

# Management Challenges in the Alignment of Performance Indicators

## The case of Overstrand Municipality

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### ABSTRACT

Negative employee perceptions of performance management are pervasive throughout the public sector. Whether institutional or individual performance management is referred to, issues pertaining to coordination, integration and communication – all related to management functions – seem to be indicative of performance management. The article explores the management challenges in ensuring alignment between individual and institutional performance indicators, as is evident through the case study of the Overstrand Local Municipality. Qualitative research, specifically the case study design, was used and data collected through a document review and unstructured interviews with senior managers. The findings highlight the inability of management to ensure alignment which is apparent from the negative perceptions of employees to both individual and institutional performance management. Recommendations based upon best practice highlight the responsibility of managers in facilitating a performance culture suggesting appropriate performance management through the alignment in planning, organising, leading and control of both individual and institutional performance management.

### INTRODUCTION

South African municipalities are plagued by service delivery protests, which place a renewed focus upon the ability of municipal management to implement

proper performance management systems. Grobler, Warnich, Carrell, Elbert and Hartfield (2006:481) state that obtaining better performance has been a consistent theme in all sectors for many years. Since the late 1970s, the terms performance measures, indicators, appraisals, value for money and quality have increasingly become part of a new lexicon regarding municipal management (Boland & Fowler 2000:418). During the 1980s and 1990s, the then government of South Africa initiated the restructuring of public institutions and their management, which led specifically to the introduction of and emphasis upon public sector performance measurement.

Performance management systems that align institutional performance with individual performance are currently encouraged in all South African public institutions, with a view to improving service delivery nationally, in all provinces, districts and local municipalities, and even in local communities. In this regard, the Department of Public Service and Administration encourages the monitoring of employees' performance by means of an employee performance management and development system (EPMDS). For local government, Section 67 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (MSA 2000) regards the monitoring, measurement and evaluation of the performance of employees as a platform from which to develop human resources and to hold municipal employees accountable to serve the public efficiently and effectively (South Africa 2000). However, it is not only the measurement of employee performance that is important, since, as Moorhead and Griffin (2004:200) argue, institutional performance management is a key component of any effective institution. Closely linked to that, Hilliard (1995:24) is of the opinion that performance improvement might be aimed at attaining a synergistic strategy, which will ultimately nurture a culture favourable to service excellence within the institutional sphere. As such, Section 38 of the MSA, 2000, prescribes that a municipality must, *inter alia*:

- establish a performance management system (PMS) that is in harmony with its resources, the best fit for its current position and aligned with the priorities, goals, benchmarks and objectives enclosed in the integrated development plan (IDP); and
- encourage a culture of good quality service delivery and performance management amongst its political structures, councillors and administration.

Therefore, performance management is achieved through the development of a PMS that comprises a predetermined set of guidelines for employees employed by an institution that is linked to the achievement of institutional goals and objectives. Employee performance management is guided by Part VIII, Section A of the Public Service Regulations of 2001, which argues that employee performance should be managed in a consultative, supportive

and non-discriminatory manner, with the aim of improving efficiency and effectiveness, as well as ensuring the alignment with the institution's strategic goals. For local government, Section 57 of the MSA, 2000, requires that the municipal manager and heads of department should sign performance agreements with employees. These performance contracts should include performance objectives, targets and timeframes, and standards and procedures to evaluate performance, with the intervals for evaluation being indicated. The performance objectives and targets must also be practical, measurable and based upon key performance indicators as set out in the IDP (South Africa 2000).

From the above it can be argued that the role of management, with respect to aligning institutional performance indicators with individual performance agreements, is of paramount importance. Against the above-mentioned background of the MSA, 2000, a PMS can therefore be used to improve service delivery, because this is directly related to individual and institutional performance objectives being met. Khoza (1994:6), reflecting upon the essence of the role of a PMS in service delivery, states that "[...] improving overall performance in the public sector thus requires innovative managerial practices and more creative approaches to performance management". The article will specifically focus upon the nature of these managerial practices in order to propose recommendations for the alignment between institutional and individual performance indicators.

Harrison (1993:248) rightly claims that "the purpose of performance management is to establish systems and methods that translate the strategic goals of a municipality into individual performance criteria terms". Due to the managerial and measurement nature of performance management, the strategy should be driven by top management, specifically since performance management is considered to be a strategic approach to management that will supply both managers and employees at different levels with the skills and methods to plan, observe, evaluate and appraise the performance of the municipality, in terms of indicators, benchmarks and objectives for efficiency and effectiveness (South Africa 2006:14–16). Before detailing the research methodology used for the purpose of the article, the theoretical model facilitating institutional performance management should be analysed.

## **MUNICIPAL SCORECARD FOR MUNICIPAL PERFORMANCE MANAGEMENT**

The municipal scorecard model is suggested for semi-resourced and mainly rural, semi-rural/urban or mainly urban municipalities (South Africa 2006:75),

since it is used to assist municipalities to identify best practices, as well as areas for improvement. The municipal scorecard serves as a benchmarking tool that offers comparative information on the quality of services and the efficiency of the municipality (International Finance Corporation 2008).

The municipal scorecard is based on a systems approach whereby the cause-and-effect relationship assumes that a municipality's inputs will be used to achieve certain outputs, which would then lead to certain outcomes being met (Buffalo City Metropolitan 2011). The systems approach views the institution as a group of different parts that should remain in balance at all times. The action of each part influences the others (Smit, Cronje, Brevis, & Vrba 2007:38). The systems approach gives a holistic and comprehensive view of the system in an environment and offers the opportunity for different ideas and concepts to be integrated (Van der Walddt & Du Toit 1999:95).

The municipal scorecard model is used as a logical and visual method to present performance management information at institutional and individual levels. A municipal scorecard must be aligned to the strategic plan and the IDP of the municipality, and be directly relevant to objectives of developmental local government. The municipal scorecard is developed for measuring the relevant key performance areas (KPA's) for municipal service delivery and, thus, groups together indicators (costs, inputs, outputs, outcomes and process) into categories or perspectives, which constitute the five-year local government strategic agenda KPA's to manage performance. According to Craythorne (2006:122) a municipality is required to align its strategic planning with five specific strategic perspectives, namely:

- The Institutional Development Perspective in which all the input indicators are grouped together and should tell the municipality how well it is performing with respect to the management of its financial resources, human resources, information resources and institutional infrastructure.
- The Service Delivery Perspective which should provide an indication to a municipality of how it is performing in respect of the delivery of services and products. In this perspective all the output indicators are grouped together and this relates to the service delivery outputs of the municipality as a whole. The output indicators measure the results of a programme implemented by the municipality, which include the results of activities, processes and strategies.
- The Municipal Development Perspective which establishes the development priorities for the municipal area and the indicators should show whether the desired development outcomes were achieved.
- The Governance Process Perspective provides an indication of how the municipality is performing with respect to its engagement and relationship with its stakeholders in the process of governance. In addition, Du Toit,

Knipe, Van Niekerk, Van der Waldt and Doyle (2002:64) define governance as the actions undertaken to better the welfare of a society through the delivery of services. In this perspective, indicators dealing with public participation, citizen satisfaction and access to information are included. In order to be accountable and transparent, the public needs to have access to the relevant information of the municipality and be included in the decision-making process through public participation.

- The Financial Management Perspective focuses upon the cost indicator and should measure the performance of the municipality in terms of its financial management. The clear guidelines on financial management in the MFMA, 2003 enable municipalities to perform satisfactorily in this regard. The alignment of the individual and institutional performance indicators of the municipality will assist in this regard by ensuring that financial resources are used responsibly at all levels in working towards the common goals of the municipality.

From the above five perspectives it is clear that the municipal scorecard provides a balanced overview of all aspects of the performance of South African municipalities. The municipal scorecard is not the only performance management model used by municipalities. However, for the purpose of the article, specific attention will be placed on the Overstrand Local Municipality, as it uses a municipal scorecard model. The nature of the model can be understood by focusing on its three components (Overstrand Local Municipality 2008), namely:

- an institutional/municipal scorecard that encompasses the key performance indicators (KPIs) and targets of all the directorates, including the general KPIs and inter directorate KPIs and targets;
- the individual scorecards of the directors and, as the system devolves, also the individual scorecards of the departmental/functional managers and other employees in each directorate; and
- directorate scorecards that are not specific documents but, if need be, could be compiled as a collective of the KPIs and targets of the directors, departmental/functional managers and other employees in each directorate to which the system has been cascaded.

Since the focus of the article is to determine the management challenges faced by the Overstrand Local Municipality management in ensuring the proper alignment between individual and institutional performance management through the use of performance indicators, as detailed in a municipal scorecard, attention will now be given to the research methodology used.

## RESEARCH METHODOLOGY

The research approach is a qualitative one involving the analysis of a single case study, namely the Overstrand Local Municipality. Qualitative research offers the researcher the opportunity to understand and explain the phenomena investigated without any predetermined boundaries (Strauss & Corbin 1990; *cf.* Krefting 1991; Henning 2005:3). Qualitative research offers distinctive strengths, such as the opportunity to study behaviour or attitudes, as well as offering flexibility in its design (Babbie 2008:343). A single case study may be small in respect of the total number of municipalities in South Africa, but since qualitative research attempts to create an in-depth understanding of a social phenomenon (in this case alignment of individual and institutional performance management indicators within a single municipality), care will be taken to include a large sample of the research population in the study, specifically senior management.

Data gathering was firstly undertaken through a document review by consulting various books and articles, as well as relevant legislation. Secondly, unstructured interviews were held, particularly with senior managers. Unstructured interviews typically refer to a series of questions asked by the interviewer, of which the sequence of questions can be changed and further questions can be asked in response to significant replies (Bryman 2004:113). Unstructured interviews were conducted with the municipal manager and the six directors from the following directorates: community services; finance; infrastructure and planning; local economic development; management services; and protection services. These managers were selected by making use of purposive sampling which was appropriate due to their managerial responsibilities and experiences in facilitating the alignment between individual and institutional performance management indicators. In the following section a thematic analysis of the findings will be discussed.

## FINDINGS AND DELIBERATIONS

The Overstrand Local Municipality is located on the south western coastline of the Overberg District Municipal area bordering the City of Cape Town in the west and Cape Agulhas Local Municipality in the east. The municipality covers a land area of approximately 2 125km<sup>2</sup>, with a population of 74 543 people in 2007, currently estimated at 87 000. The municipal area includes Hangklip/Kleinmond, Greater Hermanus, Stanford and Greater Gansbaai. Tourism is a major economic driver in the area and its popularity as a holiday destination results in a fourfold increase of its population over the holiday season (Overstrand Local Municipality 2011:7). The key performance areas of the

Overstrand Local Municipality, as listed in the IDP, are as follows (Overstrand Local Municipality 2011:19):

- improved service delivery.
- infrastructure development.
- financial viability.
- local economic development.
- safety and security, and
- development and the transformation of the institution in terms of skills development, as well as succession planning and performance management, with the aim of capacitating the municipality to meet objectives.

However, the Overstrand Local Municipality is not without its challenges. In its Annual Report (Overstrand Local Municipality 2010:28–131), housing backlogs, unemployment, infrastructure backlogs and funding were described as particularly challenging. More recently, good governance and public participation challenges included inexperienced councillors and ill-functioning ward committees. In the municipal transformation and institutional development area, the attainment of employment equity targets is challenging. The basic service delivery challenges experienced by the municipality relate specifically to infrastructure development and maintenance, while the scarcity of skilled employees exacerbates the situation (Overstrand Local Municipality 2011:28–131).

These challenges described above are attributed to municipal KPIs not being achieved. As such, the importance of managers aligning institutional performance indicators to individual employee outputs and outcomes becomes imperative. Through the document review and interviews the following themes emerged as indicative of the management challenges in facilitating the alignment between institutional and individual performance management.

## **Planning challenges in facilitating alignment**

The vision, mission and goals of the institution are determined during the planning process. Management also has to plan how to reach these predetermined goals and how the needed resources will be acquired (Smit *et al.* 2007:10). Kroon (1995:9) describes planning as a visualisation of what the institution wants to achieve, and the formulation of long-term goals and short term objectives. Van der Walldt and Du Toit (1999:181) state that planning helps the institution to keep up with change and that plans can guide managers in the institution to achieve their goals. When planning is done successfully and clear goals are formulated, cooperation in a diverse workforce can be established. In turn, this cooperation can positively influence the realisation of goals, as well as the productivity of the institution (Smit *et al.* 2007:117).

From the above it can be deduced that the institutional PMS of a municipality would lie in the formulation of strategic goals and would therefore be the responsibility of senior management, as it is a strategic planning task. Once again, it is emphasised that all levels of management are of great importance in the implementation of the institutional PMS. Thus the alignment of responsibility flowing from strategic planning (senior management), tactical planning (middle management) and operational planning (supervisors) is clear. The design and implementation of the PMS implemented by the Overstrand Local Municipality should follow the same logical flow.

Managers identified that performance management is not manifested in a single system, but that the distinction is still made between individual and institutional performance management. Senior managers indicated that employees have a negative perception of both individual and institutional performance management, which is reflected in their behaviour towards the PMSs. Therefore, even though alignment is possible on paper, the practice thereof proves to be challenging. The municipality supports managers by providing training, and making the managers' part of the process of alignment and implementation of the PMS (Michaels 2013). Management is also supported by the legislation that guides them and by clearly setting goals (Reyneke-Naude 2013).

According to Groenewald (2013), the municipal manager of the municipality is responsible for ensuring that a PMS is implemented. Furthermore, every director, manager and supervisor should take responsibility for implementation, while the municipal council and executive mayor also have an important supervisory role. This statement by Groenewald (2013) clearly links to the aspects of strategic, tactical and operational planning, and the alignment thereof between all levels of management, as well as the commitment and responsibility of all managers to ensure the implementation of the PMS at all levels.

Regarding the effectiveness and shortcomings of the Overstrand Local Municipality's municipal scorecard model, Groenewald (2013) argues that the model is forthcoming from legislation, but that regulations should be better defined and focus more upon the core competencies higher up in the hierarchy. This statement indicates a need to ensure that all employees be made aware of their contributions to institutional performance through proper performance alignment.

Concerning the alignment of individual and institutional performance indicators and the role of senior managers in this regard, Müller (2013) states that the directors, together with managers, annually review the alignment between various strategic policies such as the IDP and the budget, thus focusing upon strategic alignment, but they do not ensure that policies are reflected in individual performance planning. Arrison (2013) explains that the strategic



policies are linked to the PMS in order to measure performance management on an institutional level, and the KPIs of the directors are influenced by individual performance management. Thus there should be alignment between the individual performance agreement of employees as well as the performance agreements of the directors. Bartman (2013) agrees that the vision and mission of the municipality should be linked and aligned to the service delivery and budget implementation plan (SDBIP), as well as individual KPIs. Arrison (2013) further states that the directors should meet with the managers in order to develop the KPIs. According to Bartman (2013), it is the responsibility of the senior managers to ensure that the key performance areas are aligned with the vision and goals of the municipality. All employees should know exactly what is expected of them (Michaels 2013). Reyneke-Naude (2013) agrees that senior managers have a responsibility to ensure alignment from the lowest to the highest level employees. From the above it could be argued that senior managers indicate an obligation towards ensuring alignment, but that none of them indicated an actual management function for ensuring it. In the next section, specific organising challenges will be highlighted.

## **Organising challenges in facilitating alignment**

After the plans and goals of the institution have been set, management is tasked with allocating the various resources of the institution to specific employees and departments. Furthermore, roles and responsibilities are defined and policies and procedures are established in order to achieve the institutional goals (Smit *et al.* 2007:10). Kroon (1995:10) agrees that organising means allocating activities to individuals or divisions and assigning responsibility.

On the role of managers with respect to alignment, Arrison (2013) and Groenewald (2013) concur that each director should ensure that performance management under their directorate occurs at individual level. Performance is the function of each next level manager. Madikane (2013) agrees that senior management should be held accountable for their directorate. Bartman (2013) observes that the PMS indicates both problems and improvements in the institution and individuals can be held accountable. From the above statements from interviewees it is clear that senior managers are aware of their important role in ensuring alignment between individual and institutional performance. Good coordination can ensure that the alignment between the different levels of management flows effectively. Tripathi and Reddy (2008:161) define coordination as the management of interdependence in the institution. This interdependence can occur between departments and individuals. Organising is valuable for deploying resources effectively, ensuring synergy to ensure effectiveness and quality, and the coordination of activities (Smit

*et al.* 2007:188). In this way, performance can be checked both individually and institutionally. The role of senior managers in this regard is to ensure that performance management filters down in their directorate.

For Bartman (2013), consistency in a PMS is important and should be marketed (communicated) to employees to get their buy-in. The role of senior management should be to communicate the aim of the PMS and performance measurement in general, to lower level employees. This will ensure that employees understand the system and accept the concept.

Responsibility and accountability are also closely linked to organising. Smit *et al.* (2007:193) define responsibility as the duty to achieve goals by performing obligatory, predetermined activities, while accountability is seen as an assessment of how well responsibility was met. Mukherjee and Basu (2005:78) in turn define responsibility as an individual's obligation to perform an assigned task, while accountability is the acceptance of credit or blame resulting from their work.

Regarding the implementation of the PMS, Michaels (2013) mentions that it is the responsibility of all levels of management to ensure that the PMS is implemented effectively following a top-down approach. Reyneke-Naude (2013) sees the whole management *corps* as responsible for the PMS and the success of its implementation as dependent upon management, which leads the employees and sets an example. At the Overstand Local Municipality, although the managers recognise their responsibility with respect to the implementation of the PMS, it seems that the alignment thereof throughout all levels is inadequate. The negativity of employees towards the PMS implies that senior managers have not been successful in this regard.

## **Leadership challenges in facilitating alignment**

Leadership is defined as a process aimed at directing the behaviour of others in order to accomplish the goals of the institution. The leader translates the plans of the institution into reality (Smit *et al.* 2007:271). The quality of leadership in the institution is directly linked to performance. In order to achieve greater performance, productivity and profitability, the managers in the institution should also be trained to be good leaders. Therefore managing and leading, go hand-in-hand to ensure better individual and institutional performance.

According to Müller (2013), managers (as leaders) should motivate and inspire employees to be innovative and to accomplish more with limited resources. Müller (2013) indicates that the system is not helpful when dealing with people and their personal problems and emotions. Madikane (2013) adds that, although the PMS is part of job satisfaction and motivation, each employee know whether they have delivered. The PMS is subjective and is not effective. These statements

support the negative perceptions, attitudes and behaviour employees associate with performance management in general. However, if alignment is properly managed and specifically planned for, employees would be placed in a position to understand their individual contributions to institutional performance.

Regarding leading as a management function and leadership at the Overstrand Local Municipality, Arrison (2013) states that capacity and resources are needed to be a successful leader, as many indicators are linked to the budget. Clear guidelines and good leadership are, moreover, important for the alignment of individual and institutional performance indicators, according to Bartman (2013). Michaels (2013) mentions that insight into the PMS should be encouraged so that employees do not perceive it as a forced-upon, compliance only system. For Reyneke-Naude (2013) it is critically important to be familiar with the institutional indicators, otherwise alignment cannot take place at the lower levels in order to achieve institutional goals. Madikane (2013) agrees with Arrison (2013) that support and capacity are vital to senior management. However, by focusing only upon the measurable outputs, leadership will not be successful. Employees need to feel motivated and encouraged to use the PMS and align their own performance to it.

According to Groenewald (2013), a challenge for senior management with the implementation of a PMS is to change employees' attitudes towards performance measurement. Groenewald (2013) adds that performance measurement is a strange concept to most people and should be introduced carefully. A possible explanation for this can be that employees are unfamiliar with performance measurement practices and are uncertain about the unknown. This again indicates that alignment has not happened.

From the above discourse it can be seen that performance management comprises a measure of control, which is the last management challenge in facilitating alignment.

## **Control challenges in facilitating alignment**

According to Rossouw, Le Roux and Groenewald (2014:227) control takes place at the strategic level, the functional level and the operational level. Managers should exercise control in the institution to ensure that the predetermined goals of the institution are achieved. During control, the objective is to monitor performance to guarantee that the plans for the institution are followed. Any deviations from the plan can be identified and corrected through monitoring. During the measurement of performance, the degree to which goals were reached will be evident and feedback can be given (Smit *et al.* 2007:11).

Regarding measurement and monitoring in relation to the function of control, the Overstrand Local Municipality makes use of an electronic performance management programme named Ignite. Together with legislation, this makes

alignment and performance issues easy, according to Groenewald (2013). This statement is controversial in terms of the information received from interviewees and the evidence of difficulties regarding alignment in the municipality. In the case of underperformance by employees, management should be made aware of and try to rectify the problem. Furthermore, if employee performance is not aligned to institutional performance, even correcting the problem will have no effect on institutional effectiveness and efficiency. The Overstrand Local Municipality claims to be a centre of excellence and should therefore only provide quality services to the public, according to Michaels (2013). Therefore performance of employees should unquestionably be monitored, evaluated and controlled. Even with the existence of monitoring, evaluation and control, alignment is of the utmost importance. In order to successfully monitor, evaluate and control, the individual and institutional performance indicators should be aligned to determine whether goals have been achieved.

Reyneke-Naude (2013) indicates that the PMS provides employees with the tools they need to be professional and to measure performance in a uniform and consistent manner. Madikane (2013) agrees that the PMS is a positive tool and is helpful with organisation and prioritisation in the institution. These comments indicate that the focus is only on individual performance and the link with institutional performance is missing. Although employees are aware of their own goals, they are unaware of their contributions towards the realisation of institutional goals. This again indicates that proper alignment between the different levels have not been successful.

Managers are positive about the PMS and find the system highly beneficial. A successful PMS indicates problem areas as well as areas of excellence (Bartman 2013). In addition, Michaels (2013) states that management is negative about the guidelines and legislation regarding institutional and individual performance management, although the guidelines are extremely clear; they do not leave any discretion to the manager. Furthermore, Reyneke-Naude (2013) comments that not everyone is comfortable with the institutional side of performance management; and a clear picture are needed to see how institutional and individual performance management contribute to one another.

Thus within the Overstrand Local Municipality, performance management is not seen by senior management as a compliance issue, but rather as a tool that can improve the institution as a whole. However, this perspective is not shared by all and this has an enormous influence upon the employees as well as the institution, which implies that alignment remains a problem area in the municipality. Senior managers have the task of ensuring that individual and institutional goals are aligned, and that performance management is seen by all employees in their respective directorates as a way to keep the Overstrand Local Municipality a centre of excellence.

The senior managers agree that it is their responsibility to ensure the alignment of the different levels in the institution, and to ensure that the KPAs and goals of the municipality are aligned. However, regarding the alignment challenges in the planning phase of the PMS, it is evident that legislation and regulations can hinder alignment and impact negatively upon the efforts of senior management to enforce alignment in the institution. Thus, through the information gathered, it became clear that alignment is possible in theory, but the implementation thereof remains problematic. Furthermore, managers acknowledge their important role in ensuring alignment, but the integration of individual and institutional performance, as well as sufficient operational planning, is lacking. The negative perceptions, attitudes and behaviour that employees display towards performance management could be rectified through proper management.

## **SYNTHESIS – BEST PRACTICES AND RECOMMENDATIONS**

In the municipal context, best practices should address activities that have an impact upon the external community. A best practice is defined as actions and processes to improve efficiency and deliver better services to the community (Du Plessis 2005:40). For the purpose of this article best practice examples will be taken from different municipalities and specific attention will be paid to how these municipalities are able to ensure alignment between institutional and employee performance management systems. Three specific best practices will be described, namely eThekweni Metropolitan Municipality, George Local Municipality and Theewaterskloof Local Municipality as is presented in Table 1.

The following general observations emerge from the above best practice examples:

- All the municipalities promote a supportive performance management culture, which is evident from their strategic and operational planning initiatives;
- All the municipalities place emphasis upon the importance of ensuring alignment, not only through policy processes, but also through the management of employees and their alignment with municipal performance indicators; and
- All the municipalities understand the importance of ensuring that managers are capable and committed towards managing through planning, organising, leading and control, specifically as it pertains to the alignment of individual and institutional performance management.

Thus, from the above, specific recommendations emerge:

- The Overstrand Local Municipality should investigate the manner in which integration and alignment were achieved using the electronic system in the best practice examples.

**Table 1: Best practice examples for alignment between individual and institutional performance management**

	<b>eThekweni Metropolitan Municipality</b>	<b>George Local Municipality</b>	<b>Theewaterskloof Local Municipality</b>
<b>What?</b>	<p>MS is the instrument that measures whether the targets set by the institution and its employees are achieved. Performance of municipality directly linked to performance of employees – managed simultaneously as well as separately.</p>	<p>PMS is the instrument that measures whether the targets set by the institution and its employees are achieved. PMS is provided as mechanism through which career development can be achieved.</p>	<p>The PMS intends to:</p> <ul style="list-style-type: none"> <li>• ensure that all employees share a common vision and mission and that all the objectives and strategies of the municipality are realised;</li> <li>• establish a framework that provides effective and regular performance feedback and reporting in the institution; and</li> <li>• encourage a performance-oriented institutional culture within the municipality.</li> </ul>
<b>How?</b>	<p>Success dependent on the following five key issues:</p> <ul style="list-style-type: none"> <li>• top level management and the municipal council have to drive the system;</li> <li>• communication at all levels is essential;</li> <li>• the value of the PMS must be understood by all employees;</li> <li>• the system must provide learning opportunities through coaching and reviewing processes; and</li> <li>• performance management is a continuing process in the institution.</li> </ul>	<p>The IDP and PMS must be seamlessly integrated. Institutional performance is measured by a municipal scorecard at institutional level, while the SDBIP measures performance at the departmental level.</p> <ul style="list-style-type: none"> <li>• The SDBIP is a tool that translates the IDP and budget into measurable criteria, and also allocates responsibility to each directorate.</li> <li>• The municipal scorecard is used to merge service delivery targets set by the municipal council and senior management, which provides a superordinate view of the municipal performance.</li> <li>• KPIs must be linked to the strategic objectives of the IDP, and aligned with the national and municipal KPAs.</li> <li>• Clear targets should be set quarterly and assigned to a senior manager.</li> <li>• The role of all managers at all levels is highlighted since the analyses of KPIs cannot be done without the input of the employees responsible for delivering on them.</li> </ul>	<p>The design and implementation of the PMS followed eight important principles:</p> <ul style="list-style-type: none"> <li>• Simple</li> <li>• Politically acceptable and administratively manageable</li> <li>• Implementable</li> <li>• Transparent and accountable</li> <li>• Efficient and sustainable</li> <li>• Integrated</li> <li>• Objective</li> <li>• Reliable</li> </ul>

	<b>eThekwini Metropolitan Municipality</b>	<b>George Local Municipality</b>	<b>Theewaterskloof Local Municipality</b>
<b>Benefits of alignment</b>	<ul style="list-style-type: none"> <li>• Ensuring the alignment of individual goals with that of the municipality and to synchronise efforts to achieve goals.</li> <li>• Understanding what is expected from the employees, the expected timeframe and the expected standard.</li> <li>• Recognising the key areas of accountability of employees.</li> <li>• Determining whether performance objectives are met.</li> <li>• Making qualified decisions within the employee's level of competencies.</li> <li>• Giving employees learning and development opportunities to competently meet their performance goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide better insight into tasks and clarify the duties and responsibilities associated with the position of the employee.</li> <li>• Enable employees to visualise their position in the municipal structure and therefore help them to contribute to achieving the development objectives of the municipality.</li> <li>• Assist employees to discover their strengths, recognise their weaknesses and develop the knowledge, skills and attitudes needed to overcome weaknesses to ultimately perform to their full potential.</li> <li>• Enhance employee career development through focused training.</li> </ul>	<ul style="list-style-type: none"> <li>• PMS is integral in making objectives manageable and realistic.</li> <li>• PMS focuses upon development thereby ensuring development of both employees and institution.</li> <li>• The performance objectives of employees are linked to their directorate and the municipality. Once the municipal targets are set, it can cascade down to the different directorates and employees.</li> <li>• There is collective recognition and achievement of these goals within respective directorates.</li> </ul>
<b>Nature of PMS process</b>	<ul style="list-style-type: none"> <li>• Consultative.</li> <li>• Clearly understood by all levels within institution.</li> <li>• Supported by performance-driven management culture.</li> </ul>	<p>All managers have the responsibility to:</p> <ul style="list-style-type: none"> <li>• design KPIs that address the SDBIP, operational needs, service delivery improvement and other important departmental activities;</li> <li>• plan performance and set targets for the institution;</li> <li>• assign KPIs to employees;</li> <li>• ensure that the SDBIP is implemented;</li> <li>• monitor performance and document it;</li> <li>• take corrective action if it is required; and</li> <li>• communicate performance results to the municipal manager.</li> </ul>	<p>Recognise the value of a performance-based institutional culture, which encourages productivity and development by the alignment of individual and institutional performance goals with the mission, strategic goals and objectives of the municipality.</p> <p>The responsibility of executing the PMS falls to the senior managers, each of whom is responsible for performance in his or her directorate.</p>

Source: (eThekwini Metropolitan Municipality 2008; George Local Municipality 2011; Theewaterskloof Local Municipality 2013)

- Senior managers should cultivate a performance-driven institutional culture and lead by example through their actions and behaviour towards performance management.
- All the managers should jointly arrive at a common understanding of what alignment entails.
- This alignment initiative should be discussed with all managers responsible for aligning performance agreements with the municipal goals.
- Senior managers should pay more attention to tactical and operational planning in order to align individual and institutional performance.
- Employees should understand their individual contribution to institutional performance. This should happen if alignment is specifically planned for and properly managed.
- Managers should take a stronger leadership role in enforcing alignment through educating employees on performance management and leading by example.

The only way for managers to effectively address negative perceptions regarding performance management is to address them head-on. However, care should be taken that senior managers in particular do not confuse the issue by having different perceptions regarding their role and responsibility towards ensuring alignment. Even though they may not directly be held responsible for the individual performance of lower level employees, their own performance will be directly affected by it. Since their own performance is already aligned with municipal goals and strategies, the result will manifest itself in the inability of the municipality to meet its objectives and be responsive to its community.

## **CONCLUSION**

Service delivery and protests related to municipal performance are relevant and contentious issues in the South African society, which places a renewed focus upon the ability of management to implement a proper PMS that aligns institutional and individual performance indicators. While the goals of a municipality are identified through its institutional planning processes, the PMS should provide the framework for managing, measuring and evaluating the extent to which these goals are achieved, not only institutionally, but also individually. Performance management is used as a tool to manage the performance of employees, as well as to ensure the proper alignment between individual and institutional performance indicators. Due to the relevance of performance management and service delivery in the South African government, a renewed emphasis needs to be placed upon issues related to



integration, coordination and cohesion between processes and systems inside an institution – such as ensuring alignment between individual and institutional performance management systems. As was seen from the analysis of the case study, the challenge does not lie in developing performance management systems, but rather in the ability of specifically senior managers to ensure and facilitate alignment through proper and responsive management practices.

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