

An Exploration of the Permanent Appointment of Senior Managers (Section 56 Managers): The Case of South African Local Government (Municipalities)

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ABSTRACT

Countries that have the best performing local governments in the world only employ or appoint City Managers (Municipal Managers) on fixed-term contracts and the rest of senior managers reporting directly to City Managers (Municipal Managers) are appointed or employed permanently. What makes local government perform better in these countries are factors such as political stability, financial stability, good and clean governance, sustainable service delivery which is delivered by highly talented, skilled and experienced workforce. When the Local Government Municipal Systems Act of 1998 was amended in 2011 in South Africa, one of the objectives was to encourage municipalities to employ their Senior Managers permanently. However, this objective, for some reasons was not realised in many South African municipalities. It is for this reason that this study sought to explore the appointment of Senior Managers permanently in South African municipalities. It looked at the best practices in the subject all over the world and through literature examined applicable theory. It employed qualitative research methodology and interviewed both the municipal managers and senior managers in local government. The interview results were coded and analysed according to broad thematic areas. The study concluded that appointing Senior Managers permanently is the best option for South African municipalities. Some of the advantages of permanency are: there will be security of tenure for Senior Managers and this will improve their performance since they will not be worried about the end of their contracts; there will be retention of highly skilled, experienced and qualified managers with institutional memory; there will be reduction of corruption since they will not be easily manipulated to do wrong things in exchange for renewal or extension of their contracts; elimination of the high vacancy rate which is usually as a result of disagreements in terms of who to deploy in these positions, etc. The study has therefore recommended that South African municipalities should appoint their Senior Managers permanently.

Keywords: *Appointment/Employment, Senior Managers, Psychological Contract, Fixed-term Contract, Institutional Memory, Local Government, Permanency, Retention of Skills, Institutional Stability.*

INTRODUCTION

South Africa is one of very few countries in the world that employ Senior Managers directly accountable to the Municipal Manager on fixed-term contracts. Furthermore, it is only in the local government sphere where senior managers are employed on fixed-term contracts and that does not happen in other spheres of government such as provincial and national government in South Africa.

There seems to be a realisation by South African intellectuals of the negative impact brought about by the above-mentioned dichotomy and disparity but it is left with politicians to develop and pass legislation that will address these disparities, sadly there seems to be less or no political will

to do so. As part of the advisory services provided by the South African intellectuals to South African government, a very progressive Policy instrument, the National Development Plan (NDP) was developed as a vision to take South Africa to year 2030. In trying to circumvent the proliferation of fixed-term contracts the NDP (2012) states clearly that the current short-term contracts are necessary when heads of departments are political appointments, but they do contribute to organisational instability and make it more difficult to build experienced senior management cadre, as some experiences are lost to the public service unnecessarily.

However greater security of contracts is only desirable, and people can be removed if their

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performance does not meet the required standards. It is crucial that the NDP (2012) identified the impact of short-term contracts to organisational instability as early as 2012, however there are no studies that have looked deeply into the negative impact of these fixed-term contracts especially in Local Government. The position by the NDP (2012) brings this argument closer to municipalities by encouraging them to move towards longer term and ultimately permanent contracts for senior management. It endorses the need to devolve appointing authority for the municipal manager so that there is a very clear and robust segregation of duties throughout municipal appointment process.

The NDP (2012) also puts the responsibility of appointment of senior managers in local government on municipal managers. It states that the appointment of senior managers by the Council rather than the municipal managers often complicates or distorts the lines of accountability between senior managers and municipal managers. It makes it unclear whether they are accountable to councillors (which often encourages political interference) who appoint them (as council) or the municipal manager. Ntliziywana (2012) further states that as the head of administration, the municipal manager, is answerable for his or her administration, as such he or she should have a task of appointing, disciplining and dismissing staff. If councillors arrogate the power to themselves (as is the case with senior managers) the municipal managers would be exposed to increasing insubordination on the part of his or her staff since they had not been appointed by him or her and would feel they are responsible to council alone. This in some cases results into dual reporting where senior managers report to the municipal manager on paper but also report to councillors in terms of their work.

LEGISLATIVE AND CONTEXTUAL BACKGROUND

The first South African local Government legislation which is more inclusive and developmental was promulgated in 1998 through the Local Government Municipal Structures Act (1998) which makes the developmental local government regime relatively new. However, it is important to provide a legislative global context to establish what other countries in the world promulgate especially in relation to the employment of senior managers in local government. The Australian local government system is perhaps one of the good examples when it comes to the appointment of senior

managers and the segregation of duties between the appointment of municipal managers and senior managers. Section A2 of Australian Local Government Act (1993) states that the only position that is appointed by the governing body of council is that of general manager (municipal manager). The general manager is responsible for the appointment of all staff (including senior staff) in accordance with organisations structures (organogram) and resources (budget) approved by the Council. It should also be noted that, most if not all municipal appointment policies in Australia follow and abide by the Local Government Act (1993). Section 28 (1) of the City of Adelaide, for example, states that the Chief Executive Officer (Municipal Manager) is responsible for appointing, managing, suspending and dismissing the other employees of the Council. The United Kingdom (UK) Conditions of Service (2016) express the same sentiments in that the Chief Executive (Municipal Manager) has authority over all other employees of the Council and that is applicable across England, Wales, Scotland and Northern Ireland. The Best Cities in the World in their chronological order are London, New York, Paris, Singapore (City-state) and Tokyo.

All these cities only have City Managers on fixed-term contracts and the rest of senior managers are permanent. When it comes to what makes these cities tick, the second highest influencer is the talent and skills of their managers and the ability to retain those skills. Singapore is ranked as number one Smart City in the World and this is attributable to high technological innovation solutions developed over years in the City and surely if this City were to chop and change its senior managers this sustained innovation would not have been realised. What is also clear about these Best Cities is the fact that all of them “Grow their own Managers” which is a Talent Management Strategy to prepare managers to become good City Managers. In most of these cities, City Managers are originally employed as clerks or bus drivers or firefighters and they climb through the ranks of management until they become City Managers after more than 20 or 30 years of service in the same municipality. There is possibly good correlation between experience, institutional memory and good performance of municipalities. In the United States, for example, it is proven that where City Managers spend more than 20 years as City Managers they do so in politically and financially stable municipalities.

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It is important to trace what other countries' perceptions and treatment (legislatively) of fixed-term contracts are. In France, a stringent policy against fixed-term contracts is embodied in legal provisions where it even specifies that there should be permissible reasons for fixed-term contracts such as replacement of employees on long leave, seasonal work, temporary work, etc. In Sweden only permanent contracts are considered a rule and it is only in exceptional circumstances, like in France, that fixed-term contracts are permissible on the bases of objective reasons. Similarly, in Taiwan, there are very stringent rules against fixed-term contracts and only limiting their use to objective reasons such as temporary work, seasonal or short-term work. In Korea, a law was promulgated to protect fixed-term contracts. Clearly the main objective for such perception and treatment of the fixed-term contracts is protection of employment of employees both in the public and private sector. This employment protection is also prevalent in the International Labour Organisations' Conventions where Recommendation number 166 of Article 3(2) details examples of legal rules to prevent any abusive recourse to fixed-term contracts. It may be done by:

- Limiting recourse to contracts for a specified period of time to cases in which, owing either to the nature of the work to be effected or to the circumstances under which it is to be effected or to the interest of workers, the employment relationship contracts for a specified period of time.
- Deeming contracts for a specified period to be contracts of employment of indeterminate duration.
- Deeming contracts for a specified period when renewed on one or more occasions, to be contracts of employment of indeterminate duration. A very clear position has been articulated by the International Labour Organisation (ILO) to limit recourse to fixed-term contracts and also put the employee at the centre of the employment contract in that the employee's interests should also be considered together with the other objective reasons when fixed-term contract is entered into.

A number of Councils in England have adopted the same attitude when it comes to the appointment of municipal employees through fixed-term contracts (noting that in England it is only the municipal manager who is on a fixed-term contract) otherwise there are very specific objective reasons for

other junior positions to be on fixed-term contracts. For example, the Bega Valley Shire Council Recruitment and Selection Procedure (2011) states that Council may only employ a person on a fixed-term contract of employment in the following situations:

- For the life of the specific task or project that has a definable work activity, or
- To perform the duties associated with a vacant position until the vacant position is filled on a permanent basis, provided that the duration is no longer than is reasonably necessary to undertake recruitment for the vacant position, or
- To undertake training and work as part of the apprenticeship, traineeship or student work experience programme in connection with an education institution, or
- To trial a new work area, provided that the duration is no longer than is reasonably necessary to trail the new work area, or
- To perform the duties associated with a vacant position during the intervening period between when a decision has been made for Council to introduce major changes in production, program, organisation structure or technology that are likely to have significant effects on the employment in the vacant position and the date that the changes are implemented
- To accommodate time limitations imposed by law or sought by employee (e.g. visa restrictions).



Figure 1. *Main Reasons for Fixed-Term Contracts*

The above figure illustrates very well four main reasons why organisations would appoint employees on fixed-term contracts:

Project Life Span

This happens when an organisation has a specific project (like construction of a stadium in the case of a municipality) which is time-bound and there will be no reason to continue with employment of that particular individual when the project is completed.

External Funding

This happens, for example, when the organisation or municipality receives external funding for a short-term project or programme that is time-bound.

Temporal Replacement

This happens, for example, when there is temporal replacement of an employee who is on long-term leave such as sabbatical, maternity leave or medical boarding.

Major Transformation

This happens when there is major transformation in the organisation. For example, a Transformation Manager can be appointed on a fixed-term contract to lead transformation for a specific period that transformation is undertaken.

It is very clear that none of these reasons are attributable to the employment of senior managers on fixed-term contracts especially in South African municipalities which then begs the question as to what could be the rationale for senior managers in local government to be appointed on fixed-term contracts.

AIM AND OBJECTIVES OF THE STUDY

The main aim of this study was to explore the appointment of Senior Managers in fixed-term contracts in South African municipalities.

The Objectives of the Study were as Follows

- To examine theory behind the appointment of senior managers in local government in fixed term contracts.
- To establish the perceptions of municipal managers and senior managers towards fixed-term contracts.
- To establish what municipal managers and senior managers would recommend as a form of employment contract for senior managers in local government.
- To recommend measures that municipalities will employ to deal with performance of permanent contracts effectively.

LITERATURE REVIEW

Apart from the legislative theoretical background that has already been discussed in the study there is very little or no theory behind specifically the appointment of senior managers in local government in fixed-term contracts. This might be attributable to the fact that this is not a universal practice except for South Africa where

it is also a relatively new phenomenon. The only theory applicable is that of psychological contract and fixed-term contracts in general.

Definition of the Psychological Contract

Rousseau (1998) defines the psychological contract as the individual's beliefs about the terms of the exchange agreement between employee and employer. Although this type of a contract is not written down, but it defines the existence of expectations, obligations and beliefs of both the employee and the employer in terms of the reciprocal relationship both anticipated during the employment contract. Although this contract is psychological and unenforceable legally, it does relate to the expectations by senior managers in local government in the sense that their expectations for employment protection will be heightened even if they are somehow forced by circumstances to enter into a fixed-term contract. The expectation is unfortunately an elusive belief that their contracts will be renewed which is somehow not always the case.

Types of Psychological Contracts

There are typically two kinds of psychological contracts and these are transactional and relational contracts. Rousseau (2000) defines the transactional and relational contract as an employment arrangement with a short-term duration focusing primarily on economic exchanges, specific narrow duties and limited worker involvement or development in the organisation. This type of psychological contract does not raise much expectations when spelled out right upfront and the senior manager signs it knowingly. Freese and Schalk (2008) also emphasize the transactional features of psychological contracts by warning that their features resemble traditional labour contracts more closely than psychological contracts do as mental models of employee attitude and behaviour.

The other type of psychological contract is a relational contract which concerns itself with a relationship built on outmost trust, implied emotional attachment on each other by both the employee and employer and it embraces long term indeterminable contract. Robinson and Rosseau (1994) define the relational contract as an open ended, less specific agreement that establishes and maintains a relationship reward. Whilst the employer commits into a long employment relationship with financial rewards, the employee in return obliges to commit loyalty and performance into the organisation. The two types of psychological contract are depicted in Figure 2 below.

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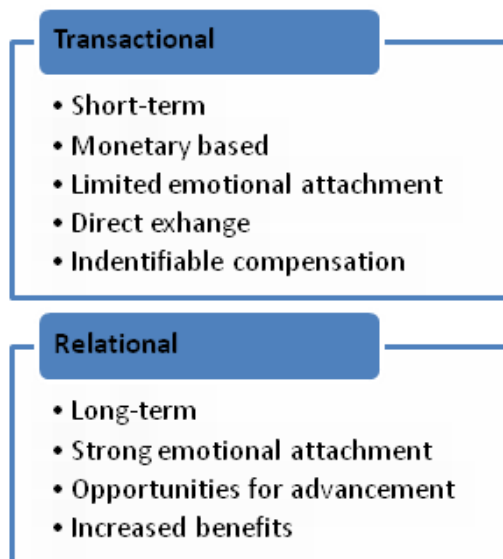


Figure 2. Transactional and Relational Psychological Contracts

Source: Rousseau (1998)

Most organisations understand that the two types of psychological contracts are a continuum and mostly begin as transactional contracts and with time progressively move towards and even end up being relational psychological contracts.

Contract Fulfilment

Contractual fulfilment happens when expectations of both the employer and employee are fulfilled in an employment contractual relationship. When an organisation is meeting or exceeding employees' expectations, they are more likely to reciprocate with actions, which intend to benefit the organisation as a whole (Turnley, Bolino, Lester and Bloodgood, 2003). The ultimate aim of a psychological contract should therefore be this kind of contract fulfilment. Rousseau (2011) describes the three states of psychological contract fulfilment as:

Mutuality

What this means is that when a contract is openly discussed and a consensus reached on an equal basis by both the employer and the employee, there exists a high level of mutuality which results into contract fulfilment.

Alignment

There needs to be alignment of reciprocity, between the employer and the employee obligations which then corresponds to contract fulfilment.

Reciprocity

This refers to the state where both parties feel they are benefiting equally from each other and

that increases the levels of contractual fulfilment and in return enhances performance of employees.

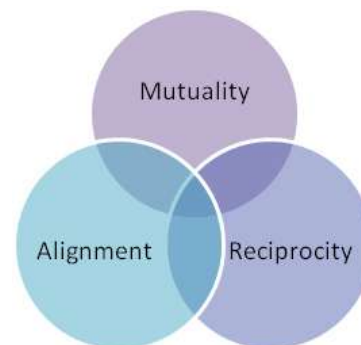


Figure 3. Three states of Psychological Contracts (PC) fulfilment

Source: Rousseau (2011)

Fixed-Term Contracts

According to the Turkish Labour Act, Law NO 4857 (2003) Article 11/1 an employment contract for a definite period is one that is concluded between the employer and the employee in written form, which has a specified term or which is based on the emergence of the objective conditions like the completion of certain event. Article 11/1 therefore requires that objective reasons must exist, before the fixed-term contract is entered into and should be mutually understood and agreed upon by both the employer and employee. The corresponding legislation in South Africa, the Labour Relations Act Section 198B (1) defines a fixed-term contract as a contract that terminates on the occurrence of the specific event, or on a completion of a specific task or project or on a fixed date other than an employee's normal or agreed retirement age.

Many researchers agree with the legislated notion of permissible or objective reasons for existence of a fixed-term contract as a recourse. Lubbe (2019) confirms that a number of foreign jurisdictions allow the use of fixed-term employment contract only under certain circumstances. He makes an example with Peru where the use of fixed-term employment contract may be used when the new company is starting up, or to replace a suspended employee, or to provide temporary work under emergency circumstances. He further states that in other countries there is a restriction of the fixed-term contracts, for example, in Lithuania only up to 20% of all employment can be fixed-term contracts.

Although the fixed-term contracts are less favoured at a global scale, they do have both advantages and disadvantages. Some of the

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advantages to the employer are that specific specialist skills are acquired to complete a project on a given time frame, they can be used for temporary filling vacant positions in cases where permanent employees are on long leave and fixed-term contract employees are likely to perform better especially if there is likelihood for permanent employment. For the employee, some fixed-term contracts come with huge salary incentives to make up for job insecurity and there is a possibility for a contract to be renewed or even to be made permanent if the employee performs well beyond expectations. However, it seems disadvantages of fixed-term contracts far outweigh advantages.

Sergeant and Sutchet (2015) maintain that many employees on fixed-term contracts:

- Feel insecure about their future.
- This uncertainty negatively impacts on their work.
- They are given fewer resources to perform their work than those on permanent contracts.

Because fixed-term contract employees are sometimes reluctant or precluded from joining the trade unions, they also have a relatively lower ability to exercise their voice in the workplace, either individually or as part of collective representation. Depending on the collective bargaining system, these workers may be excluded from collective bargaining coverage (Ebisui, 2012). Senior managers in South African municipalities are excluded from collective bargaining coverage. This comes with a lot of disadvantages, for example, they are unable to bargain for their salary packages, instead the Minister of Corporative Governance somehow unilaterally decides on their salary packages. Research shows that political conflicts and uncertainty are related to managers' turnover (in local government) (McCabe, Feiock, Clingermayer & Stream, 2008; Tekniepe & Stream, 2012)

RESEARCH METHODOLOGY

The study was qualitative in nature and used one-on-one interviews to elicit the understanding, perceptions, views and recommendations of respondents on fixed-term contracts of senior managers in South African municipalities. Municipal Managers and Senior Managers were selected because they are the ones directly involved and affected by fixed-term contracts. A sample was distributed across different municipalities that have appointed senior managers on fixed-term contracts and those that have

appointed their senior managers permanently. In-depth interviews were used as data collection instrument to get information to be analysed to establish the understanding and perceptions of municipal managers and senior managers on fixed-term contracts. This is in line with the assertion by Charmaz (1990) that the aim of in-depth interviews is to create categories from the data and then to analyse relationships between categories while attending to how the lived experience of research participants can be understood.

The sample consisted of 30 municipal managers and senior managers who were selected randomly from municipalities across South Africa. This sample size was sufficient since, for grounded theory, Morse (1994) suggested 30–50 interviews, while Creswell (1998) suggested only 20–30 interviews. Data analysis used coding which is described by Charmaz (1983) as simply the process of categorizing and sorting data, while codes are described as serving to summarize, synthesize and sort many observations out of data.

RESEARCH FINDINGS

Respondents comprised of municipal managers (60%) and senior managers (40%). This created a balanced view to obviate subjectivity since municipal managers are not directly affected by permanency in this study whereas senior managers are directly affected. So, it helped that majority of the respondents were municipal managers.

Analysis of the interview transcripts revealed five (5) themes related to permanency of senior managers in municipalities and these are:

- Psychological contract.
- Reasons for fixed-term and permanent contracts.
- Advantages and disadvantages for fixed-term and permanent contracts.
- Recommendations for permanent contracts.
- Recommendations for Performance Management of permanent contracts.

Theme 1: Psychological Contracts

All study participants had adequate understanding of the psychological contract. R2 “*no organisation can function properly without a high level of trust. In a high trust organisation, everything is easy and flow fast. In low trust organisation, everything slows down completely. The relationship between employee and employer is built on TRUST and anything that can aid to the trust relationship can be favourable for local government.*”

There is obviously greater emphasis on “trust” as part of the psychological contract foundation. R4 *“psychological contract is in line with good labour practices and is needed in respect of the relationship between political office-bearers and officials.”*

All respondents (100%) felt that fixed-term contracts for senior managers are psychological contracts however there is a lot of abuse of these contracts. R20 *“the politicians are mostly not skilled and experienced in managing a high-level employer/employee relationship. In some instances, the temporary contracts are used to bribe officials to do as politicians say they should do or award friends and family for services delivered. In other instances, the fixed-term nature of the contract is used to intimidate Section 56 employees and show them who is the boss. It is unacceptable and should be changed. Local Government in South Africa will never function properly until this is sorted out. In Belgium, the Municipal Manager is appointed by the Courts and only the Courts can relieve them of their duties. Corruption in South Africa will always be rife until this is sorted out.”*

Theme 2: Reasons for Fixed-Term and Permanent Contracts

Respondents were split into two groups according to whether or not their municipalities had appointed their senior managers on fixed-term contracts or permanency and the representation was almost 50%/50% where all respondents felt that the main reason why fixed-term contracts are still in place is because there is provision for it in the law (Local Government Municipal Systems Act, 2000) even though it is expressed as optional but most councils prefer fixed-term contracts for senior managers partly because of the reasons enumerated by R20 above.

Most respondents provided a lot of reasons for permanency such as R28 *“We can attract better candidates and provide continuity in the organisation and keep the incumbents for longer periods. They can do their jobs without interruption, fear or favour of political interference. With the poor salaries provided in smaller municipalities this is the only card we can play to attract good candidates and keep them.”* The other reasons that were advanced for permanency included stability, career building and continuity.

Theme 3: Advantages and Disadvantages for Fixed-term and Permanent Contracts

When asked to indicate the advantages and disadvantages of appointing senior managers on fixed-term or permanent contracts none of the respondents stated that there are any advantages and benefits to municipalities if they appoint their managers on fixed-term or permanent contracts. R25 *“Many Professional careers have been ruined as political regimes in power change. This will be reduced. Even at a senior level it takes a new senior manager at least 2 or 3 years to orientate themselves, settle down in the job and to start adding value. As soon as they start functioning and contributing at an optimal level their contracts are near an end.”*

The following are the other advantages of appointing senior managers on permanent contracts cited by respondents:

- Security of tenure which will improve performance since they will not be worried about end of their contracts.
- Retention of highly experienced managers who have institutional memory.
- Motivation and aspiration by middle managers to apply for positions thus increasing chances of attracting suitably qualified employees.
- Reduction of corruption since they will not be easily manipulated to do wrong things in exchange for extension of contracts.
- Eliminating the high vacancy rate that results from disagreements in terms of who to deploy (appoint).
- Filling of the high vacancy rate permanently especially that of CFOs will improve audit outcomes.
- There will be stability in terms of administration and general management of the municipality.
- There will be more accountability and improved Consequence Management since senior managers will take ownership of their directorates or departments.
- It will increase continuity and improve long term visions of municipalities.
- It will improve planning for and implementation of long-term infrastructure projects since there will be no interruption resulting from the change of senior managers.
- Smaller municipalities will be able to attract suitably qualified senior managers since fixed-term short contracts have been proven

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to be one of the barriers in attracting technical skills in municipalities.

- It also makes municipalities comparable to government departments where all senior managers are permanent except for Directors-General and Heads of Departments, so the right skills can be evenly distributed.
- It will improve innovation and productivity since senior managers will have enough time to understand and improve operations of their directorates or departments.
- A lot of unnecessary job-hopping will be obviated where in the fifth year of their contracts, senior managers focus on applying for jobs elsewhere and that disrupts service delivery and continuity.
- When senior managers are on contract most of them do not even participate on capacity building, talent management programmes and succession planning and this creates tension between these senior managers and those who report directly to them (level 3 managers) because the latter will be more empowered and have innovative ideas which are not implemented by senior managers who use their positional authority to stop these ideas because they are not their original ideas. So, this will be averted.

Theme 4: Recommendations for Permanent Contracts

All respondents (100%) recommended that senior managers should be appointed permanently. R30 *“I fully recommend the permanent employment of senior managers for the following reasons: it ensures better planning by the municipality especially in the long term; it ensures certainty, continuity and consistency; plans and directions do not keep changing every few years, it helps ensure that senior managers are not serving the will of politicians and are independent.”* Other recommendations for permanency included:

- Continuity
- Professionalism
- Less political interference
- Less sucking up to politicians
- Better skills and experience
- Institutional knowledge

In South Africa there is already proof that there is a good correlation between the appointment of senior managers permanently and the Clean Audit outcomes in the following examples:

- West Coast Municipality has all Senior Managers appointed permanently and has obtained 9 consecutive Clean Audits.
- Overstrand Municipality has all Senior Managers appointed permanently and has attained 7 consecutive Clean Audits.
- Swartland Municipality has all Senior Managers appointed permanently and has attained 7 consecutive Clean Audits.
- Cape Winelands has all Senior Managers appointed permanently and has attained 6 consecutive Clean Audits.
- Hessequa Municipality has all Senior Managers appointed permanently and has attained 6 consecutive Clean Audits.
- West Coast, Bergrivier and Garden Route have all Senior Managers appointed permanently and have all attained on average 4 consecutive Clean Audits.

Theme 5: Recommendations for Performance Management of Permanent Contracts

Respondents were asked to recommend how performance of senior management should be managed since there are perceptions that once they are employed permanently their performance will drop. All respondents (100%) cited that there are performance management measures in place such as Performance Management Policies of municipalities, Performance Management Regulations as promulgated by the Department of Co-operative Governance and Regulations on the Disciplinary Procedures of Senior Managers. If all these legal prescripts are applied without any fear or favour, there should be no issues regarding performance of senior managers.

DISCUSSION

Participants showed good understanding of the concept of the Psychological Contract which is generally defined as mind contract of trust between the employer and the employee that the latter will be treated fairly in the employment contract. This general understanding is consistent with the exposition by literature which basically stated that the Psychological Contract is characterised by obligation from the side of the employer and expectations from the employee which ultimately informs the commitment that the employee will display once his/her expectations have been met and in return his/her performance will improve.

All respondents agreed that the local government senior managers' fixed-term contracts are supposed

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to be psychological contracts on paper, however in practice they are in sharp contrast with the exposition of what a psychological contract is by literature. Senior managers' fixed-term contracts are very one sided and favour the employer and literally senior managers do not have a say in the provisions of the contract.

What has also come out clearly is that these fixed-term contracts of senior managers in local government do not meet the basic requirements of fixed-term contracts, in particular, the reasons for entering into fixed-term contracts. Literature, for example specifies, that a fixed-term contract can only be entered into if there is a project with limited timeframe, specific project or because of limited external funding. Ironically none of these characterise these fixed-term contracts of local government senior managers which then begs the question as to what exactly, could be the reasons for these fixed-term contracts.

Respondents only cited legislation as the reason for municipalities to enter into fixed-term contracts with senior managers. The legislation referred to is the Local Government: Municipal Systems Act (2000) where Section 56 specifies that Council "may" appoint senior managers on the same conditions (contracts) as those of municipal managers. The spirit of the law was that Council should choose by using the word "may", but majority of councils choose to appoint them on fixed-term contracts for reasons that have been stated by respondents.

Appointing senior managers permanently is associated with continuity, institutional memory and retention of good skills and this has been expressed by both literature and respondents. There is also an indication that permanency of senior managers can improve governance which may lead to clean audit outcomes by municipalities. An analysis of this correlation between permanency and good governance was analysed by the researcher from Western Cape municipalities where majority of municipalities have appointed their senior managers permanently.

The other correlation that was looked at is whether there is any relationship between permanency and lack of performance. It became clear that there was no relationship or established facts between the two and it is just an ill-informed speculation. In fact, literature stated that when institutions appoint the right people with the necessary competencies, skills and attitudes, there is no reason to worry about non-performance. At any rate there is legal

recourse for institutions (municipalities) against non-performance or poor performance.

FINDINGS AND RECOMMENDATIONS

The following are the findings of the study:

- The global trends are that all senior managers in municipalities are appointed permanently and are appointed by the Municipal Manager without the involvement of Council and it is only the Municipal Manager who is on a fixed-term contract and there is an empowering legislation to that effect.
- The fixed-term contracts for senior managers in local government are, in reality, not psychological contracts.
- Senior managers' fixed-term contracts do not conform to the international standards and reasons for fixed-term contracts.
- Political ulterior motives are the only reasons to appoint senior managers on fixed-term contracts.
- A few municipalities have started to appoint senior managers permanently.
- Senior managers and municipal managers prefer that senior managers must be appointed permanently.
- There is generally improved performance of municipalities that have appointed their senior managers permanently as opposed to those that appointed their senior managers on fixed-term contracts.
- Municipalities that have appointed their senior managers permanently have consistently attained consecutive clean audit outcomes.

The following are the recommendations from the study:

- South African government must promulgate the legislation that allows senior managers in municipalities to be appointed permanently.
- Only municipal managers must be appointed on fixed-term contracts and such contractual regime should be reviewed so that it conforms to the expectations and standards of a Psychological Contract and they are truly mutually beneficial.
- Politicians or councillors should not be involved in the appointment of staff even the municipal manager must be appointed by external agency that is objective and independent (global trend).
- All municipalities must appoint their senior managers permanently.

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- All municipalities must ensure that they appoint the right senior managers with the requisite skills, qualifications and experience so that they do not have to worry about non-performance or poor performance.
- All municipalities to deal with non-performance or poor performance decisively without fear or favour using the provisions of the legislated recourse.

CONCLUSION

The main aim of the study was to explore the permanent appointment of senior managers in South African local government. Interview questions elicited information on respondents' understanding of psychological contract, advantages and disadvantages of both fixed-term and permanent contracts, recommendations on permanency and dealing with non-performance and poor performance by senior managers. Literature review was based on the Psychological Contract and looked at the advantages and disadvantages of fixed-term contracts globally. Some legislative prescripts were also consulted on fixed-term contracts. South African municipalities were selected as study sites and both municipal managers and senior managers reporting directly to municipal managers were selected as respondents. The study used qualitative research design where respondents were interviewed using both structured and semi-structured questions. In analysing data, responses were transcribed and categorised according to different themes and coding was done for responses and were accordingly categorised according to respective themes. The study revealed that there are more advantages in appointing senior managers permanently than on fixed-term contracts. It was therefore recommended that the South African government must promulgate the legislation to appoint senior managers permanently.

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Citation: Mpilo Ngubane, "An Exploration of the Permanent Appointment of Senior Managers (Section 56 Managers): The Case of South African Local Government (Municipalities)", *Journal of Public Administration*, 2(4), 2020, pp. 25-35.

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