



**THE IMPLEMENTATION OF A  
PERFORMANCE MANAGEMENT  
SYSTEM IN MUNICIPALITIES: THE  
CASE OF THABAZIMBI LOCAL  
MUNICIPALITY**

**LAMBERT HENDRIK JOUBERT**

**Mini-dissertation submitted in partial fulfilment of the  
requirements for the degree Master of Development and  
Management at the North-West University**

**Supervisor:  
Prof. G. van der Waldt**

**2008  
Potchefstroom Campus**

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## **ABSTRACT**

Legislation for local government as prescribed by the White Paper on Local Government (1998) brought dynamics to local government which drastically changed local government since December 2000.

The changes in local government, however, did not take place in isolation against the total transformation process which was implemented nationally in South Africa. In the preamble of the White Paper on Reconstruction and Development (1994) the former President, Nelson Mandela, said that transformation will be applied to all levels of government and that all levels of society will reform.

On 27 April 1994 the process of democratization of the three levels of government in South Africa started. The transformation process of local government already started with the promulgation of the Local Government Transitional Act on 2 February 1993.

In this study the focus was placed on the implementation of a Performance Management System at the Thabazimbi Municipality according to the prescriptions of the municipal systems act and guidelines issued by the Department of Local Government on implementing a performance management system at municipalities.

Reference was made to the meaning of performance, performance management and performance management systems in order to evaluate what happened in practice at the Thabazimbi Municipality.

Upon analysing the empirical findings it was evident that the respondents were not equipped or trained to implement a performance management system at the Thabazimbi municipality according to prescription of the relevant legislation due to various circumstances as explained in this study.

Upon conclusion it was agreed that a performance management system was not successfully implemented at the Thabazimbi Municipality and all role players namely councilors, section 57 Managers and employees should be exposed to certain training and workshops to be equipped to implement a performance management system at the Thabazimbi Municipality.

## OPSOMMING

Wetgewing vir plaaslike bestuur soos voorgeskryf deur die Wit Skrif op Plaaslike Bestuur (1998) het 'n dinamiese proses tot stand gebring wat plaaslike bestuur drasties sedert Desember 2000 verander het.

Die veranderinge in plaaslike bestuur het nie geïsoleerd plaasgevind nie en het deel gevorm van 'n totale transformasie proses wat in Suid-Afrika geïmplementeer is. In die voorwoord van die Wit Skrif van die Heropbou en die Ontwikkelings Program (1994) het die vorige President, Nelson Mandela gesê dat transformasie op alle vlakke van regering van toepassing sal wees wat alle vlakke van die gemeenskap sal hervorm.

Op 27 April 1994 het die proses van demokratisering op alle vlakke van regering in Suid-Afrika begin. Die transformasie proses ten opsigte van plaaslike bestuur het reeds begin deur die promulgering van die oorgangswet op plaaslike regering op 2 Februarie 1993.

In hierdie studie is die fokus geplaas op die implementering van 'n prestasie bestuur stelsel by die Thabazimbi Munisipaliteit ooreenkomstig die voorskrifte van die munisipale stelsels wet en die riglyne van die departement plaaslike regering ten opsigte van 'n prestasie bestuur stelsel by munisipaliteite.

Daar is gefokus op die betekenis van prestasie, prestasie bestuur en prestasie bestuur stelsels ten einde te evalueer wat in die praktyk by die Thabazimbi Munisipaleiteit plaasgevind het.

Met die analiserings van die empiriese resultate was dit duidelik dat die respondente nie toegerus of opgelei was om 'n prestasie bestuur stelsel ooreenkomstig wetlike voorskrifte te implementeer nie as gevolg van sekere omstandighede wat in die studie verduidelik word.

By gevolgtrekking kon dit ooreengekom word dat 'n prestasie bestuur stelsel nie suksesvol in die Thabazimbi Munisipaleit geïmplementeer is nie en dat alle rolspelers, naamlik raadslede, artikel 57 bestuurders en werknemers sekere opleiding moet ondergaan en werkswinkels bywoon ten einde toegerus te word om 'n prestasie bestuur stelsel by die Thabazimbi Munisipaliet te implementeer.

# CHAPTER 1

## INTRODUCTION

### 1.1. ORIENTATION AND PROBLEM STATEMENT

Legislation for local government as prescribed by the White Paper on Local Government (1998) brought dynamics to local government which drastically changed local government since December 2000.

The changes in local government, however, did not take place in isolation against the total transformation process which was implemented nationally in South Africa. In the preamble of the White Paper on Reconstruction and Development (1994) the former President, Nelson Mandela, said that transformation will be applied to all levels of government and that all levels of society will reform.

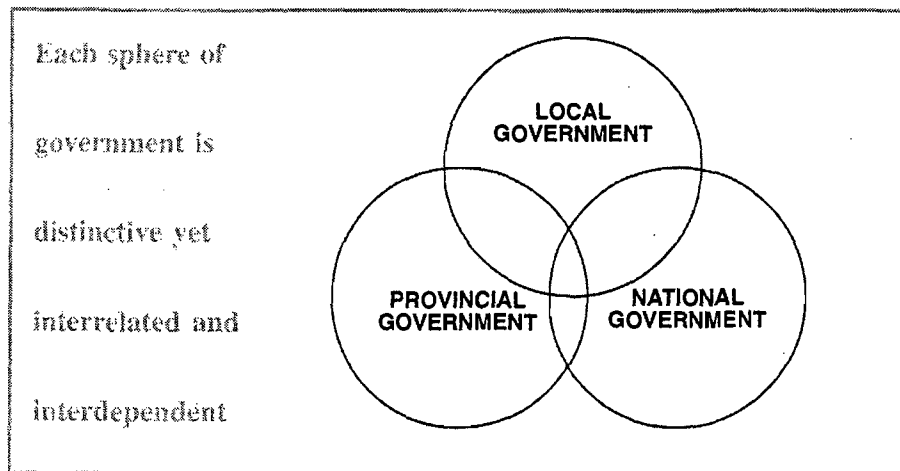
On 27 April 1994 the process of democratization of the three levels of government in South Africa started. The transformation process of local government already started with the promulgation of the Local Government Transitional Act on 2 February 1993.

Chapter 7 of the Constitution of the Republic of South Africa, Act 108 of 1996 also recognized the autonomy of local government similar the other two spheres of government. According to the Constitution local government has the right to manage its own affairs. Section 151(3) and (4) of the Constitution determines as follows:

- (3) *A municipality has the right to govern on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided in the Constitution.*

(4) *The national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.*

**Fig. 1. Spheres of Government**



Source: *Democratic Local Government 2000 – 2001, ABSA 2000:11*

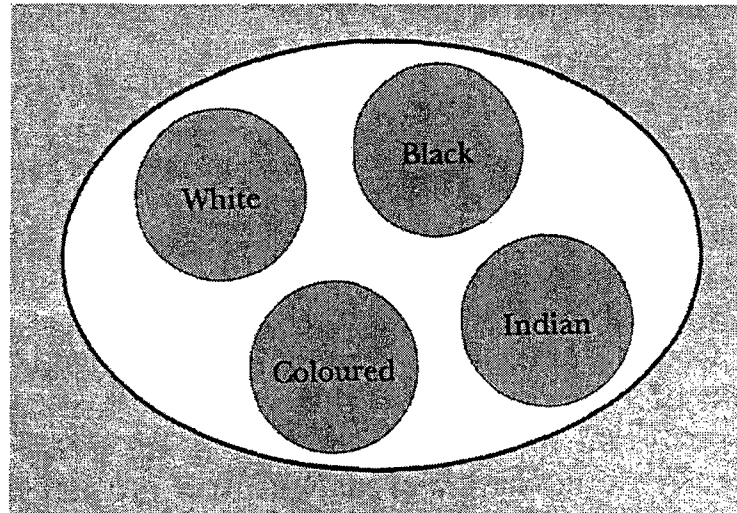
Initially local government was restructured by the prescriptions of the Local Government Transitional Act. In terms of the act three phases of restructuring were identified:

- **Pre-interim Phase**

The phase commenced on 2 February 1994 with the democratization of South Africa and ended on 1 November 1995. The purpose was to integrate the previous race based communities.

The integration was negotiated at forums which were representative of the total community.

**Fig. 2. Joint Local Authority known as a Transitional Local Council**



*Source: A perspective on Local Government in the new South Africa, 1995:4*

- **Interim Phase**

This phase commenced from 1 November 1995 until the election of December 2000. During this phase councilors were elected in a democratic manner according to a voter's roll and a system of ward and proportional representation was established.

- **Final phase**

The final phase commenced on 6 December 2000 and from here local government was instructed by total new legislation.

The most (important) legislation according to which local government function since 2000 is:

- Local Government : Municipal Demarcation Act 27 of 1998
- Local Government : Municipal Structures Act 117 of 1998
- Local Government : Municipal Systems Act 32 of 2000



- Local Government : Municipal Finance Management Act 56 of 2003

According to the prescriptions of the demarcation act the total South Africa was demarcated to form 'wall-to-wall' municipalities with wards.

The Structures Act *inter alia* provides for the categories and types of municipalities and provides criteria to determine the category of a municipality. It also defines the types of municipalities that may be established within each category. The Act provides for an appropriate division of functions and powers between categories of municipalities. The Act further regulates the internal systems, structures and office-bearers of municipalities and also provide for an electoral system.

The Municipal Systems Act provides for the creation of systems in local government. The act defines the core principals, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities. This act also defines the integrated development plan of a municipality as well as performance management.

The Municipal Finance Management Act secures sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government. It establishes treasury norms and standards for the local sphere of government and provide for matters connected therewith.

Due to the implementation of abovementioned legislation and the dynamics it caused, it is now experienced that various legislative instructions in terms of this new legislation was not timeously and effectively implemented at the Thabazimbi Municipality. In certain circumstances this new legislation does not provide for practical execution in the daily practice of local government management.

Furthermore, performance management was not implemented or implemented according to ruling legislation.

From the above the following research question may be asked: To what extent does the Thabazimbi Municipality comply with the abovementioned legislation and specifically Performance Management as explained in the Municipal Systems Act?

## **1.2 RESEARCH GOALS**

- To analyze legislation (since the promulgation of the Local Government Act, Act 209 of 1993) for local government in order to highlight selected implementation prescriptions such as performance management at the Thabazimbi Municipality.
- To indicate which implementation challenges are experienced in practice in terms of prescriptions of new legislation with specific reference to Performance Management at the Thabazimbi Municipality.
- To obtain the views of councillors and departmental heads regarding the potential non-compliance with the legislative prescriptions.

## **1.3 DIRECTIVE ARGUMENT**

Municipal legislation provides guidelines to which a municipality must comply. This study investigates to what extent the Thabazimbi Municipality adhered to the prescriptions of performance management and to evaluate and obtain the views of councillors and managers why these legislative prescriptions are not complied with completely.

## **1.4 METHODOLOGY**

The following data and sources were used to ensure that complete information were obtained for the research:

- (a) JUTA'S Statutes of South Africa
- (b) LexisNexis Butterworths
- (c) Nexus Data Basis
- (d) Government Digest
- (e) Department of Provincial and Local Governments
- (f) Workshop Minutes of IMASA and ILGM
- (g) Circulars of the Demarcation Board

Various websites were visited regarding the implementation of local government law and the compliance thereof in local government. Various magazines, articles and circulars were studied.

## **1.5 QUALITATIVE RESEARCH**

Questionnaire was created for purposes of a semi-structured interview in order to identify the problems and obstacles which the Thabazimbi Municipality experience in practice pertaining to the implementation of new local government legislation and specifically the implementation of a performance management system. Five departmental heads including the municipal manager were interviewed regarding their view on the implementation of the mentioned legislation and performance management at the Thabazimbi Municipality. Interviews were held with the mayor, speaker, chief whip and councillors regarding performance management at the Thabazimbi Municipality and the compliance / non-compliance thereto.

The interviews specifically focused on managerial and administrative problems which the Thabazimbi Municipality experienced in terms of the implementation of Performance Management.

## **1.6 LITERATURE SURVEY**

Text books from Ferdinand Postma Library relating to performance management were enquired. However, text books relating to performance management in local government specifically are very limited supposing due to the relative short term that performance management was introduced to local government with reference to the Constitution of the Republic of South Africa, Act 108 of 1996 and the Local Government: Municipal Systems Act 32 of 2000 as amended.

## **1.7 CHAPTER LAY-OUT**

The study is divided into six chapters:

Chapter one will address the reform of local government in South Africa since 27 April 1994 and the introduction of certain new legislation to local government which legislation contain various new prescriptions in local government such as performance management systems. The research goals are formulated in this chapter.

Chapter two will explain and discuss prominent new legislation that reformed local government in South Africa since 1994. The directives for performance management will be highlighted and explained.

The focus in Chapter three will be placed on performance and performance management. Principles, characteristics and benefits of performance management will be explained. Guidelines of Department Local Government will

be discussed and explained. Emphasis will be placed on the understanding of performance management in local government legislation.

Chapter four will focus on analyzing performance management at Thabazimbi Municipality. Reference will be made to council resolutions and performance agreements entered into. The role of consultants assisting the implementation of performance management system at the Thabazimbi Municipality will be discussed. Furthermore political influences during the total process will be elaborated on. Background and capacity of Councillors and senior management will be referred to.

Chapter five will discuss the methodology used and will produce the results of interviews held to identified role players. It will also provide the writer hereof to refer to own experience being part of the management team of Thabazimbi Municipality until September 2004.

In chapter five a conclusion will be reached and certain recommendations will be made.

## **CHAPTER 2**

### **AN OVERVIEW OF LEGISLATION REFORMING LOCAL GOVERNMENT**

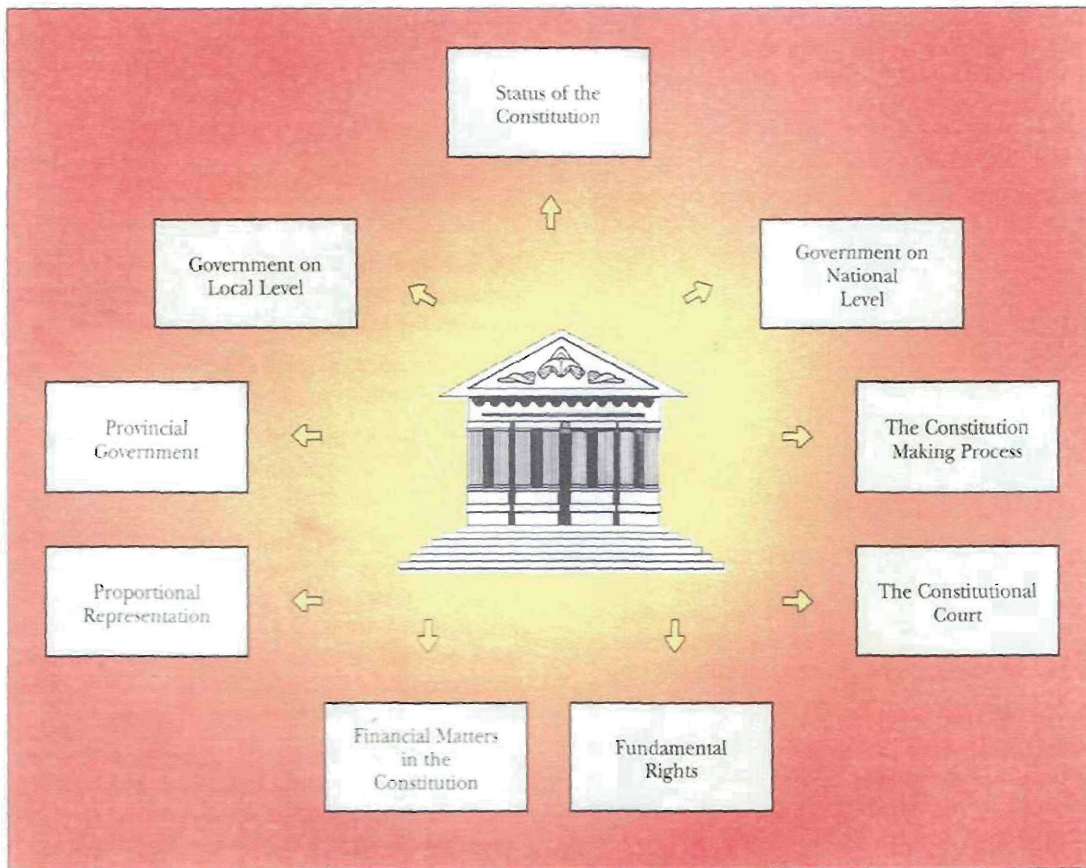
#### **2.1 INTRODUCTION**

To understand performance management in local government it is of utmost importance to conceptualize the transformation process in South Africa and in local government specifically since 1994. Therefore certain prominent legislation that plays a role in this process is discussed in this chapter. During the past ten years various new legislation was introduced to restructure local government in order to eventually repeal most of the ordinances and legislation that guided local government before 1994. The total spectrum of local government is thus addressed by new legislation and this study will only concentrate on the legislation that directly addresses performance management.

Background will be provided regarding the determinations of the Constitution of South Africa relating to local government and the guidance of the White Paper on Local Government will be summarized. Furthermore, certain new legislation as referred to in chapter one will be summarized and explained.

#### **2.2 THE CONSTITUTION**

The Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution) established three spheres of government – the national, provincial and local spheres. Each sphere of government is distinctive, yet interdependent and inter-related (Section 40[1]).



Source: A perspective on Local Government in the new South Africa, ABSA (1995:4)

The local sphere of Government in South Africa consists of municipalities. In each municipality, the municipal council has legislative and executive authority. Municipalities govern the local government affairs of their communities on their own initiative, but they are subject to national and provincial legislation. These and other restrictive measures therefore limit the degree of autonomy of municipalities. The more municipalities fail to effectively administer the affairs entrusted to them, the more they can expect to be subjected to national (Section 100) and provincial (Section 139) control (oversight). Real autonomy will have to be earned.

The Constitution is the supreme law of the country (Sections 1 and 2) and takes precedence over any other legislation. Chapter 7 of the Constitution provides a broad framework within which municipalities must operate. It also permits national or provincial government to pass legislation to further

The Constitution is the supreme law of the country (Sections 1 and 2) and takes precedence over any other legislation. Chapter 7 of the Constitution provides a broad framework within which municipalities must operate. It also permits national or provincial government to pass legislation to further regulate the activities of municipalities. Parts of Chapter 13 (Finance) also impact on local government – for example, section 214 which entitles municipalities to an equitable share of national revenue, section 215 concerning the drafting of budgets and section 229 dealing with municipal fiscal powers and functions.

### **2.3 THE WHITE PAPER ON LOCAL GOVERNMENT, 1998**

The White Paper on Local Government (1998) is the national policy framework that defines the transformation of local government. Its main purpose is to elaborate on the policy principals originally captured in Chapter 7 of the Constitution (SALGA, 2000:9).

In line with the Constitution, the Government produced the White Paper on Local Government (the White Paper) (Government Gazette No. 18739 of 13 March 1998) (ABSA: 2000:3).

For this study it is important to discuss the contents of the White Paper to enable the reader to capture a holistic view of the current legislation governing local government as well as to understand the legislation tools currently implemented in the local government sphere.

In the introduction of the White Paper on Local Government (SA, 1998:ix) the following role is spelt out for local government to play: "Apartheid has fundamentally damaged the spatial, social and economic environments in which people live, work, raise families, and seek to fulfil their aspirations. Local government has a critical role to play in rebuilding local communities and



environments, as the basic for a democratic, integrated, prosperous and truly non-racial society.”

The Constitution of the Republic of South Africa (1996) mandates local government to:

- Provide democratic and accountable government for 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.

Local government must also promote the Bill of Rights, which reflects the nation’s values about human dignity, equality and freedom, and uphold the principles enshrined in the Constitution.

Within the framework of the Constitution, the White Paper established the basis for a new developmental local government system, which is committed to working with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way.

One of the innovations of the White Paper is the concept of *Developmental Local Government*, defined as “local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.” According to the White Paper, *developmental local government* has four interrelated characteristics:

- Maximizing social development and economic growth
- Integrating and co-ordinating

- Democratizing development
- Leading and learning.

The White Paper describes the developmental outcomes of local government as the provision of household infrastructure and services, the creation of liveable integrated cities, towns and rural areas, local economic development and community empowerment and redistribution.

The White Paper also sets out tools and approaches that may be used in this new developmental approach. These include Integrated Development Planning (IDP) and budgeting, performance management and working with communities.

### **2.3.1 Municipal categories**

The White Paper also sets out the parameters for the establishment and form of new municipal structures. Drawing on the Constitution, it describes the three *categories* of municipalities as:

**Category A** – A municipality with exclusive municipal executive and legislative authority in its area

**Category B** – A municipality that shares municipal executive and legislative authority in its area with a Category C municipality within whose area it falls

**Category C** – A municipality that has municipal executive and legislative authority in an area that includes more than one municipality.

### **2.3.2 Principals for service delivery**

The White Paper sets out guiding principals for municipal service delivery, namely:

- Accessibility;
- Affordability of service;
- Quality of products and services;

- Accountability for services;
- Integrated development and services;
- Sustainability of services;
- Value for money;
- Ensuring and promoting competitiveness of local commerce and industry; and
- Promoting democracy.

These principals are in line with those espoused in the *Batho Pele* White Paper (1997) developed by the Department of Public Service and Administration.

### **2.3.3 Municipal finance**

The White Paper defines the policy objectives of the municipal finance system as revenue adequacy and certainty, sustainability, effective and efficient use of resources, accountability, transparency and good governance, equity and redistribution, development and investment and macro-economic management.

The White Paper also suggests four areas in need of restructuring:

- Local revenue instruments and policies
- National to local intergovernmental transfers (IGTs)
- Gearing the private investment
- Budgeting, accounting and financial reporting systems. The Municipal Finance Management Act 56 of 2003, was promulgated to direct and regulate local government finances.

### **2.3.4 Implications of the White Paper**

The White Paper on Local Government can be regarded as the cornerstone of the transformation process in South Africa. It clarifies and furthered some of the principles enshrined in the Local Government Transition Act 209 of 1993. More importantly, it provides crucial guidelines as to how the local government

transformation process should proceed. The White Paper enabled valuable pieces of legislation to be formulated. These pieces of legislation are the key to the new local government system. The Municipal Demarcation Act 27 of 1998 provides for the demarcation of new viable municipalities. The White Paper also provides guidelines for types of municipalities.

### **2.3.5 Choosing appropriate structures**

The White Paper sets out the following principles, which guided the final choice of municipal institutions:

- The legacy of separation, which has created distortions in our settlement patterns.
- The uneven distribution of municipal capacity, particularly between urban and rural municipalities.
- The need for rapid intervention in the management of urban and rural systems, to tackle entrenched patterns of inequity, increases economic competitiveness and viability, and harness concentrated capacity and investment.
- Sharp social divisions within local government, and the need to enable diverse community groups to have adequate voice and representation within the municipal system without perpetuating existing divisions
- The new vision for local government and the need for empowered and capacitated municipalities to play a transformational and developmental role in building viable human settlements that meet the needs and aspirations of local communities.

The White Paper also asserted the need for sound labour relations and human resource management practices. Many of these ideas were taken forward in the Municipal System Act of 2000.

The Municipal Structures Act 117 of 1998 sets out categories and types of municipalities, and provides for electoral and other matters. The Municipal

Systems Act of 2000 sets out systems within which municipalities should operate and procedures they follow in their day-to-day operations.

It also provides three approaches which can assist municipalities to become more developmental, namely integrated development planning and budgeting; performance management; and working together with local citizens and partners. Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or Key Performance Indicators (KPIs). Key Performance Indicators vary greatly from municipality to municipality and cover both efficiency measures and human development indices.

Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of development objectives.

Finally, the White Paper puts forward an approach to municipal transformation. It notes that national government is committed to developing a stable and enabling framework in which change can occur, and providing a range of support mechanisms to assist municipalities during the transition. However, transformation ultimately rests in the hands of each municipality. Municipalities are encouraged to think critically about how they operate and relate to local communities, and to develop their own strategies for meeting local needs and promoting the social and economic development of communities in their areas of jurisdictions.

## **2.4 THE MUNICIPAL DEMARCATION ACT 27 OF 1998**

The purpose of the Municipal Demarcation Act 27 of 1998 (the Demarcation Act) is to provide for criteria and procedures for the determination of municipal boundaries by an independent authority and to provide for matters connected thereto (SA, 1998:1-555).

According to Zybrands (2000:3) the first step in the transformation of local government is the need to re-demarcate the boundaries of municipalities. To do this a Demarcation Board was established. The Board had the task of demarking boundaries in accordance with factors listed in section 25 of the Demarcation Act.

One of these factors was to rationalise the number of municipalities. The Board therefore reduced the number of municipalities from 843 to 284.

## **2.5 LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT 117 OF 1998**

For purposes of this study it can only be highlighted that the act addresses the division of functions and powers and focuses to apply internal systems to the relevant structures.

The Municipal Structures Act also instructs the appointment of a Municipal Manager. More detail regarding the Municipal Manager will be provided with the discussion of the Municipal Systems Act, no 32 of 200 hereafter.

Sections 44(3)(a) and 56(3)(a) of the Structures Act place the responsibility for the development of evaluation criteria, including key performance indicators, on the executive committee and the executive mayor respectively.

Sections 44(3) and 56(3) of the Structures Act charge the executive committee / executive mayor with:

- Evaluation of progress against the key performance indicators;
- Review of the performance of the municipality; and
- Monitoring of the administration.

## **2.6 MUNICIPAL SYSTEMS ACT 32 OF 2000**

As mentioned in paragraph 1.1 above this act provides for the creation of systems in local government.

The Act places the 'development of the performance management system' (PMS) in the hands of the executive mayor, executive committee or a special committee (s 39(b)). They must assign responsibilities to the municipal manager (s 39(c)).

The Act states that the performance of the municipality must be monitored, measured and reviewed at least once a year (s 41(1)). Regular reports must go to the council on the implementation of the performance management system (s 41(1)(e)). In view of the fact that the executive committee / executive mayor is charged by law with the above three, it appears that these structures must manage and drive the monitoring, measuring and reviewing exercises as well as the preparation of the reports to council.

The actual implementation of the performance management system would be most appropriately placed in the office of the municipal manager. Ultimately, 'the municipality' must be able to hold the municipal manager accountable for the overall performance of the administration (s 51(i)). The executive committee / executive mayor's assignments to the municipal manager in terms of section 39(b) will prove to be of utmost importance to ensure clarity around the division of responsibilities.

The municipal manager plays a specific role, assigned to him by section 55(1)(a)(iii) of the Act. It states that the municipal manager must ensure that the municipal administration is responsive to the needs of the local community to participate in the affairs of the municipal manager who ensures that the administration is open to, and facilitates, the input of local communities and residents in municipal affairs.

The municipal manager is accountable to 'the municipality (s 51(i)), which consists of the political structures, the administration and the community (s 2(b)). Therefore, the system Act also envisages a role for the community and for the administration in holding the municipal manager accountable for the performance of the administration. This should not be interpreted as a right for 'the community' or 'the administration' to interfere with the municipal manager's functioning or to call the municipal manager to book. However, it does entitle the community and the administration to a municipal manager's office that is transparent, answers queries and engage with the municipal administration and the larger local community. For example, the transparency requirement is reflected in section 58 where the municipality is instructed to publish the salary scale and benefits of the municipal manager.

The onus is on the municipality to put in place mechanisms and processes to enable public participation (s 17(2)). The council must decide on the processes it wants to establish. It is the municipal manager's responsibility to implement that decision and set up those mechanisms. Section 55(1)(n) states that it is the municipal manager's responsibility to facilitate public participation in the implementation of the IDP. The executive committee or executive mayor is responsible for reporting to the council on the involvement of communities in municipal affairs. The executive committee or executive mayor is also charged with ensuring that public views are taken into account and with reporting on the



effect of public participation on decision making (ss 44 and 56 of the Structures Act).

## **2.7 MUNICIPAL FINANCE MANAGEMENT ACT 56 of 2003 (MFMA)**

The purpose of the Act is to ensure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government and to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith.

The Act also provides in section 72 for performance assessment of the municipality. This Act is very directive and strict in terms of municipal finance and definitely plays a significant role when it comes to performance management in local government.

The directiveness of the Act cause all municipal activities to be evaluated against the prescriptions of the act which means that any performance measurement will base financial responsibilities on the determinations of the Municipal Finance Management Act.

## **2.8 CONCLUSION**

In this chapter the legislative determinations instructing local government to implement a performance management system and to measure performance were highlighted. By law municipalities are thus directed to put structures and systems in place to measure its performance and to adhere to legislation in this regard. The legislation also explains the roles and responsibilities of officials and councillors pertaining to performance management. For purposes of this study the importance of knowledge of above mentioned legislation and specifically the

determinations of the systems act relating to performance management will be focused on.

The next chapter will focus on the meaning of performance management and specifically the meaning, understanding and implementation thereof in local government. It will indicate how it should be approached, implemented and applied in local government.

## **CHAPTER 3**

### **PERFORMANCE MANAGEMENT: PRINCIPLES AND SYSTEMS**

#### **3.1. INTRODUCTION**

As explained in the previous chapter, performance management has been introduced by legislation in the late 1990's to local government. The introduction of performance management and performance management systems came together with total new directives of local government concerning issues such as Integrated Development Planning, land development objectives (which now resulted in the spatial development framework), local economic development, ward committees, municipal codes, public participation and service delivery. Councillors and managers are exposed to these legislative measurements from December 2000 and political, community, provincial and national pressure was enforced on them to implement these new imperatives. In this study the emphasis falls on performance management in local government with specific reference to the case of Thabazimbi Municipality. Therefore, performance, performance management and performance management systems, will be explained hereunder to gain an understanding of the principles and foundational aspects associated with it.

#### **3.2 CONCEPTUALISING 'PERFORMANCE' AND 'PERFORMANCE MANAGEMENT'**

The following discussion will outline the meaning of performance and performance management.

### 3.2.1 PERFORMANCE

“Performance” is a term used in a variety of disciplines (Verweire & van den Berghe, 2004:5). Armstrong (2000:3) gives the following explanation of performance:

“There are different views on what ‘performance’ is. It can be regarded as simply the record of outcomes achieved. On an individual basis, it is a record of a person’s accomplishments, Kane (1996) argues that performance is something that the person leaves behind and that exists apart from the purpose. Bernadin *et al.* (1995) are concerned that performance should be defined as the outcome of work because they provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contributions.”

It is important to realise that ‘performance’ is multidimensional in nature which refers to both the goals of the organisation as well as the achievements of its individuals. In a local government context performance focuses on the targets identified by a municipality through the Integrated Development Plan (IDP) and at the same time managers and employees must ensure that these set targets be reached according to the input of the clients namely rate payers and institutions. Therefore a municipality must perform which performance will be measured by District Municipalities, Provincial Departments as well as the clients. At the same time section 57 managers (managers appointed according to a performance agreement for a period not longer than five years) will be responsible to manage the municipality according to established directives (IDP and budget) in order to comply with set targets.

The Oxford English Dictionary defines ‘performance’ as the “accomplishment, execution, carrying out of anything ordered or undertaken.” This refers to outputs/outcomes (accomplishment) but also states that performance is about doing the work as well as being about results achieved. ‘Performance’ could

therefore be regarded as behaviour – the way in which organisations, teams and individuals get work done. Campbell (1990) concurs with this view and adds that “performance is behaviour and should be distinguished from the outcomes because they can be contaminated by systems factors”.

A more comprehensive view of performance is achieved if it is defined as embracing both behaviour and outcomes. This is well put by Brumbrach (1998) stating that performance means both behaviours and results. Behaviours emanate from the performer and transform performance from abstraction to action.

This definition of performance leads to the conclusion that, when managing the performance of teams and individuals, both inputs (behaviour) and outputs (results) need to be considered.

Keamey and Berman (1999:1) define performance as simply ‘managing public programmes for outcomes’. Public managers use public resources and mandates to ensure their policy programmes meet public objectives and expectations. The authors regard *performance* as being similar to *productivity*. However, performance is broader than some narrow meanings of productivity (efficiency and effectiveness) A distinguishing feature of public performance is that it is guided and assessed by multiple, equally important standards of effectiveness, efficiency, and equity.

Others argue that performance should be defined as the outcomes of work, because outcomes provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contributions (Rogers, 1994). It is important to determine whether the measurement objective is to assess performance outcomes or behaviour. Therefore, an organisation, and project team (being the identified managers and councillors in the case of municipalities), should distinguish between outcomes (results), behaviour (the

process) and appropriate performance measurement devices (Van der Waldt, 2004:36).

Boland and Fowler (2000:419) explain that there are two important issues which need to be addressed, namely the 'what is to be measured', and how to use the information arising from the measurement process.

Although there are different understandings of 'performance', one may generally assume that 'performance' is about behaviour which is set to reach a specific target. Therefore Performance Management is logically a modern managerial system to streamline all resources and assets in order to obtain the best result, whatever the business may be.

### **3.2.2 PERFORMANCE MANAGEMENT**

Lowe (1997:18) explains that management is about getting things done and good managers are concerned about getting the right things done well. That, in essence is performance management – the organisation of work to achieve the best possible results. From this simple viewpoint, performance management is not a system or technique, but the sum of the day-to-day activity of all managers. But, if the methods used to achieve results are left to individual managers' initiative, two problems according to Lowe (1997) arise:

- There is no guarantee that all the managers will work towards a coherent set of organisational goals and priorities.
- Managers vary considerably in competence, so performance standards are unlikely to be consistent or universally high.

De Waal (2007:18) argues to obtain organisational fitness, an organisation's ability to adapt and survive in the ever-changing business environment, and is achieved through natural evolution, purposeful change, and continuous learning

(Beer, 2003; Voelpel et al., 2004). To obtain organisational fitness, an organisation needs a clear and explicit management concept which is formulated by its most senior management (Bossert, 1993). This management concept is the basis for long-term development of the organisational strategy and the strategic objectives. The strategy has to be translated into business unit plans, budgets, and operational action plans at the lower organisational levels. The management concept needs to be supported by an unambiguous and well organised planning and control cycle. In this cycle, clear feedback is given on the execution of the plans by means of a management control and information system. Having an effective planning and control cycle and management control and information system is essential for organisational success.

According to Lockett (1992:14) managing performance and the managers within them – is the main function of organisations in today's turbulent environment. This is a continuous process in which organisations clarify the level of performance require to meet their strategic objectives, concert them into unit and individual objectives and manage them continually in order to ensure, not only that they are being achieved but also that they remain relevant and consistent with overall strategic objectives.

Modern municipalities are also supposed to be operated as a business, taking into consideration an approved budget and identified needs from various structures that normally exceed the budget. Therefore management is confronted on a daily basis to perform within the parameters of the approved budget and IDP.

Armstrong (2000:4) gives the following explanation of the essence of performance management: It is a shared process between managers and the individuals and teams they manage. It is based on the principle of management by contract rather than command, although this does not exclude the need to incorporate high performance expectations in such contracts. Performance

management is based on the agreement of objectives, knowledge, skill and capability (competence) requirements, performance improvement, and personal development plans. It involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and further development plans.

Furthermore Armstrong (2000:4) states that performance management is about managing an organisation. It is a natural process of management, not a system or technique. It is also about managing within the context of business, namely its internal and external environment.

The definitions above emphasises the role of management and managers in performance management. In this paper in Chapter Four this crucial element of performance management referring to the capacity of managers being pressured to implement performance management without having systems in place, will be shown.

Van der Waldt (2004:39-41) explains that public institutions use scarce resources (*input*), both human and material, to produce *outputs* for consumption by their 'client' or 'customers' in order to achieve valued *outcomes*. It is this relationship between inputs, activities, outputs and the outcomes (impacts of the service on the wide range of 'users') and the ways its productivity and quality might be improved. Performance Management as discipline thus describes the range of processes, techniques and methods used to achieve such an improvement.

The explanation of Van der Waldt above is very accurate and relevant to public institutions. Taking the local government environment into consideration with specific reference to the Thabazimbi way which will be dealt with in Chapter Four hereafter, one would realise that the essence of performance discipline is to take all the mentioned factors such as describing the range of processes, techniques and methods used to achieve improvement, into consideration when dealing with



performance management. The correct and strategic use of inputs to produce outputs in order to achieve valued outcomes is the bare essentials to deal with clients in local government. Unfortunately this achievement is not very easy to reach when political goals and mandates have to be accomplished. Furthermore the capacity of human resources and financial limitations prohibit municipalities for example to address the need of clients.

According to Fox and Uys (2001:105 -106), performance management consist of the following *three elements* of a systems process with sequential logic that is able to predict the future plan (a view at the past will predict what will happen in the future):

- *Performance planning*, which forms part of the overall strategic planning of an institution with a view to allowing employees to perform optimally in order to reach organisational goals. In general, it means ensuring that employees are aware of performance standards, exactly how their performance in relation to those standards will be measured and what the results of such measurement could be. Furthermore, it has some bearing on career planning, in that employees should understand at what level to perform in order to advance in their careers.
- *Performance monitoring*, which has to do with day-to-day supervision of performance, recording actual performance on the job and pre-empting performance problems.
- *Performance appraisal*, which comprises the application of a system of measuring performance. There are many such systems available, none of them perfect.

Comparing the explanation of Fox and Uys with Van der Waldt above it is obvious that the explanation of Van der Waldt keep public institutions with a diversity of clients in big numbers (tax payers) into consideration which clients

and their environment are most of the time complex and diverse. Whereas Fox and Uys clinically explains three elements of performance management which maybe ideal but not necessarily easy to implement in a time frame of less than five years successfully in a municipality, due to various factors such as capacity, knowledge about performance management and strong leadership.

Most definitions stress the importance of having formulated goals, objectives and strategies, primarily at the organizational or corporate level. Then, the purpose of performance management is to achieve organizational effectiveness and 'to get better results'. Important aspects of performance management are setting performance goals, developing strategies, and translating them into concrete guidelines for action (i.e., making the strategies operational). Performance management is also about creating commitment and motivation role in this process. All this goes to say that performance management is much more than merely measuring performance (Verweire & Van der Berghe, 2004:7).

### **3.3 PERFORMANCE MANAGEMENT MODELS**

Over time there were parallel and sometimes intersecting and overlapping developments, which each led to the development of various models. These models may be categorised as (Van der Waldt, 2006:175-176):

- Sophisticated financial models;
- the benchmarking movement and models;
- the quality movement; and
- holistic models.

Spangenberg (1994:25) refers to Mohrman's (1990) approach which provides an excellent perspective of Performance Management by combining levels of performance – organisational, group and individual – with various stages in the progression of the performance management process.

**FIG. 4. LEVELS OF PERFORMANCE MANAGEMENT**

<b>ORGANIZATION</b>	<b>GROUP</b>	<b>INDIVIDUAL</b>
<b>DEFINING PERFORMANCE</b>		
Strategy Business plan	Mission Goal setting Performance strategies	Goals, responsibilities, and work planning

Source: Spangenberg, (1994:25)

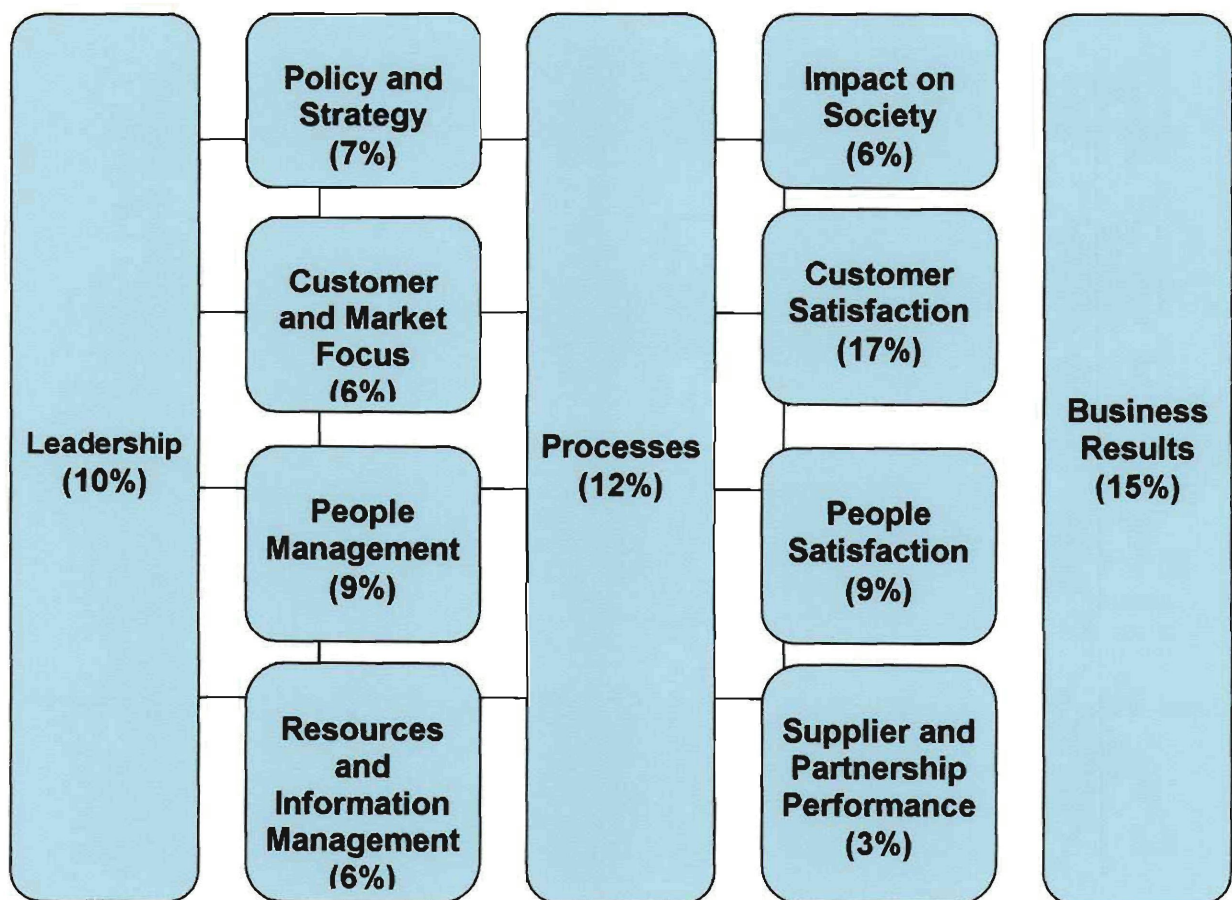
Public managers on all spheres and tiers of Government are under constant pressure to improve the performance and quality of service delivery. They are expected to satisfy a number of stakeholders, achieving increases in efficiency as well as the effective attainment of departmental goals. Because of the differences in the context, history and values of management in the public sector, managers should carefully consider private sector measures to improve quality (Van der Waldt, 2000:170).

Performance measures in the public sector are substitutes for profitability measure in the private sector. They are essentially a measure of productivity and efficiency. Whereas the ultimate test of a private sector firm's performance is the bottom line of profit, measuring the performance of public sector organisations (central and local government departments, schools, hospitals, etc.) is more difficult and calls for a complex 'mosaic' of indicators.

It would, however, be a mistake to make too much out of this difference between the public and private sectors. Information about profit performance comes a long time after the events that generate the profits have taken place. Profit is only known once the accounts have been finalised. In the meantime, private sector managers' performance of current activities can be judged. There is, therefore, not as much difference between public and private sector performance management as is often supposed (Jackson, 1998:11).

According to Van der Waldt (2004:171) it is of utmost importance that private sector models and techniques are not merely adopted for the public sector; the public sector is far too unique for that. Rather, public sector-specific models and techniques should be developed or private sector models and techniques should be adjusted to make them applicable to the public sector context. In the Performance Management Guide of DPLG which will be discussed hereunder, reference will be given to proposed models which may be implemented by local government, for example the South African Excellence model.

**FIG. 5. THE SOUTH AFRICAN EXCELLENCE MODEL**



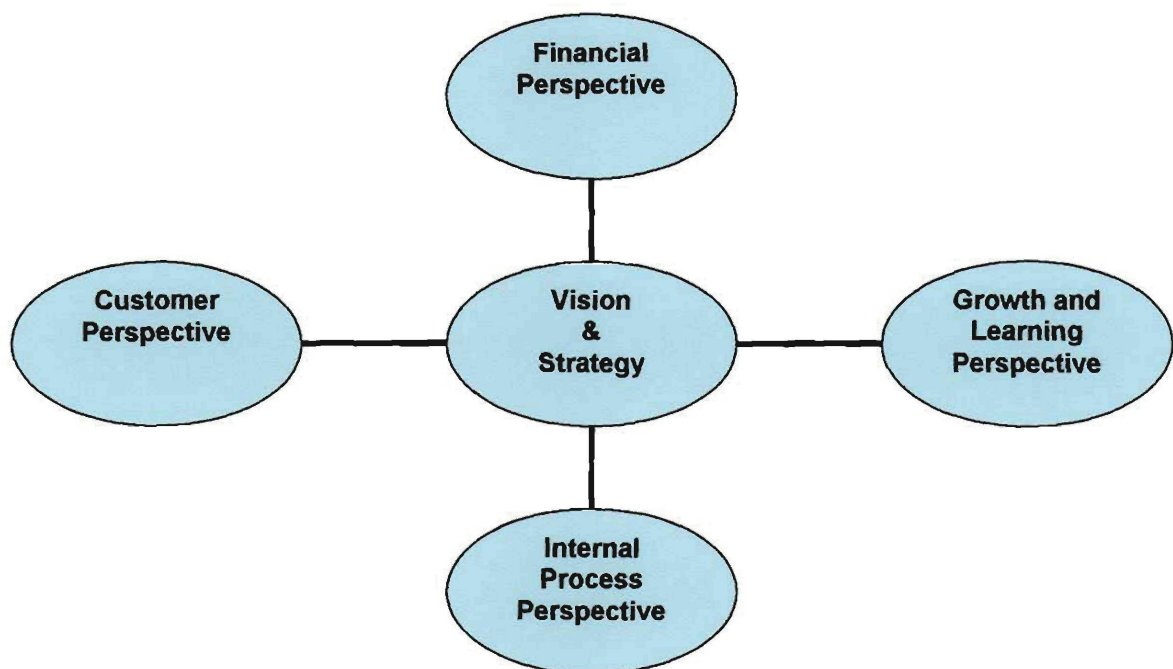
Source: Department Provincial and Local Government, Guidelines, (2001:27)

The model looks at different aspects of organisational performance and allocates scores. It focuses on assessing whether:

- The policy and strategy are correct,
- Resources are spent appropriately,
- Processes yield results, and
- The impact of the results on society.

The model relies on customer surveys as a tool to measure performance.

**FIG. 6. KAPLAN AND NORTON'S BALANCED SCORECARD**



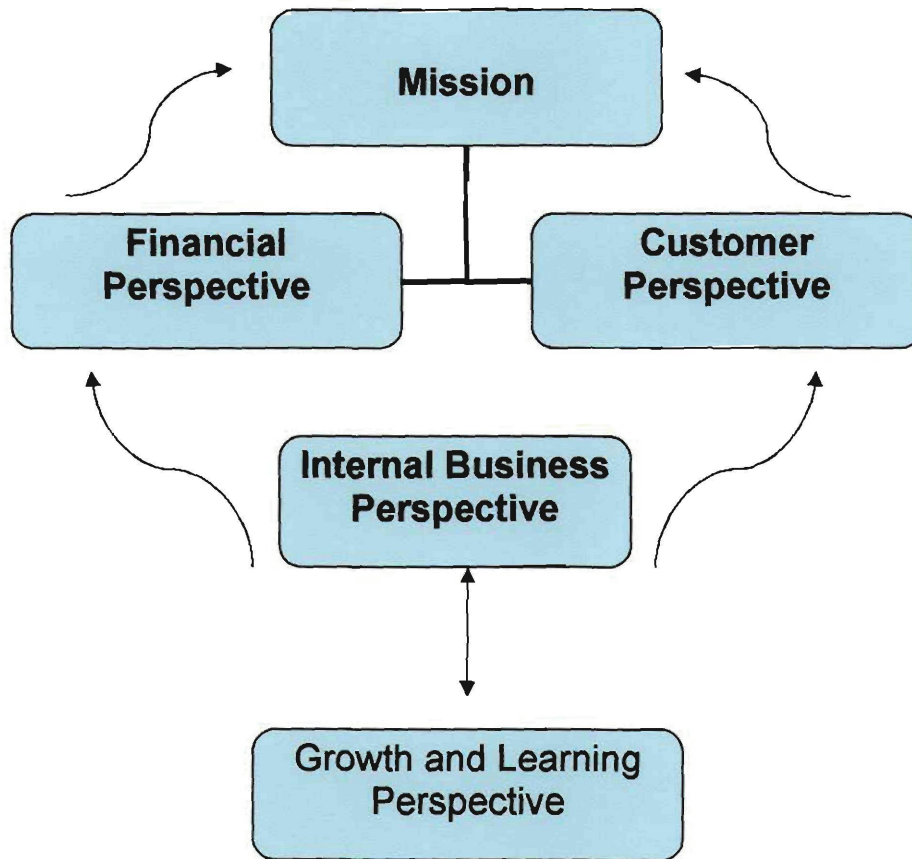
Source: Department Provincial and Local Government, Guidelines, (2001:28)

This model also focuses on whether:

- The strategy and policy are correct;
- Resources are spent appropriately;
- Internal processes yield results, and
- The impact on the society.

It also relies on customer surveys as tools for measurement.

**FIG. 7. KAPLAN AND NORTON'S REVISED BALANCED SCORECARD FOR THE PUBLIC SECTOR**



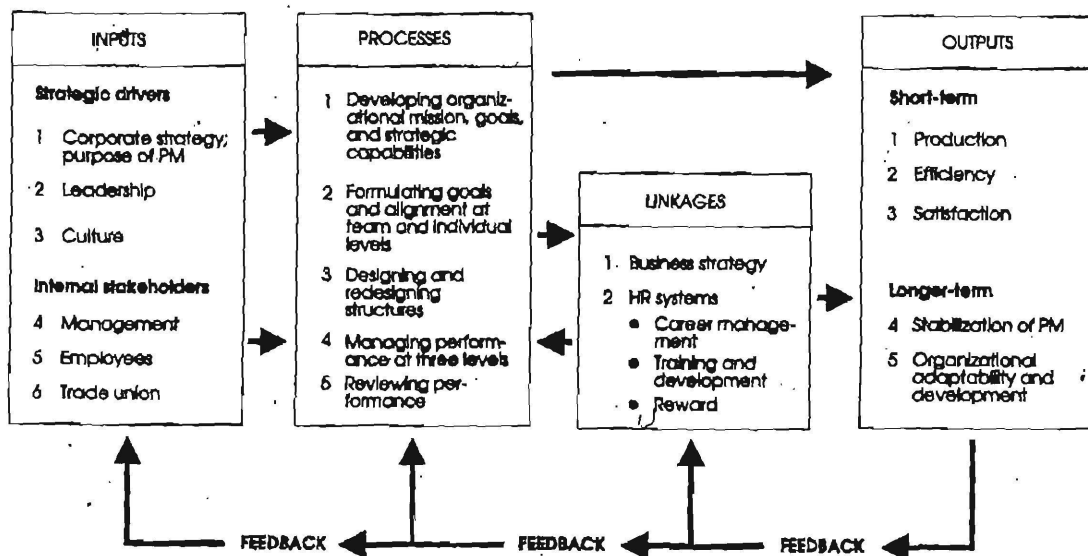
Source: Department Provincial and Local Government, Guidelines (2001:28)

This is an adapted and improved version for the public sector.

It is then important to note the statement of Van der Waldt above about public sector specific models, or the adjustment of private sector models are adopted in this proposal. Although Jackson (1998:11) argues that there is not much difference between public and private sector performance management one must always consider the dimension of tax payment and the diversity of clients in municipalities.

Spangenberg (1994:38, 39) describes the importance of a systems approach. The aim of a systems model is to describe performance management as a total system and to show the relationship between various elements and the systems' alignment to other major systems. The systems model had been developed during discussion with performance management facilitators participating in the 1992 United States Businessmen research project on problems experienced with performance management.

**FIG. 8. SYSTEMS MODEL OF PERFORMANCE MANAGEMENT**



Source: Spangenberg (1994:39).

### THE THREE 'Es' MODEL

Probably the best known model is the British Audit Commission's 3-Es model which refers to measures of *economy*, *efficiency* and *effectiveness*. The relationship or link between inputs, outputs and outcomes may thus be described in terms of:

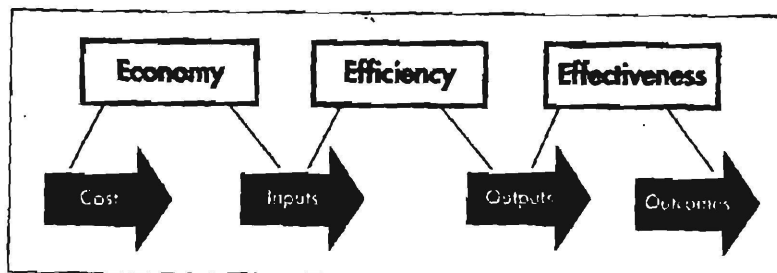
- *Economy*, which refers to the cost of the inputs that are used to produce outputs;



- *Efficiency*, which relates inputs to outputs that is, the cost of the inputs used per unit of output;
- *Effectiveness*, which illustrates the extent to which the outputs or services of a programme are successful in achieving stated objectives or priorities.

*Economy* and *efficiency* measures assess the extent to which public resources are utilised optimally to produce outputs. *Effectiveness* measures the extent to which departmental objectives, programmes or outputs have been achieved through the outputs it delivers. Effectiveness, therefore, is most often measured using output quantity and quality measures and indicators. Economy, efficiency and effectiveness are therefore important interdependent elements of monitoring and measuring service delivery and performance.

**FIG. 9. THE THREE Es**



Source: Van der Waldt (2006:180)

### 3.4 BENEFITS OF PERFORMANCE MANAGEMENT

Lockett (1992:15-16) discusses the benefits of Performance Management as follows:

- *Top management* – it should enable them to get on with their job of setting objectives for the organisation whilst managing relationships with external



bodies – customers, politicians, regulatory bodies, shareholders – and translating their requirements into objectives for the organisation.

- *Managers* – it will help them to gain a full understanding of the organisation's mission, set targets and standards for their team and delegate work, freeing them to concentrate on strategic planning and the continuous improvement and development of their operations and work team.
- *People within the organisation* – objectives which come from a centrally agreed business plan are more likely to give support functions an alternative *raison d'être* rather than the pursuit of their own specialised agenda. Most line/staff conflicts can be traced to a lack of shared objectives. These relationships need to be managed by a form of performance contract, so that professional competence can be focused on agreed business objectives and not dissipated on other issues.
- *Customers* – clear performance management should enable the organisation to deliver its consumer promise more consistently by converting customer needs into workable plans of action.

De Waal (2007:33-36) mentions the following benefits of Performance Management:

- High quality of information.
- Timeliness of information.
- Management Support.
- Efficient communication.
- Aligned culture.

He (De Waal) explains that during the strategic performance management process efficient and effective steering and control of the organisation is achieved by:

- Formulating the mission, strategy and objectives of the organisation;

- Translating objectives to the various management levels of the company; and
- Measuring objectives with Critical Success Factors, Key Performance Indicators, and Balance Scorecard, taking quick corrective action based on regular reporting of indicator results.

The correct implementation of all aspects of performance management will definitely lead to a well organised institution on all levels.

### **3.5 PERFORMANCE MANAGEMENT SYSTEM: GUIDELINES BY DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT**

Performance management as directed by the Municipal Systems Act had to be implemented since 2000 in local government. Although performance and performance management were implemented, evaluated and debated in various other sectors, it was formally introduced by legislation to local government in the late 1990's. Being a familiar concept to the private sector and other disciplines, it is a relative new concept to local government. The DPLG issued a Performance Management Guide for municipalities late in 2001. This guide explained to municipalities how Performance Management Systems should be implemented and if correctly applied may result in a workable Performance Management System.

The guidelines by the Department of Provincial and Local Government (DPLG) were forwarded to Local Government in 2001. Reference in this study was made to new legislation which reformed local government since 1994. In this chapter so far an explanation was submitted about performance and Performance Management. The Guidelines of the DPLG were the first complete set of directives in general to Local Government in South-Africa from Government. In order to show the hardships in practice to implement Performance Management at Thabazimbi Municipality, the guidelines will be discussed in detail hereunder.

In Chapters One and Two reference was made to the White Paper on Local Government which set a broad vision of developmental local government. The White Paper also *inter alia* recognised performance management. Therefore the Department of Provincial and Local Government introduced guidelines to implement performance management in local government. The National Department of Provincial and Local Government are there to support municipalities in implementing their Performance Management System.

### **3.5.1. STARTING THE PERFORMANCE MANAGEMENT PROCESS**

This phase involves clarifying and delegating roles and responsibilities, setting up internal institutional arrangements and setting up a framework for managing the change process.

### **3.5.2. DELEGATION OF RESPONSIBILITIES**

The Municipal Systems Act places responsibility on Council to adopt the performance management system, while holding the executive committee or executive mayor responsible for the development of the system, the executive committee or executive mayor may assign responsibilities to the municipal manager in this regard, but remains accountable for the development of the performance management system. The municipal manager may further delegate the responsibility to another senior manager.

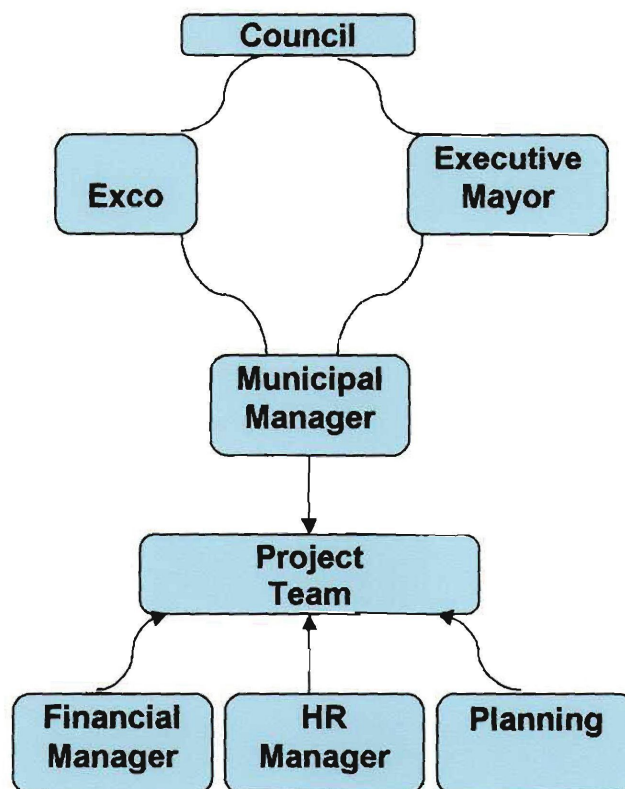
Therefore it is important that the Council, within its policy framework on delegation, assigns responsibilities accordingly. This may be done in writing. In the assignment letter, the Council should stipulate quite clearly what needs to be done, by whom and when.

### 3.5.3 SETTING UP INSTITUTIONAL ARRANGEMENTS

If not the Municipal Manager, a senior manager will be delegated by the Municipal Manager to be head of the project team. It is important always to keep in mind that the integrated development plan of the municipality and the Performance Management Systems are not two separate plans of a municipality but consist seemingly of each other and that the performance management system is informed by the approved Integrated Development Plan of a municipality.

The team will report to the Municipal Manager who will report to the EXCO or Executive Mayor and finally Council.

**FIG. 10. INTERNAL INSTITUTIONAL ARRANGEMENT**



Source: Department Provincial and Local Government, Guidelines (2001:7)

#### **3.5.4 MANAGING THE CHANGE PROCESS**

It is very important to ensure that all role players understand the meaning and concept of Performance Management and to understand what must be reached.

When the institutional arrangement as explained above, is put in place the process of developing a performance management system may be commenced with.

#### **3.6. DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM**

Developing a performance management system is the crucial phase according to the DPLG guidelines. It involves the development of a framework within which performance management processes will happen. It also involves answering the following questions:

- When does performance management start?
- What are the components of a performance management system?
- Who will manage whose performance?
- When will performance be monitored, measured and reviewed?
- What aspects of performance will be managed?
- How do we respond to good and poor performance?
- What institutional arrangements have to be established to make this work?

##### **3.6.1 PROCESSES FOR DEVELOPING THE SYSTEM**

At this point, the project team needs to plan how the process for developing the system is to be managed within the framework of the legislation. This should include the identification of stakeholders and establishment of structures to facilitate the development of the system.

### **3.6.2 CURRENT REALITY**

The project team needs to:

- Do an assessment of how planning, implementation and monitoring happen within the municipality.
- Identify gaps in terms of new integrated planning and performance management requirements.

### **3.6.3 IDENTIFICATION OF STAKEHOLDERS**

It is important for each municipality to complete the exercise of identifying who the stakeholders are for its performance management system. While there are common stakeholder categories for all municipalities, it is important that municipalities disaggregate these categories until it is useful for their municipality. The following list of categories for stakeholders does not intend to be exhaustive, but to be a starting point from which to work:

- Citizens and Communities.
- Officials.
- Partners.

Each of these categories of stakeholders will play a different role in developing, implementing and using the performance management system.

### **3.6.4 CREATING STRUCTURES FOR STAKEHOLDER PARTICIPATION**

It is important to establish structures that will facilitate the meaningful participation of stakeholders in the development of the system, consistent with the legislation. The municipality, in terms of their own circumstances, should determine the nature of the structure.



### **3.6.5 DEVELOPING THE SYSTEM**

The Municipal Systems Act requires municipalities to develop a performance management system suitable for their own circumstances. Therefore, working with the stakeholders, the project team needs to develop and propose a performance management system. A performance management system means a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting will happen and be organised and managed, while determining the roles of different role-players

### **3.7 IMPLEMENTING PERFORMANCE MANAGEMENT**

Having adopted the system, the municipality can mandate the project team to facilitate the implementation thereof. The team, which may be the same as the IDP team, should develop an implementation strategy. The strategy should be linked to the IDP implementation framework and should entail planning, implementation, monitoring and review.

#### **3.7.1 PLANNING FOR PERFORMANCE**

The Integrated Development Planning process and the Performance Management Process should appear to be seamlessly integrated. Integrated Development Planning fulfils the planning stage of performance management. Performance management fulfils the implementation management, monitoring and evaluation of the IDP process.

#### **3.7.2 PRIORITY SETTINGS**

The IDP should deliver the following products:

- An assessment of development in the municipal area, identifying development challenges, marginalised and vulnerable citizens and communities.
- A long term development vision for the municipal area that overcomes its development challenges.
- A set of delivery priorities and objectives, based on identified needs, achievable in the current term of office that would contribute significantly of the development of the development vision for the area.
- A set of internal transformation strategies, priorities and objectives, whose achievement would enable the delivery and the realisation of the achievement vision.
- Additional projects identified which contribute to the achievement of the above objectives.
- A financial plan and medium term income and expenditure framework that is aligned with the priorities of the municipality.
- A spatial development framework.
- Disaster management plans.
- Operational strategies.

A municipality may cluster the priorities into the following key performance areas:

- Infrastructure and services;
- Social and economic development;
- Institutional transformation;
- Democracy and governance; and
- Financial management.

### **3.7.3 SETTING OBJECTIVES**

All components of the IDP, whether they are strategies or priority areas, need to be translated into a set of clear and tangible objectives. This is a crucial stage



ensuring that there is clarity on the integrated development plan and that suitable indicators are found.

### 3.7.4 SETTING KEY PERFORMANCE INDICATORS (KPIs)

According to the guidelines indicators are measurements that indicate whether progress is being made in achieving goals. There are various types of indicators:

- Input Indicators.
- Output indicators.
- Outcome indicators.
- Cost, Input, Process, Output and Outcome Indicators.
- Composite Indicators.
- Baseline Indicators (source).

Input indicators are used to measure resources; output indicators are used to measure the activities or processes while the outcome indicators are used to measure impact.

A municipality must identify indicators for each of the areas referred to above, brainstorm them and rigorously look whether they are:

- 1) **MEASURABLE**
  - *KPIs should be easy to calculate from data that can be generated speedily, easily and at reasonable cost, given the municipality's financial and administrative capacity.*
- 2) **SIMPLE**
  - *Can measure one dimension of performance (quantity, quality, efficiency, effectiveness and impact) at one given time.*
  - *Separate different performance dimensions and set indicators for each separately.*
  - *Avoid combining too much in one indicator.*
- 3) **PRECISE**
  - *They measure only those dimensions that the municipality intends to measure*
- 4) **Relevant**
  - *They measure only those dimensions that enable the municipality to measure progress on its objectives.*

- *They measure performance on areas falling within the powers and functions of the municipality.*
- *They measure performance of the year in question.*

**5) Adequate**

- *They measure quality, quantity, efficiency, effectiveness and impact.*
- *Separate indicators are set for each of these for each priority and objective.*

Source: Department Provincial and Local Government, Guidelines (2001:23).

### **3.7.5 SETTING TARGETS**

Targets are simply the goals or milestones that we intend an indicator to measure at various timeframes (DPLG Guidelines, 2001:23).

Performance targets are the planned level of performance or the milestones an organisation sets for itself for each indicator identified. Targets are usually expressed in terms of quantity or time. For example, if a municipality identifies the number of households connected to electricity as an indicator for an electrification programme, 20 (twenty) households per week may be the target.

A municipality must identify baseline measurements. A baseline measurement is the measurement of the chosen indicator at the start of the period. If performance is seen as a race, the baseline is the starting position and the target is the finish line. In setting targets it is important to know how we are performing at the current moment.

A municipality may then look at all the indicators set, and identify targets for each. The targets need to be realistic, measurable and be commensurate with available resources and capacity. Decision-makers must make a contractual commitment to achieve the set target within agreed upon time frames and notify all stakeholders of the targets and the time frames.

At the end of the process, a municipality may emerge with the following perspective:

**FIG. 11. KEY PERFORMANCE AREA: INFRASTRUCTURE AND SERVICES**

Priority	Objectives	Activities/ Process	Input Indicator/ Targets	Output Indicators/ Targets	Outcome Indicators/ Targets
Delivery of water.	To improve access of water to households, in the informal settlements	Connect households to water	Until costs for purchasing water or priority pipes to connect to single households. Time or the number of people it took to connect a single household.	Number of households connected in one year.	Number of households with access to water conforming national standards.

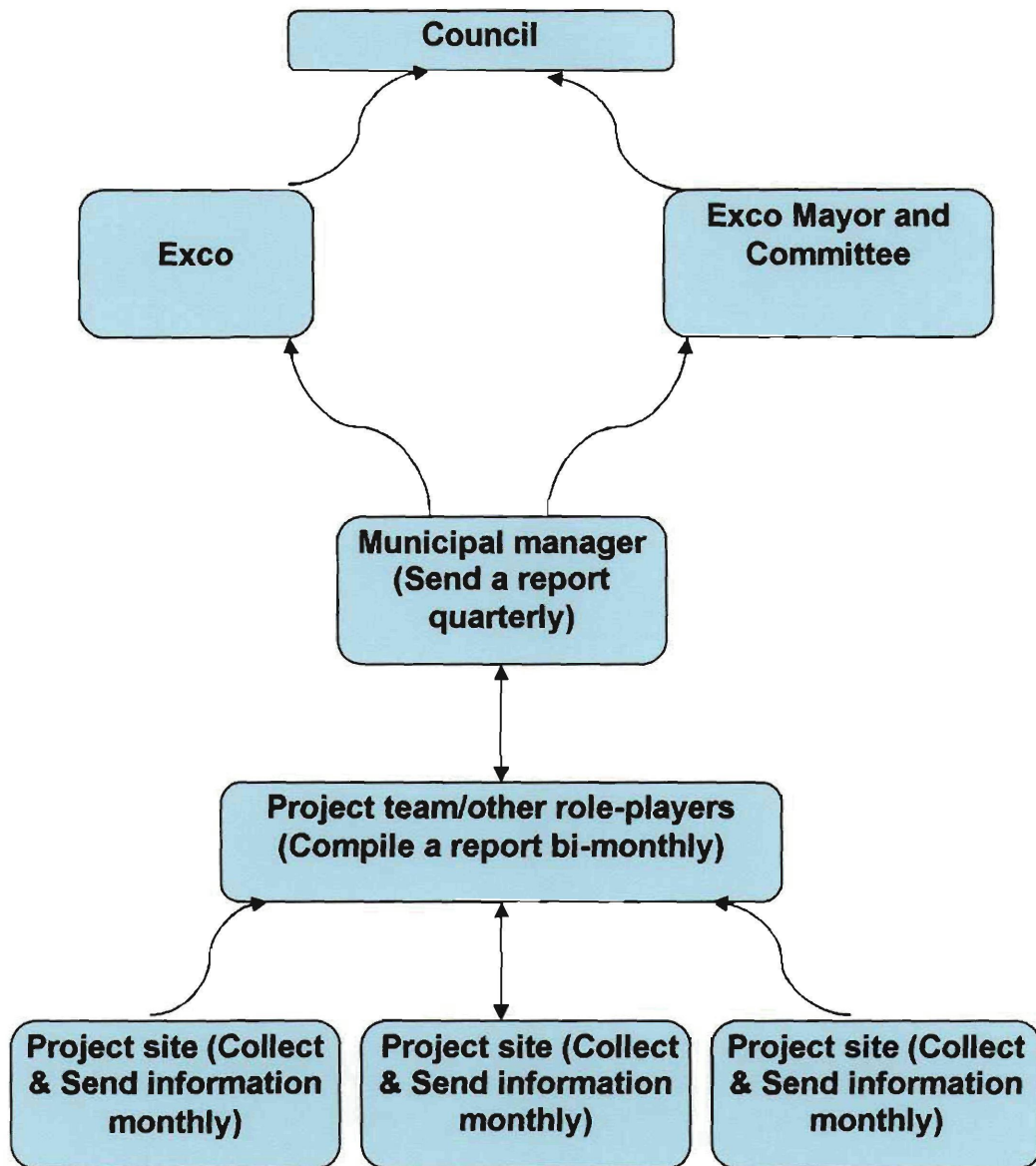
Source: Department Provincial and Local Government, Guidelines (2001:25).

### 3.7.6 DEVELOPING A MONITORING FRAMEWORK

Performance monitoring is an ongoing process that runs parallel to the implementation of the agreed IDP. A municipality must develop a monitoring framework that:

- Identifies the roles of the different role-players in monitoring and measuring the municipality's performance.
- Allocates specific tasks to the gathering of data and submission of reports.

**FIG. 12. DESIGNING A MONITORING FRAMEWORK**



Source: Department Provincial and Local Government, Guidelines (2001:26).

### 3.7.8 DESIGNING A PERFORMANCE MEASUREMENT FRAMEWORK

A municipality is expected to develop a framework for undertaking performance measurements. Performance measurement is essentially the process of analysing the data provided by the monitoring system in order to assess performance. This requires that municipalities determine what they are going to look at and what they are going to use to measure performance.

The following are some of the models used for undertaking performance measurements: The South African Excellence Model, Kaplan and Norton's Balanced Scorecard, Kaplan and Norton's revised Balanced Scorecard. These are models usually used in the private sector, but can be (and are already) adapted to suit the public sector. A municipality has the choice of adapting any of these or developing its own performance measurement model.

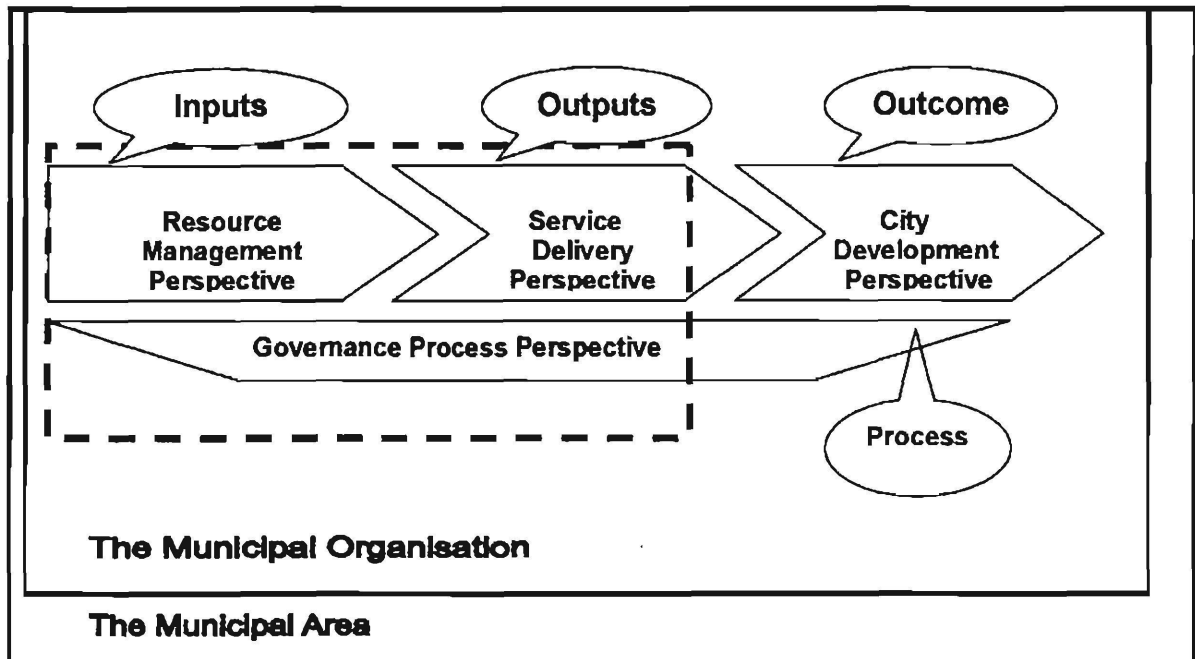
### **3.7.9 ASSESSMENT OF THE MODELS**

Models are very useful organising tools for performance measurements in municipalities. They become even more useful in the absence of a framework that sets indicators and targets up front. (Where an organisation has set its own indicators and targets in the absence of a framework, the information it gains is only useful to assess progress in those areas for which indicators were set). These models are consistent with the performance measurement framework outlined in the Act. The framework says that in measuring performance, municipalities need to look at:

- Inputs (resources, financial perspective).
- Outputs (results, service delivery perspective).
- Outcomes (impact, customer satisfaction, growth, quality of life).

The figure below may be useful as an integrated model for measuring performance.

**FIG. 13. A SUGGESTED MODEL FOR LOCAL GOVERNMENT IN SOUTH AFRICA**



Source: Department Provincial and Local Government, Guidelines (2001:30).

The framework does not however, look specifically at the process factors. It would therefore be crucial for municipalities to address these. Already in the framework for setting indicators and targets, processes are highlighted. However, as pointed out earlier, the output indicators would reflect whether the organisational processes are effective or not.

### 3.7.10 ANALYSIS OF MEASUREMENTS

Analysis is making sense of the measurements. It requires interpretation of the measurements to determine whether targets have been met and exceeded and projections on whether future targets will be met. Where targets are not being met, analysis requires that the reasons should be examined and corrective action

recommended. Where targets are being met or exceeded, key factors that resulted in the success should be shared to ensure organisational learning.

It is crucial that line managers are continuously analysing the measurements that they are generating. They are best placed, having an in-depth understanding of their sector, to analyse whether targets are being met now and will be met in the future, what the contributing factors are to the level of preliminary analysis and should be done by respective line managers for objectives and indicators that lie within their area of accountability.

Secondly, it is useful to have a corporate analysis of performance. This analysis should examine performance across the organisation in terms of all its priorities

This analysis would need to reflect on:

- Whether performance targets are being met in the organisation.
- Trends and patterns with respect to the meeting of targets.
- The reasons for targets not being met.

This level of analysis should be able to reveal whether broader factors are limiting performance e.g. labour relations problems, community conflict, in particular areas or poor maintenance of vehicles across the organisation.

To be successful, capacity for this level of analysis should be set up centrally, perhaps in the office of the Municipal Manager or preferably in the office of the Executive Mayor or Executive Committee.

### **3.8. CONDUCTING PERFORMANCE REVIEWS**

Performance review is a process where the organisation, after measuring its own performance, assesses whether it is doing the right thing, doing it right and better, or not. There are a number of ways to conduct performance reviews. The first is to look at whether the current level of performance is better than that



of the previous year, using baseline indicators. The assessment is important because you can only know if your performance is improving by comparing with past performances.

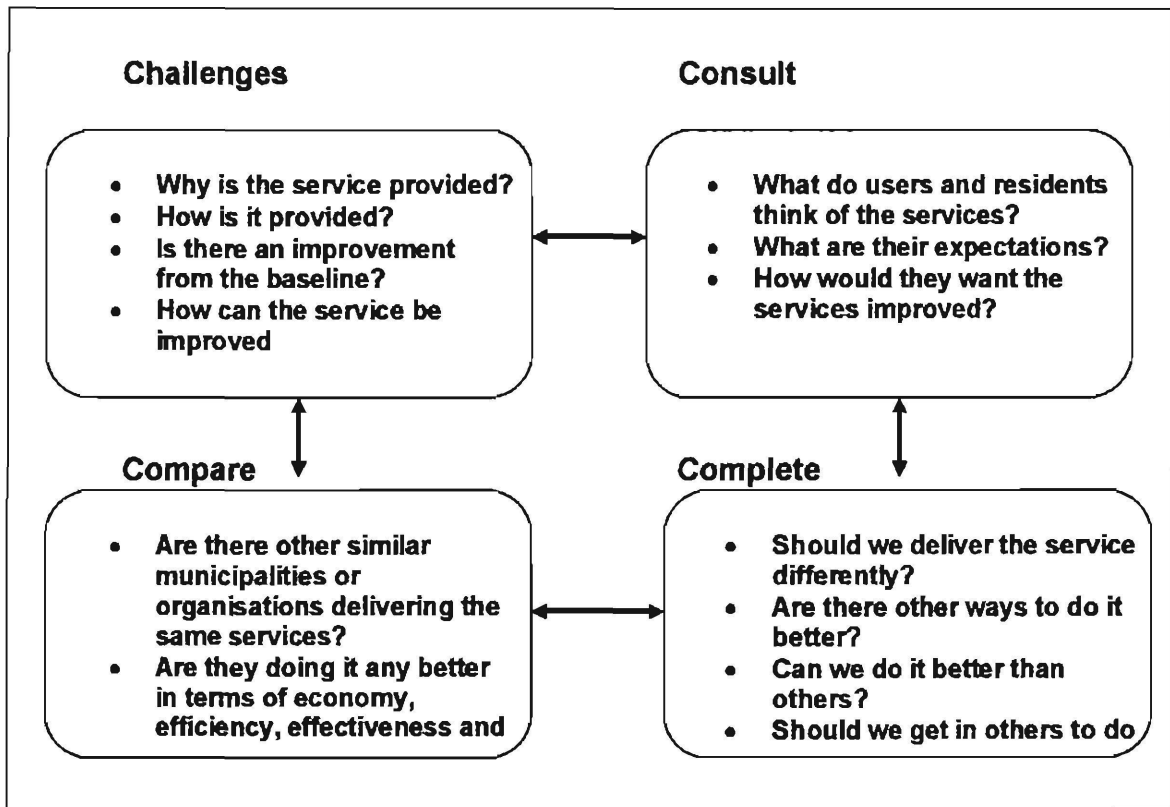
The second method is to look at the municipality's performance by comparison with other similar ones, other public sector agencies and/or private sector organisations. This is also important: you can only know that you are doing well relative to others similar to you. This may be done by way of a benchmarking exercise.

The third method is to look at what the people the municipality service think or what their perceptions are about the performance of the municipality across a range of services. Again this is crucial because you are only as good as the people you serve think you are. This may be done by way of customer surveys or other community feedback mechanisms.

This review approach is consistent with the 'best value' review framework of challenge, compare, consult and compete. The framework calls for the municipality to challenge the current level of performance, compare it to others, consult with customers or communities and find ways of competing with others to provide best value in service delivery.



**FIG. 14. BEST VALUE REVIEW**



Source: Department Provincial and Local Government, Guidelines (2001:32).

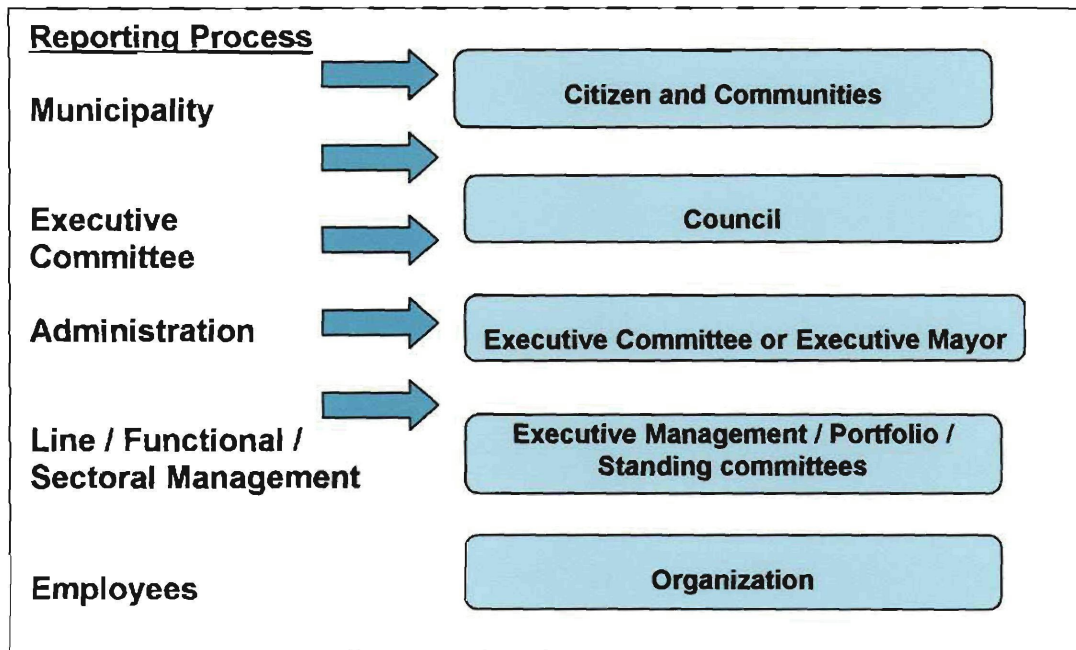
According to the guideline reviews are conducted according to the lines of accountability:

- Supervisors.
- Line/functional/sectoral managers.
- Stranding or Portfolio committees.
- Executive management.
- Executive or Mayoral committees.
- Council.
- The public.

Furthermore the guideline addresses the issue on improving performance by identifying the reasons for poor performance.

In terms of Sections 46-48 of the Municipal Systems Act, 32 of 2000, an Annual report must be prepared for each financial year reflected for each financial year reflecting on the performance of a municipality. The Guidelines also explains this reporting process to municipalities.

**FIG. 15. REPORTING PROCESS**



Source: Department Provincial and Local Government, Guidelines (2001:36).

### 3.9 ORGANISATIONAL PERFORMANCE AND EMPLOYEE PERFORMANCE

According to the Guidelines the performance of an organisation is integrally linked to that of staff. If employees do not perform an organisation will fail. It is therefore crucial to manage both at the same time. The relationship between organisational performance and employee performance starts from planning, implementation, monitoring and review.

### **3.9.1 PLANNING**

The IDP yields a set of indicators and targets. These become an undertaking of the municipality to the community. These should, however, be incorporated into the municipal managers performance agreement as he is responsible for the implementation of the IDP. The municipal manager may take relevant indicators to the sections or departments concerned. These indicators would then become the indicators and targets of the Head of the Department to be incorporated in the performance agreement. The Head may cascade the indicators and targets to lower levels in line with the scope of responsibilities at that level.

### **3.9.2. IMPLEMENTATION AND MONITORING**

When projects and programmes are implemented, the municipal manager needs to set up a framework to track performance of all managers who would in turn do the same for lower level staff. The framework, in terms of employee performance management, should clarify:

- Targets for all levels in the organisation
- Methods for tracking performance
- Intervals for reporting
- Lines of accountability
- Institutional arrangements

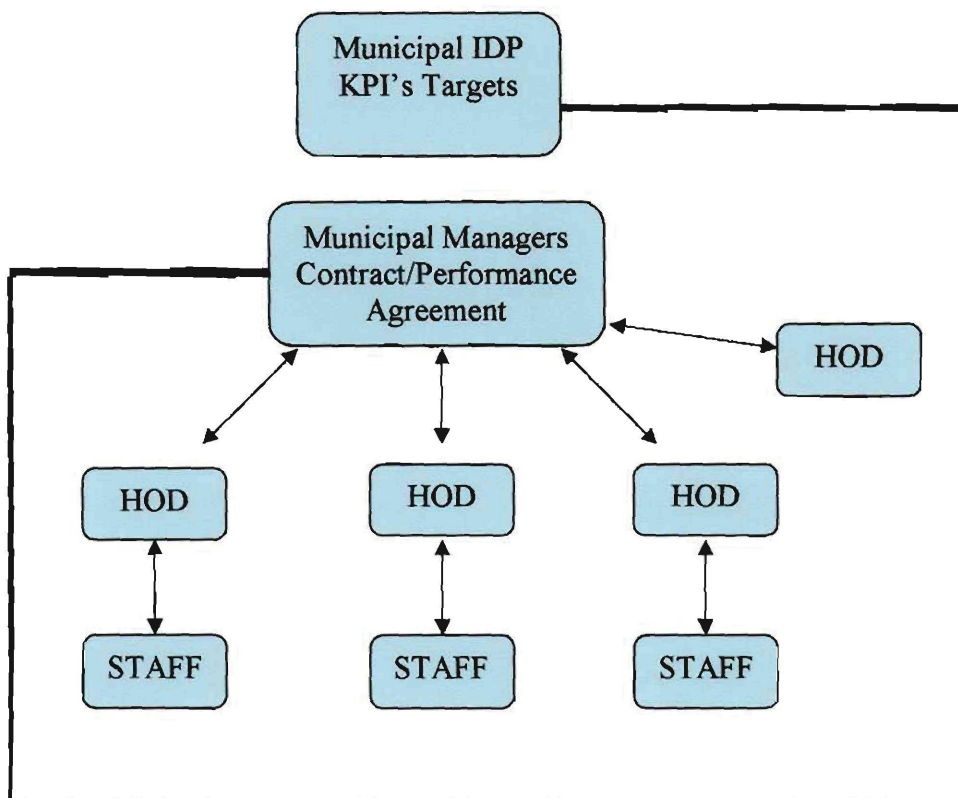
### **3.9.3 REVIEW**

The municipal manager must, within the parameters and employee performance management system, set up a framework for performance reviews of staff. The framework should clarify:

- Areas of performance to be reviewed flowing from IDP.
- Review methods to be used.

- Review intervals.
- Linkages with broader strategic review of the organisation.

**FIG. 16. REVIEW**



Source: Department Provincial and Local Government, Guidelines (2001:40).

Finally the guidelines explain the importance of building capacity and establishing the institutional arrangements.

Looking at the guidelines above and legislative determination relating to Performance Management it shows the significant benefits of having a Performance Management System in place in local government. Taking into account that local government must perform on various levels of service delivery and is funded by its clients by means of taxes, a Performance Management

System is needed to achieve Integrated Development Plan goals and make the budget work. A Performance Management System which is implemented correctly will also indicate to all staff members which goals to reach and how to perform. Section 57 managers will be able to reach performance goals and qualify for agreed bonuses. Councillors will be informed and able to answer to their wards, constituencies and political parties. The public will be informed, be able to trace the IDP progress according to objectives determined and have open communication channels as prescribed by law.

### **3.10 CONCLUSION**

In this chapter the principles and systems of performance management as management application and discipline were explored. It is clear that the concept of Performance Management is multidimensional in nature and when correctly implemented, a definite part of the success of any institution.

In view of the legislative background in Chapter One and Two and the explanation of performance management and the DPLG guidelines in Chapter Three, the following chapter will explain the reality of implementing performance management at Thabazimbi Municipality since 2001.

Having outlined applicable local government legislation which determined the essence and implementation of a performance management system as well as the meaning of performance and performance management, the next chapter will indicate the enormous gap between implementing a performance management system in Thabazimbi Municipality from 2001 and the struggle in practice even to fully conceptualise the meaning and practical relevancy.

## **CHAPTER 4**

### **THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM IN THABAZIMBI: CASE STUDY AND EMPIRICAL FINDINGS**

#### **4.1. INTRODUCTION**

In the previous chapters focus was placed on legislation that transformed local government in South Africa. Reference was made to directives emanating from this legislation with regards to performance management. Performance and performance management were conceptualised and the DPLG guidelines were discussed relating to the implementation of performance management systems at municipalities.

This Chapter deals with the effort of the Thabazimbi Municipality, as case study, to implement a Performance Management System for the period December 2000 to 28 February 2006. (This period reflects the first democratic term in local government during which period the mentioned legislation including performance management system should have been implemented in municipalities). This Chapter further deals with the methodology used, and the way information was obtained and analysed to determine the underlying causes and reasons why a Performance Management System was not implemented in the mentioned period.

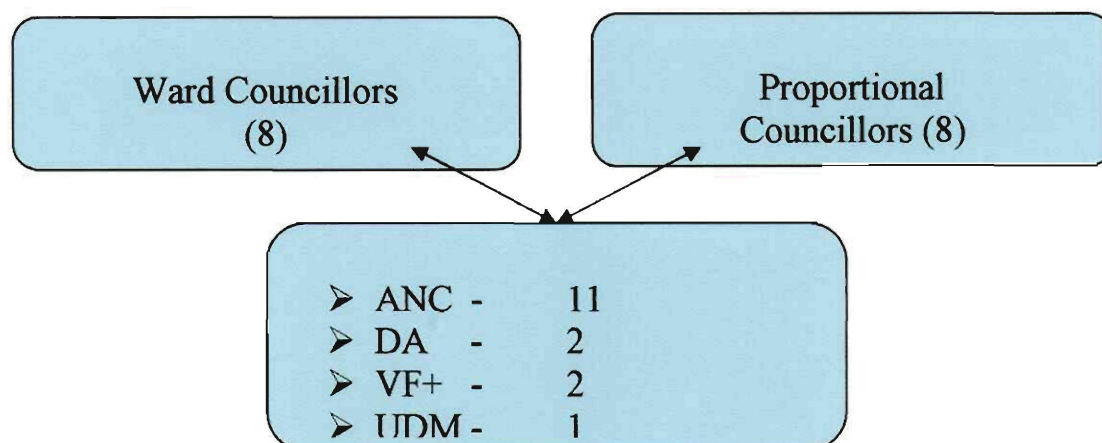
#### **4.2. OVERVIEW OF THE CASE STUDY: EFFORTS TO IMPLEMENT A PERFORMANCE MANAGEMENT SYSTEM AT THABAZIMBI MUNICIPALITY**

In December 2000 the first democratic election in municipalities took place in South Africa. The election took place according to newly established municipalities in South Africa. Based on the results of these elections the



Thabazimbi Municipality accommodated eight ward Councillors and eight proportional Councillors with an Executive Committee System.

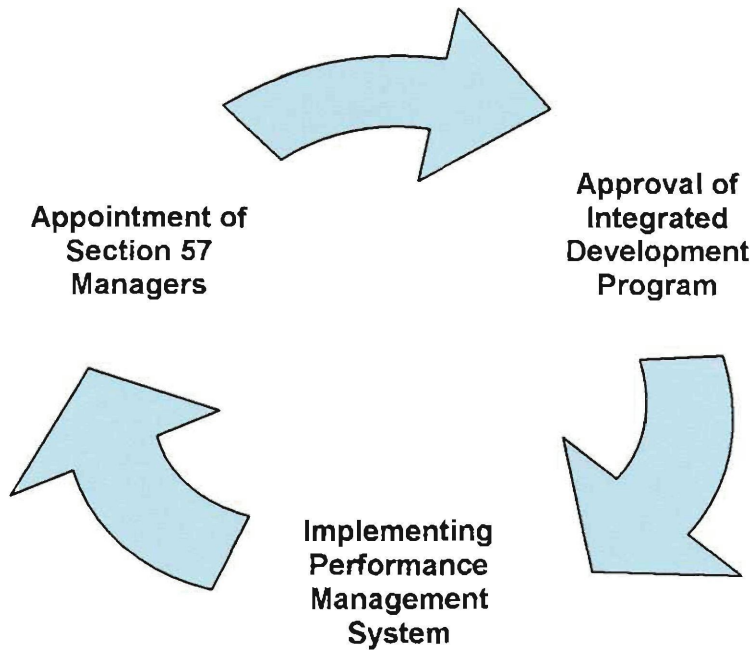
**FIG. 17. THABAZIMBI MUNICIPAL COUNCIL (12 DECEMBER 2000 UNTIL 1 MARCH 2006)**



The period of this elected Council was for five years and this explanation of what happened at the Thabazimbi Municipality in practice will focus from 12 December 2000 until 1 March 2006.

Since 2000 the Council of Thabazimbi was pressured by the Local Government Association of Limpopo to comply with new legislation as outlined in Chapter One and Two of this study. A significant issue during this period was the fact that Mayors who attended Mayor forums were not categorised during their meetings as executive or non executive mayors which caused that all Mayors brought the same information and expectations back to their constituencies and municipalities. Executive Mayors were positioned at District Municipalities, Cities and Metropolitans. In view of the first democratic local government election it must be emphasised that a substantial number of Councillors were not formally exposed to the functioning of municipalities and a significant task rested on Government to train newly appointed Councillors.

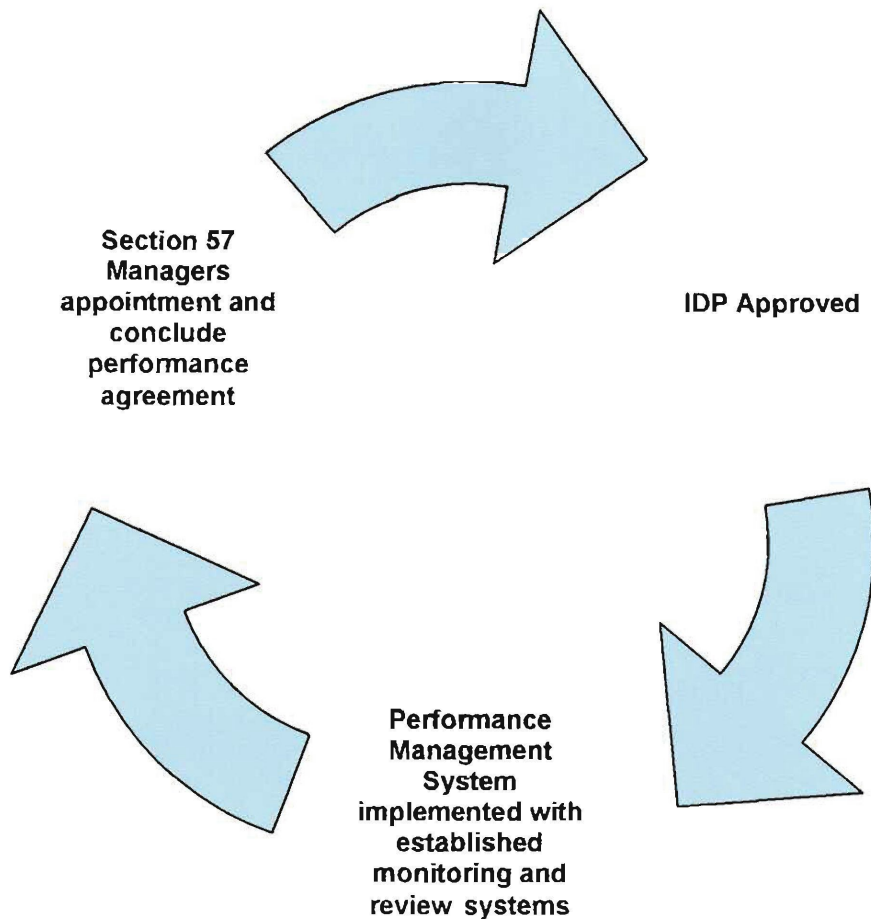
The following main targets had to be met according to the mentioned legislation by the Thabazimbi Municipality.



With the promulgation of the new legislation the municipalities had to appoint a Municipal Manager on a performance contract for five years. The Municipal Manager must appoint senior management also on a performance contractual basis for five years reporting to him/her. These managers are referred to as “Section 57 managers” as prescribed by legislation.

The Municipality had to implement and approve an IDP which had to inform the budget for 2001/2002; in other words, before May 2001 to comply with legal time frames of the budget. A Performance Management System had to be implemented successfully to implement the IDP goals and to dictate to Section 57 managers as well as to measure performance. In order to implement a Performance Management System successfully at the Thabazimbi Municipality the following process had to be followed.





Already in the beginning of 2001 it became obvious that the IDP would not be concluded in terms of legislative directives because of the duration of the process which meant that the first budget for 2001/2002 (which had to be approved before May 2001) was not informed by the IDP.

In the meantime until 1 November 2001 no Section 57 Managers were appointed and Council, informed by the Structures Act appointed an acting Municipal Manager (a senior employee already in service of the Municipality) on 12 December 2000. This situation on its own caused a total unbalanced situation because of the fact that all other employees working for the Municipality including managers were not orientated to focus on priorities such as IDP and Performance Management. Furthermore, the directives received from SALGA Limpopo put the proposed Section 57 Managers in a total new (higher) salary notch because of the performance expected of these

Limpopo put the proposed Section 57 Managers in a total new (higher) salary notch because of the performance expected of these managers as well as the fact that they are only employed on a maximum five year contract.

At the Thabazimbi Municipality the first approved IDP was not realistic in the sense that it did not keep available funds in mind, expressing the hope that the huge difference between available funds and projects will be accommodated by inter governmental grants and foreign investors. Furthermore, Ward Councillors allowed "wish lists" to be drawn up by their communities to be registered in the IDP.

The first formal step towards implementing a Performance Management System was made during March 2003 when the Municipal Manager invited proposals from consultants to compile a Performance Management System for the Thabazimbi Municipality. A consultant was appointed by the tender board at the end of May. Unfortunately the progress of the consultants was hampered by certain councillors who disagreed with the process of appointment of the consultants. After obtaining legal opinions regarding the dispensing of tenders relating to the appointment of the consultants, the following resolution was adopted by the executive committee on 18 June 2003:

**18 June 2003**

*Tenders be asked for the services of Performance Management due to the amount.*

*Municipal Manager stated clearly that no wrong doing or negligence took place and in the circumstances he acted correctly.*

On 29 July 2003 Council adopted the following resolution:

**29 July 2003**

*The matter be finalised urgently by the Executive Committee to implement the Performance Management System at Thabazimbi Municipality.*

Eventually the following minutes of the EXCO was issued on 28-10-03 when the Performance Management System consultants addressed the EXCO:

*Introduction*

*The Municipal Manager introduced the consultants where after the consultants gave a detailed presentation regarding the Performance Management System, and the lack of information to complete the Performance Management System of the Thabazimbi Municipality.*

*Urgent attention should be given to the undermentioned matters:*

- *Performance Management Policy.*
- *HRS : Accredited learning on job training, bursaries, incapacity training, in house programmes.*
- *HIV/AIDS.*
- *Incentives (Remuneration Policy).*
- *Recruitment & Selection (EE).*
- *Disciplinary Policy & Procedure.*

*Furthermore it was recommended by the consultants that urgent attention should be given to the undermentioned matters:*

- *Confirm future driven Vision & Mission.*
- *Develop Departmental Operational Plan.*
- *Finalise IDP Document – Review the gaps such as measures and targets.*
- *Call for comments, revise final document hereafter to be published.*
- *Review restructure as part of transformation agenda: structure, systems, reporting lines, delegations, transitional mechanisms, internal business processes, customer-focus, Batho-Pele etc.*
- *Provide time table for implementation.*
- *Implement Performance Management System immediately: develop and adopt PM Policy: defines structures, responsibility, incentives etc.*
- *Develop and adopt a suitable system.*
- *Conduct a one month pilot project and assess application and risk.*
- *Train staff, the roll out in the new financial year.*

**RESOLVED THAT**

*Management identifies a focus group consisting of Executive Committee Members and members of the two Unions as well as Managers to discuss and rectify the shortcomings on the policies.*

*Policies are obtained from Capricorn Municipality to assist Council to rectify policies.*

*The Performance Management System as completed by the consultants be submitted to the management of Thabazimbi Municipality where after the document will be submitted to the Executive Committee*

*A plan of action be put in place by middle November 2003.*

From the above minutes it is obvious that the progress of implementing the Performance Management System at Thabazimbi Municipality was hampered by various excuses and the lack of information. At this stage there also existed various question marks on the capability of the company of the consultants.

On 14 October 2003 a policy framework from the consultant regarding Performance Management System was submitted to the Thabazimbi Municipality.

**RESOLVED**

**THAT**

1. *Policy Framework on Performance Management from the consultants is adopted by Council as a guideline on condition that amendments are made if necessary.*
2. *A person with knowledge regarding Performance Management is appointed on a contractual basis for plus minus six months to advise Council regarding the Performance Management.*
3. *The Municipal Manager is delegated to appoint the person as mentioned in paragraph 2 to obtain the best for Council regarding the Performance Management.*

Referring to the above resolution it is obvious that the Council did not buy in or agree with the proposed framework. Despite the payment of the consultants proposals now were made to execute further expenses to appoint specialist to advise the Municipality regarding performance.

At this stage the pressure relating to the non-implementation of the Performance Management System was to such an extent that management commenced with a management progress report that was based on the IDP, Council and Exco resolutions. This management progress process commenced during January 2004.

Fortunately the municipality appointed an IDP manager late 2003 (not a contractual position) who was requested to assist the various departments with a performance management system. In May 2004 this manager sent a "Draft Performance Management System" to the various departments for comments.

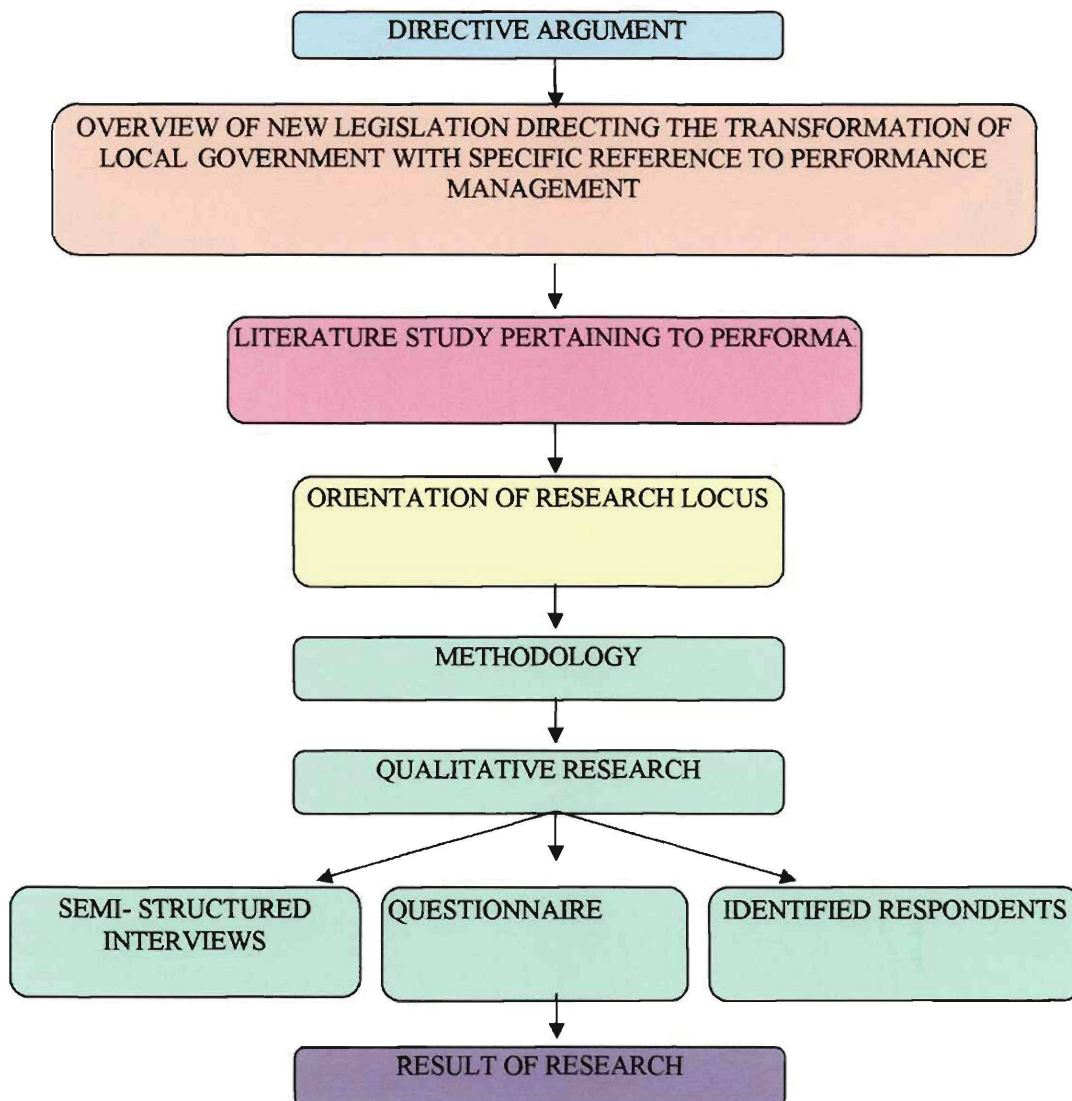
On 1 May 2005 the Municipal Manager sent invitations again to consultants to propose and design a Performance Management Model. A Performance Management System as determined by legislation and proposed by the DPLG was not implemented at the end of the first term namely 28 February 2006.

At no stage efforts was put in place to accommodate the total workforce. Instead a communication gap was caused between certain councillors, managers and the work force. Without a Performance Management System there were no measurables. The Section 57 Managers received higher salaries without looking forward to the opportunity to be measured and rewarded. Therefore managers did not have any tools to motivate their employees. At the same time the Mayor and certain Councillors kept on attending all external meetings in the District and Province where the performance of the Municipality and reaching of targets were discussed. This situation caused enormous conflict at the Municipality and disruptions frequently took place at all levels, especially at managerial level.

Councillors in the same parties disagreed on various occasions and management was frequently reprimanded. By the end of the term forensic auditors were appointed to investigate various processes which were not executed correctly, mainly because of the fact that the systems at the Municipality were not in place.

#### 4.3. METHODOLOGY AND RESEARCH DESIGN

The following diagram indicates the methodological procedure which was followed.



In pursuing of the study objective a qualitative research design was followed in combination with the Case Study research method to collect, analyse and interpret data. According to Maxwell (1996:17) the strengths of qualitative research derive primarily from its inductive approach, its focus on specific situations or people, and its emphasis on words rather than numbers. Brynard and Hanekom (1997:29) state that qualitative methodology refers to research which produces descriptive data – generally people's own written or spoken words. Usually no numbers or counts are assigned to observations.

The indispensable condition or qualification for qualitative methodology is a commitment to seeing the world from the point of view of the actor or participant. Because of this commitment to see through the eyes of one's subjects, close involvement is advocated (Bryman, 1984:78).

Research with implementation in mind requires a very different outlook on the part of the researcher than does research that does not have action objectives. The researcher must be concerned about the motivation of the client or research subjects to provide valid data and to act on the conclusions of the research. Assessing client motivation to change and/or developing it through involving employees and managers therefore becomes very important. Involvement must be fostered in planning the research, interpreting findings, and planning action. Similarly, the perceived relevance of the research questions and instruments is as important as the scientific rigor (by "normal science" standards) of the research design and method. While client motivation and involvement and scientific rigor are not mutually exclusive, in many instances rigor can be obtained only at a cost to involvement. This is because traditional scientific methods typically call for more distance between the researcher and the client and more control over the research process by the researcher than by the client. The conflict between rigor and client motivation represents a major dilemma to be managed by the researcher whose goal is research and implementation (Hakel *et al.* 1982:61).

Effectiveness in managing research with implementation in mind requires skills in diagnosing one's own motivation as a researcher, the client's motivation, and skills in making a number of strategic and tactical choices in planning and implementing the research. These choices are situationally determined. Therefore the researcher must analyse the client's state of readiness to act on findings and make tactical decisions about the research process (Hakel *et al.* 1982:62).

Use was made of semi-structured questionnaires and interviews to determine the background, insight, subject knowledge and interpretation of the respondents, namely the councillors, managers and employees, regarding performance management and the implementation thereof. The respondents were selected based on the random sampling method.

Furthermore the researcher hereof was employed at the Thabazimbi Municipality:

1 August 1995 - 12 December 2000	-	Town Secretary
12 December 2000 – 1 November 2001	-	Acting Municipal Manager (Section 57)
1 November 2001 – 30 August 2004	-	Manager Corporate Service (Section 57)
1 September 2004 – 30 March 2006	-	Consultant (Land and Legal)

The researcher had the opportunity to observe processes and to communicate with the target group, namely managers and councillors, on a daily basis for the total period of this research. A conducive relationship exists between the researcher and respondents of the municipality.



Data regarding performance management was obtained from files, council agendas, minutes and all relevant documents on the implementation of performance management at Thabazimbi Municipality.

#### 4.3.1. RESEARCH METHODS

Although researchers in Public Management will make use of various methods to collect data, interviewing will most probably be used more frequently than others. This is because interviewing as a method of collecting data allows the researcher to explain his or her questions if the respondent (interviewee) is not clear on what was asked. It also allows the researcher to probe deeper following the answer of a respondent (De Wet *et al.* 1981:161-164).

The following research methods were used:

- Review / scrutiny of relevant literature;
- Interview;
- Questionnaire, and
- Observation.

The utilisation of various research methods made it possible for the researcher to triangulate data which further improved the validity and reliability of data obtained.

An additional consideration in framing research questions is the kind of understanding that the study can generate. The researcher defined five categories for the interpretation of data, namely description, interpretation, theory, generalisation, and evaluation (see Maxwell, 1996:59-60). These categories are significant because each category has its own type of research questions. Descriptive questions extract responses about what actually happened in terms of observable (or potentially observable) behaviour or events. Interpretive questions, in contrast, ask about the meaning of these things for the

people involved: their thoughts, feelings, and intentions. Theoretical questions asked about why these things happened, how they can be explained. These three categories include most of the types of questions that qualitative researchers develop. In Chapter Two, the researcher also provided a brief explanation of description, interpretation, and theory.

The following type of questions was used in the interviews held with the identified group of people:

- Descriptive.
- Interpretive.
- Theoretical.

The questions were similar to the questions in the questionnaire as indicated below. Four prominent councillors of the Thabazimbi Municipality, namely three ANC and one DA Councillor were interviewed as well as six Section 57 managers and two Union chairmen (IMATU and SAMWU).

The questionnaire was designed which focused on the following aspects:

- Biographical information.
- Questions about Performance Management (derived from Chapter One, Two and three of the study).
- General, contextual questions.
- Focused questions.
- Political Questions.

Only the Section 57 managers were submitted with questionnaires, being the management team and responsible for the implementation of performance management according to the Municipal Systems Act. The questions were designed and structured in such a way as to understand why performance management was not successfully implemented at the Thabazimbi Municipality.

In order to reach this understanding the honest and personal views of the managers had to be obtained.

As mentioned in Chapter One the purpose of the questions were to identify the problems and obstacles which the Thabazimbi Municipality experienced in practice pertaining to the implementation of a Performance Management System.

Annexure A: Questionnaire.

#### **4.4 ANALYSES OF DATA AND INTERPRETATION OF FINDINGS**

As indicated the main findings were obtained from semi-structured interviews and the questionnaire.

##### **4.4.1 DATA AND FINDINGS FROM SECTION 57 MANAGERS**

The following are findings relating to Section 57 Managers regarding their efforts to implement a Performance Management System at the Thabazimbi Municipality.

- Two of six managers have previous local government experience
- None of the six managers were supported by the employees in their departments relating to Performance Management.
- None of the six managers has the capacity to implement performance management.
- None of the six managers agree that the Councillors supported or participated in the implementation process of a PMS
- Only two of the six managers have understanding and knowledge about new legislation and PMS when they were appointed.
- None of the six managers attended workshops and training relating to PMS.

- One of the six managers had confidence in the appointed consultants to implement PMS.
- All managers possess a post school qualification/s.
- One of the six managers has knowledge of DPLG guidelines and exposure thereto.
- All managers agree that the necessary systems are not in place at the Thabazimbi Municipality according to the Systems Act.

From the data obtained it is evident that the Section 57 Managers of the Thabazimbi Municipality are not familiar with any technical components regarding the implementation of a Performance Management System at Thabazimbi Municipality. They have not been officially exposed to the DPLG guidelines and unfortunately the mentioned consultants were not at all familiar with the implementation of performance management in Local Government or the Public Service.

Their view is that the effort to implement a performance management system was not functional, but rather a “window-dressing” process to satisfy political pressure.

The appointment of Section 57 Managers was not in correlation with the directives of legislation informing the implementation of performance management (referring to appointment dates which took too long after 2000), however the managers view this factor not as the reason for the failure to implement a Performance Management System.

Furthermore some Section 57 Managers were appointed from other sectors and were not exposed to the environment and functioning of municipalities before.

Four of the targeted six managers left the service of the Thabazimbi Municipality after March 2006. There is evidence that the attitude of managers is that

Thabazimbi Municipality does not have the capacity to successfully implement a Performance Management System according to the DPLG guidelines.

#### **4.4.2 DATA AND FINDINGS OF RESPONSES FROM COUNCILLORS**

The following are findings relating to Councillors regarding their effort to implement a performance management system at the Thabazimbi Municipality

- 85% of councillors did not agree with the appointment of the consultants
- Only 15% of councillors had confidence that the consultants are capable of successfully assist in the implementation of PMS
- Only one councillor shown interest during the process on what the consultants and managers progressed on
- The councillors did not have confidence in 50% of the Section 57 Managers to successfully implement PMS
- Councillors viewed 50% of Section 57 Managers as under capacitated for their positions
- The DA Councillors state clearly that the appointment of the consultants were a total waste of taxpayers money
- All councillors agree that most systems in accordance with legislation are not implemented at the Thabazimbi Municipality
- All councillors view the effort to implement PMS at the Thabazimbi Municipality a failure

Councillors stated that too much subjective political influences evolved since the appointment of the consultants. Due to certain political frictions (in the majority ANC council) amongst ANC members relating to “power hunger” and striving for certain political positions not much attention was paid to the implementation of the Performance Management System.

Councillors stated that section 57 Managers were not paid any performance bonuses due to their incapability to implement a Performance Management System in terms of the prescriptions of the relevant legislation.

Ninety percent of councillors stated that the leadership of the Municipal Manager and lack of technical knowledge of managers are the reason why a performance management system could not be implemented.

#### 4.4.3 DATA AND FINDINGS OF RESPONSES FROM UNIONS

The following are findings relating to Unions regarding their effort to implement a performance management system at the Thabazimbi Municipality

##### IMATU

- Were not consulted in the effort to implement the performance management system.
- Have no confidence in the management team to successfully implement PMS.
- View most managers as overpaid and incapable to do their work.

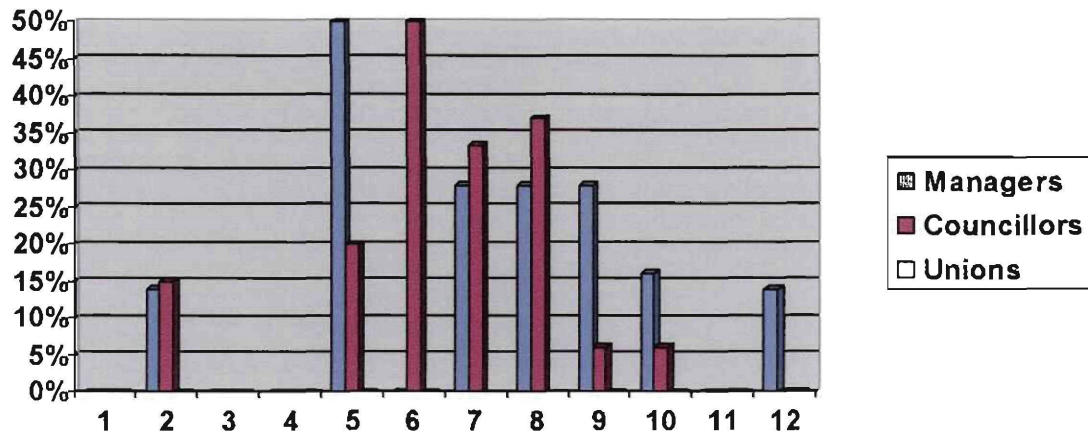
##### SAMWU

- Were not consulted in the effort to implement the performance management system.
- Have no confidence in the management team to successfully implement PMS.
- View most managers as overpaid and incapable to do their work.

#### 4.4.4 PERCEPTION OF RESPONDENTS OF THE SUCCESSFUL IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM AT THE THABAZIMBI MUNICIPALITY.

	<b>Section 57 Managers</b>	<b>Councillors</b>	<b>Unions</b>
<b>Confidence in Managers to implement PMS</b>	0%	0%	0%

<b>Confidence in Consultants to assist in implement PMS</b>	14%	15%	0%
<b>Systems in place according to legislation</b>	0%	0%	0%
<b>Successful implementation of PMS at Thabazimbi Municipality</b>	0%	0%	0%
<b>Support to Managers to implement PMS</b>	50%	20%	0%
<b>Capacity of managers to implement PMS</b>	0%	50%	0%
<b>Knowledge of new legislation</b>	28%	33.3%	Not tested
<b>Knowledge of transition phase</b>	28%	37%	5%
<b>Hands on in implementation process of PMS</b>	28%	6%	0%
<b>Exposure to DPLG Guidelines</b>	16%	6%	0%
<b>Training received on the implementation of PMS</b>	0%	0%	0%
<b>Competence of Consultants to assist in the implementation of PMS</b>	14%	0%	0%



1. Confidence in Managers to implement PMS
2. Confidence in Consultants to assist in implement PMS
3. Systems in place according to legislation
4. Successful implementation of PMS at Thabazimbi Municipality
5. Support to Managers to implement PMS
6. Capacity of managers to implement PMS
7. Knowledge of new legislation
8. Knowledge of transition phase
9. Hands on in implementation process of PMS
10. Exposure to DPLG Guidelines
11. Training received on the implementation of PMS
12. Competence of Consultants to assist in the implementation of PMS

From the results it became evident that the knowledge of all respondents pertaining to the transitional phase, new legislation as discussed in chapter two with specific reference to the Municipal Systems Act was definitely not up to standard to comply with legislative prescriptions. The respondents did not have enough knowledge to conceptualize the process of implementing a performance management system at the Thabazimbi Municipality. Unfortunately the consultants had no experience of the implementation of performance management in Local Government.

#### 4.5 CONCLUSION

From the research and the findings it is evident that the efforts to implement a Performance Management System at Thabazimbi Municipality were not



successful in the period 2000 to March 2006. It appears that crucial systems at the Municipality are not established and the lack of knowledge about the functional implementation of a performance management system by specifically Section 57 Managers caused the failure of the implementation of PMS. Furthermore, the non-participation of councillors and employees due to various factors caused the failure of the process from the beginning.

In Chapter Five a conclusion will be made of Chapters Two, Three and Four and summarised, and recommendations will be made to rectify the situation relating to the failure to implement a performance management system at Thabazimbi Municipality.

## CHAPTER 5

### **CONCLUSIONS AND RECOMMENDATIONS: THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM IN THABAZIMBI LOCAL MUNICIPALITY**

#### **5.1. INTRODUCTION**

In Chapter 1 the following research goals were proposed:

- To analyse legislation (since the promulgation of the Local Government Act, Act 209 of 1993) for Local Government in order to highlight selected implementation prescriptions such as performance management at the Thabazimbi Municipality.
- To indicate which implementation challenges are experienced in practice in terms of prescriptions of new legislation with specific reference to Performance Management at the Thabazimbi Municipality.
- To obtain the views of councillors and departmental heads regarding the potential non-compliance with the legislative prescriptions.

Above mentioned research has been executed and the conclusion, summary and recommendations will be addressed hereunder

#### **5.2. CONCLUSION**

In this study reference was made to the transformation process in South Africa and specifically in local government. The direction given by the Constitution and specifically the White Paper on Local Government were discussed. This directions lead to *inter alia* the following new legislation in Local Government:

- Local Government : Municipal Demarcation Act 27 of 1998
- Local Government : Municipal Structures Act 117 of 1998
- Local Government : Municipal Systems Act 32 of 2000
- Local Government : Municipal Finance Management Act 56 of 2003

For this study emphasis was placed on the determination of specifically the Municipal Systems Act which prescribes the application of Performance Management in Local Government.

Referring to the legislation mentioned above the following conclusion can be made. The Republic of South Africa made significant progress since 1994 by designing a world class Constitution and Local Government directive legislation that theoretically addresses the local government sphere in South Africa and contribute to minimise maladministration.

In discussing the directives of the Systems Act it became clear that performance management is a relative new concept in Local Government. It was shown in the research (Chapter three hereof) that certain other countries and the private sector were familiar and much more advanced pertaining to performance management. In South Africa some authors made Performance Management as discipline part of the public sector by means of explanatory research and textbooks.

Having explained performance management in Chapter Three, reference was made to the DPLG guidelines which were introduced to Local Government late 2001. Keeping the promulgation of the Municipal Structures Act 117 of 1998 and the Municipal Systems Act 32 of 2000 in mind the guidelines was introduced twelve months later than the commencement of the democratic local government guided by mentioned new legislation.

As seen in Chapter Three the DPLG guidelines are suppose to be a work document for municipalities who have limited or no experts available or funds to appoint experts to implement performance management. Based on this it can be concluded that -

- It was not issued in time. It should have been issued at the latest during 2000 in order for municipalities to familiarise with it.
- It should have been promoted much more, taking into consideration that Section 57 Managers at Thabazimbi Municipality who were appointed after 2001 to date, does not know of the existence thereof (refer to quantitative data obtained).
- The DPLG guidelines had the potential to assist most small and medium municipalities in their implementation of performance management.

In Chapter Four the realism and practice regarding the implementation of a performance management system at the Thabazimbi Municipality were explained. It became obvious that Section 57 Managers and Councilors did not have the know-how or functional interest to apply a performance management system at Thabazimbi Municipality. It can be concluded that:

- Managers were not appointed timeously to exactly understand the concept of performance management.
- Managers do not have a holistic knowledge of the legislation discussed in this paper including performance management.
- Only two Section 57 Managers were exposed to the transformation process in Local Government before 2000 where the basics of the transformation process and way forward was emphasised.
- Managers were not trained and did not attend intensive workshops on the implementation of performance management in the municipality.

- The appointed consultants failed to assist the municipality in implementation of the performance management system.
- Managers stated clearly that they have no confidence in themselves, their colleagues or councilors to implement a performance management system at Thabazimbi Municipality.
- Managers are *ad idem* that the necessary systems at the Thabazimbi Municipality are not in place.
- Most councillors had no trust or confidence in the managers to implement a performance management system in Thabazimbi Municipality.
- Councillors do have a holistic understanding of the transformation process but not of the mentioned legislation in this paper.
- The relationship between some prominent councillors and the Municipal Manager were jeopardized since 2004 due to political friction in the ANC.

Finally a remark may be submitted that the normal workforce of the Thabazimbi Municipality was never adequately engaged in processes or efforts to implement performance management. From the empirical findings it is evident that employees do not have guidance from Section 57 managers because systems are not in place, and that employees envy Section 57 Managers as "overpaid managers without a plan". (Chapter Four.)

### **5.3. SUMMARY**

A performance management system at Thabazimbi Municipality was not implemented from 2000 until March 2006, the first democratic term in South Africa.

Although directive legislation was in place regarding performance management, the Section 57 managers at the municipality did not possess the capacity to implement performance management. The appointed consultants were not focused and without other systems in place could not successfully assist a performance management system at Thabazimbi Municipality.

Councillors were not hands on and did not have confidence in the Section 57 managers. Political infighting in the ANC also caused that priorities were shift and not enough efforts was made by Council to implement performance management.

However there are adjustments which can be made to implement performance management successfully.

#### **5.4. RECOMMENDATIONS**

- Present a one day training course to all employees and councillors explaining the transition phase in local government.
- Present a three day in-depth training course to Section 57 Managers, senior management and union leaders on the following legislation:
  - Local Government : Municipal Structures Act 117 of 1998
  - Local Government : Municipal Systems Act 32 of 2000
  - Local Government : Municipal Finance Management Act 56 of 2003
- Arrange a workshop using an expert as facilitator relating to performance management to conduct a three day workshop for councillors, section 57 managers, and union leaders using the DPLG guidelines to empower the

municipality to understand performance management and to buy into the concept according to the prescriptions of legislation.

- Prepare a framework for the municipality to implement performance management themselves. With the understanding that the expert guide and monitor the implementation process over a period of six months with annual revisions.
- Bring the result of the workshop through structures back to other employees and to the public by means of local papers and newsletters.

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## **ANNEXURE A: Questionnaire**

### **THE IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM IN MUNICIPALITIES: THE CASE OF THABAZIMBI LOCAL MUNICIPALITY**

*The purpose of this questionnaire is to obtain information from managers and Councilors of the Thabazimbi Municipality regarding the dynamic process Local Government undergo with specific reference to the implementation of performance management at Thabazimbi Municipality. The results of this questionnaire will be utilized in a dissertation for a Masters Degree in Public Management of Mr. L.H. Joubert*

*The theme of the dissertation is as follows:*

*The implementation of a performance management system in municipalities: The case of Thabazimbi Local Municipality*

*Aim:*

*The response of the Managers / Councilors in this questionnaire will enable the writer of the dissertation to inter alia make comparisons, namely what happened in practice regarding the timeous implementation of performance management at the Thabazimbi Municipality in comparison with the theory, discussions in Chapter three and the DPLG guidelines.*

1. *Name*
2. *Position in Thabazimbi Municipality*
3. *Service years at Thabazimbi Municipality*
4. *Previous Employer*
5. *If not worked directly in Local Government environment before current position, please indicate from which Department and discipline you from.*
6. *Academic qualifications*
7. *Experience in Local Government*
8. *Political affiliation (known to writer)*

9. How familiar are you with the transitional phase of Local Government before December 2000.

- Part of the process and very familiar
- Have knowledge of the transitional process
- Not familiar at all of transitional process

The following legislation were put in place and changed local government to tremendous extent.

- Systems Act
- Structures Act
- Demarcation Act
- Municipal Finance Management Act

[Above mentioned legislation was informed firstly by the constitution and secondly from the White Paper on Local Government.]

In the dissertation reference is made to the new legislation and specifically the implementation of a performance management system in Thabazimbi Municipality. Therefore your honest input is needed to identify the frustrations and problems regarding the implementation of a performance management system in Thabazimbi Municipality.

[Example, the first IDP was supposed to be submitted not later than 30 March 2002, the Thabazimbi Municipality could not reach that goal, only two years later targets for submittance of IDP could be reached.]

10. How would you rate your knowledge on Municipal Structures Act / Municipal Systems Act / Municipal Finance Management Act / Municipal Demarcation Act.

- Poor
- Excellent
- Good
- Informed

11. Do you think the knowledge of your colleagues regarding above mentioned legislation is appropriate to implement the mentioned legislation timeously and according to the letter of the word with specific reference to performance management.

- Yes
- Partly
- No

12. Are you familiar with the DPLG guidelines on performance management

- Yes
- Partly
- No

13. Have you ever been trained or attended a workshop on the implementation of performance management.

- Yes
- No

14. Do you think Thabazimbi Municipality has sufficient manpower to implement a performance management system in accordance with mentioned legislation

- Yes
- Partly
- No

15. Do you think the Thabazimbi Municipality has the necessary capacity to implement above mentioned legislation completely within the next 12 months?

- Yes
- Partly
- No

**The Appointment of Head of Departments (Section 57 Managers) in Thabazimbi Municipality took place as follows:**

<b>Municipal Manager</b>	-	<b>November 2001</b>
<b>Manager Corporate Services</b>	-	<b>November 2001</b>
<b>Chief Financial Officer</b>	-	<b>November 2003</b>
<b>Manager Marketing and Communication</b>	-	<b>May 2003</b>
<b>Manager Technical Services</b>	-	<b>October 2003</b>
<b>Manager Social Services</b>	-	<b>January 2003</b>

16. Do you think the timeous appointment of Managers (for example within 12 months from December 2000 could make a difference in the successful implementation of a performance management system.

- Yes

- No

*Reasons for answer.*

17. *Were enough time spent to capacitate managers and relevant personnel in Thabazimbi Municipality relating to the implementation of performance management*

- Yes

- No

18. *What is your view of the overall performance of managers in Thabazimbi Municipality.*

- Excellent

- Good

- Average

- Poor

19. *What is the reason why council did not pay Section 57 Managers (excluding the municipal manager) any performance bonus at all from December 2000 till March 2006.*

20. *Why were all other personnel totally excluded from the effort to implement a performance management system.*

21. *What is your view of overall performance of the Councillors in Thabazimbi Municipality.*

- Excellent

- Good

- Average

- Poor

22. *What is your overall perspective of Thabazimbi Municipality since 2000 December relating to implementation of legislation, performance management, achieving of goals as stipulated by Council and legislation, practical problems to implement legislation, understanding the 'new legislation' and interpretation thereof.*

23. *How do you evaluate the performance of the consultants who were appointed to assist with the implementation of performance management*

24. *According to your understanding was their (Consultants) approach based on circumstances in Local Government*



25. *Did you understand their (Consultants) approach and did you feel part of the process*
26. *How do you view the roles councillors played in the effort to implement performance management system*
27. *Did political agendas have any influence in the effort to implement performance management system*
28. *What route would you suggest to successfully implement a performance management system at Thabazimbi Municipality.*
29. *Summarise briefly the reasons you think why the implementation of performance management system failed until March 2006 at the Thabazimbi Municipality*