

**EFFECTS OF THE PERFORMANCE MANAGEMENT SYSTEM ON
SERVICE DELIVERY IN THE MBOMBELA LOCAL MUNICIPALITY:
MPUMALANGA PROVINCE**

by

NOMATHEMBA GLADYS KGWEFANE

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DECLARATION

I declare that **EFFECTS OF THE PERFORMANCE MANAGEMENT SYSTEM ON SERVICE DELIVERY IN THE MBOMBELA LOCAL MUNICIPALITY: MPUMALANGA PROVINCE** (mini-dissertation) is hereby submitted to the University of Limpopo, for the degree of Master of Public Administration has not previously been submitted by me for a degree at this or any other university; that it is my work in design and in execution, and that all material contained herein has been duly acknowledged.

KGWEFANE NG (MRS)

DATE

DEDICATION

The study is dedicated to my family:

Thabo, Mbuso, Naledi and Otsile Kgwefane

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ABSTRACT

The study seeks to determine whether the introduction of Performance Management System (PMS) in Mbombela Local Municipality (MLM), Mpumalanga Province has effects on service delivery. Municipalities tend to focus mainly on complying with legislative requirements of having an Integrated Development Plan (IDP) and PMS other than implementing the IDP and PMS to enhance the delivery of services to the community. The annual performance reports of MLM for the financial year 2009/2010 and 2010/2011 indicates performance targets in which some were achieved while in some cases the municipality failed to achieve. The Department of Cooperative Governance and Traditional Affairs (CoGTA) introduced the Performance Management Framework in municipalities with the aim of empowering communities to demand better services and hold municipalities accountable.

In this regard a literature review was undertaken. In the literature review, it became evident that communities have displeasure in the delivery of services such as electricity, water, sanitation and roads. Further findings in the study indicate that the introduction PMS in MLM has not led to positive change in the delivery of services. Recommendations made in the study for MLM to enhance service delivery through PMS, include cascading PMS to all employees in MLM, change management and communication strategy. Further issues of alignment and integration of the IDP processes, budget, PMS, monitoring, evaluation and training on the formulation of Key Performance Areas and Key Performance Indicators are recommended.

KEY CONCEPTS

- Policy
- Performance Management
- Performance Management System (PMS)
- Targets
- Performance Measurement
- Performance Monitoring
- Effectiveness
- Integrated Development Planning (IDP)
- Basic Municipal Services
- Service

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CHAPTER 1

INTRODUCTORY CHAPTER TO THE STUDY

1.1 INTRODUCTION

Communities voice their needs to their respective municipalities during the Integrated Development Planning (IDP) processes. Municipalities are expected to translate the needs into priorities and objectives thus allocating budgets for the achievement of the objectives in the IDP. Performance Management is a system that is utilised by municipalities in order to realise the objectives reflected in the IDP. The Department of Cooperative Governance and Traditional Affairs (CoGTA) introduced the Performance Management Framework for municipalities in 2001 with the aim of empowering communities to demand better services and hold municipalities accountable. The focus of this study is on Performance Management System (PMS) as a tool to enhance the delivery of services in municipalities. The focus is on whether the introduction of PMS in Mbombela Local Municipality (MLM) has effects on the delivery of services such as electricity, water, sanitation and roads. In order to provide the basis of the problem statement and the objectives of the study, a background to the study is undertaken. A detailed analysis on PMS as a tool to enhance the delivery of services is undertaken where key concepts, data collection method and data interpretation is clarified. The mini-dissertation is structured in form of a summary of chapters.

1.2 BACKGROUND TO THE STUDY

Mbombela Local Municipality (MLM) forms part of Ehlanzeni District Municipality. Towns and settlements within the region are Daantjie, Hazyview, Kabokweni, Matsulu, Msogwaba, Nelspruit, Nsikazi, Rocky's Drift, Tekwane and White River. Mbombela is situated in the North Eastern part of South Africa within the Lowveld sub-region of Mpumalanga Province.

MLM has a (PMS) that was approved by Council on 29 May 2008. The PMS is designed to measure institutional and individual performance of managers appointed under Section 56 of the Municipal Systems Act (MSA), (Act 32 of 2000) as amended. The performance of employees not appointed under section 56 of MSA (Act 32 of 2000) is however not evaluated as the approved PMS is mainly designed for Section 56 employees. Hough, Thompson, Strickland and Gamble (2008:193) emphasise the importance of cascading performance management systems to the entire institution by aligning and integrating department and individual performance to directly influence the institution's performance. PMS in government is promulgated by the Public Service Act, (103 of 1994) which stipulates that State departments must manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational effectiveness, efficiency and accountability for the use of resources and the achievement of results. Organisational effectiveness in MLM is achieved if MLM meets all the objectives as indicated in the IDP utilising all the available resources and reporting to the community of MLM. This view is supported by the MSA (Act 32 of 2000) as amended, where it is stipulated that municipalities should develop PMS that is in line with the objectives in the IDP.

The IDP for MLM has identified four priorities namely electricity, water, sanitation and roads in the different wards. However the focus of this study is on the provision of electricity, water, sanitation and roads which are viewed as service delivery functions by MLM. The observation from the annual performance reports of MLM for the financial years 2009/2010 and 2010/2011 indicates performance targets set in which some were achieved while in some cases the municipality failed to achieve the targets on services such as electricity, water, sanitation and roads. A number of reasons for the non-achievement of the performance targets are indicated but the main reasons are shortage of financial and human resources and delays caused by supply chain management processes. For the community of MLM, non-achievement of performance targets signal that requests made for services in the IDP will not be realised. Hence Ballard and Buys (2006:8) indicate that local communities have constantly voiced their displeasure with regard to the ineffective, inefficient and uneconomic provision of essential and emergency services. The expectation is that

PMS in MLM is utilised as a primary mechanism to plan for performance management, monitor, review and improve the implementation of the IDP.

Different researchers have studied PMS from a different perspective. Williams (2006) in a thesis entitled "Implementing Performance Management at Local Government Level in South Africa" focused on the effects on institutional culture in implementing PMS at local government sphere. Williams based his study on the effects of institutional culture in implementing PMS at Buffalo City Municipality. Maila (2006) studied "Performance Management and service delivery in the Department of Water Affairs and Forestry (DWAF)" which focused on the improvement of service delivery as a result of the implementation of Performance Management and Development System in DWAF. Unlike the study of this researcher, DWAF is a public institution; services rendered are not the same as in municipalities. Basic municipal services include water, sanitation, roads, electricity, human settlement and access to basic waste removal according to the Constitution of South Africa of 1996. However the focus of this study is on the effects of PMS in services of electricity, water, sanitation and roads in MLM. Ngcelwane (2008) in a thesis wrote on a "Critical Assessment of the Implementation of Performance Management in the Nelson Mandela Bay Municipality" which focused on the challenges faced by Senior Management in the implementation of PMS in Nelson Mandela Bay Municipality. Williams focused on PMS and institutional culture but Ngcelwane focused on the challenges in the implementation of PMS not on service delivery.

The study of Ngcelwane and Williams focused on their respective municipalities however this researcher will focus on the effects of PMS on service delivery in MLM. Munzhedzi (2011) in a thesis studied "Performance Management System and Improved Productivity in the department of Local Government and Housing" which focused on the introduction of PMS in the Department of Local Government and Housing if it contributes to improved productivity. The study of Munzhedzi is on PMS and improved productivity, the study of this researcher is on PMS and the focus is on services such as electricity, water, sanitation and roads not on productivity.

1.3 STATEMENT OF THE PROBLEM

Service Delivery and Budget Implementation Plans (SDBIP) are developed by municipalities as prescribed by the Municipal Finance Management Act (MFMA), (Act 56 of 2003). The requirement in the SDBIP is that each objective in the IDP is translated into performance targets and indicators utilising the PMS and allocating budget to each performance target. MLM is expected to comply with the stipulation of the MFMA. Though MLM has introduced PMS in 2008 according to the annual performance reports of 2009/2010 and 2010/2011 financial years, the indication is some performance targets were set, some of which were achieved while in some cases the municipality failed to achieve the targets on services such as electricity, water, sanitation and roads. One of the reasons for the non-achievement of the performance targets that contradicts the requirements of the MFMA is the lack of financial resources. The MFMA requires that each performance target be allocated a budget. The municipality is expected to achieve the objectives as set out in the IDP. Hence the problem for this study is to: **Analyse what are the effects of institutional performance and PMS in MLM on service delivery?**

1.4 AIM OF THE STUDY

The study is aimed at critically analysing the effects of the approved PMS for MLM on service delivery. The focus is on the institutional performance of the municipality based on targets set in the IDP which are allocated budgets through the SDBIP for the two financial years which are 2009/2010 and 2010/2011. In view of the foregoing the research objectives are outlined below:

1.5 RESEARCH OBJECTIVES

Terre Blanche, Durrheim and Painter (2006:40) define the objective of a research as when the researcher is specifying who or what they want to draw conclusions about. Hence the objectives of this study are:

- To assess institutional performance management in Mbombela Local Municipality.
- To examine the effects of the approved Performance Management System for Mbombela Local Municipality on service delivery.
- To determine ways to improve the achievement of performance targets.

1.6 RESEARCH QUESTIONS

The study will attempt to answer a number of questions. The key questions are asked as follows:

- What is the requisite for institutional performance and PMS in municipalities?
- What are the effects of the current PMS?
- What are the different options available in improving the achievement of performance targets?

1.7 CONCEPTUALISATION

Terre Blanche *et al.* (2006:51) define conceptualisation as a process whereby a researcher develops a clear and explicit theoretical image or idea of the construct that matches the attribute that is to be measured or understood.

- **Policy** as defined by Anderson (2006:6) is a relatively stable, purposive course of action followed by an actor or set of actors dealing with a problem or matter of concern.

- **Performance Management** as defined by van der Waldt (2004:39) are all those processes and systems designed to manage and develop performance at the level of the public service, specific organisations, components, teams and individuals. The Department of Provincial and Local Government, Municipal Planning and Performance Management Regulation (2001:24) defines performance management as a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the institution in terms of indicators and targets for efficiency, effectiveness and impact.
- **Performance Management System** as defined by Armstrong (2009:59) is a set of interrelated activities and processes that are treated holistically as an integrated and key component of an institution's approach to managing performance through people and developing the skills and capabilities of its human capital, thus enhancing institutional capability and the achievement of sustained competitive advantage.
- **Targets** as defined by Armstrong (2009:99) are objectives that define the quantifiable results to be attained as measured in such terms as output, throughput, and income, sales levels of service delivery, cost reduction and reduction of reject rates.
- **Performance Measurement** according to the Department of Provincial and Local Government, Municipal Planning and Performance Management Regulation (2001:24) performance measurement is defined as a process of continually analysing assessment and measurement results in terms of indicators and targets to determine success and failure.
- **Performance Monitoring** as defined by the Department of Provincial and Local Government, Municipal Planning and Performance Management Regulation (2001:24) as an on-going tracking process to assess whether targets are being met.
- **Effectiveness** as defined by the Department of Provincial and Local Government, Municipal Planning and Performance Management Regulation (2001:15) as how well the actual products or outputs lead to desired social

impact, which ultimately is a measure of the overall effectiveness of the strategy or policy for development.

- **Integrated Development Plan (IDP)** according to Craythorne (2003:150) an IDP is a mechanism that involves the entire municipal community in finding the best possible solution to achieve long-term development goals through municipal strategic planning.
- **Basic Municipal Services** according to the Local Government Municipal Systems Act (MSA), (Act 32 of 2000) as amended a municipal service is a service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment.
- **A service** according to the Department of Public Service and Administration (2003:117) is provided every time a customer deals with a public service department or component, be it receiving a social grant, issuing a birth, marriage or death certificate, providing identity documents and passports, granting a housing subsidy, being attended to at a hospital or clinic and attending school or simply responding to a customer's queries in face-to-face situations or telephonically or in writing. The customer always has the right to service and to obtain a certain quality standard.

1.8 THE ARRANGEMENT OF CHAPTERS IN THE STUDY REPORT

This study is a result of the perusal and critical analysis of policies, legislations, regulations, reports, documents that are relevant to the study in an effort to draw conclusions on whether the introduction of PMS in MLM has effects in the delivery of services. The recommendations in the study will add to the existing knowledge in Public Administration. The chapters are arranged as follows.

CHAPTER 1: INTRODUCTION

Chapter 1 of the study is the introduction and background to the study. The background to the study is undertaken in an effort to provide the basis for the aim, problem statement, objectives and questions in the study. This chapter also provides explanation of the different concepts used in the study.

CHAPTER 2: LITERATURE REVIEW ON PERFORMANCE MANAGEMENT AND SERVICE DELIVERY

Chapter 2 of the study is the review and analyses of relevant literature which includes literature from text, journals, articles and research that has been conducted in PMS. The emphasis in this chapter is on literature that relates to performance management system and service delivery in government.

CHAPTER 3: LEGISLATIVE FRAMEWORK ON PERFORMANCE MANAGEMENT AND SERVICE DELIVERY

Chapter 3 of the study provides legislative and regulatory framework that supports performance management and service delivery in government is discussed in this chapter. The Performance Management System (PMS) for Mbombela Local Municipality (MLM) is discussed with special reference to the objectives of the policy, service delivery perspectives and different role players. The aim of this chapter is to provide the perspective of how performance management and service delivery is supported from legislative and regulatory framework.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

Chapter 4 this chapter provides the research design and elaborate on the rationale for the selection of the research design. The research methodology used in the study is discussed in order to provide guidance in data collection, analysis and interpretation.

CHAPTER 5: DATA ANALYSIS AND FINDINGS

Chapter 5 this chapter provides for the analyses of data. This chapter present and analyse performance management and service delivery challenges faced by Mbombela Local Municipality, Mpumalanga Province. Data is analysed from the different methods of data collection organised and interpreted in order to draw conclusions and recommendations for the next chapter which is chapter six.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

Chapter 6 of the study is the conclusion and recommendations based on the findings from the data interpretation and analyses. This chapter presents the summary of the study interpretations and findings based on the different chapters from chapter one to five. Conclusions and recommendations are made on areas that need specific attention in order to enhance service delivery through PMS.

CHAPTER 2

REVIEW OF LITERATURE ON PERFORMANCE MANAGEMENT AND SERVICE DELIVERY

2.1 INTRODUCTION

Chapter 1 of the study considers the background and the problem statement of the study. In this chapter a literature review on performance management and services delivery in the public sector is done in an effort to understand how PMS is utilised as a tool to enhance the delivery of services. In order to comprehend the purpose of literature review, the concept of literature review is defined. Other concepts defined in this chapter includes, the understanding on PMS.

2.2 THE CONCEPT OF A LITERATURE REVIEW

Terre Blanche, Durrheim and Painter (2006:19) define literature review as a process that involves the identification and analysis of information resources and/or literature related to one's research project. This process includes identifying potentially relevant sources, an initial assessment of these sources, thorough analysis of selected sources, and the construction of an account that integrates and explains relevant sources. Terre Blanche *et al.* (2006:21) further state that a review of literature provides a researcher with sources for 'generating' or picking up definitions of key concepts that need to be operationalised in the study.

Leedy and Ormrod (2005:65) explain the review of related literature as it describes theoretical perspectives and previous research findings regarding the problem at hand. Its function is to "look again" (re+view) at what others have done in areas that are similar, though not necessarily identical to, one's own area of investigation.

Welman, Kruger and Mitchell (2005:193) confirm that the literature highlights the most pertinent findings as discussed by other researchers. De Vos *et al.* (2005:123) provide the aim of literature review as contributing towards a clearer understanding of the nature and meaning of the problem that has been identified.

It can be deduced that literature review is a concept that enables the researcher to identify and analyse information from related and relevant sources that contributes to the research problem. Literature review provides a theoretical perspective and necessitates a consideration of similar studies and how they can be of benefit to the research at hand. The literature on performance management and service delivery is reviewed below.

2.3 PERFORMANCE MANAGEMENT AND SERVICE DELIVERY IN THE PUBLIC SECTOR

Ferlie, Lynn and Pollitt (2007:7) state that discussions of performance of government have existed as long as government itself. Rulers, even autocratic ones, have usually sought to justify their rule by showing the benefits of them being rulers. In modern democracies this has developed into a political theatre of performance where competing parties promise voters that their policies will deliver their version of good life. Elections are fought over both future promises and past performance. Politicians promise to deliver a host of desirable benefits; better health care, safer streets, national security, economic prosperity, and lower taxes and ask to be judged on their record of delivering on their promises. However, a perennial problem is the lack of specificity or measurement of delivery against these promises.

The Department of Provincial and Local Government, Municipal Planning and Performance Management Regulation (2001:24) defines performance management as a strategic approach to management, which equips leaders, managers, workers and stakeholders at different levels with a set of tools and techniques to regularly

plan, continuously monitor, periodically measure and review performance of the institution in terms of indicators and targets for efficiency, effectiveness and impact. Performance Management is a tool utilised by political and administrative leaders to plan, monitor, review the performance of departments, and individuals in the institution. Van der Waldt (2004:39) provides that there should be processes and systems designed to manage and develop performance at the level of the public service, specific institutions, components, teams and individuals. Armstrong (2009:9) views performance management as a systematic process for improving institutional performance by developing the performance of individuals and teams. Through performance management institutions can improve the performance of the institution, department and individuals by having processes and systems designed to measure performance.

The purpose of Performance Management according to Craythorne (2006:200) is to establish a process whereby the vision and goals of the institution can be met. Institutions that have PMS benefit in the following manner according to van der Waldt (2004:42):

- PMS clarifies the strategy and makes it accessible.
- PMS transforms strategy into operations, vision into action.
- PMS clarifies political and managerial roles and responsibilities.
- PMS clarifies expectations of the institution and individuals.
- PMS improves accountability and participation.

The implementation of PMS is expected to translate plans (IDP) into operational activities and thereby achieving the municipal vision and goals. The other benefit of PMS is that political and managerial roles and responsibilities are clarified. PMS further improves accountability and participation. MLM is expected to utilise the annual performance report to account to the community of MLM. The different departments in MLM can account to their respective portfolio committees by presenting quarterly performance reports. The section 56 employees can account to

their Members of Mayoral Committee (MMC) by presenting their quarterly performance reports.

Malina and Selto as cited in Hough *et al.* (2008:193) echoes the views of van der Walt by elaborating that an institution's vision and strategy are the driving forces behind the institution's success. The institution's strategy has a major influence on the blueprint of the performance measurement model. The performance success of an institution is achieved as a result of the optimal synthesis of the three levels of the institution working together to achieve the same goal:

- Institutional level – the institution makes decisions about the success it would like to achieve by formulating a clear picture of where the institution is currently and of the ultimate position that it would like to attain in the future.
- Departmental level – the institution's objectives are translated into the work that the departmental unit should accomplish, within its competitive or tactical environment.
- Individual level – the individual needs to be clear regarding his/her purpose and the input/output (results) to be achieved, to ensure the department unit and the institution, as a whole, is successful.

The success of an institution is dependent on the ability of the institution to synthesise the three levels in the institution to work together towards the achievement of the institutional goals. This can be achieved when the institutional, departmental and individual levels are clear about their different roles and responsibilities; all three are working towards the achievement of performance goals of the institution. Performance Management System (PMS) is aimed at assisting the institution in achieving its institutional objectives. As a result, all the different levels of employees in an institution must be contracted through performance management agreements.

Armstrong (2009:59) elaborates that PMS integrates interrelated activities and processes in the institution in order to manage performance through people by

developing their skills and capabilities to enhance institutional capability and the achievement of sustained competitive advantage. The real goal of any PMS as provided by Lee (cited in Armstrong 2009:59) is threefold: to correct poor performance, sustain good performance and to improve performance. The approved PMS for Mbombela Local Municipality (MLM) (2008:34) indicates that the municipality will annually evaluate its performance management system; the performance management team will initiate an evaluation report annually, taking into account the input provided by departments (such report is submitted to the Mayoral Committee). According to the approved policy on PMS for MLM (2008:20) it is further stated that the Mayoral Committee or Audit Committee will be able to commission in depth performance investigations where there is either continued poor performance or lack of reliability in the information being provided. Poorly performing departments will be asked to provide an explanation and analysis of poor performance.

Minnaar (2010:67) explains performance planning as a process that concentrates on formulating indicators and targets that can be used to activate measure and evaluate performance. The first phase in the performance planning process involves categorising core functions to identify key performance areas (KPAs). These represent the broad areas where the institution must operate well to ensure success in terms of its policy mandate and are vitally important for setting up a balanced performance assessment scorecard. Municipalities plan during the IDP processes with their communities by developing long, medium, short term goals.

KPAs are defined by Minnaar (2010:67) as specific areas in respect of which the institution will manage and monitor institutional performance, identified by carefully analysing the institutional mandate. KPAs form the basis for the design and selection of strategies. A specific KPA may include a number of outcomes identified as core institutional objectives during the defining of the institutional mandate. Once the KPAs have been identified, they must be translated into measurable terms. In institutional performance plans, each and every goal, objective and activity must be linked to performance indicators and performance framework is designed for the

institution. The institutional strategy is translated into departmental and individual plans in order to measure performance of the department and individuals.

Armstrong (2009:211) states that the performance management is expected to improve institutional performance generally by creating a performance culture in which the achievement of high performance is a way of life. Brown and Harvey (2006:11) define an institutional culture as a system of shared meaning, including the language, dress, patterns of behaviour, value system, feelings, attitudes, interactions and group norms of the members. Performance culture in the institution is a culture that is shared by most employees which includes their behaviours, attitudes and systems which contributes and promotes the performance culture. The results of the effects of PMS should be seen in the improved individual and team performance. Armstrong (2009:228) advocates that performance cultures are ones in which the achievement of high levels of performance is a way of life. Characteristics of high-performing institution culture include strong leadership, processes and people involvement.

Makakane as cited in Minnaar (2010:138) explains how the performance budget presentation and plan clearly links performance goals with costs for achieving a target level of performance. A performance budget links strategic goals with related long-term and annual performance goals as well as with the costs of specific activities to influence those outcomes about which budget decisions are made. Key Performance Area (KPA) should be specific in line with the institutional mandate which must be translated into achievable Key Performance Indicators (KPIs) and targets. Budget must be allocated to each performance target. A system of monitoring and evaluation performance should be in place to dictate if targets are achieved or not. The Municipal Finance Management Act (MFMA), (Act 56 of 2003) stipulates that municipalities must develop Service Delivery Budget and Implementation Plan (SDBIP). The requirement in the SDBIP is that each objective in the IDP is translated into performance target and indicator utilising the PMS and allocating budget to each performance target. Craythorne (2006:269) defines SDBIP

as a detailed plan approved by the Mayor of a municipality in terms of section 53(l) (c) (ii) of the MFMA for implementing services and its annual budget.

Minnaar (2010:167) is of the view that the institutional scorecard provides a tool to measure and evaluate institutional performance and to compile performance and budget reports that must reflect the actual performance of the institution against its performance plans. An institutional scorecard must make provision for the following:

- Measuring the actual performance against the planned performance indicators and targets.
- Measuring actual expenditure against budget allocations in respect of each of the identified performance indicators and targets.

Minnaar (2010:167) further supports that if the performance monitoring and evaluation activity indicates required changes to improve or maintain performance; the following should be considered:

- Revising and executing goals, the institution cannot set standards that do not reflect its institutional capacity. Goals and objectives must be challenging, yet realistic and achievable in order to optimise value creation.
- Revising activities if goals and objectives changes, the changes in the goals need to be so great that the supporting activities will also have to change. New projects may have to be identified and undertaken, or institutional tasks and jobs may need to be amended.
- Revising the structures, systems or support if goals, objectives or activities are substantially amended or reviewed.
- Revising individual performance plans, if institutional goals, objectives and activities change, the contents (performance indicators and targets) of individual performance plans will probably have to change as well.

Performance monitoring and evaluation results in the performance analysis which indicates to the institution if targets set have been achieved or not. Targets that cannot be achieved can be revised; this process is done during the adjustment

budget six months after approval of the annual budget. The SDBIP must indicate service delivery targets and performance indicators for each quarter. The accounting officer must according to the MFMA assess the performance of the municipality during the first half of the financial year, focusing on the service-delivery targets and performance indicators as set in the SDBIP. The accounting officer must make recommendations as to whether an adjustment of the budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Kambuwa and Wallis (2002) presented a research paper on Performance Management and Integrated Development Planning in South Africa for the African Association for Public Administration and Management (AAPAM). The problem explored in the paper is the notion that performance management can contribute by enabling state policies to make better effects. These authors acknowledge that the adoption of the Integrated Development Plan (IDP) and PMS could better address deep-rooted imperatives to democratise the determination of developmental priorities and institutionalise the processes for accountability for those employed to deliver public services. Kambuwa and Wallis (2002) concluded by presenting the challenges of Performance Management Systems in Local Government which include:

- Setting of performance indicators in a manner that they are utilised as a yardstick to measure performance in order to determine if performance objectives are met.
- Creating links between institutional PMS and individual performance, the integration of institutional and individual PMS is a point of departure in holistically managing performance.
- Monitoring performance by continuously assessing the results in order to determine if the institution is performing according to the IDP objectives, through performance monitoring and evaluation.
- Determining sources of information and management of the process, ensuring that there is alignment of the structure and resources including the budget with the IDP as a strategy of the municipality. Municipalities need to ensure that all

activities required for the performance indicators to achieve the performance targets are in place.

It is necessary to note that the implementation of PMS in Government has not been without challenges. This is reflected by Kambuwa and Wallis (2002) above and therefore should alert managers of possible impediments which would require measures that are relevant in place to address these challenges.

Luthuli (2005) studied Performance Measurement as a Public Policy implementation tool in the South African Public Service in a thesis (University of South Africa) which focused on whether the implementation of a performance management and measurement in the public sector can result in an improved operationalisation of policies. The study included the extent in which the implementation of policies can result in the realisation of an effective and efficient public sector. The focus of the study was based in the City of Tshwane and the National Department of Labour. Luthuli (2005) states that policy implementation in South Africa has not been as successful as policy formulation. It is also concluded in this that a performance measurement and management system could lead to better performance of public sector institutions. However, there is a need to monitor the PMS closely in order to improve performance. Luthuli's (2005) study adds to the body of knowledge by highlighting the need for policy monitoring and evaluation. This is well argued that having a policy on performance management does not automatically mean that services will improve hence the need to evaluate the implementation of performance management system.

Williams's (2006) dissertation; studied Implementing Performance Management at Local Government in South Africa, which focused on the impact on institution culture in implementing PMS at Buffalo City Municipality. Williams (2006) emphasised that it is the performance management system which must assist in transforming local government to ensure that the needs of the community are met through the improved delivery of municipal services. This will be achieved through the delivery of these services in a more efficient, effective and economical manner. The author argued that the culture of fear of the unknown has the most negative effect on the

implementation of the performance management system in Buffalo City Municipality. The researcher (Williams) concluded in this study that the implementation of performance management is dependent on understanding the political dichotomy, authority of leadership, institutional strategy, institutional arrangement, allocation of resources, the culture of fear and mistrust of the unknown. The study of Williams (2006) has expanded on knowledge boundaries in the implementation of PMS in municipalities by addressing the effects of institutional culture. The aspects which are enlisted in a different view of PMS, however did not sufficiently address the effects of PMS in service delivery as it is the focus of the study at hand.

Maila (2006) studied Performance Management and service delivery in the Department of Water Affairs and Forestry (DWAF). The focus of his study was on the improvement of service delivery as a result of the implementation of Performance Management and Development System in DWAF. Maila (2006) emphasised that effective performance management and efficient service delivery can be achieved through monitoring and evaluation of performance. Performance goals should be measurable, clear, achievable and aligned to individual careers, institutional objectives and legislative requirements. Performance measures should be quantified and included but not limited to quantity, quality, time, cost and risk in order to facilitate performance evaluation. Performance progress should be monitored and assessed on an on-going basis against individual, functional and institutional goals. The researcher further stated that the cohesion between targets, outputs and key performance indicators (KPIs) is essential in measuring the level of service delivery for public institutions. In concluding Maila (2006) recommended that public sector institutions must have clear performance indicators, strategic direction and deploy resources to monitor and oversee the implementation of promised services. Maila (2006) has added knowledge regarding the improvement of service delivery resulting from the implementation of performance management. DWAF though is a public institution; services rendered are not the same as in municipalities. The focus of this study is on the effects of PMS on service delivery in MLM with specific referencers to services namely, water, sanitation, roads, and electricity.

Ngcelwane (2008) in a dissertation studied “A Critical Assessment of the Implementation of Performance Management in the Nelson Mandela Bay Municipality” which focused on the challenges faced by Senior Management in the implementation of PMS in Nelson Mandela Bay Municipality. Ngcelwane (2008) emphasised the roles that need to be played by the leadership (both political and administrative) in the implementation of any system, strategy, policy and any new plan including performance management. The author made reference to Mlaba (2005a) who states that leadership (both political and administrative) should lead from the front on all performance management related issues where unity of purpose exists between political and administrative leadership (no ‘us and them’ situation, but united voices). The argument of the author is in the leadership of the municipality that it is responsible to drive performance of the municipality in order to achieve the vision of the municipality. The author concluded that all municipal employees, not only Section 56 employees should be subjected to performance management. Communication, stakeholder involvement in decision-making processes, and visionary or strategic leadership are some of the best ingredients that could be used to cultivate a culture of performance within the municipality.

Ngcelwane (2008) in his contribution to the body of knowledge argued for more knowledge in the implementation of PMS in municipalities by emphasising the role of leadership and that all employees’ performance must also be subjected to PMS evaluations. The study however did not sufficiently address the effects of PMS in service delivery as it focused on role players in PMS and the importance of cascading PMS to employees in the organisation. Munzhedzi (2011) in a dissertation studied Performance Management System and Improved Productivity in the Department of Local Government and Housing which focused on the introduction of PMS in the Department of Local Government and Housing if it contributes to improved productivity. Munzhedzi (2011) study concluded with some of the following recommendations that:

- Regular and thorough training of departmental officials about PMS in the public service and how it impacts on productivity be done.

- Officials should understand that low individual performance may lead to a low departmental performance and productivity.
- Good communication and relations between subordinates, supervisors and management should be facilitated.
- Performance targets of both the individual employees and the Department should be clearly defined.
- A favourable working environment for employees should be created by ensuring that the necessary resources such as computers and stationery are available.
- A performance culture should be internalised by employees through instilling the spirit of wanting to achieve all the time.
- Punitive/disciplinary measures should be meted out to those officials who do not comply with the provisions of the PMS policy.

Munzhedzi (2011) emphasised the importance of training; ensuring that individuals understand the link between individual performance, institutional performance and productivity and that punitive/disciplinary measures should be taken for noncompliance. Munzhedzi (2011) added knowledge in the implementation of PMS but did not however sufficiently address the effects of PMS in service delivery in municipalities. Hartley, Donaldson, Skelcher and Wallace (2008:70) emphasises the use of balanced scorecards in the public sector and highlights an important feature of performance measurement in the provision of public services. Control is the reason for measuring performance. The role of the manager is to monitor what is happening at the output; to compare this performance with a given target and use this information so as to move towards the target.

Different authors have contributed to the body of knowledge on performance management in Government. The expectation from communities is highlighted in the literature review where communities elect a government that is expected to deliver and improve their livelihood. In response to the communities' expectations, Government through the Municipal Planning and Performance Management Regulation (2001) introduced PMS as a strategic tool through which Government

ensured that the expectations of the communities are realised. The expectation is PMS must lead to an improved institutional performance. The researchers highlighted amongst other aspects in PMS, the need for policy monitoring and evaluation in order to improve institutional performance, setting clear performance indicators and how to utilise PMS as a tool to enhance productivity. It is however evident from the literature that there is a need to determine whether the introduction of PMS in MLM in the Mpumalanga Province has effects in the delivery of services such as electricity, water, sanitation and roads.

The Department of Public Service and Administration (2003:117) defines a service as something that is provided every time a customer deals with a public service department or component, where the customer always has the right to service and to obtain a certain quality standard. Van der Waldt (2004:328) introduced the primarily tool of performance management which is to improve the delivery of services. An implicit interpretation of the role of Government is contained in this notion of performance management, namely that Local Government is essentially about service delivery. Local Government has a responsibility to ensure that wherever people live in this country, they have access to good quality public services. Where Local Government is responsible for providing this service, it must be held accountable for achieving appropriate standards across the country. That means tackling the current variability in service quality, especially in critical areas such as job creation and social services.

My point is on the South African Constitution of 1996 which provides as one of its objectives, is to the endeavour to improve the quality of life of all citizens and free the potential of each person. Nyamukachi (2005) in a dissertation studied Options for urban service delivery in South Africa with special reference to the Tshwane Metropolitan Municipality cited (van Niekerk *et al.* 2001:34) stating that 1994 ushered in a new era for South Africa. South Africa became a democratic country after decades of apartheid rule. Since 1948 apartheid as a government system was discriminatory in nature on racial lines. The results of which, are still felt and can be seen today in the lack of basic services. The apartheid system was such that

government spending was directed towards the development of white people and white areas. Black people were neglected with little spending on basic services such as health, housing, education, roads and infrastructure, water and electricity, to mention a few. Nyamukachi (2005) further elaborated that the problem of service delivery backlogs is not unique to South Africa but a problem faced by so many African and developing nations. Despite having acquired political equality, however in the delivery of services, society is not receiving equal services. Some areas remain resourced and developed while others remain under-resourced, under serviced and with major development needs. Amongst the many challenges municipalities in South Africa face, is the decreasing of the revenue source and ever increasing service delivery responsibilities. Nyamukachi (2005) provides the history of lack or little service delivery in the different parts of South Africa.

McLennan echoes the words of Nyamukachi (2005:2) on the legacies of apartheid which includes combined poor budgetary and financial management, massive backlog in basic services and infrastructure, racial and regional inequalities in the provision of services and sometimes tense social relationships, limited opportunities for social development and expanded delivery. Public service delivery is commonly understood to mean the provision of public goods and social (education, health) economic (grants) or infrastructural (water, electricity) services to those who need (or demand) them. Craythorne (1997:15) explains that the demographics of South Africa show that it is a developing country with great contrasts of wealth and poverty where the poor being mainly people of colour. Local Government is community based and the social dimension places it in the best position of being involved with the specific communities that exist within a municipality. Media Statement Mpumalanga Provincial Government (2009:1) records several incidents of unrest which have continued in the Province. These incidents have affected the following municipalities Thaba Chweu, Mkhondo, Emalahleni, Dipaliseng, Steve Tshwete, Mbombela, Albert Luthuli, Thembisile Hani, Pixely Ka Seme and Lekwa. The Ministerial task team reports that there is a gross under investment in bulk infrastructure and asset maintenance in key service delivery areas such as water, sanitation, electricity and road infrastructure.

Stanton (2009) in the study on Decentralisation and Municipalities in South Africa an Analysis of the Mandate to Deliver Basic Services states that residents across South Africa are demanding better quality services from their municipalities. Angry residents complained about dirty water, frequent electricity outages, faulty street lights and overflowing sanitation infrastructure. Stanton (2009) further emphasises that many municipalities are experiencing serious financial stress brought on by problems such as the non-payment of services leading to municipal debt. Reddy (2010:66) revealed that the Markinor Biannual Government Performance Barometer indicates that 48 per cent of the populace were unhappy with the performance of Local Government with regard to service delivery, which is indicative of the disillusionment by at least half of the electorate. Service delivery, poverty alleviation, capacity development and financial viability are key challenges that will determine the success or otherwise of developmental Local Government.

Hemson (2004:19) highlights insufficient capacity and budget in municipalities as a key constrains that hampers the delivery of basic service such as water and sanitation. Hemson further interviewed officials and practitioners from municipalities who highlighted bottlenecks, incapacity in policy and strategy, priorities in spending is not easily reached which often take the form of long debates between councillors and officials. Municipal strategies (IDP) can be contradictory where there is a limited amount of funding. The spending is spread among various constituencies and villages rather than dealing with one area at a time.

A service is provided every time a customer deals with a public department; the expectation is that such a service is received in a good quality manner. The historical view on the lack or little service delivery in certain parts of South Africa is presented in order to create a picture of the challenges that face municipalities in South Africa. Challenges faced by these municipalities in South Africa include amongst others; decrease in revenue versus an increase in service delivery responsibilities; incapacity in policy and strategy and high staff turnover especially in rural municipalities.

2.4 CONCLUSION

A number of scholars have studied performance management systems and service delivery contributing to the body of knowledge. The introduction of performance management in Government intended to equip managers, leaders, workers and stakeholders at different levels with the set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the institution in terms of indicators and targets for efficiency, effectiveness and impact. Performance management in Government should be linked to the provision of services for the community. Armstrong (2009:211) is of the view that performance management is expected to improve institutional performance generally by creating a performance culture in which the achievement of high performance is a way of life. The number of communities to be serviced by municipalities has increased but the revenue collection has not increased. Municipalities need to ensure that the delivery of basic services to the community with the minimal allocation of the budget. Insufficient capacity is also a key constrain to the delivery of services especially municipalities that are located in rural areas.

The focus of the study is on the effects of PMS in service delivery of MLM. The introduction of PMS in MLM intended to improve institutional performance. The function of literature review is to “look again” (re-view) at what others have done in areas that are similar, though not necessary identical to one’s own investigation that has been done by exploring and analysing different scholarly views. Legislative and Regulatory Framework that support performance management and service delivery in the public sector will be discussed in next chapter.

CHAPTER 3
LEGISLATIVE FRAMEWORK ON PERFORMANCE
MANAGEMENT AND SERVICE DELIVERY

3.1 INTRODUCTION

In chapter 2 the review of a literature on performance management and service delivery was done. In this chapter a legislative framework on performance management and service delivery will be discussed. A focus on the legislation framework is derived from the purpose of introducing of performance management in Government, in order to establish the effects the Mbombela Local Municipality (MLM) performance management policy in service delivery. The implementation of the MLM performance management system includes different roles players. It is imperative to link these role players and their responsibilities with the legislative requirements as discussed in this chapter. The Performance Management System (PMS) for MLM will be discussed with special reference to the objectives of the policy, service delivery perspectives and different role players.

3.2 LEGISLATIVE AND REGULATORY FRAMEWORK

According to Van der Waldt (2004:319) there are various Acts and statutory guidelines in South Africa that signal the intention to establish a performance management system in Government. Performance management and service delivery in Government is supported by the following legislative framework and regulations:

- *Constitution of the Republic of South Africa* of 1996;
- *Local Government: Municipal Systems Act*, (Act No. 32 of 2000) as amended;
- *Local Government: Municipal Finance Management*, (Act No. 56 of 2003);
- *Skills Development Act*, (Act No. 97 of 1998);
- *Labour Relations Act*, (Act No. 66 of 1995);
- *White Paper on Transforming Public Service Delivery (Batho Pele)* of 1997;

- *Local Government Municipal Planning and Performance Management Regulations* of 2001;
- *White Paper on Local Government* of 1998 and
- *Local Government Municipal Performance Regulations for Municipal Managers; and Managers Directly accountable to Municipal Manager* of 2006.

3.2.1 CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA OF 1996

Section 2 of the 1996 Constitution stipulates that ‘this constitution is the supreme law of the Republic and any law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled’. This implies that there is no legal norm in the State higher than the Constitution. Section 195 (1) of the 1996 Constitution serves as reference point guiding the conduct of all public officials in every sphere of Government. Section 195 (1) further sets out the basic values and principles that apply to Public administration in every sphere of government, all organs of state and public enterprises. In this regard public administration must be governed by the democratic values and principles enshrined in the Constitution including the following principles:

- Promoting and maintaining a high standard of professional ethics.
- Promoting efficient, economic, and effective use of public resources.
- Development oriented public administration.
- Responding to people’s needs and encouraging the public participation in policy-making.
- Providing timely, accessible and accurate information to foster transparency.
- Cultivating good human-resource management and career-development practices, to maximise human potential.
- Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

Van der Waldt (2004) advocates that the principles in Section 195 (1) of the Constitution need to promote continuous improvements in the quantity, quality and equity of service provision. Improving the delivery of services means redressing the imbalances of the past and search for new ways of working which puts the needs of the public first. Municipal councillors and officials need to promote ethical conduct in performing their functions. The use of municipal resources should promote minimum inputs whilst achieving maximum outputs. Municipal officials need to always seek new, improved and better ways of delivering services to the community by continuously developing their skills. In an effort to foster transparency public servants need to timely communicate with the community. Performance measurement and performance indicators can assist public managers to improve economy, efficiency and effectiveness.

3.2.2 LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT (MSA), 2000 (ACT NO. 32 OF 2000 AS AMENDED)

Craythorne (2006:125) state that according to the Municipal Systems Act (MSA), (Act No. 32 of 2000) each municipality must prepare an annual report reflecting the performance of the municipality and of external service provider during that financial year, together with a comparison of these performances with targets set and performances in the previous financial year, and measures taken to improve those performances. This report should be part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA),(Act No.56 of 2003), which deals with financial reporting and auditing. Craythorne emphasise the need for municipalities and external service providers to annually compare set targets with actual performance. If targets have not been achieved measures to improve must be developed.

Section 38 of the MSA (Act 32 of 2000) stipulates that it is required that all municipalities should:

- Establish a performance management system (PMS) that is: commensurate with its resources; best suited to its circumstances; and in line with the

priorities, objectives, indicators and targets contained in the Integrated Development Plan (IDP).

- It must promote a culture of performance management among its political structures, political office-bearers, councillors and its administration.
- It must administer its affairs in an economical, effective and accountable manner.
- The core components of the PMS is setting appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP.
- Assign each development priority and objective against the key performance indicator and target in order to yearly monitor, measure and review performance.
- Take steps to improve performance with regard to those development priorities and objectives where performance targets are not met.
- Establish a process of regular reporting to Council, other political structures, political office-bearers and staff of the municipality and the public.
- All performance agreements required in terms of section 56 (i) (b) of the Municipal Systems Act and all service-delivery agreements.

Section 73 of the MSA, (Act 32 of 2000) further state that municipal services must:

- Be equitable and accessible.
- Be provided in a manner that is conducive:
 - To the prudent, economic, efficient and effective use of available resource.
 - The improvement of standards of quality over time.
- Be financially sustainable.
- Be environmentally sustainable and
- Be regularly reviewed with a view to upgrading, extension and improvement.

The MSA, (Act 32 of 2000) advocates the need for municipalities to develop performance management system. This legislation provides clear guidelines on how PMS should be developed. PMS must be aligned with resources, circumstances,

priorities, objectives, indicators and targets contained in IDP of the municipality. PMS is not only for administrators in the municipality but for political office bearers and councillors as well. This is because each of these stakeholders has a role to play in the performance of the municipality. The legislation further provides how performance must be measured. Performance must be measured by the key performance indicators to establish whether the objectives of the IDP are met. Municipalities when providing services to the community is expected to ensure that the services are accessible, the service should be of high level of quality and financially sustainable. The environment where services are provided should always be considered by conducting environmental impact studies.

3.2.3 LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA), 2003(ACT NO.56 OF 2003)

The Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) state that the Mayor of a municipality must:

- Co-ordinate the annual revision of the integrated development plan (IDP) in terms of section 34 of the MSA, (Act 32 of 2000) and the preparation of the annual budget, and determine how the IDP is to be taken into account or revised for the purpose of the budget.
- Take all reasonable steps to ensure:
 - That the municipality approves its annual budget before the start of the budget.
 - That the municipality's service delivery and budget implementation plan (SDBIP) is approved by the Mayor within 28 days after the approval of the budget.
 - That the annual performance agreements as required in terms of section 56 (i) (b) of the MSA for the municipal manager and all senior managers comply with the Act in order to promote sound financial management that is linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan.

- The MFMA, (Act No. 56 of 2003) defines a municipal SDBIP as a detailed plan approved by the Mayor for implementing the municipality's delivery of municipal services and its annual budget and which must indicate:
 - Projections for each month of revenue to be collected, by source.
 - Operational and capital expenditure per vote.
 - Service delivery targets and performance indicators for each quarter.
- The Mayor must also ensure:
 - That the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the service delivery budget implementation plan, are made public no later than 14 days after the approval of the service delivery and budget implementation plan.
 - That the performance agreements of the municipal manager, senior managers and other categories of official as prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the council and the MEC for Local Government in the province.
 - That during the budget processes ensure that the IDP of the municipality has been reviewed taking into account realistic revenue and expenditure projections for future years.

The MFMA, (Act No. 56 of 2003) clearly defines the roles and responsibilities of the Mayor in relation to the budget, performance and service delivery of the municipality. The Mayor needs to ensure the approval of the annual budget, SDBIP and annual performance agreements of section 56 employees. MFMA articulates the prescribed dates when the Mayor must ensure the approval of the SDBIP and publish the SDBIP. SDBIP is an important tool to monitor the delivery of services to the community. The SDBIP is linked to the budget in order to monitor the expenditure and revenue thus promoting accountability. The performance agreements of section 56 employees and SDBIP need to be made public.

3.2.4 SKILLS DEVELOPMENT ACT, 1998 (ACT NO. 97 OF 1998)

Du Toit, Knipe, Van Niekerk, Van Der Waldt and Doyle (2001:192) state that in order to ensure a well-capacitated and skilled workforce, employee developmental needs are evaluated and addressed. Providing public employees with training and developmental opportunities encourages good performance, strengthens job related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology and restructuring exercises. Du Toit *et al.* (2001:192) further advise that carrying out the processes of performance management provides an excellent opportunity to identify development needs. During the planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas of improving good performance also stand out and action can be taken to help successful employees to improve even further. Erasmus and Van Dyk as cited in Meyer (2007:6) explain that development occurs when on-going learning opportunities are created so that employees can improve and maintain high levels of performance.

Craythorne (2006:207) indicates that the MSA deals with staff capacity building and provides that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. The Skills Development Act, (Act No. 97 of 1998) and Skills Development Levies Act, (Act No.28 of 1999) require municipalities to contribute a training levy for training its employees. The Skills Development Act fills in the gap left by inadequate vocational training in the educational system and by past policies, which excluded many people from acquiring skilled trades. The main purpose of the Act is to develop the skills in the workplace, to improve the quality of life for workers, to improve productivity and labour mobility and to promote self-employment. This Act centres on the establishment of sector education and training authorities (SETAs) and learnerships. SETAs are established according to the national economic sector as identified by the Minister of Labour.

Municipalities are categorised under the Local Government, Water and related Services (LGSETA). The functions of the SETAs include the development of sector skills plans through labour market research, collation and analysis of workplace skills plan, promoting skills development and quality assurance. The emphasis of Skills Development Act is on employee development after conducting a Skills Audit to determine the gaps between the job requirements and the incumbent in order to improve the performance of the employee.

Armstrong (2009:59) states that PMS processes are treated holistically as an integrated and key component of an institution's approach to manage performance through people and developing the skills and capabilities of its human capital, thus enhancing institutional capability and the achievement of sustained competitive advantage. The aim of PMS is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the institution. Armstrong (2009:71) further indicates that performance management should be regarded as an integral part of the continuing process of management aimed at:

- The achievement of sustained improvements.
- The continuous development of skills and capabilities.
- The institution is a 'learning institution' in the sense that it is constantly developing and applying the learning gained from experience and the analysis of the factors that have produced high levels of performance.

Employees can only achieve the required performance targets if they have the required skills and potential. The introduction of the Skills Development Act is to ensure that employees are continually developed and skilled in order to improve their performance in the workplace. PMS promotes capacity development of employees in order to exceed the expectations and achieve full potential to benefit the employees and the institution. Section 195 (1) of the Constitution of the Republic of South Africa also promotes career development practices in order to maximise human potential.

3.2.5 LABOUR RELATIONS ACT, 1995 (ACT NO. 66 OF 1995)

The Labour Relations Act, (Act No.66 of 1995), Schedule 8 makes provision for dealing with incapacity and poor performance by employees. It is not possible to dismiss an employee based on a work plan or performance agreement but it may be used as proof of incompetence. It must be determined if the employee failed to meet a performance standard, that the employee was aware of the required standard, employee was given a fair opportunity to meet the required standard and dismissal is an appropriate sanction. The management of poor performance is informed by the Labour Relations Act and other relevant Collective Agreements.

PMS is expected to be in line with the priorities, objectives, indicators and targets as indicated in the IDP. Annual targets are set through the SDBIP but not all annual targets are achieved which leads to poor performance. The Labour Relations Act provides for how institutions must deal with incapacity and poor performance. The Labour Relations Act provides what is expected from the employer and employee in dealing with incapacity and poor performance.

3.2.6 WHITE PAPER ON TRANSFORMING PUBLIC SERVICE DELIVERY (BATHO PELE) OF 1997

The White Paper (1997) provides guidelines on how the public service should tackle the task of transforming the delivery of public services. It is a fresh approach that advocates putting pressure on systems, procedures, attitudes and behaviour within the public service and orientates them in the citizens/customer's favour. van der Waldt (2004:87) indicates that the aim of the public service's transformation process has two distinct aims, firstly to improve the delivery of services to all people and secondly to demonstrate that South Africa has become a truly democratic society. The White Paper contains a flexible framework for the delivery of public services, which puts citizens/customers first and enables them to hold public servants to

account for the service they receive. It also aims to free up the energy and commitment of public servants to introduce more customer focused ways of working.

The White Paper is applicable to both national and provincial departments that are regulated by the Public Service Act of 1994. It is also relevant to all areas and employees of the public sector regulated by other legislation, such as Local Government and parastatals, teachers in education departments, as well as the South African Police Service, South African National Defence Force and the Intelligence Services. The framework consists of eight principles, derived from the policy goals set out in the White Paper on the Transformation of the Public Service.

Batho Pele is a framework with two primary functions:

- Delivery of services to citizens who are treated as customers or clients where it will be possible for citizens to hold individual public officials accountable for delivery and the quality of public services
- Channelling the energy and commitment of public officials to introduce more 'customer-focused' ways of executing their functions and doing their work.

The White Paper provides a guide on how to implement the Batho Pele principles in practice which involves the following:

- Users of services should be consulted regularly and systematically. Consultation should not only be about services currently provided but also about the provision of new basic services to those who lack. Consultation with community members in municipalities is conducted amongst others during the review of the IDP, budget, and service delivery budget implementation plan (SDBIP). Consultation is not only with community members but also internally with other departments and externally with the MEC of Cooperative Governance and Traditional Affairs in the province.
- Service standards must be published whereby such standards should indicate the level and quality of services to be provided. Service standards must be set at a level which is demanding but realistic. All users of the standard must be aware of what level is expected from them. A formal mechanism for determining standards and performance measures against the standards must

be developed. Performance against standards must be reviewed annually. Service standards levels should be indicated in the SDBIP.

- In an effort to increase accessibility to municipal services, municipalities should specify and set targets for progressively increasing access to their services for those who have not previously received them. The municipal IDP should pay special attention to communities that were previously disadvantaged in the delivery of services.
- Courtesy should be ensured by specifying the standards of how customers should be treated. Such standards should be included in the departmental codes of conduct. The performance of staff who deals with customers such as service delivery and customer care departments must be regularly monitored and performance which falls below the specified standards should not be tolerated.
- Accurate and up to date information about services provided and who is entitled to such service. Information must be provided in a variety of media and languages. Accurate and up to date IDP, SDBIP, budget performance agreements of section 56 employees and annual performance report should be provided.
- Increasing openness and transparency should be achieved by publishing the annual report to the citizens of Mbombela. The annual performance report should be in simple easy to comprehend; such report should clearly indicate the performance targets, improved service delivery, financial savings, increased efficiency and targets of the following year.
- Redressing wrongs in relation to service delivery should be done at individual and institutional level. The head of department should regularly personally review complaints, and how they were dealt with. Redressing wrongs if done adequately should minimise service delivery protects in municipalities.
- Getting the best possible value for money and eliminate waste in the provision on municipal services. This can be achieved as part of the services delivery improvement programmes by identifying areas where efficiency savings will be sought, and the service delivery improvements that will result from the achieved savings.

The White Paper on Transforming Public Service Delivery proposes that in order to encourage innovation and reward excellence, it is essential to the success of Batho Pele that the commitment, energy and skills of public servants are harnessed to tackle inefficient, outdated and bureaucratic practices, to simplify complex procedures, and to identify new and better ways of delivering services. It is also important that efforts of staff both individuals and groups who perform well in providing customer service, should be recognised and appropriately rewarded. The performance appraisals should include an assessment of the performance of individual staff in contributing to the improvement of services to the public. The White Paper on Transforming Public Service Delivery focuses on the delivery of services to the communities and hold public servants accountable for the services provided. The framework consists of eight Batho Pele or People First principles that provides for more customer focus in the delivery of services to the community. Whilst communities need services from government; government must also consult and provide information to the communities on the services and the level of quality to be expected. The community must always be informed of all objectives set in the IDP that which could not be achieved and the reasons for non-achievement. The provision of such services to the community should be a manner that promotes courtesy and consideration. Government should develop mechanisms to address community complaints regarding services.

3.2.7 LOCAL GOVERNMENT MUNICIPAL PLANNING PERFORMANCE MANAGEMENT REGULATIONS OF 2001

Section 7 (2) of the Local Government Municipal Planning Management Regulations of 2001 requires that the municipality in developing its Performance Management System must ensure that the system:

- Complies with the requirements set out in the MSA.
- Demonstrate how it is to operate and be managed from the planning stage up to the stages of performance review and reporting.
- Clarifies the roles and responsibilities of each role-player, including the local community.

- Clarifies the processes of implementing the system within the framework of the IDP process.
- Determines the frequency of reporting and the lines of accountability for performance.
- Relates to the municipality's employee performance processes.

According to Chapter 3 of Local Government Municipal Planning Performance Management Regulations (2001) it is stipulated that municipalities must set performance targets for each financial year:

- Such performance targets must be practical and realistic.
- They must measure the efficiency, effectiveness, quality and effects of the performance of a municipality within the available resource and capacity.

The Local Government Municipal Planning Performance Regulations had to set the tone for PMS in municipalities. The regulation set the tone by giving clarity on questions relating to what is PMS, who are the role players and their responsibilities, how should performance be managed and evaluated. The regulation gives guidance on performance plans, performance reviews and performance reporting. The regulation emphasise the need for performance targets to be specific, measurable, achievable, realistic and time bound.

3.2.8 WHITE PAPER ON LOCAL GOVERNMENT OF 1998

The White Paper on Local Government (1998) provides that national government must introduce performance management systems to Local Government as a tool to ensure Developmental Local Government. It concludes that "Integrated development planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area." IDP enables municipalities to:

- Align their financial and institutional resources behind agreed policy objective.
- Enable municipalities to weigh up their obligations and systematically prioritise programmes and resource allocations. In the context of grave inequalities,

IDPs serve a framework for municipalities to prioritise their actions around meeting urgent needs.

In relation to performance management the White Paper on Local Government emphasises the need for performance management in municipalities in order to ensure that plans are being implemented, plans have the desired development effect and resources are used efficiently. The White Paper on Local Government assigns the responsibility of ensuring the development of performance management system in Local Government to National Government.

The performance agreements of section 56 employees are not only provided to the community but also to the MEC of Cooperative Governance and Traditional Affairs in the province. Performance management system in municipalities is intended to enable municipalities to focus on priorities within an increasingly complex and diverse sets of demands from communities. It further enables municipalities to direct allocated resources, institutional and administrative systems to the achievement of IDP objectives.

3.2.9 LOCAL GOVERNMENT MUNICIPAL PERFORMANCE REGULATIONS FOR MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGER OF 2006

Minnaar (2010:162) states that the Performance Management System (PMS) for senior managers in municipalities is prescribed by the Local Government: Municipal Performance Regulations for Municipal Manager and managers directly accountable to Municipal Manager, 2006. According to Chapter 3 of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager of 2006 there must be performance agreements entered into between the respective municipalities, municipal managers and managers directly accountable to the municipal manager. The purpose of performance agreement includes:

- Specifying objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality.
- Specifying accountabilities as set out in the performance plan, which forms an annexure to the performance contract.
- Monitoring and measuring performance against set targeted outputs.
- Utilising the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job.
- In the event of the employer's commitment to a performance-orientated relationship with its employee, considers in attaining equitable and improved service delivery.

Chapter 3 of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager of 2006 further sets out the performance objective of the performance plan as:

- The performance objectives and targets that must be met by the employee and the timeframes within which those performance objectives and targets must be met.

The regulation further stipulates in detail how the performance evaluation processes should be undertaken for municipal managers and managers directly reporting to the municipal manager. In order to evaluate the annual performance of the municipal manager and managers directly accountable to the municipal manager an evaluation panel which must constitute of the Mayor, chairperson of performance audit committee, members of mayoral committee, the Mayor or municipal manager from another municipality and members of ward committees as nominated by the Mayor. The regulation clearly indicates how performance objectives and targets reflected in the performance plan are set. The performance objectives and targets are set by the employer in consultation with the employee and are based on the Integrated Development Plan, Service Delivery and Budget Plan (SDBIP) and the Budget of the municipality, and must include key objectives, key performance indicators, targets

dates and weights. These regulations are mainly for the Municipal Managers and managers directly accountable to the Municipal Manager. The emphasis is on performance agreements that must be entered into by the Municipal Manager and the managers accountable to him/her. The regulations outline what should form the basis of the performance agreements. The regulations further emphasise the need to align the objectives in the performance plan with the IDP, SDBIP and the budget of the municipality.

3.3 PERFORMANCE MANAGEMENT POLICY OF MBOMBELA LOCAL MUNICIPALITY

Cloete and de Coning (2011:4) define a policy as a statement of intent or an action plan to transform a perceived problem into future solution. Anderson (2006:7) states that public policies emerge in response to policy demands or those claims for action or inaction on some public issue made by other actors, private citizens, group representatives, or legislators and other public officials. The Mbombela Local Municipality PMS (2008) is a policy that seeks to address the performance of the municipality in relation to the municipal services delivered to the community of Mbombela. The objective of the PMS policy is to fulfil the legislative requirements, have a mechanism to plan for performance management, monitor review performance and improve the implementation of the IDP.

Cloete (1998:97) states that every political office-bearer and every public official should display a sense of responsibility when performing official duties their conducts must be above reproach in order to account to the public. The PMS policy for MLM addresses accountability by indicating that the policy shall facilitate increased accountability to the communities of Mbombela, municipal council, political leadership, administrative components, each department and office of the Municipal Manager.

Meyer (2007: 110) defines a learning institution as an institution that is skilled at creating, acquiring and transferring knowledge and at modifying behaviour to reflect new knowledge and insights. Meyer *et al.* further defines knowledge management as a systematic approach to documenting, applying and transferring the know-how and experience of employees. A major objective of knowledge management is to make effective use of the vast store of useful information and experience possessed by employees. Managing knowledge is managed effectively, information is shared as needed whether it is printed or stored electronically or in the brains of workers. The PMS policy promotes learning and improvement in an effort to improve the delivery of services to the community as required by the Skills Development Act. In the process of implementation of the policy any gaps identified are amended.

The policy provides for the detection of early warning signals of potential risks that are likely to affect the realisation of the full IDP implementation. By providing diagnostic signal of potential risks decision makers are timeously informed of risks, so that they can facilitate intervention, where it is necessary and possible to do so. Smit, Cronje, Brevis and Vrba (2011:164) advocate that all managers perform four fundamental management functions which are planning, organising, leading and controlling. When managers perform the management functions they need to make decisions. PMS is an essential tool which is also able to guide and inform decision making processes with the municipality. It provides appropriate management information that allows efficient, effective and informed decision-making, particularly in indicating where the allocation of limited resources should be prioritised.

The Municipal Scorecard Model is based on four key perspectives, developmental impact perspective, service delivery perspective, resource management perspective and governance perspective. Developmental perspective focuses on the measurement of development outcomes in the municipal area which is useful in determining whether policies and strategies are having the desired development impact. Service delivery perspectives determine how a municipality is performing with respect to the delivery of services and products. Resource management perspective determines how a municipality is performing with respect to the

management of its financial, human, information resources and organisational infrastructure. Governance perspective determines how a municipality is performing with respect to its engagement and relationship with stakeholders in the process of governance. It includes perspective on public participation with respect to community satisfaction and access to information.

The PMS policy uses scorecards at different levels such as the strategic scorecards which provide an overall picture of performance for the municipality as a whole, reflecting performance of the five broad development goals and strategic objectives set in the IDP. Service scorecards capture the performance of each defined service such as water provision thus providing a picture of the performance of that service. Service scorecards consist of objectives, indicators and targets derived from the service plan and service strategies. Performance in the form of a service scorecard is reported to the Municipal Manager and relevant portfolio committee for review on monthly basis. Performance is managed in terms of the Integrated Development Plan (IDP); the IDP process constitutes the process of planning for performance. It is crucial that all the priorities in the IDP, objectives, indicators and targets are developed. Each indicator of the scorecard requires a responsible official, usually the respective line manager. These line managers are responsible for conducting measurements of the indicators, analysis and reporting the reviews.

Analysis requires that line managers compare current performance with targets, past performance and possibly the performance of other municipalities, where data is available, to determine performance standard. Line managers should also analyse the reasons for performance levels and suggest corrective action where necessary municipal-wide outcome indicators and satisfaction surveys may be co-ordinated centrally. It is required that the following annual surveys be undertaken by the performance management office to provide data for indicators organisationally and for the different service scorecards:

- An annual community satisfaction survey conducted for households and business in Mbombela.

- An employee satisfaction survey that is conducted internally.

The PMS policy is also useful to the provision of the overall analysis of the municipal performance with respect to the strategic scorecards and service scorecards, at least for quarterly and annual reviews. Such an analysis could pick up trends in performance over time and over all departments. Malina and Selto as cited in Hough *et al.* (2008:193) emphasise that the performance success of an institution is achieved as a result of the optimal synthesis of the institution, department and individual levels of the institution. They further outline how and who must conduct performance reporting and reviews. The PMS policy promotes performance reporting and reviews which are conducted by departments, management teams, portfolio committee, mayoral committee, council, audit committee and the public, where each has the following role and responsibilities:

- The role and responsibilities of departments in performance reviews :
 - Departments review their performance at least monthly, using their service scorecards. Decision makers are immediately warned of any emerging failures to service delivery such that they can intervene if necessary. Departments use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these reviews are forwarded to the performance management team. Changes in indicators and targets may be proposed at this meeting but can only be approved by the relevant portfolio committee, in consultation with the Integrated Development Plan/Performance Management Co-ordinator.
- The role and responsibilities of management teams in performance reviews:
 - Departments need to report on their performance in the service scorecard format to the Municipal Manager and the heads of departments. The management team need to reflect on whether targets are being achieved, what the reasons are for targets not being

achieved where applicable and corrective action that may be necessary. Where targets need to be changed the management team can endorse these, for the approval by the portfolio committee.

- The role and responsibilities of portfolio committee in performance reviews:
 - Each portfolio committee is required to review the performance of their respective departments against their service scorecard. The portfolio committee appraises the performance of the services against committed targets. Where targets are not met, portfolio committees must ensure that the reasons for poor performance are satisfactory and sufficient, and the corrective strategies proposed are sufficient to address the reasons for poor performance. Changes in indicators and targets that do not appear in the strategic scorecard may be proposed to and can only be approved by the relevant committee, in consultation with the Integrated Development Plan/Performance Management Co-ordinator.

- The role and responsibilities of Mayoral Committee in performance reviews:
 - On quarterly basis, the mayoral committee should engage in an intensive review of municipal performance against both the service scorecards and the strategic scorecard, as reported by the Municipal Manager. The review should reflect on the performance of services and the strategic scorecard. The mayoral committee need to ensure that targets committed to in the strategic scorecard are being met, where they are not, that satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance. The review also focuses on the systematic compliance to the performance management system, by departments, portfolio committees and the Municipal Manager. The roles and responsibilities of the Mayor and Mayoral committee is supported by section 43 of the MSA, (Act No. 32 of 2000) and the MFMA, (Act No.56 of 2003). It is imperative that the mayoral committee not only pay attention to poor performance but also to good

performance. It is expected that the mayoral committee acknowledge good performance, where departments have successfully met targets in their service scorecards. The Annual Mayoral Award for excellent performance is used to reward departments who have excelled in terms of their service scorecards.

- The role and responsibility of Council in performance reviews:
 - At least annually, the mayoral committee is required to report to council on the municipal performance. The reporting should take place using the strategic scorecard in an annual report. The MSA, (Act No. 32 of 2000) and the MFMA, (Act No.56 of 2003) requires that the annual report should at least constitute a performance report (the strategic scorecard), financial statements and an audit report.

- The role and responsibility of the public in performance reviews:
 - The MSA, (Act No. 32 of 2000) requires that the public be given the opportunity to review municipal performance. A user-friendly report based on the annual report must be produced for public consumption. The communities' report should be simple, easily readable and attractive document that translate the strategic scorecard for public consumption. A public campaign be annually embarked on to involve communities in the review of municipal performance. Such a campaign could involve the following methodologies:
 - Ward committees be reported to and submit their review of the municipality to council. The performance management team should be used to summarise the inputs. Various forms of media including radio, newspaper and billboards can be used to convey the communities' report.

- The role and responsibility of the auditing and quality control in performance reviews:

- All auditing must comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports should be conducted by the internal audit structure prior to submission to the municipality's external audit committee and auditor-general.
- The role and responsibility of quality control and co-ordination:
 - The Office of the Municipal Manager, overseen by and reporting regularly department responsible for organisational performance is required on an on-going basis to co-ordinate and ensure good quality of reporting and reviews. Corporate Strategy has the role to ensure conformity to reporting formats and check the reliability of reported information, where possible.
- The role and responsibility of performance investigations:
 - The Mayoral Committee or Audit Committee are able to commission in-depth performance investigations where there is either continued poor performance, lack of reliability in the information being provided or on a random ad-hoc basis.
 - Performance investigations should assess:
 - The reliability of reported information.
 - The extent of performance gaps from targets.
 - The reasons for performance gaps.
 - Corrective action and improvement strategies.
 - While the internal audit function may be used to conduct these investigations, it is preferable that external service providers, preferably academic institutions, who are experts in the area to be audited, should be used. Clear terms of reference need to be adopted by the respective committees.

- The role and responsibilities of internal audit in performance reviews:
 - The municipality's internal audit function is continuously involved in auditing the performance reports of departmental and the strategic scorecard. As required by the regulations, they are required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee.

Auditing is necessary to prevent:

 - Inconsistencies in performance management definition or methodology of data collection.
 - Incorrect processing and poor documentation of performance management.
 - Biased information collection and reporting by those whose image is at stake in the performance management process.

- The performance management regulations specify that any auditing must include assessment of:
 - The functionality of the municipality's performance management system.
 - The compliance of the system with the legislation.
 - The extent to which performance measurements are reliable in measuring performance of the municipality.

The role and responsibilities of the audit committee in performance reviews:

- The municipal council is required to restructure the existing audit committee and extend its mandate to include performance auditing. The operation of this audit committee is governed by section 14 (2-3) of the performance regulations their functions includes:
 - Review the quarterly reports submitted to it by the internal audit unit.
 - Review the municipality's performance management system and make recommendations in this regard to the council of that municipality.
 - Assess whether the performance indicators are sufficient.

At least twice during a financial year submit an audit report to the municipal council.

Evaluating performance

The PMS for MLM provides for an evaluation panel to evaluate the performance of the Section 56 employees, which includes the performance of the Municipal Manager. The Municipal Systems Act and Municipal Finance Management Act require that performance evaluating and scoring performance be done on quarterly basis. The employer is required to keep a record of the mid-year review and annual assessment meeting. The performance plan includes a personal development plan, in order to address any weaknesses or skills gaps which may have been identified.

The annual performance appraisal involves the assessment of results as outlined in the performance plan. The evaluation of good employee performance by Section 56 managers includes, a performance bonus, based on affordability may be paid to the employees, after:

- The annual report for the financial year under review has been tabled and adopted by the municipal council.
- An evaluation of performance in accordance with the provisions of the performance management regulation.
- Approval of such evaluation by the municipal council as a reward for outstanding performance.

In addition to the annual cost-of-living increase, the employee is eligible to be considered for a performance related increase (pay progression) on an annual basis. The calculation of the performance bonus is provided by the performance management regulations which must be between five per cent and fourteen per cent of the inclusive annual remuneration package may be paid to the employee after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Municipal Council, as a reward for excellent performance. In determining the bonus payment, the regulations specify that the relevant percentage depends on the overall rating, calculated by using the applicable assessment rating

calculator. The salary adjustments in respective employee's salary can be adjusted if it is understood that the high levels of performance can be sustained and are not once-off. This salary adjustment is over and above any inflationary adjustment.

The objective of the PMS for MLM includes compliance to the performance legislations and regulations. The policy creates a mechanism to measure and improve performance of the municipality in respect to service delivery. The policy promotes accountability to the citizens of Mbombela by publishing the Annual performance report. It is clearly indicated in the policy how performance in terms of the IDP objectives, indicators and targets should be achieved. The different role players and their respective roles and responsibilities are clearly outlined in the policy. The policy further indicates how performance should be evaluated (good and poor performance). The approved PMS for MLM however does not make provision for the performance appraisal of employees not appointed under to section 56 MSA, (Act No. 32 of 2000). Minnaar (2010:165) confirms that there is no performance management system formally prescribed in legislation or government policies for operational employees in municipalities that are non-section 56. Non-section 56 employees currently do not receive any monetary remuneration for good performance. Municipalities are, however, entitled to design alternative, non-monetary remuneration incentives.

Consistently poor performance may constitute grounds for disciplinary actions, but operational employees must also have personal development plans that are linked to institutional workplace skills plans as a mechanism to expose employees to development and training opportunities in those areas where they do not perform according to expectations. Continuous development and training of employees forms an integral part of the performance management system. The implementation of PMS in respect to the convening of the different committees to appraise the performance of section 56 employees and departments in MLM is not happening. In order to comply with the legislative and regulatory requirements the different

committees need to convene and address issues relating to poor and good performance of section 56 employee and departments.

3.4 CONCLUSION

The legislative framework outlines that Government departments should have Performance Management Systems aligned to the priorities, objectives, indicators and targets of the IDP. The legislative framework emphasises financial accountability of Government departments by reporting quarterly and annually the performance of their respective department to Councils or Legislature and other political oversight structures. The PMS should be developmental by identifying skills gap and develop a plan to bridge the gaps in order to improve service delivery. Government should strive to provide services that are of high standard, with professional ethics, impartially, fair, efficient, economical, effective, accountable and transparent to the needs of the community. The introduction of PMS in Mbombela Local Municipality is to create a mechanism for performance planning, monitoring, review and improve the implementation of the municipals. In the next chapter the design and methodology that provides guidance to data collection methods, analysis and interpretation is explained.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Chapter 3 of the study considered the legislative frameworks and regulations on performance management system and service delivery. Chapter four (4) focuses on the research design and methodology used in the study to provide guidance on data collection methods, analysis and interpretation among others. In this chapter the focus is on how the study has been conducted and which has led to the achievement of the aim of this study as conceptualised in Chapter one. The aim of the study is to analyse the effects of institutional performance and Performance Management System in Mbombela Local Municipality on service delivery.

4.2 REASERCH DESIGN AND METHODOLOGY

Huysen as cited in de Vos, Strydom, Fouche and Delport (2005:132) define research design as the plan or blueprint according to which data is collected to investigate the study hypothesis or question in the most economical manner. The expectation in research design is the development of a plan that enables the researcher to collect data leading towards solving the research problem. Leedy and Ormrod (2005:94) stress that the different research problem dictates the type of research design and methods, which in turn results in the collection of different types of data and different interpretations of such data.

Welman, Kruger and Mitchell (2005:2) define research methodology as a concept that considers and explains the logic behind research methods and techniques. In research methodology the focus is on the procedures and tools to be utilised in

collecting data leading towards solving the research problem. Unlike research design the focus is developing a plan that enables the researcher to collect data leading towards solving the research problem. Leedy and Ormrod (2005:27) provide for two terms, validity and reliability that are repeatedly used in research methodology. Leedy and Ormrod further clarify validity as an instrument that measures what it is supposed to measure whilst reliability is the consistency in the measuring instrument to yield results.

An instrument used in research methodology should enable the researcher to analysis data in order to draw conclusions from the collected data. In ensuring maximum validity in the findings of this study the researcher followed the mixed method approach in data collection and analysis (see section 4.4). De Vos *et al.* (2005:357) provides for a combined method study, mixed method which is a combination of qualitative and quantitative where the researcher use multiple methods in data collection and analysis. A questionnaire used in this study for data collection, is designed in a manner that combines qualitative and quantitative research method. The format of a questionnaire is mainly closed ended and with few open ended questions to allow respondents opportunities for a qualitative input to the question asked. Further the researcher selected a sample of respondents from councillors, members of the mayoral committee, general managers and trade union representatives to provide different views in order to draw meaningful conclusions. This is evident in (see section 4.4) from data collected. The quantitative and qualitative research design is discussed in 4.2.1 below.

4.2.1 QUANTITATIVE AND QUALITATIVE RESEARCH DESIGN

Quantitative research design as explained by Leedy and Ormrod (2005:95) is when the researcher seeks to explain, predict, confirm, validate and test theory. The intent of quantitative research is to establish, confirm or validate relationships and to develop generalisations that contribute to theory. Quantitative researchers choose methods that allow them to objectively measure the variable(s) of interest. In

quantitative approach data is collected by means of questionnaires, checklists (direct observation), indexes and scales. Data analysis and interpretation in quantitative approach is mainly presented in numbers, symbols, statistics, deductive reasoning and scientific style.

Qualitative research as explained by Leedy and Ormrod (2005:96) is when the researcher seeks a better understanding of a complex situation. The work of the researcher is often exploratory in nature, and may use observations to build theory from the ground up. Leedy and Ormrod (2005: 96) further provide the purpose of qualitative research which is to describe, explain, explore, interpret and build theory. Qualitative research study can serve an evaluation purpose as it provides means through which the researcher can judge the effectiveness of a particular policy, practice or innovation. Data collection in qualitative research is by means of conducting interviews, observation and from documents. In qualitative research data analysis and interpretation presents itself in a form of themes, categories, words and interpreted narratives.

The research design of this study is qualitative research design as it is aimed at making an in-depth analysis of institutional performance and the effects of PMS on service delivery in MLM. The mixed method approach is utilised in this study in data collection and analysis (see section 4.4). de Vos *et al.* (2005:357) provides for a combined method study, mixed method which is a combination of qualitative and quantitative where the researcher use multiple methods in data collection and analysis. The questionnaire used in this study as means of data collection, is designed in a manner that combines qualitative and quantitative research methods. However, as earlier highlighted, a questionnaire instrument used for data collection while containing both closed ended and open ended questions is more biased towards quantitative than qualitative methodology.

4.2.2 POPULATION

Welman, Kruger and Mitchell (2005:52) define a population as the study object and consist of individuals, groups, organisation, human products and events or the conditions to which they are exposed. In other words, a population can be explained as a full set of individuals or groups from which a sample is taken. The population for this study is taken from Mbombela Local Municipality which has 1621 employees and 78 councillors. The study includes councillors who have a role in the approved PMS for MLM which include to annually receiving the annual performance report of the municipality from the mayoral committee.

All seven members of the mayoral committee are included in the population. These seven members of the mayoral committee are political heads of the seven departments within MLM. The political heads are mainly responsible for the monitoring and evaluation of PMS for all Section 56 employees. The Members of the Mayoral Committee (MMCs) are required to chair portfolio committees where they have a responsibility according to the approved PMS for MLM of reviewing the performance to their respective departments. On quarterly basis, the MMCs engage in an intensive review of the municipal performance against both the service scorecards and the strategic scorecards. All seven General Managers (Directors) form part of the population as they are the users of the current approved PMS. The general managers are departmental heads responsible for the performance of their departments. The general managers ensure that at least monthly departmental reviews are conducted according to the approved PMS for MLM. The population also include twelve union representatives as they are a major stakeholder in the management of the municipality. Organised Labour is one of the structures recognised in the municipality where a policy prior approval by Council is presented at the Local Labour Forum (LLF) for inputs and consideration. Organised Labour has a role in the monitoring of the implementation of PMS in MLM. Organised Labour consist of two unions namely Independent Municipal and Allied Trade Union (IMATU) and South African Municipal Workers Union (SAMWU). IMATU is

represented by three members while SAMWU is represented by nine members in the LLF.

4.2.3 SAMPLE SIZE AND SELECTION METHOD

Sampling is defined by Terre Blanche *et al.* (2009:49) as a selection of research participants from an entire population and involves decisions about the people, settings, events, behaviours and social processes to observe. There are two major groups of sampling procedure, probability and non-probability sampling. The selection of the sample in this study is based on probability sampling. In selecting the size of a sample de Vos *et al.* (2005:195) advocates that larger samples enable the researcher to draw more representatives, thus making more accurate conclusions and predictions than in smaller samples. Welman *et al.* (2005:56) in explaining probability sampling indicate that it is a case where we can determine the probability that any element or member of the population will be included in the sample. Probability sample includes simple random samples, stratified random samples, systematic samples and cluster samples. Leedy and Ormrod (2005:199) maintain that random selection means choosing a sample in such a way that each member of the population has equal chance of being selected.

The sample frame of this study is based on the simple random sampling. The study involves four Councillors, all seven members of the Members of the Mayoral Committee (MMCs), all seven General Managers and four Union Representatives in the Local Labour Forum (LLF). The selection of the sample of the councillors and trade union representatives from LLF is based on accidental sampling where only councillors and trade union representatives that were readily available were selected until the required number was reached. These councillors and trade union representatives are in the committees responsible for PMS in MLM. Accidental sampling (convenience) is defined by Leedy and Ormrod (2005:206) as any case which happens to cross the researcher's path and has anything to do with the phenomenon is included in the sample until the desired number is obtained.

Table 4.1 Simple random sampling procedure

| POSITIONS | TARGET POPULATION | PROPORTIONAL SAMPLE | GENDER | AGE |
|-------------------------------------|--------------------------|----------------------------|------------------------|----------------|
| COUNCILLORS | 4 | 4(100%) | Female =2 Male = 2 | 25-35 36-65 |
| MEMBERS OF MAYORAL COMMITTEE | 7 | 7(100%) | Female= 2 Males = 5 | 36-65 |
| GENERAL MANAGERS | 7 | 7(100%) | Female= 1 Males = 6 | 25-35 36-65 |
| TRADE UNION REPRESENTATIVES | 4 | 4(100%) | Female= 2 Male = 2 | 25-35 36-65 |
| TOTAL | 22 | 22(100%) | 22 | |

4.3 DATA COLLECTION METHODS

Brink (1996:148) indicates that when planning the process of data collection, the researcher is guided by five important factors: What, How, Who, Where and When? Brink (1996:148) further confirms that the researcher must carefully consider exactly what type of information is needed to answer the research question which is indicated in Chapter one of this study. Data is distinguished by Welman *et al.* (2005:149) between secondary and primary data sources. Secondary data is information collected by individuals or agencies and institutions other than the researcher him or herself. Primary data is the original data collected by the researcher for the purposes of his or her own study at hand. Primary data in this study includes data collected through the questionnaire and the annual performance targets set in the Service Delivery Budget Implementation Plan (SDBIP) which are reflected in the Annual Performance Reports for 2009/2010 and 2010/2011 focusing on the services such as electricity, water, sanitation and roads. (SDBIP) are developed by municipalities as required by the Municipal Finance Management Act (MFMA), (Act 56 of 2003). The requirement in the SDBIP is that the each objective in

the IDP is translated into performance target and indicator utilising the PMS and allocating budget to each performance target.

According to De Vos *et al.* (2005:166), data collection methods in quantitative approach can be categorised into questionnaires, checklists, indexes and scales. De Vos *et al.* (2005:287) further advocates that questionnaires are the most generally used instrument of collecting data. Whilst Brink (1996:153) highlights the advantages of questionnaires that it is less expensive in terms of time and money and subjects feel a greater sense of anonymity and are more likely to provide honest answers. A questionnaire and documentary source are used in this study as means of gathering data.

4.3.1 QUESTIONNAIRE

A questionnaire (see Annexure three) was developed and used as an instrument of gathering data. The questionnaire for this study focuses on assessing the effects of the approved PMS in services delivery in MLM. The questionnaire has a mixture of open and closed ended questions. Welman *et al.* (2005:174) defines open ended questions as questions that the interviewer ask the respondent without prior list of answers, whilst closed questions offers the respondent a range of answers to choose from in a Likert Scale manner. There are various ways in ensuring that questionnaires are distributed to participants. It includes mailing; send electronically and delivering the questionnaires by hand. For the purpose of this study questionnaires were sent electronically and hand delivered. Participants were pre booked in a form of one on one session in order to explain the questionnaire. The one on one sessions enabled participants to ask clarity seeking questions during the completion of the questionnaire. De Vos *et al.* (2005:170) advocate that all questionnaires should be accompanied by a covering letter that serves to introduce and explain to the respondent the purpose of the questionnaire. The questionnaire for this study is designed in a manner that these aspects are adhered to in ensuring

that respondents have some idea of what the study intends to research on as well as ensuring the rights of the respondents during data collection.

4.3.2 DOCUMENTARY SOURCE

Terre Blance *et al.* (2009:316) is of the view that documentary sources such as letters, newspapers, official documents and books are useful in gathering data in research. The official document in this study includes the annual targets set in the Service Delivery Budget Implementation Plan (SDBIP) which are reflected in the Annual Performance Reports for 2009/2010 and 2010/2011 focusing on the services such as electricity, water, sanitation and roads. The annual performance report contains primary data required to determine the effects of institutional performance and PMS in service delivery in MLM.

4.4 DATA ANALYSIS METHODS

According to de Vos *et al.* (2005:333), data analysis is the process of bringing order, structure and meaning to the mass of collected data. Content analysis as defined by Leedy and Ormrod is a detailed and systematic examination of the contents of a particular body of material for the purpose of identifying patterns, themes, or biases within the material. Thus Welman *et al.* (2005:221) confirm by indicating that content analysis can be described as a quantitative analysis of qualitative data as it involves the sequencing of particular words or concepts in order to identify key themes.

Data analysis in qualitative research is done in words and not in numbers as in quantitative research. There is a need therefore to convert words into numbers or symbols. In converting words into numbers Welman *et al.* (2005:215) explain the purpose of coding as that of analysing and making sense of data that has been collected, using codes which are tags or labels that attach meaning to the raw data.

Data has been organised and classified in different themes. In analysing the questionnaire data in this study, the researcher has identified questions and answers that are related and group them together and allocate a percentage. The questionnaire is structured in segments thus the answers are grouped in the same manner as in the questionnaire in order to avoid confusion. Each question is analysed and allocated a percentage from the respondents' answers ranging good, moderate, fair, strongly agree, agree and do not agree. The analysis also includes data collected from the document being the annual performance report with specific references to performance targets set in the financial year 2009/10 and 2010/11 on the services such are electricity, water, sanitation and roads.

4.5 ETHICAL CONSIDERATIONS

According to Leedy and Ormrod (2005:101) a researcher must look closely at the ethical implications of what is being researched. The following need to be observed: protection from harm, informed consent, right to privacy, and honesty with professional colleagues. In order to ensure that the researcher complies with the ethical consideration, the researcher provided participants with a consent letter to agree or not to agree to participate in the study (see Annexure two). The researcher has obtained permission from the General Manager Corporate Services, to conduct the study (see Annexure one). Participants were at ease knowing that information supplied in the questionnaire will only be utilised for the purpose of the study and be treated confidentially. Their right to remain anonymous was guaranteed as the questionnaires do not require names of participants and the information gathered will not be used to harm them.

4.6 CONCLUSION

This chapter has indicated the research design and methodology in the following segments; population, sample size, data collection method, data analysis method and ethical considerations. This chapter clarified the difference between qualitative and quantitative research design and while both quantitative and qualitative approaches are used, this study is biased towards quantitative methods as reflected by data collection instrument used. The population and sample size were clearly indicated. Different data collection methods were discussed for the purpose of this study a questionnaire and documentary analysis is utilised as means of collecting data. Data analysis is done in detail in Chapter five of the study.

CHAPTER 5

DATA ANALYSIS AND FINDINGS

5.1 INTRODUCTION

Chapter 4 of the study reflected on the research design and methodology which included the data collection methods used. Data is collected by means of questionnaires and documentary sources. This chapter seeks to address the aim of the study as indicated in Chapter one, which is to examine the effects of the Performance Management System on service delivery in Mbombela Local Municipality. This chapter focuses on the research findings, interpretation and possible solutions and recommendations for the study on the effects of the performance management system on service delivery in the Mbombela Local Municipality.

5.2 ANALYSIS AND INTERPRETATION OF DATA

Participants in the study were pre-booked in one-on-one session where the questionnaire (annexure three) in the study, was explained and participants were given the opportunity to ask clarity-seeking questions. Fourteen questions were asked where the first three questions were based on the participants personal information. Twenty two participants including councillors, members of the mayoral committee, general managers and trade union representatives were sampled to complete the questionnaire. Out of the target population of twenty two participants, twenty one (95.4%) respondents were able to participate in the interview, completed and return the questionnaires.

5.3 ANALYSIS AND FINDINGS FROM THE QUESTIONNAIRE

In analysing the responses from participants, the responses have been grouped according to the answers provided. Participants were asked in questions 4 to 8 to rate their understanding of performance management from high, moderate and low in a form of closed questions. Participants were further asked in questions 9 to 12 to indicate if they strongly agree, agree or do not agree with the statements provided relating to the effects of PMS in MLM in a form of closed questions. Question 13 and 14 were open ended questions where in question 13, participants were required to indicate challenges in the achievement of performance targets set in the Service Delivery Budget Implementation Plan (SDBIP). Question 14 also required participants to indicate any specific areas for improvement in the municipal approved PMS. The participants' responses to the questionnaires are analysed below:

5.3.1 The level of understanding performance management in Local Government

Respondents were asked to indicate between high, moderate and low on their level of understanding of Performance Management in Local Government. Four (19%) of the participants responded by indicating high, ten (48%) indicated moderate and seven (33%) indicated low in their understanding of Performance Management in Local Government. The indication from the analysis of the respondents is that the largest group of respondents has a moderate understanding of performance management in Local Government. Performance Management in Local Government was introduced by the White Paper on Local Government in 1998. Fifteen years after the introduction of performance management by the White Paper the expectation from the largest group of respondents is that they would rate high in understanding performance management system and dispensation. The White Paper advocates the need for a performance management system in municipalities in order to ensure the achievement of the IDP priorities by aligning all required resources. From the analysis it is evident that there is need to educate councillors and employees of MLM

on the legislative and regulatory framework that promotes performance management in municipalities. The kind of education required on the legislative framework is intended to ensure that the issue of good governance and compliance regarding PMS are upheld. Such could be able to bring integrity for municipality from its communities on the fact that its systems are functional and compliant to the good governance matters.

5.3.2 The level of training received

Respondents were asked to rate between high, moderate and low their level of training received on performance management. Four (19%) the respondents indicated high, eight (38%) indicated moderate and nine (43%) indicated low in the level of training received in performance management. Nine (43%) is the largest group of respondents who rated low in the level of training received in performance management.

Munzhedzi (2011), as highlighted in chapter two, section 2.3 of this study, supports the notion of training and further emphasises the importance of training in fostering a linkage between personal and institutional performance. In chapter two section 2.3 it is also highlighted that punitive/disciplinary measures can only be taken against poor performers, after they have been adequately trained. Continuous development and training of employees forms an integral part of the performance management system. This is evident in chapter three, sections 3.2.4 and 3.3 of this study. In section 3.2.4 of this study it is indicated that the introduction of the Skills Development Act, (Act No. 97 of 1998) is to ensure that employees are continually developed and skilled in order to improve their performance in the workplace. In chapter three, section 3.3 of this study, the approved PMS for MLM emphasise the need for linking personal development plans with institutional workplace skills plans in order expose employees to development and training opportunities in areas where employees are not performing according to the expectations.

It is evident from the analysis of the respondents that the level of training in performance management is not adequate, hence a need for training. The division in MLM responsible for training and skills development should facilitate trainings on performance management in order to increase the level of understanding in the councillors and employees of MLM. Councillors and managers of MLM will have a good understanding on how to deal with poor performance. Training in performance management will also assist the employees of MLM to understanding the link of their individual performance and institutional performance on service delivery.

5.3.3 Understanding of the approved PMS for MLM

Respondents were asked to indicate between high, moderate and low in their understanding of the approved PMS for MLM. Three (14%) of the respondents rated high, eight (38%) rated moderate and ten (48%) rated low in understanding the approved PMS for MLM. The indication from the analysis is that the largest group of respondents have a low understanding of the approved PMS for MLM.

MLM has an approved PMS since 29 May 2008. Chapter three section 3.3 of this study indicates the intention of the introduction PMS in MLM which is to address the performance of the municipality in relation to the delivery of services to the community of MLM. The approved PMS for MLM also seeks to create a mechanism to monitor, review and improve performance for the implementation of the IDP. An observation from this data highlights that the largest group of respondents have a low understanding of the approved PMS. It can be further indicated that the introduction of PMS in MLM has not yet realised the intended goal which addresses the performance of the municipality in relation to the delivery of services. Due to a lack of understanding of the approved PMS it can be indicated that the PMS is not currently utilised to optimally monitor, review and improve performance for the implementation of the IDP.

There is a need for the custodians of PMS in MLM to facilitate interventions such as workshops, trainings and seminars among others on the approved PMS in order to increase the level of understanding of the approved PMS.

5.3.4 Performance targets

Respondents were asked to indicate between high, moderate and low in their understanding of setting performance targets. Three (14%) of the respondents rated high, eight (38%) rated moderate and ten (48%) forty two per cent low when asked to indicate their level of understanding in setting performance targets. It can be indicated from the analysis that ten (48%) which is the largest group of the respondents has a low understanding in setting performance targets.

In chapter three section 3.2.7 of this study the Local Government Municipal Planning Performance Management Regulations (2001) emphasise that performance targets need to be specific, measurable, achievable, realistic and time bound. The observation from the annual performance report of MLM for the financial years 2009/2010 and 2010/2011 is that performance targets set in which some were achieved, while in most cases the municipality failed to achieve the targets on services such as electricity, water, sanitation and roads. This indication is also highlighted in question 10 of the questionnaire where the respondents indicated that the SDBIP has a number of set targets that are unrealistic. Unrealistic indicates lack of understanding by the respondents in setting performance targets that are specific, measurable, achievable, realistic and time bound (SMART).

Armstrong (2009:211) is of the view that in order for an institution to benefit from PMS, the PMS should clearly indicate what is required and expected from all individuals in terms of performance objectives, performance targets and standards. The performance of an institution is gauged against the performance targets set and what has been actually achieved. Kambuwa and Wallis in chapter two, section 2.3 of this study emphasises the need for municipalities to ensure that all activities required for the achievement the performance targets are in place, such financial and human resources.

5.3.5 Link between SDBIP and PMS

Respondents were asked to indicate between high, moderate and low their understanding the link between Service Delivery Budget and Implementation Plan (SDBIP) and PMS. The question is to determine whether participants understand the stipulation in the Municipal Finance Management Act (MFMA), (Act 56 of 2003) that municipalities must development Service Delivery and Budget Implementation Plan (SDBIP). SDBIP must be based on specific performance targets and indicators derived from the Integrated Development Plan (IDP) linking the IDP with PMS and Budget.

Six (29%) of the respondents rated high, seven (33%) rated moderate and eight (38%) rated low in their level of understanding of the linkage between the SDBIP and PMS. The observation from the analysis is that the largest group of respondents have a low understanding of the linkage between the SDBIP and PMS. The indication is that the largest group of respondents do not understand the importance of the linkage between the IDP, SDBIP and PMS. The observation is that in MLM there are three documents namely the IDP, SDBIP and PMS that are not aligned. It can further be indicated that the non-alignment of the three documents can result in challenges in translating the IDP objectives into performance targets, indicators and allocating budget to each performance target. The link of the IDP, SDBIP and PMS is clearly indicated in chapter 2, section 2.3 of this study where it is highlighted that the SDBIP requires that each objective in the IDP be translated into performance target and indicator utilising the PMS and allocating budget to each performance target. It can also be indicated that there is therefore a lack of positive effect in the delivery of services as there are challenges in translating the IDP objectives into performance targets, indicators and allocating budget to each performance targets.

5.3.6 PMS in MLM has led to change in the performance of the institution

Respondents were asked to indicate if they strongly agree, agree and do not agree with the statement that the introduction of PMS in MLM has led to change in performance of the institution. Zero (0%) of the respondents indicated that they strongly agree, four (19%) twenty one per cent agree and seventeen (81%) do not

agree with that statement that the introduction of PMS in MLM has led to change in the performance of the institution. Seventeen (81%) being the majority of respondents who do not agree that the introduction of PMS in MLM has led to change in the performance of the institution. It can be indicated that the introduction of PMS in MLM has not produced positive change in the performance of MLM.

Armstrong (2009:211) is of the view that institutions that have PMS achieve improved performance in the delivery of services. This is contrary to the analysis from the respondents that in MLM there is no positive change in the performance of the municipality. The analysis further indicates PMS in MLM is not assisting in the achievement of the IDP objectives. In chapter one, section 1.1 of this study it is indicated that community members should also be allowed platforms for voicing their needs to their respective municipalities during the IDP processes. Municipalities should then translate the needs into priorities and objectives thus allocating budget for the achievement of the objectives in the IDP. Performance Management is a system that is utilised by municipalities in order to realise the objectives reflected in the IDP, this is not the case in MLM based on the analysis from the respondents.

5.3.7 Performance culture in the municipality

Respondents were asked to indicate if they strongly agree, agree and do not agree with the statement that PMS has managed to create a performance culture in MLM. Zero (0%) of the respondents indicated that they strongly agree, four (19%) indicated that they agree and seventeen (81%) indicated that they do not agree with the statement that PMS has created a performance culture in MLM. It can be indicated from the analysis that seventeen (81%) of the respondents which the majority do not agree that PMS has managed to create a performance culture in MLM.

In chapter two, section 2.3 of this study Armstrong (2009:211) specifies that the performance management is expected to improve institutional performance generally

by creating a performance culture in which the achievement of high performance is a way of life. Brown and Harvey (2006:11) define an institutional culture as a system of shared meaning, including the language, dress, patterns of behaviour, value system, feelings, attitudes, interactions and group norms of the members. Performance culture in the institution is a culture that is shared by most employees which includes their behaviours, attitudes and systems which contributes and promotes the performance culture. The results of the effects of PMS should be seen in the improved individual and team performance. Armstrong (2009:228) advocates that performance cultures are ones in which the achievement of high levels of performance is a way of life. Characteristics of high-performing institutional culture include strong leadership, processes and people involvement.

The analysis indicates that MLM does not have a performance culture that is shared by all employees their behaviours, attitudes and systems contribute and promote performance culture. Thus MLM cannot benefit from the results of the effects of performance culture in an institution which is the improvement on individual and team performance.

5.3.8 Compliance with PMS regarding performance reviews

Respondents were asked to indicate if they strongly agree, agree and do not agree with the statement that there is compliance with the PMS in conducting performance reviews. Zero (0%) of the respondents rated strongly agree, zero (0%) rated agree and twenty one (100%) rated that they do not agree with the statement that there is compliance with the PMS in conducting performance reviews. An observation in MLM is that performance reviews are not conducted in accordance with the approved PMS. This observation is supported by the analysis from the respondents where the majority of the respondents indicated that there is noncompliance with the approved PMS in conducting performance reviews.

Chapter three, section 3.3 of this study indicates that the approved PMS for MLM requires that performance reviews be conducted by departments, management teams, portfolio committee, mayoral committee, council, audit committee and the public. Performance reviews assist in warning decision-makers in determining emergency failures in the delivery of services, hence the need to review the performance targets and indicators. Section 56 employees are appraised based on the quarterly departmental reviews. If the departmental quarterly reviews are not conducted, this contradicts the requirements of the MFMA, (Act 56 of 2003), which requires that performance evaluating and scoring performance of section 56 employees be done on a quarterly basis. The employer is required to keep a record of the mid-year review and annual assessment meeting. The performance plan which includes personal development plan, in order to address any weaknesses or skills gaps which may have been identified. The annual performance appraisal involves the assessment of results as outlined in the performance plan. The evaluation of good employee performance by section 56 managers includes a performance bonus, based on affordability, may be paid to the employees.

In MLM there are no supporting documents of the performance appraisals of section 56 employees which indicate that section 56 employees are not appraised on quarterly basis as required by the regulations. This kind of a situation poses serious credibility challenges to the system of PMS in MLM. This is because in any implementation of PMS that does not comply with the legal prescription casts doubts on whether issues of compliance are adhered to while bonuses are paid out. The paying of bonuses in this regard would mean that the measurement of performance is not based on service delivery but other political measures which are not results oriented. Such practices are untenable and would cripple the municipal system if urgent interventions such as enforcing the legal compliance are not instituted to correct the situation.

5.3.9 PMS implementation led to a change in services delivery

Respondents were asked to indicate if they strongly agree, agree and do not agree with the statement that the implementation of PMS in MLM has led to a change in service delivery. Zero (0%) of the respondents rated strongly agree, five (24%) rated agree and sixteen (76%) rated do not agree with the statement that PMS has led to a change in the delivery of services. The analysis indicates that seventy six per cent which is the majority of the participants are of the view that the implementation of PMS has not led to a positive change in the delivery of services in MLM.

Armstrong (2009:211) is of the view that institutions that have PMS achieve improved performance in the delivery of services. The expectation is that since MLM has PMS there should be an improvement in the delivery of services. The analysis from the respondents' contradicts this notion as the respondents indicated that the introduction of PMS in MLM has not led to positive change in the delivery of services to the community of MLM. As highlighted in Chapter three, section 3.3 of this study, one of the objectives of the approved PMS for MLM is to create a mechanism to measure and improve performance of the municipality in respect of service delivery. The analysis in this study shows that though the approved PMS is intended to improve performance in the MLM in respect to the delivery of service, this is not currently the case. There is therefore a need for the custodians of PMS in MLM to look into all the elements in the PMS that hinders the achievement of improved performance in the delivery of services which could include, amongst others training on setting performance target in the SDBIP.

5.3.10 Question 10

Respondents were asked to indicate their views of the possible reasons for not achieving performance targets set in the SDBIP. The participants' views are as follows:

- Specific targets set in the SDBIP cannot be achieved due to long delays caused by the supply chain management processes, such as bid committees not convening on time.
- Non-alignment of the IDP which is the strategy of MLM with the organisational structure and budget this is evident in vacant positions are not filled when requested.
- Performance targets not aligned with Municipal Infrastructure Grant requirements this result in the disapproval of the grant to MLM leading to the non-achievement of the performance targets in the SDBIP.
- Lack of performance monitoring and evaluation, which is an indication that performance reviews are not conducted quarterly. Thus MLM does not review the performance targets after six months in the annual financial year, as required by the MFMA.
- Lack of knowledge in the formulation of IDP objectives which led to the IDP being regarded as a wish list from communities.
- Non alignment of projects in the IDP with the budget according to the MFMA, (Act 56 of 2003) requirements. This displays the lack of knowledge on the stipulation in the MFMA. Further funded projects are prolonged due to bureaucratic and slow administrative processes.
- Lack of PMS for level lower than section 56 employees this result in a lack of motivation to achieve performance targets in the SDBIP.
- External factors like Eskom and Telkom to provide services as indicated in the SDBIP, poor planning and heavy reliance on external service providers in order to achieve performance target.
- Finance department do not abide by the 30 days to pay service providers thus delaying products/services to be received from the service provider.
- The budget is not approved by 1 July of the financial year thus delaying the projects.

The observation from the analysis is that the respondents indicates non achievement of importance targets due to supply chain management processes where bid committees do not convene on time. This has a negative effect in service delivery as annual performance targets are not realised within the specified time frame. MLM

relies on the Municipal Infrastructure Grant for all infrastructure related projects such as the building of roads, supply of electricity and water. The observation from the analysis is that MLM set performance targets that are not aligned to the requirements of the Municipal Infrastructure Grant hence in some instances the grant was not approved by CoGTA. Non approval of the Municipal Infrastructure Grant results in service delivery related projects not being implemented which again has a negative effect in the performance of the municipality.

5.3.11 Question 11

Respondents had to provide any specific areas in the PMS that need to be improved. The participants recommended the following areas for improvement in the PMS:

- Disciplinary action should be taken for poor performing departments/managers in accordance with schedule 8 of the Labour Relations Act, (Act No.66 of 1995) and the provision made in the approved PMS for MLM.
- Performance bonuses should be awarded to managers who perform exceptionally as per the approved policy.
- Training should be conducted continuously.
- Committee responsible for performance appraisals of section 56 to convene in order to address performance challenges.
- There should be Monitoring and Evaluation of performance targets in order to review non achievable targets.
- The approved PMS has different roles and responsibilities attached to different committees but organised labour has no specific role. The PMS must recognise organised labour.
- The approved PMS only caters for the performance appraisals of employees appointed as section 56 according to the MSA. The PMS should appraise the performance of all employees.
- There should be linkage between the institutional and individual performance.

5.4 FINDINGS FROM DOCUMENTARY ANALYSIS

In chapter four (see section 4.4) where data collection methods, the annual performance reports of MLM which constitutes a key method of documentary data collection for the period of this study, are indicated. The tables below indicate the findings which are based on the perusal of the annual performance reports indicating the performance targets set in the Service Budget Implementation Plan (SDBIP) as derived from the IDP. The actual performance and the reasons for non-achievement in the financial years 2009/2010 and 2010/2011 are reflected. The emphasis is on the annual performance targets that have not been achieved in the financial years 2009/2010 and 2010/2011. The tables are presented according to the service delivery functions based on the focus of the study which are electricity, water, sanitation and roads.

5.4.1 Summary of the annual performance report in the financial year 2009/2010

Table 5.1 Performance targets in electricity

| ANNUAL PERFORMANCE TARGET 2009/2010 | ACTUAL PERFORMANCE 2009/2010 | REASON FOR NON ACHIEVEMENT |
|---|--|--|
| <ul style="list-style-type: none"> Maintenance of Ferreira, Nelsville, Valencia, Steiltes and West Acres mini substations. | <ul style="list-style-type: none"> Not all material delivered on time | <ul style="list-style-type: none"> Delay in material delivery |
| <ul style="list-style-type: none"> Appoint contractor for the provisioning of electrical network, designs for Geotechnical report and Environmental Impact | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Shortage of staff Projects deferred to 2011/12 financial year |

| Assessment(EIA) | | |
|--|---|--|
| <ul style="list-style-type: none"> • Appoint a contractor for the Electrification of 130 houses in (65 Siligane & 65 Zwide) • 60 Households in Ward 9,25, 8 and 3 • 75 households in Endiphini • 75 households in Gobhoza. | <ul style="list-style-type: none"> • Contractor appointed and construction is at 35% in Siligane and 35% a in Zwide • Targets not achieved in the other areas | <ul style="list-style-type: none"> • Shortage of staff • Lack of Capacity at Eskom • Project deferred to 2010/11 financial year |
| <ul style="list-style-type: none"> • Complete Low Tension Voltage(LTV) infrastructure (100%) and energise connections for electrification of 120 houses in Kgotso and 100 house in ZB | <ul style="list-style-type: none"> • LTV and High Tension Voltage(HTV) infrastructure at 95% waiting for Eskom to energise | <ul style="list-style-type: none"> • Late appointment of service providers, supply chain processes |
| <ul style="list-style-type: none"> • Electrical Master plan adopted and approved, and staff trained in power master software | <ul style="list-style-type: none"> • Review of draft plan in progress | <ul style="list-style-type: none"> • Environmental Impact Assessment(EIA) & servitude issues raised by Technical Services Portfolio Committee |

The table above indicates less actual performance achieved against the predetermined set performance targets for the financial year 2009/2010 in relation to the supply of electricity. Most of the projects did not register anything in relation to the actual performance at the end of the financial year 2009/2010. For example the community of Steiltes, West Acres, Nelsville and Valencia were informed in the

Integrated Development Plan that their substations will be upgraded but the substations were not upgraded due to shortage of staff in the Electrical Department. The project was deferred to the following financial year which is 2010/2011.

In 2009/2010 the community of Zwide (60 households), Ward 9 (60 households), Ward 25(60 households), Ward 8 (50 households), Ward 3 (50 households), Endiphini (75 households) were each given a number of household to be electrified but this was not achieved due to capacity challenges in Eskom. Performance targets are set even though the achievement of such targets depends on service providers outside the municipality like Eskom and Telkom. Consultants were supposed to be appointed for the designs of Geotechnical, Environmental Impact Assessment (EIA), installation of high-mast lights in wards 19 and 28 and provide the electrical master plan. This was not achieved due to the excessive workload in the Electrical Department resulting in the project to be moved to the financial 2010/2011.

The analysis of performance of the Electrical Department for the financial year 2009/2010 indicates less actual performance achieved against the set predetermined annual performance targets. The IDP for MLM provides for the supply of electricity as a priority. The non-achievement of the supply of electricity in the different municipal wards has a negative effect in the performance of the municipality in relation to the delivery of services to the community of MLM.

Table 5.2 Performance targets in water and sanitation

| ANNUAL PERFORMANCE TARGET 2009/2010 | ACTUAL PERFORMANCE 2009/2010 | REASONS FOR NON ACHIEVEMENT |
|---|---|--|
| <ul style="list-style-type: none"> Complete designs (Package plant, reservoir and network) | <ul style="list-style-type: none"> Project at evaluation and adjudication stage. Site hand over by | <ul style="list-style-type: none"> The finalisation of the Bid Specifications was prolonged |

| | | |
|--|--|--|
| | first week of September 2010 | due to procurement process. |
| <ul style="list-style-type: none"> • Complete refurbishment of 19 boreholes | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Funds reprioritised |
| <ul style="list-style-type: none"> • Develop 5 year Comprehensive Infrastructure and Investment programme and consultation with relevant stakeholders | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Funds removed during Adjustment Budget |
| <ul style="list-style-type: none"> • Complete upgrade Riverside Sewer pump station | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • No developments, project postponed |
| <ul style="list-style-type: none"> • Complete 2.2km undersized main outfall sewer for Sonheuwel | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Department of Water Affairs issued directive to stop the project |

The table above shows less actual performance achieved against the predetermined set performance targets for the financial year 2009/2010 in relation to the supply of water and sanitation. According to the annual performance targets, the Water and Sanitation Department was supposed to appoint a consultant for the design of a package plant, reservoir, and network but this was not achieved at the end of the financial year as the project was at phase one of three of the supply chain management processes which is the Bid Specification phase. Reasons for the non-appointment of a consultant include prolonged procurement process. Nineteen boreholes were due to be refurbished but this was not achieved due to reprioritisation of funds. Some of the projects such as the completion of nineteen boreholes, the development of a five year Comprehensive Infrastructure Investment

Programme, the completion of the Riverside sewer pump upgrade and completion of main outfall sewer in Sonheuwel did not register anything in actual performance at the end of the financial year 2009/2010.

The IDP for MLM provides for the supply of water and sanitation as a priority. The non-achievement of the performance targets in the supply of water and sanitation in the different municipal wards has a negative effect in the performance of the municipality in relation to the delivery of services to the community of MLM.

Table 5.3 Performance targets for roads and stormwater

| ANNUAL TARGET 2009/2010 | ACTUAL PERFORMANCE 2009/2010 | REASONS FOR NON ACHIEVEMENT |
|---|--|---|
| <ul style="list-style-type: none"> Appoint a consultant for the develop comprehensive rural road network master plan | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Project implementation will take place in 2012/2013 financial year |
| <ul style="list-style-type: none"> Appoint a consultant construction of culverts (bridge pipes) in Mbombela | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> No funds on Budget |
| <ul style="list-style-type: none"> Technical Adjudication report for the appointment of consultant for tarring of roads in | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Project postponed to 2010/ 2011 financial year during 2009/2010 budget adjustment process |

| | | |
|--|--|--|
| Mbombela's rural and peri rural areas (Kabokweni). | | |
| <ul style="list-style-type: none"> Appoint a consultant for the development of comprehensive rural road network master plan | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> No funds available |

The table above provides less actual performance achieved against the predetermined set performance targets for the financial year 2009/2010 in relation to the provision of roads and stormwater. All the projects above such as the appointment of consultants for the development of rural roads master plan, construction of bridge pipes and tarring of roads in peri-rural areas of Mbombela did not register anything in actual performance at the end of the financial year 2009/2010. Reasons for the non-achievement of the performance targets include amongst others the non-availability of funds which has led to some projects being postponed to the subsequent financial year.

The effect of the non-achievement of the performance targets was negatively viewed by the community as the community requested the provision of roads, and specific roads had to be tarred but this was not achieved due to lack of funds. This contradicts the requirements in the MFMA, (Act 56 of 2003) that each target in the SDBIP is located with a budget.

Table 5.4 Performance targets on project implementation unit (projects for electrical, water, sanitation and roads)

| ANNUAL PERFORMANCE TARGET 2009/2010 | ACTUAL PERFORMANCE 2009/2010 | REASONS FOR NON ACHIEVEMENT |
|---|--|--|
| <ul style="list-style-type: none"> • Re-construction of Zwelisha / Clau-Clau vehicle bridge completed | <ul style="list-style-type: none"> • 50 % of Re-construction Zwelisha / Clau-Clau vehicle bridge completed | <ul style="list-style-type: none"> • Political unrest |
| <ul style="list-style-type: none"> • Complete designs for Kanyamazane road | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Late approval of Municipal Infrastructure Grant(MIG) business plan, project was approved on the 07th of July 2010 |
| <ul style="list-style-type: none"> • Complete designs for Kabokweni road | <ul style="list-style-type: none"> • Bid Evaluation Committee made recommendation to Bid Adjudication Committee | <ul style="list-style-type: none"> • Awaiting Bid Adjudication Committee to appoint consultants. |
| <ul style="list-style-type: none"> • Complete designs for the Upgrading of water supply to the Western areas of Msogwaba | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Project on hold until the issue of bulk water is addressed |
| <ul style="list-style-type: none"> • Install 100 VIP units in Nsikazi North (Ward 31,34) | <ul style="list-style-type: none"> • 50 Ventilated Improved Pit (VIP) units | <ul style="list-style-type: none"> • The project was on hold because of the |

| | | |
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| | | challenges between the service provider and Council |
| <ul style="list-style-type: none"> Upgrading of King Stone sewerage treatment works | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> The project was stopped due to the uncertainty of funding. |

The table above highlights less actual performance achieved against the predetermined set performance targets for the financial year 2009/2010 in relation to the projects that the Project Implementation Unit is responsible for which includes, electrical, water, sanitation and roads projects. Some of the projects such as the completion of the design of roads, bridges, water supply and sewer registered nothing in actual performance at the end of the 2009/2010 financial year. Projects in SDBIP for Projects Implementation Unit includes the appointment of consultants for designs of roads, water works, purification plants and bridges such projects are dependent on the Municipal Infrastructure Grant. Business plans of such projects need to be approved prior to funding. Supply chain management processes have been a cause in the delay for a number of projects in the department. The achievement in the installation of Ventilated Improved Pit (VIP) is less against the set performance targets implying that communities in the respective wards did not receive the service as promised in the IDP. Political unrest in some communities have been raised as reasons for non-achievement of annual performance targets.

The analysis of performance of the Project Implementation Unit for the financial year 2009/2010 indicates less actual performance achieved against the predetermined annual performance targets. The non-achievement of the performance targets has a negative effect in the performance of the municipality in relation to the delivery of services to the community of MLM.

5.4.2 Summary of the annual performance report in the financial year 2010/2011

The tables below indicate the findings based on the annual performance targets set in the Service Delivery Budget Implementation Plan (SDBIP) as derived from the IDP, actual performance targets and the reasons for non-achievement in the 2010/2011 financial year. The analysis also includes a comparison of the annual performance of MLM in 2009/2010 against the annual performance in 2010/2011. The comparison is to determine if the projects that were postponed in 2009/2010 to be implemented in 2010/2011 have been achieved or not. The emphasis is on the annual performance targets that have not been achieved in the financial year 2010/2011. The tables are presented according to the service functions based on the focus of the study which are electricity, water, sanitation and roads.

Table 5.5 Performance targets in electricity

| ANNUAL PERFORMANCE TARGET 2010/2011 | ACTUAL PERFORMANCE 2010/2011 | REASONS FOR NON ACHIEVEMENT |
|--|---|---|
| <ul style="list-style-type: none"> Appoint a EIA consultant the project to increase capacity of Town North Substation | <ul style="list-style-type: none"> Project partly completed, specification for appointment of EIA consultant finalised | <ul style="list-style-type: none"> Excessive workload on overstretched staff |
| <ul style="list-style-type: none"> Convert from overhead to underground network in Kamagugu network | <ul style="list-style-type: none"> Project at Bid Specification stage | <ul style="list-style-type: none"> Excessive workload on overstretched staff |

| | | |
|---|--|--|
| <ul style="list-style-type: none"> • Installation of high-mast lights, (ward 19 & 28) | <ul style="list-style-type: none"> • Project at Bid Specification stage | <ul style="list-style-type: none"> • Excessive workload on overstretched staff |
| <ul style="list-style-type: none"> • All material / equipment installed and commissioned (de-load 100% complete)in Ferreira substation de-load, Riverside, Steiltes, Sonheuwel, Valencia | <ul style="list-style-type: none"> • Partly completed, cable, switchgear and mini substations delivered | <ul style="list-style-type: none"> • Non- payment of contractor due to MLM finance challenges |

The table above indicates less actual performance achieved against the predetermined performance targets set for the 2010/2011 financial year in relation to the supply of electricity. The observation from the analysis is that during the IDP processes the community again requested the supply of electricity. In the 2010/2011 financial year, it is noted that projects were rolled over from the 2009/2010 financial year due to lack of funding, shortage of staff, supply chain management processes and lack of funding. Projects such as the installation high-mast lights, conduct an environmental assessment and the electrification of specific wards were not achieved in 2009/2010 and in 2010/2011. This has a negative effect in the community of MLM as for two consecutive financial years the projects were not successfully implemented. The same reasons apply for the non-achievement in 2009/2010 are registered in 2010/2011 which indicates that the challenges presented in 2009/2010 were not addressed.

Table 5.6 Performance targets in project management unit (projects for electrical, water, sanitation and roads)

| ANNUAL PERFORMANCE TARGET 2010/11 | ACTUAL PERFORMANCE 2010/11 | REASONS FOR NON ACHIEVEMENT |
|--|--|---|
| <ul style="list-style-type: none"> Appoint a consultant and commencement of designs for Phumulani bus route | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Cash flow problems experienced by Council |
| <ul style="list-style-type: none"> Tender processes for the appointment of contractor 2,3 km road gravel in Phathwa access | <ul style="list-style-type: none"> Bid was advertised in March 2011 and closed on the 21st of April 2011. Bid Adjudication Committee sat on the 06 June 2011 | <ul style="list-style-type: none"> PMU could implement the project as planned, due to the delays in the supply chain management processes. |
| <ul style="list-style-type: none"> Appointment of consultant and commencement of designs and compilation of tender document for 12, 3 km gravel road to be tarred | <ul style="list-style-type: none"> Project at Evaluation stage | <ul style="list-style-type: none"> Delay in the Supply Chain processes |
| <ul style="list-style-type: none"> Appoint a consultant and commencement | <ul style="list-style-type: none"> Project at Evaluation stage | <ul style="list-style-type: none"> Supply Chain processes |

| | | |
|---|--|--|
| of designs and compilation of tender document for 17,5 km road to be tarred | | |
|---|--|--|

The table above indicates less actual performance achieved against the predetermined performance targets set for the 2009/2010 financial year in relation to the projects in the Project Implementation Unit. In the 2009/2010 financial year projects on design and appointment of contractors for bus routes in specific wards were identified but the annual performance target was not achieved as the project was rolled over to the next financial year of 2010/2011. In 2010/2011 the project on bus routes was not achieved. The reasons varied from poor supply chain management processes to lack of funding. The challenges experienced in 2009/2010 regarding the non-achievement of the annual performance targets were not addressed in 2010/2011. The challenges presented included delays caused by supply chain processes and cash flow in the municipality. The Auditor-Generals' report for the two financial years highlights, amongst others that 40% of MLMs planned performance targets were not achieved due to the fact that performance targets set were not specific hence it was difficult to measure the required performance.

Table 5.7 Performance targets in water and sanitation

| ANNUAL PERFORMANCE TARGET 2010/2011 | ACTUAL PERFORMANCE 2010/2011 | REASONS FOR NON ACHIEVEMENT |
|--|---|--|
| <ul style="list-style-type: none"> • 100% completion of sewer network upgrade | <ul style="list-style-type: none"> • Project is 80% complete | <ul style="list-style-type: none"> • Late appointment due to Department of Economic |

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|---|---|---|
| requirements of the upgrade of 2,2 km Sonheuwel Main outfall Sewer | | Development Environment and Tourism(DEDET) & delay due to late payments & material delivery No |
| <ul style="list-style-type: none"> • Servitude registration of completion of 2nd phase of white River Corridor Collector Sewer System | <ul style="list-style-type: none"> • Servitude registration not finalized yet | <ul style="list-style-type: none"> • Unauthorized person from Landbou College signed the agreement - had to resubmit |
| <ul style="list-style-type: none"> • 100% Completion of phase 2 of outfall line upgrade of 1,6km Nelspruit Central Zone Main Outfall Sewer | <ul style="list-style-type: none"> • Design is complete - compiling info for EIA process | <ul style="list-style-type: none"> • EIA process required - long process |

The municipality responded by indicating that the municipality's financial situation contributed to a substantial number of projects being put on hold until the financial problems were addressed. Therefore many projects were as indicated in the IDP not completed within the specified time frames as indicated in the adjustment budget, where some projects resumed in the third and fourth quarter of the 2010/2011 financial year. The municipality experienced problems in achieving certain key performance indicators in terms of financial management which had affected the service delivery performance. Some of the key issues which had negative effect on the performance of the municipality can be summarised as follows:

- (a) Unfavourable networking capital resulting in a severe cash flow constraints;

- (b) Under-spending on capital projects, especially projects that are financed from namely government grants;
- (c) Non-compliance with legislative and regulatory framework.

The annual performance of the municipality in 2009/2010 and 2010/2011 indicates that though objectives were set in the IDP with the communities of MLM, some service delivery performance target were not achieved in the SDBIP, implying that communities requested services but did not receive such services as reflected in the SDBIP. The IDP formulation processes is a consultative forum with councillors, ward councillors, municipal administration and community members. The result of the consultative processes is an IDP with priorities of the community. The expectation from the community is once that priorities and objectives have been tabled in the IDP allocated with budget (SDBIP); the community will receive the service as requested. The reflection in the annual performance report of MLM is contrary to the expectations of the communities as some of the targets in the SDBIP have not been achieved in 2009/2010 and 2010/2011. The formulation of targets in the 2010/2011 financial year was supposed to improve as compared to the 2009/2010 financial year due to the financial situation in the municipality as required by the section 21 of the MFMA 2003. The above mentioned section denotes that the Mayor during the budget processes must ensure that the IDP of the municipality has been reviewed taking into account realistic revenue and expenditure projections for future years.

Conducting performance monitoring and evaluation results in the performance analysis of the institution to indicate if targets set have been achieved or not. Targets that cannot be achieved can be revised. This process is done during the adjustment budget which is held six months after approval of the annual budget. The SDBIP must indicate service delivery targets and performance indicators for each quarter. The accounting officer according to the MFMA must assess the performance of the municipality during the first half of the financial year, focusing on the service-delivery targets and performance indicators as set in the SDBIP. The accounting officer must make recommendations as to whether an adjustment of the budget is necessary and recommend revised projections for revenue and expenditure to the extent that this

may be necessary. The performance targets could have been revised during the adjustment budget for the 2010/2011 financial year based on the financial situation of the MLM.

5.5 CONCLUSION

In this chapter, data was collected by means of a questionnaire supplemented by the documentary source being the annual performance report of Mbombela Local Municipality (MLM) for the financial years 2009/2010 and 2010/2011. In this chapter data analysis considered data collected through the questionnaire and documentary sources. The analysis of the questionnaire provided problems experienced by MLM in the delivery of services. In case of a documentary source, annual municipal performance of the two distinct financial years of 2009/2010 and 2010/2011 were taken into consideration. What is considered here is the actual reports on the planning and implementing of municipal projects in line with the IDP and SDBIP. A linkage was also made on whether projects that were unsuccessful for the 2009/2010 financial year were rolled over to the 2010/2011 financial year where they were successfully implemented. This observation has indicated that the MLM has serious capacity issues in ensuring that projects are planned and eventually implemented accordingly in line with these annual and strategic plans.

CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapter 5 of the study reflected on data analysis of the findings from the questionnaire and annual performance report for Mbombela Local Municipality (MLM) for the 2009/2010 and 2010/2011 financial years. This chapter will present what can be concluded based on the research problem as indicated in chapter 1, section 1.3. Recommendations will be provided based on the analysis of the questionnaire and the annual performance report MLM for the financial year 2009/2010 and 2010/2011 on how MLM can improve service delivery utilising performance management system (PMS).

6.2 SUMMARY AND INTERPRETATION OF THE RESEARCH FINDINGS

Chapter 1 of the study introduced the study and provided the background to the study. The research problem was indicated in this chapter which undertook to analyse the effects of institutional performance and performance management systems in MLM on service delivery. In an attempt to provide answers to the research problem research objectives and questions were formulated. The research objectives are reiterated:

- To assess institutional performance management in Mbombela Local Municipality.
- To examine the effects of the approved Performance Management System for Mbombela Local Municipality on service delivery.
- To determine ways to improve the achievement of performance targets.

The research objectives were achieved in the different chapters in the study as follows:

- The assessment of institutional performance management in Mbombela Local Municipality is reflected in chapters two and five (see section 2.3 and 5.3). In assessing the institutional performance management of MLM the point of departure is to first determine the requirements of performance management and service delivery in the public sector, this is clearly indicated in chapter two section 2.3. Whereas chapter five, section 5.3 indicates the institutional performance of MLM based on the analysis of the questionnaire and documentary sources including the annual performance reports for the 2009/2010 and 2010/2011 financial year. The analysis of the institutional performance of MLM presented a negative picture in relation to the delivery of services to the community of MLM.
- The examination of the approved PMS for MLM on service delivery is achieved in chapters three and five (see section 3.3 and 5.3). Chapter three presented a critical analysis of the approved PMS for MLM in relation to the delivery of services. Areas of concerns are raised which includes amongst others that the PMS only appraises the performance of section 56 employees. Further in chapter five, section 5.3 participants in the study were asked in the in the questionnaire a question relating to the approved PMS for MLM. The analysis of the questionnaire shared information regarding the need for interventions such as workshops, trainings and seminars to be conducted.
- The determination of ways to improve the achievement of performance targets is reflected in chapters two, three and five (see sections 2.3, 3.2.7 and 5.3.4). Chapter two section 2.3 provides ways of improving the achievement of performance targets which includes amongst others, monitoring and evaluation. Chapter three, section 3.2.7 provides in section 7 (2) of the *Local Government Municipal Planning Performance Management Regulations, 2001* that in order to achieve performance targets, the performance targets must be specific, measurable, achievable, realistic and time bound. Chapter five, section 5.3.4 further highlights that MLM has problems in setting performance targets. Recommendations are made which includes conducting trainings and workshop to councillors and officials of MLM.

Chapter 2 of the study focused on a discussion on the review of literature on performance management and service delivery in the public sector. Section 2.2 provides detailed explanations of the concept-literature review, from a number of authors. It is important to note that a literature review provides what others scholars have done in the investigation of a similar research problem, linked prior research and current research thus contributing towards understanding the nature and meaning of the problem. In section 2.3 the researcher observed from different authors that performance management is a tool to assist all employees in the institution to plan, continuously monitor, review the performance of the institution against the set targets. Such targets must be specific, measurable, achievable, realistic and time bound. It is imperative that during the planning phase of the institution clear key performance areas (KPAs) are identified. The KPAs must be translated into measurable terms that will result in the institutional plans. Each and every goal, objective and activity from the institutional plan must be linked to a key performance indicator (KPI). The institutional plan is translated to the departmental and individual plans. In order for an institution to achieve its goals it must synthesise the three levels in the institution which are institutional, departmental and individual to work together towards the achievement of the institutional goals. This highlights the importance of cascading performance management system to all levels of employees in the institution. Minnaar (2010:167) promotes monitoring and evaluation activity in an effort to review goals and objectives in order to improve the performance of the institution. Targets that cannot be achieved are revised during the adjustment budget usually about six months after the approval of the annual budget.

Different researchers have studied PMS from different perspectives as indicated in section 2.3. Williams (2006) concluded that the implementation of PMS in municipalities must address institutional, culture, political dichotomy, leadership authority, institutional strategy, institutional arrangements and the allocation of resources. This researcher concludes that institutional culture in PMS is important as indicated by Williams and in addition a performance culture in the institution is a culture that is shared by all employees their behaviours, attitudes and systems contribute and promote performance culture. The institution requires strong

leadership, processes and people involvement in order to achieve a performance culture. The study by Luthuli (2005) indicated that having a policy on performance management does not automatically translate into improved services. Thus a need to evaluate the implementation of performance management system arises. This study supports Luthuli that despite Mbombela Local Municipality's (MLM) having performance management system, service delivery remains poor. Ngcelwane (2008) is also of the view that leadership must drive the implementation of PMS. This study supports the view of Ngcelwane but also adds that as leaders drive PMS they must also ensure that all the processes, systems and people in the institution are geared towards the achievement of performance targets. By creating an environment that promotes the achievement of performance targets.

Section 2.3 of chapter two also provides the historical background and backlog in the delivery of services such as electricity, water, sanitation and roads in communities. The challenges experienced by municipalities in an effort to deliver quality services to their respective communities are insufficient capacity (well trained and competent) people and budget. Hence municipalities need to priorities their spending and communicate with their respective communities.

Chapter 3 of the study focused on legislative framework on performance management and service delivery. The focus on the legislation framework was more on the purpose of the introduction of performance management in Government, in order to establish the effects the Mbombela Local Municipality (MLM) performance management policy in service delivery. Performance management and service delivery in Government is supported by the following legislative framework and regulations: Constitution of the Republic of South Africa of 1996; Local Government: Municipal Systems Act, No. 32 of 2000; Local Government: Municipal Finance Management Act, No.56 of 2003; Skills Development Act 97 of 1998; Labour Relations Act 66 of 1995; White Paper on Transforming Public Service Delivery (Batho Pele) of 1997; Local Government Municipal Planning and Performance Management Regulations of 2001; White Paper on Local Government of 1998; Local

Government Municipal Performance Regulations for Municipal Managers; and Managers Directly accountable to Municipal Manager of 2006.

The legislation and regulations provides for PMS in the public sector in order to ensure the improvement in the delivery of services to the community. The regulations emphasise the need to align the IDP with SDBIP and PMS in order to maximise the achievement of performance targets. The Skills Development Act, (Act 97 of 1998) advocates the need for a well capacitated and skilled workforce. Whereas the Labour Relations Act 66 of 1995 provides ways of dealing with incapacity and poor performance of employees. The Local Government Municipal Planning and Performance Management Regulations of 2001 provides guidance on how to set performance targets which include that performance targets need to be specific, measurable, achievable, realistic and time bound.

Section 3.3 is a discussion on the approved PMS for MLM in order to determine compliance with the legislative requirements on performance management and service delivery. It is evident that the approved PMS complies with other requirements of the legislative framework but not with the Municipal Systems Act (MSA), (Act 32 of 2000) which requires that performance appraisals be conducted for all municipal employees. This is contrary to the approved PMS for MLM as only performance appraisals are only for section 56 employees. Section 3.4 managed to provide the positive effects of having PMS in an institution in relation to service delivery.

Chapter 4 of the study indicated the research design and methodology in the following segments; population, sample size, data collection method, data analysis method and ethical considerations. This chapter clarified the difference between qualitative and quantitative research design and while both quantitative and qualitative approaches are used, this study is biased towards quantitative methods as reflected by the data collection instrument used. The population and sample size were clearly indicated. Different data collection methods were discussed for the purpose of this study. A questionnaire was utilised as a means of collecting data. The annual performance reports were identified as primary data collection

instruments. This chapter further laid a foundation for the next chapter on data analysis.

Chapter 5 of the study provided the analysis of data collected by means of the questionnaire (attached as Annexure three) and documentary sources such as the annual performance reports of Mbombela Local Municipality (MLM) for the 2009/2010 and 2010/2011 financial years. The analysis of the questionnaires based on the questions which twenty one respondents answered. Participants were asked questions on PMS and service delivery. The annual performance report of MLM for the 2009/10 and 2010/11 financial years was analysed focusing on the performance of the municipality in relation to the service delivery functions namely electricity, water, sanitation and roads. The aim of this chapter was to add in the findings of addressing the research problem as raised in Chapter one, section 1.3 of this study, which is, to analyse what are the effects of institutional performance and PMS in MLM on service delivery?

6.3 CONCLUSION

MLM has a PMS that was approved by Council on 29 May 2008. The PMS is designed to measure institutional and individual performance of managers appointed under Section 56. The two annual performance reports analysed for the 2009/2010 and 2010/2011 financial years indicate less actual performance achieved in the two financial years against the initial performance targets set in services such as namely, electricity, water, sanitation and roads. This reflects a negative effect in the delivery of services to the community of MLM. Even though MLM has a PMS the actual performance in the two financial years analysed indicates that the community is not receiving the services as reflected in the IDP.

In an effort to address some of the issues to the research questions as indicated in chapter one, section 1.6 with specific reference to whether the current PMS for MLM

has effects on service delivery. The analysis of the data collected by means of a questionnaire the can be concluded as follows:

- There is lack of knowledge in relation to the legislative requirements underpinning PMS and setting performance targets.
- The approved PMS does not create a performance culture in MLM.
- There is non-compliance with the approved PMS and MFMA 2003 in relation to conducting quarterly performance reviews. There is non-compliance with Municipal Planning Performance Management Regulations (2001) in setting performance targets, MFMA 2003 in linking IDP with PMS and budget. This is due to lack of knowledge in formulating KPAs and KPIs that are specific, measurable, achievable, realistic and time bound.
- The approved PMS has not led to any significant change in the performance of MLM in relation to service delivery.

It is evident from the analysis of the annual performance reports of MLM for the 2009/10 and 2010/11 financial years in relation to electricity, water, sanitation and roads that the performance is not satisfactory due to:

- Poor planning as it is evident that the strategy (being the IDP of MLM) does not follow the organisational structure and budget. This is shown in the reasons for the non-achievement of performance targets.
- Non-compliance with Municipal Systems Act of 2000 requires that the annual performance report should always indicate improvement than the previous year. There is non-compliance with Municipal Planning Performance Management Regulations (2001) in setting performance targets that are specific, measurable, achievable, realistic and time bound.
- Performance targets are not aligned to the requirements of the Municipal Infrastructure Grant this is evident in the analysis of data collected from the previous chapter which is chapter five.

It can be concluded that the objectives of the study on which the researcher wanted to draw conclusions on, have been achieved.

6.4 RECOMMENDATIONS

Recommendations of the study are based on the findings, analysis of data and the conclusion. The recommendations on how MLM can experience positive effects from the implementation of PMS are as follows:

- PMS must be cascaded to all levels of employees in the municipality in order to create a performance culture. A performance culture that will result in MLM benefiting from PMS as all employees behaviours and attitudes, MLMs processes and systems will be geared towards the achievement of effective and efficient service delivery. Cascading PMS to all levels of employees will also result in MLM compliance with the requirements of Municipal System Act, (No.32 of 2000) and ensure that all employees in MLM perform towards achievement of the vision and strategy of MLM.
- With the cascading of PMS to all levels of employees there is therefore a need for a change management and communication strategy to be introduced. This strategy will ensure that a need for change is created and communicated to all levels of employees in MLM that PMS is being cascaded to all levels of employees in order to enhance service delivery.
- The political leadership and management must ensure alignment and integration of the following processes IDP, budgets and PMS. This will result in the objectives in the IDP being allocated budget in the SDBIP thus achieving the performance targets. This will also ensure compliance with the requirements of the Municipal Finance Management Act, (No. 56 of 2003).
- The approved PMS needs to be fully implemented by ensuring that all the different committees which include monitoring and evaluation convene and perform their respective functions. This will provide early warning signals of poor performance that need to be attended to in accordance with the requirements of the PMS. Personal development needs can also be identified and attended to.
- Training of all employees and councillors on the legislative requirements of PMS, the approved PMS for MLM and the setting of performance targets. This will result in clear understanding of the PMS, full support of the

implementation of PMS and positive changes in the performance of the municipality with regard to the delivery of services to the community of Mbombela.

- The training of all employees and councillors in the formulation of KPAs and KPIs. This will assist during the IDP processes whereby employees and councillors will formulate KPAs and KPIs that are specific, measurable, achievable, realistic and time bound. All the priorities and objectives in the IDP will be achieved.

The study concludes that the solutions have been provided in relation to the research problem as indicated in Chapter one, section 1.3 which was to analyse the effects of institutional performance and PMS in MLM on service delivery. The discussion in this chapter section 6.3 indicates that all the objectives of the study have been addressed. The discussion on the effects of PMS in an institution, the analysis of the institutional performance of MLM and the non-adherence to the requirements of the approved PMS provided answers to the research problem and objectives. Conclusions and recommendations were drawn as a result of the research objectives. The recommendations provided will assist MLM to achieve effective service delivery through PMS.

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ANNEXURE ONE

P.O. BOX 25145
NELSPRUIT
1200

14 JUNE 2012

THE GENERAL MANAGER CORPORATE SERVICES
P.O. BOX 45
NELSPRUIT
1200

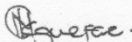
Sir

**REQUEST FOR PERMISSION TO CONDUCT THE RESEARCH STUDY IN FULFILLMENT
OF THE REQUIREMENTS OF THE DEGREE IN MASTERS OF PUBLIC
ADMINISTRATION**


The Training and Skills Development unit has offered me a bursary for the degree in Masters of Public Administration. In an effort to meet the requirements of the degree I have to conduct a research study. The topic of my research is the Effects of the Performance Management System on service delivery in the Mbombela Local Municipality.

In conducting the study certain officials and Political office bearers will be interviewed by means of a questionnaire. The approved Performance Management System and Annual Performance Report of the municipality will be examined. The information gathered from the research study will be for study purposes only and participants will remain anonymous.

Kind Regards


NG KOWEFANE

~~Approved/ not approved~~


M. SEANEKO
GENERAL MANAGER: CORPORATE SERVICES

ANNEXURE TWO

RESEARCH PROJECT: CONSENT LETTER

Research Topic: Effects of the Performance Management System (PMS) on service delivery in the Mbombela Local Municipality (MLM): Mpumalanga province.

Sir/Madam

You are requested to participant in a Research Project as stipulated above. The research project is for the purpose of Mrs Nomathemba Gladys Kgwefane to meet to requirements of the Masters Degree in Public Administration at Turfloop Graduate School of Leadership. Please be advised that information to be provided in the questionnaire will only be utilised for the purpose of the research project. You are welcome to withdraw to participate in this exercise at any time.

Agree/Not Agree

ANNEXURE THREE

RESEARCH PROJECT: QUESTIONNAIRE

Research Topic: Effects of the Performance Management System (PMS) on service delivery in the Mbombela Local Municipality (MLM): Mpumalanga province.

The questionnaire is designed for the purpose of gathering information in order to enable the researcher Mrs Nomathemba Gladys Kgwefane to answer the research question in Chapter one of this study. Participates have been pre-selected in Chapter one of this study. The results of the questionnaire will only be utilised in the mini dissertation for a Masters of Public Administration degree of Mrs Nomathemba Gladys Kgwefane. The participants will remain anonymous and the information provided will be confidential and only used for the research study.

The structure of the questionnaire:

- **Views and Opinions of the Municipal participants.**
 - Questions 1-3 relates to personal information of the participant.
 - Questions 4-8 relates to the understanding of PMS in local government.
 - Questions 9-12 relates to the implementation of the approved PMS in MLM and the effects in service delivery.
 - Question 14 relates to the areas in PMS that needs improvement.

Question 1

Gender: (Please select appropriate by marking with X)

| | |
|--------|--|
| Female | |
| Male | |

Question 2

Age: (Please select appropriate by marking with X)

| | |
|---------------|--|
| 25 – 35 years | |
| 36 – 65 years | |
| >65 | |

Question 3

What is your responsibility in the municipality? (Please select appropriate by marking with X)

| | |
|------------------|--|
| Political Head | |
| General Manager | |
| Organised Labour | |

Question 4-8

The following questions relates to your level of understanding of Performance Management. Please select the appropriate by marking with X.

| | High | Moderate | Low |
|---|------|----------|-----|
| 4. What is your level of understanding of Performance Management in Local Government? | | | |
| 5. How would you rate the level of training received on Performance Management? | | | |
| 6. Are you acquainted with the approved PMS for MLM? | | | |
| 7. What is your level of understanding in setting performance targets? | | | |

| | | | |
|--|--|--|--|
| 8. Do you understand the link between the Service Delivery Budget and Implementation Plan (SDBIP) and the PMS? | | | |
|--|--|--|--|

Question 9-12

The following questions relate to the implementation of Performance Management System in Mbombela Local Municipality and the effects on service delivery. Please select the appropriate by marking with X.

| | Strongly Agree | Agree | Do not Agree |
|--|-----------------------|--------------|---------------------|
| 9. Has the introduction of PMS in MLM led to change in performance of the institution? | | | |
| 10. Has the PMS managed to create a performance culture in the municipality? | | | |
| 11. Is there compliance with the PMS in conducting performance reviews? | | | |
| 12. Would you say that PMS implementation has led to change in service delivery? | | | |

A separate paper can be used to answer question 13 and 14

Question 13

Please indicate your views of the possible reasons for not achieving performance targets set in the SDBIP.

Question 14

Please provide any specific areas in the PMS that need to be improved.

Thank you for completing this questionnaire.