EFFECTIVE AND EFFICIENT PERFORMANCE MANAGEMENT IN
LOCAL GOVERNMENT, WITH REFERENCE TO THE CACADU
DISTRICT MUNICIPALITY

BY

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Metropolitan University (NMMU)

Promoter: Professor P S Botes

January 2012
DECLARATION:

I, the undersigned, declare that the work contained in this thesis is my own original work and that to the best of my knowledge this work has not been previously submitted in full or partial fulfilment of an equivalent or higher qualification at any recognised institution.

Signature:………………………………………………

Kwame Asmah-Andoh

Date: January 2012
DEDICATION

This thesis is dedicated to my late mother, Maame Ama Ajeiba who did not live long enough to share the joy of her toils. May the Almighty rest your soul in loving memory.
ACKNOWLEDGEMENTS

The writing of the acknowledgements section for a research report is pleasant for two reasons. *Firstly*, it is pleasant because it signals the end of endless hours of work, and *secondly*, it provides the opportunity to express appreciation to those who have in various ways contributed towards the achievement of the objective.

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### ABBREVIATIONS AND ACRONYMS

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>CDM</td>
<td>Cacadu District Municipality</td>
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<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>KPIs</td>
<td>Key Performance Indicators</td>
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<td>LM</td>
<td>Local Municipality</td>
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<tr>
<td>NPM</td>
<td>New Public Management</td>
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<td>NPMAC</td>
<td>National Performance Management Advisory Commission</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>PAP</td>
<td>Persons Affected by Projects</td>
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<td>PMS</td>
<td>Performance Management System</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>SDBIP</td>
<td>Service Delivery and Budget Implementation Plan</td>
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<td>TQM</td>
<td>Total Quality Management</td>
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<tr>
<td>VFM</td>
<td>Value for Money</td>
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<td>WSA</td>
<td>Water Services Authority</td>
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<td>WSDP</td>
<td>Water Services Development Plan</td>
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SUMMARY

This study examined the existing levels of effectiveness and efficiency in local government with the application of performance management systems in the provision of municipal services. The provision of district-wide water services in Cacadu District Municipality in the Province of the Eastern Cape, South Africa is used for particular reference. Local government reforms after 1994 led to the creation of the district municipality (which groups together a number of local municipalities) to drive district-wide services provision, the introduction of systematic service provision standards and performance management as part of management reforms in municipalities.

The problem for the research deals with how the Cacadu District Council and the councils of the local municipalities within the district are collaborating in using performance management systems, what effects this could have on programmes and services provision and how communication of performance information would improve service provision. Conceptual and practical difficulties encountered in effective and efficient utilisation and some obstacles that contribute to impeding progress in the use of performance management systems in municipalities were analysed.

The qualitative research included a review of documents from the public administration and management literature; discourse analysis of interviews with municipal councilors and appointed officials, community members and provincial managers. The document review included a review of municipal documents that incorporated performance management or described development and use of performance management systems. It also included the legal frameworks and statutory requirements for municipal government and administration.

All the responding municipal councils within the Cacadu District Municipality reported using performance management over the past five years yet little empirical evidence explains usage for district-wide programmes and services provision. Research shows that a comprehensive performance management approach to programmes
and services has a more effective and efficient impact on service improvement than utilisation of personnel appraisal (Ammons and Rivenbark, 2005).

Despite the expected benefits, personnel performance appraisal is often flawed and the need exists in the district municipal model to develop and utilise performance management systems that validly assess the work performance of personnel (Hindo, 2010). Performance management system utilisation in decision making management is more related to the long-term benefits of effectiveness and efficiency than personnel appraisal for performance rewards and reporting.

To overcome and address a situation of managing performance without a performance management system the study proposes a programme performance measurement and management system which incorporates information on management inputs, programme-specific data and citizens’ feedback for outcomes and impact of the service. The suggested design for district-wide and specific municipal services provision elicit and provide relevant and appropriate performance information for management, decision-making and accountability to community. The effectiveness of the proposed system is to provide information for decision-making, long-term planning, strategic management and accountability reporting. The proposal is built on the existing method and thus efficient in the utilisation of resources. This has implications both for the theory of Public Administration and Management and the practical application of performance management in public institutions.

The study explicitly provides a Public Administration perspective on management in a multi-municipal district context with different authorities. The study contributes to the theory of administrative policy and management context of the municipality with special attention to functions for which different authorities are responsible and the role of a performance management system for better insight into managing overlapping authority, gaps and duplications.

A central purpose of public management research is to theorise and influence practice. The practical utilisation of the proposed method is intended to assist
managers and politicians with better understanding of a sustainable performance management system.
CHAPTER ONE
INTRODUCTION

1.1 INTRODUCTION

The focus of this study is a quest for effective and efficient performance management programmes in the Cacadu District Municipality in the Province of the Eastern Cape. Performance management has been an instrument for influencing public policies throughout the history, practice and the discipline of Public Administration. In the contemporary work environment there is a renewed focus on performance management as government at all levels or in all spheres grapples with how to achieve effective and efficient results and outcomes for the communities served (Curristine, 2005:129).

Performance management underlies managing established standards for providing services by municipalities to communities. The absence of service provision standards in municipalities (as in all the South African public service) prior to 1994 led the democratic government to enact legislation and policy guidelines for the establishment and implementation of performance management systems to underline the rules of engagement for providing services in municipalities (Department of Constitutional Development, 1996; the White Paper on Local Government, 1998; Local Government: Municipal Structures Act, 1998)\(^1\). Effective and efficient performance is thus what is promised by the reforms which led to the creation of the current multi-municipal district municipality which also included the

\(^1\)In this report, for brevity, references to the short title of a statute are stated as Constitution, 1996 or Systems Act, 2000 as the case may be. The full short titles are quoted in the list of references
adoption of new public management approaches for municipalities. The purpose of this chapter is to provide a background to the study, to describe and explain what the study intends to investigate and the methods used for investigation and analysis.

The chapter, firstly, contextualises performance management in municipal government administration for the provision of services. Secondly, in a research study the problem identified and the background circumstances and research questions serve as the central gravitas and provide meaning for what the research aims to prove; these are described and explained. Thirdly, the chapter is used to explain the scope of the research, the geographical area and the theoretical framework for analysis thus describing the boundaries of the research and allowing the researcher to chart what the study covers and to position the analysis within the discipline of Public Administration and its practice. In line with the regulations on research, permission was obtained from the Cacadu District Municipality to conduct the research within the district municipal boundaries. Permission to conduct the study was obtained as described below.

1.2 PERMISSION TO CONDUCT THE RESEARCH

The study title states clearly that the study was to be undertaken at the Cacadu District Municipal Council. Written permission was received from the Municipal Manager of the Cacadu District Council on 1 March 2009 (Ref 2/2/6) in reply to a letter requesting permission for the study to be conducted at the beginning of July 2009 (Annexure 1 and 2).

For persons taking part in the study through the questionnaires and the interview schedules, permission was requested with letters explaining the purpose of the
research. These were read to the participants before responses was also sought and obtained from respondents. Due to the fact that the study does not entail any known harm to the respondents, the consent of participants was requested and obtained verbally and not recorded in writing. Also the covering letter of each questionnaire and interview schedule was used to explain to participants the nature of the research, the rules and regulations in terms of existing policy, participants’ rights and the voluntary nature of their participation in the study.

1.3 BACKGROUND TO THE STUDY

Performance is the promise of local government reform and performance management systems have been part of the drive to enhance governmental functioning in democratic societies after World War II. In South Africa, enhancing performance was the underlying objective for local government restructuring following the introduction of the multi-party dispensation. The quest for efficient and effective performance provides meaning to the vision of developmental local government centred on improving the quality of lives of especially rural communities (White Paper on Local Government, 1998). This can also be seen in the adoption of new public management approaches in municipal government and administration in the country. It can thus be inferred that performance management processes are acknowledged as a basis for (municipal) public sector management reform, public policy and programme management for service delivery.

Performance management systems are utilised for evaluation of programme performance, for managing personnel performance, for accountability to citizens, and for providing information to facilitate public stakeholder participation in local
government (Bernstein, 2000:95). As a management tool, the objectives of a municipal performance management system includes improving the provision of services to meet the expectations of citizens through the setting of measurable targets, evaluating achievement against set indicators and utilising the information to improve decision making and management. It also includes deepening democracy through better accountability and responsiveness. This description underlies conceptualisation of performance management programmes as both enabling and operational functions in public administration theory and practice.

Much of the tradition of performance management comes from the private sector, and in particular, the industrial part of the private sector, including work measurement and how to turn raw materials as inputs into finished products as outputs (Friedman, 1997:10). It is necessary to adapt the industrial performance management systems by developing relevant performance management programmes and processes for the services of municipal government and administration intended to benefit and produce demonstrable changes in the wellbeing of citizens and communities. Municipal performance management systems and the programmes and services they relate to have to do with means for which the ends are not only better outputs of services, but more importantly, better outcomes for citizens.

Chapter Six of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), makes it mandatory that performance management systems must be established and implemented in all municipalities in South Africa. The suite of legislation sets out the requirements in terms of establishment, development, monitoring and review of
performance management systems in municipalities. In the context of South Africa’s constitutional spheres of government and maximum devolution, there has been a redefinition of local government’s role in shaping and developing its jurisdictional area and it role as integral part of government as a whole (Department of Constitutional Development, 1996:2; Hansen, 1997). Municipalities as constituent parts of local government are required to enable the development of the environment and provide new services to those who previously did not have access to these services. The introduction of the District Municipal Council is in this regard intended to perform district-wide functions including, in collaboration with local municipalities, managing programmes which would improve the provision of services within the district as a whole. Achieving this thus requires the District Municipal Council to design effective and efficient performance management systems which is applicable to district-wide programmes and in line with service standards as provided by the Batho Pele principles (White Paper on Transforming Public Service Delivery (Batho Pele), 1997).

Derived from the classical theories of management and popularised by the new public management approaches, performance management has been implemented in various Organisation for Economic Cooperation and Development (OECD) countries such as the United Kingdom, Australia, Canada and New Zealand (Department of Constitutional Development, 1996:3). F W Taylor’s work measurement and time and motion studies dating back to the 19th century and early 20th century were based on how to improve industrial production. The need exists to adapt these to public services provided by public institutions. According to
Donaldson (1995) the pursuit of a strategic fit is central to the theories of organisational performance.

In South Africa the use of performance management to improve the provision of services in municipalities [and in the public sector at large] forms part of management reforms that have accompanied the restructuring of local government which began from the early 1990s. Thus the legislative stipulation that the local government reform with the adoption of the district municipality model and new public management requires analysis of the theoretical and practical links between performance management and district municipal performance improvement. Using the Cacadu district municipality as the study area this study analyses the implementation of the existing performance management with the aim of designing performance management programmes for effective and efficient service delivery.

The Cacadu district municipality, the study area, is situated in the Province of the Eastern Cape in the Republic of South Africa. The Cacadu district municipality, a district municipal jurisdictional unit, is a Category C district municipality comprising nine Category B local municipalities and two District Management Areas (Constitution of the Republic of South Africa, 1996 as amended). In terms of legislation, the council of the Category C district municipality and the councils of the nine local municipalities have separate and concurrent legislative and executive authority in the same geographical and political jurisdictional area (Constitution of the Republic of South Africa, 1996; Local Government: Municipal Structures Act, 1998). Within this jurisdiction there is both the need for representational responsiveness and economies of scale for the provision of critical municipal services which create both uniqueness and overlapping functions in a municipal model with systems
characteristics. Systems analysis is basic to human activities and the systems theory is frequently used in models to explain phenomena (Dye, 1984:40, Easton in Botes et al., 1997:260). The International Encyclopaedia of Human Geography 151-158 describes systems are comprised of interacting components or parts that may of themselves be systems, and which result in emergent behaviours not found in the parts (Straussfogel and von Schilling, 2009). In effect the Cacadu district municipality chosen for study can be thought of as an organised whole made up of parts which are connected and directed to some purpose (Terry, 1977:27).

Public administration literature also typically characterises performance management as a system of processes that includes setting objectives, designing performance indicators for assigned responsibility, measuring performance against set performance indicators, providing feedback information for decision making and for accountability (Pollitt, 1999; Otley, 1999; Broadbent and Laughlin, 2009; Ferreira and Otley, 2009; Botes et al., 1994:260). These programmes and the processes they comprise can be described conceptually as a systems framework made up of interrelated parts which can be analysed as a unit.

The programmes of a performance management system thus need to be structured into a single and relevantly aligned framework to be utilised for producing value for the citizens in the form of better services, effective service programme management, focused and better decision making and ultimately general wellbeing. Based on the utilitarian principles of Bentham and Mills performance management system and its programmes and processes should be managed to achieve the greatest results for the citizens (Rodee, Anderson, Christol and Greene, 1975:105). The role and functions of the Cacadu District Council thus requires designing and establishing a
performance management system with programmes which can make real improvements in the provision of services throughout the district municipality.

The description above provides the basis for the approach adopted for the study. Cacadu district municipality performance management is studied as a system of interrelated parts, emphasising the importance of the links between the use of performance management processes and the complex analytical exercise of service performance (Dye, 1984:41). The systems approach also offers conceptual and scholarly instruments for the study of district-wide services delivery in the form of water and other infrastructural programmes as well as specific municipal functions for the district municipality.

According to Dubnick (2005: 392ff), the basic characteristic of the concept performance focuses attention on a function or activity [of the municipality]; what is the performance of the Cacadu District Municipality? The performance of the municipality in this context, firstly, refers to the provision of basic goods and services to improve the lives of the community served (Moore, 1998). Secondly, Dubnick (2005:392ff) writes that performance can be conceptualised as referring to the level of achievement. In this context, the outcome of performance on the community is the basis for evaluation. The other dimensions of the concept ‘performance’ contain a value judgment. Thirdly, performance can also be conceptualised as being of a higher or lower quality, denoting a value judgement. The value judgement can be attributed to the qualitative ability, the capacity and competence of the municipality as well as to the achievement of objectives by the municipality. High performing public sector organizations are organizations that have superior capacity. These are attributes of the systems approach which describe how the evaluation as outcomes of the output is fed back into the inputs of the system.
The study analyses performance management systems using both the concentric diagrammatic representation of setting performance objectives and key performance indicators; measuring actual performance against key performance indicators and reporting on performance and the linear description of inputs-outputs-outcome processes. The two units of analysis depict systems of interrelated parts. In addition to the systems analysis key concepts such as performance are conceptually explained for insights into the operationalization of the problem of municipal performance management for the study.

In view of the fact that all citizens of municipalities, both urban and rural, are dependent on clean potable healthy water, the study utilised the provision of water services as illustration. It must be stated that the same approach and techniques could be implemented for any other form of municipal service delivery (Schedules 4 and 5 of the Constitution of the Republic of South Africa, 1996; Cacadu District Municipality IDP 2007 - 2012).

1.4 RESEARCH PROBLEM

The problem investigated in this study is the effectiveness and efficiency in the use of performance management systems to manage and improve programme and service provision in the Cacadu district municipality. Performance management is statutorily required to be part of municipal management strategy as a means to improve the provision of services in the municipality. The thesis evaluates the application of performance management programmes to improve the levels of efficiency and effectiveness in the provision of district-wide services. The Cacadu district municipality provides services in an area that groups together a number of
local municipalities. A programme performance management system approach to managing district municipal programmes and services is needed for overall district-wide improved services provision instead of using a single method of personnel appraisal.

The problem is negatively impacted upon by inadequate personnel, resources and performance management training in the Cacadu district municipality.

1.5 RESEARCH QUESTIONS

The study proceeds from a premise that the District Municipal Council acts in a district-wide functional capacity using performance management for service delivery functions in collaboration with local municipalities within the district. Therefore ineffective implementation of performance management programmes would result in the provision of poor services. An important purpose of public administration and management research is to theorise and evaluate the practical determinants of public service performance, in effect the extent to which, how and under what circumstances do relevant performance management programmes improve service delivery performance? Researchers are generally prompted to ask questions that may help to provide possible answers and solutions to research problems being studied. Asking questions is a human action in the solving of problems. The research questions that were investigated in this study are set out as follows:

The primary problem question is: What are the programmes for the existing municipal performance management system for district-wide service delivery?

Problem sub-questions are:
a. What is the impact of performance management programmes on district-wide service delivery in the Cacadu District Municipality and the nine local municipalities within the district?

b. To what extent can relevant performance programmes improve the utilisation of the Cacadu district municipal performance management system to achieve effective and efficient management of programme for improved district municipal service delivery?

1.6 OBJECTIVES OF THE STUDY

Four objectives have been set for the study, namely to analyse the utilisation of performance management systems in the local municipalities within the Cacadu District Municipality:

- Determine and evaluate the impact of performance management programmes on the provision of district-wide municipal services in the Cacadu District Municipality;
- Investigate and evaluate the reasons and causes for the problems being experienced in the implementation of performance management programmes in the Cacadu District Municipality;
- Analyse the nature and scope of utilisation of performance management programmes, and how officials and political representatives implement the programmes;
- Draw conclusions and make recommendations on the utilisation of performance management systems to improve decision making and programme management for effective and efficient delivery of services.
1.7 SIGNIFICANCE OF THE STUDY

The study seeks to determine the extent to which relevant performance management programmes are established and implemented in the Cacadu District Municipality. Programmes of municipal performance management systems should be related to service being delivered and should be continuously improved (Dye, 1981:95; Jenkins, 1978:22). There is a need to ensure that an existing programme continuously meets the requirements of a changing environment. The services as the outcome of a policy will always have an impact on the citizens and the environment within which it is implemented. Relevant performance management programmes should also focus on appraisal and evaluation for improvement and reward and on meeting compliance and accountability requirements.

In Public Administration, theoretical discussions and practical applications often seem decoupled. This thesis is less ambitious. The aim is to theoretically analyse the existing performance management system and programmes with the objective of designing effective and efficient performance management programmes for implementation in the district municipality. It seems that this research will assist and maintain high performance management after the municipal election on 18 May, 2011. The study is also important for researchers and students who require information on the nature and place of performance management systems in the discipline and practice of public administration. For these reasons this study will contribute to the existing corpus of knowledge, particularly in the discipline and practice of public administration. The study was delimitated as follows.
1.8 DELIMITATION OF THE STUDY

Delimitation is used to explain the setting of the boundaries of the study, namely the survey area, theoretical scope and the time-frame; in other words the range or extent of matters to be dealt with in the study. Research is time and place bound and the delimitation should thus be clearly explained. The scope of the study area is explained as follows.

1.8.1 The study area

The study was concentrated in the Cacadu district municipality in the Province of the Eastern Cape in South Africa. District municipalities have been established in the non-metropolitan areas of the country in line with the provisions of Chapter 7 of the Constitution of the Republic of South Africa, 1996, as amended and the recommendations of the Municipal Demarcations Board in 1998. Each district municipality is described as unique, with characteristics which may differ from other similar municipalities (White Paper on Local Government, 1998). The Cacadu district municipality, the area chosen for the study, comprises the District Council as a category C municipality, nine local municipalities as category B municipalities and two District Management Areas which are directly managed by the Cacadu District Council (Section 155(1) of the Constitution, 1996, and the Municipal Demarcations Board, 1999).

The institutional framework of the study area is a multi-centred municipality in which powers, functions and responsibilities are shared between the two categories of municipalities (Constitution, 1996). This means that both the District Municipal Council and the councils of the local municipalities perform municipal legislative and
executive functions within the same jurisdictional area. Guided by the constitutional principle of co-operative government, district and local municipalities must work together to achieve their, often overlapping, goals.

Key for local government is the delivery of basic services, such as water and housing. The District Municipal Council and the councils of the local municipalities are required to coordinate common policies, programmes and delivery with each other (Municipal Systems Act, 2000). In line with these arrangements, the councils of the local municipalities assume developmental possibilities and responsibilities for the delivery of services in the individual municipal areas, whilst the Cacadu District Council takes on tasks which demand co-operation and joint action across local municipal jurisdictions and boundaries (Pycroft, 2002:110; Hansen, 1997). The foregoing characteristics of the district municipality model provided one of the motivations for the choice of the Cacadu district municipality for the study. Local government in South Africa is thus a unique experiment in intergovernmental relations. This, together with other structural-functional characteristics as described in terms of the relevant legislative framework, makes the area both unique and appropriate for a study of performance management programmes whose findings could have broader applicability.

Geographically, the district municipality covers 58 243 square kilometres, the largest of the six district municipalities in the Province of the Eastern Cape (Cacadu IDP 2007 -12:1). The Cacadu district municipality consists of vast areas of rural settlements in which service delivery presents exciting administrative and management challenges. It is also a unit with its specific structural characteristic complexities of the district municipality system, that is, the differentiations and interdependencies between the municipalities within the district. Cacadu district
municipality has the largest number of Category B local municipalities in the country. The nine local municipalities in the Cacadu district municipality and their respective towns are listed below:

Table 1.1 Local Municipalities within the Cacadu District Municipality

<table>
<thead>
<tr>
<th>LOCAL MUNICIPALITY</th>
<th>MAJOR SETTLEMENT/TOWNS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camdeboo</td>
<td>Graaff-Reinet, Aberdeen, Nieu-Bethesda</td>
</tr>
<tr>
<td>Blue-Crane Route</td>
<td>Somerset-East, Cookhouse, Pearson</td>
</tr>
<tr>
<td>Ikwezi</td>
<td>Jansenville, Klippaat, Waterford</td>
</tr>
<tr>
<td>Makana</td>
<td>Grahamstown, Alicedale, Riebeeck-East</td>
</tr>
<tr>
<td>Ndlambe</td>
<td>Port Alfred, Kenton-on-Sea, Alexandria</td>
</tr>
<tr>
<td>Sundays River Valley</td>
<td>Kirkwood, Addo, Paterson</td>
</tr>
<tr>
<td>Kouga</td>
<td>Jeffreys Bay, Humansdorp, Hankey</td>
</tr>
<tr>
<td>Baviaoans</td>
<td>Willowmore, Steylerville</td>
</tr>
<tr>
<td>Kou-kamma</td>
<td>Joubertina, Kareedouw, Louterwater</td>
</tr>
<tr>
<td>Cacadu DMA</td>
<td>Rietbron, Wolwefontein, Glenconner</td>
</tr>
</tbody>
</table>

(Source: CDM IDP 2007 – 12:1)

This constitutes the Cacadu district municipal area chosen for the study. The analysis acknowledges the interdependent nature of the various municipalities within the unit. It is also used to provide the theoretical basis for the study.
1.8.2 Theoretical boundaries of the study

The theoretical boundaries of the study describe and explain the evaluation of performance management in the Cacadu district municipality within Public Administration as an academic discipline. Management is seen as part of Public Administration and an essential group of functions in the work situation (Meiring, 2001:48). It is a prerequisite in any work situation that the subordinate personnel on the operations level (Hellriegel et al., 1999:713) should be provided with the resources such as finance and personnel and other means such as sound policies, procedures, and organisational structures (posts, sections, divisions and departments) to enable the effective performance of functions and activities. The supervisory personnel who act in a management capacity (Kroon, 1990:7) should also continuously ensure that such resources and means be utilised as efficiently and effectively as possible (Meiring, 2001:46). Taylor (1971:9) writes for example that “(t)he art of management ... [is] knowing exactly what you want men to do , and then seeing that they do it in the best ...way” that is as effectively and efficiently as possible.

The theories adopted for this study are the process theory and the systems theory. Smit, Cronje, Brevis and Vrba (2007:30) classify theories of management into two: classical management theories and contemporary approaches to management theories. These theories will be used to analyse performance management in the discipline and practice of public administration.

Performance management is an established area of study in the discipline Public Administration and Management. Its practice continues to expand into other functional areas of an institution and therefore attract more sophisticated measures
and expansion in focus. Even though the findings of this study cannot claim to be exhaustive and final, the study provides impetus for further research on the utilisation of performance management for cooperative municipal service delivery.

1.8.3. Time-frames of the study

The study was conducted between 2006 and December 2011, and the report submitted in January 2012.

1.9 CONFIDENTIALITY AND ETHICAL REQUIREMENTS

According to the Oxford Advanced Learners Dictionary (1995: 395) ethics is a system of moral principles or rules of behaviour or conduct. To be ethical is to conform to accepted [professional] norms and practices. It could be inferred that it will be unethical for researchers to harm anyone in the course of research. Research is also expected to be ethical and be conducted with the subjects’ knowledge and permission (Bailey, 1982: 428). It is therefore stated that in the course of this research the following ethical guidelines and practices were strictly adhered to including informing and seeking the consent of the respondents in the study (Research Questionnaire in Appendix). The researcher sought and obtained the consent of participants and the following were adhered to:

- Anonymity: the non-disclosure of the names and personal details of respondents.
- Plagiarism: plagiarism was avoided as all sources utilised and cited were duly acknowledged in the report and consistently listed in the list of sources;
- Coercion: respondents were not coerced to divulge any confidential information;
Honesty: the researcher at all times and under all circumstances reported the truth with honesty and never presented the truth in a biased manner.

Freedom of choice: all respondents were given the freedom of choice in participating in the research through informed consent. Respondents were informed that they were free to withdraw from participation at any time.

(Hanekom and Thornhill, 1997:4)

The research was conducted in accordance with the ethical requirements and regulations of the Nelson Mandela Metropolitan University, and generally accepted norms and values of social science research (NMMU. D/776/05, 2006).

Research is a social activity and the processes involved in the study required a form of human conduct on the part of the researcher (Mouton, 2001:238; Brynard and Hanekom, 1994:3). Ethical issues thus arise during the research process and from the researcher's interaction with people, institutions and other stakeholders within the research environment or the area of study. Care was taken by the researcher in the collection of data so that the research did not negatively impact on any participant's or subject's right to privacy (Babbie and Mouton, 2001:239).

It has to be stated that anonymity, privacy and confidentiality of data have been maintained in all the processes of the study. Personal and other details which could reveal the identity of respondents are not included in the instruments for collecting data, rather, where necessary, and with consent of the respondents, official designations were used.
1.10 DISTRIBUTION OF THE RESEARCH RESULTS

The result of the study will be made available in the form of a bound document to the NMMU library. Copyright on the thesis thus resides with the Nelson Mandela Metropolitan University and the institution will decide on the dissemination. However in line with the regulations of the university on the presentation of doctoral research reports, two journal articles emanating from the study have already been published in accredited journals. Findings will also continue to be disseminated through academic research and publications.

1.11 TERMINOLOGY AND DEFINITION OF WORDS

A language such as English is dynamic and constantly changing; meanings of words and terms could have a variety of interpretations with the passage of time. Various assumptions on the English lexicon open the language to various expressions and understandings. The following words will be used frequently in this research study. To avoid misunderstanding, it is necessary to explain the meaning of these words and terms as they are used in this research report.

1.11.1 District Council:

In the report District Council is used to describe the council of the Category C district municipality to differentiate it from the jurisdictional area also sometimes referred to in some documents as the district municipality (Municipal Structures Act, 1998:14). Thus whilst the whole jurisdictional area of the district is referred to as the district municipality, the council of the Category C municipality in terms of the legislations is referred to as Cacadu District Council or Cacadu District Municipal Council as the case may be.
1.11.2 District Municipality:

The meanings attached to the concepts ‘district municipality’ and ‘local municipality’ as used in the study are in line with the meanings envisaged for category B municipality and category C municipality in section 155(1) of the Constitution, 1996 and subsequent relevant legislation. Section 155(1) (b) of the Constitution, 1996, states that a Category B municipality is a municipality that shares municipal executive and legislative authority in its area with a Category C municipality within which area it falls; and sub-section 1(c) also states that a Category C municipality is a municipality that has municipal executive and legislative authority in an area that includes more than one municipality. It can therefore be inferred that the district municipality and its District Municipal Council do not form a separate sphere of government but are a constituent part of the institutions in the local sphere of government as stipulated in the Constitution, 1996.

1.11.3 Economy

The expression “economy” has various meanings for different people. In this thesis the word “economy” is associated with the input-output analysis of work performance. A specific work programme is defined in goals and work to be done. A budget defines the estimated cost to achieve these results, and the objective is to reach these results within the defined budget cost. It means that three possibilities exist, namely: the goal has been achieved with the exact expenditure as stated in the budget; or more results (outputs) have been achieved with the defined cost framework which can be termed as highly economical and (“efficient”); or the set goals and programmes have not been achieved within the defined budget and there is a shortfall of funds. In the last example investigation should then be conducted as to why tax money has been squandered and the shortcoming must be rectified as soon as possible. Achieving economy is used to explain the situation where programmes have been achieved within the budget or with less resource input. Economy indicators for example explore whether specific inputs are acquired at the lowest cost and the right time; and whether the method of producing the requisite outputs is economical.
1.11.4 Effectiveness

Effectiveness can be used to mean doing things right, in this case delivering public services consistent with citizens’ preferences. According to Halachmi (2004), effectiveness can be described as making progress toward goal achievement. It can also be used to describe a measure of how well the actual products or outputs lead to desired social impact: the envisaged overall impact of the policy or strategy.

The *Local Government: Municipal Systems Act*, 2000, stipulates that a municipality must. The establishment of a performance management system must be commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in its integrated development plan to promote a culture of performance management among its political structures, political office-bearers and councillors and its administration.

Effective indicators can be used to explore how productively inputs are translated into outputs to achieve the desired outcomes. Thus an effective system has the objective of maximising the level of output. Section 40 of the Municipal Systems Act, 2000, requires a municipality to monitor and review its performance management systems. To achieve this, effectiveness of indicators provide a tool for measurement. Such a process may also impact on other factors of the institution. The objective of the research is thus to develop effective [and efficient] performance management programmes suited to the institutional framework of the Cacadu district municipality.

1.11.5 Efficiency

Efficiency, defined as the maximisation of output/input or results/resources ratio, and one of the pre-eminent goals of administration, was the criterion used for assessing administrative performance in the classical era (Schachter, 2007:801; Light, 1997: 21; Wildavsky, 1966). Efficiency is used in this report also to mean doing things right – that is for example providing services of a given quality in the least-cost manner for the public to receive the best value for its money (VFM) (Shah 2005:xxiii). According to Bohte (2007:811) obtaining a more nuanced understanding of public sector efficiency becomes possible when government officials engage citizens in the process of defining desired policy outcomes. In effect government efficiency is a
politically defined value. Thus, as Schachter (2004) argued, performance efficiency is not completely an objective and neutral concept but must be placed in the context of a community’s values.

1.11.6 Local Municipality

The term *local municipality* is used to denote a Category B municipality that shares municipal executive and legislative authority in its area with a Category C district municipality within whose area it falls. The definitions stipulated in section 155(1) of the *Constitution*, 1996, and the *Municipal Structures Act*, 1998:14, are therefore adopted for the research report. Also the council of a local municipality is denoted as a local council.

1.11.7 Municipality

The concept “municipality”, from the Latin root *municipium*, relates to a town or city in Roman historical times (Craythorne, 1997:69). Section 151(1) of the *Constitution*, 1996, states that *the local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic*. Thus while the understanding is that municipalities are constituent parts of local government, in the thesis the use of both concepts *municipality* and *local government* could sometimes overlap. Under the *Constitution*, 1996, a municipality:

- is an organ of state within the local sphere of government, exercising legislative and executive authority within an area determined in terms of the *Local Government: Municipal Demarcation Act*, 1998;
- consists of the political structures and administration of the municipality and the community;
- functions in its area in accordance with the political, statutory and other relationships between its political structures, political office-bearers and administration and its community; and
has a separate legal personality which excludes liability on the part of its community for the actions of the municipality.

Furthermore, the basic values and principles of public administration in sections 217; 195(1) and (2) of the Constitution, 1996 apply to the municipality in the performance of its functions. A municipality is therefore to be understood as a constituent part of the local sphere of government as stipulated in the Constitution, 1996 and other legislative instruments.

1.12 OUTLINE OF THE CHAPTERS

The outline of the chapters of the report or the study plan indicates how the research report is organised and provides a preview of each chapter in the report (Mouton and Marais, 1992:176). The study consists of the following seven chapters:

Chapter One provides an introduction and a general overview of the study, The chapter describes the background to the study, problem statement, research questions, objectives, significance and limitations of the study, outline of the chapters and the terminology and definitions of the words and terms used in the study.

The purpose of Chapter Two is to provide a theoretical framework for analysing performance management within the discipline of Public Administration. The chapter traces the nature of performance in administrative theories from the classical Scientific Management principles to contemporary approaches in the new public management philosophies. Two theories; the systems and management processes theories are provided and used for analysis in the study. The theoretical framework positions the analysis of the problem within the discipline of Public Administration and Management.
Two objectives are set for Chapter Three of the report. Firstly, as a management function in public administration, the legislative underpinnings for the establishment of performance management systems in municipalities are described and explained. The second part of the chapter is used to explain the study area – the Cacadu district municipality and its characteristics. The delivery of water services as district-wide function is also briefly explained.

Chapter Four of the research report explains the methodological paradigm adopted for the study and the instruments utilised for data collection.

The next two chapters, Chapters Five and Six, analyse the data using the systems and process theoretical framework.

Chapter Seven gives a summary of the conclusions reached in the foregoing chapters with recommendations for further research on performance management in the discipline and practice of public administration.

1.13 CONCLUSION

This chapter is used to provide a background to the study by articulating the problem for the study. This chapter, firstly, contextualises municipal performance management programmes in municipal government administration for service delivery. The need is expressed for effective and efficient implementation of performance management programmes to contribute to improved performance in the management of district-wide programmes and services in the Cacadu district municipality and the nine local municipalities within the Cacadu municipal boundaries.
Certain assumptions are made and the need expressed for the development and utilisation of effective and efficient district-wide performance management systems to improve decision making, programme implementation and management in the Cacadu district municipality. An explanation of the scope of the research; the geographical area and the theoretical framework for analysis is provided. These are important to map out the boundaries of the study whilst the theoretical framework is necessary to position the analysis within the discipline of Public Administration and its practice.
CHAPTER TWO
THE NATURE AND PLACE OF PERFORMANCE MANAGEMENT IN PUBLIC ADMINISTRATION

2.1 INTRODUCTION

This chapter describes and explains the nature and place of performance management in the discipline and practice of public administration. Facts in a research study are dependent on theory for organisation and implicitly presume a theoretical concept that organises the study. Such theory is conceptual in the sense of a workable scheme for the classification of data that will make it possible to deal with universals and particulars. Theorising on public administration and management is one of the central purposes of research and it derives from a combination of ongoing research by experts and practical experience. In the first full textbook devoted uniquely to the public sector, *Introduction to the Study of Public Administration*, published in 1926, Leonard D White argued that the field of administration is a discipline which lends itself to scientific study, and that the mission of administration is economy and efficiency (Robbins, 1980:39). Economy, effectiveness and efficiency remain the guiding principles of the discipline and practice of public administration.

A scientific study thus depends on theory to investigate and explain the phenomena being studied with the objective to develop new knowledge and influence practice. In this study the process theory and the systems theory will provide the framework for analysing municipal performance management systems. Smit, Cronje, Brevis and
Vrba (2007:30) classify theories of management into two classical approaches and contemporary approaches. Both the systems and process approaches have their roots in both the classical and contemporary theories.

The study deals with the evaluation of municipal performance management systems according to how efficiently and effectively they are utilised with reference to administrative functions. The impact and outcome of the use of a performance management system will have a specific usefulness measured in effectiveness and efficiency (Meiring, 2001:91). This statement is based on the utilitarian theory developed by Jeremy Bentham, John Stuart Mill and other liberal thinkers which states that what policy makers do is aimed at maximising the greatest pleasure and happiness for the greatest number of people (Botes, 1997; Harris, 1979:213; Rodee, Anderson, Christol and Greene, 1976:105). The usefulness of a municipal performance management system as part of cooperative group action by municipal government and administration is expressed as having meaning in the promotion of the general welfare (Meiring, 2001:81). It is thus possible to investigate the topic within the discipline of Public Administration.

The chapter begins with brief discussions of concepts of administration, management and performance to describe themes, ideas, or labels which will be used to group different items of knowledge in this report (Dahl. 1986:12). In the social sciences, as in all other sciences, concepts are used as much as headings are used in filing systems; and as tools for theorising. The discussion of concepts is followed by theoretical approaches relevant to performance management systems in public administration.
2.2 PUBLIC ADMINISTRATION AND MANAGEMENT

The practice of public administration existed before its theoretical base in the form of a body of knowledge for scientific academic study was developed (Nigro, 1970:24; Dimock and Dmock, 1969:8). It is generally agreed that public administration as practice is as old as government, and Public Administration as a scientific academic discipline came into existence following an article by Woodrow Wilson in 1887. Cloete (1992:14) defines public administration as an “activity that takes place when two or more people come together to achieve a goal”. This activity may be in the form of managing municipal programmes, delivering water services or providing postal services in a town or village (van der Waldt and Du Toit, 1999:8). The provision of municipal services necessitates the creation of administrative structures, and the employment of various teams and employees with a variety of skills, to plan and execute different functions.

According to the Oxford English Dictionary (1996), administration refers to ‘the management of public affairs, the conducting or carrying on of the details of government...’ In Public Administration theory, the administration-management continuum describes administration as referring to the determination of major objectives and policies, with management referring to the carrying out of operations designed to accomplish objectives and give effect to policies (Cloete, 1986:1; Waldo, 1955:6).

2.2.1 Public Management

Management is seen as a facet of public administration in government institutions and cannot take place if the administrative functions are not carried out (Meiring,
Pollit (1990:3) also writes that management is a distinct organisational function and one that plays a crucial role in planning, implementing and measuring the necessary improvements in productivity. According to Fox, Schwella and Wissink (1991:2) the activity of public administration in government institutions is much wider in scope and nature than management in government institutions. Management here could mean the search for the best use of resources in pursuit of objectives. Public management relates to the development of methodical and systematic techniques, often employing measurement and comparison to analyse and make the operations of public organisations more efficient and effective (Henry, 2011:114). It can therefore be inferred that performance management in public administration and management is a method of analysing operational processes and practices of an organisation to improve effectiveness and efficiency.

The utilisation of performance management systems by municipalities is thus to enhance the traditional instrumentalities of effectiveness and efficiency in the performance of public functions. In contemporary South Africa, as part of the means to find more effective and efficient ways of enhancing service provision, the use of these techniques is captured in legislation and policy documents such as the *White Paper on Transforming the Public Service* (Batho Pele) 1997. The application of performance management techniques in municipal government and administration is thus conceptually and analytically based on theories and practice of public administration.

Performance management in public institutions has a broad context and it relates to democracy and the existence of the political unit of government. Aristotle (cited in Hutchins, 1971:445) stated that:
(e)very state is a community of some kind, and every community is established with a view to some good; for mankind always act in order to obtain that which they think good, But, if all communities aim at some good, the state or political community, which is the highest of all, and which embraces all the rest, aims at it in greater degree than any other, and at the highest good.

This philosophical statement provides a meaning for the continuous search for improvement in government performance to buttress democracy (Ammons, 1996; Hatry, 2002). The statement also implies that performance therefore has deep roots in the emergence, nature and ultimate goal of human community (Botes, Brynard, Fourie and Roux, 1997:2). According to Waldo (in Cox III, Buck and Morgan, 2011:11), “…the welfare, happiness, and very lives of all of us rest in significant measure upon the performance of administrative mechanisms that surround and support us…the quality of administration in modern society touches on our daily lives…and if we wish to survive we had better be intelligent about it”. Institutions of government such as municipalities are in the first place established to achieve the highest performance in providing services to communities. The above argument thus implies that government performance in service provision, accepted as a reality, requires evaluation, measurement, management and improvement (Thomas, 2005).

In any community various means are used to judge how well – effectively and efficiently – and cheaply governmental performance of both the political functions of providing services and mediating conflict through public administrative institutions are performed (Botes, 1997). The Political Arithmeticians whose interest was “the Art of Reasoning by Figures upon things Related to Government” (Charles Davenant, quoted in Innes de Neuville, 1975:11) provided some tools for assessments and
applied them to government. This in effect is the use of rational instruments of both objective and subjective measurement to aid the improvement of government performance (Van De Walle, 2005). One of the fundamental principles of management literature is that we must be able to measure what we do in order to be able to manage and improve. According to Armstrong (1998), ‘if you can’t measure it you can’t manage it’. Kaufman (in Rourke, 1972) also states that three parallel key elements or values in government can be said to constitute the fundamental concerns of all public administration which are used to evaluate government performance:

- Effectiveness in achieving the goals of government or programme effectiveness;
- Competence in the performance of all public enterprises or managerial effectiveness; and
- Political theoretical effectiveness

Thus Cox III, Buck and Morgan (2011:6) write that for those involved in the development of public administration practice and academic pursuit (theories) the belief was that improving government performance was a fundamental role.

2.3 THEORIES OF ADMINISTRATION

A scientific research study on performance management in municipal government and administration has to be founded on justifiable laws or acceptable theories. Theories exist to specify relations among variables, with the purpose of explaining and predicting phenomena. Woodrow Wilson believed the central purpose of administrative study was to discover and establish a set of valid principles or ‘tested and empirically supported theories’ for executing the practice of government
Administrative theories have proven useful in:

1. Assisting the practice of administration (administrators) and identifying important aspects of policy issues and management situations,
2. Understanding the connections between organisational performance, employee behaviour and the conditions in the broader environment (Mass and Radway, 1953:445).

Von Stein (in Thornhill and van Dijk, 2010) notes that theories form the base for the study of the science of Public Administration. The word theory, derived from the Latin theoria and the Greek theoro meaning contemplation, speculation and sight is a precondition for scientific inquiry (Hanekom and Thornhill 1983:65). Public Administration theory also relates to accepted organisation theory, as posited by Smit et al. (2007.30-49) who identified 10 different administrative theories, divided into classical and contemporary theories. The classification into classical and contemporary theories, though not specifically linked to the study, is used to explain the fundamental guiding principles of effectiveness and efficiency in public administration and management against which performance management is evaluated. As the concerns of both classical and contemporary theoretical paradigms relate to performance efficiency the synthesis of these theories provides a basis for the search for solutions to contemporary management problems.

2.4 CLASSICAL THEORIES OF ADMINISTRATION

The classical theories best known to students of administration are originally linked to Taylor’s Scientific Management movement, Fayol’s administrative (process
management) theory, Weber’s bureaucracy, the Human relations approach and the quantitative management model of the late nineteenth and the early twentieth centuries (O’Donnell, 1966:36; Stoner, 1982: 32; Smit and Conje, 1997:37). The central concern of classical theories of administration was performance efficiency of the organisation. The focus however was on managing the worker, management processes and total management systems to achieve performance efficiency. These concerns for efficiency were in the private industrial sector but they have had far reaching impact on performance management systems in the public sector.

2.4.1 Scientific Management Theory

The earliest efforts at the beginning of the twentieth century were intended to establish principles of efficiency which should be applied to increase the performance of workers in the factories (van der Westhizen, 1991:65; Smit et al., 2007:32) Taylor and his followers of the so-called scientific management school believed that there is one best way to perform any task and that efficiency lies in systematic and orderly management (Nigro and Nigro, 1990). Taylor formulated what he regarded as basic management principles as follows:

*Time study:* productivity should be measured in terms of duration and standard time should be laid down for each task;

*Performance:* payment should be related to work delivered, and work should be related to ability of the worker;

*Planning:* the manager should shoulder the responsibility of planning a task which is physically possible for the worker;

*Scientific methods of work:* managers should be trained in the scientific principles of management and control and should then apply these principles;

*Functional management:* the organisation should be designed in such a way as to co-ordinate the various activities of the industry effectively
Taylor’s scientific management was not aimed at public administration; the focus was on production on the assembly line. In the industrial sector performance is indicated and measured as a function of input of raw materials, processing on the assembly line and output in the form of finished products.

This singular focus on managing individual worker’s performance, personal performance appraisal and on internal processes alone to the exclusion of the environment of the institution limits the applicability of the industrial performance management model in public administration and management (Smit et al., 2007). The environment of the organisation is an important variable in the management of complex organisations, and especially because of the nature and context in which public administration takes place (Fox, Schwella and Wissink, 1991:10).

The involvement of citizens in a range of public administration and management activities, including the determining of levels of service, budget priorities and even the acceptability of physical of construction projects in order to orient government programmes towards community needs, builds public support for performance standards (Fox and Meyer, 1995:20). Performance management is also a critical link to effective budgeting and at the same time encourages increased citizen engagement with government. Notwithstanding the drawbacks, Taylor and the scientific management principles popularised what has become known as performance related pay: an important programme in any performance management system.
Classical theorists also believed that administration operates in a world of major processes (Golembiewski, Gibson and Cornog, 1969:xv). Various authors hold the view that administration and management consist of processes of a common body of activities that are performed regardless of the size of the organisation or their level in the hierarchy (Robbins, 1980:19).

2.4.2 The Process Approach

The process approach to administration and management as part of the classical theories grew out of the need to manage complex organisations. A dictionary definition of process is “a series of actions or operations definitely conducing to an end” (Jones, 1997:24). Cloete (1981:1) writes that administration can be understood as comprising processes which take place wherever people work or play and are found in all spheres of human activity. Simon et al. (1968:4) describe administration as co-operative group action with an emphasis, not only on the execution of an activity, but also on the processes and choices describing how the activity was implemented. The processes approach though does not pose and answer questions relating specifically to the how and why of performance as an integral part of public administration and management. However administration, in this approach too, does have as its aim the effective and efficient realisation of goals.

According to Marx (1978: 34-39) the process approach offers a broad, easily understandable conceptual framework of management and its sub-processes (Kroon, 1991:50). The characteristics of the process approach include the following:

a. an approach to management based on a classification of functional areas, together with fundamental elements of planning, organising, leading and control;
b. acknowledgement of the existence of a central core of knowledge and the treatment of contributions by all the schools and approaches as complementary and not necessarily contradictory;

c. the process approach considers the management functions in a holistic manner, though interdependent, probably due to the influence of the systems approach, whilst the classical approach studies each of the functions of management separately;

d. the process approach must be seen essentially as eclectic— that is, it represents the state of development in management theory at any given moment in time.


Terry (1977:21) writes that Fayol pioneered the concept of management as a process made up of basic functions: planning, organising, commanding, coordinating, and controlling (Cronje, du Toit and Motlatla 2002:111). Process analysis is a major tool that provides insight into understanding how inputs are converted into outputs and can be applied to any type of management functions regardless of where they sit in the organisation (Davis and Heineke, 1991:12). It can also be used to explain the administrative duties of an official.

The process approach is also utilised for analytical studies in other disciplines. Political scientists for instance have traditionally been interested in institutional processes, that is those “series of actions and operations” associated with legislatures, executives, bureaucracies, courts, political parties and other political institutions and how they connect (Davis and Heineke, 1991). It is in line with this that theories and generalisations are developed about such processes as budget making, administrative rule making, voting, priority setting, making appointments, reorganisations and committee decision-making (Jones, 1997:25; Robbins, 1980:39).

In Public Administration and Management theory functions are described as processes that need to be carried out to achieve a predetermined objective (Kroon,
1991:49; Child, 1987:86; Cloete, 1986:1). The basic functions are steps which are performed consecutively during each activity (Cronje, du Toit and Motlatla, 2002:115). A process as opposed to a once-off step depicts a continuous cycle of planning, organising, activating and controlling; and six additional management functions of decision-making, communication, motivation, co-ordination, delegation and discipline (Kroon, 1991:6). As a management theory, the process approach describes stages involved in starting, directing, sustaining and ending a given activity. It can thus be used analytically to indicate how these activities interact and influence one another to produce a certain kind of behaviour or explain a management function like a control, human resources management or evaluate achievement of policy objective (Callahan, Fleenor and Knudson, 1968:82; Department of Constitutional Development, 1999).

2.4.2.1 The Process Approach and Performance Management

The process approach to performance management involves the evaluation and assessment or measurement of the extent to which a programme or administrative and management function is operating as intended. Evaluation could involve programme related activities such as implementation and compliance with statutory and policy requirements. Henry (2010:153) writes that a process approach can be particularly helpful in determining the impact of a service delivery programme on beneficiary communities when used together with effectiveness and standard evaluation in answering questions of accountability. A framework for process analysis of performance management involves:

- analysis of the vision and mission of the organisation;
• examination of the external and internal influence on individual and institutional performance;
• setting goals for improving individual and programme performance;
• designing strategic plans for reaching the set goals and performance objectives, including indicators of performance;
• operationalizing the strategic plans; and
• using these to evaluate individual, programme and service delivery performance outcomes. (Cox III, Buck and Morgan, 2011:216-17)

Processes form the core of a performance management system. It provides the linkages in the various components of a performance management system. It can therefore be seen that analytically, the processes approach also provides a means to evaluate performance management programmes and systems for completeness. The process theory thus finds expression in what is generally described as contemporary administrative and management theories.

2.5 CONTEMPORARY MANAGEMENT THEORIES
Contemporary management theories are sometimes generally classified under the umbrella concept of new public management (NPM), though with variations. The NPM approach centred on a search for management performance efficiency and effectiveness which also derived their basis from classical management approaches. Contemporary management approaches have been variously labelled “public choice theory”, “reinventing government”, and the “new public management”. At the core of this management perspective is adoption of private sector market driven practices for the management of both policy making and policy implementation to improve programme management and performance (Cox III, Buck and Morgan, 2011:19).
Public choice theory emerged in the early 1950s as a subfield of Public Administration and Economics and dealt with problems that were considered to be constraints on service delivery and development (Shaw, 1996:4). Reinventing government also emphasised efficiency and economic utilisation of resources and recommended private sector management approaches for the public sector. The thrust of reinventing government is the idea of treating citizens as customers, with consideration and responsiveness to improve service performance (Dululio, Garvey and Kettl, 1993; *White Paper on Improving the Public Sector (Batho Pele)*, 1997).

Adherents of the so-called new public management (NPM) argued for private sector management style and [performance] evaluation as being important perspectives for improving public sector management (Cox III *et al.*, 2011:16). These management perspectives share the use of quantitative principles such as performance measurement systems and the belief that public institutions should focus on outputs and outcomes instead of emphasising inputs as the basis for determining efficiency and effectiveness (Schachter 1989; Williams 2003; Williams 2004; CDM IDP 2007-12). Thus according to Schachter (2007:800) the difference between the classical and contemporary theories of NPM is not the assumption that performance efficiency and effectiveness are important but rather the different notion of how to improve performance. The implication is that the main purpose of these approaches, according to the literature, is how to manage better in the utilisation of public resources to achieve better results for the citizen/tax payer.

The public choice theory, reinventing government and new public management as part of the contemporary management theories are therefore performance improvement oriented. In the literature this is part of the new *managerialism* of "let managers manage and be accountable…" (Hughes, 2003; Shah, 2006). The core
management functions relate to how organisations develop programmes, allocate resources and benchmark their effectiveness and efficiency (Klingner, Nalbandian and Llorens, 2010:86).

Cox III, Buck and Morgan (2011:14) note that despite shared values contemporary management theories do not share identical perspectives. Public choice theory, it is argued, is highly ideological in content and borrows from neoconservative economics theory which advocated virtual privatisation of government activities as a means of improving performance. Reinventing government emphasises economy, efficiency and waste reduction and advocates private style management practices for public institutions. The new public management approach is said to borrow from the perspective of programme evaluation from the two predecessors in the search for programme and managerial effectiveness in the public sector (Cox III, Buck and Morgan, 2010). Management in South African municipalities seems to have elements of all three paradigms.

The local government reform undertaken by the government of South Africa after the multi-party dispensation, embraced the contemporary management approaches in efforts to improve efficiency and effectiveness of municipal service delivery. Their application has brought about issues of on-going monitoring, evaluation and reporting of programme results, achievement for decision making, budgeting, human resources development and better community engagement. Two functional areas in which these initiatives have been practised in municipal government and management have been selected for discussion, namely budgeting and personnel or human resources management.
2.5.1 Programme Budgeting

Programme budgeting is defined as a system of budgeting resource allocation that is based on linking performance level of operations with budget amount (Henry, 2010:184). Performance budgeting suggests that resources should be allocated on the basis of the most efficient and effective use (Joyce, 1996). In OECD countries this is referred to as performance based programme budgeting. It suggests a framework that integrates policy objectives, implementation strategies, and required inputs, appropriation of funds, defined outputs and performance measures (van der Waldt, 2004:366). According to Riverbank and Kelly (2006:37) programme performance budget refers when programme managers identify service objectives and monitor progress towards those objectives. Performance information thus becomes important part of the budget process during the development, implementation and for evaluation of programme achievement. In essence budgeting processes are performance management based.

2.5.2 Public Personnel Management

The adoption of the contemporary management theories finds practice in public personnel management as public managers examine how to manage (the utilisation of) public personnel to achieve objectives of government. In line with the approaches this included the development of standards of personnel performance, the setting of management functions to evaluate individual and team performance and utilisation of performance information for incentives and development (Cox III, Buck and Morgan, 2011). The management of functions to achieve programme results as part of the approaches of the contemporary theories thus has evaluation as an important
aspect. In the performance of the personnel function therefore, appraisal and performance evaluation, just as in programme performance budget, provide the relevant data and information.

However data-driven decision is only possible if the programme is linked to a performance management system that can provide valid and timely information. Thus the approaches of the new public management attempt to create the criteria and standards used to develop processes and steps for specific performance standards through:

- Identification of groups of similar performance management systems.
- Development of performance indicators.
- Development of measurement of performance indicators for each performance management system (Callahan et al., 1986: 371)

The general aim there is to measure, manage, monitor and improve the progress towards achieving set objectives.

It can be seen that the approaches of the new public management theories represent a paradigm of flexible, market based public management with emphasis on results. Specifically, this requires performance to be comprehensively measured and managed (Hughes, 2003:37; Thomas, 2005). The focus on results also means systematic evaluation of programmes and personnel performance and the achievement of objectives (Hughes, 2003:44). Henry (2010:184) writes that a common feature of these approaches is the systems approach.

Whilst the classical theorist regarded performance as a technical question irrespective of the purpose of the enterprise, NPM and contemporary theorists believe that public sector performance exists in a specific political environment (Schachter, 2007:801). Performance effectiveness and efficiency would therefore
depend on community desires and citizen feedback derived through the systematic measurement from inputs to outcomes.

Determining performance programmes has to enhance the understanding of the environment, integration of the feedback information into decision-making and management practices. Smit et al (2007:40) argue that there is no single best way to manage and thus no single best management theory as every organisation exists in a unique environment with unique goals. However a scientific research of this nature depends on theory to investigate and explain the phenomena and the problem being studied. It is axiomatic that any scientific study in the discipline of Public Administration has to be founded on justifiable laws or acceptable theories and to develop new knowledge and influence practice. Two theories related to Public Administration: the systems and process theories are adopted for analysing performance management in the district municipality. Their relevance is briefly established in the following sections beginning with the place of the systems theory in public sector administration and management.

2.6 THE NATURE AND PLACE OF SYSTEMS THEORY IN PUBLIC ADMINISTRATION AND MANAGEMENT

The roots of the systems theory for management lie in the classical theories though popularised as part of the contemporary management theories (Koontz and O’Donnell, 1964:35). The contemporary theories compensated for two main limitations of the classical approaches – neglect of the external environment of organisations and focus on specific aspects of the organisation to the exclusion of others. Management scholars conceptualise the systems approach for the study of public and complex organisations (Botes, 1997; Smit and Cronje, 2002:45). Systems
analysis, originally associated with physics and cybernetics, was introduced to sociology and politics principally by Talcott Parson (the Structure of Social Action, 1937) and David Easton (the Political Systems, 1953). Systems are interrelated sets of components, parts and processes with an identifiable boundary, working together for some purpose (Hoffer, George and Valacich, 2005:575).

Management reforms introduced by the new public management philosophies included the adoption of a more strategic or results-oriented efficiency, effectiveness and service improvement and systems analysis (Shand, 1995:555). The analyses of management as a system include setting objectives, inputs, processing, outputs, communication and control as processes of an institution (Berkley, 1980:59; Child, 1979:348; Reynders, 1977:64). Political units like the Cacadu District Municipality and human organisations are thus analysed as systems of interdependent activity in which a change in one part has impact on the whole organisation, subsystems or components (O'Donnell, 1968:39). Management functions are also explained as sub-systems within larger systems of public organisations made up of political structures, administrative units, communities and other stakeholders. Each of these; the larger total governmental infrastructure as a system and each sub-system has a purpose to which all its parts are designed to contribute (Kroontz and O'Donnell, 1964:36).

Each sub-system and the total system, according to Pollitt (2001, 473) consists of inputs, processes, outputs and outcomes. A systems approach is also used in management studies to analyse functions such as human resources management, budgeting, evaluative management, programme performance and efficiency and monitoring and evaluation for achieving objectives (Keeling, 1972; Pollitt, 1993; Wildavsky, 1977; Meggison, 1977).
Utilising the systems analysis for human services delivery however, requires adaptation from the industrial and cybernetics tradition. A model for analysing management in the industrial sector typically views a performance management system as a unit to absorb “inputs and disgorge outputs” (Friedman, 1997:10). The inputs largely take the form of demands and resources, to which are added ‘withininputs’ which are new resources / demands generated inside the organisation as it processes the initial inputs. The outputs can take many forms, but principally it’s the finished product. This invariably will engender responses from the market, affect future inputs, thus serving as a feedback loop (Berkley, 1980:59; Robbins, 1979:348; Hellriegel, Jackson and Solucum Jr. 1999:713).

Systems too have certain characteristics and offer public management different methods of approach and conceptualisation of programmes, instruments and ways for solving service delivery and management problems. Any system can be improved or managed in a better way, but it takes analysis of information needs of managers and how to provide for this to be realised. In the utilisation of performance management in municipal government and administration, management information provision could also hinge on political demand for performance information.

The systems analysis offers the opportunity for alternative suggestions to solve management and information problems within an institution (Max, van Rooyen, Bosch, Reynders, 1998:217; Slocum, 1996:55). The systems approach to management represents an approach to solving problems by diagnosing them within a framework of inputs, transformation processes, outputs and feedback (Slocum, 1996:55). Viewing a municipal management according to the input-output process describes as a unit of interrelated parts in which an increase in input would thus also lead to greater output. A diagrammatic description is given below:
The diagram above provides a visual exposition of a general system used for illustrating policy making in the public sector (De Greene, 1973:13; Deutsch, 1968:14; Robbins: 1979:349; Cronje, du Toit and Motlatla, 2002:58ff). The general characteristics of a system are explained as follows:

An example of a system within an institution will consist of structures (water department, electricity department, financial department, and personnel department), role players (eg councillors, managers, engineers, administrative personnel, other departmental role players such as the Department of Water Affairs) and the prevailing political culture (i.e. the political party which won the last elections which
will dictate the ways and means whereby the inputs will be converted into outputs (Hersey & Blanchard, 1982:111).

Output or end result is the dependent variables that reflect decisions of the organisation. Outputs from the processing phase consist of legislation (local government by-laws) and financial commitments for programmes approved for service delivery. By its nature and its analytical explanation there is then the feedback from the environment in the form of beneficiary' and citizens' perspectives on the outputs.

The feedback loop provides information on the stages and processes for evaluation to determine whether the defined needs have been addressed and the programmes have been effectively and efficiently implemented (Slocum, 1996:55; Cronje, Neuland and Reenen, 1987:27). It must be borne in mind that the inputs can be diverse and complex, and it requires sound and logical analysis to discern between the various types of inputs. In most private institutions as a means for evaluating effectiveness, managers tended to look at measures of output (Hersey and Blanchard 1982:111). In other instances the effectiveness and efficiency of organisations or the performance appraisal of managers is often determined by profits. Though some authors argue that profits are not always a fair measure of performance in the private sector, the situation of public sector institutions is somewhat different. In the public sector it is even more important to include the perspectives of a number of stakeholders in determining achievement (Asmah-Andoh, 2012:119). It can therefore be argued that the utilisation of performance management system in the public sector should not only be based on a simple linear process of input-processing-output; due consideration need to be taken of the political environment within which public sector institutions operate.
2.6.1 Analysis of the Systems Approach

Notwithstanding the political environmental influence, performance management has become an important management tool in the public sector. Firstly, the major advantage of the systems approach to management is holism (Cox III et al., 2011). Systems analysis enables one to consider an organisation, institution or a management approach such as performance management in its entirety. Secondly, the steps of the system, the programmes, processes and interrelationships within a system are clearly defined. Changes in any one of these can thus be traced through the system to determine their effect on other steps and on the entire system’s performance. Lastly, the systems model allows the performance interface, for example, to be clearly considered.

Critics, especially in public sector management, point out that the systems approach presents a one-sided view of management and thus explains only one facet of management, namely the fixed or constant aspect and then only in a mechanistic sense. Van der Westhuizen (1991:126) argues that a dynamic, sensitive activity such as management cannot be embodied in a particular system, formula or process. This reduction to systems and processes as well as the rigidity of the theory in which the human being actually disappears requires explanation to be meaningful in public administration and management studies and practice.

A misapplication of industrial performance concepts to human services performance of a municipality could lend credence to such criticisms and present difficulties as regards the utilisation in the public management and administration. Utilisation of performance management via the systems theory in public administration and management must take into consideration that in the public sector the end we seek
is not only better services but also better results and performance outcomes of programmes. This has conceptual complexities for outcomes, as a result of a multiplicity of stakeholders and performance itself. A conceptualisation of performance is therefore intended to help describe the utility of the systems approach for decision-making and the improvement public sector service delivery.

2.7 THE PERFORMANCE MANAGEMENT CONCEPT

Performance is a nebulous concept. Dubnick (2005:391) writes that outside of any specific context, performance can be associated with a range of actions from the mundane act of opening a car door to the execution of an elaborate musical or management task. The Oxford English Dictionary (1995) defines performance as “…the accomplishment, execution, carrying out, working out of anything ordered or undertaken”. In all these, there is some degree of intent, implying there are also both “behaviour” and “results”. Dubnick (2005: 392ff) provides three basic characteristics of the concept performance which also focus attention on the systems and processes approaches to the management of performance in a public institution:

- performance as an activity;
- performance as referring to the level of the achievement; and
- performance as a value judgment.

Conceptualised this way achieved performance can be of a higher or lower quality, denoting the capacity and competence [of the municipality] as well as the achievement of the objectives by the institution. High performing public sector organisations are organisations that have superior capacity. Otley (1999) also writes that performance is about doing the work as well as about the results achieved. The
strategic objective of the institution, the behaviours of the employees, the programmes and the achievement of results as outcomes are inseparable and variable parts of its performance.

Performance management as a systems based approach is intended to improve decision making, programme management and service delivery, quality of the institution or the parts comprising it. As a management tool, the systems approach can be used to describe the processes and to assist in explaining how to minimise a performance gap between actual service delivery and expectations (Mwita, 2000:20).

Campbell (1990) argues that performance is behaviour and should be distinguished from the outcomes because contextual or internal and external factors or the environment as well as the systems can impact on the outcome. The debate about whether performance entails behaviour, results or both is on-going which also means that institutions should distinguish between outcomes (results or outputs), behaviour (the process) and the appropriate performance measurement devices.

According to Armstrong and Baron (1998) the performance of public and private institutions and individuals who work in them is affected by a number of factors, all of which should be taken into consideration when measuring, managing, and rewarding performance:

- **Contextual (situational) factors** – internal and external environmental pressures and changes;
- **Personal factors** – the individual's skill, confidence, motivation and commitment;
- **Leadership factors** – the quality of encouragement, guidance and support provided by the managers and team leaders;
- **Team factors** – the quality of support provided by colleagues;
• **System factors** – the system of work and facilities (instruments of labour) provided by the organisation.

It can be inferred from the above that essentially evaluation or appraisal of individual performance, for example, must necessarily consider not only what the individual has done (the result), but also the circumstances in which they have had to perform (Deming, 1986). To do this, requires setting specific indicators for evaluating these variables. This argument also means that certain aspects of performance of government or programmes may be identified:

(a) the quality of the actions being performed, and  
(b) the quality of what has been achieved because of those actions.  

Dubnick, 2005.

These indicators will be used to measure and evaluate performance and the standard of performance efficiency and effectiveness.

### 2.7.1 Performance Effectiveness and Efficiency

Effectiveness and efficiency are important underlying attributes of performance. It is also necessary to note that efficiency and effectiveness have been key concepts and guiding principles in the study and practice of public administration and management. What is more, achieving both aspects of performance has been the overriding concern for government reforms and the adoption of performance management systems in OECD countries and also in South Africa (CDM IDP, 2007 - 12:130; *Department of Constitutional Development*, 1996). Boyne *et al.* (2003:3) write that these reforms were intended to make public institutions perform better. The implication is that the restructuring of local government in many countries have been accompanied by public management reform for the design and delivery of public
services. Pollit and Boukaert (2000:4) and Kasemets (2003:67) also state that these point to performance-oriented management reform. The underlying argument is that public sector institutions must re-orientate and re-organise to focus more on results.

Wilson (2011:3) writes that prior to 1994 service delivery standards as a manifestation of performance were entirely lacking in the South African public service, and this then drove the democratic government to focus its mind on the transformation of the public service to achieve efficient, effective, equitable and continuous improvement. Municipalities as the government service delivery arm had to undergo reforms in budgeting and personnel management to achieve results in programme and service delivery: in effect to improve the functioning of municipalities to deliver and for achieving better results.

In the literature managing performance is described as providing a basis for planning designed to make an institution or a governmental unit even more effective and efficient (Free Book 2011:1ff). The Cacadu District Municipality IDP (2007-12:130) indicates that performance management in local government is intended to ensure the realisation of the IDP strategy and a continued improvement in the standard of the municipality’s performance through the following:

- Increased accountability and transparency;
- Provision of a platform for learning and development;
- Facilitation of decision-making through the clarification of goals and priorities;
- Provision of early warning signals highlighting underperformance;
- Continued assessment of the performance of the municipality so as to assess areas requiring improvement;
o Creation of a culture of performance by the municipality amongst all officials; and

o Capacitation of officials at local municipalities within the District to enable the entire district to benefit from the above.

_Cacadu IDP 2007-12_

Whilst the practical values of the above may be obvious, the conceptual difficulties bring to the fore questions on the degree or level of increase that determines performance. There is also question on the extent to which the programmes of the set performance management system impact and influence its utility, the design of the steps comprising the system, the method of collecting data and its utilisation as important aspects of a performance management system. Any guidelines for the establishment of performance management in public institutions need to overcome some of these conceptual difficulties and also meet the requirements of effectiveness and efficiency associated with the practical side of performance management systems.

**2.8 PERFORMANCE MANAGEMENT IN PUBLIC INSTITUTIONS**

The idea of a performance management orientation for public institutions is not itself a new phenomenon. The cynicism about the performance of governments in general and local government in particular is on-going (Venter, 2005). Attention being given to government performance as a communication tool, accountability mechanism and feedback information for improving management processes has taken on new imperatives. The management of government performance is important to address questions such as ‘how do we know what is better performance?’ How can municipalities improve their level of performance? Whatever is to be regarded as
expression of satisfaction with public service needs to be based on measurement and evaluation against set standards, and then managed for improvement.

Performance management in the public sector is an on-going, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for performance (NACPM 2010). Van der Waldt (2004:39) defines performance management in public institutions as “…all those processes and systems designed to manage and develop performance at the level of the public service, specific organizations, components, teams and individuals”. Kearney and Berman (2002:351; Otley, 1999:364) see performance in productivity terms and define the concept as “managing programmes for outcomes”. Another definition from practitioners’ point of view sees performance management as a system that entails a cycle of processes of performance planning, monitoring, review, reporting and improvement that will be conducted, organised and managed, including determining of roles of the different role-players (Cox III, Buck and Morgan, 2011:148).

Performance management in public institutions is analogous to total quality management (TQM): a shared process between managers and individuals, and teams to assist in implementing the larger goals and strategies of the institution (Smit et al., 2007:41; Armstrong, 1991:13; Spangenberg, 1994:1). Thus through its interactive process the utilisation of a performance management system is intended to create a performance culture for the achievement of institutional vision and mission (Oakland and Porter, 1994:ix). This fact makes ‘one-sided individual personal appraisal’ which is not linked to institutional performance inadequate in municipal government and administration. Performance management in public
institutions therefore is a management philosophy and process for continuous improvement based on:

- Motivation theory;
- Institutional effectiveness, and
- A belief about how effective performance management can improve management itself. (Ross, 1995:2)

Many OECD countries and other countries have over the years been assessing the performance of government in the provision of goods and services (OECD, 1998). The traditional approach which emphasised inputs is being reorganised to improve performance and responsiveness to the socio-economic needs of citizens and communities (Hughes, 2003:59; Boyne et al., 2003:6). The reforms have been accompanied by a swathe of management reorganisation in an attempt to enhance the effectiveness and responsiveness of municipal service delivery (Batley and Larbi 2004; Pollitt and Bouckaert, 2004).

Local government reforms in many countries have included introduction of policies which focused attention on the performance as regards decision-making, budgeting, human resources management and strategic management and accountability as determinants of achievement of policies and service delivery. Many of these initiatives are grounded in the approaches of the new public management and public choice theories. According to Hughes (2003:55ff) municipalities are now required to focus on outputs and outcomes in the budgeting process, human resources management and service provision as part of the performance orientation.

These reflect a process of defining ends and specification of means of institutional actions and activities meant to be a goal oriented management action in which the means to attain public service provision are rationally chosen (Hoogenboon and
Osseraarde, 2005:608). Below is a diagrammatic description of (municipal) public sector performance imperatives in the contemporary state.

**Figure 2.2 The Public Sector Performance Imperative**

Government performance, unlike private industrial productivity, is not only determined by output/input analysis but also includes factors which are important to citizens and communities. These factors may be intangible but nonetheless are viewed by communities as relevant, including political underpinnings of government efficiency. Broadbent and Laughlin (2009:290) state that the context of performance management in government is the institution in which it is embedded and which gives the purpose, the people and the environment. In effect the performance of
government should be related to purposes which meet community needs and wants (Schachter, 2007).

However even though a performance orientation within government institutions has become part of public sector restructuring in countries including South Africa, the conceptualisation of what constitutes public sector performance is still a contested terrain (Roberts, 2005:2). Bohte (2007:811) writes that government performance efficiency is not a completely objective or a neutral concept devoid of politics. It derives from engaging citizens and integrates politics in defining institutional performance efficiency and outcomes. It also has its own unique set of conceptual and measurement complexities. Rashid (1999:14) states that performance in government relates to probity in terms of legal and financial scrutiny, observing policy and procedures, achieving efficiency, economy, effectiveness, meeting social values and making judgements in terms of what is or is not needed in policy. The Department of Constitutional Development (1996:10) notes that assessing performance and making decisions about how to enhance it should be an important public management process in order to achieve the desired results.

What is not contested in academic research and agreed by practitioners is that performance management is a key tool for delivering better outcomes to citizens. Practitioners both in the private and public often indicate that they could achieve better outcomes with a performance management system comprising programmes and processes which are relevant to their functions and projects or programmes (Henry, 2011).
2.8.1 Strategic Planning and Performance Indicators

According to Henry (2010:272) many government institutions started planning strategically in the late 1970s. Henry defines public strategic planning as the identification, prioritisation and communication of significant policy goals by public institutions and integration of those into the management, budgeting and performance management systems of the institutions. In many developing countries strategic planning is often augmented by scenario planning which involves scenario and sectoral planning and allows for some choices and flexibility. Boyne and Alex (2007:455) write that public strategic planning's emphasis on setting strategic quantified priorities and measureable indicators leads to better performance and improved organisational outcomes. With the goal of better delivery outcomes, public strategic planning is not only to be evaluated on a mechanistic scenario of inputs leading inexorably to outputs and hence the importance of feedback on impact from beneficiaries (Bryson and Roering, 1988:1002).

Edis (1995) writes that performance is something the person leaves behind and therefore exists apart from the purpose. From this premise an organisation should distinguish between indicators of outcomes, outputs and process, the behaviour of the performer and the environment in which performance takes place for appropriate conceptualisation of performance management (Mwita, 2000). The Public Service Commission (PSC, 2008) describes performance management in the public sector as a strategic approach to management that equips and harnesses the activities of managers, employees and stakeholders at different interaction levels in the achievement of strategic goals (Patel, 1994; Patterson, 1987). Given the difficulty in concretely conceptualising government performance, indicators are often used as
proxis for performance and objectives, and are also used in evaluation and measurement.

According to the World Bank (2004:6) performance indicators are a measure of inputs, processes, outcomes and impact for development projects, programmes or strategies. Analysing performance management as based on performance indicators also explains performance as determined by the programmes, how these are designed, measured or evaluated, the processes and components which link individual and team activities to larger public or private sector institutional goals.

The principles of both Scientific Management and the Science of Administration, according to Mosher (1968: 72-73), introduced quantitative measurement of planning and acquiring the three “Ms” namely: men, material and money, as far as possible to all elements of operations of government. The principles of scientific management propagated output and efficiency measurement indicators, principally in the industrial production environment. However it requires setting appropriate indicators in order to address the problems of transferring mechanistic industrial production performance management systems to the public human services delivery environment.

In OECD countries, Hurst and Jee-Hughes (2001) write that though there is no complete agreement, performance is used to indicate the extent to which an institution or a system is meeting its objectives. They further argue that objectives which can be set for a governmental unit, institutions or systems could sometimes be a political matter, about which nations and individuals may differ. A necessary first step in understanding the performance management concept in public sector institutions, however, is the adoption of a set of performance programmes, objectives and indicators which are used to evaluate or measure performance. According to
Gouscos, Kalikakis, Legal, and Papadopoulou (2007:862) the following indicators can be used to describe performance:

- *an outcomes assessment approach* to the concepts of performance and quality; this considers performance management as a factor of the end of the service delivery cycle rather than in the course of the service provision process;

- *a selected perspectives approach* to the concepts of performance and quality, which are considered from the view points of the service provision life-cycle; it includes the perspective of service providers and end-users; and

- *a goal-measurement approach*; which starts with defining goals of achieving some key benefits, identifying the indicators which will be used to assess the attainment of these goals and finally defining how the measurement of these factors can be used as a proxy for performance.

Managing performance in government institutions thus indicates that various theories can be utilised for analysis. These include the classical approaches with emphasis on internal functioning or the human relations approach with a focus on the worker, groups and organisational processes. As a possible solution to public productivity problems, contemporary management theories of public choice, reinventing government, the new public management the systems and processes approaches are also included (Smit et al., 2007).

Analysing productivity and service delivery performance of a public institution with the aid of the systems and process theories has one central theme; the evaluation or measurement to improve performance and management of performance. Performance appraisal or measurement, the systematic description of individual or group job-relevant strengths and weaknesses, is a key component of any performance management system. This is based on two processes: observation and
judgement both of which utilise performance indicators for the measurement of performance.

2.9 PERFORMANCE MEASUREMENT

The concepts of performance measurement and performance management are sometimes used interchangeably; in reality, they are distinctly different. Performance measurement is central to any performance management system. Although measurement is a critical component of performance management, measuring and reporting alone do not always lead to organisational learning and improved outcomes (NPMAC, 2010:3). In this study, the terms performance measurement and performance management will be recognised as referring to two processes but with performance measurement forming part of the total process of performance management.

Performance management refers to the systematic utilisation of measurement and data analysis as well as other tools to facilitate better management, learning and improvements. Its main objective from both the classical and NPM paradigms is to strengthen a focus on results (Hughes, 2003). In general the processes of a performance management system include the setting of performance indicators, determining a measurement system and the utilisation of information to better manage to achieve results (Thomas, 2005).

Performance measurement can be conceptually differentiated from performance evaluation. McDavid and Hawthorn (2006:293) write that there are some basic differences between performance measurement and performance evaluation. They indicate that performance measurement is on-going, normally relates to general
issues, is often routinized and made part of the institutional systems and practices to the extent that managers often play a key role in performance measurement. Conversely, programme evaluation tends to be more issue specific, oftentimes customised as evaluation measures for each evaluation, and more often than not a central issue in programme management. Unlike performance measurement therefore, resources for evaluation are thus targeted at a specific programme or service or function.

Performance measurement seems to have become part of the vocabulary of public administration and management. Bouckaert and Halligan (2008:1) write that “...it should be readily acknowledged that it is usually much harder – if not impossible – to form a reliable judgment as to the quality of public services without measurement...” (Halligan, 2008: 3). In contemporary public administration literature, performance measurement is often understood as a mechanism that can be used to track both the output and impact of programme and service delivery. Measurement provides evidence on the effectiveness of management processes in assisting to improve service delivery. Knowing where one stands and how one is progressing tells where one needs to improve and/or redirect efforts. Performance measurement information, in this, provides a causal link with evidence-based analysis and assessment (Segon in Cloete, 2007:295). The use of information on performance measurement of outcomes could enhance planning and link executive decision making and advance warning and forecasting management (Roberts 2005; Rothenbacher1993:2).

Performance measurement could also be used for holding managers of public service programmes accountable. The measurement system is thus linked to the drivers of performance in any performance management system. Using the systems
and process approach it can be seen that performance measurement information connects the management subsystems with each other. It also connects the management system with the outside world through measurement of programme delivery and performance. Initiatives in the creation of performance indicators for most public services under the new public management in central and local government have been used as a tool to evaluate programme performance management as regards efficiency and effectiveness and as part of daily management practices (Sterk and Bouakaet, 2003). Such measurement and utilisation should be based on the information of the drivers of performance in the institution as propounded in the contemporary theories of new public management.

The NPM approach is premised on including the role and influence of the external environment which in the public sector includes specifically political and stakeholder participation in determining government performance. Designing performance management for a government institution should examine how the information from all stakeholder perspectives together with institutional support would be enhanced. The utilisation of performance information as part of evidence based management and decision-making is thus part of the drivers of performance management.

2.9.1 Drivers of Performance Management

The literature on performance and performance management also deals with the drivers of performance and the utilisation of performance information for decision-making. A performance measurement system should relate to the drivers of performance of the functions in the institutional environment. Performance management systems in the study refer to organisational performance.
Measurement can be for functions like public human resources management: performance appraisal and management and for managing and developing programme performance budgeting (Patel, 1994:34; Fox and Uys, 2001:105; Walters, 1995:20; Province of Eastern Cape, 2003:5). Human resources management is pivotal in service provision and delivery. However, the district municipality’s environment is far too complex to attempt to develop a performance management framework from a single method of personnel performance appraisal. To be effective, a range of performance measurements needs to be utilised for the evaluation of the provision and quality of municipal services. The same can also be said for establishing the linkages between organisational resources as inputs and the impact of the output on various communities and beneficiaries (Isaac-Henry, Painter and Barnes in van der Waldt, 2004:45).

Effectiveness and appropriateness of the measurement information for comparative and benchmarking of various inputs, outputs and outcomes therefore depend on what is measured, how and why. These are intended to balance what may be conflicting and contradictory organisational objectives and also provide for a balanced set of performance objectives (Talbot, 2001:275). Municipal services are expected to be appropriate, effective and efficient in order to satisfy community needs in both provision and their delivery (Dollery, 2003:83). Relevancy argument means performance measurement for municipal performance management for quality or quantity of input, output, and/or outcome should have meaning for the programmes, services and, within its political, societal, and management context, the district municipality.
A key need in public administration and management research and practice is to bring performance improvements to bear on (political) executive and management decision-making. Although performance and its attributes of effectiveness, efficiency and improvement have been regarded as objective and apolitical, government performance in actual fact has its basis in democracy (Schachter, 2007) and plays an important role in determining the tools of government reforms and citizens’ participation in municipal affairs (Salmon, 2002). A performance management system, with measurement and utilisation of information to improve [municipal] public services delivery thus requires:

- The setting of performance indicators for service delivery programmes. Technical attributes and information should have meaning for public benefit;
- Understanding of which and how service delivery and programmes benefits are valued by citizens; and
- How public administration and management use information for development and implementation of programmes for service delivery.

It can be seen that [municipal] public services are provided for the benefit of the citizens and it is necessary to measure service provision and manage performance improvement based on set indicators for government performance. Attention is now therefore focused on examining literature on municipal performance management systems for improving municipal services provision.

2.10 MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM: A PERSPECTIVE

Determining programmes for performance management systems and how to integrate citizens’ perspectives in service provision is part of managing for results,
accountability and a continuous process of identifying, measuring and improving municipal performance (Hanekom, Rowland and Bain, 1992:211). Heckland and Holwell (1998) write that beyond the general conceptualisation of a performance management system lays the inherent complexity of measuring the social impact of a municipal service and attributing this to a particular project or intervention. For this reason the purpose of the municipal performance management system must move beyond the routine choice of performance indicators in order to improve the utilisation of performance information in decision making and management. Attention must be paid to the ways in which functions, tasks and roles in the provision of municipal services are organised and which programme indicators can be used to represent performance.

The literature on performance management systems available for municipalities defines results, key performance indicators, performance measures and evaluation, monitoring and evaluation and offers a framework for choosing among these (Aguinis, 2009:2). In a municipal environment the diverse range of stakeholders associated with service provision makes conceptualisation of performance (as regards designing and establishing systems, determining processes and measurement and evaluation methods) rather difficult (Hayes, 1997:6). According to Buckingham Shaun (1997) some of these problems require complex judgements about the level of abstraction and practicality of application. It can thus be seen that programmes for municipal performance management systems does not only relate to an effective and efficient municipal service provision but most importantly it must link with the impact on community as a consequence of the delivery.

A great deal of what a municipality does in organisational terms, as in all public organisations whose output and impact are aimed at promoting the welfare of the
community as the main objective, is difficult to measure (Hilliard, 1995:2ff; Issac-Henry, Painter and Barnes, 1993:97). The Public Service Commission (2007:7) approach to (municipal) performance management gave emphasis to improved individual and organisational performance as key enablers to improved service delivery (Public Service Regulations, 1999). Parnell and Pieterse (1999) also stressed the related need to correlate individual and institutional performance for evaluating the municipality as a whole (Van der Waldt, 2004:39).

Given the differing lists of possible variables for measuring performance of the variety of functions, the question is whether a single approach is appropriate for managing the range of services provided in a district municipality. Measuring municipal performance based on a single management function such as personnel or human resources management could produce intuitively appealing data but which manifests inappropriate indicators and results. Citizens are very important stakeholders in municipalities. Thus including public participation will improve the relevance and effectiveness of performance management systems and enhance citizens’ trust and democratic governance in municipalities (Epstein, Coates and Wray, 2005).

Measuring and managing municipal performance in infrastructure and water services present an illustration. A surface logic points to a straightforward process which can be part of system designed to measure performance through set personal key performance indicators (Cacadu District Municipality IDP, 2007-12), namely that of measuring the amount, quality and cost or water services delivered. However, the cost of water and its quality could have a variety of dimensions that may be hard to observe and determine. Quality of water services provision does not only depend on technically measured indicators. For citizens, quality would include the promptness
of response to reported problems and whether or not there are frequent recurrent breakdowns, absence of health hazards as well as service interruptions (Friedman, 1997:10). An appropriate performance management system for a district should therefore be based on a structured and strategic approach in which the various tasks and roles are relevantly performance managed with appropriate programmes. For the various range of services provided in a district municipality there exists different models of performance management systems.

2.10.1 Models of Performance Management Systems

The different performance management systems or models themselves present implementation challenges and utilisation complexities. Such complexities are often compounded by the fact that the ability of municipal councils in the district municipality to gather relevant information could be hampered by lack of resources and availability of skills. There is also lack of proper adaptation of the available shelf models of performance management systems to suit particular circumstances (Friedman, 1997). A number of these approaches purport to provide a ‘holistic’ framework that helps to link the array of initiatives that make up and provide a platform for municipalities to manage the performance of services delivery and to drive improvement (Neely, Adams and Kennerley, 2002). Some too aim to give focus on what is important and help monitor progress towards their aims, or to improve a specific service or aspect of performance in a municipal government and administration. Below are examples of some off the shelf performance models available for use in municipalities.
### Table 2.1 Performance Management Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The balance scorecard</td>
<td>A multi-dimensional framework for managing strategy by linking objectives, initiatives, targets and performance measures across key corporate perspectives</td>
</tr>
<tr>
<td>Performance Prism</td>
<td>A stakeholder centric, three dimensional framework for performance measurement and management</td>
</tr>
<tr>
<td>Total Quality Management</td>
<td>Total quality management is a management system for a customer focused organization that involves all employees in continual improvement of all aspects of the organization. TQM uses strategy, data, and effective communication to integrate the quality principles into the culture and activities of the organization.</td>
</tr>
<tr>
<td>South African Excellence Foundation</td>
<td>Based on Burke and Litwins’ (1989) model which predicts behaviour and performance consequences within the organisation – cause (organisational conditions) and effects (resulting performance)</td>
</tr>
<tr>
<td>The Municipal Scorecard Model</td>
<td>The model uses 5 key performance areas for local government as against which municipal performance may be measured. It also considers performance at strategic and SDBIP.</td>
</tr>
<tr>
<td>Public Service Excellence Model</td>
<td>Organisational improvement framework and diagnostic tool for identifying strengths and weaknesses within an organisation</td>
</tr>
<tr>
<td>Business Excellence Model</td>
<td>Generic model allowing for a holistic approach to be taken to the management of an organisation’s quality system</td>
</tr>
</tbody>
</table>

Source: (Neely, Adams and Kennerley, 2002)

Any one of these can be adopted and implemented with programmes for a range of municipal services, investors, customers and intermediaries, employees, suppliers, regulators and even community participatory activities (Neely, Adams and Kennerley, 2002). Each of these models may be implemented as a system which
has an input, processes, output, impact and feedback and takes place in a specific environment (Dye, 1984:41; Meiring 2001:84). The important determining factor is how the adopted model is appropriately utilised to assist the municipality in providing the relevant input information into the processing to produce output of the required standards.

The golden thread of any performance management system is information. Performance management systems for whatever function or service require the efficient and systematic collection and processing of information. Relevant information has to be collected on a variety of key performance indicators, in both quantitative and qualitative measures on the function or services being provided. In the district municipality and the local municipalities making up the district, this crucially requires involving a range of stakeholders, especially citizens and beneficiary communities to provide information about output and impact of the services. The collection of information based on performance indicators provides a checklist of considerations for indicator selection rather than offering specific appropriate strategies and processes and choices for various circumstances and the variety of municipal services for performance management systems (Wood and Marshall, 1993).

Current available literature on performance management systems including processes for measurement of the provision of district municipal infrastructural services is relatively limited. Most of the available literature deals with human resources management based performance management systems in general as applied to municipal programme management. The approach may be explained as consisting of a process of setting performance indicators, evaluating the performance of individuals and teams and aligning these with the strategy (IDP) of
the municipality (Aguinis, 2009; Kambuwa and Wallis, 2002; Cacadu Performance Management System Guiding Policy, 2007:5).

The utilisation of a municipal performance management system with a basis in human resources management is premised on the argument that a performance management system will not be successful if it is not linked explicitly to a broader management function (Cascio and Aguinis, 2011:76). The Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, stipulates that the basis for programme performance management and continuous improvement in the municipality is the employment contracts of managers. A human resources management based municipal performance management system should be judged on how it links individual performance with institutional objectives through the following purposes:

a. strategic purpose by linking employee (manager’s) activities with the mission and vision of the municipality; it identifies and rewards behaviours needed to carry out the municipality’s strategic priorities (IDP) and maximises the extent to which employees display the desired behaviours to achieve results;

b. serves as important means of communication and provides managers and employees with information on how they are performing and what the municipality expects regarding performance; provides feedback information

c. utilised for rewarding outstanding performance and managing unsatisfactory performance;

d. the system is also used for employee development and to establish objectives for training and development, and
e. provides an early warning system.

Source: Cascio and Aguinis, 2011:74

Whatever the approach used, the question still remains as to the nature and criteria that must be used for selecting the programmes and indicators for what should be monitored for performance management and improvement. It must be acknowledged that utilising the human resources management based approach face political, organisational and interpersonal problems in the selecting and measuring of indicators (Westphal and Clement, 2008; Deming, 1986; Meyer, 1991). Wood and Marshall (1993) write that performance in municipal services is difficult to analyse because the outputs of many of such services are hard to measure or even to define with any clarity (Wilson 1989: 40). Some authors also argue that the notion of a uni-dimensional measure of programme performance may be unrealistic in an institution such as a district municipality (Campbell, 1990; Roman and Prien, 1971). More specific indicators could be appropriate for infrastructural services such as water, electricity, roads and sanitation in a municipality in addition to whatever management indicators are set. Their relevance is also depended on making a distinction between outputs and outcomes in the processes of the performance management system for the specific services provision. In particular there are some aspects of specific services [water and other infrastructural services] that may require the use of measures of indicators judged by the procedures followed in linking inputs through processes and output to outcomes (Boyle, 1989:67).

The literature focusing on performance management processes for infrastructure is relatively limited though the vast literature on municipal services in general can be used to analyse municipal infrastructure performance. Indicators for measuring and managing performance of infrastructure can also be categorised into inputs, process,
outputs and outcomes which can also be analysed on the basis of efficiency, effectiveness and productivity (Ammons, 1995; Boyle, 1989).

Given the limited literature and therefore knowledge about which indicators work better than others in specific situation, there is therefore a need to allow for some experimentation in the performance management system and measurement (World Bank, 1994). As in the case of some performance management systems, inputs for the delivery of infrastructural services are commonly described as financial, human and other resources but according to the OECD (2004) financial indicators are not adequate for evaluating performance in municipal infrastructure services. This reduces the relevance of the programmes for some of these services and increases the likelihood that performance of these are often measured with less accuracy than in other general services.

In the context of district-wide infrastructural services provision the matter is complicated by the fact that budgetary inputs for example may be fragmented due to institutional arrangements and are therefore not necessarily a good indicator of performance. This means that one has to choose performance indicators or a combination of indicators and ensure that these provide relevant information for evaluating the achievement of performance of a specific programme.

Another input factor in some models of municipal performance management systems is performance related pay. This could be appealing but according to the OECD its implementation is complex and difficult whilst the evaluation of its impact fails to meet managerial motivation because of design problems and the fact that using performance related pay for performance assessment in the public sector is complex
Human resources performance assessment in municipalities as in the general public sector requires a great deal of subjective management decision. Also the complexity of assessment is compounded by the fact that evaluation indicators in the public sector change with changes in policy direction.

To these are added steps attached to the efficiency, effectiveness and economy guidelines for evaluation and analysis. Efficiency criteria can be used to assess the budgetary expense per unit of output or workload whilst outcome effectiveness criteria can be used to assess or quantify the extent to which set goals are attained, needs met and desired effects produced (Henry, 2010:148). The importance of these explains the centrality of performance and the management of performance in the discipline and practice of public administration (Schachter, 2007). These guiding principles for public administration therefore have to form a basis for defining of performance indicators and measures for the provision of municipal infrastructural services as well as for all public services.

Effectiveness and efficiency of performance underlie citizens' evaluation of services provision and response to social needs and problems. Friedman (1997:10) argues that certain items have to be conceptualised differently from other services as to what constitute inputs, outputs and outcomes. Thus analysis of the goals and outputs could in principle be relatively better defined, from which outcomes may be inferred. A key issue depends on the processes of determining indicators and making the information gathering more cost effective.
A foundation of the effort to improve the efficiency and effectiveness of municipal government and administration is a performance management system, which is utilised to monitor and report on programme accomplishment, and progress towards pre-established goals (Integrated Development Plans). The processes of the municipal performance management system include the setting of performance indicators, measuring performance and utilisation of reporting information to improve performance. The use of a performance management system in municipal government and administration is legislatively mandated and the underlying objective is the improvement of the quality, effectiveness and efficiency of services (Henry, 2011:145).

Available literature indicates that though municipalities (and all government institutions) have the opportunity to choose any shelf model to suit their particular circumstances, implementational difficulties abound, ranging from political buy-in, choice of performance indicators, data gathering and reporting (Ammons, 1985). Straightforward and easy to understand processes are what are required to counter the argument that some activities are more suitable for performance measurement than others, such that even though municipalities ostensibly have performance management systems in place, they remain largely ineffective and inefficient (Julnes and Holzer, 2001). Designing and adopting a performance management system suitable for the municipality’s circumstances should be based on citizen-driven and uncomplicated processes to evaluate how citizens respond to outcomes of municipal programmes (Lynch, 2004: 43ff). Improving the municipality’s effectiveness and efficiency is the undisputed potential of using a municipal performance management system. This includes improving programme accountability, strengthening the municipality’s legitimacy within the community. According to Walters (1994:37), this
potential extends beyond public administration to the public and to illustrate that municipal government is worth paying for, and may even be worth paying more for (emphasis in original). The legislative stipulation for the adopting of performance management systems in municipalities is discussed in the next chapter.

2.11 CONCLUSION

A conceptualisation of performance management in government institutions helps to reflect on the process of pursuit of ends and specifications of the means to achieve these ends in government. Conceptualisation is necessary to overcome possible differences in meanings attached to performance management system as management tool and in the context of public institutions.

The measurement of government performance has been an instrument for influencing policies throughout the history of the practice and the discipline of Public Administration (Davidson 1991: 360). Managing the performance of municipal services either for policy intervention or for improving efficiency is contingent upon availability of information about the quantity and quality of services produced and on the cost of production.

Municipal institutions and their functional activities use resources which are inputs whose value is measured in cost among others. Focusing on results based municipal performance, a management system is particularly important for service programmes and policies serving communities. The structural and functional arrangements of district municipalities in South Africa requires a design and implementation of a performance management system suitable for the municipality’s
circumstances with citizens participation and processes related to specific programmes.
CHAPTER THREE

LEGISLATIVE FRAMEWORK FOR MUNICIPAL PERFORMANCE MANAGEMENT IN SOUTH AFRICA

3.1 INTRODUCTION

Local government is as old as civilised society. It is generally a nationally recognised jurisdiction with authority to deliver basic community services. Proponents in favour of a measure of constitutional recognition for local government argue that central government’s ability to effect social and economic development has its limits, and that meaningful development efforts require full participation of the beneficiary communities (Steytler, 2005:185; White Paper on Local Government, 1998:20).

Local government, according to this argument, exists to broaden and deepen inhabitants’ participation in democratic processes and increase governmental responsiveness and accountability to communities (Cameron, 2004:3).

South Africa has two ‘layers’ of municipalities outside metropolitan areas: the district municipality and the local municipality (Constitution, 1996). The local municipality is the primary local authority in these areas. The district municipality integrates a number of local municipalities in a broader geographical area which includes a District Council and its administrative unit. The establishment of this model of district municipality is premised on the search for effectiveness and efficiency of service delivery and political representational responsiveness. In effect the local municipality as the primary local authority is intended on maintaining political responsiveness and the broader district municipality for economic efficiency.

The Cacadu District Municipality (CDM), the area chosen for the study, is situated in the rural hinterland of the western part of the Province of the Eastern Cape in South
Africa. It comprises a District Municipal Council and nine other local municipalities which share responsibilities and operate in a cross-functional local government within the district jurisdiction (Constitution, 1996). These factors have a direct influence on productive efficiency and delivery effectiveness of the municipal government and administration. This structural-functional organisation of the CDM is an important factor for analysing municipal performance management for effective and efficient service delivery with reference to the district-wide services delivery.

This chapter is included to provide a description of the district municipality model and its government and administration. The chapter also explains the social and demographic characteristics of the Cacadu District Municipal area.

3.2 THE SOVEREIGN STATE AND LOCAL GOVERNMENT

The doctrine of sovereignty recognises the state as having ‘supreme’ authority which is not subordinate to the authority of another state (Hattingh, 1998:119). The right of self-determination of nations enables the sovereign legislature to establish subordinate sub-national governmental bodies to meet the ultimate aim of the existence of the state (Aristotle quoted in Hutchins, 1971:476). According to Strong (in Botes et al., 1994:261) ‘...the state exists, not merely to make life possible, but to make life good'. This means mere survival is not enough. Citizens wish to live an orderly, prosperous and protected life. It can be seen that a municipality and the larger state of South Africa exist with the primary objective of creating an environment to improve the lives of citizens in line with inter alia the rights contained in the Bill of Rights in the Constitution, 1996. The emphasis in this study is placed on improving performance effectiveness and efficiency in the delivery of municipal
services for the community of Cacadu district municipality as a constituent part of local government and South African society. First though is a description of the nature and place of the municipality in the modern constitutional state.

Local government is as old as civilised society. In some states it serves as nationally recognised territory and unit of political and administrative government (Botes et al. 1994:5). Section 152(1) of the Constitution of the Republic of South Africa, 1996, describes the local sphere of government as consisting of municipalities which must be established for the whole of the territory of the Republic. As a sub-national government in the contemporary nation state, a municipality as constituent of local government refers to a governmental unit which delivers a range of services in a geographically delineated area and is subordinate to higher authorities (Rondinelli, 1981:138). The form of a state and its sub-national organisational structure decided upon may vary but three levels of government seem to be common among state systems: the central, state/province and local government levels (Steytler, 2005:1).

Arguments for the existence and the establishment of local governmental units in the contemporary state include the need for a primary local democratic government, a municipality, to attend to immediate needs of citizens in a state. Being the units of government closest to the people, local government provides opportunities for communities to participate and for their interests and perspectives to be incorporated in local decision-making. The interest of the municipal community is the sum of interests of the several members who compose it, thus a complex network of interactions amongst the groups is to be expected (see Botes et al. 1994).

According to Shah (2006:4) in a state, local government provides services consistent with voters’ preferences because, being closest to the people, local authorities are
expected to understand the needs, desires and demands of local residents. The needs of a community refer to those functions which the municipality must render to sustain a happy and healthy environment; and these can vary from potable water, water purification systems, streets, fire-fighting services, building regulations and functions allocated in the Schedule of the Constitution, 1996. Desires is used to refer to those functions which are of vital importance but at an upgraded level. Gravel streets fulfil the need for streets, but the desire is for macadam streets, better refuse removal and disposal systems, a municipal swimming pool, municipal sporting grounds with pavilion seating for spectators. These desires require upgrading and improvement of existing services, which also requires funds and expertise. Demands of the community can include better traffic control, sophisticated public transport systems, improved clinical services, crowd control at sporting events, curbing noise pollution and establishment of municipal pounds to control ownerless animals.

The raison d’être of municipalities as constituent parts of local government is thus also evaluated on how well they perform, with the participation of communities in the provision of equitable, affordable services and sustainable socio-economic development to improve the quality of life of the municipal community (Asmah-Andoh, 2011). In South Africa the delivery of these services is used to provide a role for local government in the constitutional cooperative spheres of government. Smaller lower-layer municipalities with fewer resources tend to have limited roles while larger district, regional or metropolitan municipalities perform wider functions (Steytler, 2005:4; Constitution, 1996; Jacobs, 2004:248). Jones (1980:145) also argues that, by allocating power and functions to subordinate institutions, government is brought to communities, making communities less remote, alienated

3.3 LOCAL GOVERNMENT AND MODERN CONSTITUTIONAL DEMOCRACIES

Local government in a state, though regarded as the oldest form of government known to humankind, enjoys limited forms of recognition in the constitutions of most states (Hattingh, 1998:119). Steytler (2005:1) argues that constitutional recognition of local government as an order of government is a modern phenomenon, existing mostly in the past five decades. South African local government has been transformed fundamentally to a more democratic system. The constitutional recognition of local government followed from the adoption of the multi-party democratic dispensation (Craythorne, 1997:10ff). Democratisation has also brought about the strengthening of political citizen rights as well as political leadership and political accountability in local government.

With constitutional recognition have emerged issues relating to how municipalities, mostly in rural areas, can provide viable local self-government units capable of promoting democratic and accountable government and at the same time capable of delivering better services. Granting of constitutional status has been accompanied by territorial reorganisation and expansion to improve the performance of units of local self-government (Hansen, 1997:48). Management reforms have also accompanied restructuring of local government with the adoption of new public management (NPM) and the use of market principles in service provision (Carmichael and Midwinter, 2003).
The reforms and the fact that communities do not want to exist soundlessly and unimaginatively in a democratic society, place greater expectations on municipalities to provide results that matter to communities, oftentimes with severe resource constraints. It should be obvious therefore that municipal performance management system is not only intended to be related to the nature of the needs, desires and demands of the municipal community. It is also part of how the qualitative and quantitative contents of the services meet the needs, desires and demands of the community and also to give communities the assurance and confidence in the municipal government and administration. To achieve this requires a change from the emphasis on process compliance that has typified traditional municipal government and administration to managing performance for the achievement of results. Performance management has been made part of the flagship of developmental local government in South Africa, Integrated Development Plans (IDPs) which have to be compiled in a participatory process to facilitate improvement in service provision (Municipal Systems Act, 2000).

Many of the rural municipalities, mostly district and local municipalities face dwindling budgets in the face of higher expectations for improved service delivery. These and the factors described above have influenced the introduction of performance management systems also as part of the attempt to improve service and programme performance, accountability and information based decision making in municipal government and administration.
3.4 THE MUNICIPALITY AS A CONSTITUENT PART OF THE LOCAL SPHERE OF GOVERNMENT IN SOUTH AFRICA

Theoretically, the Constitution, 1996 uplifted local government from a subordinate level of government to a significant sphere in its own right. The local sphere of government has devolved constitutional service delivery functions. Municipalities are thus constituent parts of the local sphere of government with an important role in the overall functioning of the government (Constitution, 1996; Shah, 2005: xxvii). The constitutional devolution of power has also meant continuous transfer of resources to municipalities for the provision of services. As in other countries, performance improvement is the reason for reforms in municipalities (Manor, 1999:55; Shah, 2006:2). Section 151(3) of the Constitution, 1996, provides that a municipality ‘has the right to govern, on its own initiative, the local government affairs of its community, as provided for in the Constitution’. The expanded areas on which municipalities have been granted authority to perform legislative and administrative functions include those listed in Schedule 4 and 5 of the Constitution, 1996, and other functions which may be transferred from the national and provincial spheres (OECD, 1994:61; Reddy, 1996:6).

The most important constitutional functions of local government include the provision of water, sanitation (and sewerage disposal systems), roads, storm water drainage (including solid waste disposal), electricity reticulation and municipal health services. The White Paper on Local Government, 1998:17, defined developmental local government 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.*
In terms of the *Constitution*, 1996, local self-government must be developmental in purpose, and in pursuing the following objects:

a. to provide democratic and accountable government for local communities;
b. to ensure the provision of services to communities in a sustainable manner;
c. to promote social and economic development;
d. to promote a safe and healthy environment; and
e. to encourage the involvement of communities and community organisations in the matters of local government.

Section 152(1) of *Constitution*, 1996.

In line with the constitutional prescripts, six metropolitan municipalities (currently eight), 231 local municipalities and 47 district municipalities have been established to cover the entire country (*Municipal Structures Act*, 1998). It would seem that a new conceptualisation of the “municipality” is emerging in South Africa.

The country’s local government has not always been surrounded by a self-government ethos and has not been given such enhanced status in constitutions as to have the character of a derived authority (Jansen, 1997:65). As far as the *Constitution*, 1996 is concerned, municipalities as constituent parts of the local sphere of government are granted a new status and role as local political institutions and units of governance in their own right with regard to their own local affairs. The question that needs to be addressed is the extent to which the constitutional strengthening of local government improves municipal performance and how this is to be managed.
3.4.1 Classification of Municipalities in South Africa

According to Steytler (2005:187) the institutional arrangements and categorisation introduced in local government for South Africa as part of local government reforms have been driven by two concerns. He argues that the first was the re-organisation of local authorities into democratic institutions. And the second was the establishing of viable institutions of municipalities for local self-government that could facilitate equitable re-distribution of resources and deliver services effectively. The resultant institutions of metropolitan, district and local municipalities are to buttress the role and functions of the local sphere of government in the constitutional co-operative spheres of government.

The type of institutional arrangements for municipalities is often an important indicator of the role and functions assigned to local government in the governmental arrangements of the state. The structure and functions assigned to the different categories of municipalities differ in tandem with the structural-functional arrangements. This also means collaboration for improving delivery performance has been written into the institutional arrangement of certain categories of municipalities as provided in the Constitution, 1996.

In the Constitution, 1996, municipalities as constituent parts of the local sphere of government are categorised as follows:
Table 3.1 Categories of Municipalities in South Africa

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Category A</td>
<td>A municipality that has exclusive municipal executive and legislative authority in its area</td>
</tr>
<tr>
<td>Category B</td>
<td>A municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls</td>
</tr>
<tr>
<td>Category C</td>
<td>A municipality that has municipal executive and legislative authority in an area that includes more than one municipality</td>
</tr>
</tbody>
</table>

Section 155(1) of *Constitution*, 1996.

3.4.1.1 Category B Local Municipality in South Africa

A two-tier system of local government has been established for non-metropolitan areas of South Africa: Categories C district municipalities and Category B local municipalities, as classified in the *Constitution*, 1996. According to Craythorne (2006:51) the *Municipal Structures Act*, 1998 directs the Demarcation Board on how it must apply the criteria to determine whether an area must have a Category A municipality or both Category B and C municipalities. Category A municipality is also described as the metropolitan municipality which has exclusive legislative and executive authority in its area of jurisdiction. A Category B municipality is described as a municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls (section 155(1) *Constitution* 1996). It also indicates the possibility that there may be areas where no sustainable category B municipality is possible (e.g. expansive sparsely populated areas) and
where a District Municipal Council will have to assume responsibility for all municipal functions (section 6(1) of the Municipal Structures Act, 1998; Municipal Demarcation Board, 1998).

The district municipality appears to have been modelled to realise a degree of economic and social integration for planning and delivery of certain services which require collaboration between municipalities (Clayton Research Associates, in Cameron, 1999; Briffault, 1996). Subsequent requests for areas to be created as metropolitan municipalities imply that a consolidated rather than fragmented jurisdiction is regarded as necessary to enhance the capacity for the delivery of services to meet the needs of the community (Barlow, 1991:33). The Category C district municipality model is therefore a consolidation of fragmented local municipalities.

### 3.4.1.2 Category C District Municipality Model

A Category C municipality groups together a number of Category B municipalities with which it shares the functions of local government. However within this model, the Category C District Municipal Council and the councils of the Category B local municipalities are given different, but complementary roles. The reorganisation attempted to achieve a dual objective: the larger district municipal jurisdiction to achieve economies of scale for management efficiency, and smaller representational responsive democratic institutions of local municipalities (Jacob, 2004; Municipal Demarcations Board, 1999). The categories B and C municipalities combined in the district municipality model are therefore expected to improve the well-being of all communities within the district through integrated development and co-ordination of
programmes and services (Craythorne, 2006:51ff). The policy directive envisaged a somewhat flexible system of local government to accommodate the diverse settlement patterns, administrative capacities and the unique circumstances prevailing, especially in rural areas of the country.

The district municipality as a system provides appropriate tools for analysis, especially with respect to performance management system in the functioning of a municipal government and administration. The analysis derives from the fact that within the Cacadu District Municipal boundary there are 10 different municipal councils: the District Council and nine local municipal councils (Constitution, 1996; Municipal Structures Act, 1998). Functionally, within the district municipality, the local municipalities assume primary responsibility for the implementation and management of tasks related to locally specific needs and problems. This creates a multi-centred district municipality system within which both the District Municipal Council and the councils of the local municipalities perform specific and collaborative service delivery functions.

Municipal councils within the district municipalities in South Africa are a unique experiment in intergovernmental relations. Section 84 of the Municipal Structures Act, 1998, as amended in 2000, divides the powers and functions between these two categories of municipalities. The District Council and the municipal councils within the district municipality have to coordinate programmes and delivery of certain services within the district jurisdiction.
3.5 CONSTITUTIONAL FUNCTIONS OF MUNICIPALITIES

The functional authority of municipalities as constituents of local government covers subjects allocated in Schedule 4B and 5B of the Constitution, 1996, and matters that may be assigned by the national and provincial spheres of government. The subjects allocated to municipalities in terms of the Constitution and set forth in the schedules are as follows:

Table 3.2 Local government matters in Schedules of Constitution 1996

<table>
<thead>
<tr>
<th>Schedule 4 part B</th>
<th>Schedule 5 part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution</td>
<td>Beaches and amusement facilities</td>
</tr>
<tr>
<td>Building regulations</td>
<td>Billboards and the display of advertisements in public places</td>
</tr>
<tr>
<td>Child care facilities</td>
<td>Cemeteries, funeral parlours and crematoria</td>
</tr>
<tr>
<td>Electricity and gas reticulation</td>
<td>Cleansing</td>
</tr>
<tr>
<td>Fire-fighting services</td>
<td>Control of public nuisances</td>
</tr>
<tr>
<td>Local tourism</td>
<td>Control of undertakings that sell liquor to the public</td>
</tr>
<tr>
<td>Municipal airports</td>
<td>Facilities for the accommodation, care and burial of animals</td>
</tr>
<tr>
<td>Municipal planning</td>
<td>Fencing and fences</td>
</tr>
<tr>
<td>Municipal health services</td>
<td>Licensing of dogs</td>
</tr>
<tr>
<td>Municipal public transport</td>
<td>Licensing and control of undertakings that sell food to the public</td>
</tr>
<tr>
<td>Municipal public works only in respect of the needs of</td>
<td>Local amenities</td>
</tr>
<tr>
<td>municipalities in the discharge of their responsibilities to administer functions specifically assigned them under this Constitution or any other law</td>
<td></td>
</tr>
<tr>
<td>Pontoons, ferries, jetties, piers and harbours,</td>
<td>Local sports facilities</td>
</tr>
<tr>
<td>excluding the regulation of international and national shipping matters related thereto</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Storm water management systems in built-up areas</td>
<td>Markets</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Trade regulation</td>
<td>Municipal abattoirs</td>
</tr>
<tr>
<td>Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems</td>
<td>Noise pollution</td>
</tr>
<tr>
<td>Pounds</td>
<td></td>
</tr>
<tr>
<td>Public Places</td>
<td></td>
</tr>
<tr>
<td>Refuse removal, refuse dumps and solid waste disposal</td>
<td></td>
</tr>
<tr>
<td>Street trading</td>
<td></td>
</tr>
<tr>
<td>Street lighting</td>
<td></td>
</tr>
<tr>
<td>Traffic and parking</td>
<td></td>
</tr>
</tbody>
</table>

*Schedules 4 and 5 of the Constitution, 1996*

Municipalities are afforded administrative and legislative powers with regard to these listed functional areas. In addition, apart from their own local affairs which municipalities can decide upon according to local political processes of will formation and choice, municipalities are expected to manage programmes delegated from both the national and provincial spheres. A case in point is the provision of housing, now referred to as “human settlement”. The range of services required to be provided by local authorities is wide and are as diverse as education services to removing abandoned cars, monitoring air quality and the provision of water. Management and improvement of performance across this range of services requires a structured and systems approach in which the various needs, demands and desires are incorporated to determine the fulfilment and performance. The range of district-wide subjects over which both the Category C District Council and the councils of local municipalities exercise a form of collaborative management and authority also
requires a district-wide municipal performance management system for management and decision making effectiveness.

The Constitution, 1996 has in effect introduced the principle of ‘shared authority’ in a district area and this was also embodied in the Municipal Structures Act, 1998. The White Paper on Local Government, 1998 stressed that there was a need for new approaches to service delivery. The division of powers and functions between Categories B and C municipalities had to be done in a way that promotes municipal services in an equitable and sustainable manner. In all these management effectiveness and improved capacity for the performance of municipal functions has been an underlying consideration, as has been in the historical development of the district or regional local government in South Africa. In the existing district municipal model performance-based management as mechanisms to improve performance has been legislated (Municipal Systems Act, 2000). The requirements for functional co-operation bring to the fore the place and role of the District Municipal Council as the municipality between the provincial sphere of government and the local municipalities, and the whole district municipality.

3.6 THE MUNICIPALITY BETWEEN THE PROVINCIAL GOVERNMENT AND THE LOCAL MUNICIPALITY: REGIONAL OR DISTRICT MUNICIPALITY

Concerns about the place of the intermediate municipality in a governmental structure raise questions about its relationships first with primary local authorities and second with other higher orders of government. In South Africa, as in some other democracies, the intermediate municipality is ‘inserted’ between the national and provincial spheres of government, on the one hand, and the local municipalities, on
the other, and seemingly, is independent of both (Structures Act, 1998). The major concerns raised are that these units invariably share powers and responsibilities for performance of functions with primary local authorities. Beyond this it is generally acknowledged that there are certain functions which could be best performed in a complementary manner by both these authorities to enhance the benefits of consolidated local government (Barlow, 1991; Cameron, 2004: 38ff; Hansen, 1997; van der Waldt, 2004; Hogwood and Keating 1982).

The South African district municipality model follows a constitutional decentralisation of functions and powers to local government. This is a fundamental feature of the new system of a two-tier local government (Olowu, 2003:36; Constitution, 1996; Municipal Structures Act, 1998). The arrangements also underlie the role that the local authorities are accorded: smaller units with limited resources are given a limited role while large regional or district municipalities are expected to perform district-wide governance and service delivery functions. A re-conceptualisation of a new emerging municipality is not intended in this research report, rather the district municipality model in South Africa should be comprehended within the framework of the constitutional role of local self-government and the local-state administrative set up (Hansen, 1997:45).

The role accorded the district municipality in terms of the Constitution, 1996 is more than a form of ‘implementational decentralisation’. The role of the Cacadu District Council seems to have been based on economic and management principles regarding where services could be most effectively managed (Jansen, 1997:63). According to Craythorne (2006: 153) local government legislation on municipal services has been amended and expanded since 2003 to give meaning to this
structural-functional arrangement. Section 84 of the *Municipal Structures Act*, 1998 (as amended) divides the powers and functions between these two categories of municipalities. Emphasis is also placed on the interdependence between the local and district municipalities in a model of goal-setting, planning and implementation cooperation, including the envisaged objective to increase the capacity of local municipalities as primary units of government (*Constitution*, 1996).

Building the institutional and functional capacity of local municipalities to better provide services has been a feature of the development of the district municipality in South Africa. It can be inferred that the establishment of the intermediate district municipality was thus also intended to achieve horizontal integration of municipal functions in the district jurisdiction. The management of services like water and other bulk infrastructural services which are designated in the *Constitution*, 1996 as functions of the local sphere of government also form part of the functions of the district municipality (*Municipal Systems Act*, 2000).

It can be deduced that the district municipal model has been introduced to take advantage of the economies of scale argument in service delivery. It can also be inferred that the District Council’s functions includes co-ordination of management and decisions across B and C municipalities when different aspects of the same function are split between these authorities. For example, where a particular project straddles two local municipalities the District Council would be required to co-ordinate the planning manage the implementation. This has been part of the history and objectives for the development of intermediate municipality in South Africa.
3.7 THE DEVELOPMENT OF THE DISTRICT MUNICIPALITY IN SOUTH AFRICA

The development of local authorities in South Africa can be traced back to 1682 when Landdrost and heemraden were appointed and given the responsibilities for administration and petty jurisdiction in the town and district (Meiring, 1997; Craythorne, 2006:1). The situation was somewhat different in what came to be regarded as the homelands.

Local government services in rural areas of South Africa were provided not by local government bodies but by homelands, provincial and national line departments and quasi-governmental agencies (McIntosh, 1996). Divisional Councils, Regional Services Councils and District Councils have at various times been used to denote a 'regional or intermediate local government administration' that integrates service delivery over a broader geographical area than that of one local authority. Regional Services Councils were created in 1985 and were statutory local government institutions which endeavoured to develop and provide local government services on a regional basis (Department of Provincial and Local Government, 1996: 4). After the promulgation of the Constitution, 1983 the Regional Services Councils Act, 1985 led to the creation of Regional Services Councils as statutory local government institutions to develop and render local government services on a regional basis.

The Local Government Transition Act, 1993 made provision for Regional Services Councils to become District Councils, in accordance with the stipulations of Proclamation 20 of 1995. Due to the fragmentation of local authorities, which also made many of these economically unviable, Regional Services Councils, and later on District Councils, were of fundamental importance to local government, and rural local government areas in particular. District Councils were thus established to
support and complement primary local municipalities in rural areas to enhance their performance effectiveness and efficiency. They were also required to provide bulk infrastructural services which were rendered on a regional or district-wide basis throughout the jurisdictional areas (Meiring, 1997:22).

3.8 INSTITUTIONAL ARRANGEMENTS FOR THE DISTRICT MUNICIPALITY

The statutory basis for the current institutions of the District Municipality in South Africa derives from Chapter 7 of the Constitution, 1996 and also Chapters 3 and 13 which deal with the principles of co-operative government and local government finances respectively. In essence the Constitution, 1996, re-introduced a coordinating multi-communal district municipality as part of local government institutions in non-metropolitan areas of the country, but not as a separate sphere of government.

Unlike in the previous systems, in addition to the economic arguments, the district municipality was established to have a measure of democratic representation that is indirect representation via local municipalities and direct representation via the proportional representation system of election (Municipal Structures Act, 1998). In terms of the existing legislation, the councillors of the District Council are partly elected and partly appointed by the local councils within the district municipality. In addition there are also representatives from the areas designated as District Management Areas which are regarded as not viable enough to be a municipality. A diagrammatic representation of the structure of the District Council is provided below:
The number of councillors appointed to the District Municipal Council is provided for in terms of sections 22 and 23 of *Municipal Structures Act*, 1998.

The powers and functions of the District Municipal Council in terms of the *Municipal Structures Amendment Act*, 1998, include *inter alia*:

- Integrated development planning for the district municipality as a whole, including a framework for IDPs of all local municipalities;
- Potable water supply systems (including bulk supply and reticulation);
• Bulk supply of electricity (including bulk and reticulation);
• Domestic waste-water and sewage disposal systems (including bulk and reticulation); and
• Solid waste disposal, including waste disposal strategy, the regulation of waste disposal, and the operation of waste disposal sites.

Section 84(1) of Municipal Structures Act, 1998

The adoption of the district municipality model also involved the creation of new management structures especially in linkages of district-wide IDPs and performance management systems within the district. Steytler (2005:194) writes that the overall objective of the District Council is described by the Constitutional Court as the performing of coordinating functions. These are functions with specifically collaborative or what is sometimes termed shared management authority.

3.9 SHARED MANAGEMENT FOR THE PROVISION OF MUNICIPAL SERVICES

Shared management authority which has been practised in some OECD countries for service provision has become part of management in the reorganised district municipality model (Wikepedia, 2011). Water services delivery within the district municipality falls under the principle of shared management authority introduced in the Constitution, 1996 for the district municipal area. In line with this arrangement the division of powers and functions between Category B and C municipalities must be done in a way that also promotes equitable and sustainable provision of municipal services in a collaborative manner (section 155(4) of Constitution, 1996). This is also in line with section 154(3) subject to section 229 of the Constitution, 1996 which provides that national legislation must make provision for an appropriate division of powers and functions between municipalities when an area has municipalities of
both Category B and Category C. Section 155(3) also provides that a division of powers and functions between a Category B municipality and a Category C municipality may differ from the division of powers and functions between another Category B municipality and that Category C municipality. It is on the basis of this form of complementarity and flexibility that both the District Council and the local municipalities have functional responsibility for water services delivery and other services like roads and electricity within the district.

Shared management authority for district-wide programmes and services binds both the District Municipal Council and the councils of the local municipalities within the district. The District Council is expected to ensure consolidation of the district-wide development strategic IDP. Management of the provision of these services includes setting performance goals and key performance indicators for evaluating and measuring the achievement of the goals.

The performance of the various functions for the realisation of this multi-municipal district-wide provision of services requires political leadership and management direction. Examples can be found in the setting of strategic goals and the facilitation of public participation, given the sometimes vast distances, the vast number of stakeholders and uneven socio-economic environment involved in the delivery of such services (Pape, 2002:187; Atkinson 2003). Leadership and decision-making based on performance information would prevent problems of accountability that could arise and some managers excuse for lack of performance. Additionally, there is the need to dovetail not only strategies but also delivery and implementation plans between the B and C municipalities.
The Constitution, 1996 refers to cooperative spheres of government implying involvement of other spheres in the provision of services even if it is done at the local level. The involvement of other spheres of government could be enhanced if specific performance management systems are attached to provide information for strategic direction in such programmes (Adam and Cronje, 2002; Atkinson, 2003). It can be deduced that non utilisation of programmes and processes of performance management system indicates a gap in knowledge on both intermediate (district or regional) municipality and the implementation of district-wide programmes for service delivery. This study utilises the Cacadu district municipality as an area for analysing the use of performance management system for district-wide services provision.

3.10 CACADU DISTRICT MUNICIPALITY: DESCRIPTIVE CHARACTERISTICS

The area for the study, the Cacadu district municipality (CDM), was created as part of the re-demarcation of municipal boundaries (Municipal Demarcations Board, 1999). It is the largest district municipal geographical area in the Province of the Eastern Cape and covers an area of 58,243 km² (CDM IDP, 2007-12:1). The Cacadu district municipality has the largest number of local municipalities in the country consisting of nine (9) Category B local municipalities and four other portions collectively known as District Management Areas (Municipal Demarcations Board, 1999). Two of the four District Management Areas are National Parks, namely the Addo Elephant Park and the Tsitsikama National Park, which are managed by the South African National Parks Board (CDM IDP, 2007-12:1).

Situated along the southeast coast of South Africa in the western half of the Province of Eastern Cape, Cacadu district municipality is predominantly rural with scattered
settlements which invariably require shared management for infrastructure and service delivery.

Figure 3.2 Map of Cacadu District Municipality

The area of the Cacadu district municipality was prior to 2001 known as the Western District Council. It was initially called the Western Regional District Council but was later shortened to Western District Council (CDM IDP 2007-12). The Western District Council was formed in 1995 and included the jurisdiction of the former Algoa Regional Services Council and Camdeboo Regional Services Council. It was reorganized into the Cacadu district municipality, with the area around the coastal urban node of Port Elizabeth-Uitenhage-Despatch re-demarcated as part of the Nelson Mandela Metropolitan Municipality (CDM IDP 2007 – 12).
The creation of a bigger district municipal jurisdiction, with the capacity to develop infrastructure, was to enhance the capacity for the provision of services both within and across the jurisdiction in a sustainable manner (Cameron 2000). The *White Paper on Local Government*, 1998 envisaged a strategic role for district municipalities as strong consolidated institutions necessary to promote district-wide integrated development planning, provide bulk services and build through resource sharing and the creation of an improved basis for municipal government functionality.

3.10.1 Institutional Structures of Cacadu District Municipality

The structure and powers of the Cacadu District Council are based on jurisdictional space with functional continuity for planning and utilisation of resources (Friedman, 1972; MacDonald, 1966). This according to the Municipal Demarcations Board would also better accommodate the statutory devolution of power to municipalities envisaged in the *Constitution*, 1996 (Somusho, 2000). The District Council does not have a separate geographical jurisdiction, but instead in accordance with the *Constitution*, 1996 it shares executive and legislative authority with local municipalities within the same jurisdiction. The demographic details are the same for the local municipalities and District Management Areas put together.

3.10.2 Macro Organisational Structure of Cacadu District Council

The Cacadu District Council has the mayoral executive system which allows the exercise of authority through an executive mayor in whom leadership of the municipality is vested assisted by six mayoral committee members (*Municipal Structures Act*, 1998). (In line with legislation, 40% of the councillors are directly
elected and 60% nominated (indirectly elected) from the local municipalities and the District Management Areas.) see page 102 above. A diagrammatic description of the macro organisational structure of the Cacadu District Council is depicted below:

Fig 3.3  Macro Organisational Structure of Cacadu District Council

Source: CDM IDP 2007-12

The administration of the Cacadu District Municipal Council is headed by the municipal manager, appointed in terms of the Municipal Systems Act, 2000, and he also functions as the and accounting officer. There is a close relationship between the administration and the local municipalities as part of the political structures within the district and the office-bearers. Within the framework of the Municipal Systems
Act, 2000 and the Municipal Performance Management Regulations, the Cacadu district municipal administration is to build the capacity of local municipalities for performance management. The Municipal Systems Act, 2000, places the responsibility on the Cacadu District Municipal Council to adopt a performance management system, while holding the executive mayor responsible for the development and management of the system.

The executive mayor of the Cacadu District Municipal Council delegates the responsibility for the development and management of the performance management systems to the municipal manager. The Performance Management Section created within the office of the municipal manager is delegated the responsibility for development and implementation of organisational performance management within the district municipality (CDM PMS Policy, 2005:6). The function of the Performance Management Section includes performance planning, measurement and analysis, performance reviews, reporting and performance auditing. It is also stated that although the development of the Cacadu performance management system is a separate process, it has strong parallels with the preparation and development phases as well as synergies between the performance measurement and performance and the IDP (PMS Policy, 2005: 8). The components and processes of the Cacadu municipality performance management system identify three levels of performance management: district-wide, organisational and individual performance.
3.10.3 Demographic and Social Indicators

The Cacadu district municipality is predominantly rural in nature as the prevalence of low and erratic rainfall coupled with sparse vegetation is only able to support extensive grazing on large farms. The majority of the Cacadu district municipal area is characterized by a small rural population living in scattered settlements and small towns. Settlements within the district vary in scale, levels of socio-economic factors and degrees of functionality. According to the IDP report of the Cacadu District Council (2005/2006) the Eastern Cape Province is one of the poorest provinces in the country, within a national context. The western region of the province (which includes the Cacadu district municipality and the Nelson Mandela Metropolitan Municipality) however, is generally considered to be relatively prosperous compared with the remainder of the province, despite the high levels of poverty (IDP 2007-12). Within the Cacadu district municipal area, the report notes that there are great disparities in living standards, both among towns and areas and within towns.

According to Statistics South Africa, the population of the Cacadu district municipality accounts for 6.05% of the population of the Eastern Cape Province. The 2001 census indicates that the population of the Cacadu district stood at 388,208, with almost a third of the population below the age of 15. Relative to other district municipalities in the province, the Cacadu District has the second lowest population figures whilst it at the same time has the largest relative geographical area. The large geographical size and the spread of the population settlement patterns impact on the delivery of water services and efficiency and effectiveness of service delivery.
The 2001 census report indicates that the majority of the population lives in the scattered towns and villages in the area. In the north-western part of the Cacadu district municipal area, the Baviaans and Ikwezi local municipality areas and the District Management Areas which comprise over a third of the district's area of jurisdiction have only about eight percent of the population. These factors impact on regional or district-wide planning, particularly planning for the provision of infrastructure to those areas with low and declining populations. Below is the (population) demographic distribution of the Cacadu district.

Source: CDM IDP 2007-12
The IDP report estimated that the level of urbanization in the Cacadu district municipal area was considerably higher (72.6 per cent) than that for the Province of the Eastern Cape (36.6 per cent) and South Africa (53.2 per cent) at that time. About three-quarters of the population in most of the district live in towns and smaller settlements. In the District Management Areas, almost entirely rural areas with a few small settlements, the level of urbanization was 14.4 per cent, considerably lower than the remainder of the interior municipalities. This situation suggests that demand for infrastructure for water services delivery is likely to be greater.

The Cacadu District Municipal IDP report (2007-12) notes that 44.0 per cent of households in the area of the district municipality fall in the R0 – R9600 income category: incomes of R800 and lower per household, and the people mostly live in
informal structures. Though the report noted that the level of urbanization in the CDM area makes it relatively less expensive to supply water and other services to the previously unserviced communities, affordability could be a restraining factor. It is common among poor communities in South Africa that the monthly welfare grants are frequently the only source of household income. The statistics indicate that poverty levels are very high in several municipalities within the CDM area and at the same time less than ten percent of the population in some areas receive social assistance.

All municipal inhabitants are entitled to responsive, accessible and reliable services. An approach to the management of performance for improved service delivery is premised on the precept of making the inhabitants the focus of service delivery (Dululio, Kettl and Garvey, 1993:49). It could be seen that there is a link between the spatial-geographical factors and service provision because the spatial dimension, itself, creates the need for efficient management of strategies and performance. Seidle (1995:167) stated that inhabitants are entitled to receive municipal services that are reliable, accessible and responsive to their needs. In a district municipality meeting these require coordination and effective and efficient management of performance.

3.11 DISTRICT-WIDE SERVICE PROVISION IN THE CACADU DISTRICT

The asymmetrical allocation of powers and functions between the District Municipal Council and local municipalities is also intended to be complementary. In line with section 83(3) of the Municipal Structures Act, 1998, the Cacadu District Municipal Council is given the function of ‘promoting bulk infrastructural development and
services for the district as a whole, and building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking...'. This involves both institutional capacity-building, as well as human capacity building. Projects contained within the CDM’s Service Delivery and Budget Implementation Plan (SDBIP) seek to fulfil this capacity building mandate which has the objective of supporting local municipalities in various managerial skills, including performance management (CDM IDP 2007-12).

Section 84 of the *Municipal Structures Act*, 1998 (as amended, 2000) stipulates that the two categories of municipalities share functions and powers on the delivery of services, including the following subjects:

- *Potable water supply systems.*
- *Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.*
- *Domestic waste-water and sewage disposal systems.*
- *Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.*

In terms of section 84(3) a local municipality is authorised to perform a function or exercise a power on subjects mentioned in section 84(1)(b) such as potable water supply systems; bulk supply of electricity, domestic waste water and sewerage disposal systems. The *Department of Provincial and Local Government* (DPLG, 2002) also recommended that local municipalities should be authorised to perform 54% of the water functions. Thus, whilst the Cacadu District Municipal Council was given operational functions, local municipalities shared the responsibility to enhance their ability to raise capital and develop infrastructure on these subjects such as water and electricity which are part of key municipal responsibilities (section 155:4 of Constitution, 1996).
3.12 PROVISON OF WATER SERVICES IN THE DISTRICT MUNICIPALITY

Inhabitants of municipal areas, both urban and rural, are dependent on clean potable and healthy water, a key functional area for the Cacadu District Council. The same approach and techniques can be implemented for any of the district-wide service delivery efforts. Services of this nature include sewerage systems, refuse removal, street construction and maintenance, urban development, and other functions allocated to municipal governments in terms of Schedule 5(b) of the Constitution, 1996. In addition, water is in fact the single most important municipal function for water is needed for drinking, cooking, bathing, washing of clothes, watering of plants and other human actions for survival such as running sewerage systems, parks and open spaces. Without abundant, potable, fresh and healthy water any community could face catastrophic consequences.

The delivery of water resources is one of the most challenging to manage since it cannot be confined indefinitely or stretched to endless limits. According to the preamble of the National Water Act, 36 of 1998 water is a scarce and unevenly distributed national resource which requires integrated management for all aspects of water resources. Management of water resources and delivery involves other stakeholders and in the district municipality requires shared responsibility, a feature of management in the district municipality model (Municipal Structures Act, 1998). Performance of water service delivery by local government requires the principle of stakeholder involvement and representative participation in water management.

The Cacadu District Council states that by far the greatest challenge facing the district municipality is the provision of water services (CDM IDP, 2007-2012: 36). Some of the factors which impact on the delivery of water services within the district
municipality include the predominant reliance on ground water for human consumption and agricultural activity, which is the driver of the economy. The 2007 – 12 IDP report also indicates that there is generally low inland rainfall, resulting in the drying up of supply boreholes and consequent deterioration of water quality. In the coastal areas of the district the seasonal doubling of water demands also results in shortages in tourist towns.

3.12.1 Water Services Development Plans in Cacadu District Municipality

All municipal council in South Africa under the present dispensation perform water services delivery. The Department of Provincial and Local Government (DPLG) recommended that category B municipalities should be authorised to perform the water and sanitation functions. To comply with the requirements of the Water Services Act, a Water Services Development Plan should be prepared as part of the IDP. The Water Services Development Plan (WSDP) falls within the inter-sectoral umbrella plan of the Cacadu District Municipal IDP that is a district-wide service which is performed in collaboration with the councils of the local municipalities within the district and other stakeholders.

The *White Paper on Water Services*, 2002:42 provides a framework for planning by water services authorities as set out in the *Water Services Act*, 1998 as amended. The key instrument of planning is the water services development plan, designed and intended to be prepared as part of the municipality’s IDP process. It is important that project implementation arrangements are both effective and efficient so as to maximise the use of resource. The *White Paper on Water Services*, 2002 also states that national government has defined a set of compulsory minimum norms and standards in of the *Water Services Act*, 1998 as amended.
According to the Cacadu District Municipal IDP (2007-12:215), the Cacadu District Council and all nine councils of the local municipalities within the district are Water Services Authorities and are responsible for the development of individual Water Services Development Plans in the respective local municipal areas. However the provision of water services operates as a systems management as shown below:

**Fig 3.6 Water Services as a Systems Management**

The functions of water provision are particularly important for several reasons. It is regarded as somewhat complex; it combines infrastructural design and specifications, natural resource management, operations and maintenance, credit control and community awareness issues (such as health, hygiene and infrastructure maintenance). Thus not only is the designing and implementing of a performance management system for water service delivery a challenging task for a single
municipality, but it also forms part of the district-wide capacity building function by the District Council (Municipal Systems Act, 2000). The focus of water services delivery and management is due to the reliance on cooperative governance with the Cacadu district municipality, the Department of Water Affairs and other stakeholders. From the diagrammatic depiction, it can be seen that the setting of performance indicators alone cannot guarantee adequate information about the level and quality of water services delivery in a municipality. Apart from the spatial characteristics there are also the systemic imperatives. This also means that ad hoc assessment of performance at individual municipality or organizational level would not be adequate (Rashid 1995:5). What is required is a more holistic and balanced approach which takes into consideration the district municipal political and economic landscape and which also involves all stakeholders. Another factor is management of dams within the district municipal area.

Table 3.3 Major Dams in Cacadu District Municipality

<table>
<thead>
<tr>
<th>MAJOR DAM</th>
<th>RIVER</th>
<th>MUNICIPALITY</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHURCHILL &amp; MPOFU</td>
<td>KROMME</td>
<td>KOUGA</td>
<td>DOMESTIC &amp; IRRIGATION</td>
</tr>
<tr>
<td>LOERIE</td>
<td>KROMME</td>
<td>KOU-KAMMA</td>
<td>DOMESTIC</td>
</tr>
<tr>
<td>BEERVLEI</td>
<td>GROOT</td>
<td>DMA</td>
<td>FLOOD RETENTION</td>
</tr>
<tr>
<td>KOUGA</td>
<td>KOUGA</td>
<td>KOUGA</td>
<td>DOMESTIC &amp; IRRIGATION</td>
</tr>
<tr>
<td>TRANSFER SCHEME</td>
<td>ORANGE RIVER via FISH RIVER into SUNDAYS RIVER</td>
<td>BLUE CRANE SUNDAYS RIVER MAKANA</td>
<td>DOMESTIC &amp; IRRIGATION</td>
</tr>
<tr>
<td>UITKYK SCHEME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLEN MELVILLE DAM</td>
<td></td>
<td></td>
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</tbody>
</table>

(CDM IDP 2007-12)
In terms of the Department of Water Affairs (2002) recommendations, all nine local municipalities in the district municipality are recognised as Water Services Authorities. These factors have a direct bearing on the performance evaluation or performance management information both for the community and for decision-making. The CDM IDP report gives the following staffing levels of the local municipalities’ Water Services Authority as follows:

**Table 3.5 Staffing Levels for Water Services**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Staffing Levels (WSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camdeboo</td>
<td>33(10%)</td>
</tr>
<tr>
<td>Blue Crane Route</td>
<td>38(13%)</td>
</tr>
<tr>
<td>Ikwezi</td>
<td>12(13%)</td>
</tr>
<tr>
<td>Makana</td>
<td>45(8%)</td>
</tr>
<tr>
<td>Sundays River Valley</td>
<td>30(14%)</td>
</tr>
<tr>
<td>Ndlambe</td>
<td>53(12%)</td>
</tr>
<tr>
<td>Baviana</td>
<td>6(9%)</td>
</tr>
<tr>
<td>Kouga</td>
<td>105(13%)</td>
</tr>
<tr>
<td>Kou-Kamma</td>
<td>22(8%)</td>
</tr>
<tr>
<td>ECDMA 10</td>
<td>403(13%)</td>
</tr>
</tbody>
</table>

*The staffing levels of personnel involved in water services in the various local municipalities in the CDM*  
*Source: (CDM IDP 2007-12:39)*

The IDP report indicated that the staffing levels of personnel for the delivery of water services in the municipalities are low in comparison with the norm (which is between 20% -30%) according to the Department of Water Affairs and Forestry.

The legislative directives to municipalities to develop and utilise performance management practices as part of the development of the district municipality model
is in line with the adoption of new public management philosophies. Municipalities in
implementing performance management are required to comply with legislative
requirements to produce performance information to meet regulatory requirements.
Very little empirical evidence of utilisation for executive decision-making, except for
performance remuneration, is available. For this reason much of the information for
the study was gathered through document analysis as described in the next chapter

3.13 CONCLUSION

The structural reorganization of the Cacadu district municipal area is intended to
improve the provision of services in the whole district municipal jurisdiction. The
reorganisation is also premised on the notion that performance management is a key
element in the reform of the public sector both as part of daily management
strategies that go with reform and to improve accountability for the maintenance of
public trust. The socio-economic realities in the Cacadu district municipal area
highlight a high prevalence of poverty, high levels of unemployment, dependence on
social grants and resultant poor standards of education and skills. These factors: the
vast area served by institutions of municipalities within the district, low population
densities and distribution, income categories as well as other socio-economic
variables create an environment for a high demand for and yet complex service
provision and management.

The provision of water services which is one of the important necessities of life and
for the economy in the Cacadu District thus poses many challenges. Water services
are important sources of income for municipalities and are also included in the
(nationally determined) free basic services generally provided throughout the district.
In addition the district municipality as institution between the central state and local
government and the local municipalities making up the district all have water delivery
functions. The district municipality is tasked with co-ordinating the provision of
services of the various local municipalities with strategic goals of the district, and for
the provision of district-wide services such as water and other infrastructural
services.

It is important that programmes and projects for water services delivery are both
effective and efficient to maximise the use of scarce resources and to meet the
needs of the entire district communities. The national government has set norms to
guide the delivery of services and the standard for the achievement of the goals
water services provision and how these should be made to meet the needs of
citizens and community. Performance management system provides the means for
evaluation and measurement of how these are achieved. The methodological
paradigm adopted for the research is explained in the next chapter.
CHAPTER FOUR
RESEARCH DESIGN AND METHODOLOGY

Science is a way of describing reality. However, knowledge is said to be systematic when it is organised into an intelligible pattern or structure, with significant relationships made clear (Van Dyke, 1960:193)

4.1 INTRODUCTION

This chapter describes and explains the methodology, and the overall design of the research. A methodology is the plan of action which is fundamental to every purposeful human action, such as scientific research. A research methodology can be explained as a prescribed manner for conducting a research study with adequate consideration of the research problem, objectives and hypothesis. Various methodological paradigms exist for social science study and, as Yin (1994) asserts, the purpose of the research design and methodology depends on the nature and context of the research. The choice of the methodology and design also explains processes for data collection and analysis in the research study.

The study utilises qualitative research mainly, though there are aspects of other methods. Leech and Onwuegbuzie (2007:559) suggest that qualitative research can inform theory and model development in a way that leads to insights into processes and practices within a particular setting, location, time, context activity or experience. Using the qualitative approach allows for the gathering of rich, detailed data that leave the participants’ perspective intact while at the same time providing a context to understand behaviour. The methodological paradigm is particularly suitable for such a study in the discipline of Public Administration (Auriacombe, 2009:826). Additionally, data analysis in qualitative methodology allows a focus on intangible
information and its interpretation. Data gathering instruments in qualitative methodology are also appropriate for studying and understanding social forces through wide-ranging and open-ended techniques and documentary studies (Cloete, 2007:513). Being a study in the social realm with human beings as subjects of inquiry, the qualitative and also the mixed method thus allowing for data triangulation, have a particular appeal.

The chapter *firstly* describes the methodological paradigm chosen for the study and provides a motivation for the data gathering instruments adopted in conducting the research. *Secondly*, the various data collecting instruments are described and their utilisation in the study is also explained. *Lastly*, one of the important steps in the qualitative research process, namely the analysis of qualitative data is explained.

### 4.2 RESEARCH DESIGN

Fundamental to every scientific research project is a research design depicting the elements, their interrelationships, the data collection and analysis processes to ensure that the final report answers the research questions (Terre Blanche, Durrheim and Painter, 2010: 161; Babbie, 2011:89 *et seq.*). Research design is seen as [the process of designing] the overall plan for collecting and analysing data, including specifications for enhancing the internal and external validity of the study. The research design is thus a strategic framework and is vital to the success of the study because a result can only be accepted, rejected, replicated or even be understood in the context of how to get there (Hofstee 2006:107; Mouton, 2002:36; Mouton and Marais, 1990).

Conceptually, the key elements of a performance management system are the pursuit of ends to achieve: inputs, processing, outputs, outcomes, and feedback; and
specification of the means, as well as programmes to achieve these ends through action (Broadbent and Laughlin, 2009: 284). Analysis of the nature and place of performance management systems in a municipal government and administration, and interrelatedness of theory and practice are critical in a discipline like Public Administration.

The normative approach adopted for this study is defined by Van Dyke (1960:ix) in the context of a research to denote the criteria employed in selecting the questions to ask and the data to consider in a study. Botes (1997:42-43) also writes that normative studies are concerned with propositions and postulations; the existing standard or situation is measured against a visualized norm and an evaluation is made to determine which principles should or could be promoted or improved to achieve the ideal state. This study is not based on hypothesis theory testing; which explains the choice of the methodology. The methodology adopted for the collection and analysis of data is explained below.

4.3 RESEARCH METHODOLOGY

Research methodology involves the application of a variety of standardized methods and techniques that will increase the likelihood of attaining validity in the scientific endeavour (Mouton, 2002:35). The methodological approach for this research is qualitative in the main, but the need existed to use a combination of both the quantitative and qualitative approaches in the study. De Vos et al. (2002: 81) write that there is general agreement amongst most authors that human science in reality should employ qualitative and quantitative methodology, “sometimes consciously, sometimes unconsciously”.

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Studies in Public Administration also have long been dominated by issues of values in scientific inquiry, apparently because it is human beings who provide essential services to human beings. Municipal performance management systems find expression in human action and human behaviour has to be studied in municipal organisational structures which operate in a particular political system. Thus though performance management systems are studied as management processes, it is necessary to consider the values, the culture, and the social as well as the political environment within which the processes are carried out. Values in Public Administration do not easily lend themselves to a purely quantitative research experiment. The answer to a question such as the idealistic what ought to be? cannot be easily found in a hypothesis based experimental research because there is the possibility of the presence of too many conflicting convictions and judgements that need to be examined and analysed. This also partly explains the qualitative methodology adopted for the study.

The need thus existed to use both quantitative and qualitative approaches in the study as explained in the next section. The debate over the merits of qualitative versus quantitative methods may be on-going, but it was thought that a pragmatic strategy for the study was to integrate the two approaches as a way of building on their complementary strengths (Shadish, 1993). However the evaluative nature of the study meant that the approach adopted was qualitative in the main. A decision on whether to use a quantitative or qualitative approach has implications for the research design which determines the sampling methods for selecting respondents, data collection, and data analysis.
4.3.1 Qualitative Method
A qualitative research method is well suited to eliciting in-depth information (Chisaka, 2000:11) and is appropriate for discovering underlying motivations, values, attitudes and perceptions. The survey method for example gives meaning to the use of research questions in qualitative research because a question is usually speculative, which requires explanatory open-ended responses (Neuman, 2006:14-15; Popenoe, 1995:37ff; Denzi, 1978). The data gathering included open-ended questions, structured and unstructured interviews with respondents to understand the trends in the utilisation of performance management systems for programme monitoring, community (customer) satisfaction and decision-making. As a means to gather rich and complex understanding of a municipal service provision, the qualitative method was also found to be suited for examining the achievement of goals and outcomes as impacts of policy and programmes. However, it was also necessary to include some demographic details of the respondents and hence the use of both qualitative and quantitative or mixed methods.

4.3.2 Mixed method
Using both qualitative and quantitative methods in the study is therefore intended to be complementary, yield richer, more valid and more reliable findings which could be acceptable to adherents of either method (Mouton, 2002:35; Greene, Caracelli, and Graham, 1989; Popenoe, 1995:46). According to Pollitt (2001:12) quantitative methods tends to assume that ‘truth’ is objective and can be empirically revealed, whereas qualitative research follows a naturalistic paradigm based on the notion that reality is not predetermined.
Quantitative questionnaires are used also to ascertain the variety of types of performance management systems and processes adopted by the different municipalities. The Department of Local Government and Constitutional Development (1996) gives municipalities the latitude to develop and adopt a performance management system to suit their unique needs within the legislative framework (Municipal Systems Act, 2000; Department of Constitutional Development, 1999:4). Because of the different experiences of these local municipalities within the district, it was anticipated that analyses of both qualitative and quantitative data across the various municipalities could clarify factors relating the use of performance management systems in municipalities within the district. As the methodology adopted was qualitative in the main no causal relationship or hypothesis was tested, also with the quantitative aspect of the study. According to Yin (1994:3), the benefit of using more than one method is the possibility of data triangulation that allows for a good fit between the research questions and the methodology. The instruments utilised for collecting data for the study, described in the next sections, included both limited quantitative and qualitative open-ended questions.

4.4 RESEARCH DATA COLLECTION INSTRUMENTS

The instruments utilised for gathering data for the study included document analysis, survey methods, structured and unstructured interviews. The data gathering started with a review and analysis of existing documents on the subject of performance management. The analysis of these documents provided the basis for the research problem and questions and a launching pad for the literature review on contemporary performance management systems in local government (Marsh and
Stoker, 1995:21). Other instruments were utilised as the study progressed, especially survey instruments. According to Babbie (2011) survey research is especially appropriate for making descriptive and explanatory studies with large populations.

4.4.1 Document Study

Establishment of performance management systems in municipalities in South Africa is a statutory requirement and therefore there is substantial official and other documentation available for analysis (Bailey, 1982:301; Popenoe, 1995:43). These documents vary greatly; some are primary documents, reports, legislation and other official documents while others are secondary documents. Document analysis involves indirect observation or non-participant observation. The process is not limited in size or sample and is well suited to study a phenomenon over a considerable area and time. The official documents relating to performance management system in the Cacadu district municipality are available in the official websites of municipalities and other spheres of government. In municipalities in the Cacadu district, however, there is very little by way of documentation on the utilisation of performance management systems and processes. The little information available is mostly found in IDP documentations of the various municipal councils within the district.

Holsti (1969:14) defines content analysis (document study) as "any technique for making inferences by objectively and systematically identifying specified characteristics of messages." Originally developed in the field of mass
communication (Bailey, 1982: 312ff; Silverman 1993; Berelman, 1952) the technique has come to be used in research in different fields such as Political Science and Public Administration for structured analysis of nonverbal behaviour studies (Bailey, 1982:313; Babbie, 2007:318 et seq.).

Advantages of document study can be described as economical in terms of money and time as compared with large scale surveys. Costs can vary widely depending on the type of documents, how widely documents are dispersed, and how far one must travel to gain access to the documents. Another advantage is that it is an unobtrusive method (Hood and Dunsire 1981; Lee 2000; Babbie & Mouton, 2001:393).). Given that the establishment of performance management system is a national legislative directive, analysis necessarily required a larger source. Available information on this is more extensively sourced than that from the Cacadu district municipal area and this also made the document study invaluable. A drawback of the method is that official documents are not always easily available; they may classified or remain secret (Bailey, 1982:305; Babbie, 2007:320; Manning and Cullum-Swan, 1994). Since it is limited to recorded communication it can raise issues of validity and reliability.

Primary and secondary data were collected from various sources and from the municipalities within the Cacadu district municipal area. Firstly, the following documents, which were found to be directly related to the establishment of performance management in municipalities in South Africa, were systematically collected for analysis: the White Paper on Local Government, 1998, the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); Local Government: Municipal Structures Act, 1998; Municipal Planning and Performance Management
Regulations (No R796 of 2001); Local Government: Municipal Finance Management Act, 2003; Performance Management: Local Government for the 21st Century, Local Government Information Series 2, Cacadu District Municipality: Performance management systems Policy, IDPs of Cacadu District Municipality from 2006-2009, Audit Reports from 2006-2009; and Performance Management reports of the municipalities within the district from 2006-2009. Included too were reports by the Department of Public Service and Administration, Public Service Commission and the Auditor-General (CDM IDP 2007– 12; Bailey, 1982:301; Christensen and Laegreid, 2007:44). The documents selected specifically related to the period 2006-2009. This period arbitrarily represents the establishment of performance management systems in Cacadu and the data gathering period for the study (CDM IDP 2007 – 12). These were therefore purposively selected.

4.4.2 Questionnaire Respondents Selection

Respondents for the study were purposively selected. Purposive sampling as a non-probability method is a non-random sample in which the researcher uses a wide range of methods with a specific purpose in mind. The target of a purposive sample is all possible subjects or cases that fit particular criteria in the problem under investigation. In this method the selected sample is based on the judgement of the researcher and does not follow the theory of probability in the choice of elements, such as political office-bearers and chief officials from the sampling population (Kumar, 2005:177; Salkind, 1997:97; Neuman,2006: 220). In the study a selected group of councillors, officials and community members were targeted and selected because of their relevant knowledge of municipal performance management systems.
(Newman, 2006:224, Brynard and Hanekom, 1997:43). The use of this method was due to the nature of the study; to date the implementation of performance management in municipalities in the Cacadu district area has involved certain categories of officials and political office-bearers. The sample of officials and politicians was selected from the municipalities, as well as members of the community to help save time and costs as it would have been impossible to cover the whole population (De Vos, et al., 2005:193; Gravetter and Forzano, 2003:465). Due to the nature of study as a qualitative approach it was found out that the survey methods of mailed questionnaires and interviews discussed below was very appropriate.

### 4.4.3 Mailed Questionnaires and Interviews

Questionnaires and interviews for surveys are very old research methods and remain an important aspect and tool for social inquiry. According to Babbie (2011:241 et seq.), surveying is probably the best method available to the social researcher interested in collecting original data for describing a population too large to observe directly. The survey method is widely used in both quantitative and qualitative study and probably requires less definition. In general, it is a technique for collecting information from or about people to describe, compare, or explain their knowledge, attitudes, and behaviour (Fink 2003). Typically, there are two kinds of surveys (Babbie, 2007:251): when a researcher administers the question, the survey is termed a structured interview; and when the respondent administers the questions, the survey is called a questionnaire. The questionnaires used in the study were self-administered which the respondents had to complete in their own time. In a few instances, and as a part of follow up due to delayed returning of the
questionnaire, the researcher sat with the respondents and ‘clarified’ a few questions during the actual completion. The number of such occurrences was insignificant.

During the study the survey method allowed questionnaires to be mailed to cover all municipalities within the Cacadu district municipality. Also due to the multidimensional nature of performance management in the district municipality, this method proved very suitable for data collection. Mailed questionnaires allow the respondent to complete the questions when it is suitable to them, rather than when the researcher gets in touch for a telephone or a face-to-face interview. During the data gathering process, in particular the councillors, municipal managers and section managers constantly complained of busy agendas; a fact which reflected on the responses returned.

Printed copies were sent out in addition to the electronic version of the questionnaire in order to accommodate the respondent’s time schedule. The advantage of sending both the hard copies and the electronic versions, according to some respondents, was that they had the opportunity to work through their responses (Weiss, 1998:156). Printed copies allow respondents to complete questions when convenient instead of being on the office desktop computer.

*Firstly*, the advantage of mailed questionnaires is that this method reduces costs. Compared with face-to-face interviews, the mailed questionnaire is considerably less expensive. The Cacadu district municipality stretches over a vast geographical area (see Chapter 3 above) and it would have been very costly to reach every part of it. *Secondly*, unlike telephone surveys, questionnaires can be made to include more complex questions designs (Bailey, 1982:156; Kumar 1996). *Thirdly*, according to
Weiss (1998:156) in comparison with interviews, respondents can think about the responses instead of answering *off the top of the head* (emphasis added).

However methodologists also refer to certain disadvantages of mailed questionnaires (Weiss 1998; Babbie, 2007). *Firstly* there is the problem of non-response to mailed questionnaires especially in study populations of lower socio-economic strata or lower education who may need assistance with explanations. *Secondly*, mailed questionnaires usually do not reveal who in reality completed the survey. The concern was addressed by including a question asking for the official designation of the respondent and the relevant municipality.

Yet still the response rate remained a problem. Respondents in the study complained that they regularly received large numbers of questionnaires and requests for research interviews and that the burden is a growing concern. The penetration of internet and e-mail with virtually no mailing costs has contributed to these phenomena which often result in a very low response rate. However, several e-mails, telephone calls as well as visits (the Cacadu district covers a wide geographical area) had to be made to the various municipalities as follow-up to get responses.

### 4.4.4 Targeted Respondents

Fifty-five questionnaires were mailed to respondents within the district municipal area; that is ten questionnaires to Cacadu District Council and five each to the nine local municipalities making up the district jurisdiction. The target included councillors and officials the researcher believed would provide data on the establishment, utilisation and the utility of PMS in the administration and management of the
municipality (Babbie, 2011:178-9). Respondents were purposively selected on the basis of the *Cacadu performance management systems policy* (2005:21) which identifies these as the functionaries for the implementation of performance management systems within the district municipality (Babbie and Mouton, 2001:310; Welman, Kruger and Mitchell, 2005:204). Five questionnaires each (fifty in total) were sent to all nine local municipalities in the district; the five mayoral committee members and chief officials within the various municipalities (*Cacadu District Municipality IDP*, 20067-2007). The response rate was 56% of the mailed questionnaires to the councillors and appointed officials involved with the implementation of performance management in municipalities in the Cacadu district municipality. Barbie (1973:165) writes that a response figure of at least 50% should be sufficient for analysis of the questionnaires, whilst a figure of 60% is accepted as good and therefore the findings meet the criteria of reliable and good scientific study.

The respondents for the study included municipal councillors, managers and sectional heads of municipal departments. The political and administrative structures of the municipalities within the Cacadu district displayed a marked similarity. The questionnaire has four subdivisions and included both open and close-ended questions (Babbie, 2007:246). First respondents were asked to indicate their municipality and their official designation. The use of research questions in this study worked well as some of the data include descriptive information and opinions of respondents. Questions included how municipal officials perceive the usefulness of and quality of established performance management system – an open-ended question that elicits diverse perspectives.
4.4.5 Structured and Unstructured Interviews

Follow up interviews were held with identified stakeholders such as local business people and other community members. Thirty-one respondents classified as stakeholders – local businesses like filling stations, surgeries and small scale enterprises were interviewed in the towns where local municipal offices were located. This was a follow up in those areas where questionnaires were returned. No particular sampling method was utilised. Also twenty-seven community households were interviewed in the same areas using a similar approach. In addition two senior officials: the Senior Manager and Manager in charge of Municipal Support and Performance Management, in the Provincial Department of Local Government and Traditional Affairs, were interviewed. This too was a follow up interview for the questionnaires mailed to the various municipalities using structured interview guides.

The unstructured interview with Complan Town & Regional Planners, a service provider/consultant who had consulted on performance management in the CDM provided an important input for the descriptive research question of what is? The themes were broad and the aim was to explore the suitability of the research project. Being exploratory the interview context was not properly defined. Denzin (1970:133) calls an unstructured interview an observational encounter. The data gathered through these instruments were used to analytically explore the existing performance management systems in Cacadu district municipalities. All these provided the basis and relevant information for data analysis.
5. DATA ANALYSIS

Analysis of data is organising collected data in a way to answer the research question. As data themselves do not answer the research question the collected data must be processed and analysed in some orderly fashion so that patterns and orderliness can be discerned (Polit and Hungler, 1993: 41, 431 and 434). In a social science study the data can be qualitatively, quantitatively, or statistically analysed using the Statistical Package for Social Sciences (SPSS).

According to Hatch (2002:148) qualitative data analysis refers to a systematic search for meaning through the processing of collected data so that what has been learned can be communicated to others. In qualitative studies, the pieces of data are narrative descriptions rather than numeric values and are obtained through conversations, unstructured interviews and open ended questions. Qualitative data analysis is thus the non-numeric examination and interpretation of observations and data. Organising and interrogating data is a way that allows the researcher to see patterns, identify themes, discover relationships, develop explanations, make interpretations, mount critiques or generate theories. The process involves interplay between theory and the research methodology to discover patterns and causal links between variables (Babbie, 2010:391 et seq.; Neuman, 2006:457ff).

4.5.1 Criteria for Data Analysis

The quantitative methodology was adopted for the demographic details and these were statistically analysed. Appropriate statistical techniques were applied in analysing data into information. Statistica Version 10 was used to analyse the data.
A chi-squared test shows whether the relationship is statistically significant (if \( p < 0.05 \) it is significant at the 5% level and if \( 0.05 < p < 0.10 \) it is significant at the 10% level). The practical significance/importance of the relationship is given by the size measure. Cramer’s V. Qualitative analysis involves an inductive approach. Induction is the process of developing generalisations from specific observations (Pollitt and Hungler, 1993:330). Some of these factors have been used to assist in explaining some processes in the steps of the Cacadu District Municipal performance management system.

The data collected were analysed with the assistance of the Statistics Department of the University. Questions in research will always be an intrusion into the life of the respondent, be it in terms of time taken to complete a questionnaire, the level of threat or sensitivity of the questions or the possible invasion of privacy (Collis and Hussey, 2003:173; Cohen, Manion and Morrison, 2003: 245). However all techniques used in gathering data followed laid down guidelines in terms of University and other applicable regulations and allowed for interpretations and findings discussed in the following chapters.

The research paradigm adopted for this study allows the researcher to approach the scientific inquiry with a certain worldview which would indicate an adoption of a set of givens, beliefs and assumptions as a framework to guide the execution of the study (Creswell, 1998:74). The approach of the study is to analyse the existing performance management system with a view to designing a performance management system for district-wide service delivery in the district municipality. It is necessary also to state that the qualitative paradigm and the methodological
assumption is that the survey questionnaire provides a rich source of primary data for a research project in its own right. However it is used in this study to supplement the other methods utilised to gather data for the study.

4.6 CONCLUSION

In every research project it is important to determine exactly what methods are to be used to collect data and what factors will influence the collection. This study analysed available documents on the subject, both official and other reports on the subject of performance management systems in public [municipal] institutions. Survey instruments of mailed questionnaires and interviews were also utilised to collect primary data from purposively selected respondents in the study area. The various data gathering methods provide various angles from which to analyse performance management systems in municipal government and administration and to interpret them. For the study an established need existed to use this approach.

The qualitative paradigm and the methodological assumption adopted, together with the survey questionnaire, constitute a paradigm in its own right and can on its own be used to provide a rich source of primary data for a research study of this nature. The purpose for any research is not simply having data based on a methodology but to make deductions from the information collected. The researcher therefore used the questionnaire survey as a part approach in this study to supplement the other methods utilised to gather data for the study and thereby provide a broader basis for analysis and interpretation.

Statistical data gathered were analysed by professional statisticians from the Mathematics and Statistics Department of NMMU. The data gathering methods were
made to comply with regulations laid down by the University and other relevant authorities.
CHAPTER FIVE
IMPLEMENTATION OF PERFORMANCE MANAGEMENT SYSTEM IN
THE CACADU DISTRICT MUNICIPALITY

5.1 INTRODUCTION

This chapter of the thesis report is devoted to the analysis and interpretation of data gathered for the study. In the study the pieces of data gathered were narrative descriptions rather than numeric values. These were gathered through various instruments including questionnaires, structured and unstructured interviews and document studies. These are processed, classified and analysed into some orderly form. Interpretations will then allow making sense of the results and examination of the implications of the municipal performance management system within a broader context of the theory and practice of public administration (Pollitt and Hungler, 1993: 41).

It was found during the study that a performance management system has been established from about the 2004 financial year to cover employee performance within the Cacadu District Council in line with legislation and regulations. It was also found that district-wide programmes such as water service provision, one of the functions of the Cacadu District Council which is also performed by local municipalities; do not have specific performance management systems and methods of information gathering. It was evident from the study that the Service Delivery and Budget Implementation Plan (SDBIP) has been designed as a performance management implementation and monitoring tool to provide the mayor, councillors,
municipal manager, senior managers and the community with information (MFMA Treasury Circular No 13). The responses from the purposively selected respondents from the Cacadu District Council, the councils of the local municipalities within the district and community members on the establishment and utilisation of performance management systems are discussed below.

5.2 INTERPRETATION OF RESPONSES
The following interpretation of responses to the questionnaire and interviews is important to prove that the analysis of the topic is not only based on the available literature and the study of official documents during the study. The responses analysed below provide a perspective from the purposively selected politicians (councillors) and appointed officials/senior officials. It is necessary to explain that the critical step of any performance management system is the impact and the feedback information which serves as the feedback loop and enters the system as input. In human services delivery, this is of crucial importance and therefore responses from community and other stakeholders whose perspectives are important in defining how effective and efficient the service is have also been included.

5.3 DATA ON THE ESTABLISHMENT OF PERFORMANCE MANAGEMENT SYSTEMS
The data used to analyse the establishment and utilisation of performance management systems in the Cacadu district municipality includes documentary study, primary data gathered through a questionnaire survey and structured and unstructured interviews. The respondents and the returned responses are as
reflected below. Ten respondents were targeted in the Cacadu District Council: five political representatives, these are councillors specifically, the 5 mayoral committee members and five appointed officials, the municipal manager and directors who report directly to the municipal manager, termed section 57 managers.

The structural-functional set up of the Cacadu district municipality means that some of the services are generally delivered through collaborative interaction, thus 45 similar questionnaires were mailed to all the councils of the local municipalities in the district. The respondents and the responses received from the Cacadu District Council and the councils of the local municipalities are shown in Figures 5.1, 5.2 and 5.3 below:

Figure 5.1 Cacadu District Council. Figure 5.2 Local Municipalities

Figure 5.3 below also shows responses from both councillors and appointed officials in the various municipalities within the district.
The breakdown of the respondents from both the Cacadu District Council and the local municipal councils could be used to infer the level of participation between councillors and political representatives and appointed officials in the various municipalities.

The total received responses to the questionnaire in the Cacadu District Municipality as a whole represented 56.3%. Responses from appointed officials totalled 75% overall and 30% for political office bearers.

Figure 5.4 below also shows the years of employment of the responding officials.
It is important to note that the information regarding the establishment of performance management systems in the Cacadu district municipality came from respondents the majority of whom were appointed senior managers with 1 to 5 years working in the relevant position (56%) followed by 44% with 6 or more years’ working experience. These are mostly Section 57 managers who are currently dealing with the implementation of performance management systems, using the personnel appraisal method to evaluate personnel and service delivery programme performance. In addition a non-sampling method was used to interview 31 stakeholders, 27 other community members as well as interviews with Senior Officials in the Provincial Department of Local Government and Traditional Affairs.

The survey questionnaire was not intended to measure responses as indicative of involvement in the implementation of performance management systems and processes per se. However the comment by the Senior Manager: Municipal Support and Performance Management in the Provincial Department of Local Government and Traditional Affairs that councillors needed to be more involved in processes and
implementation of performance management systems in municipalities indicated that councillors as politicians' involvement in the performance management systems in the district municipality is less at this stage. Participation by the councillors could be improved by making a councillor in the mayoral committee of the council specifically in charge of performance management and making it a regular item on the council agenda.

From the literature study discussed in Chapter Two it is evident that the espoused approach of the new public management of the 1970s and early 1980s about the separation of policy-making from policy execution/implementation cannot be used to provide understanding of the establishment of municipal performance management systems. Seddon (2008) proposes a different view based on systems thinking which can be used to explain the administrative processes approach that municipal performance management systems as a management function take place after the administrative enabling functions are carried out (Cloete, 1986; Fox, Schwella and Wissink 1991:2; Meiring, 1997).

From the systems theory it is evident that information/feedback from the policy output provides input into the processing (management function) stage. To make this possible there is a need to collect relevant data about the provision of the service (water resources in the Cacadu) district municipality.

Information plays a role in public policy and performance data provides the basis for the evaluability of institutional effectiveness and efficiency. According to the CDM IDP (2007-12:114ff) the Cacadu District Municipal Council performance management processes are based on the following legislative and regulatory framework:
The function of performance management and its use by officials thereof is regulated by; *inter alia*, the above legislative framework. During the study it was found out that the establishment of performance management systems in the Cacadu district municipality followed the guidelines set out in Chapter 6 of the *Municipal Systems Act*, 2000 and the requirements for a performance management system for municipalities in South Africa. The act specifies the core components and processes of the system and especially the requirement for community involvement. One of the core management functions in this is the setting of key performance indicators and targets, performance measurement processes, performance audit and reporting. The Municipal Planning and Performance Management Regulations, 2001 also provides that the nature of performance management systems required in municipalities must:

- *Demonstrate how the performance management system is to operate and be managed, from the planning stage up to the stages of performance review and reporting;*
- *Define the roles and responsibilities of each role-player, including the local community, in the functioning of the system;*
- *Clarify the processes of implementing the system within the framework of the integrated development planning process;*
- *Determine the frequency of reporting and the lines of accountability for performance;*
- *Link organisational performance to employee performance;*
- *Provide for the procedure by which the performance management system is linked with the municipality’s integrated development planning processes; and*
- *Show how set key performance indicators envisaged in section 43 of the Act will be incorporated into the municipality’s planning and monitoring processes.*
Information gathered for the research indicates that by the 2006/7 financial year the Cacadu District Council was monitoring the implementation of approved service delivery programmes in the IDP within the municipality through the Service Delivery and Budget Implementation Plan (SDBIP). The municipal manager and the four directors reporting to the municipal manager were in turn managed through the performance plans contained in their signed performance agreements (CDM IDP 2007 -12). The IDP report also states that the next three management levels, which encompass what they designate as senior managers, were also monitored through a ‘slightly different method of monitoring’ as part of this process but were not centrally controlled.

5.3.1 Treasury Guidelines

A framework for municipal performance management and budgeting was enacted in the form of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). In line with the regulations a municipal council has to provide: a strategic plan, an annual performance report, an annual financial report and an evaluations and assessments report. Strategic plans set out the long-term objectives for the municipality. The annual plans and the internal annual budget are integrated processes that link the budget to the performance targets.

Regulations and guidance to municipalities for the preparation of the SDBIP is contained in Municipal Finance Management Act circular No 13 issued by the National Treasury. The circular states that the SDBIP gives effect to the IDP and the budget of the municipality and its development will only be possible if the IDP and
the budget are fully aligned as directed by the Municipal Finance Management Act, 2003. The Municipal Systems Act, 2000 sets the standards for service delivery and local public administration. The SDBIP is therefore part of the organisational processes and resources for evaluation in which communities and other stakeholders are expected to play a key role.

Figure 5.5 Service Delivery and Budget Implementation Plan (SDBIP)

According to the circular, the SDBIP is a management and implementation tool that will indicate the responsibilities and output for each senior manager described as directors who report directly to the municipal manager, the inputs to be used and the time deadlines for each output. The Cacadu district municipality performance management system describes SDBIP as a monitoring tool to enable the taking of remedial steps in the event of poor performance. Little explanation is however provided as to how specific target data on programme will improve the effectiveness.
of SDBIP as a tool to achieve these objectives, especially for the community and other stakeholders. It is presented as though everyone is already sold on its efficacy as the most important tool in the performance management infrastructure.

5.4 INITIATING THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

Analysis of the responses to the questionnaires and the follow up interviews indicates that the councillors and appointed officials understood the initiating process as very important for defining the roles of various stakeholders and the institutional arrangements to be set. These also assist managers and other employees to understand the principles governing the system. The performance management system in the Cacadu district municipality is described as the Municipal Scorecard Model, possibly an adaptation of the balanced scorecard of Kaplan and Norton (Kaplan and Norton, 1992). The balanced scorecard adds strategic non-financial performance measures to financial metrics to give managers and executives a balanced view of organisational performance. The framework is intended not only to provide metrics for performance measurement but also to help planners identify what should be done and measured and thus enable executives to implement their strategy (Grigoroudis, Orfanoudaki and Zopounidis, 2011:104). Originally developed for the private sector business enterprises, the public sector scorecard places emphasis on an overarching objective that reflects the long-term goals of the public institution. According to Grigoroudis et al. (2011:106) in the public sector scorecard the terms ‘customer’ and ‘internal business’ are replaced with ‘stakeholders’ and ‘operational excellence’.
5.4.1 The Municipal Scorecard Model

The Municipal Scorecard Model utilised for managing the municipal performance management system by municipalities in South Africa, is based on three levels of scorecard in the context of the district municipality and embodies five key performance areas and two levels of scorecards for local municipalities. It was evident from the study that the approach of the Cacadu District Municipal Council is the establishment of the strategic scorecard which is linked with the SDBIP scorecard. Municipal scorecards are designed as basic assessment tools used to evaluate and assess the municipality as a whole or various aspects of the municipal government and administration. However, their effectiveness in a district municipal government and administration such as the Cacadu district can also be dependent on programme data which provide information for communities and stakeholders. The EPA Smartgrowth (2011) argues that the project specific scorecard is critical to assist communities and stakeholders determine whether a development or service delivery programme meets the predetermined community’s social, economic and financial criteria. Thus the effectiveness of scorecards is to be determined by the feedback information and not its elaborate establishment. This information was not directly indicated in the documents studied.

The Cacadu district municipality performance management system is established as a responsibility of the District Council. The council has the responsibility to adopt the performance management system and then delegate the development and management to the mayor and municipal manager (CDM Performance Management System Guiding Policy, 2004:10). The council as the executive authority has the responsibility to set the strategic objectives based on the national policy directive to:
• coordinate government action and alignment;
• maximise overall social and economic impact of government development spending,
• provide rigorous base for interpreting strategic decisions;
• promote human resources development;
• promote infrastructural development, and
• promote public sector and institutional transformation.

(CDM PMS Guiding Policy, 2004:10)

5.4.2 Setting Strategic Scorecard

Evidence from the study indicated that the Cacadu District Council as district-wide authority has the responsibility and obligation to facilitate the determination of the strategic focus for sustainable development of the district as whole. This includes development of programmes and projects in accordance with broad focus areas within the district municipality which cut across different local municipality initiatives (CDM IDP, 2007-12:125). This is used to develop the municipal strategic scorecard to provide an overall picture of programmes’ and projects’ priorities to which SDBIP reflecting performance is set out in the IDP (Municipal Systems Act, 2000, as amended). The development perspective of this scorecard will therefore necessitate that data and information be collected from all role-players such as local municipalities, other spheres of government, civil society and businesses in the district municipal area.

The intended purpose of SDBIP as a tool for the implementation of programmes of the IDP includes the achievement of developmental priorities and the rendering of accountability for the utilisation of resources and service delivery. Given the perceived non-implementation of programmes and what has come to be referred to as “service delivery protests”, the objective of the municipal performance management system is to assist in increasing the chances of the IDP processes
achieving the desired results of better programme management for improved service delivery.

It was found out that there is a need to explicitly conceptualise the performance of programmes in the district municipality as a whole and individual employees’ performance. Both are closely related in practice though a sharp distinction seems to be made between the two in the delivery of district-wide services. This is very critical in the context of the Cacadu district municipality, as in all district municipalities within the Republic, whose roles and functions include coordinating and actually delivering district-wide water and other infrastructural services.

The primary role of the Cacadu District Municipal Council to facilitate development of the local municipalities within the boundaries of the district also requires specific performance management processes. Performance indicators and performance targets must be set to reflect the specific programme, the institutional development plan of district-wide programmes as well as employee key performance indicators. The objective here is to try and include other performance variables in the performance management system and processes that would enhance effectiveness in promoting a district-wide approach and efficiency in the utilisation of the district municipal performance management system. An example is that the Cacadu District Municipal IDP, (2007-12:131) spells out one of the functions of the District Council as providing hands-on support to those local municipalities requiring it.

The Municipal Systems Act, 2000 and other legislative frameworks for performance management systems, the Municipal Planning and Performance Management Regulations, 2001 and other relevant documents analysed for the study indicate that the successful implementation of municipal performance management systems and
processes requires the support of both elected political representatives and appointed officials. In the Cacadu District Council both the chief official in the role of the municipal manager and the council have specific functions in the establishment and implementation of the performance management system. This explanation provides the basis for the analysis of the questionnaires on the steps in the performance management system.

5.5 STEPS OF THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

The *White Paper on Local Government*, 1998, could be used to align the developmental mandate of local government with the vision and mission of Cacadu District Council. The vision and mission of the Cacadu District Council to be a transformed and integrated district municipality provides the basis for the establishment and implementation of the performance management system to underpin the mission in achieving its vision. According to the Cacadu District Council Performance Management System Guiding Policy, 2004 achieving the mission of socio-economic development to improve the quality of community life required an Integrated Development Plan whose implementation must be regularly monitored through a performance management system. The steps of the Cacadu District Municipal Council performance management system can thus be depicted diagrammatically as:
5.5.1 Analysing the Vision and Mission of the Cacadu District Municipality.

In line with existing legislation and regulations, the steps of the municipal performance management system begin with an analysis of the vision and mission of the Cacadu district municipality. This is utilised for the approval of the district municipal IDP and SDBIP and key performance indicators for managers. These in effect translate into service delivery standards which a performance management system is established and implemented to achieve. All components of the municipality’s IDP, whether they are described as strategies or priority areas, need to be translated into a set of clear tangible objectives which are used as the basis for
the formulation and setting of key performance indicators. Examples of such key areas are: Infrastructure and services, especially in areas like the Cacadu district municipality with considerable backlogs; social and economic development; institutional transformation; democracy and governance; and financial management (Fourie, Opperman and Scott, 2011:322). The various steps are as follows:

- Mission of provision of affordable socio-economic development to improve the quality of life through community participation to achieve vision of integrated Cacadu District Municipality;
- Approval of municipal IDP and budget which must be monitored and the performance managed;
- Setting of performance management in terms of applicable relevant legislation and regulations, and establishment of implementation plans (SDBIP);
- Establishment of processes for measurement and evaluation of service delivery programme performance;
- Evaluation and measurement of achievement of key performance indicators, utilisation of performance information for management improvement, rewarding outstanding performance and managing unsatisfactory performance, designing training and development strategies to improve performance;
- Reporting to key stakeholders, communities and other spheres of government.

Responses from the interviews indicated that the practice being followed is line with the diagrammatic description indicated above.

5.5.2 Formulation of SDBIP

According to the Treasury Circular (MFMA Circular No 13, 2005), the Service Delivery and Budget Implementation Plan (SDBIP) is a management,
implementation and monitoring tool intended to assist the mayor, councillors, municipal manager, senior managers and community to facilitate the process for holding management accountable for its performance. The SDBIP is central to the Cacadu District Municipal Council in the provision of information:

a. for budget implementation internally and externally;

b. monitoring of performance of designated senior managers;

c. for community to monitor the council and its institutions on their service delivery performance;

d. for delivery agreements and contracts with other service providers

In effect the SDBIP indicates the responsibilities and outputs for each programme attached to the post of a senior manager, the inputs as regards resources to be used and the timeframes for the delivery of each programme. The measurement tool for the SDBIP is the scorecard which is designed to capture the performance of each municipal programme and provide comprehensive information on the objectives, indicators and targets derived from the SDBIP. To be effective this should be based on information management.

The responses to questions about the need to use information from the community in the designing and establishment of scorecards are described below. On whether the participation of all municipal stakeholders especially communities was important in the designing and establishment of scorecards for performance management systems, 75% of the respondents reported that they agreed; 29% indicated that they disagreed whilst 6% were undecided. Those who reported not agreeing during the follow-up interviews were mainly managers who believed that certain information was technical and getting some communities to agree could unnecessarily delay
decision-making. The argument some managers advanced was that non-technical information are often more important – if not greatly so – than technical and objective measurement information in helping public officials to make decisions about service delivery programmes (Schachter, 2007). An important argument was that technical information, though important in assisting councillors and officials to make decisions, did not always reveal the likely political consequences that could occur if adjustments were made solely on the basis of such data.

Figure 5.6 Community involvement in designing Scorecards

<table>
<thead>
<tr>
<th>INFORMATION FROM COMMUNITY</th>
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<tr>
<td>80</td>
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<td>10</td>
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Overall the view was that some of the information required for water quality for example, was very technical in nature and community involvement was not likely to add significant value for its use in decision making. However those who supported the idea argued that the technical aspect does not cover the whole programme of water service delivery and therefore the beneficiary communities should have a say in designing. According to Bohte (2007:814) politicised efficiency adherents should know what to expect with over-emphasis of citizen participation in defining such
decisions. It can be deduced that the fact that citizens could have different views on the technical factors from officials should not be used to complicate the complexity of the particular programme being discussed.

Similarly, responses for private sector involvement indicated varying opinions. The views expressed were indicative of some unease with private sector involvement in deciding the programmes for evaluating service delivery which may be provided by private sector companies.

Figure 5.7 Private Sector Involvement in Designing Scorecards

The view of 43.2% of the respondents indicated that the involvement of the private sector in municipal service delivery necessarily leads to service delivery that meets the needs of the community and is therefore necessary in the design of scorecards. The percentage expressing opposing views was 28.8 of the respondents. Interestingly, 32% of the respondents reported they were undecided or had no opinion on this. It could be inferred that private sector involvement perhaps invoked a notion of being a profit seeking exercise.
5.6 ROLE OF POLITICAL OFFICE BEARERS IN ESTABLISHING PMS

The respondents generally agreed that the responsibility for the adoption of a performance management system for Cacadu District Council and local municipal councils rests with the council in line with the legislation. Most stated that the Executive Mayor has to play a role in the development and management of the system (Chapter 6 of *Municipal Systems Act*, 2000 as amended).

During the study it was also discovered that all the reporting municipalities have established a performance management system in line with legislative requirements as part of the tools for monitoring and evaluating the implementation of programmes for service delivery. The responses showed that 75% of the municipalities which reported to have established performance management systems as part of their IDP’s, specifically describe the process of the Service Delivery and Budget Implementation Plans as required by a legislation and regulations.

Figure 5.8 Establishment of PMS in municipalities
A municipality’s performance management system depicts a framework that describes and explains the processes of the system including planning, measuring, monitoring, reporting and reviewing of the system for improvement. In this process one of the most important roles of the Executive Mayor and the District Council is the approval of the performance management system as part of the implementation tools for the IDP. The Executive Mayor and council also have the role of choosing a performance management model to suit the specific circumstances of the municipality. Respondents reported that the District Council’s performance management system was based on the recommended municipal/strategic scorecard model.

5.6.1 Role in the Formulation of Municipal/Strategic Scorecard

The function of the municipal manager with the help of the directors in the Cacadu District Council was found to include strategy formulation, implementation, monitoring, evaluation and control of the performance management system and its processes. The municipal/strategic scorecard set by the municipal manager and the directors is intended to provide an overall picture of the performance management system for the municipality as a whole to reflect performance on the strategic priorities including district-wide programmes and services such as water and other infrastructure. The development process of the strategic scorecard and its effectiveness and efficiency necessitates that specific information be collected from inter alia the other municipalities within the district and on the programme itself. The municipal manager’s quarterly report to the executive, bi-annually to council and annually to the public is required to contain such information and data (Cacadu District Performance Management Policy Guidelines, 2004).
Programme or project specific scorecards are very necessary to provide relevant data and information for oversight monitoring by council; for the municipal manager and community to determine whether a programme meets the criteria for community needs and project performance. Current practice is resources in-put driven, budgeting in the main. Swiss (1992) argues that traditionally, input and process indicators used to measure performance lead to a bureaucratic pathology overly obsessed with process rather than focusing on substantive results of outcomes. The use of this for monitoring and evaluation and for programme performance management in municipal government and administration is not empirically tested.

Scorecards can be used to gather relevant data and provide baseline information about a project in different parts of the district municipality and how the programme can be implemented over time and what performance objectives can be set. An assessment of current information on the performance management system’s utilisation to achieve development objectives is required to provide the basis for setting performance targets that will benefit the community. It can be used to compare the delivery of the service in different communities in the different local municipalities within the district and rate the district-wide water delivery programme according to a structured standard.

From its establishment and constitutional categorisation, Cacadu District Municipal Council does not form a separate sphere of government. Its role and functions are part of multi-municipal institutions to co-operate with and complement often fragmented primary local authorities (Meiring, 1997:22). The argument for their establishment is premised on the necessity for co-ordinating and providing district-wide municipal services such as water and support for local municipalities mostly in
rural areas for sustainability, performance efficiency and effectiveness (McIntosh, 1996). The series of local government reforms has culminated in the devolution of more powers and responsibilities to local government which also reflects the philosophy that municipalities are being required to improve their performance (Mackay, 1999:23).

Local government reforms in South Africa, following the multi-party dispensation, continued the process of strengthening municipalities and their role in the overall system of co-operative government with increased functions and greater autonomy (White Paper on Local Government, 1998; cf. Hansen 1997:55). For the district municipality model, Keating (1982:236) claims that larger units provide a greater resource base and opportunities to exploit economies of scale in service provision (Jacobs 2004). The efficiency and economic arguments highlight the inadequacies of fragmented primary local government units and support regional or district municipal systems. The need for managing for results as part of the NPM strategies requires performance management systems and monitoring and evaluation of performance. The District Council has the political representativeness and the role to exercise oversight over the performance management system in the district municipality.

5.6.2 Oversight of Implementation of Performance Management System

The Cacadu District Council exercises oversight over the implementation of the municipal performance management system including the setting of performance objectives, planning, setting the measurement system, reporting and review processes in line with legislative requirements. It was evident in the study that a mayoral review panel is set up to twice annually review the utilisation of performance
management and the municipal scorecard for measuring and reporting on the performance of the municipal manager. The Cacadu District Council also receives the report of the set Performance Audit Committee, and twice annually is required by law to review municipal performance based on the reports submitted. The council’s role also includes facilitating public reviews and reporting to other spheres of government.

**Figure 5.9 Review of Performance Reports**

<table>
<thead>
<tr>
<th>Reviewing Structure</th>
<th>Reporting Unit</th>
<th>Nature of Report</th>
</tr>
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<tbody>
<tr>
<td>Portfolio Committee</td>
<td>Departments</td>
<td>Departmental/SDBIP Scorecard</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>Portfolio Committee</td>
<td>Summary Report</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>Management Team</td>
<td>Municipal Strategic Scorecard</td>
</tr>
<tr>
<td>Council</td>
<td>Executive Committee</td>
<td>Municipal Strategic Scorecard</td>
</tr>
<tr>
<td>Public Participation (IDP process)</td>
<td>Council</td>
<td>Report to Citizens</td>
</tr>
<tr>
<td>Provincial Government</td>
<td>Council</td>
<td>Annual Report</td>
</tr>
</tbody>
</table>

Source: CDM IDP 2007-12

The table above shows no structure for reviewing or reporting on specific district-wide programmes even though it appears this is encapsulated in the various structures and reports reviewed by the various reviewing committee. According to the Public Service Regulations, 2001 Part III (Cl), regulations for service delivery standards must be set by the executive authority for specific services to be provided. Elected councillors may need to be convinced of the value of involvement in their role as policy-makers, in the planning stages, where goals are set and also for their oversight responsibilities.
The importance of this is to improve service delivery results, help the councillor to explain or defend the allocation of resources to improve the impact of service benefits to the entire community. Reliable and objective data and information on infrastructural services may help the elected councillors to explain the rationale for council decisions on resources allocation and the management of service delivery programmes better. The goal of a municipal performance management system is improved results achievement through better data based decision making. It can be inferred that developing and reporting on programmes for performance measures alone do not produce improvement; key performance indicators, goals and priorities as well as information on specific services are necessary and relevant to the community and for decision making in the municipality.

The critical importance of district-wide water services and other infrastructure requires that the district municipality should establish programmes goals and performance targets that are relevant to the service being delivered. The programmes will then provide the instruments for collecting and processing information that are important and meaningful to intended audiences. Programmes and information on some goals and targets such as those related to bye-laws for quality of drinking water may be technical. Citizens and beneficiary community members however want information on whether they can drink the water that comes from the tap and whether it will be available when they want it. This then can be part of set key performance indicators for the official concerned. It can also be used in the case of other delivery modes like public private partnership (PPP) or outsourced delivery to describe whose responsibility this is. Relevancy of reporting to key stakeholders means they should be provided in plain and easy to understand
language with information on water drinkability and availability in addition to other reporting systems and specifications.

5.7 THE ROLE OF THE MUNICIPAL MANAGER IN THE CACADU PMS

According to the Cacadu District Municipal IDP (2007-12) and in line with legislation and regulations, the development, implementation and review of performance management in the Cacadu District Council (and the district) are the responsibility of the municipal manager. Since the utilisation of performance management systems in municipalities is a national legislative directive, the functions of the municipal manager can be seen in management and operational terms in line with the administration – management continuum (section 2.2 above). The Council’s resolution as executive policy directive must be translated into workable programmes for practical implementation in the municipality. The municipal manager thus has ultimate management responsibility for making the municipal performance management system work. Such a system requires considerable administrative and management effort and the responsibility of all municipal managers and section 57 managers throughout the district municipality. Political executive support is necessary to create an environment of performance management in the district municipality, but individual managers’ efforts are essential to facilitate data driven decision making and management of service delivery programmes.

The municipal manager’s role is described as strategic management to integrate all other management processes to provide a systematic, coherent, and effective approach to establishing, attaining, monitoring, and updating the Cacadu district municipality’s strategic performance management objectives (Poister and Streib, 1999: 1-4). The municipal manager functions to ensure that decisions and actions at
all levels and departments in the district municipality are driven by council decisions endorsed as critical for improving service delivery performance.

Figure 5.10 Utilisation of Performance Information

Altogether, 79 per cent of the respondents reported that performance information was used in their municipalities for both internal and external purposes, whilst 21 per cent said the information was used for internal purposes only. In the follow up interview respondents in the Cacadu District Council and the Provincial Department of Local Government and Traditional Affairs could not tell whether and the extent to which information on district-wide water services delivery was used in developing the SDBIP and the IDP processes. Though the existing work plan and programme performance score sheet for officials indicate programme performance, targets are instead designed as weighted employee performance indicators. These are what are used to report on employee achievements and should be accompanied by a performance management system for programme specific scorecards. Scorecards are assessment tools to allow the council, municipal manager and the community to
determine how programme implementation and therefore performance have to be based on specific benchmarks to allow monitoring.

During the study it was discovered that measurement information was somehow limited. A municipal performance management system, to be effective in assisting municipalities to achieve the objectives of improving performance, requires credible performance measurement information. Bouckaert and Peters (2002) argue that performance measurement information is the ‘Achilles Heel’ of many public sector performance management systems. Measurement is designed to provide the necessary information for decision making, reporting and accountability, management and for rewards.

The availability of performance information is necessary but it cannot be sufficient for the success of the achievement of any performance management system (Bohte, 2007:811). So the availability of performance information may be assured but the real question relates to the type of information and how it is primed for utilisation. Information skewed towards official achievement based on a narrow range of indicators cannot be said to lead to achievement of any measure of success in the case of district-wide service delivery. Information on the perspective of the stakeholders and especially beneficiary communities is crucial in a performance management system designed to improve human service delivery of for example water in a district municipality.
A model for the assessment of performance management for district-wide service delivery can be based on the identification of the following management functions that contribute to the provision of services in a municipality:

- policy and decision making process;
- budgetary and financial management;
- human resources management;
- facilitation of community participation;
- programme /project management.

Information on service standards based on Batho Pele principles (White Paper on Improving Public Service Delivery (Batho Pele), 1997) is a focus on results and it thus becomes the link between the various management functions. These at the same time also serve as a link between the district council, the councils of the local municipalities and the external stakeholders through the measurement and evaluation of programme and delivery performance.

5.8 THE NEED FOR TRAINING ON PERFORMANCE MANAGEMENT

What is performance? Armstrong and Baron’s (1998) maxim that “if you can’t define performance, you can’t measure or manage it” continues to pose a challenge to municipal managers and other officials engaged with implementation of performance management systems. In the literature too, the debate is on-going as to whether performance management entails managing behaviour, results, or both. Otley (1999) also refers to performance management as being about doing the work, as well as being about the results achieved. Outcomes and results, it is argued, provide a very
strong link to the strategic Municipal Integrated Development Plan, the vision of the municipality, community satisfaction and contribution to the economy of the municipality (Rogers, 1994). Could the case of district-wide service delivery programmes like water be described as ‘managing programme performance without a performance management system’?

District-wide services in the Cacadu district municipality are invariably infrastructural services. Provision of water services requires both technical performance indicators and data driven information intended for ordinary community members on the service quality and availability. Establishing key performance indicators, setting up the measurement systems, monitoring and utilising the information for better decision making and management should thus be applicable to the district-wide performance management system as well as the individual municipality.

When asked to comment on whether the performance management system was being implemented effectively or whether officials needed training on performance management a majority agreed that there was a need for training.

Figure 5.11 The Need for training on Performance Management
A total of 70% of the respondents (40% strongly agreed and 30% agreed) reported on the need for training on performance management for appointed officials and also for councillors. The majority support the need for training that matches programmes and objectives with human resources and skills to improve the effectiveness of the utilisation of performance management systems.

In the study no indication of evidence was available on the conceptual differences between performance measurement and performance evaluation. According to McDavid and Hawthorn (2006:293) performance measurement systems are ongoing, address general issues and are routinised while evaluation is episodic, program evaluation issue specific, often customized for each specific programme. Thus in the context of district-wide water services delivery the intended purposes of programme evaluation should be negotiated up front.

Water services delivery in the district municipality is based on collaboration and shared management. Municipal intergovernmental relationship is thus considered to be a necessary positive factor in the delivery of water services and other district-wide infrastructural programmes.

The figure below shows responses on the importance of intergovernmental relations for the provision of district-wide services. This is especially important in a multi-municipal model where the different councils have exclusive and shared responsibilities for the provision of services within the same jurisdictions.
Of the respondents, 68% reported that municipal intergovernmental relationship was very important for the delivery of water services. However 25% of the respondents did not share the same opinion. Some of the comments were that water was also a source of revenue and local municipalities could lose part of their revenue if there was shared delivery. However those who responded positively motivated that there should be a form of collaborative performance evaluation and management for district-wide services. The inference is that some respondents felt that as a district-wide service this function has to be performance managed by the Cacadu District Council. Only 7% of the respondents were undecided on the importance of intergovernmental relations for the managing of district-wide water services.

5.8 CONCLUSION

The gathered data were analysed with the help of a statistician from the Statistics Department of Nelson Mandela Metropolitan University (NMMU). Since many of the questions elicited opinion, the statistical analysis was mainly on the demographic
and multiple choice types of responses. The responses were then developed into pie charts and bar charts to provide scores in the form of percentages and numerical values. The researcher was then able to insert interpretive comments on the various figures to provide meanings. Where appropriate, some opinions expressed in motivation were added to give meaning to the responses.

The other forms of responses are not quantified as these were mainly qualitative. However it was observed that some respondents could have interpreted the questions differently and thereby provide answers which would have been different from what the question asked. It may be assumed that some respondents did not understand the question in the way the researcher had framed it to mean. Care should therefore be exercised by the reader in interpreting this and the possible skewedness of some responses. It was also found during the study that the community and stakeholders' perspective on what can be described as social indicators was not properly integrated into the programme performance work plan. These indicators should also serve as a tool for programme evaluation. Moreover, indicators were expected to help set goals and determine priorities (OECD, 1973). The analyses of the responses imply the need to develop programmes for a district-wide performance management system as discussed in the next chapter.
CHAPTER SIX
DESIGNING A PERFORMANCE MANAGEMENT SYSTEM FOR DISTRICT-WIDE SERVICES

6.1 INTRODUCTION
The systems and process theories were discussed in Chapter Two above as a framework for analysing performance of the Cacadu district municipality, both as a unified and purposeful (unit) system made up of interrelated parts. A system can be part of a larger system to which it belongs. Thus the Cacadu municipal performance management system is part of multi-level flexible coordinated structures that act as a system: a whole structures and made up of functions and relations.

A systems thinking is seen as a problem solving methodology approach to managing performance in a governmental institution (Haaf, Bikker and Adriaanse, 2002). Every system has steps of input-processing-output-outcome and a feedback loop. The Cacadu district municipal government and administration is a total unit, a larger system which reflects holism and differentiation, with nine particular local municipalities and a District Council as sub-systems. The performance management system for district-wide water provision is also a sub-system of the larger Cacadu district municipality management system.

Any study of performance management systems, regardless of the methods employed, has two important objectives: an analysis of the steps, processes and programmes of the existing operating system, and the design of a ‘new’ system to attain desired goals with less expenditure of human and material resources (Ludwig von Bertalanffy in Higgs and Jones, 2006:28). This chapter is intended to do just that. It will firstly analyse the existing performance management system of Cacadu
District Council and performance management for district-wide water service delivery by examining the steps of the performance management system. Secondly it will attempt to design a district-wide performance management system to improve performance for achieving the goal with minimum resources.

6.2 STEPS AND PROCESSES OF PERFORMANCE MANAGEMENT SYSTEMS
The systems analysis indicates that the steps of a [performance management] system comprising programmes and processes form a cohesive whole; in other words there are relations between the steps and components of the performance management system. An important distinction is made between outputs and outcomes as steps, especially with regard to public service provision. The key issue in managing district-wide water provision is that outcomes are not always easy to quantify but they can be evaluated and measured, which means information gathering on citizen perspectives is very important.

The diagrammatic description of performance management adapted in Chapter Five depicts a concentric model. In this the process, which begins with analysis of the vision and mission of the municipality, is completed in one full cycle and the processes of the various steps lead to improvement in the performance of municipal programmes and services provision. This creates to another round of steps and processes, thus depicting on-going performance improvements.

Oakland and Porter (1994:ix) write that everything we do is acknowledged as a system which involves the transformation of a set of inputs into desired outputs. The implication is that the systems and process theories described in Chapter Two above
can underline key municipal administrative and management functions which must be performed if the objectives of service provision are to be achieved.

The performance management steps described below help to transform and unite district municipal functions such as decision making, setting performance goals and key performance indicators, planning and management into a single well aligned system. Implementation of decision in this way includes applying these to management processes to create public value in the form of better services provision, better programmes and therefore, ultimately, improved community welfare (NPMAC, 2010:8).

The steps may also be described in the form of a linear representation of inputs, transformation processes, output, impact and feedback (Hellriegel and Slocum, 1999:69; Meiring, 1987:304). Whatever the diagrammatic representation, performance management contextualises a continuous and integrated approach to improving municipal programme performance, and has as one of its aims that of diagnosing problems of performance within the system.

The systems approach may have multiple specific outputs, as manifested in, for example, personnel performance, a municipal service, and multiple impacts which may be seen as the consequences of effects and side effects.
The linear description above is used to analyse the municipal performance management system in the Cacadu district municipality. The linear representation includes a feedback loop in which the results of the steps can be reconsidered based on the relations with the other steps. A description of the steps in the diagrammatic representation includes distinguishing between types of inputs, processes, outputs and outcomes and how these may be used to define programmes and indicators, and also for effectiveness and efficiency (Boyle, 1989; Ammons, 1975).

Assets (or infrastructure) are the capacity to provide the services. In the provision of district-wide water services this includes processing plants or power stations. These are not emphasised in performance management systems for the provision of municipal services such as water, though they have some influence on the capacity to perform. It is similar to the environment in which the system is embedded as discussed below.
6.2.1 Environment of the Municipal Performance Management System

The environment of a system can include elements which for whatever reasons are not viewed as immediate parts of the system but which do influence the functioning of the system including the set goals. Information gathered during the study reveals that the district municipality in South Africa operates in a complex and variable locality-specific, national, provincial, and even global environment.

The demands and needs of local stakeholders emanating from the locality-specific factors are among the most important drivers of performance and outcomes within the district environment (Lankina, 2008:1). The demographic and social indicators described in Chapter Three above are important contextual local specific factors which underlie demands on the municipality and form part of the input into the system. The CDM IDP (2007-12:36) states that water resources in the Cacadu district municipality are ‘a challenge’ as there are competing demands between servicing the community and servicing industrial sectors such as agriculture. Demand as input into the system also takes the form of public participation.

6.2.2 Public Participation

A very important element in the environment, which is also sometimes part of the processes of the system, is public participation. From the research it was also evident that there is an appreciable level of public participation in IDPs and in the affairs of the Cacadu district municipal area. Officials mentioned the vast distances that have to be covered and sometimes the cost implications in trying to involve all
the stakeholders so the District Council relied on the local municipalities as District Councils do not have wards in terms of the *Municipal Structures Act*, 1998.

Performance management begins with the premise that the municipality needs to produce the outcomes that the community want. It is evident that setting priorities as key performance indicators based on demands through stakeholder participation in the IDP processes, and demands against national and provincial requirements is challenging. In such circumstances it is also required of the Cacadu District Council to try to develop a single performance management system intended to satisfy the different communities and groups and their differing requirements. The Cacadu District Municipal IDP (CDM IDP 2007-12:216ff) indicates that there are differing socio-economic factors and water services needs in the various local municipalities making up the district.

The *Water Services Act*, 1998 (Act 36 of 1998), stipulates that all people should at least have a minimum supply of water for health and hygiene, and provides municipalities the opportunity to deliver water services to the poorest communities. Achieving this purpose *firstly*, requires establishing suitable institutions with adequate representation. *Secondly*, it requires the facilitation of meaningful public participation so as to include community perspectives in the delivery and evaluation of standards and performance.

The above factors could help in overcoming the potential limitation of citizens’ inability to concretely measure government services including issues of lack of information and/or lack of economic means. In contemporary South Africa as in many developing democracies, those who care about the details of government performance management systems and processes may be in the minority. Due to
limiting socio-economic characteristics, leadership and systematic data collection may be appropriately considered to enhance citizens participation.

### 6.2.3 Leadership

A district-wide performance management system requires political and administrative leadership to drive such a constantly evolving process. It is also necessary to keep in mind that the development of a district-wide performance management initiative is not possible without leadership. Water services provision involves local and district councils as water authorities (*Water Services Act*, 1998), the provincial government and national Department of Water Affairs and therefore leadership is required to coordinate efforts for achieving results. Every municipality is a water management authority and a coordinated performance management with leadership that understands the importance of the issue, and is driven by a desire to provide quality water services is a prerequisite for success.

Leadership, especially political leadership, is needed to articulate a vision that tells stakeholders how they will benefit from the district-wide performance management system (Wilson, 2010). Leadership is also required to set the long term result to be achieved. The study did not find any concrete district-wide objectives or priorities and strategies for achieving the objectives linked to the key performance indicators of senior managers. Respondents of the local municipalities report that very minimum support was given by the Cacadu District Municipal Council in the establishment of their performance management system.

It can be inferred that the political leadership of the District Council cannot hope that establishing, developing and reporting performance information will produce results.
A result focus is central and essential to the success of a municipal performance management system. Without a mechanism which includes the setting of co-ordinated short and long-term goals, and is also used for evaluating performance, municipal councils frequently see process compliance as equating performance.

6.3 INPUT INTO THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

This section serves to explain what inputs go into a performance management system designed to successfully achieve water services provision in the district municipality. Every system has a boundary that separates it from its environment. A system also has a flow of information, resources and material which is fed from the environment as inputs (Stoner, 1982:63). The inputs step generally consists of two main components, namely:

- the environmental factors and influences, and
- the actions of the elected political representatives and officials, including executive policy and the means provided through the enabling functions.

Meiring, 2001:36.47 and 83.

The processes involved in water services provision are influenced by what can be described as factors from the general environment including policies of the national and provincial spheres of government on water service standards and the Department of Water Affairs’ regulations. In addition there are district and local municipal specific factors which can be classified as internal environmental factors.

Evidence gathered during the study indicates that officials also categorised the inputs of the municipal performance management system into external and internal
factors. There was no evidence of these being used as factors for performance measurement and evaluation except that officials informed the researcher in the follow-up interview that they based the water quality on national standards.

The systems approach explains a logical process of causality which can be analysed with computer programmes and other data processing methods. Therefore inputs into the system should also indicate how these contribute to performance of the programme being evaluated. During the follow-up interviews there was constant stress on the fact that IDP processes, key performance indicators, and strategic scorecards derived from SDBIP were inputs. In the local municipalities mention was also made of the funding and expertise of the Cacadu District Council and the Provincial Department of Local Government and Traditional Affairs as inputs. Though there seems to be a theoretical assumption of these in the systems approach, this list of various inputs creates a difficulty in deriving a logical relation between inputs and the ultimate output. The use of single personnel appraisal does not indicate how the municipality chooses a group of indices nor demonstrate that their combination provides sufficient information for assessing the extent to which output from the processing is derived.

In the South African context, service delivery standards are the rules of engagement between municipalities and communities for providing services, including what communities may do when services are not up to quality standard, and/or in respect of response times (White Paper on Transforming Public Service Delivery (Batho Pele), 1997). During the follow up interviews some respondents mentioned as inputs from the district municipal (and institutional) leadership and the approved budget for
the IDP programme. Another factor was the key performance indicators derived from the SDBIP. Many of the local municipality respondents mentioned funding and expertise of the Cacadu District Municipal Council and the Provincial Department of Local Government and Traditional Affairs as important inputs.

Apart from legislation and regulations, the IDP, SDBIP and key performance indicator inputs from the community in the form of demands on the municipality included demands for information on technical and programme specific matters. During the study it was discovered that this was also evident during community participation through the IDP processes.

In the follow up interviews, community members indicated that they did not fully understand how water services provision was measured with regard to quality and cost of infrastructure for water delivered. The utility of a performance management system is premised on the view that determining ends to achieve should emerge from systematic interaction between municipal councils and stakeholders. This is especially so among community members to lead to a consensus on ends and therefore performance (NPMAC, 2010). This gives meaning to standards as part of the rules of engagement for provision of water services. Communities need easy to understand information on the process of laying pipes to bring water to households and the costs of these in terms of either financial or human resources utilised for a particular programme (World Bank, 1994). To the community the demand for quality includes the politeness of front desk staff towards consumers, promptness of response to reported water supply problems and the frustration of frequent and
recurrent interruptions, and impact of these in terms of health hazards and the environment.

There was no evidence of the inclusion of community feedback information as an input into setting key performance indicators for officials as part of the programmes for the municipal performance management system. As part of the follow up interview community members and purposely selected stakeholders such as small businesses within towns in the municipalities which have returned responses were asked to comment on the level of their satisfaction with water quality and sanitation services. The responses showed that 52% said they were dissatisfied whilst 48% reported that they were satisfied. However no such community response to surveys was utilised in the setting of key performance indicators for officials. It did not feature in the report evaluation form.

**Figure 6.2. Community Evaluation of Municipal Service /Water***

[Diagram showing satisfaction with water quality and sanitation services, and service delivery by municipality.]
The combined figure for overall services delivery for ‘acceptable’ and ‘good’ was 62%, and 38% for those who reported ‘poor’ and ‘very poor’ as their view of the municipality’s performance in service delivery. Inclusion of such information will assist decision makers especially and also stakeholders to search for strategies to improve performance.

Not including community perspectives appear to explain a situation of municipalities having been pushed into engaging communities on provision of services, but have not fully appreciated how and for what reasons citizens' participation is critical in designing performance programmes and in evaluating services performance. Conversely it may also indicate that community engagement, empowerment and involvement have been raised to the level of being important processes in their own right. Either way many municipalities understandably simply include them as a matter of course in their activities but appear sceptical about the value of the whole process, or not sure how including these can lead to better services delivery.

A study of the information evaluation form used to appraise personnel in the Cacadu District Council ‘Service Delivery and Budget Implementation Plan’ includes concepts such as ‘annual target’ and ‘means of verification’ as well as ‘performance milestones’. These do not provide specific information which can be very relevant to particular water delivery services to consumers and community. The indication is that the District Council’s performance management system is geared towards achievement of regulatory and process compliance.

The one-size-fits-all evaluation form used for measurement is intended to yield information on performance of all programmes and services, and provide inputs via the feedback loop of the system. For critical services like water which also have
district-wide functionality a *Water Quality Service Scorecard* is necessary to evaluate the programme and service delivery performance. The information sought should meet the needs of the various communities and other stakeholders.

As currently managed the established performance management system has the potential of inhibiting meaningful community input. The Cacadu District Council performance evaluation form does not include information on district-wide programmes but seems to be focused on information related to appraisal for employees (*see Appendix*).

### 6.3.1 Infrastructure for District-Wide Water Services Provision

Provision of district-wide water resources presents its own complexities for management. One critical reason is that it cannot be confined indefinitely or stretched to endless limits. It affects all members of the various municipalities’ communities directly and has economic value. Water provision in a district municipality requires the infrastructural base to link different areas. This is a very good example of a resource whose provision and utilization arrangements and management cut across municipal boundary lines.

The *Wikipedia Encyclopaedia* (2004:1) refers to physical capital as non-human assets made by humans for production purposes which consist of producer goods and the infrastructure needed to support the livelihoods. Physical capital relates to the infrastructure and natural resources required for the provision of water services including previously un-serviced areas. However, as used for employee appraisal, information on infrastructural layout such as water treatment plants cannot be part of
the input even though it is a very crucial component in the whole process of water service delivery.

6.3.2 Other Resources as Inputs

Friedman (1997:11) writes that for the provision and delivery of municipal services, care should be taken to separate infrastructure and other factors such as budget, human resources and policy as inputs into the performance system. Performance management systems need adequate (personnel) human resources with skills and knowledge to manage innovatively using the resources placed in their hands (Giorgas, 2000:3). Among other things, this implies that those who serve in the public service should have the necessary skills and resources to gather the relevant information and process this for use by the various stakeholders as well as a commitment to serve the people (Human Resources 215 Development Strategy for the Public Service, 2002-2006:14). During the study it was evident that the personnel involved in providing performance management services in the Cacadu district municipality also seem inadequate for this task. The Cacadu District Municipal IDP report (2007-12:37) shows the staffing levels for the various municipalities as Water Services Authorities to be very inadequate to perform the critical service.

The aggregate staffing levels of personnel involved in water services in the municipalities are very low – lower than the 20% - 30% norm in accordance with regulations by the national Department of Water Affairs. This in itself indicates a negative impact on the delivery of water services in the Cacadu district municipality as a whole. Rather, the report discusses the inadequacy of budgetary resources.
Treating the budget spent as input is an oversimplification, probably derived from the industrial performance management model. In this distorted view, budget spent is output and whatever happens to the budget is therefore results or outcomes. Friedman (1997:10) argues that in the context the number of clients served in human services provision is not an output but rather an input. In the existing method for evaluation in municipalities, the mere fact that the municipal department spent all its budget allocation is regarded as output in performance measurement: Friedman calls this as bordering on intellectual bankruptcy.

Data gathered during the study indicate that municipalities included some of these factors as important inputs from which measurement systems can be established for processing, output and impact. However, these mainly provide a checklist for identification of indicators or factors to be considered to allow for flexibility in meeting different circumstances (Wood and Marshall, 1993). In a district municipal area made up of ten different municipal councils it would be impossible to define concretely what factors or indicators will suit all conditions at all times. Designing a performance management system for district-wide water service delivery should therefore allow for flexibility on some of the programme indicators.

During the study it was evident that the personnel involved in providing performance management services in the Cacadu district municipal also did not seem to have adequate requisite skills and resources for this task. Enough personnel with requisite skills are needed to collect and analyse information for each stage of the performance management system. The next step is the processing and it is
necessary to examine not only the inputs but also the process configuration which relates to the function, programme or service being managed.

6.4 THE PROCESSING STEP

The processing step of the performance management system as depicted in the linear diagram above, (pg 171) refers to the evaluation, assessing and understanding of results as part of the systematic appraisal used to determine the value of the performance information gathered – inputs. Processing is a major step as understanding the relationship between the inputs, the activities carried out by the municipality and result they achieve is necessary for learning, improvement and accountability. Processing in this instance is a follow-up step whereby the achieved performance by personnel to whom programmes are linked through SDBIP key performance indicators can be assessed against expected results (NPMAC, 2010:35). Processing therefore relies on developing objectives against which results can be measured, and the availability of data on results.

The basic processing phase of the performance management system includes the following:

- Defining the question, what result (output) is being sought with the evaluation. The processing could be for personnel performance which is used to feed into institutional performance or for programme specific output, what the overall institutional goal should be and how it should be performed;
- Establishing the data collection strategy, in this case it must be decided what data must be collected;
• Collecting data, in the context of programmes being linked to appointed officials; the data collection should not only be based on personal appraisal methods, it should include programme specific information; and
• Analysing, reporting and utilising the information for decision making and management.

Data collected and analysed during the study showed that results from evaluation were indicated as personnel performance. This is used to determine institutional performance though little evidence was available on how this was implemented in the case of water services delivery.

Performance measurement information is used for learning, improvement, auditing and for rewarding outstanding performance (CDM IDP 2007-12). Performance measurement provides relevant data based information to be used in making decisions for the planning, budgeting, management and the overall evaluation of service delivery or programmes relating to a wide variety of topics. Examples of performance targets and target indicators used for such purposes in the Cacadu District Council during the time of the study are provided below:

Table 6.1 Targets and Types of Indicators

<table>
<thead>
<tr>
<th>Baseline Indicators</th>
<th>These are indicators that measure conditions or status before a project or programme is implemented or at the start of a period</th>
<th>Number of water tanks in use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Indicators</td>
<td>These are indicators that measure what it costs the municipality to produce outputs, the indicators may be the amount of time, money or personnel utilised</td>
<td>Cost per water tank E.g. Development of a rainwater harvesting strategy</td>
</tr>
<tr>
<td>Output Indicators</td>
<td>These are the indicators that</td>
<td>The number of water tanks erected;</td>
</tr>
<tr>
<td>Outcome Indicators</td>
<td>These are indicators that measure the quality as well as the impact of the project. The impact of the project may or may not be directly related to the project.</td>
<td>number of water awareness campaigns on rainwater harvesting, undertaken</td>
</tr>
</tbody>
</table>

Source: CDM Performance Management System Guiding Policy, 2004:22

These indicators shown above are based on guidelines provided by the CDM Performance Management Systems Guiding Policy document to assist the municipal councils in designing the measures and indicators. What constitutes a district-wide programme or service performance depends on the specific metrics to be collected, the method for collecting the data, format, intervals and deadlines for reporting, including the recipients of the information (NPMAC, 2010:34). The information gathered is processed and utilised to determine the level of performance and for managing performance for improvement. Cascio and Aguinis (2011: 75) write that information gathering which is directed by the metrics may be impacted upon by organisational, political and interpersonal factors which mean using personal appraisal data alone for programme and project performance data collection could be impacted upon by biases.

The argument is organisational problems could also result when employees are held responsible for performance standards that may be the result of built-in organisational systems. Political considerations come into play in personnel appraisal since the organisational environment within which the appraisal takes place is anything but rational, straightforward and dispassionate. Longenecker, Sims
and Gioia (1987) write that many managers often attempt to use the appraisal process to their own advantage and prevent interpersonal problems which could arise from face-to-face encounters between subordinates and superiors. It can therefore be seen that the quality of the performance information utilised for processing will determine the output and how this can be utilised.

It was discovered during the study that the indicators and measures were weighted in the personnel appraisal area of performance evaluation. The indicators are weighted in the evaluation form being utilised as below:

**Table 6.2 Weighted Personnel Operational Indicators for Appraisal**

<table>
<thead>
<tr>
<th>KPA/Strategy</th>
<th>KPI</th>
<th>Annual Target</th>
<th>Weight</th>
<th>Adjusted weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertakes Capacity building by assisting LMs with payroll related issues, including Basic Service Delivery</td>
<td>Submission of MSIG Reports to CGTA</td>
<td>5.00%</td>
<td>4.98%</td>
<td></td>
</tr>
<tr>
<td>Improve Corporate Governance Systems, both in the District and the 9 local municipalities</td>
<td>Assist local municipalities to develop delegation registers that are compliant with legislation</td>
<td>5.00%</td>
<td>4.98%</td>
<td></td>
</tr>
<tr>
<td>General Administrative functions, Basic Service Delivery</td>
<td>Upkeep of database of information wrt Cacadu District and local municipalities</td>
<td>5.00%</td>
<td>4.98%</td>
<td></td>
</tr>
<tr>
<td>Undertakes capacity building, by assisting local municipalities with payroll related issues including Basic Services Delivery</td>
<td>Monitor MSIG project: support local municipalities with training on supply chain management</td>
<td>7.50%</td>
<td>7.46%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cacadu District Municipality: Performance Report 2010
Documentary information analysed during the study and data from the survey and interviews indicated that the personal appraisal system is the main method for collecting information to determine performance achievements. However if used as part of metrics, including programme specific measurement and information from community through impact surveys, the information on achievements may be less affected by biases inherent in personal appraisals (Cascio and Aguinis, 2011:75-6).

It is also very important to distinguish between the data processing approach with a focus on improvement and ones with a focus on accountability. The method of data collection and evaluation in the Cacadu District Council for performance management does not distinguish between these two important approaches for performance management systems and processes. Collecting information on the provision of district-water services should be intended to evaluate performance relating to water services. The processing is thus to assist in understanding what is working, how the programme is achieving its objectives and how results differ among different local municipalities within the district. The information on programme and services provision in the various municipalities is to assist in identifying success, problems and for decision making, and also for the required adjustments.

Processing is therefore not a simple ‘black box’ analogy. The input information should be relevant to the programme. In relation to water service provision towards the needs emanating from the citizens the input must be specific (Haaf, Bikker and Adriaanse, 2002:29). The input information should be relevant and linked to what functions must be performed in order to deliver water services to meet the needs of
the citizens. It must include the standards which must be met. This provides a link between inputs through processing to output as described in the diagram below.

Figure 6:3 Link between inputs through processing to output

When designing a performance management system for district-wide water provision, a distinction should be made between information gathering to evaluate the overall success of a programme and for specific delivery activities. The former will be to make a decision about whether a water delivery programme, such as a water harvesting initiative, should continue as is or should be modified or terminated altogether (NPMAC, 2010:37). The two though are reflected as output in the personnel appraisal approach used in the Cacadu district municipality which could distort the information and thus impact on its utilisation.
6.5 THE OUTPUT STEP

In the utilisation of the performance management systems approach it is necessary to decide on the programmes of the steps and the relations between the steps and the overall institutional goals. Such a systems analytical approach then leads to identifying problems and solutions within the system. This also requires terminological clarification, especially in adapting the industrial production systems to municipal services provision. Friedman, (1997) refers to misapplication of industrial model performance management terminology to human services which distorts the meanings attached to inputs, outputs, and outcomes.

As an example, Friedman argues that in human services provision, the number of households served in the course of water services provision should be treated as inputs instead of outputs. The output of water services may not be quantified simply as the number of households connected or the number of communal standpipes erected in a given community though these statistics are part of the information that needs to be gathered for performance measurement and evaluation. An illustration based on Friedman’s terminological usage is provided below:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many households were</td>
<td>What was the quality of the water?</td>
</tr>
<tr>
<td>connected to water services?</td>
<td>How many households continuously received regular running water?</td>
</tr>
<tr>
<td></td>
<td>What percentage of the households connected continue to receive water?</td>
</tr>
</tbody>
</table>
### Output

<table>
<thead>
<tr>
<th>How many actually received water?</th>
<th>What has been the response time to reported break down or interruptions?</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many households were unable to continue to get running water?</td>
<td>How many households are still able to pay and receive running water regularly?</td>
</tr>
</tbody>
</table>

Adapted from Friedman 1997:16

It can be seen that information in the lower quadrant *output* and the two quadrants on *quality* are what can be used by both the municipality and stakeholders to provide relevant information on water services provision for performance management. Additionally such information on both the outputs and quality provides feedback into planning and helps the organisation to understand the connection between strategies and programme performance. It also provides the basis for evaluating impact of service provision.

### 6.6 THE IMPACT OR OUTCOMES STEP

In line with *Municipal Finance Management Act*, 2003 (as amended), outcomes of service provision refer to the impact of those services on the target community. There is an overarching desire by governments to obtain information on the outcomes of programmes and services for management processes, accountability and decision making (van der Waldt, 2004:21). Information on the outcomes of water services provision as impact on the welfare of the citizens is thus a very important step in any performance management system. The central part of the district-wide performance management system is thus also information; the way in which it is categorised and used:
Value of performance information: The programme performance information should therefore be something that adds value to the process of service delivery. The effectiveness of a performance management system relates to providing political office bearers and management decision makers with what they can confidently use to make important decisions about service delivery and programmes;

Relevance of information: Performance information must be relevant for the purpose and relate to the programme or service under review. What may be useful for a particular programme may not necessarily be appropriate for providing information to all the diverse interested parties.

User Friendly: Given the diverse stakeholders, local municipalities, communities and various other interested parties, the factors to be used to define the information must as much as possible be clear and transparent. Measures should be kept simple and collect the right information.

It can thus be deduced from the above that the impact step in a performance management system for a municipal services provision is very important.

6.6.1 Reporting on Performance Achievement

The Municipal Systems Act, 2000, stipulates the importance of community participation. Participation cannot be meaningful unless data collected and information provided are communicated effectively in the sense of usable information for the target audience. Effective communication requires that:

- The various stakeholders have access to user friendly and relevant information;
- Information should include citizen focused measures;
• Information targeting citizens and communities may not be adequate for supervisors and programme managers who require greater detail;
• Information to stakeholders should include programme specific details, and
• Information should allow communities and citizens to evaluate overall effectiveness of public service.

Achieving quality in services provision also means that all the stakeholders should have confidence in the information being communicated to them because an important goal of reporting is to empower the political representative, the appointed official and other stakeholders to improve results. If the information is unreliable, inaccurate or irrelevant to the programme it cannot contribute to improving service.

6.7 SERVICES STANDARDS FOR EVALUATING PERFORMANCE
The standards of performance for public service delivery in South Africa are based on the White Paper on Transforming Public Service Delivery (Batho Pele), 1997. The purpose of the service standards is derived from the fact that the South African government wants public services for all citizens that are effective, efficient, equitable and constantly improving. The eight principles categorised as consultation, access, information, courtesy, openness and transparency, redress and value for money are guidelines for service delivery performance. Municipalities are therefore required to design performance measures to evaluate services they deliver using these guidelines. The performance target types and indicators are used to set measurable key performance indicators but other information gathered during the study did not provide evidence of how performance indicators are evaluated against
the Batho Pele principles, and how these are measured and communicated to the communities and other stakeholders.

The Consolidated Local Government Auditor-General’s report (2009/2010:35) on municipalities’ concluded that municipal performance information is not reliable: According to the report … audit focused on whether the reported performance information could be traced back to the source data or documentation and whether the reported information is accurate, complete and consistent in relation to the source data, evidence or documentation. In the audit assessment of usefulness we focused on the consistency, relevance and measurability of planned and reported performance information. Findings were performance information not always being consistent with targets and indicators as set in the integrated development plans of the municipalities and service level agreements of municipal entities, and targets not being not specific, measurable and time bound.

The above auditor-general’s report of non-compliance with regulatory requirements for performance management in municipalities, calls into question the usefulness of the Cacadu district performance management information. The findings could also indicate to a lack of understanding of the legislative and reporting requirements applicable to predetermined objective reporting, and lack of leadership, skills and appropriate institutional systems. The report implies absence of correlation between the municipalities’ service delivery monitoring and reporting and reporting of actual performance against predetermined objectives in municipal annual report.

Services standards in South Africa are linked to personnel performance and therefore also in the Cacadu district municipality (CDM IDP (2007-12:130). The
report states that every municipal activity is attached to an official who is responsible for its conclusion. It seems self-evident that individual performance is linked to institutional performance and how well officials perform their functions (water services provision) is intended to be a determinant of the quantity and/or the quality of the services that the municipality provides to their citizens. Advocates of personal appraisal of staff members argue that several benefits could be derived for municipalities and their institutions from such an approach (Roberts, 1995).

The CDM IDP 2007-12 states, but no explanation was found during the study, that employee performance appraisal is part, and is inseparable from institutional performance. Some writers state that employee performance appraisal is needed to identify the training and development needs of employees which would further improve overall institutional performance. Contemporary research on performance management and Total Quality Management (TQM) argue that performance appraisal per se is incompatible with TQM. They suggest that performance appraisal incorrectly focuses attention upon individual performance when indeed the most important subject of management concern ought to be the system of work for evaluating institutional or programme performance (Meyer, 1991).

Given these challenges, together with problems of appraisal biases and other factors, it is difficult to rely on personnel appraisal alone for programme performance management or for the provision of district-wide water services in a multi-municipal jurisdictional environment. It was evident from the study that many of the local municipalities do not have systems in place for systematically appraising the performance of most of their employees. It can be stated that there is also reason to believe, however, that despite stated benefits of improving employee development
and thereby ultimately performance, personnel appraisal practices and processes are often flawed. These challenges indicate that an effective system of performance appraisal is neither easy to create nor to implement. This undermines its practicality and efficacy as the sole evaluative method for district-wide service provision. A configuration of a single personnel appraisal system to cumulatively translate into a performance management system for district-wide water services provision is depicted below:

![Fig 6.4 District Municipal Performance Management Configuration](image)

The current performance management programme in the Cacadu district for district-wide water services can be inferred from the diagram above. That is the performance management of officials in the various directorates of the various
municipal councils adds up to a form of district-wide performance management system.

In a study on “THE UTILISATION OF PERFORMANCE APPRAISAL IN LOCAL GOVERNMENTS IN THE USA”, Hindo (2010:1) concluded that it seems self-evident that how well employees perform their job influence the quantity and/or the quality of the services that governments provide to their citizens. However despite the perceived benefits, performance appraisal practices and processes are often flawed and thus may not be suitable to be used to determine overall institutional or programme performance. This methodical approach particularly presents problems for monitoring and evaluation of district-wide programme performance.

6.8 MANAGING PERFORMANCE FOR DISTRICT WATER SERVICES PROVISION

The Cacadu district municipality’s district-wide water service delivery begins with an integrated and planned approach which focuses on programmes and on-going operations. The planning process is expected to take into account the views of all relevant stakeholders including citizens and communities through a consultative and participatory process. There should also be adherence to minimum norms and standards and the use of performance management systems as tools for proper reporting and for monitoring and evaluation.

In Chapter One of this report, the assumption was made that the designing of a performance management system for water services (this could be for any other district-wide programme or service) would make the Cacadu municipal performance management system effective and efficient. The complexity of district-wide multi-
municipal services provision must be approached with analytic methods designed to deal with multiple variables. Processes for gathering data and performance measurement information which is central to the performance management system requires multiple focuses to cover the various aspects and functional interrelationships. However the proposal is made for a build on the existing tools and programmes, processes and practice for economy and practical application. The objective is to design a performance management system that is more systems-wide, based on change and improvement management orientation which would be particularly suited to district-wide service delivery functions.

Armstrong (1991:13) writes that performance management connotes a shared process, a process of total quality management (TQM) which is used in implementing the larger goals and strategies of an institution (Spangenberg, 1994). It is very important to view the delivery of municipal water services against the background of the quest for effectiveness and efficiency and on the norms and standards set in the Water Services Act, 1977, by the national Department of Water Affairs. In addition water provision as a service should also comply with the South African public sector service standard framework as provided in the Batho Pele principles introduced by the White Paper on Transforming Public Service Delivery (Batho Pele), 1997. The objective is that the framework for the provision of district-wide water services based on these standards can be used for benchmarking the extent to which the performance of services provision in the municipality could be considered effective and efficient. The White Paper on Water Services (2002:47) encourages all municipalities as water services authorities to implement a performance management system in line with the provisions of the Municipal Systems Act, 2000 which includes developing performance management systems.
Part of this process is the use of indicators as proxies for evaluation and measurement. The principles would then provide the basis for effectiveness and efficiency derived from the inclusive integrated development planning and aimed at addressing local needs in a manner which contributes to national development objectives (DPLG, 2006: 20). The efficiency argument has important meaning for the community. By enabling meaningful channels and opportunities for communities to contribute relevant information on their perspectives for service delivery decision making and management processes a case can be made for value for money (VFM).

The planning phase of the performance management programmes refers to the establishment of priorities and strategies that are consistent with the mission, long-term objectives, annual targets and strategies for the district municipality. These should be set with community participation; a process for engaging the communities and stakeholders and identifying community needs regarding the service. Without such a process, it is difficult or impossible to fulfil the promise of a municipal performance management system to produce the results that the community needs.

When establishing and facilitating the process, the district municipality should identify and communicate the purpose for engaging the stakeholders. For effective and efficient collection of relevant information, decisions should also be taken on the various points in the process to involve the community, how this will be done and when. This relates to the specific public engagement method or information gathering process to acquire relevant data and finally how and who will use the information gathered from community engagement in the performance management system. For example, in the water services delivery, information on the numbers of
meters read or repaired can be differentiated from information on compensation to programme affected persons (PAP) in the construction and laying of pipes. In the latter, the information relates to compensation for project-affected persons (PAP) in cases of infrastructure development where the development of infrastructure for the delivery of water leads to acquiring the land in use by local inhabitants through compulsory purchase.

The information elicited in the existing appraisal form can be grouped as administrative indicators: objectives; strategy, budget account and division of the period into milestones which are invariably administrative input indicators. These are important to give the reporting employee and the official being evaluated a place in the organisational set up of the government of the district municipality. However to other stakeholders the information provided will give little value to what they expect to see regarding water services. In line with legislation and regulations, stakeholders, especially beneficiary communities, are expected to be provided with information on water service delivery. Provision in a sustainable way with the required quality means the management of delivery infrastructure which in turn means information to stakeholders could include information on water quality and some technical specifications.

Technical information about the delivery of water services is important as this will indicate the capacity of the municipality to undertake programmes which meet the needs of the communities. In the context of the district municipality, with their predominantly rural characteristics and inadequate infrastructural basis for service delivery, it makes little sense to evaluate an employee on achievement of key
performance indicators without adequate relevant information on the capital and infrastructural base. The main information here includes available fixed capital and costs, especially in the networks delivering water services which bring about economies of scale, for example, information on putting pipes in place to bring water to households, business or community standpipes. Evaluating performance of directors (chief officials) on achieving key performance indicators should indicate quality and costs of the infrastructural utilisation. This should include a focus on the selection of the most cost-effective indicators and the way in which the existing facilities are organised to improve delivery. Effective analysis with a view to designing a new system depends primarily on the use of tools which are appropriate to the function or programme for which the performance management system is being designed.

The designing of the performance management programmes for water services delivery is based on the framework of the systems theory discussed in Chapter Two above. The systems theory in this regard encapsulates a comprehensive vision of the integral reality of the district municipality model with functions that transcend local municipal functional boundaries into a form of unified unit. It indicates that both the local councils and District Council function in harmony to underline the functioning envisaged for the district municipality and with a performance management system of input-processing-output and outcome (www.vssd.nl/hif/b001/htm: 2008:1). Water delivery within a district municipal area ought to be performance managed holistically, integratively and systemically with a long-term strategic perspective. Wider questions about the appropriateness or otherwise of the existing performance management and how this can be used to
evaluate district-wide service provision arise. The conceptualisation of performance management analysed in Chapter Two above provides a means to understand the ends to be achieved with the performance management system and the means as described in the steps and processes of the system. However the important evaluative attribute of the municipal performance management system embraces qualitative improvement, effectiveness in achieving performance goals, efficiency of the system as a management tool and in influencing decision making.

As has been discussed above, apart from the inadequacy of the process and programmes to meet the needs of information based decision making, and reporting accountability and management requirements, the situation amounts to performance managing a function without a performance management system. The other drawback is its input driven process without any evidence of impact feedback information on evaluation.

A motivation for the district-wide performance management system is included by elaborating for better understanding of the necessity, the flexibility of the design, the framework for evaluating and its implications for policy and other management functions. It is for this reason that the following proposal has been put forward to enhance effectiveness and efficiency of performance management for district-wide services and programmes.
6.9 A PROPOSING PERFORMANCE MANAGEMENT SYSTEM FOR DISTRICT MUNICIPALITY PROGRAMMES: WATER SERVICES PROVISION

District-wide water services are described here as services over the entire district jurisdictional area, the political and administrative boundaries of which include some flexibility but at the same time with logical district municipality identification. Dams and river basins in South Africa often cover different geographically distant parts. In terms of existing arrangements all municipalities within the district are Water Authorities. Of importance is that due to the geographical and demographic indicators described in Chapter Three above, water supply and demand are varied in different areas of the district municipality (Water Services Act, 1998).

Water is a very crucial service in society and municipalities (governments at all levels) face the challenge of balancing the interests of various stakeholders and also providing quality products to citizens. These factors aside, the primary objective behind the proposed system is the conviction that the district municipality must improve their focus on providing water with relevant performance management system. The emphasis on personnel appraisal methods for performance improving the performance of district-wide functions has not been sufficient to make this happen.

Improving programme and services performance means more than a conceptual framework for performance management; it means both elected councillors and appointed officials have to practically commit to utilising practical and relevant systems. The proposed performance management system is designed to provide relevant and timely information for decision making, along with skills and knowledge to analyse results and effect improvements when needed. These are the advantages of comprehensive and programme specific data collection. It will also allow for the
reporting relevant information to the public so that citizens can evaluate the results of what the municipality is producing.

The proposed system includes information on:

- enabling functions – described here as management inputs for the performance of functions and activities for water services provision;
- specific programmes, to allow for flexibility in utilising this for other programmes and services;
- citizens feedback;
- participation in decision making for services provision; and
- support for accountability requirements of the municipal government and administration.

A diagrammatic representation is depicted below:
This design is practical and at the same time provides useful information for learning about and implementing performance management system for improving municipal services provision. A systematic and comprehensive programme performance management system has the potential to eliminate gaps which could arise as well as duplications. The design has built-in flexibility to allow for and assist municipalities to
adapt for their specific programmes as well. The following have been put forward for water services performance; it could also be used for developing monitoring evaluation and score sheet.

6.9.1 Management Input: - In line with the theory and practice of public administration, officials have to be enabled – that is provided with the means in the form of executive decisions and resources of various kinds to perform functions and undertake activities for service provision (Cloete, 1986). Thus the first section of proposed performance management system deals with information related to the processes of setting SDBIP, programme score cards, setting of key performance targets and objectives, achievement levels and key performance indicators, budgetary and other resource allocation. The objective is to link these to programmes specific relevant information. Such information also provides the basis to evaluate the technical capabilities of the municipality in providing water services

6.9.2 Programme Specific Performance Information: The next section of the municipal performance management system includes programme specific information. In order to provide water services there should be available infrastructure including the laying of pipes and other facilities for household water treatment. Results oriented performance management system assumes that programme and services performance increase when officials have relevant work (programme) related information to assist performance (Swiss 2005). This also provides the basis for appraisal on the performance of individual officials in addition to other measurement methods.
6.9.3 Citizens Feedback  information from stakeholders/beneficiaries on municipal service is critically important for decision-making, long-term planning, strategic management and for accountability reporting. Schachter (2007) writes that non-technical information is often as important as objective measures in helping public officials make important decisions. This approach is to assist the district municipality (and local municipalities within the district) to move beyond measurement and information based on personnel appraisal and reporting to managing performance towards improved results. The use of such a system would provide useful information for political office bearers, appointed chief officials and employees as well as citizens and other stakeholders. Requirement for effectiveness and efficiency are discussed in the next section

6.9.4 Requirements for Effectiveness
The first requirement is the need to develop a consensus in the form of obtaining a buy-in from stakeholders involved in district-wide services, programmes and infrastructure. The objective of local government reforms undertaken in South Africa to create the district municipality is to make government work better and cost less – a classical guiding principle for public administration (cf Schachter, 2007:803; Municipal Systems Act, 2000). District Council decision on and acceptance of a performance management system is crucial for adoption, implementation and success. Support and funding are very critical for such an initiative and for subsequent development of service delivery standards for measuring, monitoring and evaluation.
6.9.5 Appointment of Champions

The implementation requires the appointment of a champion – a committee or body to drive the process of establishment and implementation, receive and analyse reports which will then be included in the council meetings agenda. The champions should be able to articulate the specific issues involved in and the challenges of performance management programmes and systems for such service delivery (NPMAC, 2010). The proposed practical system suggested above also has implications for policy and for theory of the district municipality model.

6.10 IMPLICATIONS OF THE DISTRICT-WIDE PERFORMANCE MANAGEMENT SYSTEM

An understanding of the performance management system for district programmes and services requires elaboration of the motivation and the implications of the approach. These implications can then be set out as follows:

6.10.1 Policy Implications

There are three areas to be considered in a district water services provision: the management of river basins, the management of water supply and the varied demands on water services. Though the legislative framework intended the role of the District Council to co-ordinate and overcome fragmentation, possible gaps and overlaps the performance management system suggested have policy implications. Representation, particularly how much representation for the various stakeholders and municipal councils need a policy rethink to prevent it from being a source of controversy given the existing policy arrangements for the district municipality model. Policy initiatives to create a new layer of the administrative and management system
should be based on maximisation of benefits and minimisation of costs to citizens. A policy review should also consider alternatives like encouraging voluntary creation of mergers and institutional integration and other management arrangements.

6.10.2 Financial Implications

The question of finance is an equally complicated factor and perhaps a possible source of controversy and a disadvantage. Questions arise such as how the unit will be funded, what share each municipal council should contribute, bearing in mind that water consumption varies. Water services provision is also an important source of revenue for municipalities (CDM IDP 2007 -12). In the study it was found that inadequate funds were set aside for the implementation of performance management, and especially for training of staff. Another possible consideration could be public private partnerships for water services, but this arrangement also has to be performance managed for effectiveness in achieving the objectives.

6.10.3 Organisational Arrangement

Currently each municipal council in South Africa is a separate employer and hires its own employees subject to national legislation. This coupled with the fact that municipal councils have some measure of autonomy to determine the salaries of their staff has implications for District municipality performance management system. During the study it was discovered that in the Cacadu District Council the existing post-structure indicates only one Performance Management Officer, which is grossly inadequate. It can be argued that such organisational and personnel issues have the potential to impact on the success of a district performance management system;
there is the need for strategies to address these issues before implementation of a district-wide performance management.

6.10.4 Implications for Procedures and Control

The elaborate design of the existing appraisal documents did not include suitable guides and manuals. This needs attention both for training and better implementation. Control over the entire programme, processes and the implementation of the performance management system should be clearly defined.

6.11 CONCLUSION

Effective implementation of the municipal performance management system requires politicians and officials as managers to have accurate, timely, and relevant information for decision making, along with the skills and knowledge to analyse results and design improvements when needed. These are the learning and improving aspects of performance management. Municipalities are also obligated by statutes to facilitate public participation. Performance management programmes and processes give municipalities the ability to provide easy to understand and timely information to the public so that citizens can assess the results that their municipal government and administration is performing.

Due to the possible multidimensional functional requirements for the provision of water, key performance indicators for programme performance need to be designed for monitoring and evaluation and for communication and reporting. Instruments for
evaluating performance of programmes should have aspects about the programme and community perspective on the impact of the service. The provision of water services and other district-wide infrastructure, through based on shared management authority requires a formal district-wide municipal performance management system for such services. This cannot be achieved by adding together the performance management programmes of different municipalities. The study puts forward a design for district-wide performance management system.

The proposed design makes certain assumptions and has a built-in flexibility that enables both the Cacadu District Council and the local municipalities to adapt and utilise the programmes in any functional area or for district municipal programmes. The proposal builds on existing programmes and practices. Building on existing instruments makes the proposed design efficient in the utilisation of resources. Also minimal training is needed for personnel who are currently engaged in management of performance management in the municipalities.

The information needed for performance management for infrastructural programmes and their analysis invariably involves some costs. The cost consideration does not justify short-circuiting the collection of relevant information on specific programmes and services for learning, improvement and for decision making. What is required is deciding what type of information and how much of it should be collected. The real cost to the municipality is that those who have this necessary information could benefit from withholding or misrepresenting it.

Furthermore, political support from the Cacadu District Council and the councils of the local municipalities is critical both in terms of policies and legislation to provide
an enabling environment to enhance the participation of communities, civil society movements and other interested stakeholders within the municipalities and in other spheres of government. According to Black et al. (1999:5) the limited resources of a municipal government and administration must be utilised in an efficient manner to meet the needs of the communities, the people, who in terms of the Batho Pele principles have to come first (White Paper on the Transformation of Public Service, 1995:3).
CHAPTER SEVEN
GENERAL CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction
Performance management has been an instrument for influencing public policies throughout the history of the practice and discipline of Public Administration. In South Africa the use of performance management to improve the provision of municipal services, as in the wider public sector, forms part of management reforms which underpinned the restructuring of local government from the early 1990s. Improving services provision performance is also a democratic imperative and relates to the right of existence of the municipality in the contemporary state. Human welfare and happiness in community rest upon the performance of administrative functions and activities that surround and support us. Government institutions utilise public resources to perform a variety of functions, and there is a need to evaluate and manage effectiveness and efficiency of the utilisation of resources in public institutions (cf Botes et al., 1997).

7.2 Performance Management for Municipal Services Provision
As a management tool performance management systems serve a strategic purpose by linking employees’ performance with the mission and goals of the institution. Thus it is necessary utilise an appropriate method to evaluate performance in municipal government and administration. Cascio and Aguinis, (2011:74) write that personnel appraisal is flawed and also fraught with consequences for both the individual employee and the institution, like the municipality.
Performance measurement and evaluation for a performance management system is standards based. These standards (for programme management and services provision) denote the rules of engagement between the municipality and the citizens as taxpayers and beneficiaries of services provided. It can thus be seen that the absence of a defined framework for service provision standards in municipalities (as in all the South African public service) prior to 1994 led to the enactment of legislation and policy guidelines for municipal performance management systems (Municipal Systems Act, 2000).

The research analyses the use of a performance management system to improve municipal government and administration. Three schools of thought may be distinguished as underlining the establishment and implementation of performance management in local government and administration regarding the district municipality model (Christensen and Laegreid, 2002). Firstly, the drive for the implementation of performance management systems in municipalities in South Africa may be regarded as a response to external influence as part of local government reform and the need to achieve success. The underlying view is that performance management systems provide a tool with superior technical efficiency in the management of functions and activities. Secondly, performance management systems and their utilisation are part of the new public management, as described in the systems theory, and management reforms introduced (Owen, 2003). Local government reforms in South Africa after the multi-party democratic dispensation have been accompanied by certain new public management features such as performance management systems, public participation and accountability. Thirdly, the effectiveness and efficiency of performance management need to be measured.
and evaluated and the information used to improve the administrative and management processes.

It can therefore be argued that performance is the promise of the reforms which led to the creation of the current multi-municipal district municipality. A contextualisation of the use and utility of performance management system in municipal government provides the background for examining the use of personnel appraisal for district-wide services (Mills in Rodee et al., 1976:105).

The systems and processes approaches which are basic to human activities and frequently used as models to explain phenomena and in research study were used for analysis (Dye, 1984:40, Easton in Botes et al., 1997:260). The district municipality model itself functions as a system. The analytical utility of the theories are especially important for the practical implementation of the proposed design in the district municipality.

Much of the tradition of performance management system comes from industrial production in the private sector. Though analytically sound, the industrial model of measurement for performance management has to be adapted to performance management for human service provision such as water in a municipality. In contemporary management context, performance management involves a shared process between managers, individual employees and teams to assist in implementing the larger goals and strategies of the institution (Smit et al., 2007:41; Spangenberg, 1994:1). The golden thread of the theory and practice of performance management is however, information which is discussed in the next section.
7.3 Importance of Information

Managing the performance of municipal services either for policy intervention or for improving efficiency is contingent upon the availability of information on the management inputs, the quantity and quality of services produced and the feedback information on the impact on the beneficiary community and citizens. Municipal institutions and their functional activities use resources which are inputs whose value is measured in cost to the citizen taxpayer. Information has to be provided on the functions of budgeting, human resources management and programme management for decision making. In line with the regulations a municipal council has to provide: a strategic plan, an annual performance report, an annual financial report and evaluations and assessments. Strategic plan set out the long-term objectives for the municipality. The annual plans and the internal annual budget are integrated processes that link the budget to the performance targets set out in the IDP and SDBIP. All these are posited on the availability of relevant and timely performance information.

7.4 Performance Management for District Programmes

Water services provision within the district municipality falls under the principle of ‘shared authority’ introduced in the Constitution, 1996 for the district municipal area. Legislative provision for managing these functions jointly means that both the District Council and the local municipalities have functional responsibility for water services delivery and other services like roads and electricity within the district.

District-wide service deliveries exist within a somewhat flexible boundary with logical continuity of identification which calls for the creation of institutions and arrangements to cater for the management of performance. This is due to the fact
that when there are a number of municipal councils with different capabilities, resources and needs active in the same functional area there is the possibility of overlapping, gaps and duplications. The use of water for analysis is also backed by the fact that most inhabitants of municipal areas, both urban and rural, are dependent on clean potable and healthy water, whilst at the same time municipalities derive a substantial income from water services delivery.

7.5 Recommendations

A three-part programme performance evaluation is recommended for district-wide services and programmes to improve upon the effectiveness and efficiency of personnel appraisal which is the method for performance management in Cacadu district municipality. The three sections are captioned as Management Input evaluation and measurement of the management input including the setting of key performance indicators and score sheets. Programme Specific Performance Information is intended to provide specific programme information which forms part of the evaluation of service delivery and programme management. Due to the nature and place of municipalities as a critical service delivery sphere, the need for feedback information is also considered very important in performance management systems. Such measurement and evaluation processes are necessary for the municipality to know what they are doing right and what they are not doing right. The recommended systems method also allows problems to be identified or isolated in a step or process of the system. Decision-making, long-term planning, strategic management and accountability reporting need to be based on credible information, of which feedback from the beneficiary community is of paramount importance.
These are evaluated against the service standards framework and for effectiveness and efficiency.

7.5.1 Policy Recommendations

It is recommended that policy should be reviewed for harmonisation of the existing different approaches for the various authorities’ functional areas, different approaches and systems. If a function encompasses an area larger than that for a municipality then the area and function are incompatible and thus require re-examination of the policy and regulatory framework. This is to take into account the municipality’s population and socio-economic base and demand for water. Thus the district-wide performance management system must have sufficient scope to perform. Such a unit should be firmly buttressed in the tenets of accountability. A champion committee is suggested. Capacity building and training initiatives are pre-requisites for the success of such a district-wide system. Absence of a clear policy on performance management system for district-wide service provision constitutes an attempt at performance management without a performance system.

7.5.2 Recommendations for Practical Application

The study explicitly provides a Public Administration perspective on the functioning of performance management systems in the multi-municipal district municipality context with different authorities. The development and implementation of performance management systems in the district municipality follows the administration – management continuum. Implementation of municipal performance management system can be described as executive functions which must be enabled with the tools for its performance.
The thesis reflects on the municipality between the provincial and local government and its administration and management functions. Hansen (1997) refers to a new conceptualisation of the intermediate municipality and its role in public administration discourse. This thesis thus contributes to policy and policy management of functions with different authorities. Most modern constitutional democracies tend to have three levels of government. Even though the district municipality in South Africa is statutory not a separate sphere of government, its role and functions raise theoretical questions as well as practical implementational challenges. The nature and place of district water systems management raise issues needed to assist managers and politicians with better understanding of the sustainable development of performance management systems for district-wide municipal service provision.

The philosophies of the new public management require public institutions to be managed along the lines of private business concerns. Political executive authority of the District Municipal Council and the councils of the local municipalities should also demonstrate their buy-in by demanding systematic performance management information to support decision making and for oversight. For this, information derived from personnel appraisal method may not be sufficient.

This thesis is about effective and efficient performance management in the district municipality as a constituent of local government. It was not intended to analyse the extent to which municipalities use performance management information in decision making, or how municipal politicians and appointed officials view performance management as a mechanism for improving services provision.
The diagram below shows the pervasive nature and importance of a performance management system in a structural functional integrated unit such as the Cacadu district municipality. Due to the principle of shared management functions which is built into the district municipality model, managing programme performance with only personnel appraisal practices could prove inadequate in meeting the needs of various stakeholders. It was discovered during the study that there was lack of adequate support from elected councillors. This gives the impression of superimposing performance management processes onto a ‘traditionally’ managed organisation: it may sound good but in practice it is not likely to make much difference (NPMAC, 2010:2). To make real improvement with performance management system requires addressing organisational culture and the provision of leadership.
The diagram above shows that a performance management system for district-wide programme for service provision involves a number of functions and therefore also information which is relevant for its implementation. Performance management information is relevantly supplied when there is an important demand, like political demand for such information. During the study little evidence was available on the demand for performance information apart from using such information for
‘performance rewards’. Managing district programmes in this way constitutes managing performance without a performance management system. The inadequate political demand for performance information is an area for further research on this growing subject of performance management and monitoring and evaluation.

7.6 Conclusion

The objective of the study was to evaluate the existing levels of efficiency and effectiveness in district-wide (water) services provision in municipal areas with the application of performance management systems. The research examined how the Cacadu District Council and the councils of the local municipalities within the district are collaborating in using performance management systems, what effects this could have on programmes and services provision and how communication of performance information would improve service provision. The study also explained some of the conceptual and practical difficulties encountered in effective and efficient utilisation and some obstacles that contribute to impeding progress in the use of performance management systems in municipalities. The suggested design of a performance management system for district-wide and specific municipal services provision also depends on relevant and appropriate performance information for management, decision-making and accountability to community. Though not part of the objectives of the research but identified as lacking is political demand to facilitate and encourage administrative supply of relevant and appropriate performance management information. This is recommended as an area for further research.
List of Sources


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ANEXURES

Department of Political and Governmental Studies
Faculty of Arts
Nelson Mandela Metropolitan University
Port Elizabeth

31/03/2011

Dear Sir/Madam

You are kindly being asked to complete the attached research questionnaire for a doctoral study on “The Quest for Effective and Efficient Performance Management Programmes in the District Municipality” with Cacadu District Municipality as the area of study.

The study has been approved by the Research Ethics Committee (Human) of the Nelson Mandela Metropolitan University to ensure that the rights and welfare of participants in research are protected and the study is conducted in an ethical manner.

Completion of the questionnaire will take not more than (15) fifteen minutes of your time towards the continuous search for improvement in municipal performance management.
Your participation in the study is completely voluntary.

You do not have to include your name or identity. The researcher is a lecturer at the university and confidentiality and ethical requirements are strictly being followed in this process.

Please assist us by completing the attached short questionnaire and return it via e-mail to e-mail: kwame.asmah-andoh@nmmu.ac.za

Or fax to 0866865509.

Thank you very much for your time.

Yours sincerely

K Asmah-Andoh

RESEARCHER
Tel: 0415044534
Cell: 0832650753
Fax: 0866865509

QUESTIONNAIRE

1. Official name of the municipality.

...................................................................................................................................
2. Designation/title of respondent (optional)

............................................................................................................................................

............................................................................................................................................

3. When did the municipality start establishing a performance management system?

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............................................................................................................................................

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4. What role did the national or provincial government play in the establishment of the performance management system in your municipality? (In the case of the local municipality what role did the District Municipality play?)

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............................................................................................................................................

5. In your opinion what is the rationale, purpose and objectives for the established municipal performance management system in the municipality? It is to:

   Tick in box

| help all stakeholders to contribute in the identification of KPIs and participate in the monitoring and evaluation of service delivery programmes. |
| help understand what communities as municipal customers need |

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help departments and sections and employees within the municipality become more results orientated
improve the quality of service to communities and citizens as customers by improving processes or practices.
provide a structured approach to participation in IDPs and other strategic management processes; create a mechanism to link community needs and service delivery objectives of the municipality;
translate Service Delivery and Budget Implementation Plan SDBIP into performance measures and targets and in doing so rationalise performance information;
help translate institutional performance and link this to individual staff contribution to organisational objectives and create ownership of performance by staff involvement in the process;
aid internal and external reporting and communication to communities and other stakeholders.

6. What is the established performance management system supposed to accomplish?

Improved Public Services– that the very effectiveness and efficiency of the services themselves are being measured and this information is being used to help improve the delivery of those services.

Yes  No

Improved Accountability– that the effectiveness and efficiency of the services are being measured; the measurements are being accurately reported, and those results are made available for view.

Yes  No

7. How will you describe the key features of the established performance management system in your municipality? Choose from the box below:

Tick in box

<table>
<thead>
<tr>
<th>Performance</th>
<th>Summary description</th>
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<tbody>
<tr>
<td>Management System or Model</td>
<td>Description</td>
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<tr>
<td>---------------------------</td>
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<tr>
<td>The Balance Scorecard</td>
<td>A multi-dimensional model/system for managing the performance of service delivery as identified in the IDP by linking objectives, initiatives, targets and performance measures across key departments and sections of the municipality.</td>
</tr>
<tr>
<td>The Batho Pele principles</td>
<td>The government’s national standard and quality improvement framework for service delivery in the public sector.</td>
</tr>
<tr>
<td>Public Sector Excellence Model</td>
<td>An institutional and organisational framework and diagnostic tool for identifying key performance indicators which are used to measure performance of units, personnel and programmes of service delivery.</td>
</tr>
<tr>
<td>Value Management</td>
<td>Municipal-wide improvement framework comprising methods that aim to raise productivity and services delivery, improve customer care within the resources available.</td>
</tr>
<tr>
<td>Skills Training and Capacity building</td>
<td>Improving organisational performance by training and developing the capacity of official to achieve performance goals.</td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td>Monitoring and evaluation approach for quality management systems. The approach focuses on the management of processes and documentation in order to meet reporting requirements in terms of legislation and community needs and expectations.</td>
</tr>
<tr>
<td>The Performance Prism</td>
<td>A framework for performance measurement and management that acknowledges the full range of stakeholders a municipality or its institution has including investors, customers &amp; intermediaries, employees, suppliers, regulators and communities. It considers what the current and future wants and needs of stakeholders, and more uniquely, what the organisation wants and needs from its stakeholders. A reciprocal relationship with each stakeholder is examined in the context of performance management for service delivery improvement.</td>
</tr>
</tbody>
</table>

8. To what extent do you think the Performance management system covers all programmes/activities within your municipality?

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8. To what extent do you think the Performance management system covers all programmes/activities within your municipality?
IMPLEMENTATION OF PERFORMANCE MANAGEMENT

9. Comment on challenges, if any, the municipality has experienced in the implementation of its performance management system.

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10. How is performance management linked to a service like water provision and delivery to households?

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11. What measurement components are used to measure service like the provision and delivery of water in the municipality?

Input

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
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</table>
12. How are overlapping municipal functions/activities measured?

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UTILISATION OF PERFORMANCE INFORMATION

13. What is the performance measurement information used for?
14. Comment on how performance measurement information is used for IDP processes and other important role political decision making.

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15. What is the established time frame for the review of performance management system (including its processes e.g. the setting of KPI) in the municipality?

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DEVELOPMENT OF PERFORMANCE MANAGEMENT PROGRAMMES

The aim for any performance management and monitoring and evaluation system is to increase performance. In recent years we have learnt about a steady achievement of ‘performance management’ of Cacadu District Municipality though there is a seeming corresponding decrease in levels of community satisfaction with service delivery elsewhere across the country.

16. Can you comment on how effective the established performance management system, and monitoring and evaluation is, in improving service delivery?

17. Any suggestions for improvements
Thank you very much for your time

Department of Political and Governmental Studies
Faculty of Arts
Nelson Mandela Metropolitan University
Port Elizabeth

03/12/2011

Dear Sir/Madam

You are kindly being asked to take part in research for a doctoral study on “Effective and Efficient Performance Management Programmes in the District Municipality” with Cacadu District Municipality as the area of study.
The study has been approved by the Research Ethics Committee (Human) of the Nelson Mandela Metropolitan University to ensure that the rights and welfare of participants in research are protected and the study is conducted in an ethical manner.

The questionnaire will take not more than (15) fifteen minutes of your time.

Please be reminded that your participation in the study is completely voluntary.

You do not have to include your name or identity. The researcher is a lecturer at the university and confidentiality and ethical requirements are strictly being followed in this process.

Please assist us by completing the attached short questionnaire attached and return it via e-mail to e-mail: kwame.asmah-andoh@nmmu.ac.za

Or fax to 0866865509.

Thank you very much for your time.

Yours sincerely

K Asmah-Andoh

RESEARCHER
Tel: 0415044534
Cell: 0832650753
Fax: 0866865509
QUESTIONNAIRE

18. Designation/title of respondent

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19. What role does the Provincial Department play in the development of performance management systems in the District Municipality/Cacadu District Municipality?

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20. What particular support does the Provincial Department give to the local municipality or District Municipality in the development of a performance management system?

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21. Can you explain to me why municipal performance management is referred to as a system?

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22. To what extent do you think the performance management system covers all programmes/activities within a municipality?

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IMPLEMENTATION OF PERFORMANCE MANAGEMENT

23. Has the Department been made aware of any challenges in the implementation of performance management systems in the Cacadu District Municipality?

24. How is performance management linked to a service like water provision and delivery to households?

25. What measurement components are used to measure service like the provision and delivery of water in the municipality?
UTILISATION OF PERFORMANCE INFORMATION
DEVELOPMENT OF PERFORMANCE MANAGEMENT PROGRAMMES

The aim for any performance management and monitoring and evaluation system is to increase performance. In recent years we have learnt about a steady achievement of ‘performance management’ of Cacadu District Municipality though there is a seeming corresponding decrease in levels of community satisfaction with service delivery elsewhere across the country.

26. Can you comment on how effective the established performance management system, and monitoring and evaluation is, in improving service delivery?

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27. Any suggestions for improvements

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Thank you very much for your time
DEAR SIR,

UNDERTAKING A STUDY IN THE CACADU DISTRICT MUNICIPALITY

I am a member of staff in the Department of Political and Governmental Studies in Nelson Mandela Metropolitan University and am currently undertaking a doctoral study with the title ‘The Quest for Effective and Efficient Performance Management Programmes in Local Government, With Reference to the Cacadu District Municipality’.

The study comprises analyses of available statutory and other documents on performance management in local government in South Africa and a limited interview.

I am therefore writing to ask for your consent to undertake the study.

Sincerely,

Kwame Asmah-Andoh
Department of Political and Governmental Studies
Faculty of Arts
NMMU
Port Elizabeth.
Tel: 0415044534
Enquiries: Mr G.M. Terblanche

Our Ref: 2/2/6

01 March 2009

Mr Kwame Asmah-Andoh

Department of Political and Governmental Studies

NMMU

Port Elizabeth

Dear Sir

REQUEST TO UNDERTAKE A DOCTORAL STUDY AT CACADU DISTRICT MUNICIPALITY

Your request to undertake a doctoral study at Cacadu District Municipality has reference.
Please be advised that after careful consideration by this municipality, your request to undertake a doctoral study at this municipality has been approved on the condition that it takes place at the beginning of July 2009.

Our decision is based on the fact that the period between March and June 2009 is a very busy time for this municipality and the officials might not be available to partake in your study.

Kindly advise this office in writing should you accept our approval based on the above condition.

We trust that you will understand.

Regards

G.M. TERBLANCHE

SENIOR PERFORMANCE MANAGEMENT OFFICER