

The Impact of the Performance Management System in South African Local Government (Municipalities)

Mpilo Ngubane*

Independent Researcher, Doctor of Administration from University of KwaZulu-Natal and Doctor of Public Administration from University of Zululand, South Africa. Adjunct Professor at UNISA Business School of Leadership

**Corresponding Author: Mpilo Ngubane, Independent Researcher, Doctor of Administration from University of KwaZulu-Natal and Doctor of Public Administration from University of Zululand, South Africa. Adjunct Professor at UNISA Business School of Leadership*

ABSTRACT

Any meaningful success of the organization is measured through its ability to achieve its organizational objectives and the impact it has on the environment. Municipalities are measured by their ability to deliver services and whether or not citizens are satisfied with service delivery and more often than not they are not satisfied. This then calls for active participation by the public or citizens so that they have a say and contribute to how services should be delivered to them. Public participation practitioners have long been advocating for participation by the public in administrative decision-making processes. Although citizens or public participation is highly rated and recognized, there is very little evidence of its impact on performance management. It is for this reason that this study sought to examine the impact of the Performance Management System in South African local government (municipalities). The methodology used was descriptive analysis. It found that the South African local government Performance Management System does not effectively impact the lives of the citizens and the public is not fully involved in performance management. The study therefore recommends that the whole Performance Management System should be overhauled so that it can have an impact on the lives of citizens.

Keywords: Performance Management, Performance Management System, Public Participation, Performance Planning, Performance Measurement, Performance Targets, Performance Evaluation, Performance Review, Performance Reporting, Performance Auditing

INTRODUCTION

Performance management by its very nature, if properly implemented, evaluated and assessed, should lead to organizational effectiveness and help the organization achieve not only its strategic goals but also operational goals. Recent research, together with considerable anecdotal industry evidence, suggests that many organizations and their senior managers still regard performance management as a mechanistic annual ritual, but has little relevance to their “bottom line” with minimal recognition and understanding of a powerful tool which it can become (Nankervis and Compton, 2006). The same applies to local government performance management system where it is understood as a tick-box exercise without any practical impact on the lives of communities who are the ultimate beneficiaries of services rendered by municipalities. Very few

literature has exclusively measured the impact and effectiveness of a Performance Management System especially at an organizational level. Armstrong (2015) defines Performance Management System Effectiveness (PMSE) as the measure of alignment between employee and organizational objectives.

AIM AND OBJECTIVES OF THE STUDY

The main aim of the study was to examine the impact of the Performance Management System in South African local government. The objectives of the study were to:

- Define the concept of Performance Management.
- Establish the rationale behind the Performance Management System.
- Locate the Performance Management System within the South African legislative context.

The Impact of the Performance Management System in South African Local Government (Municipalities)

- Analyze the Performance Management Model.
- Analyze the relationship between public participation and performance management.
- Establish the gaps in the South African Performance Management System in terms of public participation.

CONCEPTUAL FRAMEWORK

The Concept of Performance Management

Performance Management is defined by Armstrong and Baron (1998) as a strategic and integrated approach to delivering sustained success to the organization by improving the performance of employees and by developing the capabilities of teams and individual contributors. This definition emphasizes that performance management should be approached both strategically and integratively which therefore means that it should be linked to strategic objectives of the organization. Although it is not always advisable to distinguish between organizational and individual performance, it is important, for the benefit of this study, to define organizational performance and then contextualize where individual performance can be located within the organization.

Organizational performance is the process of making sure that the organization's resources are being properly used in pursuit of company goals (Akinniyi and Adebakin, 2021). To link organizational performance to individual performance, Gobler, et al. (2011) define performance management as a process that significantly affects organizational success by having managers and employees work together to set expectations, review results and ultimately reward excellent performance. This simply means that success of the individual performance should be intricately linked to the success of the organization therefore individuals cannot be rewarded on achieving individual performance targets when the organizational performance targets have not been achieved. Zhong, et al. (2016) have also found that individual-level performance is beneficial for organizational performance.

The Rationale for a Performance Management System

The White Paper on Local Government (1998) discusses the characteristics of developmental

local government, identifies a series of development outcomes and proposes several tools to assist municipalities to become developmental. One of the tools that can help municipalities become developmental is Performance Management. Organizational performance has a direct link and results to organizational effectiveness. Richard, et al. (2009) assert that organizational effectiveness is broader and captures organizational performance plus the plethora of internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation, such as corporate social responsibility.

The Local Government Municipal Systems Act (2000) identifies objectives of the performance management system as follows:

- To facilitate the development of strategy.
- To facilitate increased accountability from the municipality.
- To create a culture of learning and development.
- To facilitate effective decision-making.

The following are the benefits of a Performance Management System to the municipality:

- It helps in assessing structural and organizational functionality and enables effective organizational alignment with the objectives and strategies of the municipality.
- It helps the municipality achieve its strategic and developmental objectives as espoused in the Integrated Development Plan (IDP).
- It helps in assessing the adequacy of the resources provided.
- It helps provide services in an efficient, effective and economical way.

The following are the benefits of a Performance Management System to employees of a municipality:

- It helps provide clarity in terms of the duties and responsibilities of employees.
- It helps employees to understand their weaknesses, strengths and gaps that require more learning and development.

The Impact of the Performance Management System in South African Local Government (Municipalities)

The following are the benefits of a Performance Management System to the community:

- Translation of the IDP targets and objectives into realizable services on the ground.
- Holding the municipality accountable in terms of the process made.

THE LEGISLATIVE CONTEXT

The Constitution Act of the Republic Of South Africa, 1996

Section 152 of the Constitution enjoins municipalities to:

- Provide democratic and accountable government to local communities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote social and economic development;
- Promote a safe and healthy environment;
- Encourage the involvement of communities and community organizations in the matters of local government.

This therefore means that communities have a constitutional right to the above-listed and are even empowered to litigate municipalities that can renege on this constitutional obligation.

The White Paper on Local Government, 1998

Section B of the White Paper on Local Government (1998) affirms the stance adopted by South Africa after 1994 (independence) that local government was going to be developmental in its outlook. Developmental local government is therefore intended to have a major impact on the daily lives of South Africans therefore it must play a central role in representing communities.

It must focus its efforts and resources on improving the quality of life of communities that are most often marginalised or excluded such as women, people with disabilities and very poor people.

The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities, in particular, meeting the basic needs of the poor and on the growth of the local economy.

The Local Government Municipal Systems Act, 2000

Section 38 of the Municipal Systems Act (2000) enjoins all municipalities to establish a performance management system that is commensurate with its resources, best suited for its circumstances; and is in line with priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP). Municipalities are expected to promote a culture of performance management among its political structures, political office-bearers and councillors and its administration and they should administer their affairs in an economical, effective, efficient and accountable manner.

Section 41(1) provides that a municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-

- a) Set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact with regard to the municipality's development priorities and objectives set out in its IDP;
- b) Set measurable performance targets with regard to each of those development priorities and objectives;
- c) With regard to each of those development priorities and objectives and against the key performance indicators and targets monitor performance, measure and review performance at least once per year;
- d) Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met; and
- e) Establish a process of regular reporting to the Council, other political structures, political office-bearers and staff of the municipality, the public and appropriate organs of state.

Section 42 enjoins municipalities in the development, implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate indicators and targets for the municipality.

PERFORMANCE MANAGEMENT CYCLE

Performance Planning

It ensures that the strategic direction of the municipality informs and aligns the IDP with all other municipal plans and activities. Key Performance Areas (KPA) and Key Performance Indicators (KPIs) are assigned based on the input submitted by communities and incorporated in the IDP.

Performance Measuring and Monitoring

It is an ongoing exercise to determine whether performance targets have been met, exceeded or not met. There should be reasons for exceeding or not meeting performance targets. Measurement of performance is done on quarterly basis.

Performance Evaluation

It is an analysis that responds to why there was underperformance and also what informed or led to good performance. Where targets have not been achieved reasons thereof need to be examined and corrective measures be put in place.

Performance Reporting

This refers to regular reporting to management, the performance audit committee, council, auditor-general and the public.

Performance Review

It involves the verification that the measurement mechanisms are accurate and that proper procedures are followed to evaluate and improve performance. The Internal Audit Unit of the municipality must audit performance on quarterly basis and the Auditor-General must audit it annually.

PERFORMANCE MANAGEMENT MODEL

A good performance management model of a municipality is founded on the municipal IDP which is an overarching municipal strategy with contributions from the community incorporating the sector plans developed by the municipality and other sector departments focusing on development of the same municipality.

The IDP should be resourced and budgeted for hence the IDP is always approved by Council together with the budget. The IDP therefore

becomes a planning phase for performance management since all the plans and activities of the IDP should be translated into targets. The relationship between the IDP and Performance Management System is regulated, and the targets are translated into a Service Delivery Budget Implementation Plan (SDBIP) at a Directorate or Departmental level.

The SDBIP is a plan that changes the content of the IDP into measurable targets linked to the budget defining the objectives and business processes with timeframes and responsible people to perform those tasks. Implementation of the SDBIP is then measured monthly, assessed quarterly, and evaluated annually. This SDBIP then becomes the municipal scorecard or balanced scorecard which consolidates service delivery targets for senior management and provide the overall picture of the performance of the municipality as a whole and includes performance on strategic priorities. Performance targets of lower levels employees are derived from Departmental SDBIPs and become more and more operational in nature.

All staff therefore sign performance agreements which are aligned with organizational performance and that becomes their individual scorecards in the form of performance plans supported by performance development plans that help develop employees in order to perform better and achieve the set targets. Formal performance reviews are done by supervisors bi-annually, the second one being for purposes of bonus payments as well for exceeding targets. Poor performance is also attended through developmental support or formal performance disciplinary process if it is dismal and continuous.

There are institutional governance arrangements for a Performance Management System. Governance structures are meant to offer credibility of the PMS and are both internal within municipalities and external auditing bodies for objective evaluation of performance information. The Performance Manager is an internal designated position to coordinate and ensure good quality reporting on performance information and is the custodian of institutional performance records. He or she supports the Accounting Officer in

the implementation, monitoring, review and evaluation of performance. The Internal Audit continuously audits performance reports based on the organizational and departmental scorecards. They produce an audit report on quarterly basis and is submitted to both the Municipal Manager and the Performance Audit Committee.

The Performance Audit Committee reviews quarterly reports submitted by the Internal Audit and reviews the performance system as a whole. Performance is reported monthly, quarterly, bi-annually and also annually.

When it comes to public participation, the municipality prepares an Annual Report which contains annual performance of the municipality, and the public is expected to comment. Media is used to advertise the Annual Report which is normally placed at certain strategic areas of municipal offices for the public to view and then submit comments within the stipulated deadline date.

THE PARTICIPATION OF THE PUBLIC IN PERFORMANCE MANAGEMENT

Over the tenure of their careers, bureaucrats develop expertise in their areas of specialization, allowing them to know more about policies than the broader public or its elected representatives (Meier, 2000). The question then is, since bureaucrats are judged on their knowledge base, how can the public or citizens ensure that their interests are taken care of.

It is believed that one such mechanism is direct participation in the administrative decision-making process. Some governance scholars such as Nabatchi, 2010; and Sirianni, 2009 have provided valuable insights into the nature of public participation. What is missing though, is a systematic analysis relating public participation to the core purpose of public administration, that is to deliver public services as efficiently and effectively as possible.

It is also important to establish to what extent bureaucrats consider and use citizens' input when setting priorities for municipalities and whether public participation improves organizational performance in terms of efficiency and effectiveness of public service delivery.

The Nexus between Public Participation and Performance

Some authors have studied the nexus between public participation and performance. The study of Landre and Knuth (1993) assesses the success of the outcomes of participatory process and the process itself. Vogoda (2002) poses a similar question, but his study focuses on the effect of perceived performance of the public sector on the level of citizen engagement. Ho and Coates (2006) and Heikkila and Isett (2007) also examine the link between public participation and performance, but they inquire into the extent of public involvement in the process of setting performance indicators. Common findings from these studies are that citizens lack expertise or knowledge of policy. They are often reluctant to devote time and effort to understand public issues which explains low attendance in public meetings.

Scholars such as Ebdon and Franklin (2006); Irvin and Stansburg (2004); Robbins, Simonsen and Feldman (2008) recognise that there are administrative costs associated with public participation, and that is often seen as a barrier. They see public participation as time consuming and has the potential to slow down decision-making since the public needs to be informed and even educated first in order to meaningfully participate in administrative processes.

This kind of investment to the education of the public may be a discouraging factor for some municipalities. Scholars agree that public participation leads to better policy and implementation of decisions thus it can be associated with a greater attainment of organizational goals (Beierle and Cayford, 2002; Fogotto and Fung, 2009; Fung 2004; Roberts, 1997; and Sirianni, 2009).

According to Nabatchi (2010), citizens participation is seen to have:

- a) Normative (or intrinsic) benefits, that is, it has value in and of itself regardless of outcomes;
- b) Instrumental benefits for citizens, that is, educative and empowerment effects through increased knowledge of the policy

The Impact of the Performance Management System in South African Local Government (Municipalities)

- process and the development of citizenship skills and dispositions;
- c) instrumental benefits for communities, that is, capacity building within the community; and Instrumental benefits for policy and governance.

Citizens are regarded as a source of solutions for the challenges they experience in their areas. This therefore means that they can contribute to better provision of target-specific solutions to their needs, and performance targets that are set by them can achieve a better solution than those set by bureaucrats. Moynihan (2003) asserts that citizens can

provide innovative solutions to public problems that would not have emerged from traditional modes of decision-making. He further links participation benefits to performance by stating that public input can provide information that helps managers improve public efficiency through information that leads to improvement of the process of public service provision.

The International Association of Public Participation (IAP2) (2007) has developed a spectrum of public participation which classifies public participation process into five stages in terms of increasing level of public impact and these are inform, consult, involve, collaborate and empower.

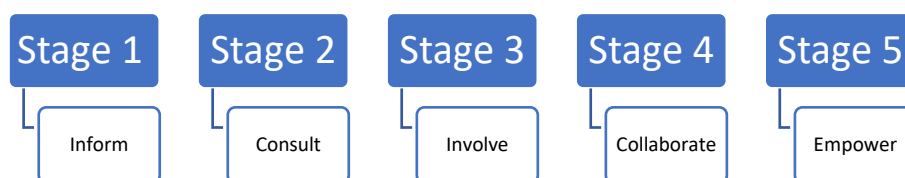


FIGURE 1. Stages of Public Participation (Adapted from IAP2, 2007)

When the citizens are informed, in most cases, there is no submission required from them except just making them aware of particular information. For example, citizens can be informed if there is going to be water or electricity cuts in their areas because of maintenance. This is usually done through public notices, posters, electronic media, radio announcements, loud-hailing, public meetings, etc. Consulting citizens requires certain feedback from them and that can be done through surveys. The “involve stage” seeks to work directly with the public throughout the process to ensure that public concerns and aspirations are constantly understood and are constantly considered. The “collaborate stage” involves partnering with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution. Empowering citizens involves training, education and awareness programmes to empower them to participate effectively.

FINDINGS ON THE STUDY

The following are the findings of the study:

- The general definition and understanding of Performance Management in South Africa fits the

global conceptual definition of Performance Management.

- The rationale behind the Performance Management System is to help the organization to systematically deliver and achieve its strategic objectives and performance targets thus impacting positively on the lives of its clients which is the citizens in the case of local government.
- The South African Performance Management Model does have all the aspects of a performance management model.
- When citizens participate fully in the Performance Management System, they can contribute to better provision of target specific solutions to their needs and performance management.

RECOMMENDATIONS

The following are the recommendations of the study:

- South African Local Government Performance Management System should be overhauled so that it can have an impact on the lives of the citizens.
- Public participation should be at all levels of the Performance Management

The Impact of the Performance Management System in South African Local Government (Municipalities)

System and citizens should be involved in the formulation of targets, planning, monitoring, evaluation, review, reporting and auditing of performance.

- Citizens should be empowered to participate effectively in performance management.

CONCLUSION

The study examined the impact of the Performance Management System in South African local government. Its objectives were to define the concept of performance management; establish its rationale; locate the Performance Management System within the legislative context in South Africa; analyse the Performance Management Model; analyse the relationship between public participation and performance management; and to establish the gaps in the South African Performance Management System. The study therefore recommended that South African Local Government Performance Management System should be overhauled so that it can have an impact on the lives of the citizens; public participation should be at all levels of the Performance Management System and citizens should be involved in the formulation of targets, planning, monitoring, evaluation, review, reporting and auditing of performance; and citizens should be empowered to participate effectively in performance management.

REFERENCES

- [1] Akinniyi, A. J. & Adebakin, O. I. (2021). "The Impact of Effective Leadership on Organizational Performance", *Journal of Public Administration*, 3(1), 31-37.
- [2] Armstrong, M. (2015). *Armstrong's handbook of performance management: An evidence-based guide to delivering high performance* (5th ed.). Kogan Page.
- [3] Armstrong, M. & Baron, A. (1998). *Performance management*. London: Chartered Institute of Personnel Development.
- [4] Beierle, T. C. & Cayford, J. (2002). *Democracy in practice: Public participation in environmental decisions*. Washington, DC: Resources of the Future.
- [5] Ebdon, C. & Franklin, A. L. (2004). Searching for a role for citizens in the budget process. *Public Budgeting and Finance*, 24, 32-49.
- [6] Fagotto, C. & Fung, A.F. (2009). *Sustaining public engagement: Embedded deliberation in local communities*. Everyday Democracy and the Charles F. Ketting Foundation.
- [7] Fung, A. (2004). *Empowered participation" Reinventing urban democracy*. Princeton, NJ: Princeton University Press.
- [8] Heikkila, T. & Isset, K. R. (2007). Citizens involvement and performance management in special purpose governments. *Public Administration Review*, 67, 238-248.
- [9] Ho, A. & Coates, P. (2006). Public participation in local performance measurement and budgeting. In *Public Finance Management*, Frank, H. A. (ed.). Boca Raton, FL: CRC Press.
- [10] International Association for Public Participation (IAP2). (2007). Denver (USA).
- [11] Irvin, R. A. & Stansbury, J. (2004). Citizens participation in decision making: Is it worth the effort? *Public Administration Review*, 64, 55-65.
- [12] Landre, B. K. and Knuth, B. A. (1993). Success of citizen advisory committees in consensus-based water resources planning in the Great Lakes basin. *Society and Natural Resources*, 6, 229-257.
- [13] Meier, K. J. (2000). *Politics and the bureaucracy: Policymaking in the fourth branch of government*, 4th Ed. Forth Worth, TX: Harcourt Brace.
- [14] Nabatchi, T. (2010). Addressing the citizenship and democratic deficits: The potential of deliberative democracy for public administration. *An American Review of Public Administration*, 40, 376-379.
- [15] Nankervis, A. R. & Compton, R. L. (2006). Performance management: Theory in practice? *Asia Pacific Journal of Human Resource*, 44(1), 83-101.
- [16] Republic of South Africa (RSA). (2000). *Local Government: Municipal Systems Act, 2000*. Pretoria: Government Printers.
- [17] Republic of South Africa (RSA). (1998). *White Paper on Local Government, 1998*. Pretoria: Government Printers.
- [18] Republic of South Africa (RSA). (1996). *The Constitution Act, 1996*. Pretoria: Government Printers.
- [19] Richard, P. J., Devinney, T. M., Yip, G. S. and Jonhson, G. (2009). "Measuring Organizational Performance: Towards

The Impact of the Performance Management System in South African Local Government (Municipalities)

- Methodological Best Practice”, *Journal of Management*, 35(3), 218-242.
- [20] Robbins, M. D., Simonsen, B. & Feldman, B. (2008). Citizens and resource allocation: Improving decision making with interactive web-based citizen participation. *Public Administration Review*, 68, 564-575.
- [21] Roberts, N. (1997). Public deliberation: An alternative approach to crafting policy and setting direction. *Public Administration Review*, 57, 124-132.
- [22] Sirianni, C. (2009). *Investing in democracy: Engaging citizens in collaborative governance*. Washington, DC: Brookings Institution Press.
- [23] Vigoda, E. (2002). Administrative agents of democracy? A structural equation modeling of the relationship between public-sector performance and citizenship involvement. *Journal of Public Administration Research and Theory*, 12, 241-272.
- [24] Zhong, L., Wayne, S. J. & Liden, R. C. (2016). Job engagement, perceived organizational support, high-performance human resource practices, and cultural value orientations: A cross level investigation. *Journal of Organizational Behavior*, 37, 6823-6844

Citation: Prof. Mpilo Ngubane, “ *The Impact of the Performance Management System in South African Local Government (Municipalities)*”, *Journal of Public Administration*, 4(1), 2022, pp.32-39 DOI: <https://doi.org/10.22259/2642-8318.0401004>

Copyright: © 2022 Prof. Mpilo Ngubane. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.