
Question 1.7	59.62903	162.0727	12.73075	0.727597	0.935737
Question 1.8	60.00000	164.4838	12.82513	0.716912	0.936157
Question 1.9	59.77419	160.6587	12.67512	0.745184	0.935329
Question 1.10	60.00000	158.9677	12.60824	0.670836	0.937058
Question 1.11	59.24194	165.4737	12.86366	0.666470	0.936970
Question 1.12	60.20968	162.6177	12.75215	0.693546	0.936347
Question 1.13	59.66129	163.8692	12.80114	0.706042	0.936234
Question 1.14	59.62903	163.8463	12.80024	0.751946	0.935604
Question 1.15	59.74194	161.9979	12.72784	0.737202	0.935567
Question 1.16	60.17742	175.9207	13.26349	0.174168	0.945834
Question 1.17	59.95167	164.1428	12.81182	0.524959	0.940083
Question 1.18	59.53226	161.9909	12.72756	0.760423	0.935207
Question 1.19	60.27419	167.0055	12.92306	0.514710	0.939664

OPM capacity

Summary for scale: Mean=61.8710 Std.Dv.=15.0044 Cronbach alpha: .951448 Standardized alpha: .95192 Average inter-item corr.: .496765					
variable	Mean if deleted	Var. if deleted	Stdv. if deleted	Item-Totl Correl.	Alpha if deleted
Question 2.1	59.01613	200.3385	14.15410	0.714139	0.948625
Question 2.2	58.77419	198.3367	14.08319	0.764127	0.947894
Question 2.3	58.62909	202.9108	14.24467	0.715778	0.948745
Question 2.4	58.58065	204.5338	14.30153	0.652524	0.949520
Question 2.5	58.79032	203.0367	14.24909	0.734118	0.948577
Question 2.6	58.72587	200.2958	14.15259	0.805113	0.947585
Question 2.7	58.88710	199.6163	14.12856	0.732689	0.948358
Question 2.8	58.30645	205.1803	14.32412	0.582363	0.950380
Question 2.9	59.43548	203.0845	14.25077	0.574304	0.950662
Question 2.10	59.33877	209.4820	14.47349	0.455387	0.951847
Question 2.11	59.04839	199.1757	14.11294	0.723718	0.948474
Question 2.12	58.77419	202.8200	14.24149	0.582627	0.950544
Question 2.14	58.54839	203.5057	14.26554	0.598060	0.950237
Question 2.15	59.06452	202.8668	14.24313	0.561756	0.950924
Question 2.16	58.87097	198.7575	14.09814	0.757822	0.947994
Question 2.17	59.41935	202.9854	14.24730	0.629722	0.949785
Question 2.18	58.93548	196.1894	14.00676	0.756186	0.947987
Question 2.19	59.17742	198.4685	14.08789	0.801995	0.947430
Question 2.20	59.17742	199.1460	14.11191	0.723997	0.948469
Question 2.21	59.03226	199.4506	14.12270	0.706090	0.948737
Question 2.22	58.88710	199.1002	14.11029	0.693117	0.948947

OPM assessment of resources

Summary for scale: Mean=55.4839 Std.Dv.=14.2538 Cronbach alpha: .944474 Standardized alpha: .94454 Average inter-item corr.: .492070					
variable	Mean if deleted	Var. if deleted	StDv. if deleted	Item-Totl Correl.	Alpha if deleted
Question 3.1	52.79032	179.0367	13.38046	0.562405	0.944068
Question 3.2	52.83877	174.9095	13.22533	0.756564	0.939897
Question 3.3	52.96774	180.8377	13.44759	0.662620	0.941657
Question 3.4	52.69355	174.8255	13.22216	0.740015	0.940239
Question 3.5	52.53226	174.0232	13.19178	0.826764	0.938572
Question 3.6	52.72587	175.5216	13.24846	0.843086	0.938487
Question 3.7	52.61290	175.6243	13.25233	0.791265	0.939290
Question 3.8	52.51613	177.7987	13.33410	0.752306	0.940076
Question 3.9	52.54839	178.6348	13.36543	0.773510	0.939849
Question 3.10	52.51613	178.5078	13.36068	0.725438	0.940548
Question 3.11	52.16129	182.4256	13.50650	0.623598	0.942303
Question 3.12	52.62903	177.1043	13.30805	0.744447	0.940166
Question 3.13	52.77419	189.8200	13.77752	0.362819	0.946232
Question 3.14	52.38710	190.8824	13.81602	0.280348	0.947990
Question 3.15	52.50000	183.7339	13.55485	0.598290	0.942708
Question 3.16	52.29032	182.6899	13.51628	0.570525	0.943237
Question 3.17	52.67742	182.1217	13.49525	0.718429	0.940995
Question 3.18	52.29032	179.6254	13.40244	0.720953	0.940689
Question 3.19	52.25806	181.1270	13.45834	0.655190	0.941778

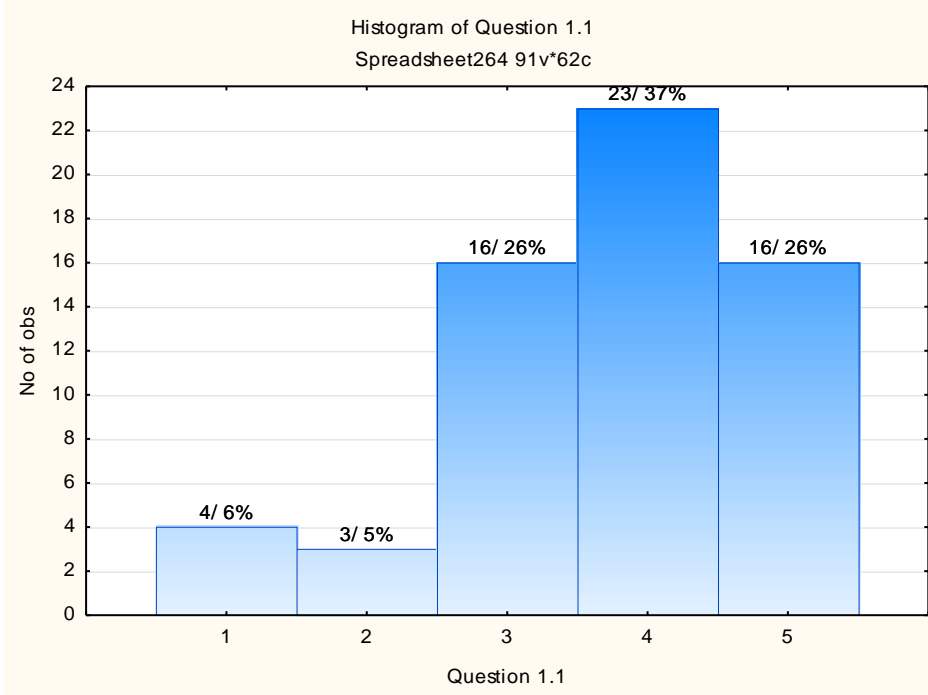
OPM instrument & implementation

Summary for scale: Mean=65.8226 Std.Dv.=13.7585 Cronbach alpha: .927422 Standardized alpha: .92679 Average inter-item corr.: .392474					
variable	Mean if deleted	Var. if deleted	StDv. if deleted	Itm-Totl Correl.	Alpha if deleted
Question 4.1	63.04839	164.7557	12.83572	0.679083	0.922256
Question 4.2	62.83877	164.2966	12.81782	0.724796	0.921287
Question 4.3	62.54839	167.4089	12.93866	0.699638	0.922047
Question 4.4	62.61290	167.6566	12.94823	0.633022	0.923240
Question 4.5	62.14516	177.7370	13.33180	0.308399	0.928980
Question 4.6	62.45167	173.2799	13.16358	0.470143	0.926282
Question 4.7	62.53226	169.4429	13.01701	0.572257	0.924453
Question 4.8	62.77419	166.6264	12.90839	0.658952	0.922703
Question 4.9	62.30649	169.7932	13.03047	0.704072	0.922389
Question 4.10	62.67742	172.0250	13.11583	0.496114	0.925876
Question 4.11	62.51613	168.4110	12.97733	0.678419	0.922499
Question 4.12	62.67742	167.3798	12.93754	0.718436	0.921750
Question 4.13	63.14516	163.8983	12.80228	0.716137	0.921447
Question 4.14	62.46774	168.7974	12.99220	0.696426	0.922296
Question 4.15	63.04839	165.5622	12.86710	0.710280	0.921667
Question 4.16	63.00000	169.2258	13.00868	0.644989	0.923113
Question 4.17	62.45167	165.2154	12.85361	0.762479	0.920737
Question 4.18	63.08069	174.6548	13.21570	0.354468	0.928968
Question 4.19	62.96774	169.8054	13.03094	0.573220	0.924419
Question 4.20	62.51613	169.4110	13.01580	0.612760	0.923668
Question 4.21	62.64516	184.9709	13.60040	0.018177	0.933587

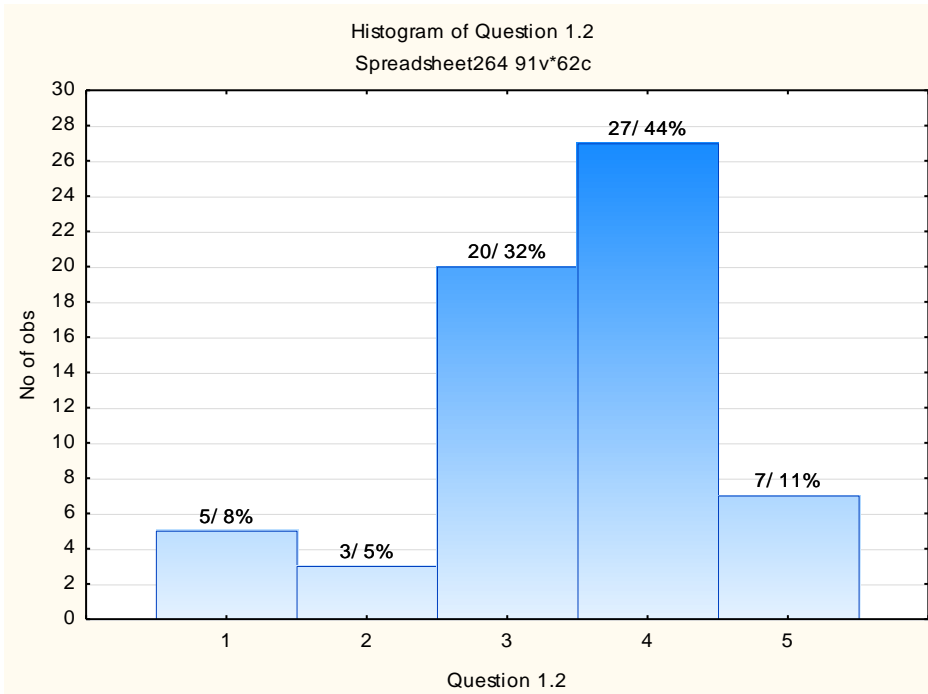
ANNEXURE 4.8: FREQUENCY DISTRIBUTION PER ITEM 1 – 81 IN QUESTIONNAIRE.

(Histograms generated by the Department of Statistics, University of Stellenbosch)

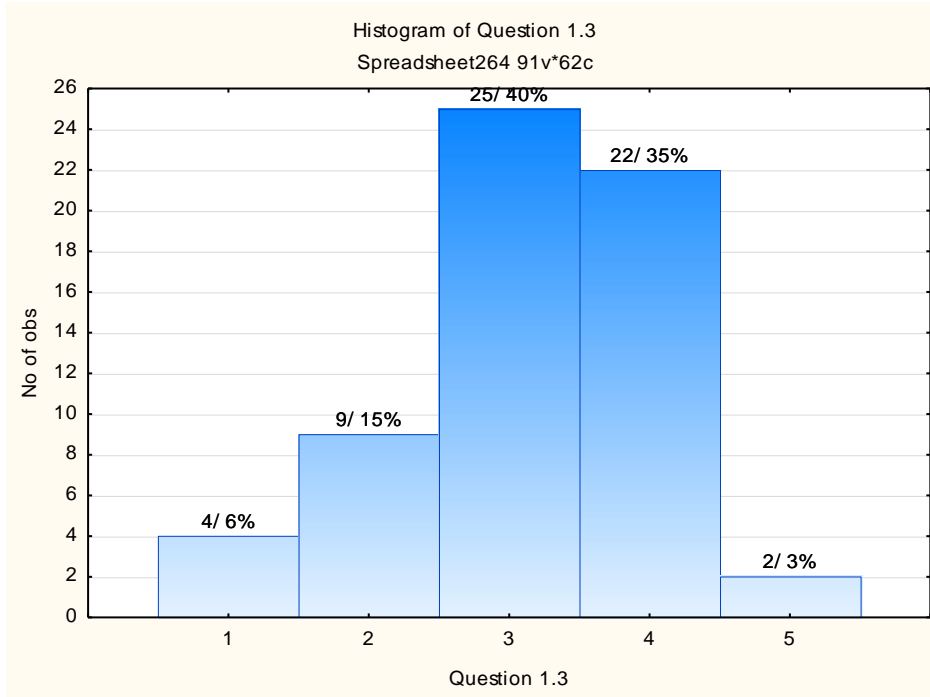
Item 1.1 Objectives for OPM are linked to IDP performance planning.



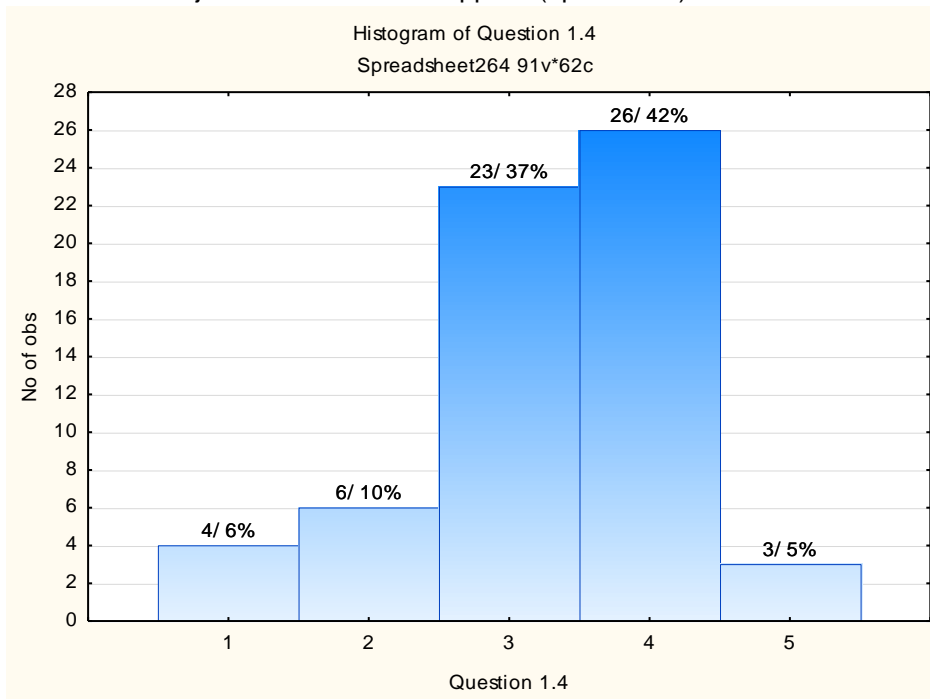
Question 1.2 Objectives are clearly stated.



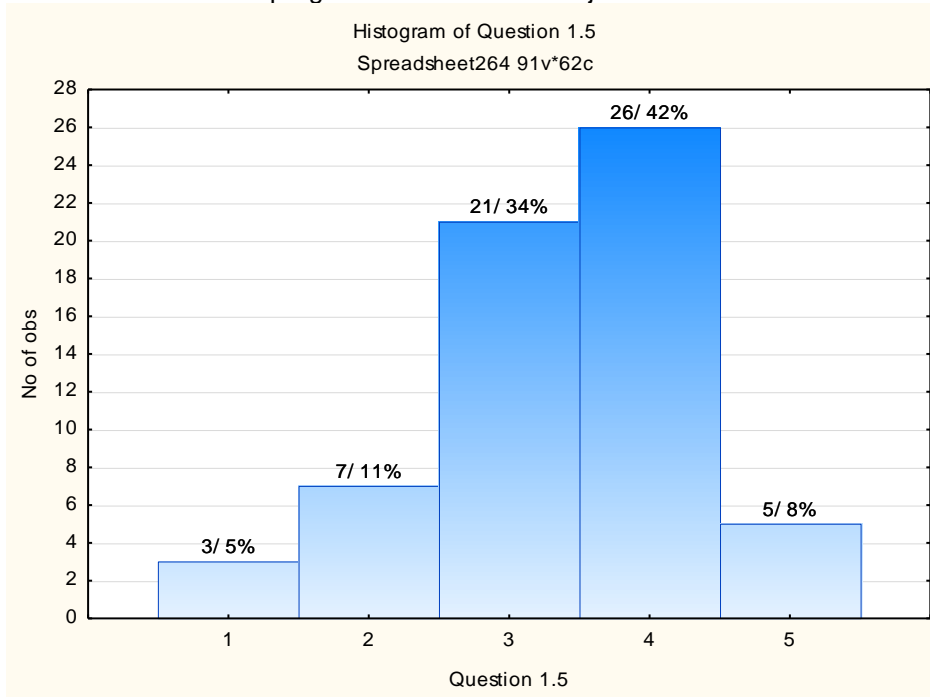
Question 1.3 Objectives for OPM are understood by all managers



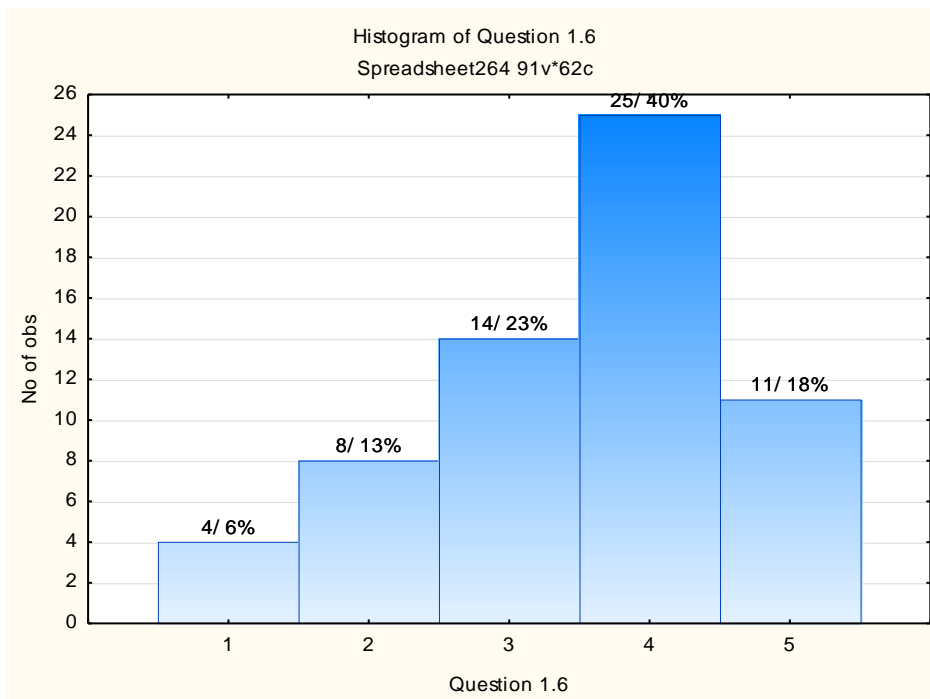
Question 1.4 Objectives for OPM are applied (operational).



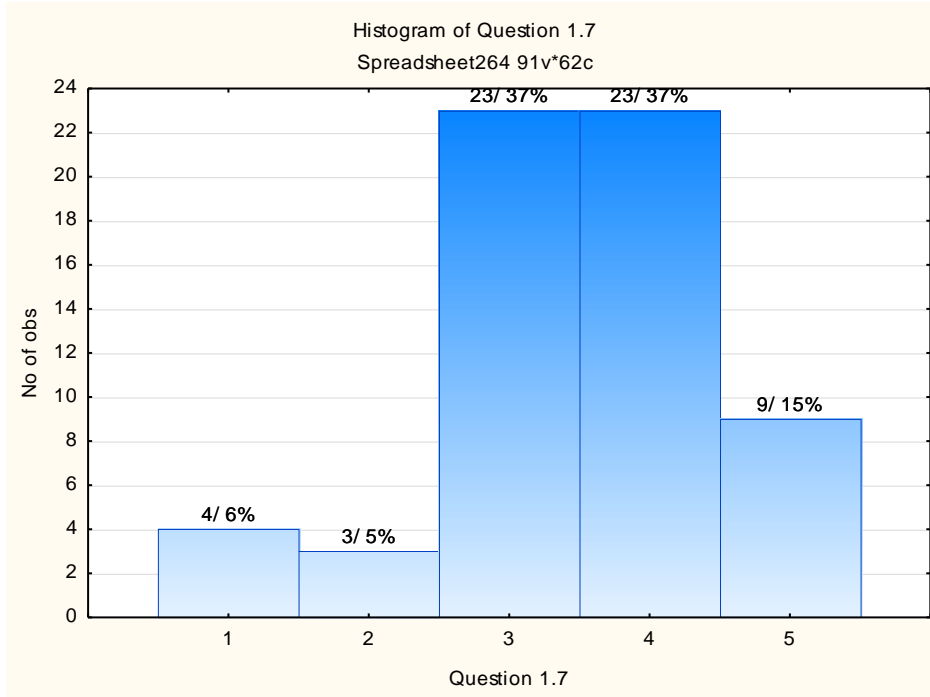
Question 1.5 M&E of programmes is an OPM objective



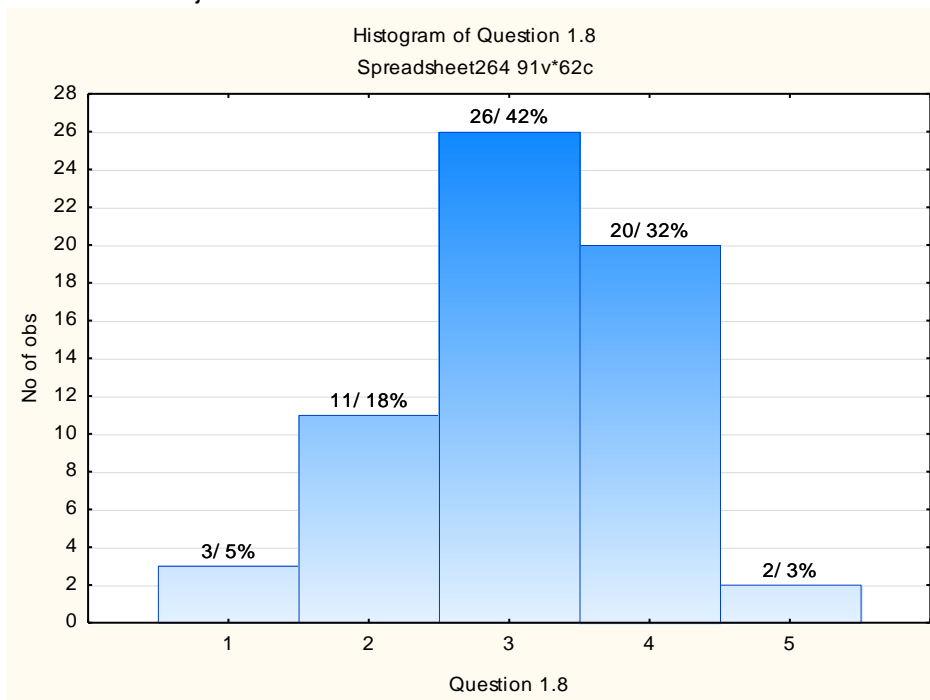
Question 1.6 Objectives for OPM are evidence driven



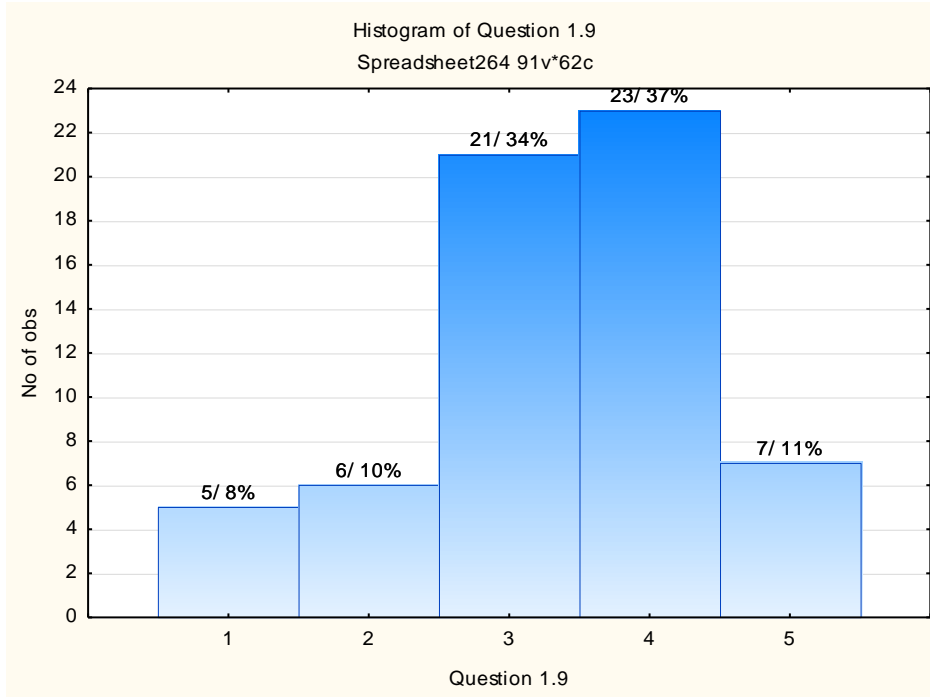
Question 1.7 Objectives for OPM are 'target-outputs-outcomes' driven.



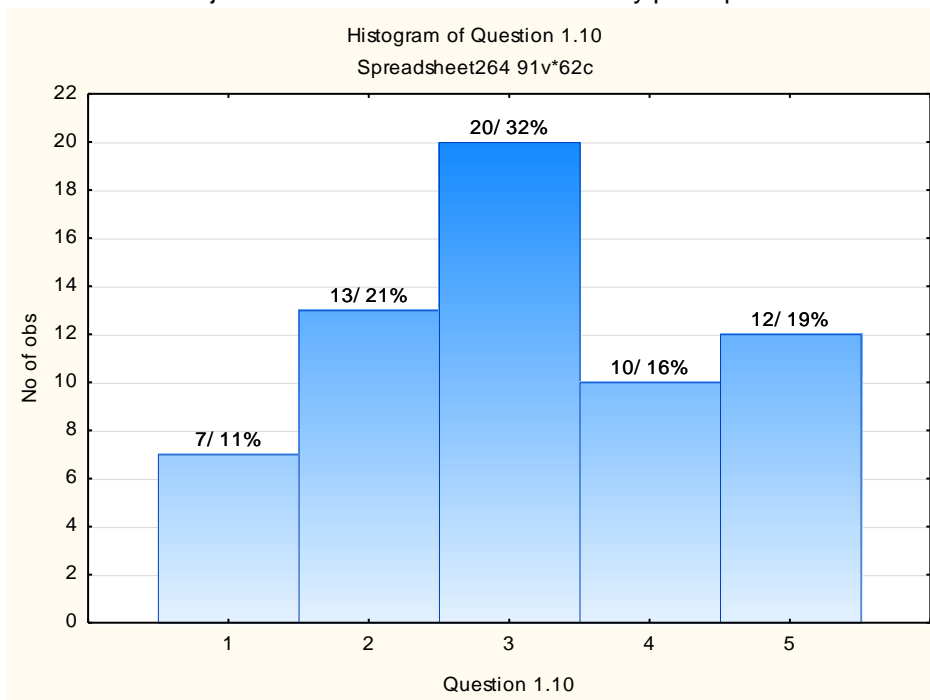
Question 1.8 Objectives for OPM receives much focus



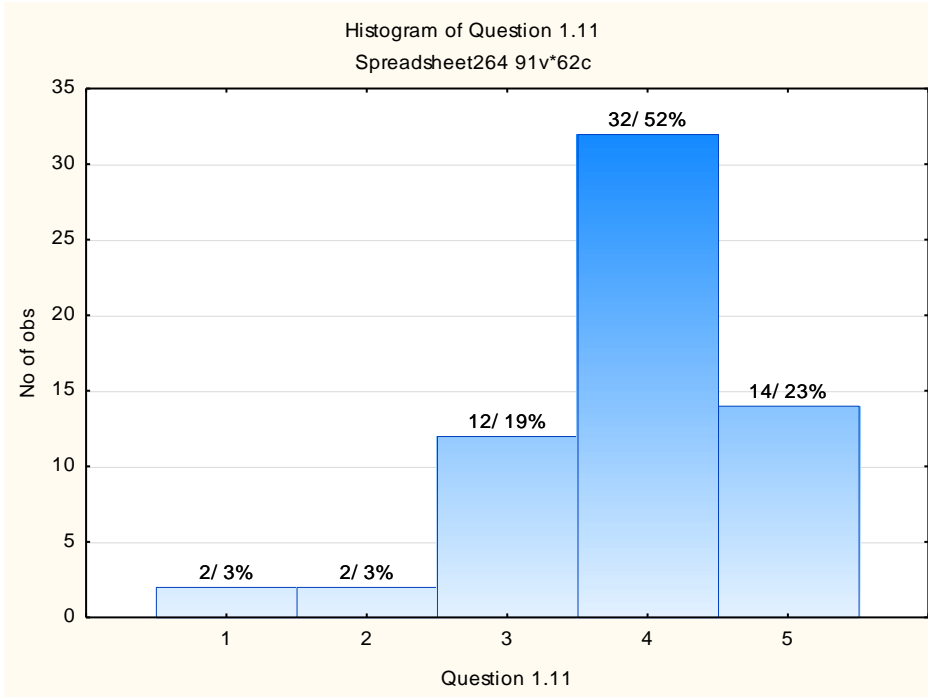
Question 1.9 Objectives for OPM is regarded as developmental



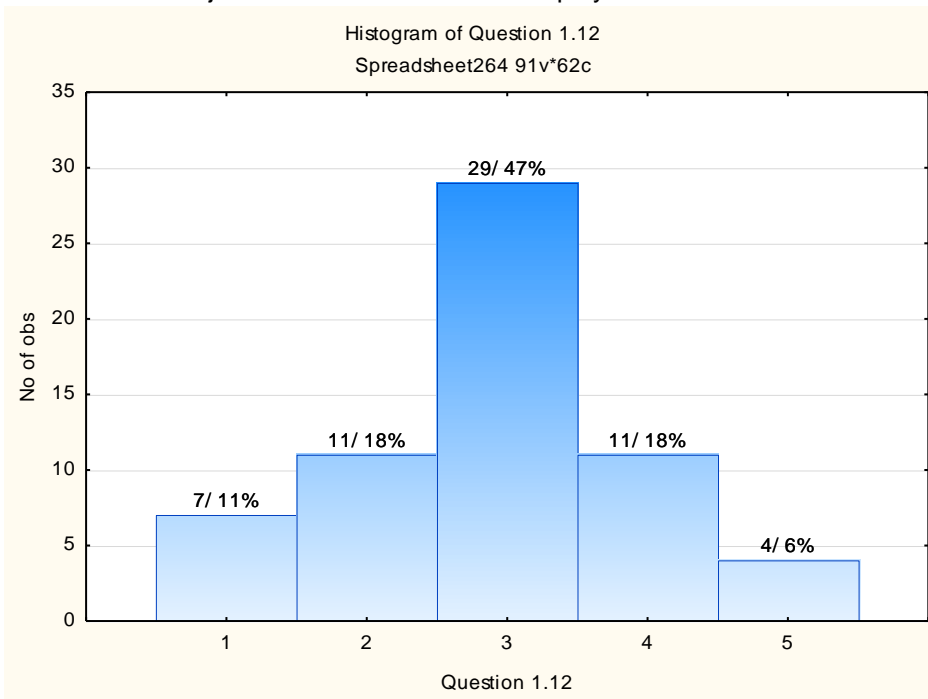
Question 1.10 Objectives for OPM involves community participation



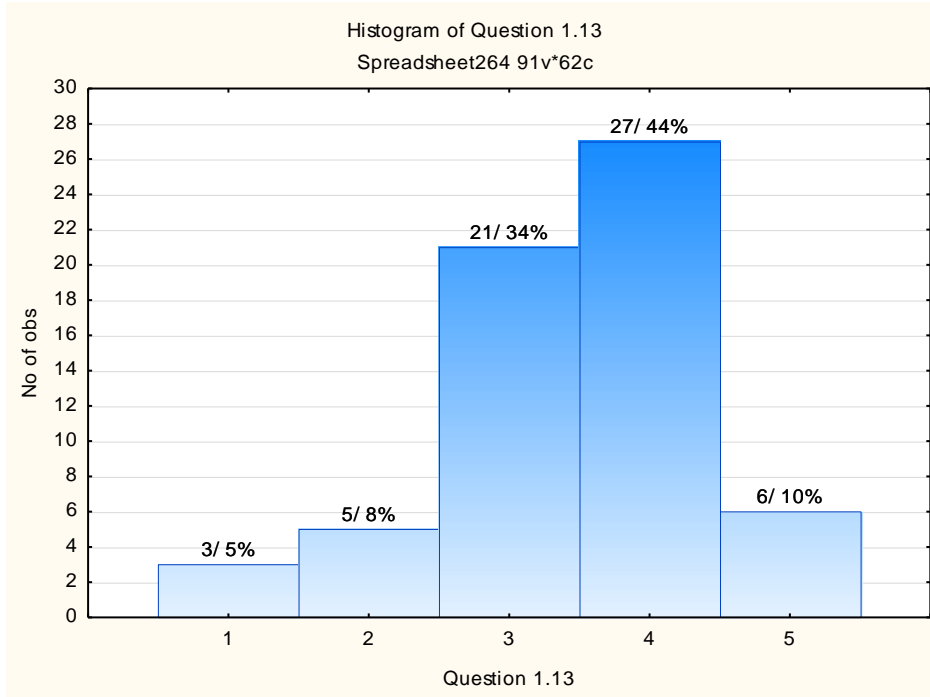
Question 1.11 Objectives for OPM are based on LG legislation



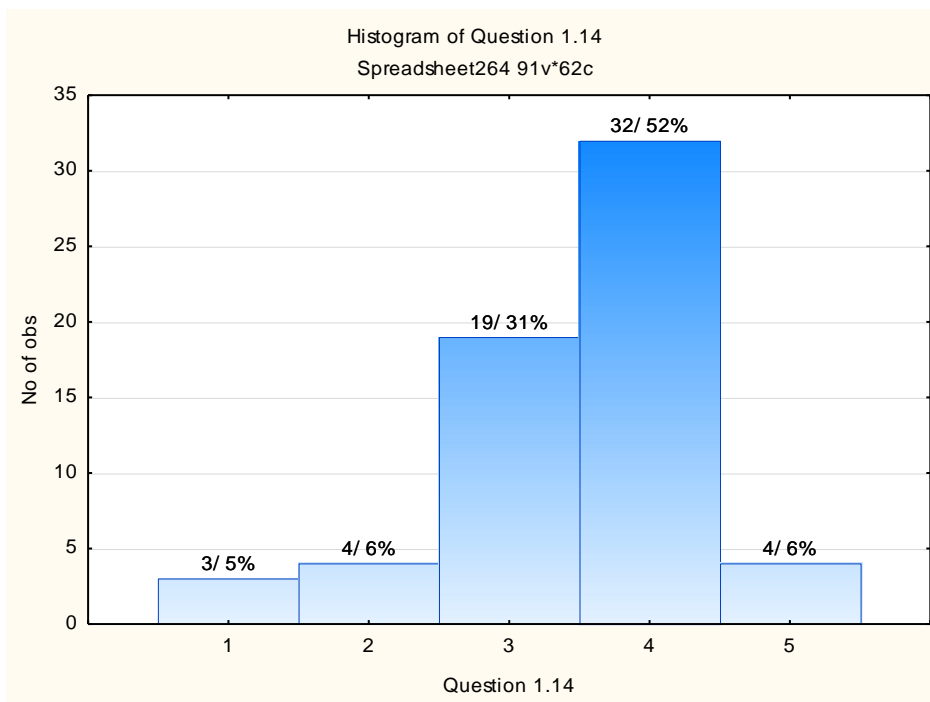
Question 1.12 Objectives for OPM motivate employees



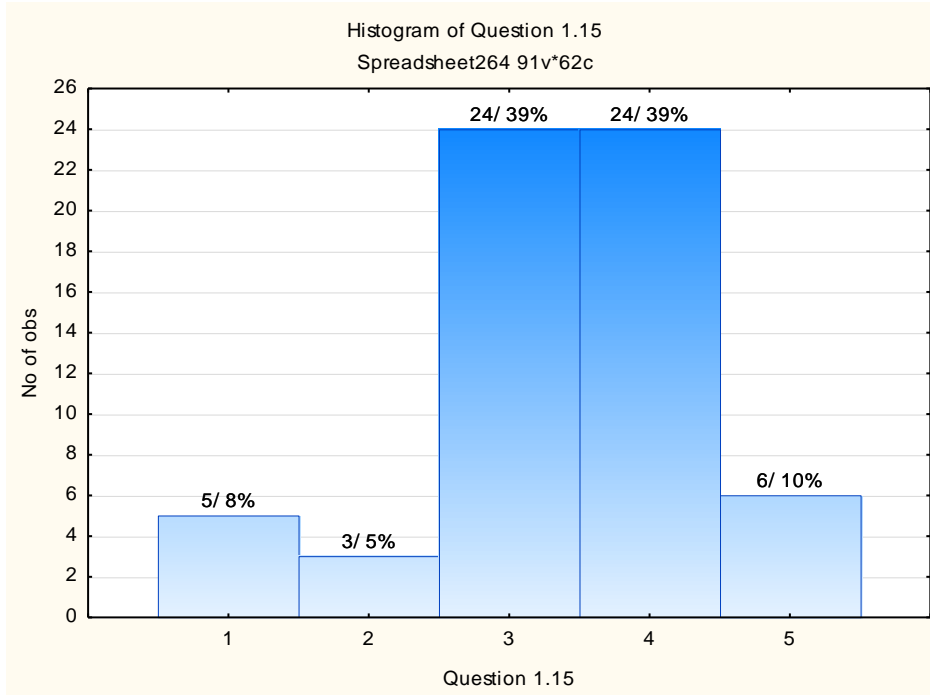
Question 1.13 Objectives for OPM are measurable



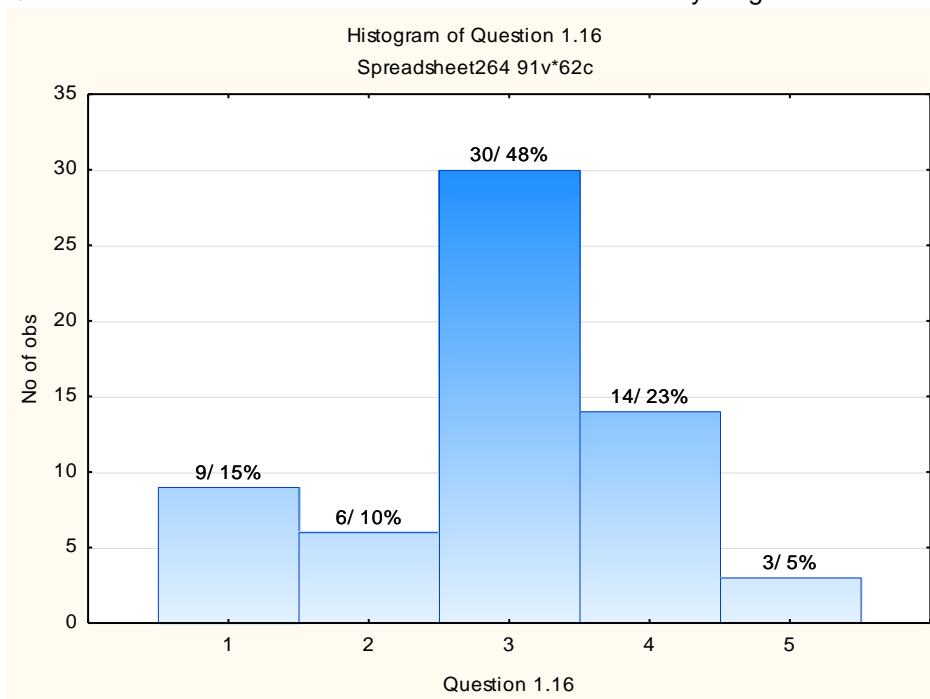
Question 1.14 Objectives for OPM are achievable



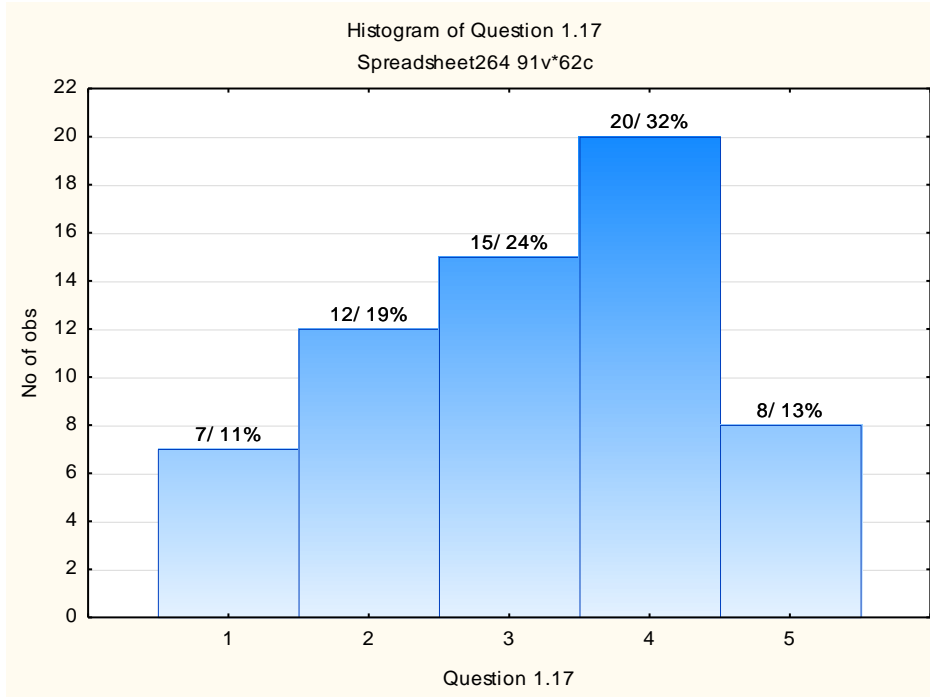
Question 1.15 Objectives for OPM are relevant to the LGTAS



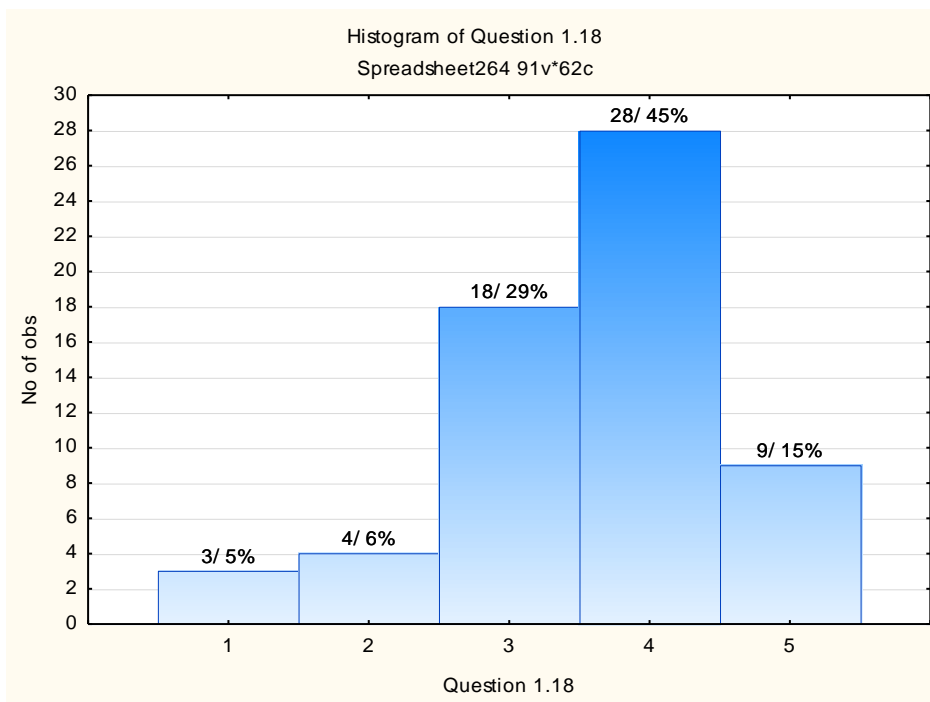
Question 1.16 Older staff members resist OPM more than younger staff members.



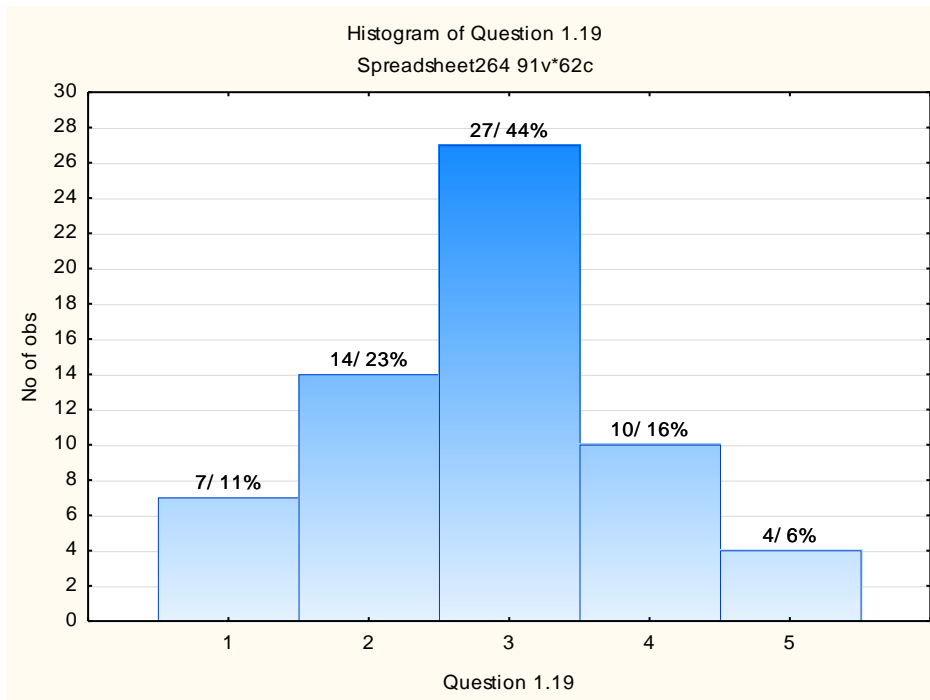
Question 1.17 Objectives for OPM are cascaded to all departments.



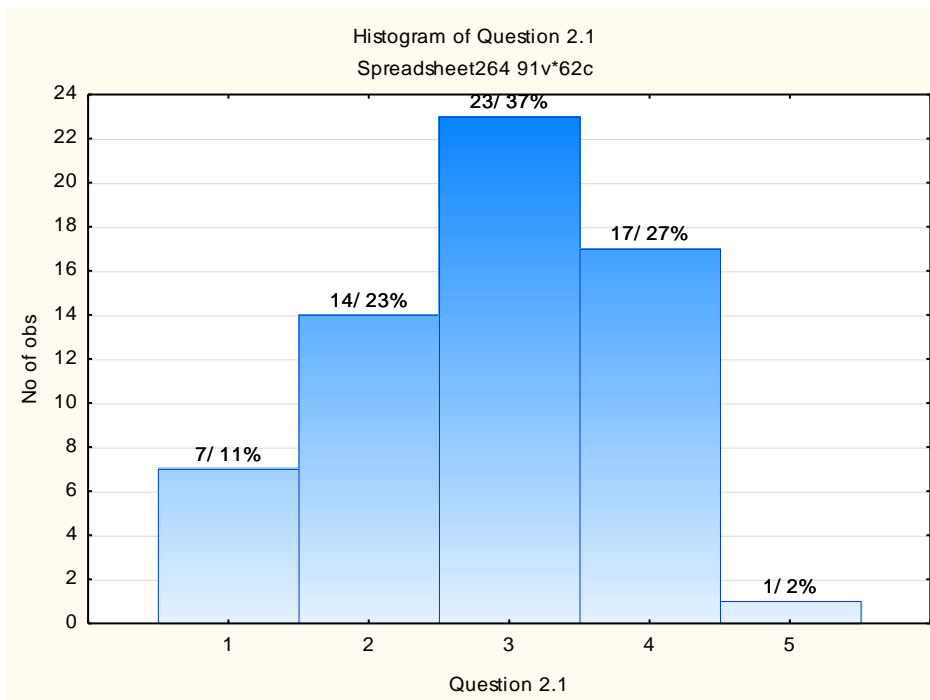
Question 1.18 Objectives for OPM are aligned to the organisations' strategic objectives.



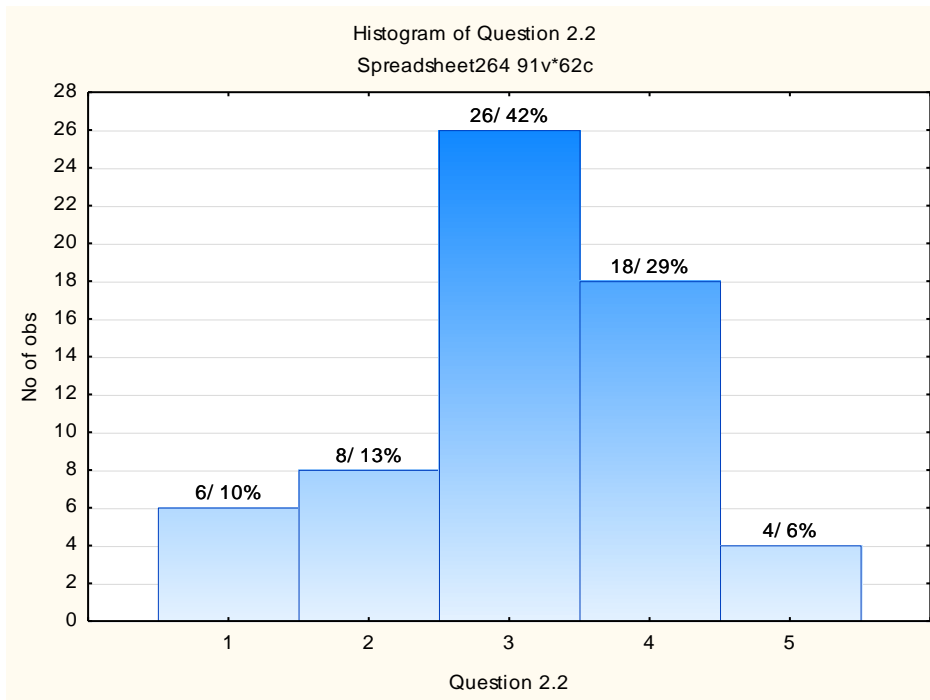
Question 1.19 Objectives for OPM drives performance excellence among all employees.



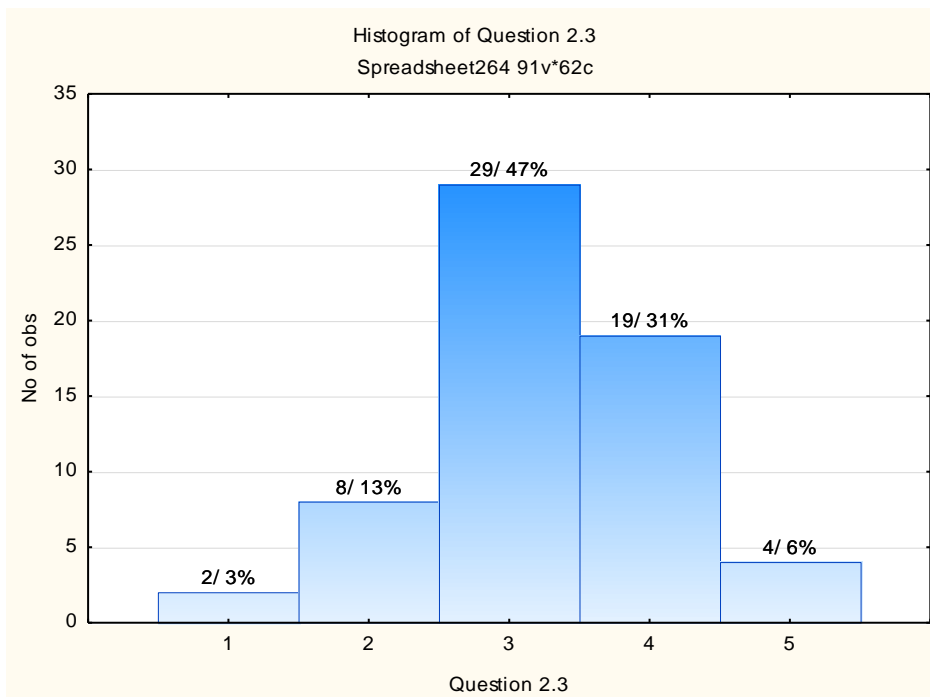
Question 2.1 Managers institute OPM effectively



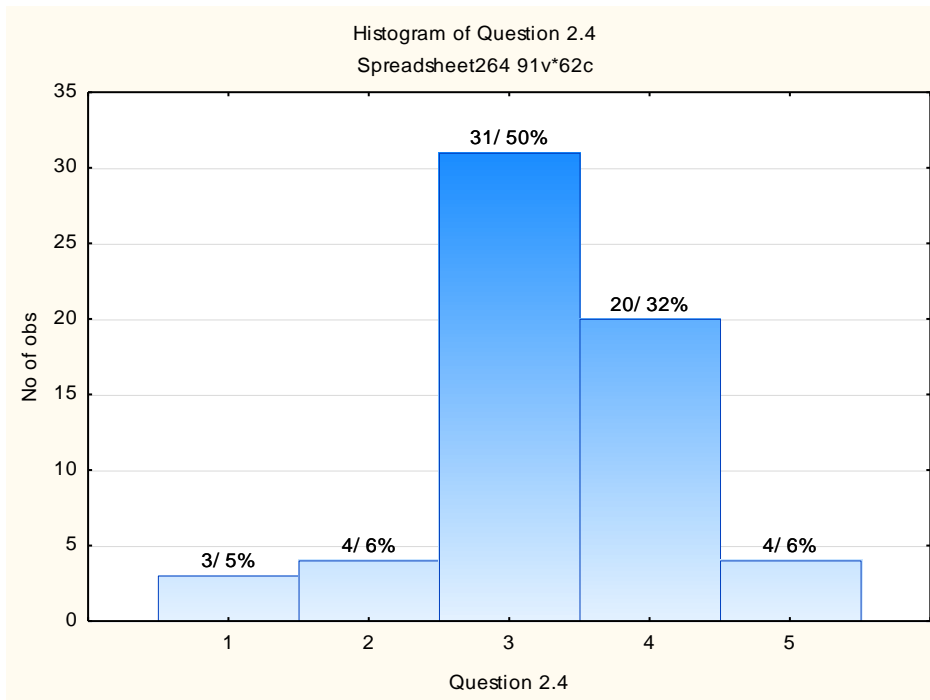
Question 2.2 Compliance to performance policy is well managed



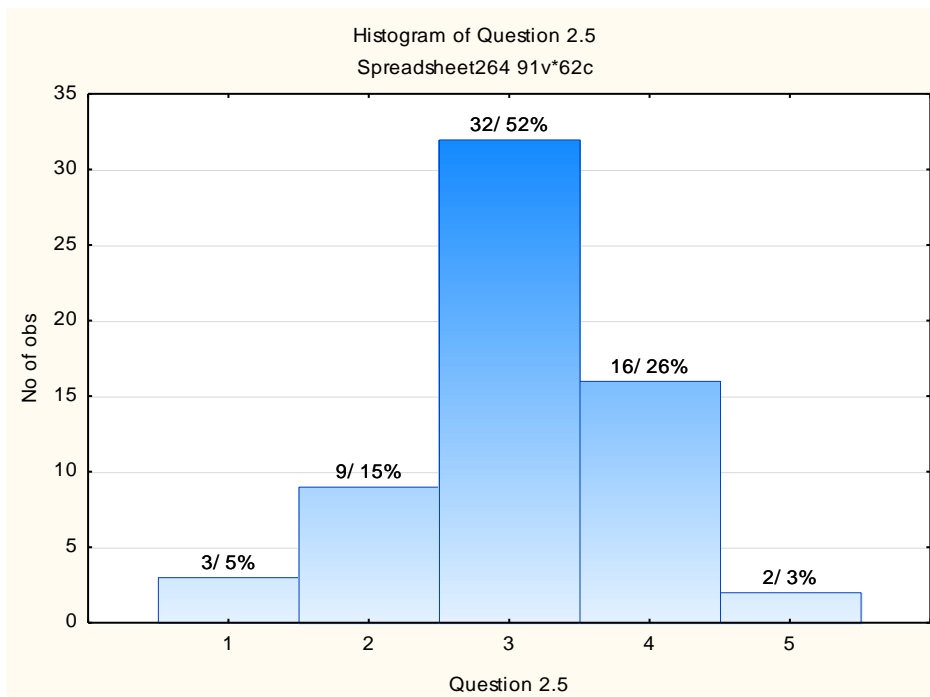
Question 2.3 Managers of organisational performance is well qualified



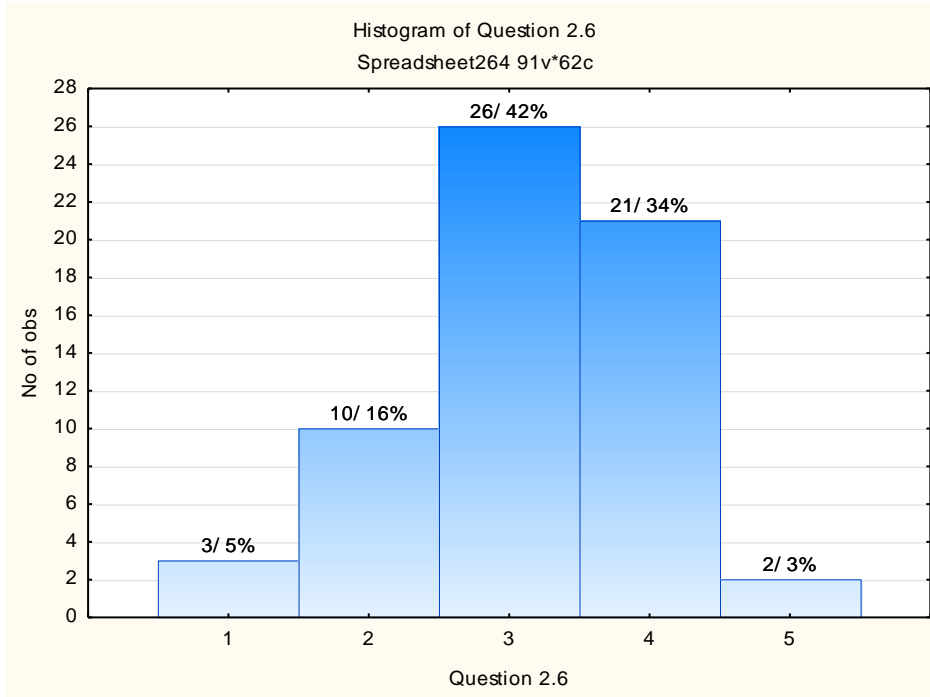
Question 2.4 Managers of organisational performance is competent



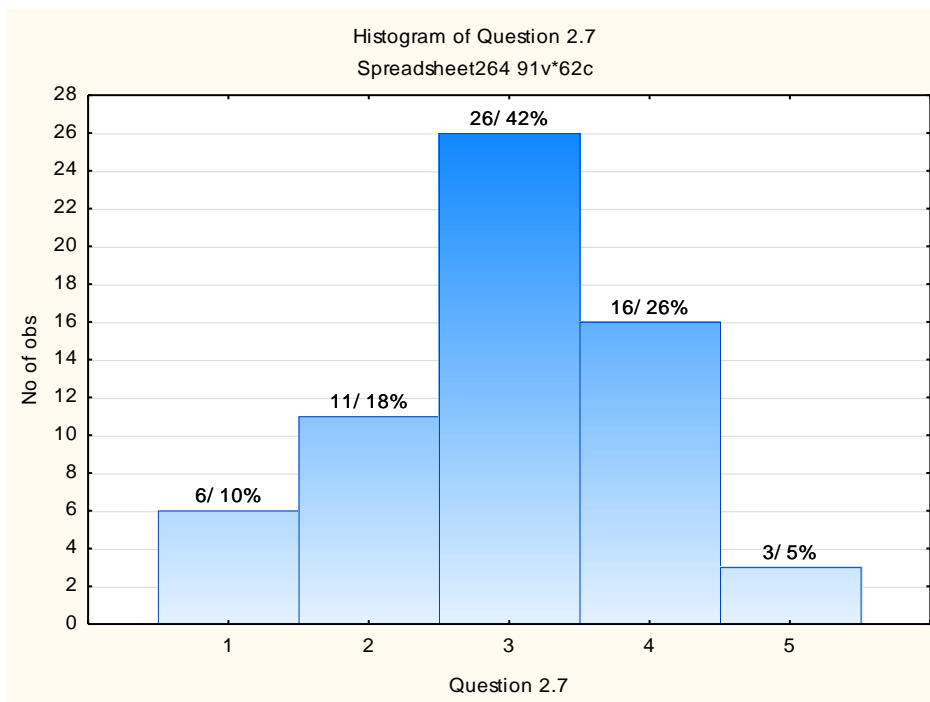
Question 2.5 Managers of organisational performance inspire confidence



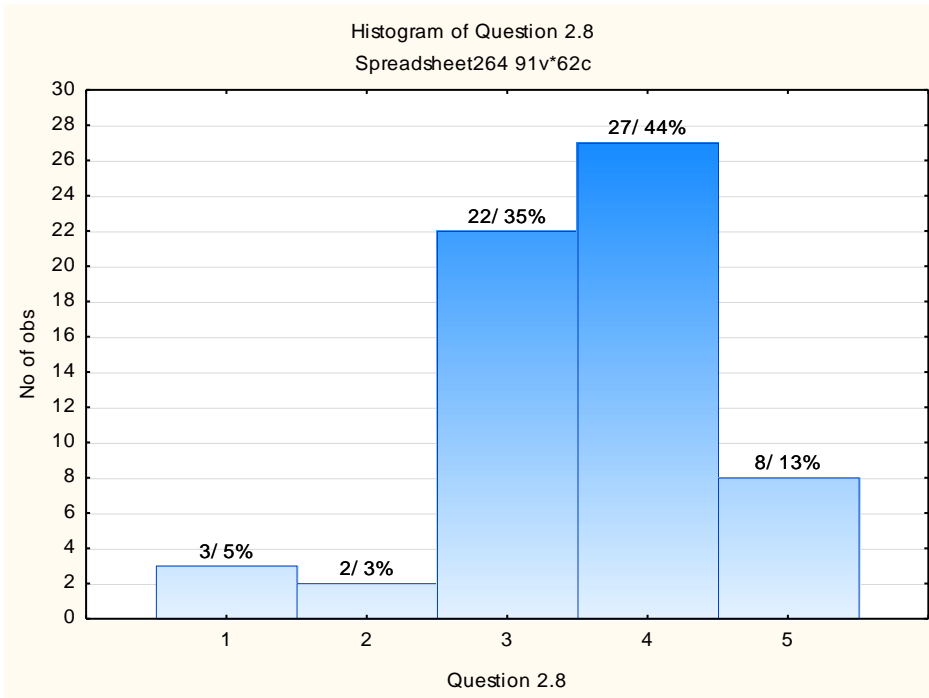
Question 2.6 Managers of organisational performance are outcomes oriented



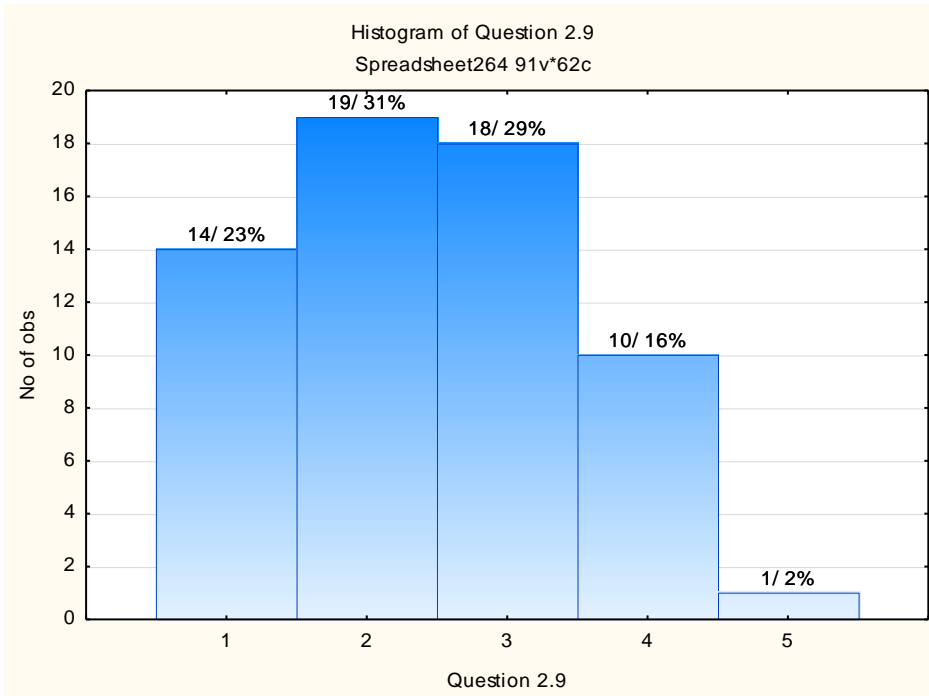
Question 2.7 OPM is building a culture of performance excellence among employees



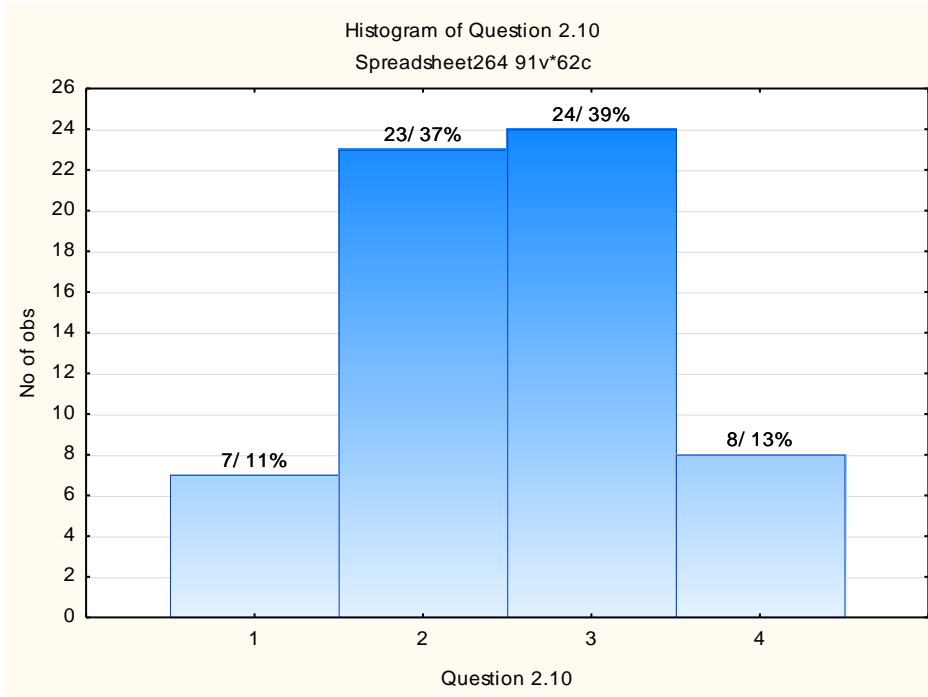
Question 2.8 Top managers are committed to drive organisational performance excellence



Question 2.9 All staff are exposed to workshops on the achievement of excellence among employees

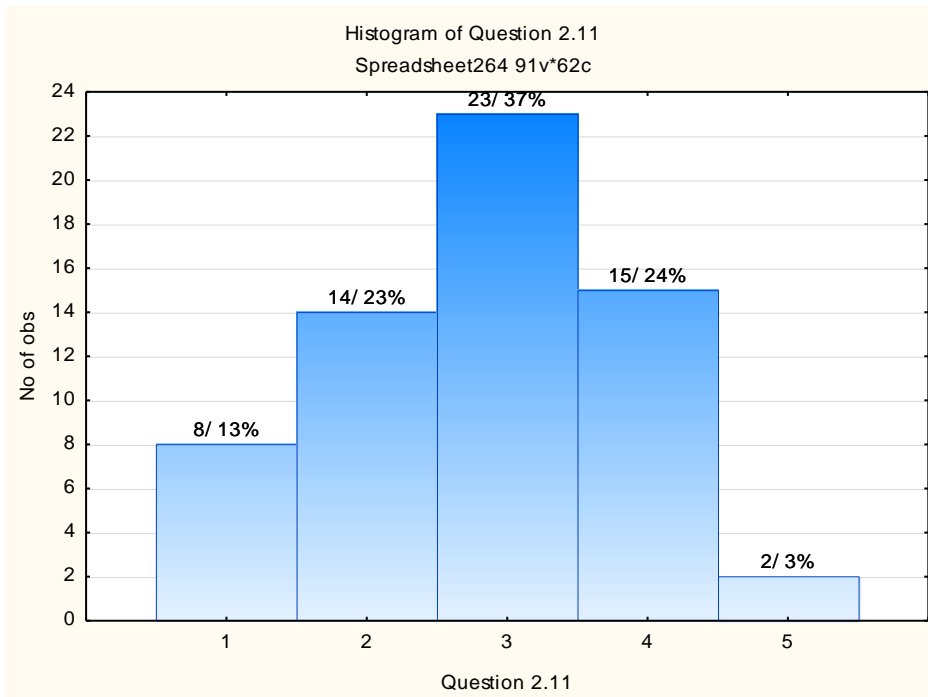


Question 2.10 The OPM function is optimally staffed

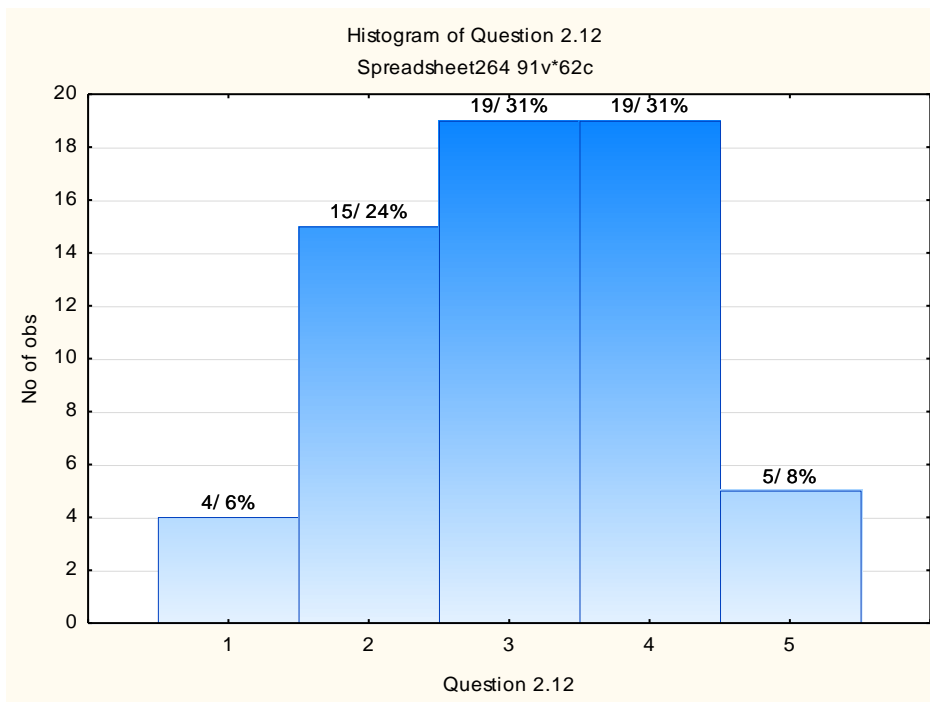


Question 2.11 Managers of organisational performance promote staff participation OPM

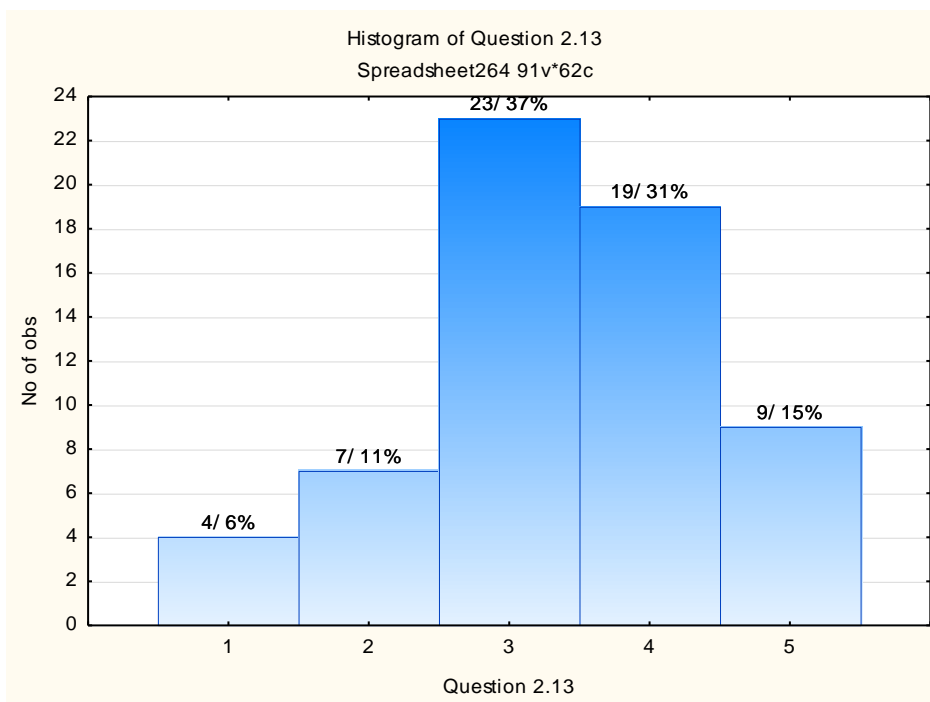
in



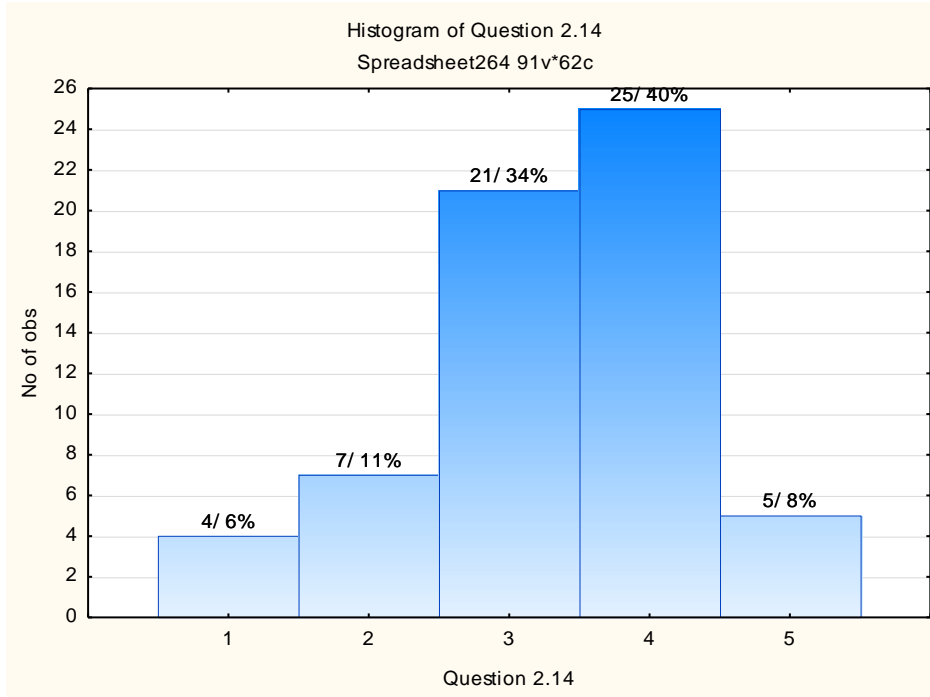
Question 2.12 The municipality has capacity to build knowledge of the OPM function.



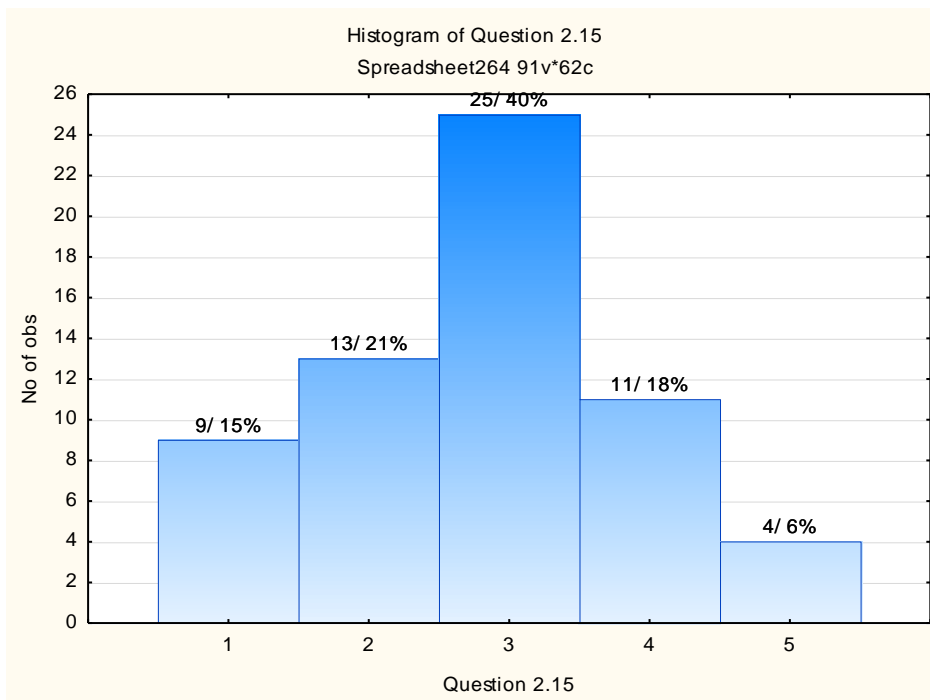
Question 2.13 Rate your level of understanding of OPM legislation



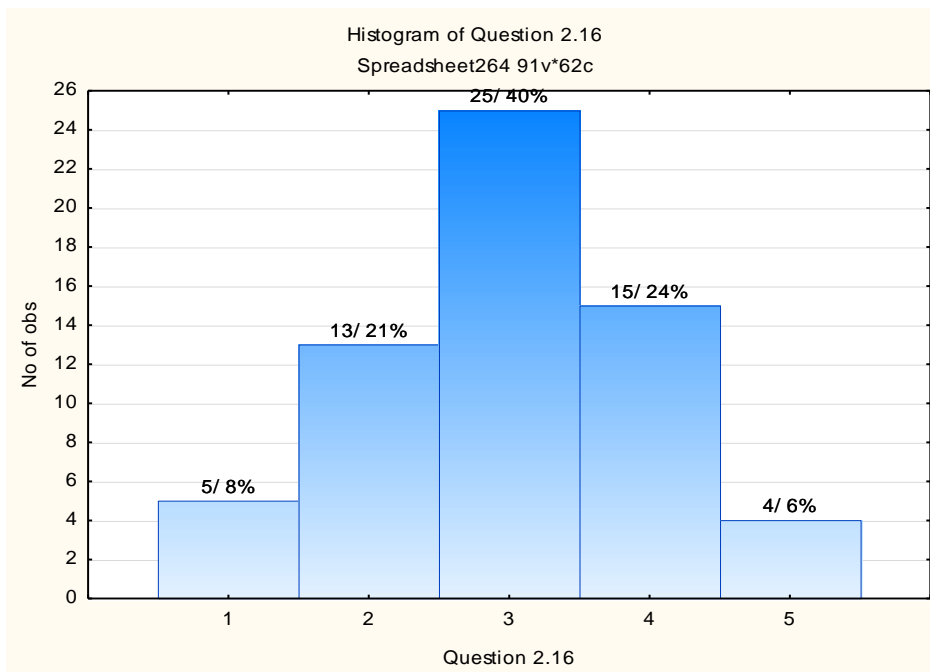
Question 2.14 Local Government legislation covers OPM adequately



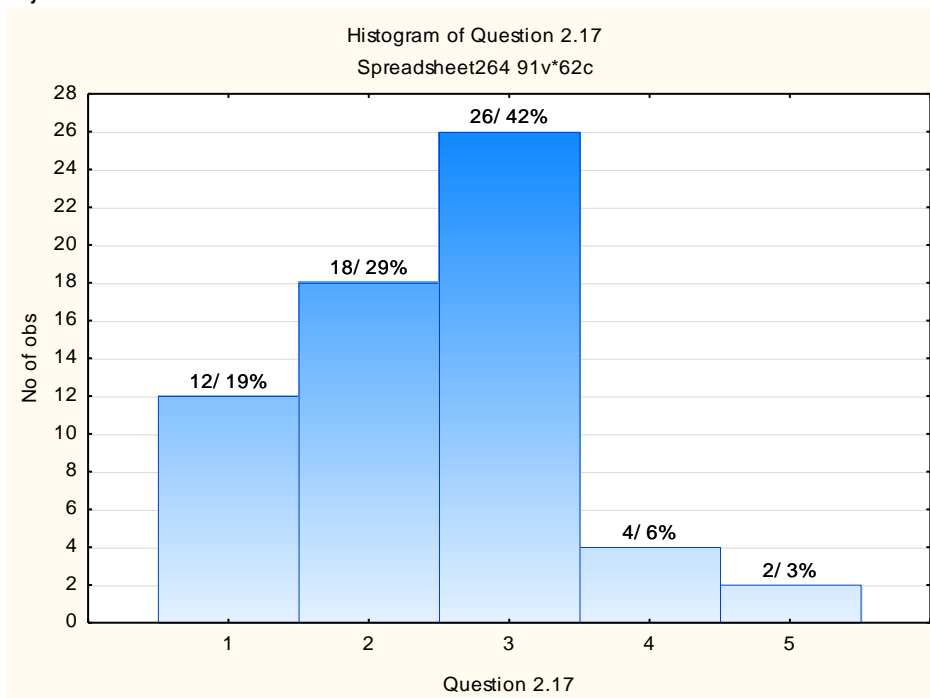
Question 2.15 Managers engage staff in developing incentives for performance excellence



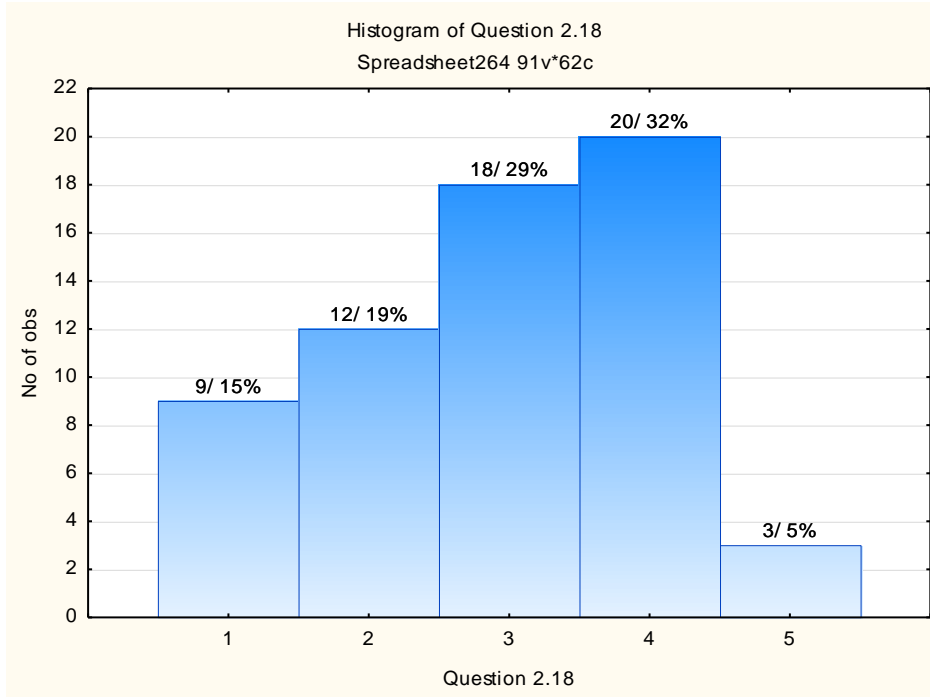
Question 2.16 The municipality creates an enabling environment for OPM



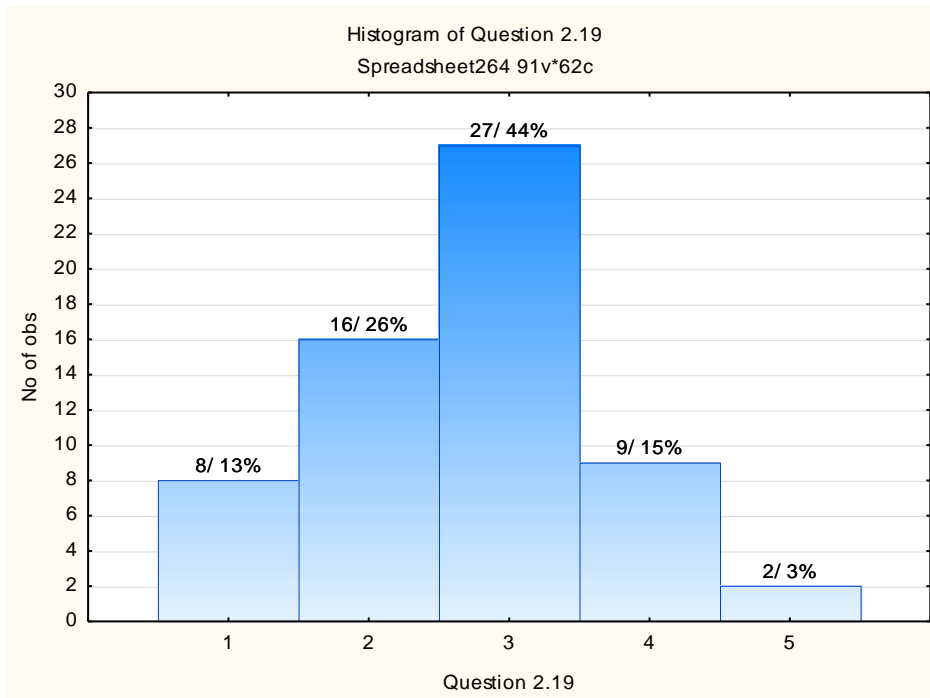
Question 2.17 Employee growth plans (PGP's) are linked to municipal performance objectives



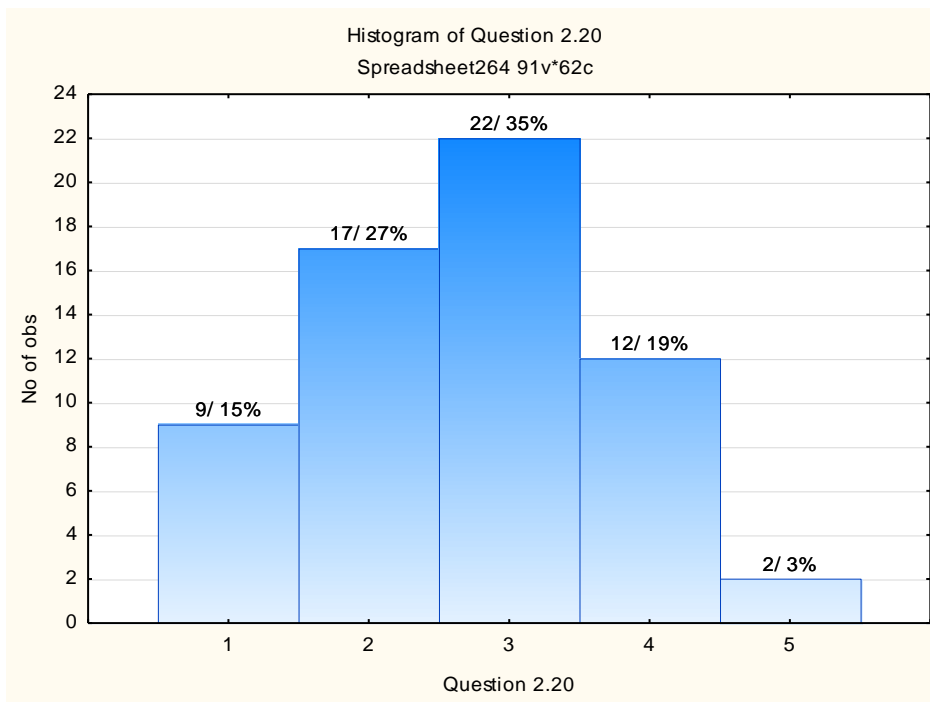
Question 2.18 The OPM function has seen growth



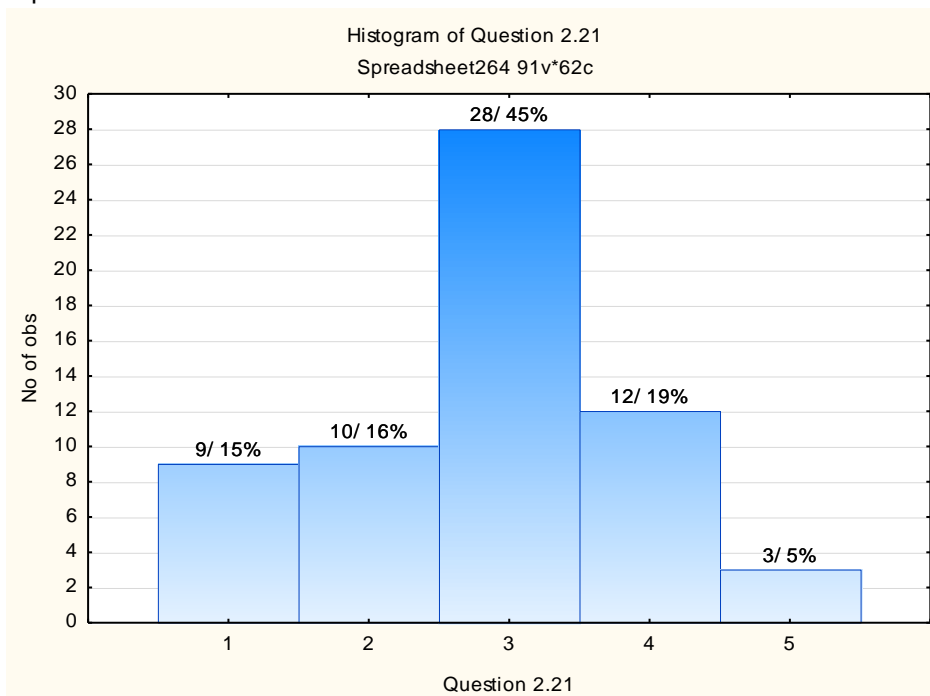
Question 2.19 The OPM function is actively building its capacity to meet growing customer needs.



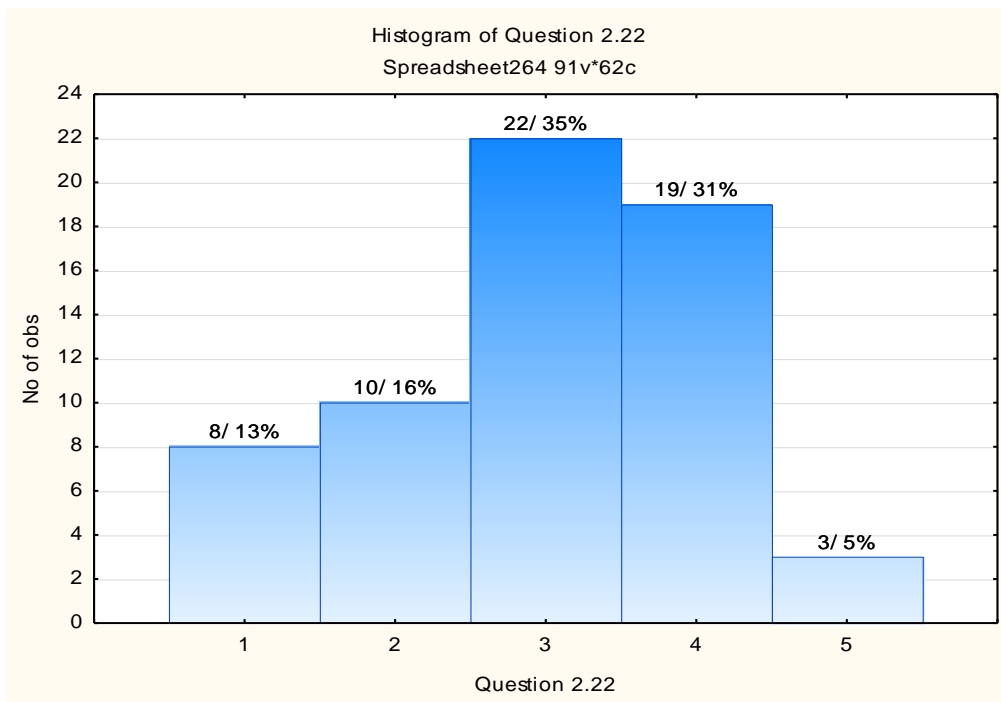
Question 2.20 The OPM function promotes capacity building for staff



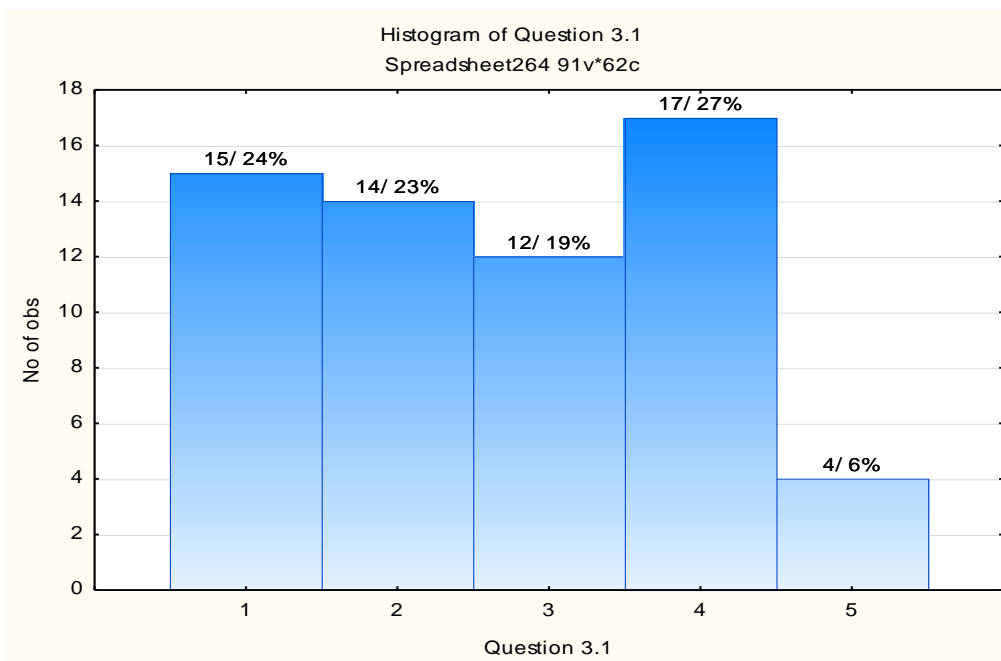
Question 2.21 Capacity for effective communication between the OPM function and other departments is available



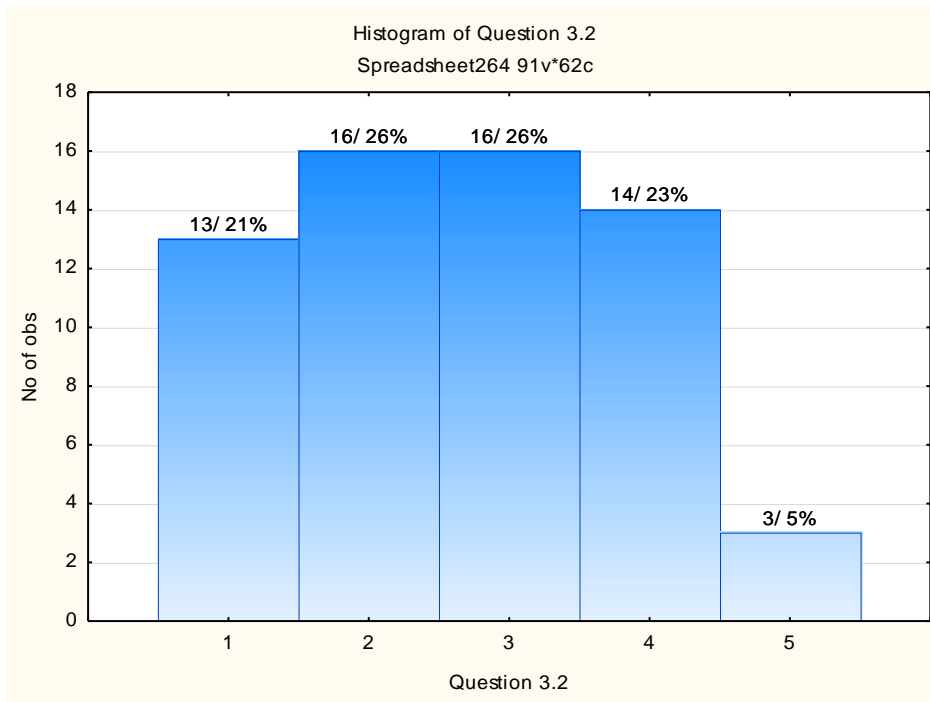
Question 2.22. Managers empower staff to 'outperform' performance



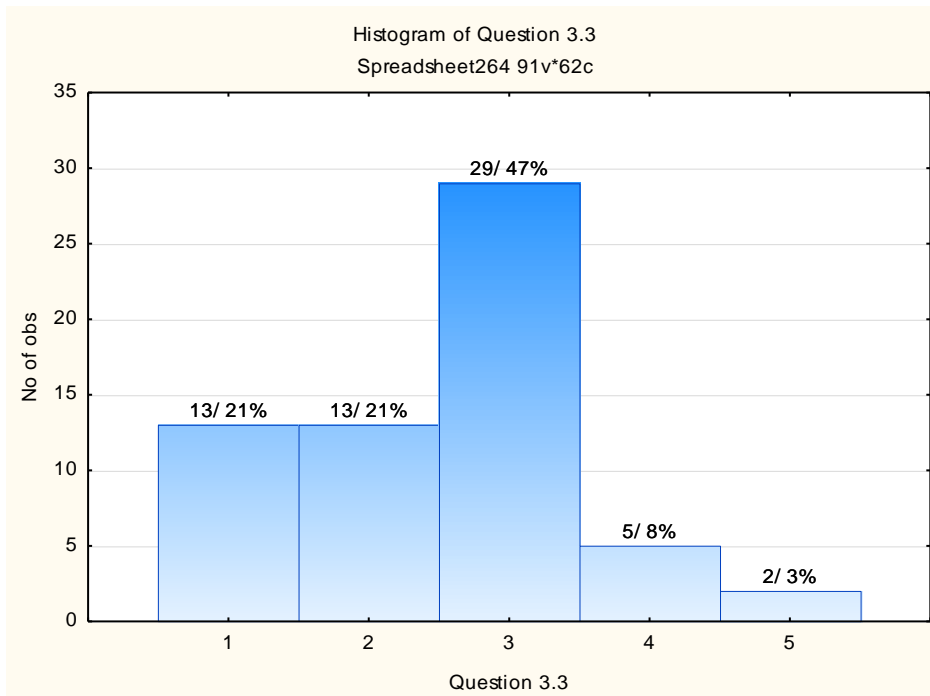
Question 3.1 The OPM function is identifiable as a dedicated department



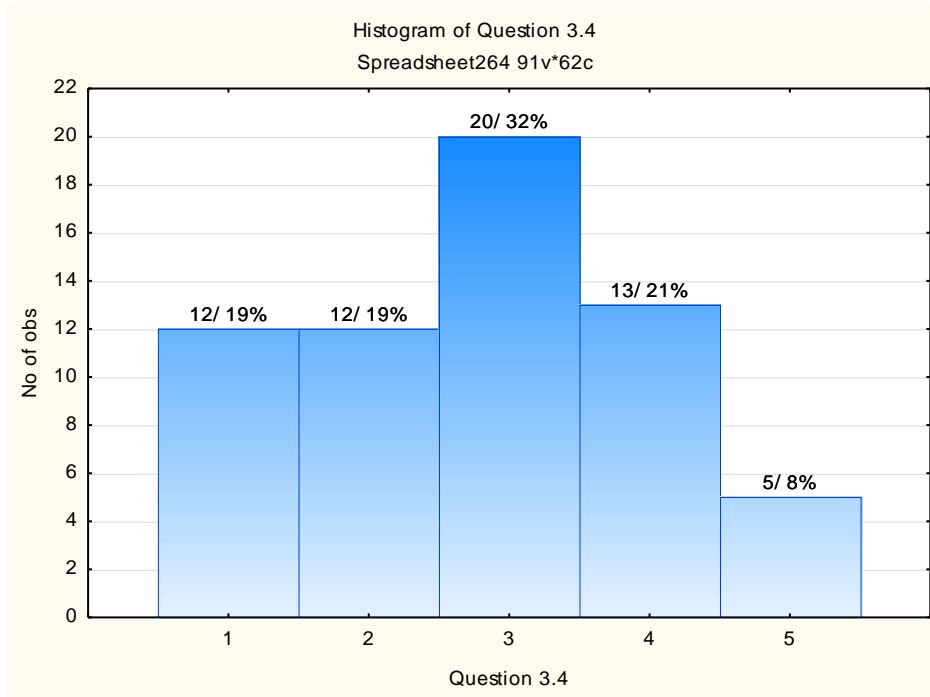
Question 3.2 The OPM function is fully operational



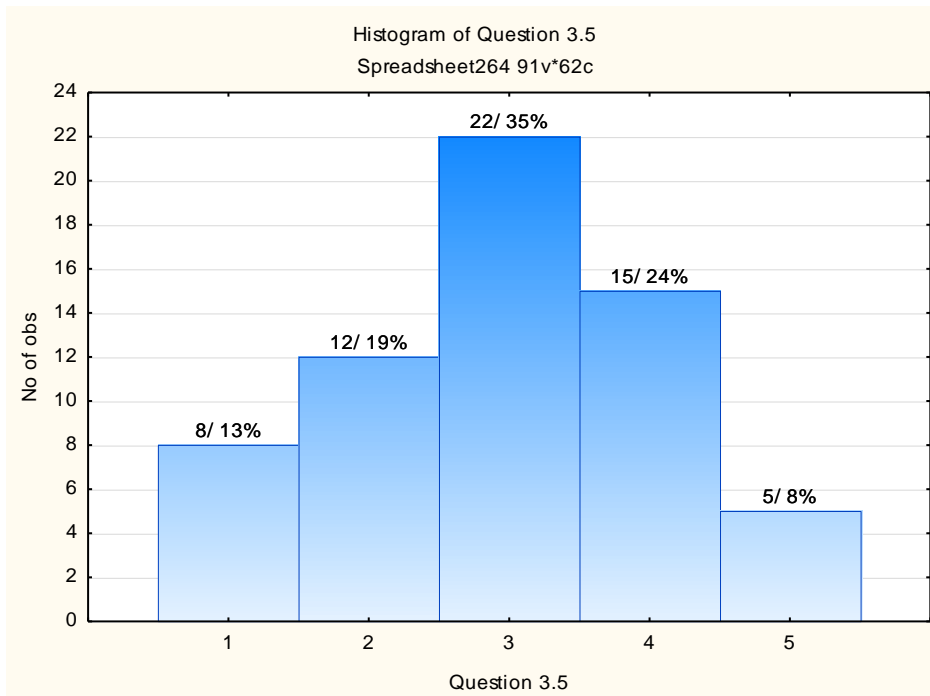
Question 3.3 The OPM function operates independently of external expert assistance



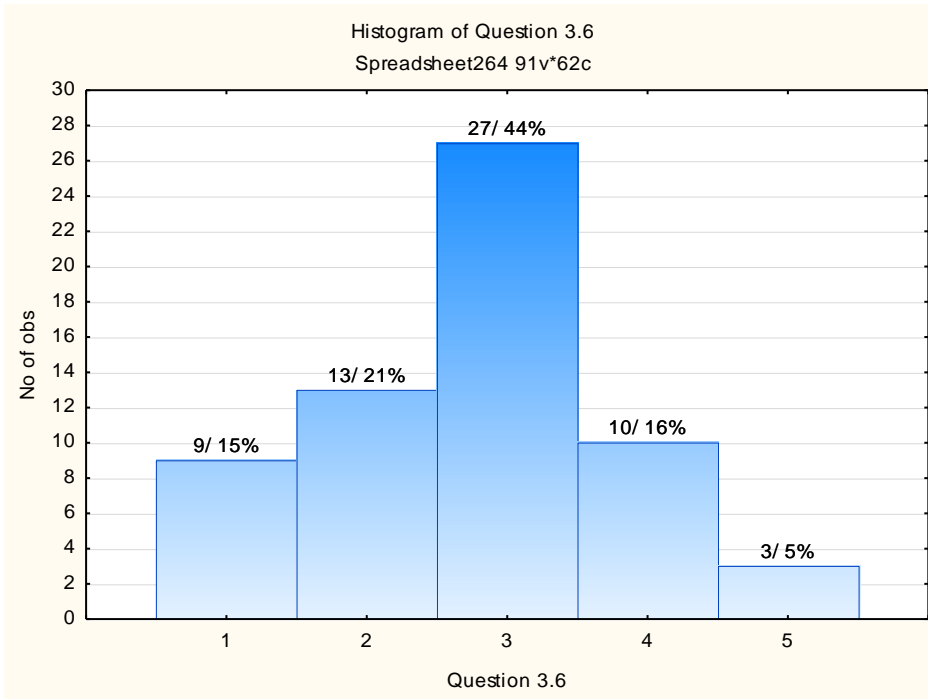
Question 3.4 Stakeholders can access OPM information via the internet



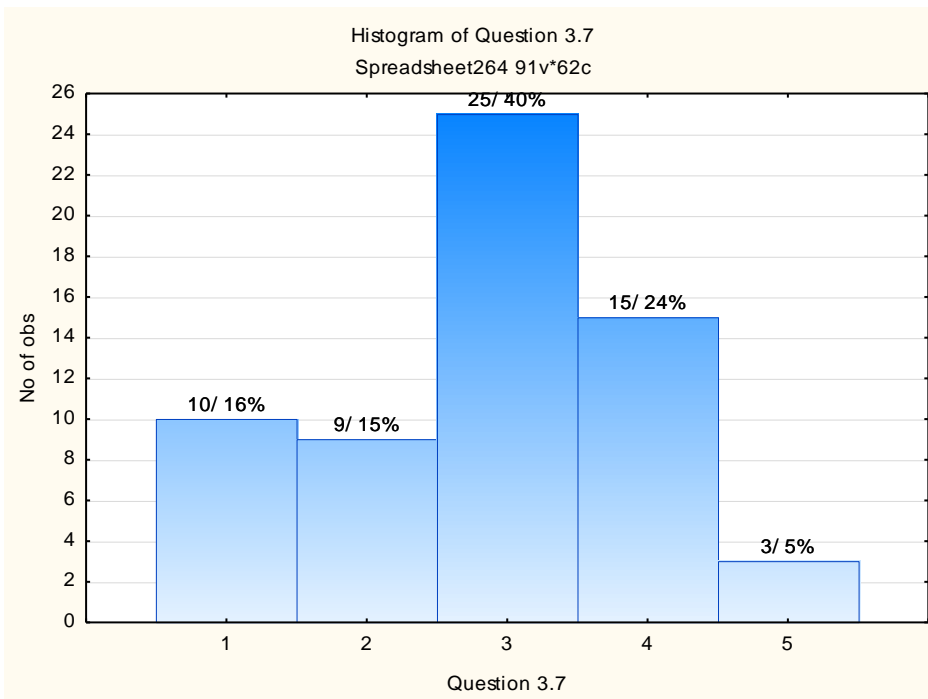
Question 3.5 The OPM department is equipped in terms of its computer operating requirements



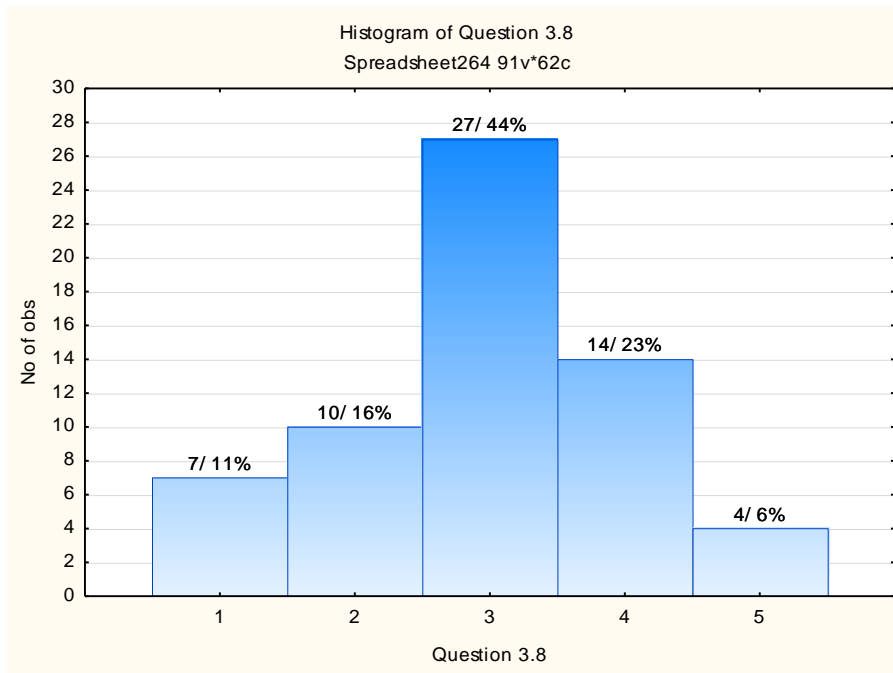
Question 3.6 Programme theory and programme utility is assessed by the OPM function



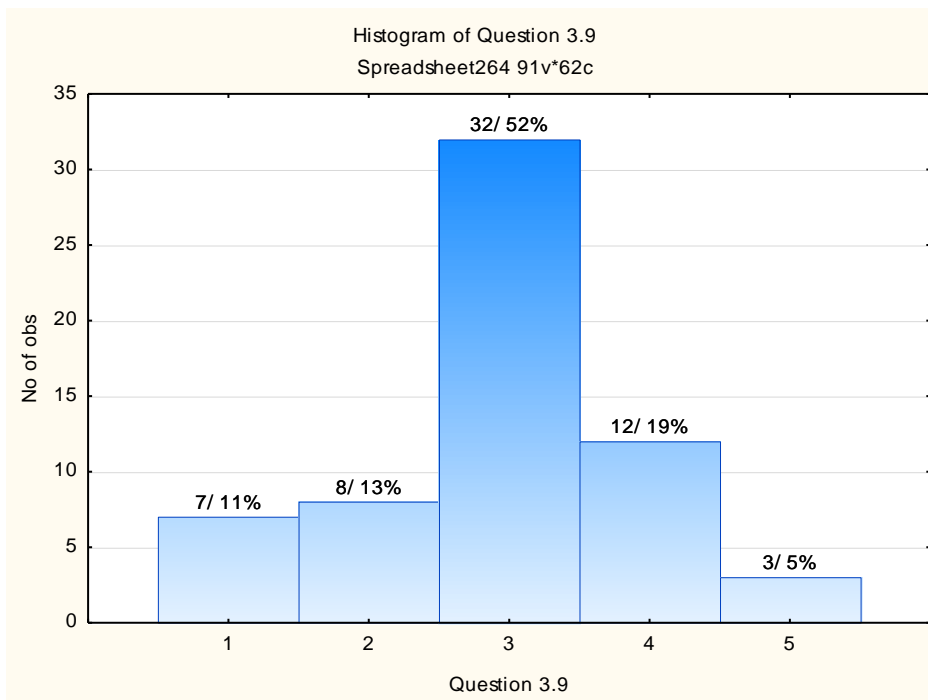
Question 3.7 Time, effort and money is expended to develop performance excellence



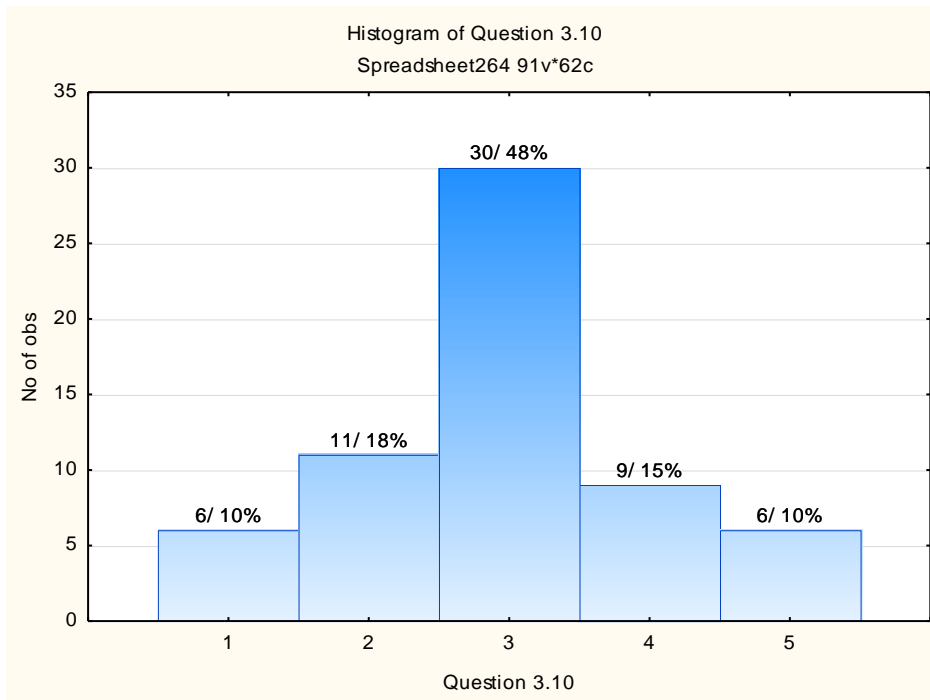
Question 3.8 Time, effort and money is expended to monitor programme achievement



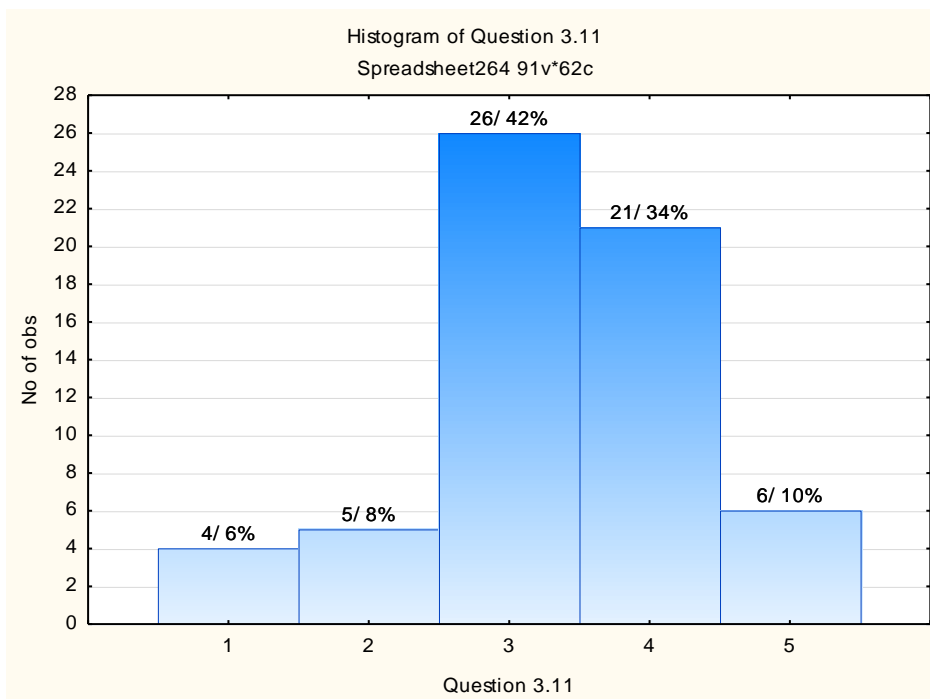
Question 3.9 Time, effort and money is expended to evaluate programmes



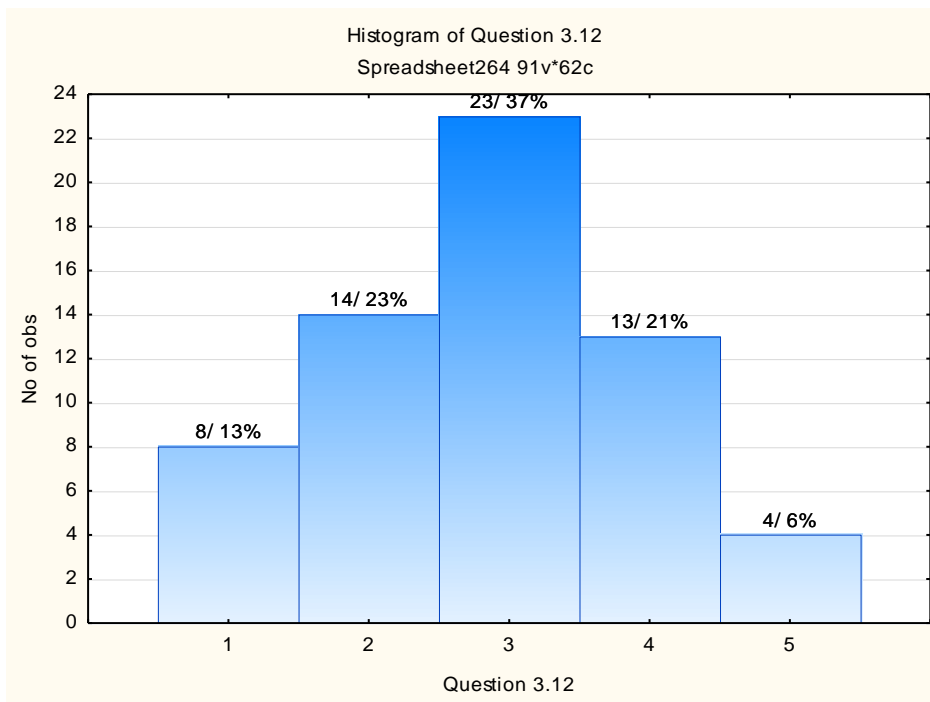
Question 3.10 The OPM views the community as a strategic resource



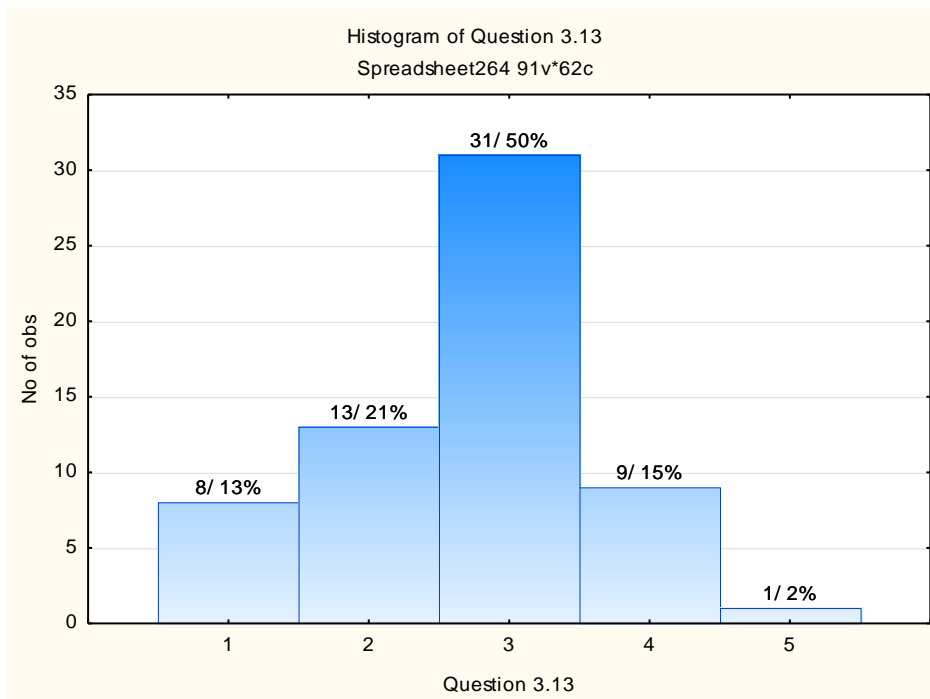
Question 3.11 The OPM function supports the effective use of municipal resources



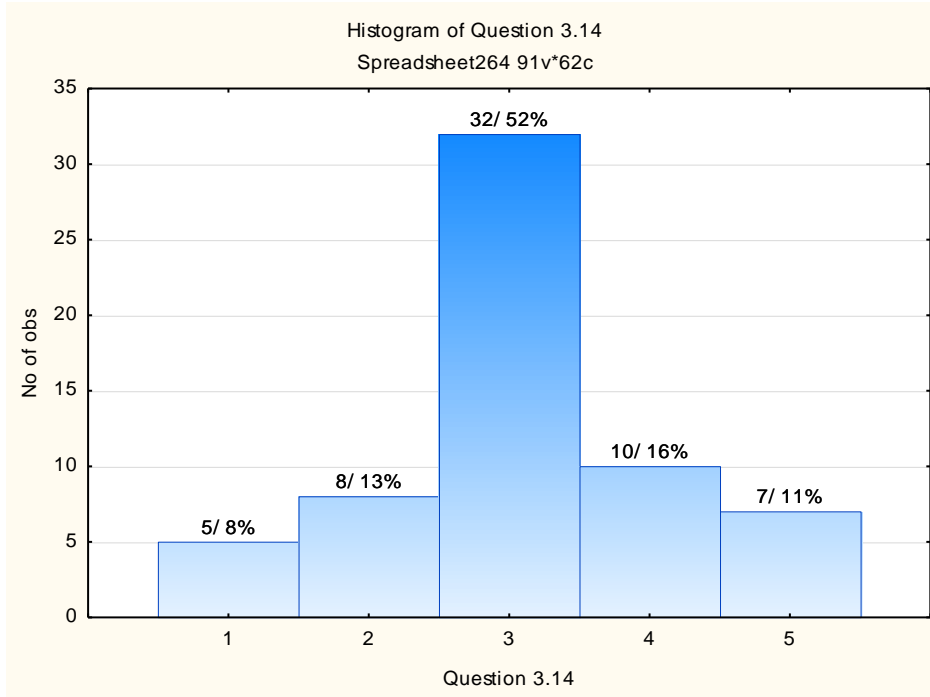
Question 3.12 The current IT system supports IPM needs



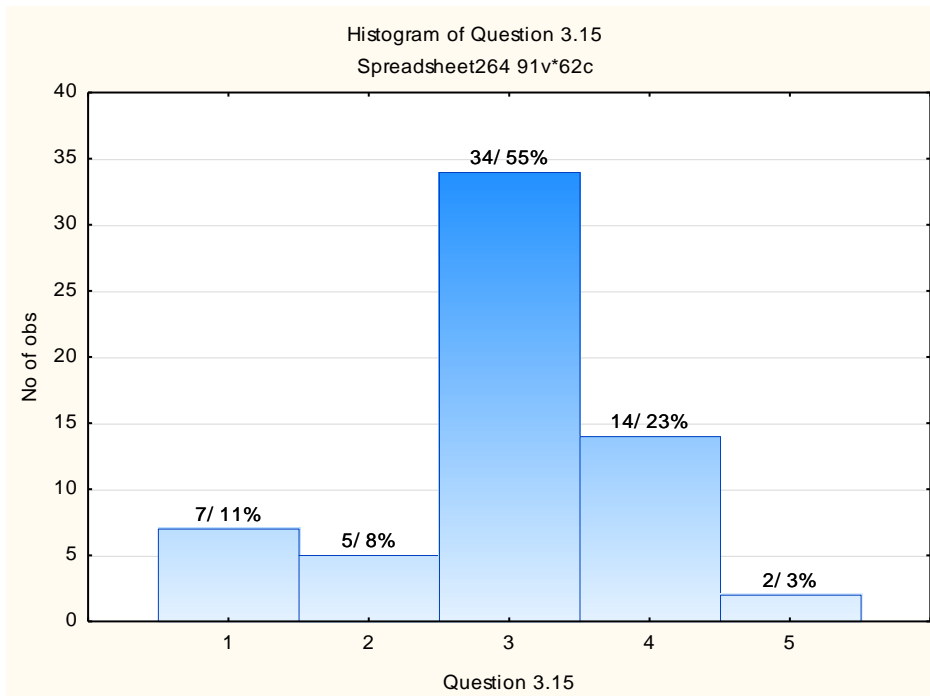
Question 3.13 The OPM department underutilise available resources



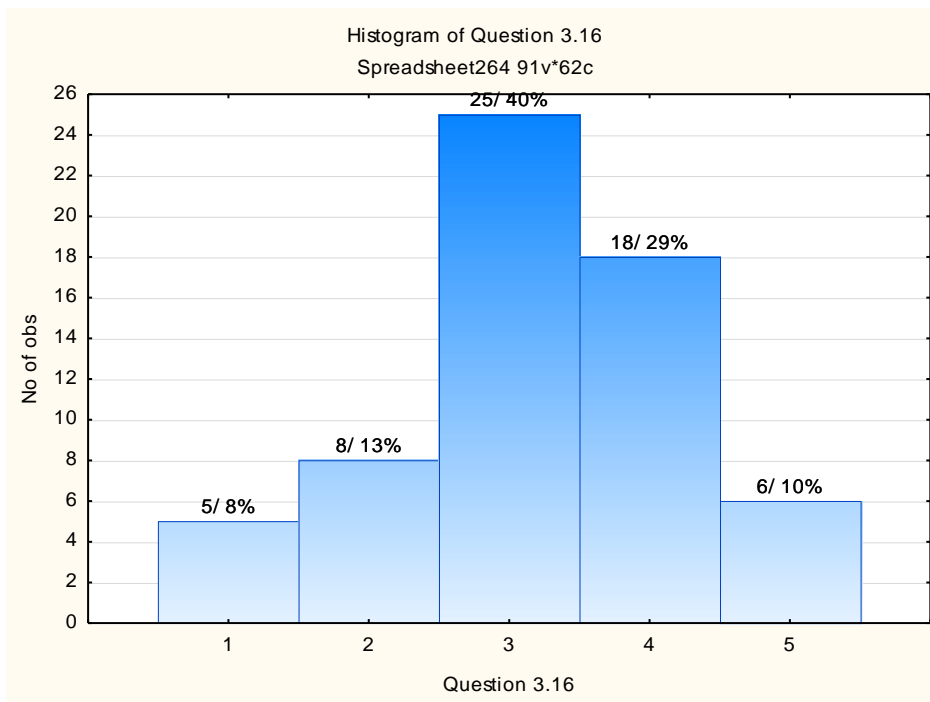
Question 3.14 The OPM function is challenges by scarce financial resources



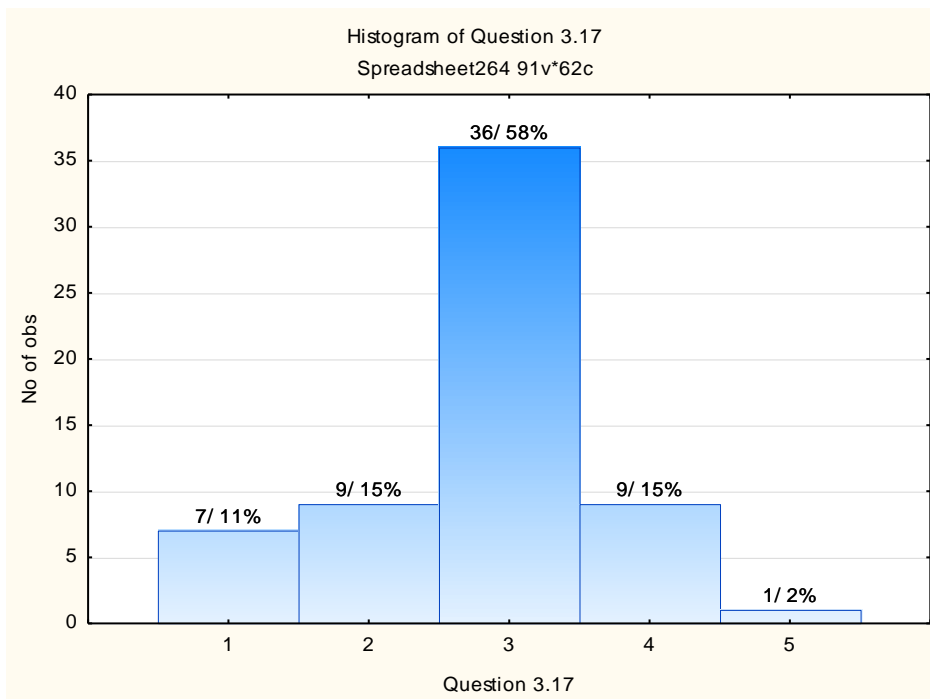
Question 3.15 Financial resources were allocated to OPM to achieve strategic positioning



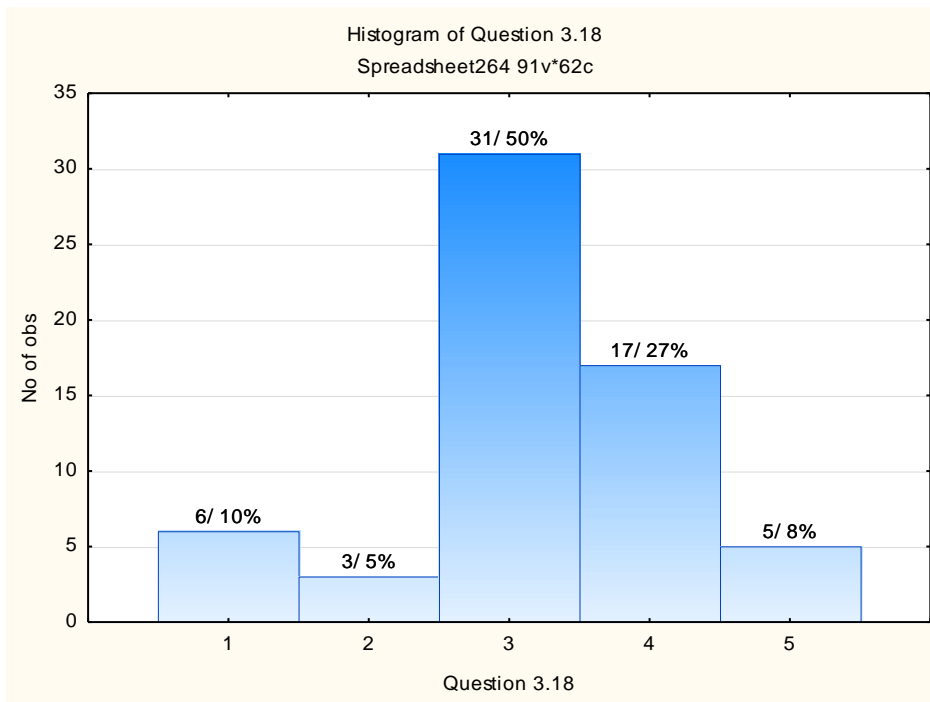
Question 3.16 The OPM received assistance from a service provider



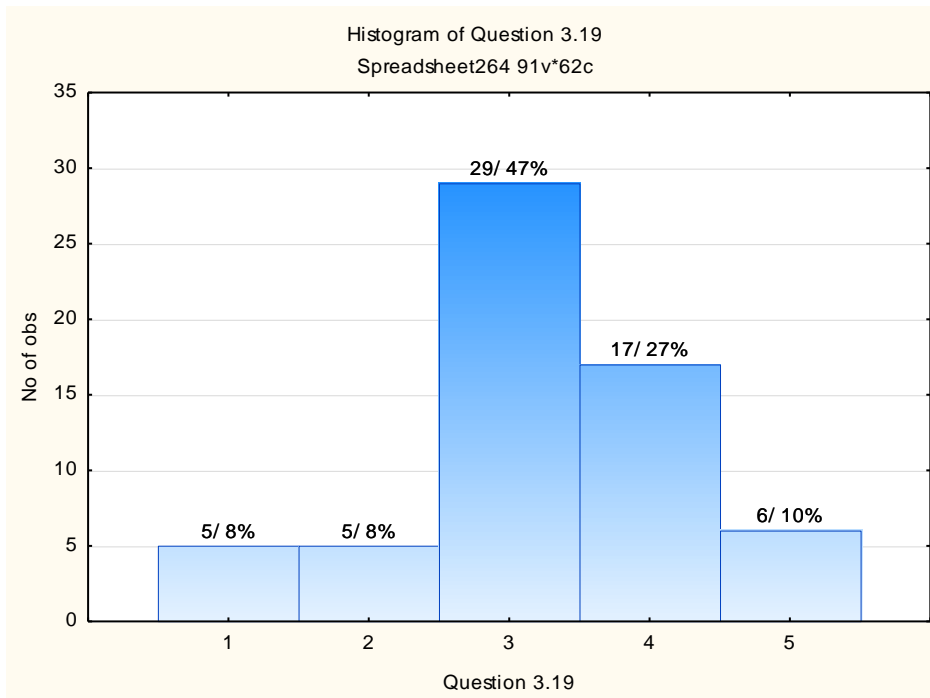
Question 3.17 The OPM function has its own business plan



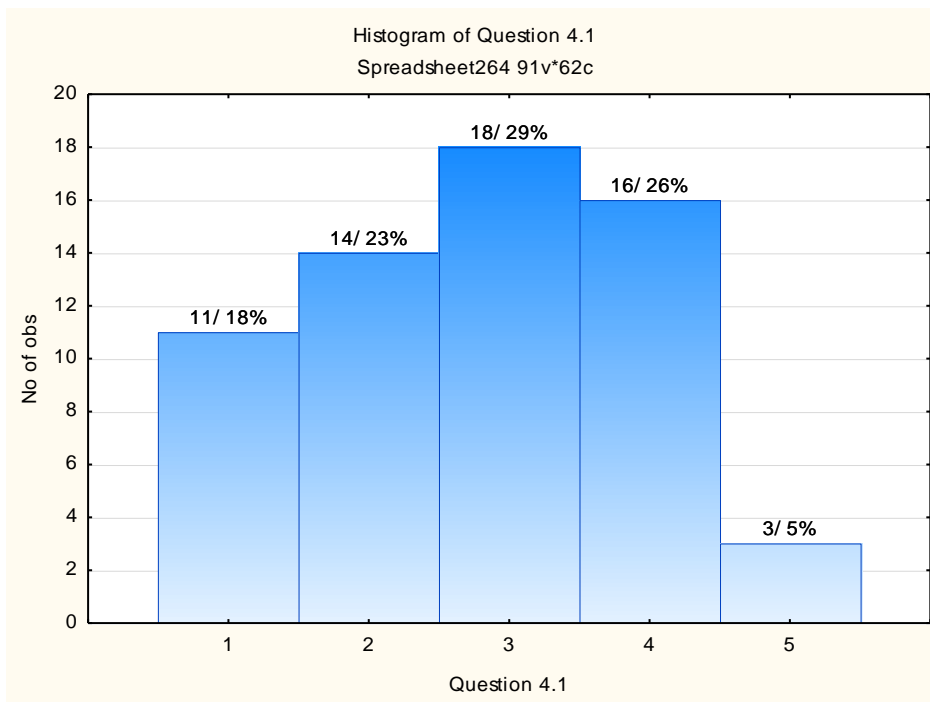
Question 3.18 The municipality utilises national OPM policies as a fundamental resource



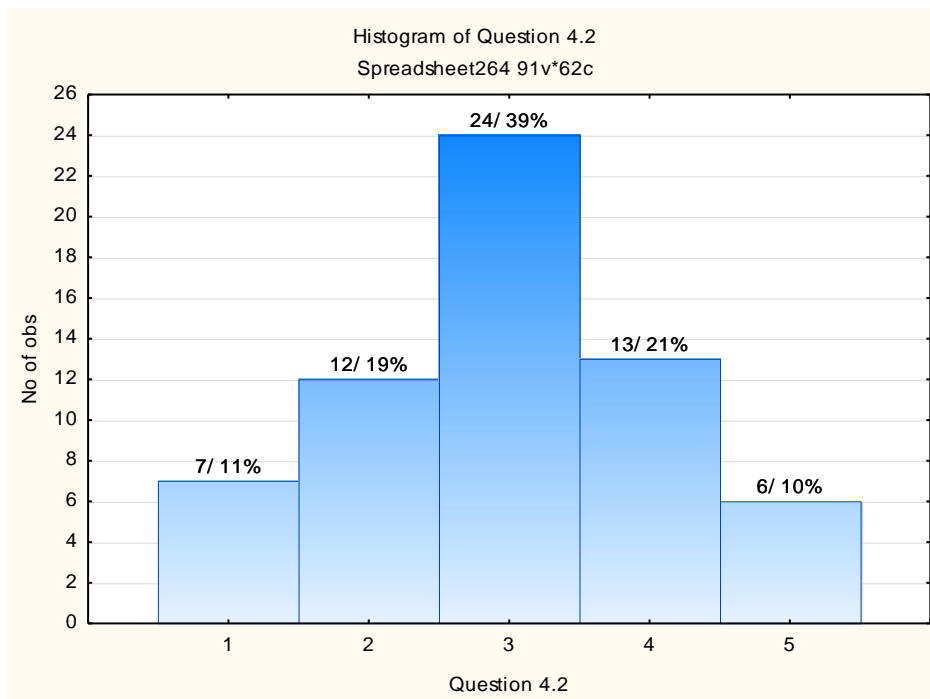
Question 3.19 The OPM is guided by internal performance management policies



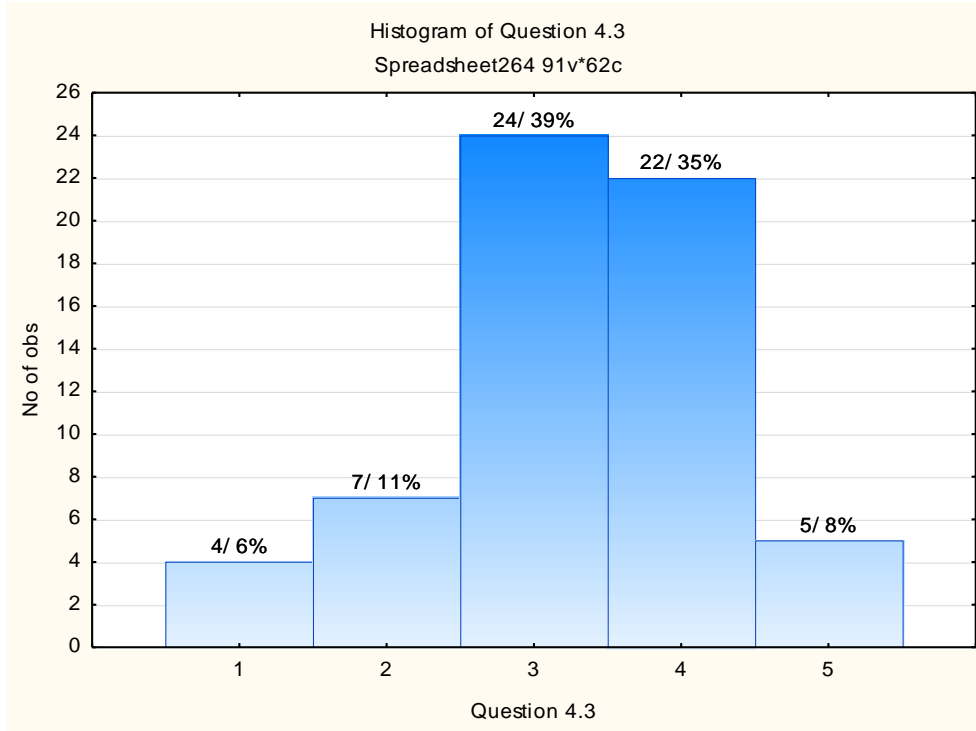
Question 4.1 The OPM instrument is fully operational



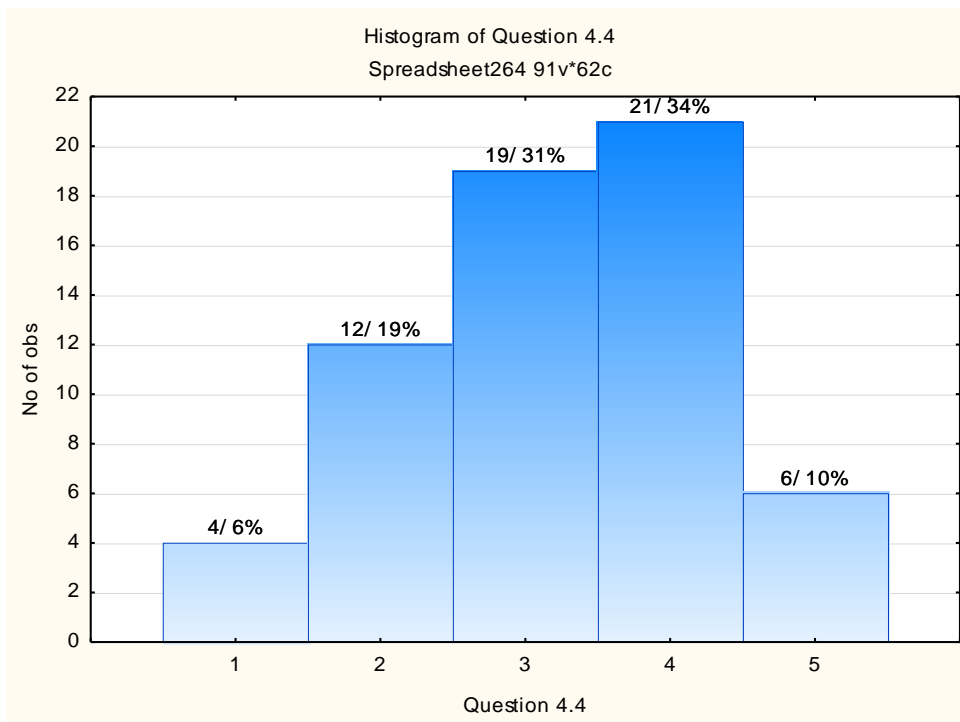
Question 4.2 The OPM instrument effectively measures performance 'targets- outputs-outcomes'



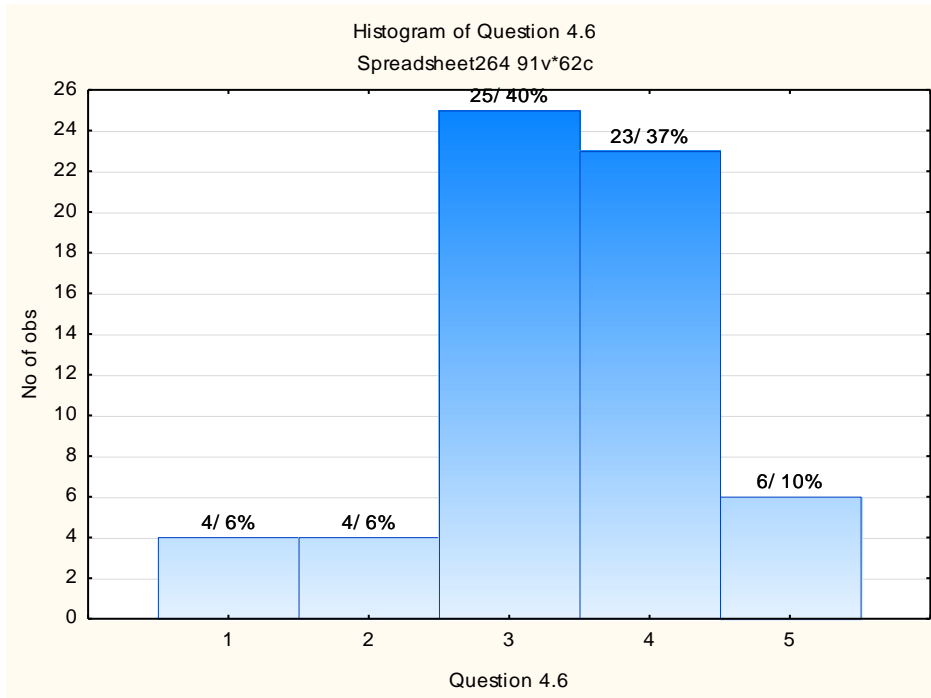
Question 4.3 The OPM instrument is used by other departments



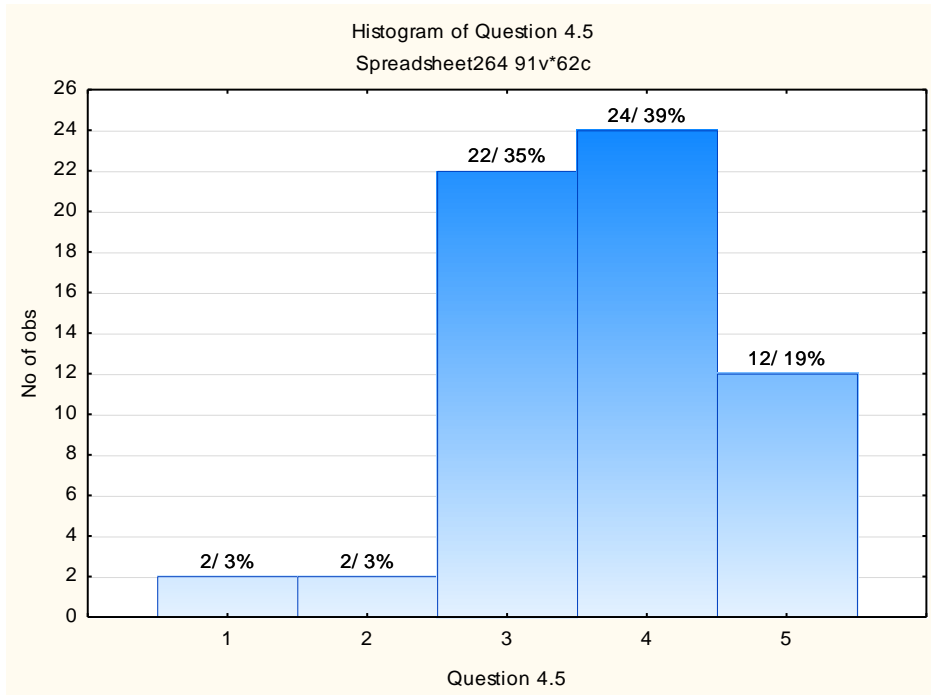
Question 4.4 Employees are permitted to offer comments on KPI's



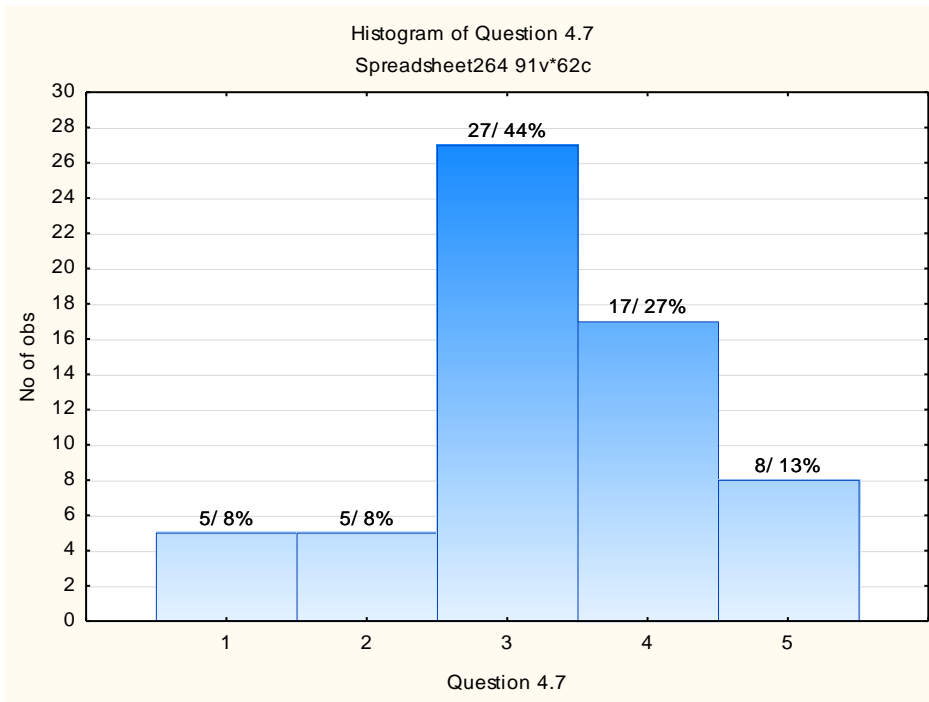
Question 4.5 Implementation of the OPM instrument requires more time and effort than expected



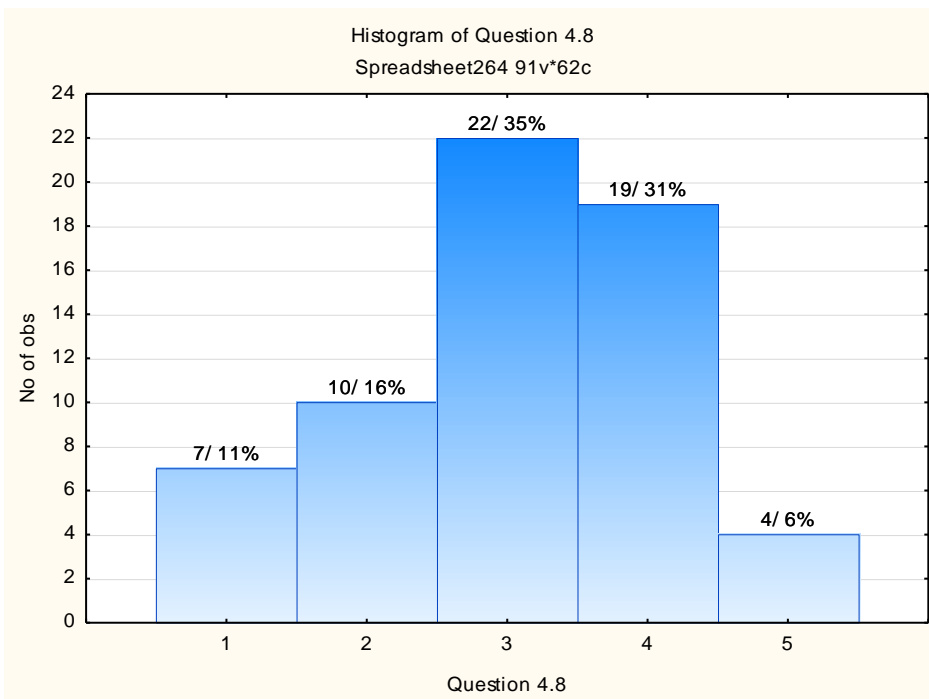
Question 4.6 The OPM instrument requires too much administration



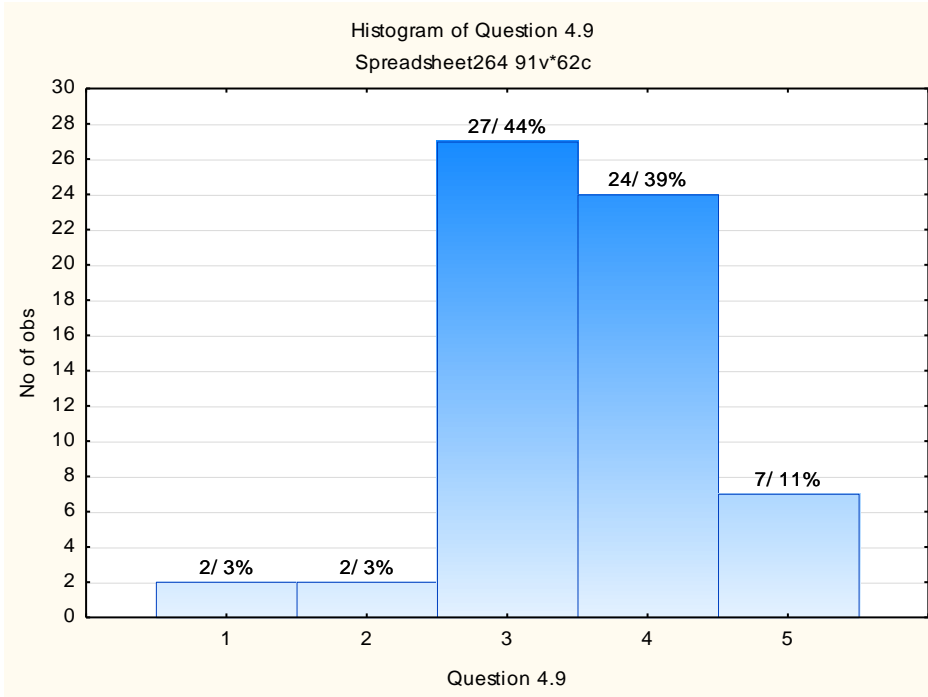
Question 4.7 The performance management cycle is managed according to strict due dates



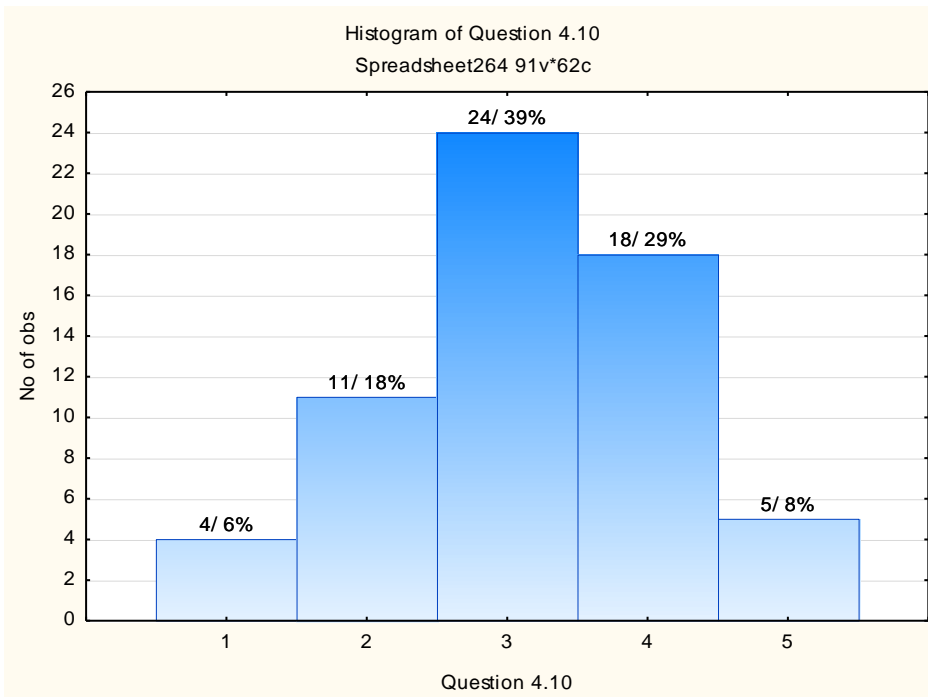
Question 4.8 The OPM instrument measures municipal productivity



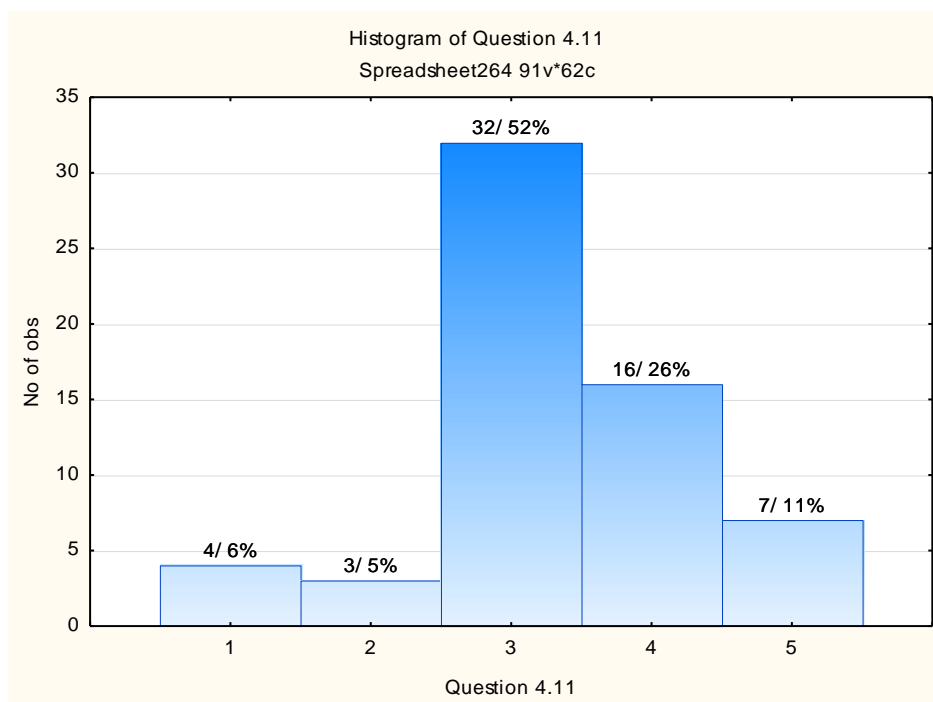
Question 4.9 Senior management is committed to maintain the OPM instrument



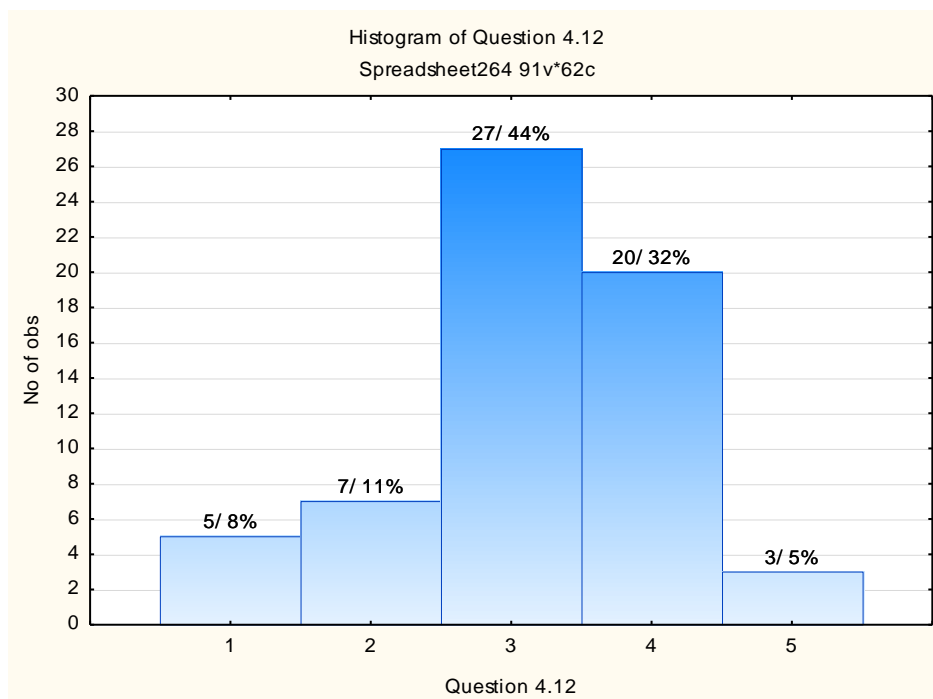
Question 4.10 The KPI's for 'target-output-outcomes' are understood by all employees



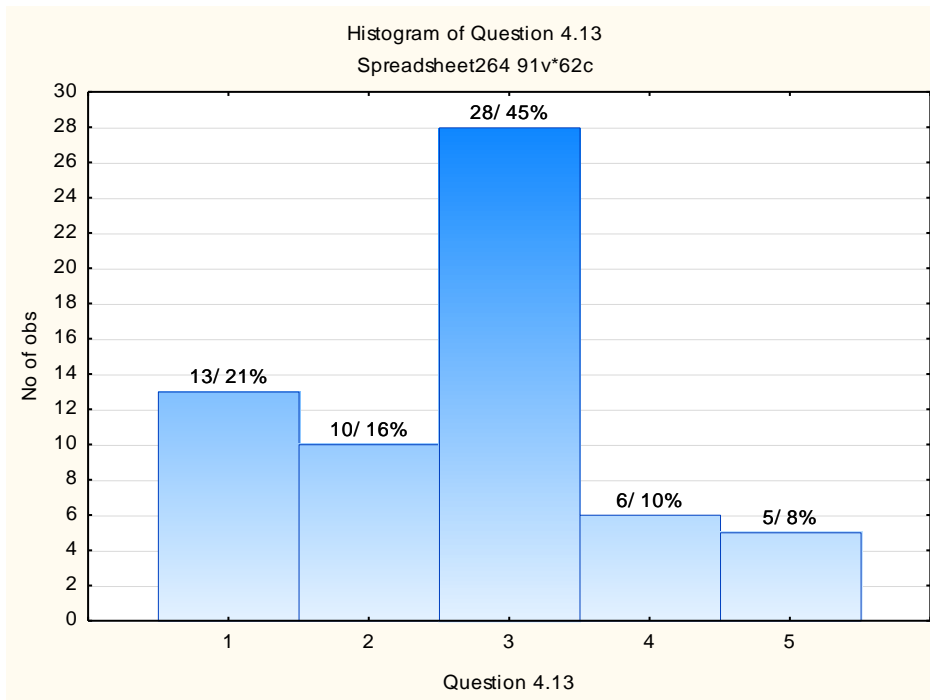
Question 4.11 The OPM instrument is adjusted at the mid-term review



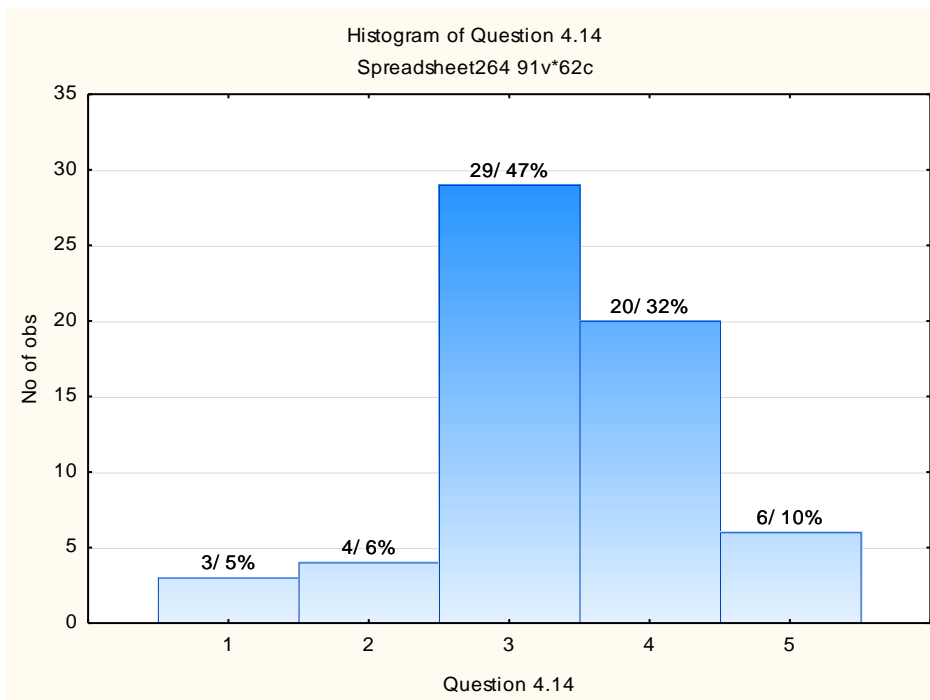
Question 4.12 The OPM instrument shows where progress is blocked



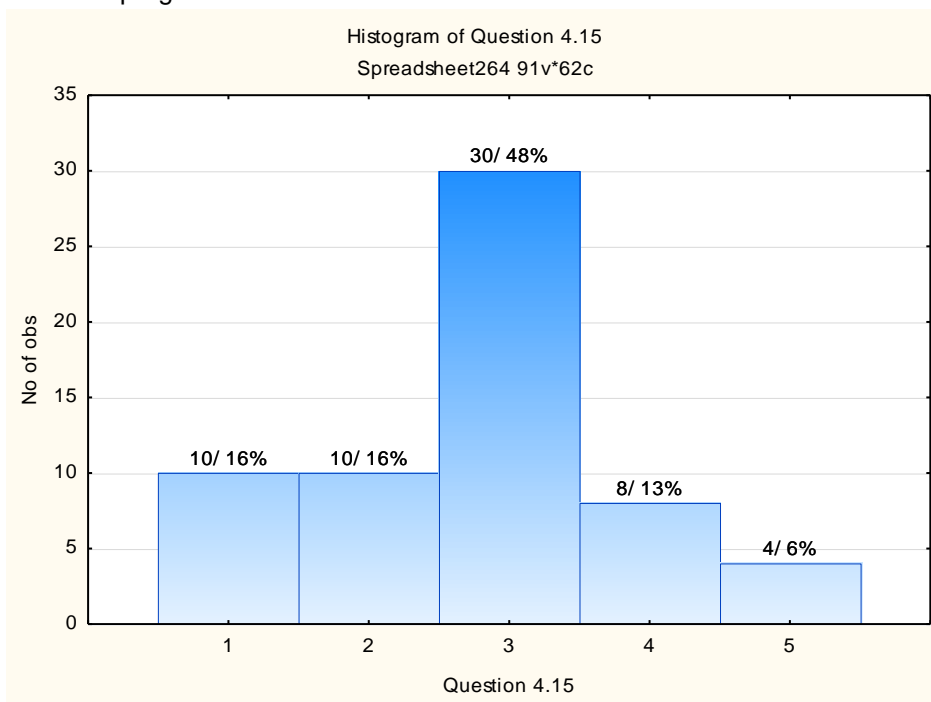
Question 4.13 The performance measuring instrument measures customer satisfaction



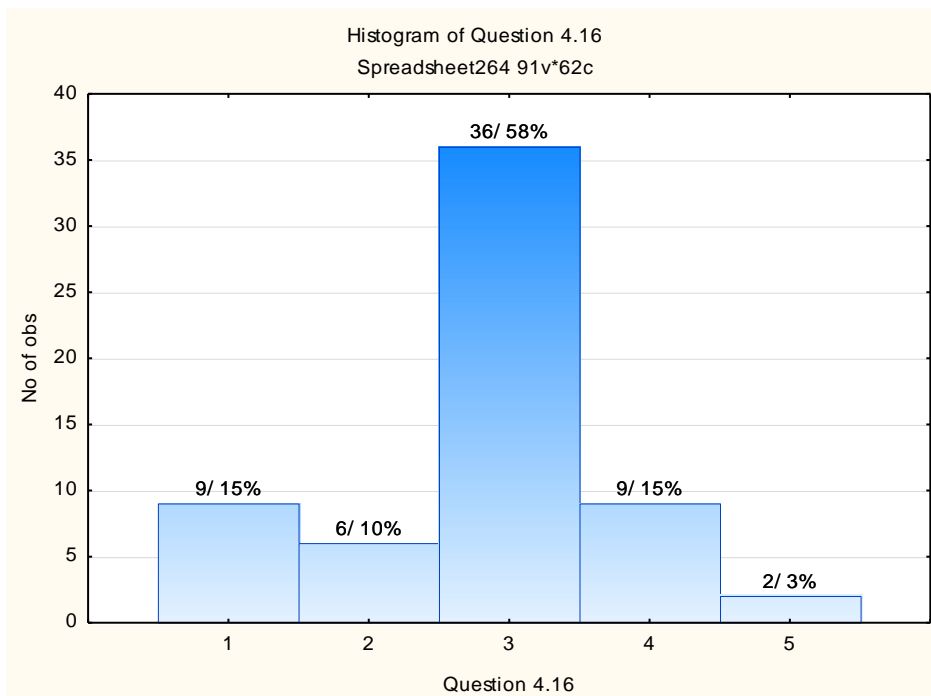
Question 4.14 Managers generally support the OPM instrument(s) being utilised



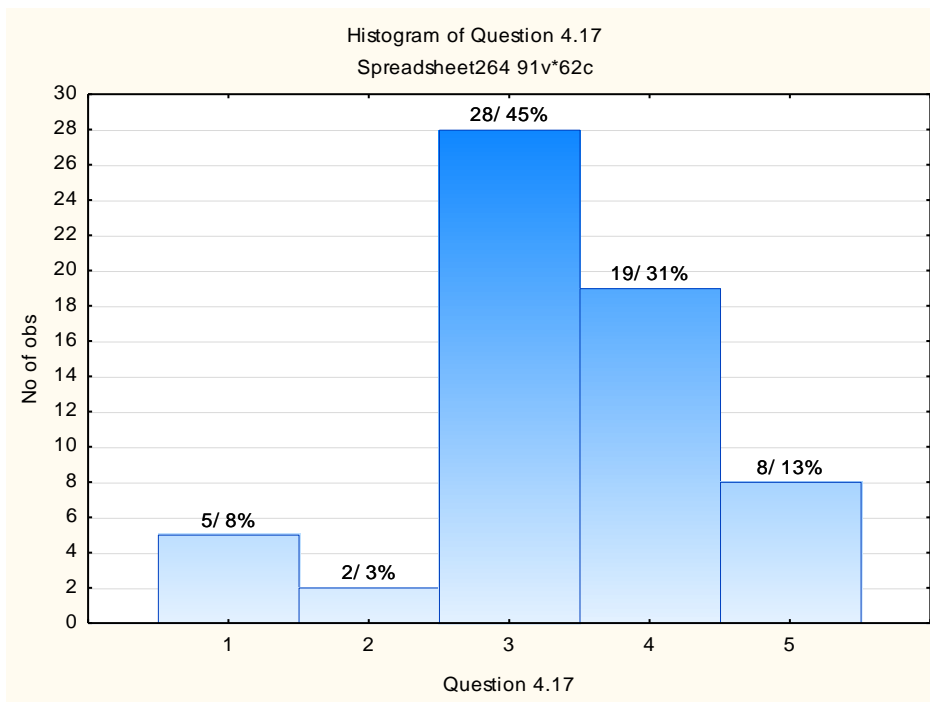
Question 4.15 The OPM instrument measures community participation of programmes



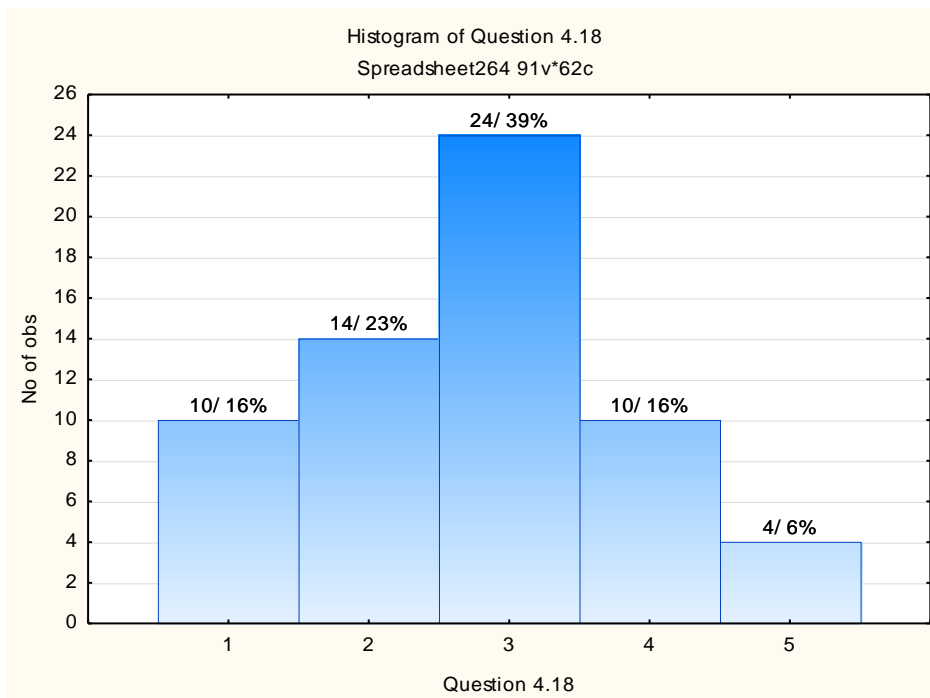
Question 4.16 The OPM instrument evaluates programme worth (utility/relevance)



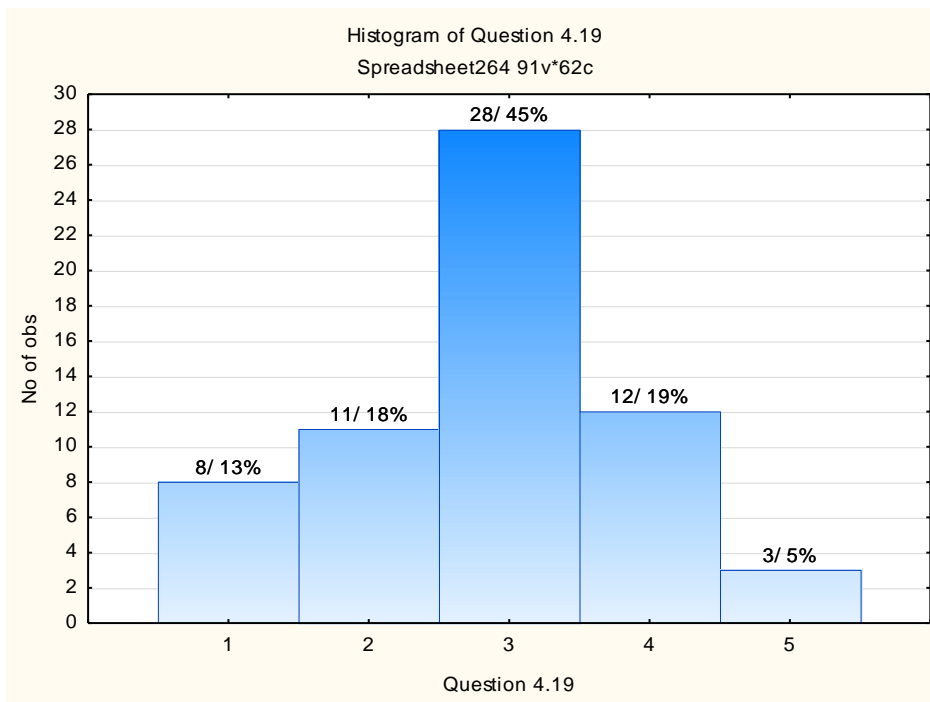
Question 4.17 The OPM instrument monitors programme achievement



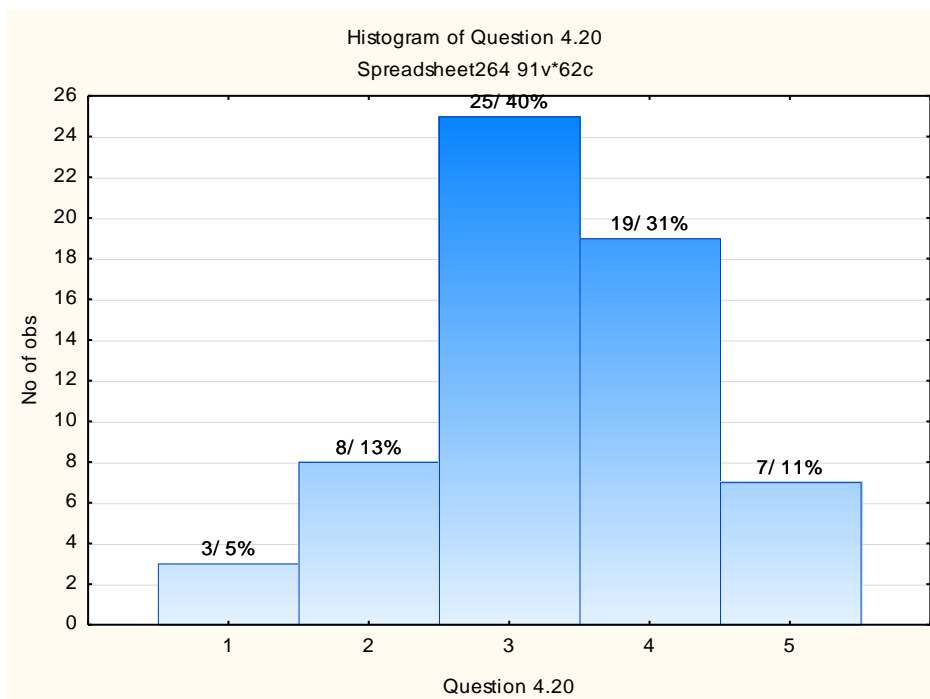
Question 4.18 There is resistance from senior managers towards organisational performance



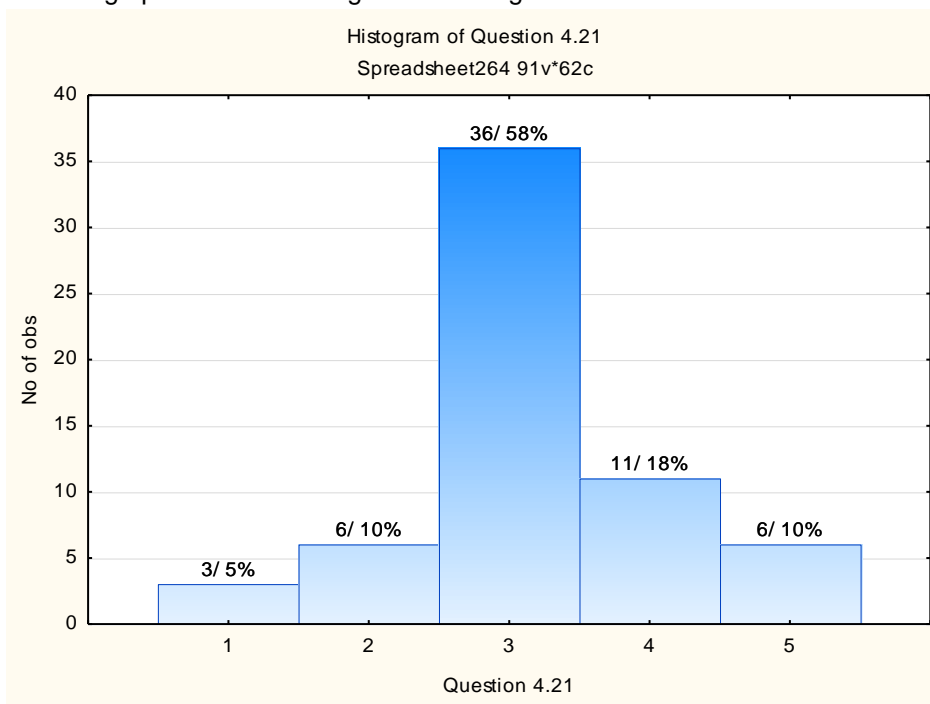
Question 4.19 Employees have a positive attitude towards OPM



Question 4.20 The OPM instrument encourages transparency in the organisation

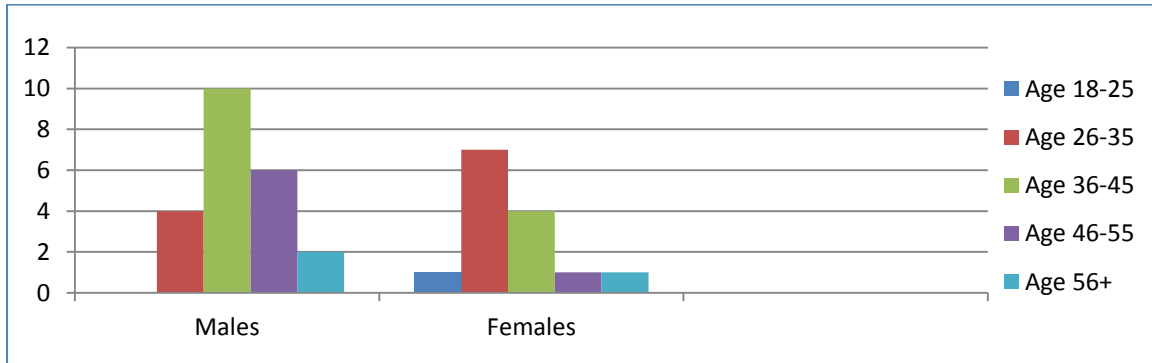


Question 4.21 There is too much focus on the results of the implementation, while the change process of the organisation is ignored



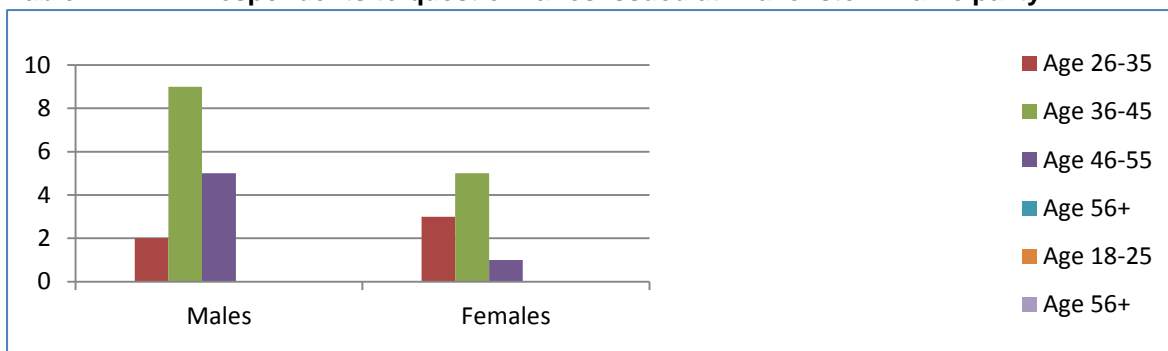
ANNEXURE 4.9: SYNOPSIS OF QUALITATIVE STATEMENTS FROM RESPONDENTS TO THE QUESTIONNAIRES

Table 4. XXXX Respondents to questionnaires issued at Stellenbosch Municipality.



NOTE: SM: Qualitative data from 36 respondents (22 males and 14 females) at both municipalities are recorded below.

Table 4. XYYY Respondents to questionnaires issued at Drakenstein Municipality.



NOTE: DM: Qualitative data from 25 respondents (16 males and 9 females) at both municipalities are recorded below.

THEME 1.

Assessment of the municipalities' OPM Objectives

1.1 Objectives for OPM are linked to IDP performance planning

OPM objectives not linked to IDP performance planning. No alignment with SDBIP at SBM and DM. No proper performance measuring system is in place. Directorates have no clear objectives with respect to IDP performance planning. SDBIP is used as the measuring instrument.

1.5 Monitoring and Evaluation of programmes is an OPM objective

Monitoring and Evaluation of programmes or projects is not listed as an OPM objective.

1.10 Objectives for OPM involves community participation

Community participation occurs once per annum (generally) when the revised IDP is put to public participation at the start of the new financial cycle. This objective is stated to directorates; however the OPM component does not receive much attention. A lack of consultation with communities and scarce feedback to them on matters is common. Community participation is not well monitored and

evaluated, not evidence driven. And is not developmental. Some officials state that 'maintenance' work does not require community participation.

1.15 Objectives for OPM are relevant to the LGTAS

Objectives for OPM are not stated as relevant to the LGTAS. SBM and the DM have not embraced the LGTAS as a necessary intervention programme.

1.16 Older staff members resist OPM more than younger staff members

This statement is reported to be true by respondents at both municipalities. However, the objectivity of the statement cannot be ascertained without a working performance system in place. The "newness" of the system might be "threatening" to older employees hence more resistance from older employees. Older staff do not want to accept change and does not want challenges. Want to do things the old trusted way.

1.17 Objectives for OPM are cascaded to all departments.

Since OPM as a dedicated function is not in existence at both municipalities, objectives for OPM are not cascaded to all departments. Communication between employees (vertically and horizontally) is in need of much development. The existence of 'silos' is strong.

1.18 Objectives for OPM are aligned to the organisations' strategic objectives

There is no evidence pointing to the objectives for OPM being aligned to the organisations' strategic objectives.

1.19 Objectives for OPM drive performance excellence among all employees

Employees are not familiar with the concept of OPM. Hierarchy and top down management style is in place. Objectives for OPM driving performance excellence among all employees is not found in such clear and overt form. In addition, there are no means in place to measure performance excellence and not all employees are rewarded the way top management is. Individual performance appraisal has not been cascaded to all levels of employees, perceived as negative by employees who may account for a resistance to drive performance excellence.

1.20 What additional actions must be taken to meet OPM objectives?

- The alignment of IDP to the SDBIP and hence to strategic and performance objectives. Cost analysis in SDBIP should be done.
- Outcomes and progress to be communicated regularly to all employees.
- OPM outcomes to be a standing item on Council agenda.
- Cascade individual performance appraisal (and scorecards) to levels below managers.
- OPM should be implemented as a dedicated and institutionalised function.
- Clear strategic goals for all employees to know and implement
- All employees to receive capacity building in the "performance" requirements. More education, training and buy-in.
- Good risk analysis.
- Top managers' performance and rewards are viewed suspiciously in terms of political favoritism, when municipalities are linked with fraud and corruption. OPM may bring about a change in this practice. Financial incentives to all employees.
- Staff must be consulted prior to the implementation of the OPM function.
- Use best practices to promote accountability. The leadership (of the municipality) must implement developmental goals.
- Not possible to measure outcomes.
- Greater liaison (vertical and horizontal) between managers and lower level employees. Currently managers operate in "silos".
- Culture of performance to eradicate "corporate bullying".

THEME 2.

Assessment of capacity.

2.1 Managers institute OPM effectively

Top Managers see it as a waste of time or do not take the time to understand the function properly. Lack of capacity and a lack of information on OPM operationality. Capacity is lacking and those who really want to learn are not accommodated. OPM is non-existent or only dealt with at strategic level; coupled with a shortage of skill. OPM at initial stage. Capacity problems and a lack of understanding of the operation is a problem. Lack of commitment.

2.4 Managers of organisational performance are competent.

Top managers were appointed in their posts regardless of their rank and qualifications. People who have the capacity must manage the PMS. Managers' qualifications, competencies and experience are not communicated to all employees.

2.6 Managers of organisational performance are outcomes oriented

Managers of organisational performance are not outcomes oriented

2.7 OPM is building a culture of performance excellence among employees.

OPM not in place therefore difficult to determine whether it is contributing to a 'culture' of performance. No culture of performance can be detected.

2.8 Top managers are committed to drive organisational performance excellence

No incentive to perform well. No corrective measures for poor performance. Some employees are not motivated to perform. Currently employees perform to make directors 'look good'.

2.15 Managers engage staff in developing incentives for performance excellence

Managers do not engage staff in developing incentives for performance excellence. Managers are not committed and empowered. The merit awards for top managers are in place.

2.17 Employee growth plans (PGP's) are linked to municipal performance objectives

Employee growth plans (PGP's) are not linked to municipal performance objectives. Little spent on staff development. No plans in place for skills development. Lack of understanding. Incentives across the board. Link performance to skills development and career planning in order to encourage learning and growth.

2.21 Capacity for effective communication between the OPM function and other departments is available.

Not the case. Not a uniform practice. Some staff does not know how to treat the community coming to the municipality. Departments work in silos.

2.23 Have you experienced resistance to OPM in any form?

The majority of respondents report resistance to OPM. Yes there is some resistance. Yes, from senior management.

THEME 3.

Assessment of Resources (Human, Material and Financial) for OPM.

3.2 The OPM function is fully operational.

No dedicated department or staff for OPM. More resources are in fact required.

3.7 Time, effort and money are expended to develop performance excellence.

Information (knowledge management) is required on this matter. No budget for OPM as yet. No vision for it exists.

3.8 & 3.9 Time, effort and money are expended to monitor & evaluate programmes.

Since OPM is hardly addressed as such, there is a lack of information on this topic. Employees need to see the significance of monitoring and evaluation in their jobs.

3.10 The OPM function views the community as a strategic resource

OPM currently does not view the community as a strategic resource, for the strategic intentions and objectives formulation, capacity building and the utilization of resources of the municipality. Community not fully incorporated into the functioning of the municipality.

3.11 The OPM function supports the effective use of municipal resources.

OPM as a dedicated function is a new concept within the municipality. Lack of information on this topic. Need for civil and electrical engineers and other scarce skills.

3.13 The OPM department underutilise available resources.

OPM as a dedicated function is a new concept within the municipality. Lack of information on this topic. AG reports show underutilisation of municipal resources. The IDP and SDBIP employs ad-hoc planning and HR has no clue as to what is going on. Regular and clear feedback on expenditure is not always up to date and should be addressed.

3.19 The OPM is guided by internal performance management policies

OPM is guided by national legislation. Internal policies require fine tuning and specificity mainly in the areas of strategy, objectives, community involvement and monitoring and evaluation.

3.20 What additional resource(s) is/are required by the municipality to effect its OPM function?

- Implementation of OPM as dedicated function
- All resources are available, while expertise to effect utilization thereof is required
- IT upgrading, capacity and funding for PMS and OPM is required. Currently only one person is responsible for PMS/OPM/HR. More personnel and an automated system required.
- An electronic OPM instrument, dedicated staff and budget is required. The municipal manager is accountable for 'overall performance' directors are responsible for collating data for performance, tracking and managing performance audits. Performance is thus not accurately measured.
- SDBIP serves as departmental business plans. Departments do not have business plans linked to the municipal annual strategic plan.
- Financial resources required
- Scarce skills in HR and engineering are required.

THEME 4.

Assessment of the organisational performance instrument and implementation thereof.

4.1 The OPM instrument is fully operational

A functioning organisation wide PMS is not in place at the SB municipality; still in the planning phase, with much lacking in HR capacity. A process plan is needed. PMS has not been cascaded to all managers – is in process; only to top managers. No staff to implement and monitor or evaluate the process. OPM is nonexistent as a function, hence no institutionalised instrument to measure organisational performance. DM is in the process of initiating elements of an OPM function. The full delivery chain instrument resides with planners at 'strategic services'.

4.4 Employees are permitted to offer comments on KPI's

OPM not in place, general employees therefore are not involved in performance matters; the opportunity is restricted to section 56 and 57 managers.

4.7 The performance management cycle is managed according to strict due dates

To a large degree, the PM cycles are operating smoothly.

4.8 The OPM instrument measures municipal productivity

Municipal “productivity” is not measured. There are no reports which suggest that the task is present; ‘value is not always added’. The technical environment is also too complex to be measured’.

4.10 The KPI’s for target - outputs - outcomes are understood by all employees

The KPI’s for target - outputs - outcomes are not understood nor known to all employees. There is no understanding of an OPM function. There is a need for education and training (workshops re capacity building) in this regard. Hierarchy, bureaucracy and silos prevent employee creativity and interest in the municipality as development in any sense is the domain of the municipal managers.

4.13 The performance measuring instrument measures customer satisfaction

Surveys are not done regularly. A pilot was undertaken at DM. Instrumentation was not made available to researcher. A customer satisfaction rating scale was used.

4.15 The OPM instrument measures community participation on programmes

The OPM function and instrumentation does not exist.

Increase liaison with communities.

4.16 The OPM instrument evaluates programme worth (utility / relevance)

No formal process is in place for programme evaluation. The GWM&EF is not being made known to municipal employees.

4.18 There is resistance from senior managers towards OPM

PMS/ OPM is generally accepted. Many employees see it as a waste of time; ‘a mixed bag’ ... some resist others not. Many managers welcome performance management. Older managers are resistant to change as they view OPM as an additional workload. Senior managers will support an OPM programme in principle. They do not like change. Lack of commitment and understanding is common. There is a phenomenon employees refer to as “as corporate bullying”, therefore the reluctance of managers to support new initiatives such as an OPM function

4.22 What should be done to improve or enhance the performance measurement instrument?

- Regular and direct engagement at all levels of management
- Appointment of experts to get the PMS working
- An OPM function should be implemented with related capacity building to all employees and implement corrective measures for poor performance.
- Individual PA should be an HR function
- To cascade OPM objectives and tasks to all staff below managers.
- SDBIP and IDP requires a new 5 year cycle with clear objectives
- Impact on community of services delivered should be measured more regularly
- Programmes should be evaluated and monitored
- Performance of top managers should be measured empirically
- KPI’s to be constructed via community participation
- Align the OPM with the IDP; use the IDP process to adequately identify needs
- All employees to be included in performance matters linked to incentives with rewards
- Propose an inclusive and transparent process

ANNEXURE 4.10: MAIN POINTS RECORDED FROM FACE TO FACE SEMI STRUCTURED INTERVIEWS WITH MUNICIPAL MANAGERS AND DIRECTORS.

[Note: Names were deleted to retain confidentiality].

4.10.1 An interview with Mr ..., Corporate Strategy, Stellenbosch Municipality on 15/4/2011.

<p>1</p>	<p>OPM Objectives.</p> <p>Objectives are in place. Objectives are clear on measuring the performance of the organisation in terms of its targets and KPA's. The objectives are slanted towards the measurement of individual performance and the improvement of individual performance through counselling, coaching and interventions. Objectives specific to OPM did not exist. All references to OPM objectives utilised the current objectives which are inadequate in terms of its specificity to OPM. Performance objectives were in place and found to be satisfactory but skewed more towards individual performance of top management.</p>
<p>2</p>	<p>Capacity.</p> <p>The OPM function subsists with the Corporate Strategy Executive and a dedicated OPM department does not exist. Managers are responsible for processing performance information for the purposes of the Annual Reports (Section 47 report). At the time of the interview it was not clear whether the current capacity was adequate. It appeared that the researcher was not being told of the actual situation in spite of probing for more information. However it was the view of the interviewee that there was a need for a dedicated OPM function. Capacity in the OPM function was required in terms of the further development of the OPM function. The appointment of a well qualified OPM specialist to drive the OPM agenda was needed.</p>
<p>3</p>	<p>Resources.</p> <p>Resources were required to automate the system of communication in relation to performance reporting. This meant more employees and computers, intranet (Group-wise) to effect the OPM task. Resources in the OPM function were found to be required for the further development of the OPM function. Finance was a requirement in this instance for material equipment and training of employees. Ward committees and the community were not exploited as a resource in measuring or planning for performance at the municipality. It was said to be an area in need of development and understanding.</p>
<p>4</p>	<p>OPM Measuring Instrument.</p> <p>The municipality is not using a clearly defined measuring instrument for OPM. Training and greater input on the refinement of the performance measuring instrument is required. Outcomes oriented planning is being utilised. The same would be said for evidence. The instrument in current use does not measure customer satisfaction. The interviewee stated that the current system of performance measurement is adequate and serves the purpose of performance reporting. The employment of an effective instrument for the measuring of overall performance on municipal programmes meant examining the reasons for the over emphasis on SDBIP and IDP and these by itself does not constitute</p>

	pure programmes (by the definition of a programme). Programmes were not monitored and evaluated in formal manner; hence there were no formal M&E reports.
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4.10.2 An Interview with Ms ..., HR, Stellenbosch municipality, on 20/3/2011.

1	<p>OPM Objectives.</p> <p>Objectives are in place. Objectives are clear on measuring the performance of the organisation in terms of its targets and KPA's. The managers need to be more organised; with more specificity in the objectives and objectives should be geared to drive performance management and managers. Objectives were not outcomes and evidence driven. Objectives specific to OPM did not exist. All references to OPM objectives utilised the current objectives which are inadequate in terms of its specificity to OPM. It is the opinion of the interviewee that the objectives do not encourage excellence in performance. Objectives should be cascaded to all departments.</p>
2	<p>Capacity.</p> <p>Managers require coaching in terms of working together as a team. Managers require coaching in terms of being more organised. In relation to the creation of a knowledge base for enabling OPM, the municipality was supportive. In relation to training, and the capacitation of existing employees the interviewee felt positive. The areas of concern were the efficient functioning of the OPM function and the development of a culture of performance among all employees. The interview expressed concern over the future of OPM at the municipality in meeting the needs of all stakeholders and the employees. Expertise could be added. Managers required training in how to drive programmes in terms of improved organising, motivating and planning skills. The high level of political interference in the affairs of administration was debilitating. Strategic support in relation to OPM required enhancement.</p> <p>However there was much support from the MM and the Corporate Strategy Executive for OPM. Political interference in administration hampered work processes. Improved intra-organisational communication required improvement</p>
3	<p>Resources.</p> <p>All resources were available to make OPM fully operational and that these resources (material, financial and human) should be expended to make OPM effective and efficient.</p>
4	<p>OPM Measuring Instrument.</p> <p>Regular and direct engagement with management is required in terms of implementation, rather in terms of promoting greater understanding of the instrument among employees. OPM would be beneficial to all employees.</p>

4.10.3 An Interview with Mr ..., Top manager, Stellenbosch municipality on 15/4/2011.

1	<p>OPM Objectives. Municipality does have its overall performance objectives and it is known to all. Satisfaction in this regard exists.</p>
2	<p>Capacity. Municipality is in a 'silly' period with the elections looming. Current capacity is not a problem. Performance reporting proceeds smoothly to the satisfaction of the external stakeholders such as the AG and the Provincial Treasury. It was however important to manifest and develop the culture of performance from top down.</p>
3	<p>Resources. Resources were required to automate the system of communication in relation to performance reporting. This meant more employees and computers, intranet (Group-wise) to effect the OPM task. Finance was a requirement in this instance for material equipment and training of employees. Ward committees and the community were not exploited as a resource in measuring or planning for performance at the municipality. It was said to be an area in need of development and understanding.</p>
4	<p>OPM Measuring Instrument.</p> <p>To comment on the terminology of OPM. That a PMS was in place warranted that the elements on OPM be further explained. Not seen in government documents. More referred to as 'overall' performance. SDBIP and IDP forms the bulk of the performance report. Reporting style not neatly packaged in terms of the 'delivery chain'. Quarterly performance reports are delivered. Performance not about matrixes and paper work, but about real outputs.</p> <p>The IDP format requires a re-examination. Not required to look good on paper when there are in fact no real 'value adds'. The requirement for a dedicated OPM department was debatable. The municipality finds the current status quo adequate. Projects and programmes are being monitored and performance reporting on these are satisfactory. Confusion over outputs and outcomes. From the discussion on 'outcomes' the researcher concluded that the focus on 'outcomes' was not practiced and not clear. Discussion on 'intangibles' captured in performance measurement. Researcher queried whether the interviewee understood that the 'intangibles' should be captured in the 'outcomes'.</p>

4.10.4 Interview with Mr ..., Strategy and Corporate Services, Stellenbosch municipality, on 16/5/2011.

<p>1</p>	<p>OPM Objectives.</p> <p>The policy on performance management was compiled in 2007/2008 and a review of the performance objectives was necessary as they are outdated. The task was issued to the Director for Performance Management. However there are capacity constraints and the Director for performance management has not performed the task in time for the annual report of 2008/2009.</p> <p>The objectives for OPM are therefore unclear, non specific to the PMS key programmes. Objectives are not geared to any existing instrumentation for the measurement of performance, capacity or resources constraints. The objectives for OPM did not emanate from a previous strategic planning session. The objectives would have to be conducive to alignment with key municipal programmes.</p> <p>Objectives were not geared embrace M&E. While monitoring is factored in (in a non specific way), the component for the evaluation of programmes remains unaccounted for. Performance objectives have not been cascaded to all departments.</p> <p>In terms of the objectives for OPM, the “shortfalls” in policy requires fresh recommendations that would facilitate the “automation” of municipal processes, i.e., the performance objectives should be specific in relation to expected programme outcomes.</p> <p>The interviewee placed an enormous amount of emphasis on public participation stating that public participation should be regular, genuine, consistent, and be imbued with integrity, openness and accountability. A link should thus be made between public participation, organisational and individual performance objectives and service delivery. Public participation should engender the empowerment of communities to engage council. It was important to “get this right then there would be no need to deliver outputs that the public has no use for”. Communities were in a position to hold council accountable. Public participation was the one priority issue that the Interviewee felt that prominence in the formulation of performance objectives was required. The development of a culture of performance was stressed and the interviewee felt strongly that this was poorly lacking. Differing mindsets, personal objectives, party political loyalties and reluctance were among the factors which inhibited the creation of a performance culture at the municipality. SALGA did little to create this meaningful bond at municipalities and between municipalities. It was therefore important to address the eradication of “silos” at the municipalities.</p>
<p>2</p>	<p>Capacity.</p> <p>The interviewee emphasised that the municipality could not financially afford to ‘head hunt’ professionals skilled in performance management. The municipality could not retain such employees as the area was “expensive” to live in. The municipality experienced capacity problems in (i) planning for performance, (ii) knowledge in the field of performance measurement, (iii) inter- departmental liaison and communication (iv) inter- departmental integration of performance</p>

	<p>goals. These factors made ‘capacity problems’ a reality. In addition, managers in general do not gauge the importance of performance management and “do not grasp the importance of the concept”. This phenomenon reduced the effectiveness and efficiency of managers to implement a performance management function.</p> <p>Capacity for inter departmental communication is diminished owing to the fact that directorates, in spite of the IDP, still cling to the “silo” syndrome. Having spoken of the “silo” syndrome at length, it was implied that managers are resistant to accept performance management as a facet of daily and general management. However, the municipal manager is compelled by law to sign agreements and complete performance appraisals which are motivated strongly by the “bonus” incentive.</p>
<p>3</p>	<p>Resources.</p> <p>The interviewee stressed that council employees should have the mindset to “achieve with what resources you have”, i.e., with available resources and not say “we cannot because we do not have the resources.</p> <p>Budget restrictions play a large role in programme development. For example in housing, water and sanitation, which, when coupled with a low or weak public participation factor, results in poor performance outcomes. Municipal officials do not communicate the lack of resources to communities which lead to a breakdown in communication and poor public engagement processes. However, in terms of performance, a lack in capacity may also lead to the underutilisation of resources, public participation and poor performance outcomes.</p>
<p>4</p>	<p>OPM Measuring Instrument.</p> <p>The interviewee confirmed that there is no identifiable instrument that is being used by the municipality to measure organisational performance. A lack of knowledge of the Logic model, excellence measuring models such as quality assurance models, the Kellogg model or the model proposed by the SALGA “toolkit”. The interviewee stated that such an instrument would compel quality performance from employees.</p> <p>In addition, there was gap in the understanding of how performance “outcomes” are understood and written. It was also a problem in unraveling how the municipality would implement the “full delivery chain”. The interviewee was not aware of the contents stated in the IGP and GWM&EF documents and hence stated that the municipality had not paid adequate attention to the implementation of a performance measuring instrument incorporating the outcomes-outputs-inputs continuum.</p> <p>Municipal managers are not necessarily “outcomes” oriented, but prone to be more “targets” driven. Organisational performance management was therefore not outcomes nor evidence driven at the municipality currently. The interviewee did not express any opposition to such a system, but was ‘challenged’ by the fact that the capacity to drive such a system or performance instrument was dependent on the capacity of the various departments to implement it.</p>

	<p>The interviewee was concerned about the ability of employees to balance compliance to the legislation and the execution of good governance with the acute sense to deliver what was pertinent, relevant and current on the demands list of the communities. The interviewee felt strongly that this genre of management was tied in with a sense of performance culture, best practice and red tape reduction. He said that the municipality was on a learning curve and that eventually these things would be put in place.</p> <p>While the political agenda is a strong factor in the administration, and while this influence cannot easily be eradicated, the interviewee admits however that political agendas do interfere with outputs and outcomes, satisfied communities and dissatisfied communities; hence the lack of priority accorded to performance management. No careful attention is paid to KPI's. Little understanding of 'outcomes'.</p>
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4.10.5 An interview with Ms ..., Manager, Strategic Planning, Drakenstein Municipality, on 20/7/2010.

1	<p>OPM Objectives.</p> <p>The objectives were presented in draft for further refining as the process proceeds with IGNITE (Performance Management consultants). Objectives are directly related to performance outcomes. Interviewee have a sense of satisfaction that the objectives were accurate, meaningful and relevant. Objectives were available. Objectives compel employee performance in the main. Researcher had to equate OPM with overall municipal performance measurement, as terms are used interchangeably. OPM objectives were in place and found to be satisfactory.</p>
2	<p>Capacity.</p> <p>No skilled person for a dedicated OPM function. Strategic Services was effecting performance management, IDP and related corporate affairs matters. Capacity building in relation to OPM was not in place. Capacity in the OPM function was satisfactory and dependent on the further development of the OPM function.</p> <p>The OPM function rests with Strategic and Corporate Services. Relevance in terms of current need and resources was low. Basis for understanding the rudiments of OPM were neglected in some departments.</p> <p>Based on the experience and expectations of the researcher, the interviewee was not forthright in expressing the issues and matters concerning the capacity to institute OPM. There were capacity needs and the need to verify and consolidate the work of the consultant. The municipality did not have a dedicated OPM department but does have a dedicated Director (manager) for the function. It did appear, that based on my direct questions for the need for a dedicated OPM department, that the manager was projecting a high sense of positive expectations with regard for the future of the function.</p>
3	<p>Resources.</p> <p>While the municipality did not have a dedicated department, the interviewee felt secure that perhaps more employees were needed to perform the tracking and</p>

	<p>administration of the OPM function. The municipality had successfully drafted policy document and performance reports which were handed to me. Financial, material and human resources were said to be adequate and satisfactory. The researcher learned that the municipality could not appoint a person dedicated to OPM. Financial resources were not available for the function. An instrument akin to the “full delivery chain” did not exist.</p> <p>The municipality is lacking in measuring OP in terms of outcomes and evidence produced. More understanding of an instrument is required. Resources in the OPM function were satisfactory and dependent on the further development of the OPM function.</p>
<p>4</p>	<p>OPM Performance Measuring Instrument.</p> <p>The instrument (no name for it was specified) was being set up at the time of the interview. The proposed instrument included elements of the “full delivery chain”, i.e., establishing the outcomes firstly, then the outputs, and activities and inputs. While the interviewee deliberated on the well-foundedness of the KPI’s, little remark was made about the distinctiveness of the KPA’s from which the KPI’s ought to flow. The instrument proposed by IGNITE was therefore based on the Kellogg model, of which the SALGA Toolkit has much in common. The interviewee did not have specific knowledge of these instruments and therefore could not validate the work of the consultant. Worried by the terminology of OPM as the term was not being used by the municipality. National policy and legislation on performance issues and matters were not dealt with in the refinement of the instrument for measuring performance. There is confusion over outputs and outcomes as terminology must be properly understood by all.</p> <p>The municipality placed emphasis on the SDBIP and the IDP as primary reporting instruments, without the self criticism that these were essentially not programmes in itself tools, as part of larger programmes such as infrastructure, social housing and services. There was admission that the Auditor General had issued guidelines for effective municipal reporting.</p> <p>While the municipality had planned the cycle for quarterly reporting, the researcher was left dissatisfied as the need for a comprehensive performance reporting instrument was not highlighted by the interviewee. The employment of an effective instrument for the measuring of overall performance on municipal programmes meant examining the reasons for the over emphasis on SDBIP and IDP and these by itself does not constitute pure programmes (by the definition of a programme). Programmes were not monitored and evaluated in formal manner; hence there were no formal M&E reports. The municipality found the current status quo in terms of developing OPM, adequate. Hierarchy very strong. Performance matters subject to be scrutinised by the MM. Time between decisions are lengthy.</p>

4.10.6 An interview with Mr ..., Strategic Support, Drakenstein Municipality on 30/5/2011.

<p>1</p>	<p>OPM objectives.</p> <p>I state that the performance objectives should take cognisance of other strategic objectives. Yes there are performance objectives specific to measuring performance on municipal programmes such as the IDP/ Extended public Works programme (EPWP), MDG's etc. I states that the Departments are still working in “silos” although there has been much discussion on “good governance” at the municipality to break away from this. Performance objectives are strongly connected to the IDP objectives, which are aligned to certain national strategic objectives. I state that there is only a slight difference between national and provincial strategic objectives and that the municipality are using these objectives in addition to their own performance objectives in terms of “good governance”. Locally for example, public participation in the IDP and performance would be one of these objectives as targets and KPI’s would be derived from this engagement. IDP and SADBIP objectives not aligned to performance and strategic objectives. Requires more work. See the IDP and SDBIP definitions in the ACT (Systems Act).</p> <p>Service departments meet objectives through the attainment or non attainment of the KPI’s, then report to the MM and MAYCO via Strategic Services. Objectives are reviewed at mid-term and the municipality has introduced quarterly reporting. I states that Strategic Services is responsible for the performance of the municipality and that a dedicated team is responsible for performance; however the department is not appropriately positioned and therefore not as effective as it should be. [The problem explained was that Strategic Services has no authority and independence viz a viz the other departments, hence silos and hence each directorate chooses their own priorities and not the priorities as specified by Strategic Services].</p>
<p>2</p>	<p>Capacity.</p> <p>The current capacity is adequate (satisfactory) to implement overall performance and currently not a major challenge management to the municipality. The problem of managing municipal performance does not lie with capacity. The municipality has trained its internal performance audit committee in lieu of evidence based training as the municipality is beginning to introduce evidence based performance management. The municipality has conducted regular training in relation to IDP and SDBIP. However the personal growth plans (PDP: personal development plans) have not been cascaded to all staff and is particular only to HOD’s. Top managers also receive <i>employer excellence awards</i>.</p>
<p>3</p>	<p>Resources.</p> <p>The municipality does not have constraints in terms of its current performance management system; however if the system were to become highly effective and</p>

	<p>efficient, then this might not be the case and additional resources may be required. On the matter of “culture of performance” the municipality has not given much thought however I explains that in this case the “attitude” of employees must be worked on. “Attitude is the key” in the implementation of OPM. In terms of measuring performance, more must be done in terms of the section 47 reports (annual reports) . It should be noted that the municipality has not implemented an M&E function. In addition the M&E function is not fully explained in the policy document of the municipality. As far as the community is viewed as a strategic resource, the I stated that community participation is addressed at the IDP mid-term review.</p>
<p>4</p>	<p>OPM Measuring Instrument.</p> <p>I responded by saying that the IDP as a measuring instrument is not up to scratch as the incoming reports are fragmented and not streamlined and that the information is not subjected to internal and external auditing. Not possible to measure the impact of the IDP currently. The AG specified that tasking and reporting is not aligned effectively. Current organogram required revision as the ED for Strategic Services cannot elicit the help from the MM when required.</p> <p>Performance targets were not measurable in the past and the municipality is in the process of correcting this. The municipality is has been aspiring to use the (i) TQM model without actual evidence thereof in practice (ii) Balanced Scorecard without actual evidence thereof in practice (iii) SABS ISO 2008 for local government, without actual evidence thereof in practice and (iv) hoping to introduce the SA Excellence (customer satisfaction) Model [EFQM: European Foundation for Quality Management].which is owned (intellectual property rights vested in a Johannesburg Private Consultancy). The municipality does not have a model akin to the one suggested in the IDP document and the SALGA “toolkit”. These models are dependent on effective It systems, i.e., additional resources.</p>

4.10.7 An interview with Mr ..., Human Resources, Drakenstein Municipality on 30/5/2011.

<p>1</p>	<p>OPM Objectives.</p> <p>Performance management objectives are clear and related to the strategic objectives of the municipality. The difficulty is that all employees do not understand and regard the objectives in the same way. Strategic objectives are not clear to most of the employees as it has not been effectively cascaded, wrt organisational and individual scorecards. A responsible person is required to manage this task. There is also conflict between directorates as is the battle to dissolve the silos. Silos are politically supported which make interdepartmental cooperation on “objectives implementation” a difficult task as individuals are afraid of being labelled. Top management is therefore not bringing about the cohesion needed to implement the OPM effectively</p> <p>The political interference at the top level is real and damaging to effective OPM. Interviewee is not sure of the SDBIP objective being aligned to the IDP objectives and has no knowledge of strategic and performance objectives alignment</p>
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	exercises.
2	<p>Capacity.</p> <p>Capacity at the municipality is not bad. Little or no additional capacity is required to establish the OPM function. When OPM is implemented then perhaps the situation will call for dedicated OPM staff. Training specific to performance management is not being done at the municipality. The PDP, personal development plans is not working the way it should as it is not related to performance excellence planning. Council to make the decision on a policy related to incentive schemes. This policy has therefore not yet been approved.</p>
3	<p>Resources.</p> <p>The municipality is well resourced to implement OPM. Performance management software is required. As far as a culture of performance is concerned, the battle is still at the initial stages as there is a real need for finance to workshop and stimulate thinking on the culture of performance. It is necessary to capture the minds of employees. “The challenges are not clear as yet. Task would have to involve lower levels also to communicate with officials”. M&E has not yet been implemented as a viable and sustainable function of the municipality. On public participation the municipality deals with it through the IDP; however constant feedback to the community is lacking and the agenda seem to be different each time with little relation between the previous and the follow up meeting. This leads to systematic breakdown in relation to relations between the community and the municipality. In relation to OPM this is a matter of concern and requires attention.</p>
4	<p>OPM Measuring Instrument.</p> <p>While the Balanced Scorecard has been suggested to be the instrument to measure organisational performance, the municipality has obtained software from the consultant (IGNITE) to implement the SDBIP. However there are no linkages between the SDBIP, IDP and the Balanced Scorecard.</p> <p>Another problem is that the IDP is supposed to coordinate and integrate plans and programmes but “all do not take ownership” of the IDP and “this is the problem” as the measuring instrument will fail if it is not supported by all. A “universal” instrument is required by the municipality to address the measuring of performance outcomes.</p> <p>All employees need to be “jointly take responsibility for the instrument”</p>

ANNEXURE 5.1: PERFORMANCE OBJECTIVES FOR THE STUDY POPULATION

Drakenstein Municipality

Drakenstein Municipality. Policy Framework : PMS .

Adopted on 19 June 2008

- To ensure the accomplishment of strategic objectives
- To implement development planning.
- To build a culture of performance
- To ensure alignment of strategies.
- To ensure that operational level employees and external stakeholders understand the performance expectation of the municipality.

Organisational Performance Management / Measurement.

Drakenstein Municipality Presentation on 14 August 2011 (Slide 8)

- Measure performances against Organisational Targets/ Key Performance Indicators
- Measure performances against the Budget
- It helps to identify and support programs for development
- Provide information on how resources should be allocated to ensure effectiveness
- Promote Accountability and Transparency
- Most importantly, it sometimes raises fundamental questions and sometimes provides definitive answers

Stellenbosch Municipality.

Policy on the Performance Management System, October 2005

Objectives are stated as “purpose of performance management”

- To satisfy the needs of the community.
- To create a culture of best practice.
- To facilitate increased accountability and continuous improvement.
- To provide early warning signals.
- To assist in developing meaningful intervention mechanisms.
- To develop a skilled workforce.
- To assist managers and departments with managing the implementation of the IDP.
- To identify services to be delivered through alternative mechanisms as required by Section 77 of the Municipal Systems Act, 2000 (Act 32 of 2000).

Stellenbosch Municipality.

Implementing the Performance Management System. October 2005

Performance objectives:

- To measure and provide feedback on the performance of the Municipality's employees in efficient and expedient manner.

- To set measures and targets for each key functional area that is reliable, valid, user-friendly and generic. Targets must be easy to measure.
- To facilitate the implementation of performance improvement programmes, namely training and development interventions, coaching, counselling etc.