The Impact of Transformational Leadership on Performance Management:
A South African Local Government Case Study

By

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Declaration

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ABSTRACT

The purpose of this study was to examine the impact of transformational leadership on performance management in South African local government through a case study of the Chris Hani District Municipality (CHDM) in the Eastern Cape. As route map, the case study design allows for the exploration and understanding into the variety of experiences, perceptions, and attitudes of the participants towards the socio-economic and socio-political issues under investigation. Transformational leadership is an emerging leadership theory, has been researched extensively, and is gaining popularity in many scholarly works. First developed by James MacGregor Burns (1978), this theory has the potential to raise the morale, motivation, and performance of both the follower and the personnel in striving for self-attainment and the achievement of organisational goals. The current study applied a combination of data collection methods in answering the research question and meeting the research objectives. These included using the shortened Multifactor Leadership Questionnaire (MLQ 5X, rater format), developed by Bass and Avolio (1995) to measure transformational leadership qualities. Furthermore, individual, semi-structured interviews were conducted with five (5) leading officials or supervisors in Cradock, Queenstown and Lady Frere who are part of middle management or higher. This was done to probe direct experiences of the implementation and effectiveness of performance management in the CHDM as planned and legislated. Lastly, the case study was complemented by a literature review of scholarly articles and a content analysis on secondary sources, such as journals, relevant legislation, and government documents.

The study concluded that transformational leadership exhibits the most preferred choice of leadership style for performance management. Transformational leadership values vision, inspiration, and growth, which are essentials for solving the socio-economic, socio-political, and institutional challenges in the CHDM. The adoption of a performance management framework is considered to be a good first step towards changing or improving actual performance, but the implementation is seen as a compliance burden and lacks required planning and consistency across departments in the CHDM. This may potentially affect the achievement of service delivery targets, especially in the rural areas of the CHDM where vast backlogs still exist. The impact of transformational leadership may be shown through measures such as enhanced capabilities fit for the portfolio and increased accountability towards resource allocation. This can potentially lead to less corrupt behaviour, but also importantly the self-actualisation of individuals. Based on the results of the study, the thesis provides recommendations for the CHDM in the area of transformational leadership development as well as the effective implementation of performance management.

OPSOMMING

Hierdie studie het ten doel gehad om te bepaal tot watter mate transformerende leierskap 'n impak het op prestasiebestuur in plaaslike regerings van Suid-Afrika. Die gevallestudie van Chris Hani Distrik Munisipaliteit (CHDM) as 'n instelling op die plaaslike vlak van regering is gebruik om die navorsingsvraag te beantwoord en sodoende aan die navorsingsdoelwitte van die studie te voldoen. Die gevallestudie, wat dien as padkaart vir die studie, is 'n gepaste metode om die verskeidenheid van ondervindinge, persepsies en houdings oor sosio-ekonomiese en sosio-politieke faktore te bestudeer. Transformerende leierskap, wat deur James MacGregor Burns (1978) ontwikkel is, is 'n opkomende leierskapsteorie wat toenemend die grondslag vorm van verskeie literêre werke oor leierskap. Dit kan potensieël die moraal, werksetiek en self-verwesenliking van beide die individu en die organisasie verhoog om sodoende die prestasies soos ooreengekom te bereik. Hierdie leierskapsteorie is relevant en bruikbaar te midde van die verskeie sosio-ekonomiese en sosio-politieke uitdagings van die 21ste eeu wat die politieke leierskap van die CHDM in die gesig staar.

Die huidige studie het veelvoudige navorsingstegnieke ingespan om primêre en sekondêre data in te samel. Dit sluit in 'n vraelys wat gebaseer is op die verkorte weergawe van die *Multifactor Leadership Questionnaire* (Bass en Avolio, 1995). Tweedens is half-gestruktureerde onderhoude met vyf sleutelrespondente van die plaaslike distrikskantoor van die CHDM gehou vanweë hul direkte betrokkenheid en strategiese rol in die implementering van prestasiebestuur en die lewering van basiese dienste aan die plaaslike gemeenskappe. Hierdie steekproef van respondente is werksaam in Cradock, Queenstown en Lady Frere en doelgerig gekies as verteenwoordigend van die middel en hoër vlak van bestuur in die CHDM. Laastens, het die navorsingstegnieke ook 'n literatuurstudie en dokumentanalise ingesluit van beide geskrewe en digitale bronne soos joernale, regeringsverslae en wettige dokumentasie relevant tot prestasiebestuur op plaaslike regeringsvlak in Suid-Afrika.

Die bevindings van die studie dui daarop dat die transformerende leierskapsteorie die mees aanvaarbare en kenmerkende styl van leierskap is in die CHDM, alhoewel dit 'n nuwe konsep en tendens is. Vanweë die waarde wat hierdie leierskapstyl heg aan visie, inspirasie en groei, kan dit potensieël lei tot gepaste, organisatoriese veranderinge en daarom die verwesenliking van prestasie-doelwitte binne die CHDM. Hierdie studie het ook bevind dat die daarstelling van die prestasie-raamwerk 'n belangrike stap is in die regte rigting, maar dat die implementering daarvan ondoeltreffend is vanweë die gebrek aan beplanning en konsekwentheid binne die plaaslike munisipaliteiete van die CHDM. Die gevolg hiervan is dat die lewering van basiese dienste negatief beïnvloed word, veral in die plattelandse gebiede. Vervolgens word 'n stel voorstelle gemaak aan die CHDM vir die verbetering in die implementering van die prestasie-bestuurraamwerk en aanbevelings vir verdere navorsing aangebied.

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LIST OF ABBREVIATIONS

AGSA	Auditor-General of South Africa
APRM	African Peer Review Mechanism
CHDM	Chris Hani District Municipality
COGTA	Department of Cooperative Governance and Traditional Affairs
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Service and Administration
IDP's	Integrated Development Plans
LGTA	Local Government Transition Act
MFMA	Municipal Finance Management Act (Act 56 of 2003)
MLQ	Multifactor Leadership Questionnaire
MSA	Municipal Systems Act (Act 32 of 2000)
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCBF	National Capacity Building Framework of South Africa
NDP	National Development Plan: Vision 2030
NPC	National Planning Commission
NPM	New Public Management
PM	Performance Management
PMF	Performance Management Framework
PSC	Public Service Commission
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan

CHAPTER 1: INTRODUCTION AND OVERVIEW

"Leadership, unity and cohesion are difficult in our still-divided society. Yet these are the very things that help to anchor successful nations and development strategies. Leadership is required to win broad agreement for the plan, to implement it and to make sacrifices for a better future." (Republic of South Africa, 2011: 6)

1.1   INTRODUCTION

Since 1994, the context and purpose of the South African government have changed. It now reflects a democratic context in which legislation, policies and institutional arrangements have been renewed and restructured accordingly. Government constantly seeks ways to address the challenges associated with structural inequalities, the pace of economic growth, and capacity building that arose after apartheid. In addition, the elected representatives of the country had to take charge of their "constitutional obligations" to improve the quality of life within their constituencies (Republic of South Africa, 2011). This had to take place in accordance with principles of inclusivity (based on gender, culture and physical ability), fiscal discipline, equity and sustainability. The need to realise and accelerate this objective remains critical to the roles and obligations of the South African government and its political leadership.

Heywood (2007: 26) describes the core business of any government as being the institutional processes in public service and the economy through which collective and binding decisions are legislated and executed. In South Africa, the Constitution (Act 108 of 1996, Chapter 3: Section 40 and 41) makes provision for three spheres of government, namely national, provincial, and local. This arrangement is regulated by means of intergovernmental and cooperative relations. In this way, citizens are afforded democratic mechanisms and procedures to make government effective and accountable. Development at a local government is encouraged and prioritised rather than implementing policies and programmes by means of remote bureaucracies and leadership.

After a visit to South Africa, James D. Wolfensohn (President of the World Bank, 1997) underlined the serious challenges that awaited the newly elected leadership of the country (Edstrom, 1997). These included growing the economy from 3% to 6%, increasing service delivery and working towards declining levels of poverty amongst previously disadvantaged communities. Alexander (2002: 22) suggests that South Africa should "slough off the integument of racially determined social relations" so that the majority in the country can enjoy the absence of crime, debt, unemployment and the equal sharing of resources in a capitalist system.

Leadership, being central to politics and government, is one of the important societal institutions that have the potential to significantly impact the objectives and processes of governments across all societies (Bolden, 2004). In a political context, leadership can be described as individuals elected to positions of authority, influence and decision-making, directed by a constitutional mandate. From a sociological perspective, leadership can also be described as a stimulus directed at individuals and/or organisations to act in a collective manner in achieving identified goals (Northouse, 2013: 5; Dubrin, 2010: 3). According to Seligman (1950: 904), the values of security and equality have drawn much attention to the essence and responsibilities attached to political leadership. In modern day democratic states, it is informed by the need for developmental changes not achieved due to economic instability, changes in technology and urbanisation. Furthermore, the values of democracy have placed the onus right on those in governments and required the political leadership to be responsive, accountable and visionary towards societies that have become extremely diverse, complicated and desperate for meaning (Heywood, 2007: 373).

When the legitimate expectations of communities are not met, the target of discontent and protests has been, amongst others, the leadership at all levels of governance. According to the 80/20 Report, released by the South African Institute of Race Relations, 1 882 violent protests were documented in the period April 2012 to March 2013 across South Africa (Republic of South Africa, 2014). Some of the main reasons for these were broken service delivery promises and the lack of water and electricity provision. In March 2014, local government have experienced 48 service delivery protests. Of these, 23% (the highest number) were recorded in the Eastern Cape and 21% in Gauteng (Municipal IQ's Hotspots Monitor, 2014).
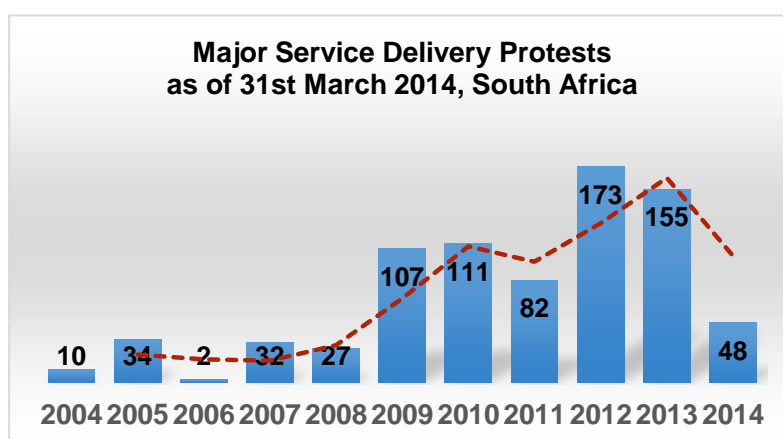
Figure 1.1: Service delivery protests by year in South Africa. Source: Municipal IQ Municipal Hotspots Monitor, April 2014.
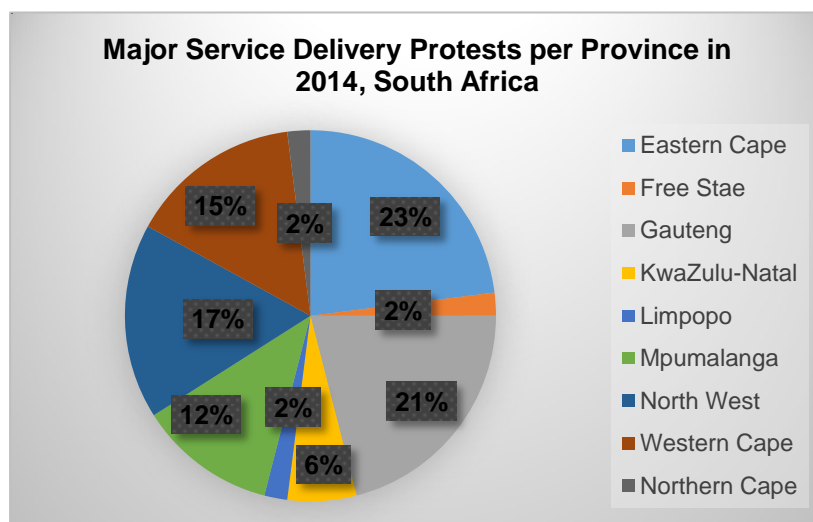
Figure 1.2: Major Service Delivery Protests per Province, South Africa. Source: Municipal IQ Municipal Hotspots Monitor, April 2014.

A review of the literature on leadership theory and its influence on socio-political discourse reflects the captivating emergence of transformational leadership (Burns, 1978; Bass, 1985; Avolio & Bass, 1995). This form of leadership has become a prominent leadership theory in general management research and more recently in public management. Its proposed central feature of positive influence is employee effectiveness and organisational performance (Bass, 1985, Wright, Moynihan & Pandey, 2012). Transformational leadership encourages followers to perform beyond expectations and to be more aware of accomplishment and growth.

Given the above, this study intends to explore the extent to which transformational leadership, as emerging leadership theory, might impact the performance management of service delivery in South African local government. The Chris Hani District Municipality of the Eastern Cape (South Africa) and its 8 local municipalities are used as a case study.

The following three subsections of Chapter 1 outline the background to the study, its motivation, and contribution to the field of political leadership and performance. It also sets out the broad context of the study and a summary of the methodology and instrumentation used during the research. Lastly, this chapter gives an outline of the subsequent chapters as a form of orientation for the rest of the research study.

1.2   BACKGROUND TO RESEARCH STUDY

In South Africa, the interplay between the different political eras forced political leadership to navigate themselves through the pressures of inequality, poverty, postmodern values of globalisation, and policies of reparative economics (Oosthuizen, 2013: 2, 5–6). Leadership elected based on popular appeal or sentiment is not always equipped with the capacity to be influential and effective in solving these pressures. This means that it is critical for the right type of leadership to perform beyond the usual duties of a manager. The occupant of a political leadership position is expected to work according to constitutional, ethical, and public responsibilities in order to attain the intended outcomes. They need to adopt a leadership style that can combine the progressive nature of South Africa's socio-economic policies and the socio-economic enhancement of all communities.

This study accentuates transformational leadership, as it relates to the challenges of performance management in local government. Transformational leadership is driven by the vision, values, long-term goals, and commitment to work for the benefit of young developing societies and their economic growth (Northouse, 2013: 185). This potential impact is discussed against the backdrop of the integrated development programmes exclusively intended for local government transformation in South Africa.

In describing local government, Van der Waldt (2006) and Thornhill (2008), as cited by Koma (2012: 113), refer to it as the "coalface of public service delivery" and the "first point of contact between individuals and government institutions." In South Africa, local government is the third form of governmental jurisdiction after the provincial and national spheres of government (Constitution of the Republic of South Africa, Act 108 of 1996, Section 40). Mogale (2003: 227) says the Constitution of South Africa moulded local government to be the "epicentre" of service provision and the "heart" of poverty eradication. Ultimately, the ability and performance of local government and related municipal structures become very important within the overall reconstruction of and development plans for South Africa.

The case for South African local governments in this research study is contextualised through the Chris Hani District Municipality (CHDM), located in the Eastern Cape Province of South Africa. It consists of 8 local municipalities from which information and experiences have been drawn to answer the research question. The Eastern Cape is the home province to some of South Africa's

most influential socio-political leaders over time that had an impact on the discourse of the country's history and present government policies.

The service delivery performance of individuals and institutions within the CHDM, after twenty years of democracy, is still at unsatisfactory levels (Donk & Williams, 2015; Murray, 2014.). The systematic and institutional inequalities embedded in the social realities pose a major threat to the living conditions of communities. These developmental intentions of the local governments such as the CHDM are formally directed by the Constitution of South Africa (Section 153, Act 108 of 1996) and the White Paper on Local Government (1998). Local government is used as a vehicle to take forward the developmental agenda of national government and to enhance the principles of good democratic governance. Being government "closest to the people," it provide the right platform from where developmental changes can be made to the conditions of communities.

It is within this context that the management of performance becomes an increasingly critical process. Performance management is a public administration process in which public leadership is held accountable for the achievement of stated goals and outcomes. Performance-based accountability is connected to clarified institutional goals, boundaries of responsibility and priorities. The successful implementation of performance management systems, has been associated with amongst others improved service delivery and processes, a culture of performance and trust build through engagement, feedback and appraisal (Republic of south Africa, 2011: 238). It answers the question: "Did the elected leadership do what they said they would do for their communities?" A growing trend in recent times is the use of both performance management indicators and citizen participation by governments to increase individual –and organisational effectiveness and oversight (Heikkila & Isett, 2007: 238 – 240). Various regulations and policies inform South African local governments on the importance, systems and processes relevant in constructing their own performance management frameworks. Amongst these are the Local Government Municipal Systems Act 32 of 2000 (Chapter 6) and the Local Government: Municipal Planning and Performance Management Regulations (2001). The essence of performance management and the relevance of these and other related policies are further discussed in Chapter 4.

1.3   RESEARCH PROBLEM

This research critically examines the impact of transformational leadership on performance management related to service delivery priorities in the Chris Hani District Municipality (CHDM). These priorities of local government are informed by stipulated performance standards,

accountability reports, audit reports, and levels of sustainable economic development. It is the assumption of the researcher that the positive outcomes emanating from these aforementioned priorities should adhere to acceptable standards of capacity, good governance, and development.

In an overview given to Parliament by the leadership of the Eastern Cape provincial government in 2012, the backlogs in service delivery were quantified at R42 billion rand. This report was based on issues that related to governance and financial management in the province. The lack of "technical capacity" was brought forward as one of the reasons for the slow pace of infrastructure development (Ensor, 2012). In 2012, the CHDM invested R150 million instead of using the finances to reduce the service delivery backlogs in the municipality (COGTA, 2012).

The Auditor-General of South Africa (2012) found that the constituencies in the municipalities would be better off if the current leadership took ownership for the implementation of policies and key controls. This could have a positive influence to achieve clean administration and sustainable service delivery. Forty-five (45) municipalities and ten (10) municipal entities were audited by the AGSA of which 98% failed to meet the required performance standards. Due to non-compliance to General Recognised Accounting Practices (GRAP), the municipality received disclaimers three years in a row. In 98% of the cases under assessment, there was an absence of punitive or corrective measures for poor performance. The Auditor-General maintained that "leadership tone would be a catalyst for the realisation of clean administration in municipalities in the province."

The legacy of transformational, household leaders such as Nelson Mandela and Chris Hani place an added responsibility on current leadership of the CHDM and the Eastern Cape in general to improve performance. These two leaders have demonstrated that leadership is the one human variable that can potentially translate policies into projects and implementation in order to improve the welfare of communities. Although leaders are mandated to change institutional structures, the true instigators of change are their constituencies, the real recipients of change themselves from which leadership originate and receive collective backing.

The Institute for Justice and Reconciliation (Republic of South Africa, 2011) stated that the challenges arising from performance and delivery have weakened the confidence that people have in institutional arrangements, leadership, and public participation. The framework on accountability for local municipalities (enshrined in the Code of Conduct of the Municipal Systems Act of 2000) aims to rectify and prevent such consequence by calling for accountable governance by Municipal Councils and Councillors. This Code of Conduct is in line with the outcome-orientated goals of the Department of Performance, Monitoring and Evaluation

(Republic of South Africa, 2011). These goals are geared towards an introspective measure of "institutional performance monitoring and capacity building for monitoring [and evaluation] of frontline service delivery."

1.4 RESEARCH QUESTION AND OBJECTIVES

In order to find out how transformational leadership can affect the performance management in the local government of the CHDM, this study postulates and answers the following research question, based on the research context and problem given above:

- **What impact does transformational leadership have on performance management with regard to service delivery in the Chris Hani District Municipality (CHDM)?**

In other words, will the impact of transformational leadership elevate the service delivery performance, bring about moderate results, or not lead to any higher levels of socio-economic transformation?

The following sub-questions will also be addressed in this study:

- How do integrated development planning and the implementation of performance management policies change the nature and levels of socio-economic reform within the CHD Municipalities?
- How does human capacity influence the management of service delivery performance in these communities of the Eastern Cape?
- To what extent do levels of social cohesion, diversity, and political culture influence the work and performance of the CHDM leadership?

The **primary objective** of the research was to evaluate the impact of transformational leadership on performance management with regard to service delivery in the Chris Hani District Municipality of the Eastern Cape.

The following **secondary objectives** supported the researcher in achieving the primary objective:

1. To give the background and rationale for research on transformational leadership and performance management in South African local government.

2.   To provide a contextual and legislative base with regard to the South African local government, as derived from secondary sources.

3.   To conceptualise performance management and key implications for the implementation   of performance management systems in local governments.

4.   To provide an evaluative review, emanating from the literature, on the essence of transformational leadership and challenges in local governments of South Africa.

5.   To assess the Chris Hani District Municipality as a local government case study and the potential influence of transformational leadership on performance management.

6.   To provide valid and reliable findings that answer the question on whether performance management would be adversely affected without transformational leadership in the Chris Hani District Municipality of the Eastern Cape.

7.   To make recommendations based on the findings of the aforementioned research evaluation.

1.5   SIGNIFICANCE OF THE RESEARCH

Remenyi, Money and Twite (1995) as cited by Volman (2007: 13) states that there are two types of value that can be attached to the usefulness of a researcher's study. Firstly, the *"value in use",* which refers to the value of the research to a specific academic field. Secondly, it serves as *"value in exchange",* which means strengthening the preferred choice of leadership theory within an institution. The researcher includes both types of value in this study on transformational leadership and their influence on performance management in local government.

Leadership in the 21st century has become a continuously evolving and complex phenomenon – theorised from different angles. These theories are based on empirical evidence, professional perspectives, contextual application, political ideology, and authenticity. This study will make a contribution towards the literature that relates to the impact of transformational leadership on performance management in local government. Evidence from the literature shows that this field lacks research on specific forms of leadership influencing the implementation of municipal integrated development and public performance management.

In addition, a motivation for many socio-political revolutions and protests over time has been the unacceptable levels of socio-economic development within communities. It is the assumption of the researcher that the ideals of democracy in South Africa and the progressive nature of government's institutional structures and policies have not been able to narrow down this absence. For example, there has been a dramatic increase in community dissatisfaction in the form of protests across the country since 2004 (SAIRR, 2014).

The following underlying factors further highlight the usefulness of this study to potentially solve or decrease the above-mentioned problems:

- The case study can serve as framework for leadership in the CHDM to critically reflect and examine the impact of their own type of leadership on performance mandates in local communities.
- The research findings can be useful to institutions like the Mayoral Committees, Provincial Executive Councils and the Department of Performance Monitoring and Evaluation to construct, improve and benchmark integrated development –and performance management plans.
- This study can create awareness of the levels of service delivery in the CHDM. The leadership and other stakeholders can then establish new best practices and organizational cultures that result in sustainable socio-economic outcomes.

Lastly, it is also noteworthy that the Eastern Cape with its thirty-seven (37) local municipalities (Statistics South Africa, 2011) is the home province to some of South Africa's most prominent socio-political leaders. Amongst these transformational leaders of note, born in the CHDM, include Chris Hani (born in Sabalele in the Cofimvaba region), Matthew Goniwe and Neville Alexander (both Cradock), Walter Sisulu (Qutubeni, Engcobo district), and Dr AB Xuma (Manzana, Ngcobo District).

1.6   DEMARCATION OF THE RESEARCH

The Municipal Councils of the CHDM serve as the main units of analysis, as they are the political leadership responsible for processes of appointments, performance, and service delivery programmes. In selecting the Chris Hani District Municipality, the researcher gave consideration to the principle of maximisation (Morse & Field, 1996). It means the foci of the study (transformational leadership, performance management and local governance in South Africa) will manifest very strongly in this specific context, are more likely to be accessible, and offer an equal best opportunity to expand knowledge about this field of study.

The Chris Hani District Municipality (CHDM) is one of 6 districts in the Eastern Cape and consists of eight (8) local municipalities (LMs) – each with its own main town or focal point, unique culture, and diversity (Republic of South Africa, 2013). As such, the researcher has been realistic and optimistic about what could be done within the allowed time and with the available resources. For this study, the researcher will do his research in three (3) of the main centres/towns

within three (3) municipalities. This constituted 37, 5% of the targeted study population from the CHDM. These main centres/towns are:

1. Cradock (the largest centre in the Inxuba Yethemba Municipality and on the far western side of the district),

2. Queenstown (the largest urban centre and seat of the CHDM in the Lukhanji Municipality and centrally located), and

3. Lady Frere (on the eastern side in the Emalahleni Municipality).

The other municipalities of the CHDM, not under investigation in this study, are Inkwanca, Sakhisizwe, Tsolwana, Engcobo, and the Intsika (Local Government Handbook, 2013; Statistics South Africa, Census 2011). These municipalities each have their unique and rich cultures, diversity, and history and have delivered great leaders who contributed to the emancipation and development of the region and the rest of South Africa (Republic of South Africa, 2013).

1.7 OVERVIEW OF THE RESEARCH DESIGN AND METHODOLOGY

1.7.1. Research Design

Creswell and Plano (2007), as cited by Klopper (2008: 67), state that researchers bring a specific paradigm to their research, because "all studies include assumptions about the world and knowledge that informs the inquiries." According to Klopper (2008: 67), this motivates the basis for the contention that "no research is value free." Thus, a paradigm always serves as a guide to the actions and beliefs of the researcher in finding answers to the research problem. Yin (2009: 24) emphasises the significance of a research design and states that it is the "logic that links data to be collected [and the conclusions to be drawn] to the initial question of the study."

The researcher believes that the research question is best answered using a qualitative, case study design. It is ethnographic in nature and falls under the broad framework or philosophy of empirical studies (Mouton, 2001: 148–149). According to Yin (2003), as cited by Baxter and Jack (2008: 545–546), the case study approach is useful and relevant when the researcher wants to answer "how" and "why" questions. It is also appropriate when the behaviour of the cases cannot be influenced and the researcher wants to explore contextual conditions relevant to the issues under investigation. Such a design allows for the facilitation of knowledge about the participants' qualities, attitudes, perceptions, thoughts, and judgments. These are influenced by the participant's immediate circumstances or daily realities (Mouton, 2001: 148–149). According to

Mouton (2001: 148), the characteristics of such a design are marked by the "in-depth" participation of the collective or individual (thus the "insider perspective of the actors and their practices"). In line with the interpretive paradigm, the expert and representative knowledge and experiences of the participants helped to achieve this "insider perspective" in relation to the research problem under investigation (Tuli, 2010: 102–103).

As such, the local government of South Africa provides the right social context to engage individuals about their historical and social perspectives. Their backgrounds and experiences have the potential to shape their reactions and expectations towards the issues under investigation. Therefore, the researcher also assumes that these experiences are dynamic, sometimes emotional, ever-changing, and, especially, socially constructed. It is formed within the confinements of issues like employment, economic activities, and development through service delivery, the aftermath of apartheid, and the politics of a young democracy.

1.7.2. Data Collection Instruments

In this study, both primary and secondary data collection instruments and methods were used to increase content validity.

(A) Primary Data:
- Multifactor Leadership Questionnaire (MLQ rater format); and
- Individual, semi-structured interviews with closed-ended and open-ended questions.

(B) Secondary Data:
o Literature review of books and scholarly articles;
o Content analysis of secondary sources and archival records (which include annual reports, newspaper articles and journals), relevant legislation, and government documents; and
o Relevant web searches.

1.7.3. Data Collection Methodology

Two methods were used to collect primary and secondary data in this study: a literature review (an analysis of perspectives and information generated by other researchers) and an empirical study.

The primary data was collected in two ways:

1.	The **Multifactor Leadership Questionnaire** (MLQ, 5X short form) was selected to evaluate the frequency or degree to which supervisors/leaders engage in transformational leadership behaviours and the potential influence on service delivery performance (Bass & Avolio, 1992). Seven (7) qualities were measured of which four (4) relate to transformational leadership, two (2) focus on transactional leadership, and one (1) is a non-leadership quality. The MLQ was given to random selected individuals from seven (7) departments. This was done to probe the perceived experiences they have of their leaders. The rater format, instead of the self-rating format, of the MLQ was preferred to prevent the possibility that leaders may be overly positive in rating their own leadership and to get a more objective view regarding their leadership qualities.

In the first part of the questionnaire, the demographic information of the participants/respondents (gender, age, qualifications, employment title and employment experience) is captured. The second part consists of twenty-one (21) questions or items measured with a five-point rating scale. These items illustrate the extent to which the respondents perceive the four (4) essential components of a transformational leader. These elements are inspirational motivation, intellectual stimulation, individual consideration, and idealised influence (Bass, 1999: 11, 18–19). Other elements present on the MLQ are contingent reward, management-by-exception (transactional leadership), and laissez-faire (a non-leadership quality). The MLQ has a five-point Likert-type scale labelled as follows: 0 = not at all, 1 = once in a while, 2 = sometimes, 3 = fairly often, and 4 = frequently if not always.

2)	**Interviews** were conducted with five (5) leading officials or supervisors in Cradock, Queenstown, and Lady Frere. They are part of middle management or higher. An interview guide with closed-ended and open-ended questions was used to ensure that information collected are in-depth descriptions of interest, relevance, and value to the research. The questions aimed to gather experiences and information about one of the central themes of the research, namely performance management in the CHDM. Ten closed-ended questions were included in the questionnaire and gave respondents the option to either agree, disagree, or not to respond if they chose not to take a stand. This format of questions did not limit the respondents during the interviews from elaboration or from validating their position towards the relevant question.

The collection of secondary data was done in the following way:

1)	In line with the empirical research tradition, the case study is complemented by a **literature review** of scholarly articles, and a content analysis of secondary sources. These secondary sources

included archival records (which include annual reports, newspaper articles and journals), relevant legislation, and government documents (Patton, 2002 as cited by Imas & Rist, 2009: 295).

1.7.4.   Target Population and Sample size

For this study, purposive sampling of the participants were used, based on non-probability principles of intensity, accessibility, experience, and no bias, but purpose. Based on this, and in line with the objectives of the study, the following predefined criteria were used in recruiting the target individuals (participants) for this study:

•   Administrative Portfolio within the municipality: the CHDM municipal manager and/or executive mayor;

•   Strategic function in relation to the performance management and the IDP planning, implementation, monitoring, and reporting processes;

•   Heads of departments: human resource and performance management, and local economic development;

•   The direct roles they play in the IDP, the Performance Management Framework, and their oversight responsibilities as legislators; and

•   Portfolio as ward councillors.

The CHDM, which served as the larger population, consists of eight (8) local municipalities (as regulated by the Municipal Demarcation Board and Local Government: Municipal Structures Act 117 of 1998). Twenty-five (25) participants employed and residing in the main centres of Cradock, Queenstown and Lady Frere were selected from three (3) of the eight (8) local municipalities.

The three local municipalities (Inxuba Yethemba, Lukhanji and Emalahleni municipalities) constituted 37.5% of the targeted study population from the CHDM. According to Neuman (2003: 216), the target population refers to "the specific pool of cases" the researcher wants to study.

In addition, snowball sampling was incorporated into the interview phase due to the fact that the researcher did not know the different political cultures and councillors of each district well. This means that invited participants were asked to propose possible persons whom they know can make valuable contributions to generate new knowledge in this study. It was especially applicable to the Queenstown and Lady Frere towns.

1.7.5.   Data Analysis

The analysis and interpretation of the data are based on the grounded theory principles as proposed by Anselm Straus (1967) and Jones and Alony (2011: 1–3). This theory is "rigorous and systematic, but also allows for flexibility and freedom." It can be used in "multifaceted phenomena," but also to explore "socially constructed experiences." Grounded theory is a useful tool used to collect and sort the concepts under investigation by looking for patterns, relations, saturation, and trends to draw useful conclusions in addressing the research problem. The identified variables were used as guidance to express the data into these themes.

1.7.6.   Ethical Considerations

Participation in this study was a voluntary process of which the confidentiality and anonymity (information gathered and personal details) of all participants have been respected. At the completion of the study, all findings will be made available on request.

1.7.7.   Validity/Trustworthiness

The case study design was chosen to maximise the possibility of gathering as many different, but truthful and representative experiences as possible from the larger population. Furthermore, the inclusion of departments and participants directly involved with performance management contributes to a sound conclusion and report that is as complete as possible. This report is based on how performance is evaluated and managed and the impact of leadership on these processes.

For increased validity, the researcher provided rich detail of the context of the research study (Merriam, 2009), made use of multiple sources of data, which included peer and expert reviews. Lastly, the interviewees (participants) of the study who provided information were requested to evaluate the conclusions.

1.8   OUTLINE OF THE STUDY CHAPTERS

This thesis is organised in such a way as to ensure adherence to the logic of the research presentation, i.e. to show the importance of the literature review, explain the subjective meanings and experiences of the participants, and provide a meaningful answer to the research question. For these reasons, the different chapters are grouped together and sequenced into the following parts:

Chapter 1: Introduction and Overview

This part is an overview of the thesis and gives the research background by placing the central theme of the study in perspective and showing its importance and purpose. It set the scene for the investigation and discussion of how transformational leadership may affect performance management modelled through the Chris Hani District Municipality (CHDM) in the Eastern Cape of South Africa. Chapter 1 thus introduces the research topic, contextualises the study, sets out the objectives, and defines the key concepts. An overview description is also given of the research design and methodology for the data collection process. This chapter concludes with an outline of the study.

Chapter 2: South African Local Government: Context and Challenges

This chapter provides a historical and constitutional perspective of the South African local government. It sets out the context and challenges associated with this level of government as described in the literature, governmental reports, and peer-reviewed articles. This is done in relation to the current character of the South African local government, the functions of municipalities, and the challenges facing local leadership and socio-economic transformation. Lastly, this chapter also focuses on the influence of human capacity and mismanagement on performance and the integrated development imperatives for local municipal districts of South Africa.

Chapter 3: **South African Local Government: A Performance Perspective**

The focus of this chapter is on defining performance management and describing associated policy frameworks. It also evaluates the reasons for a lack of performance management associated with local government in South Africa.

Chapter 4: Transformational Leadership: A Literature Study

Chapter 2 provides an in-depth discussion on the essence of transformational leadership as observed in relevant literature. It also describes the importance and application of policies aimed at transforming the South African society, especially at the level of local governance.

Chapter 5: Transformational Leadership In South African Local Government: The Case of the Chris Hani District Municipality (CHDM)

In this chapter, a case-based analysis is given of the impact of transformational leadership on performance management in the Chris Hani District Municipality in the Eastern Cape. In addition, the chapter evaluates and assesses the state of performance management in the CHDM.

Chapter 6: Findings and Results

This chapter is an evaluation of the research findings in relation to the impact of transformational leadership on performance management in the CHDM and the subsequent implications for the rest of South African municipalities. It is the concluding chapter in which final analogies are drawn based on the analysis and findings of the study. In this chapter, the researcher also gives the limitations or constraints of the study and makes recommendations for future research related to this field.

Chapter 7: Recommendations and Conclusion

In this chapter, recommendations are communicated to the CHDM as contribution to knowledge and capacity development for leadership. This chapter also makes recommendations for future research related to this field of study.

1.9   CHAPTER SUMMARY

This chapter introduces the context, key concepts, and objectives of the research. Political leadership of the 21st century faces systematic challenges of a socio-economic and socio-political nature. These challenges are at levels much higher than experienced by their predecessors and South Africa is not immune to these challenges. The National Development Plan of South Africa (Republic of South Africa, 2012), for example, recognises deficiencies in the skills of public service managers and financial mismanagement (which includes cases of corruption). This study on transformational leadership is significant in that it helps to reshape South Africa's political culture and performance to be able to deal systematically with these challenges of the 21st century, especially at grassroots (municipal) level.

This research aims to contribute to the literature by examining the extent to which transformational leadership can influence performance management and thus help solve the aforementioned challenges. It should eventually serve as a contributing factor to achieve national

priorities on service delivery and good governance. Transformational leadership is invariably connected to theories of change aimed at increased institutional performance and sustainable service delivery ideals. It is at the centre of potential improvement in the socio-economic conditions of institutionalised, local communities like the CHDM. According to the Department of Provincial and Local Government (Republic of South Africa, 2006), the "local" in "local economic development" highlights the appropriateness and political jurisdiction of local government.

The focus of the current study is the case study of the Chris Hani District Municipality (CHDM) in the Eastern Cape of South Africa. Various reports, especially those by the Auditor-General of South Africa and the Institute for Justice Reconciliation, support the need to address the challenges of leadership and performance in the CHDM. In evaluating the essence and influence of transformational leadership on the CHDM, this study aims to add value to leadership performance in order to deal with leadership challenges.

The following chapter is a historical and contextual discussion into the development of South African local government. It highlights the consequent institutional arrangements in the present democratic dispensation and the importance of policies constructed to address the challenges of the 21st century faced by local governments.

CHAPTER 2: SOUTH AFRICAN LOCAL GOVERNMENT: CONTEXT AND CHALLENGES

2.1.   INTRODUCTION AND BACKGROUND

"Transformation requires an understanding of the historical role of local government in creating and perpetuating local separation and inequity, and the impact of apartheid on municipal institutions." (The White Paper on Local Government, 1998)

Lockard (2008) describes local government as a public organisation and subdivision of regional or national government. It is authorised to implement a limited range of service delivery policies within a small demarcated territory. The jurisdiction, obligations, and character of local government are determined by social traditions, political forces, party politics, bureaucratic professionalism, and economic resources. Such a description of local government is open to systems of classification and operational directives, as enshrined in the Constitution of each country.

A reformed system of local government in South Africa became fully operational on 5 December 2000 when the new municipalities were established and new municipal councillors were inducted (Thornhill & Cloete, 2014; 41; Powell, 2012: 12, 16). The constitutional and political functioning of the system was created to address the fragmentation, inequalities, and unaccountable structures inherited from apartheid. This ethnic separatism, a form of balkanisation, took place at (and affected) all levels of South Africa's multicultural civilization. As such, it had an impact on contemporary local governments of South Africa.

Under the leadership of Nelson Mandela, as first democratic president, the administration of South Africa's local governments made considerable progress in adjusting to an ideology of democratic institutionalisation. This new, transformed local government system was established covering the total geographic area of South Africa across nine (9) provinces. Each province is divided into municipalities, in accordance with demarcation regulations, and accordingly governed by an elected municipal council under a single local authority and common tax base (Powell, 2012: 12).

The current chapter gives a historical account of the development of South African local governments from the colonial and apartheid era to the current democratic institutional and intergovernmental arrangements. It also gives reference to the legislative environment,

community participation, and the socio-economic challenges as they relate to the developmental agenda of contemporary, local government.

2.2. HISTORICAL DEVELOPMENT OF LOCAL GOVERNMENT IN SOUTH AFRICA

This historical development is important because, each time frame (from colonialism to democracy) comprises its own laws and frameworks to reflect how local government would be structured and applied. The bureaucratic inadequacies of the homeland administration policies of apartheid, for example, affected the way in which local governance and administration would function in democratic South Africa (Chipkin & Meny-Gibert, 2012: 104–107). This historical development also serves as a tool of comparison and adaptation to trace back and update constitutional provisions and institutional arrangements necessary to achieve the objectives of local government.

The following subsection of Chapter 3 summarises the historical context of local government in South Africa under the following headings:

o   Pre-Apartheid Era (1909–1948) – colonialism and segregation.
o   Apartheid Era Policies (1948–1994).
o   Democratic South Africa: (1994–present) – new policies and arrangements.
o   New Policy Framework and Institutional Landscape.

2.2.1.   Pre-Apartheid Era (1909–1948):

South Africa's first constitution consented to the establishment of local governments or municipal authorities within four (4) established colonies, namely Cape of Good Hope, Natal, Transvaal and Orange Free State (South African Act of 1909; Thornhill & Cloete, 2014: 9). The municipal authorities were elected by white ratepayers and controlled by white-elected councils, although it had limited legislative powers.

Figure 2.1: South Africa's established colonies under British Rule in 1870. Source: J. Jones (2014), South Africa in the 19th Century.

Local (municipal) areas were structured to conform to policies of segregation between urban (or "prescribed" areas reserved for whites) and rural or "non-prescribed" areas reserved for black South Africans (Koma, 2012). It has resulted in municipal areas that served as segregated zones of unequal economic development, rigid and unaccountable administrative structures, and homeland bureaucracies.

One of the first, formal and most important laws of segregation was the Natives Land Act (Act No. 27 of 1913) used to "perpetuate and reinforce" the principles of racial discrimination (Mahlangeni, 2013: 2–8). The Act, functional for about forty years, disenfranchised blacks in South Africa by reserving their land acquisition rights and access to resources needed for socio-economic development. It further contributed to socio-economic fragmentation, unaccountable local authorities, and lack of services within the designated black areas referred to as reserves.

On recommendation of the Stallard Commission (1922), the coalition government led by General J.B.M. Hertzog and Jan Smuts, legislated the Natives (Urban Areas) Act 21 of 1923 and the establishment of Native Advisory Boards. The aim of the Commission was to investigate the growing presence of black people in urban areas of the four colonies under the Union. This led to the establishment of spatial separation between blacks and whites through the creation of locations, townships, and reserves (or so-called Bantustans) for black people. In addition, government could now lawfully control the inflow of black people into white designated areas by means of pass laws, removing slums, shifting governmental control to black local authorities and in so doing shifting the burden of service delivery (Nyalunga, 2006: 1–2; Mahlangeni, 2013: 9–10).

Leadership within these rural areas took the form of hereditary leaders or chiefs, administrative officials, or headmen appointed by the government. Critics of the Bantustans described the leadership as tribal, patrimonial rule, and collaborators of the government (Phillips, Lissoni & Chipkin, 2014).

2.2.2.   Apartheid Era Policies (1948–1994)

In 1948, the Reunited National Party (later renamed the National Party) under the leadership of Daniël F. Malan won the majority vote during the general elections in the Union of South Africa and immediately had to deal with the growing trends and/or the impact of the:

- Urbanisation and accompanied migrant labour amongst the black population;
- Nationalism amongst the white population;
- International (economic) aftermath of the great depression (which originated in the USA from 1929 and lasted until 1939) and the Second World War (1939–1945).
- Black consciousness and civil rights movements in south Africa triggered by racial inequalities and socio-economic disparities; and
- Local (municipal) authorities that could not cope with overcrowding and the increase in living standards.

It subsequently meant the legalisation of more apartheid policies that would leave its legacy engraved on the current state of local government, homeland geographies, and the incorporation process after 1994 in South Africa (Phillips, Lissoni & Chipkin, 2014). Amongst these were the Group Areas Act No. 41 of 1950 (as amended into Act No. 36 of 1966), which was developed in accordance with the Population Registration Act of 1950, the Bantu Authorities Act of 1951, the Bantu Affairs Administration Act 1971, and the Black Local Authorities Act of 1982 (Koma, 2012: 53–54). The Group Areas Act, preceded by the Native Areas Act (1923), in turn, was a law of residential segregation, massive forced removals, and resettlements. Its main objective was to detach black South Africans from the commercial and industrial developments in cities, whilst keeping them restricted to the (reserved) townships called the "R293 towns", Bantustans (or homelands), and other underdeveloped rural areas.

The formation of the Bantustans was initiated and informed by the regulations set up by the South African Native Affairs Commission (SANAC) and the Land Act of 1913. According to Phillips, Lissoni and Chipkin, (2014), Bantustans segregated black people into "ethnically defined

territories" reserved homelands with self-governing privileges and served as a source of migrant labour and ethnic citizenship. This division created a republic for white citizens and reserved Bantustans or homelands for black, native South Africans categorised as non-Europeans. These Bantustan homelands included QwaQwa, KwaZulu, Transkei, Ciskei, Bophuthatswana, KaNgwane, Gazankulu, Venda, Lebowa and KwaNdebele. The social and political life of black people were then regulated according to homeland administration processes, such as trading permits, labour reservoirs, and tribal leadership.
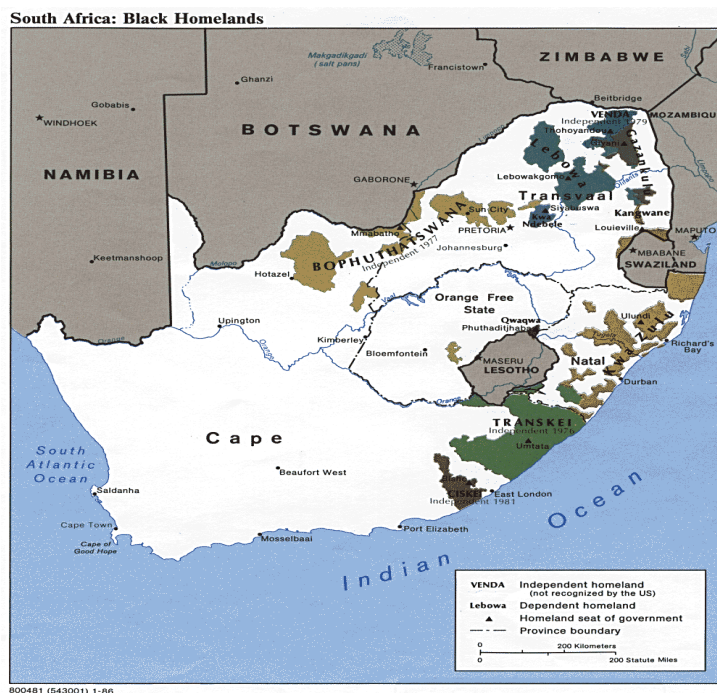
Figure 2.2: Map of South African tribal homelands during Apartheid.

Source: http://www.awesomestories.com/asset/view/Bantustans-Tribal-Homelands

The labour bureau system, as promulgated by the Native Laws Amendment Act of 1952, was used by the ruling party as an apparatus for black labour control in the cities and thus further extended the arms of the pass laws. The Bantu Affairs Administration Act (1971) enforced the establishment of Administration Boards and Community Councils in all municipal areas and was accountable to the Regional Employment Commissioner (Evans, 1997; Koma, 2012: 53–54). These arrangements made the townships responsible and accountable for the management of these municipal areas, but with limited or no sources of revenue, no decision-making power and no human capacity, and no support from the communities.

The apartheid regime further introduced municipal restructuring in 1982 by replacing the Community Councils with the Black Local Authorities, but was not successful in achieving the strategic outcomes (Mahlangeni, 2013: 4–5; Koma, 2012: 54). It is worth mentioning that these

municipal arrangements further perpetuated not only white elitism, but also growing dissatisfaction amongst these townships residents. This subsequently gave rise to civil organised protests and consumer boycotts of rents and service charges to the extent that townships became "ungovernable" (African National Congress, 1984) and local governance collapsed.

It is evident from the above historical discussion that South Africa's apartheid regime used racial fragmentation and demarcation as a policy for separate development. The consequences of this socio-political fragmentation were disintegration, economic displacements, socio-economic inequalities based on race, lack of managerial capacity, nepotism along royal lineage, and an ineffective form of bureaucracy.

Evans (1997) writes that the leadership in these local authorities was characterised by bureaucratic culture, authoritarian rule, maladministration amongst black municipal officials, and misguided interventions generally far removed from the basic socio-economic needs of the black masses. This report on the nature of local municipalities during apartheid is based on the narrative by David Grinker, an urban administrator in the 1950s and an employee in the Johannesburg Municipal Service in 1965.

2.2.3.   Nature and Objectives of Democratic Local Government

In South Africa, there are three (3) spheres of government: national, provincial, and local (Constitution of the Republic of South Africa, Act 108 of 1996, Chapter 3, Section 40). Local government, as with the other spheres, exercises some form of legislative and administrative authority. Local government refers to the umbrella institution made up of various smaller local authorities or municipalities. The concept "municipality" is derived from the Latin word *municipalis*, which means a city with some form of self-governing authority subjected to the central government (Thornhill & Cloete, 2014: 3).

Municipalities, as the functional units of local government, should work hard in accordance with their own contexts, financial and administrative capabilities, and topographies to achieve the objectives set out in the Constitution. This provision also allows for the fiscal and political accountability and is informed by policies and institutional arrangements based on values of democracy and developmental imperatives. Institutional arrangements refer to the policies and regulations, systems, and coordinated efforts that all role players use to enforce, execute and manage their mandates in accordance with the authority given to them by the Constitution. These

arrangements also seek to clarify the responsibilities, processes of dialogue, and collaborations between the different role players.

Local government is one of the focal points of the developmental initiatives due to its closeness to the communities and the pressure for service exerted by said community members. Koma (2012) emphasises the importance of this by stating that "it is the level of government well-placed within communities to react to their local needs and expectations." According to the *South Africa Survey 2001/2002,* the restructuring process intended to make municipal entities financially more viable and to enhance municipalities as the focal point of basic, essential services (Letsholo, 2006). However, it is still of importance for national and provincial governments to support and enhance the developmental capabilities of local government.

In fulfilling its objectives, local governments should understand their grants of authority, the scope of their jurisdiction, operative and accountability processes, performance standards, and the institutional arrangements. The objectives of local government, which should lead to stated outcomes in relation to the local communities within which they function, are (Constitution of South Africa, Act 108 of 1996, Chapter 7, Subsection 152):

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

The Local Government Municipal Structures Act 117 of 1998 of South Africa prescribes the mandate of local government as follows:

The fulfilment of its constitutional obligations in ensuring sustainable, effective and efficient municipal services, promotes social and economic development, encourages a safe and healthy environment by working with communities in creating environments and human settlements in which all our people can lead uplifted and dignified lives.

Geddes and Sullivan (2007: 10) furthermore ascribe four important areas of responsibility to local municipalities, namely being a vehicle for socio-economic development, exercising of local

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leadership, the protector of democratic accountability, and an exemplar of good governance. These responsibilities of local governments should reflect not only the history and culture of the people, but also their socio-economic interests and the characteristics of their physical environment.

The following institutions, amongst others, play an important role to oversee and control the democratic reforms in local governments: the Department of Public Service and Administration (DPSA) and the Department of Cooperative Governance and Traditional Affairs (COGTA). It is highlighted in this study, because it informs the institutional arrangements and policies relevant to service delivery performance and development within local government.

The Department of Public Service and Administration's mandate and value statement are informed by Chapter 10; Section 195(1) of the Republic of South Africa's Constitution and is also highlighted in the National Development Plan Vision 2030. These values include high standards of professional ethics, the effective and efficient use of resources, accountable and transparent behaviour in delivering equitable services, and good practices of human development (Republic of South Africa, 2012: 5–6). According to the Public Service Act of 1994 as amended, the DPSA should ensure these norms and standards are reflected in its functions, structural arrangements, labour relations, code of conduct, and innovations for transformation

The Department of Cooperative Governance and Traditional Affairs (COGTA), as prescribed by Chapters 3 and 7 of the Constitution (Act 108 of 1996), is the custodian of policies and legislation related to local governments (Republic of South Africa, 2008: 284, 285 & 287). Its mandate is to develop, promote and support systems of integrated and cooperative governance. One way of doing this is to provide professional and technical support for the implementation of policies and programmes aimed at achieving sustainable socio-economic development in provinces and local authorities (Republic of South Africa, 2008: 290–291, 2013: 16, 20). These policies and programmes focus on:

o   Integrated development plans (IDPs),
o   Local economic development,
o   Financial management,
o   Public participation,
o   Capacity building, service delivery and infrastructure,
o   Performance evaluations,

o   Accountability mechanisms (and/or other checks and balances), and

o   Qualitative reporting tools.

The next subsection highlights and summarises some of the most important pieces of enactments and policy frameworks introduced by government to achieve the mandate and objectives of local government in democratic South Africa.

2.3.   NEW POLICY FRAMEWORK AND INSTITUTIONAL LANDSCAPE

The policy framework and institutional arrangements that relate to local governance of South Africa must be discussed against the background given above and as part of the overall transition process at all levels of the country. Policy frameworks, as overarching instruments, provide specified procedures and guidelines to carry out institutional reforms, aims, and functions. They reflect the new visions and objectives of local government in post-apartheid South Africa. The realisation of good governance should be viewed as a consequence of the interaction between strategies, processes, and institutions and not because of a single, well-executed policy (Geddes and Sullivan, 2007: 15):

In providing the basic, but essential services, municipalities perform their constitutional obligation in accordance with the following legislation:

2.3.1.   The Local Government Transition Act (LGTA of 1993)

This Act was grounded in the Local Government Negotiating Forum (LGNF) and had as the main role players the National Party (as ruling party) and the South African National Civic Organisation (SANCO, on behalf of the marginalised groups). The LGTA was signed on 20 January 1994 in Kempton Park and was endorsed by the requirements in the Interim Constitution of the Republic of South Africa (Act 209 of 1993). Its aim was to set up a road map for the reformative requirements and developmental objectives of local government as part of the broader transitional, negotiation, and democratisation processes in South Africa (Green Paper on Local Government, 1997: 4; Local Government Transition Act 209 of 1993).

According to the LGTA, the transitions within local government had to take place within three (3) phases:

1)   The pre-interim phase occurred from 1993 when the Local Government Transitional Act was passed until the first local government elections 1995/1996). It also provided the basis for the

establishment of local forums that would administer the appointment of temporary Councils to take care of the affairs of local municipalities in this time period. The Act made provision for the establishment of 842 municipalities, governed by the elected transitional councils.

2)   The interim phase occurred from the first local government elections and lasted until 1999 – a period within which new government structures were designed, legislated, and approved by the new democratic government. This phase marked the adoption of the new Constitution in 1996 under the presidency of Nelson Mandela.

3)   The final phase lasted from 1999 until the elections of December 2000, whereby a new local governance system was created and applied within the new political dispensation of South Africa (Koma, 2012: 54–55, Powell, 2012: 13–14).

2.3.2.   Local Government: Municipal Systems Act 32 of 2000 (MSA)

This Act provides a framework for the core business of a municipality's political and administrative structures. The framework consists of the following aspects:

- Providing the way in which the municipality perform its powers and functions,
- Integrated development planning,
- Local public administration,
- Performance management and reporting,
- Debt collection,
- Imposing service charges, tariffs and credit controlling measures, and
- The effective use of legal, human, and organisational resources.

Lastly, this Act also compels Municipal Councils to engage communities through consultative forums and actions on decisions that affect them socio-economically. This includes the presentation, approving, and the implementation of budgets as it relates to service delivery projects.

2.3.3.   Local Government: The Municipal Finance Management Act (Act 56 of 2003)

In an effort to enhance accountability, transparency and performance within municipal entities, the government enacted the Municipal Finance Management Act (hereafter referred to as the MFMA) in 2003. The aims of the MFMA are to enhance the principles of sound governance and to modernise municipal budgeting, fiscal, and financial management. Furthermore, it aims to set lines of responsibility and reporting in accordance with established norms and standards (Republic of South Africa, 2013:17). According to the Act, the mayor takes responsibility to

provide political guidance and control over all budgetary processes and reports to the Municipal Council and provincial MEC about issues related to the service delivery and budget implementation plans. This Act plays a contributing role in applying the local government reforms envisaged by the macro-economic framework of 1996 and the new global trend of public affairs management. The new form of public administration is a post-bureaucratic culture that started to develop in the 21st century with the evolvement of a new public management (NPM) style.

Some of the main qualities of the NPM include "synergy between public and private divisions," contracts for service delivery based on tendering processes, business-like competiveness and management, flexibility, output performance, resourceful service delivery programmes, sound governance, and the idea of decentralisation (Batley & Larbi, 2004: 40–42). A decentralised approach is based on cooperative and consensual decision-making, more administrative powers to the local sphere, and valued intergovernmental relations. The implementation process is undertaken by the provinces with Parliament playing the role of "watchdog." Provisions in the Public Service Act of 1994 match the values and applications of the NPM, but added to that is fiscal reform and cooperative and integrated governance (Layman, 2003: 12).

The Municipal Finance Management Act (2003) compels local governments to implement the Service Delivery and Budget Implementation Plan (SDBIP). This plan is a coordinated and systematic tool for measuring quantifiable service delivery outcomes centred on key performance indicators, target dates and weightings, and indicators as aligned with the IDP. The plan is furthermore informed and implemented in conjunction with relevant legislation and frameworks, such as the Municipal Budgets, the Performance Management Guide for Municipalities (2001), and Chapter 6 of the Municipal Systems Act of 2000.

It is against this background that the MFMA serves as a very important guiding framework for the financial management and policy outcomes of municipalities in South Africa.

2.3.4.   Municipal Structures Act (1998) and Current Municipal Classifications

Koma (2010: 113) distinguishes local government from municipalities as being public institutions authorised to manage and govern a specific demarcated territory or area of jurisdiction (as informed by the Municipal Demarcation Board and legislated by the Municipal Demarcation Act 27 of 1998). Local government is a collection of individual municipalities restructured and designed to address issues of capacity and socio-economic performance (Nxumalo and Whittal, 2013: 325; Koma, 2010: 113 – 114).

The Municipal Structures Act (Act 117 of 1998) provides the legal and structural (organisational) basis for the establishment of municipalities in accordance with specific categories and the type within each category. There are currently 278 municipalities in the country, divided into three (3) categories, as prescribed by the Municipal Structures Act. These are metropolitan or category A municipalities (8), local or category B municipalities (226), and 44 district or category C municipalities (Republic of South Africa, 2013: 16). It also sets out the powers and functions of each category of municipality, regulatory processes of the internal structures, processes of appointing office-bearers, and choosing electoral systems. According to sections 8, 9 and 10 of this Act, municipalities are established and classified in accordance with the following systems of governance (as summarised from the Municipal Structures Act 117 of 1998; South African Local Government Association, 2011: 7–8):

- *Collective executive system*: District councils reflect this form of executive system where a number of local municipalities are grouped under a municipal council or district executive responsible for development and delivery. The local municipalities through a consultative process share authority and decision making with the district municipality in which area of jurisdiction they fall.

- *Mayoral executive systems* are coordinated by the executive mayor and supported by a mayoral committee consisting of councillors. Executive leadership and authority are assigned to the mayor, whilst the municipal manager oversees all administrative duties of the municipality. The highest decision-making body remains the Council.

- *Plenary executive system* refers to a system in which the authority and decision-making powers are vested in the mayor or municipal council without a speaker or executive.

- *Sub-council participatory system* refers to a system that allows for council committees to be established and directed to perform specialists' tasks. A popular example is the portfolio committees that focus on specific areas like local economic development, health services, and infrastructure, sport, and recreation facilities. These committees make recommendations to the council in terms of the municipal's mandate and programme of delivery.

- *Ward participatory systems* are applicable to municipalities with a ward committee model. These committees are elected by the constituencies themselves and take part in making recommendations in terms of integrated development (Nyalunga, 2006; Understanding Local Government, 2014).

2.4.   STRENGHTENING LOCAL GOVERNMENTS THROUGH INTERGOVERNMENTAL RELATIONS

Taking into account regional diversities and needs, the Constitution (Act 108 of 1996, Chapter 3, Section 40[1]) implicitly provides for three (3) decentralised spheres of government: local, provincial, and national. According to Chapter 3, Section 40[1] of the Constitution, all three levels are *"distinct, interdependent and interrelated"* and have their own executive and legislative authority and powers. These three spheres of government and intergovernmental management serve as systematic contributors and intervention strategies in performance and strengthening service delivery programmes.

Chapter 3, Section 40 of the Constitution further elaborates on the principles of cooperative government and intergovernmental relations. For the three (3) spheres of government to work, it is essential to set clear rules of engagement, lines of responsibilities, powers and functions, funding models, and accountability arrangements. In order to live up to its full potential, local government must also be entrusted with clearly demarcated powers to make decisions. In this way, no one form of government can infringe on the geographical, functional, and institutional sovereignty of another. Furthermore, to attain the aims of cooperative governance, national government and provincial government have to lend support and guidance to local governments (as also stated in Subsection 154 of Chapter 7 of the Constitution).

Within the intergovernmental relations, the three spheres is expected to fulfil its legislative role by performing shared (or concurrent) and exclusive functions. According to Part A of Schedule 4 of the Constitution, concurrent or shared functions would include social security, education, social welfare, housing, and health services. Exclusive functions refer to those that are the sole responsibility of one specific level of government.

A summary of priority areas or public functions performed exclusively by the aforementioned three spheres of government (Constitution Act 108 of 1996, Thornhill and Cloete, 2014: 18 – 21) are as follows:

- **National** government generally takes the central role in setting policy and regulatory frameworks, norms and standards, and performing oversight. Its exclusive responsibilities would include national defence, national fiscal arrangements, foreign affairs, safety and security, and higher education (Schedule 5). Its legislative authority is entrusted to it by the Parliament of South Africa.

- The **provincial** government plays a significant role during the planning and implementation phases of projects (i.e. infrastructure) in line with regulatory frameworks (Constitution, Part A of Schedule 5). It also shares predetermined functions with the national government of South Africa. The province's legislative authority is vested in the provincial legislature of which the premier of the province has executive authority.

- **Local** government is exclusively responsible to provide basic services, such as water and electricity, refuse removal, and maintaining municipal infrastructure within demarcated municipal areas. It also has sovereign power to set municipal by-laws as long as it does not clash with related national or provincial legislation. Fundamental to the functional areas of local government is the active participation of local communities in planning and service delivery performance. Local government's legislative authority is vested in the municipal council.

In exercising its authority as afforded to it by the Constitution or relevant legislation, local government should consider whether (or not) its actions would compromise national and provincial provisions and/or developmental programmes. The country's Constitution (Act 108 of 1996) also provides for the national government to devolve much of its power to local governments, including fiscal and political accountability. Devolution is defined by Visser (2005: 15) as the location of decision-making power to sublevels of government with a certain degree of sovereignty as determined by legislation. This leads to decentralisation and allows for the expansion of local sovereignty and increases responsiveness since this is government "closest to the people" (Heywood, 2007: 165). Heller (as cited by Beal, 2004: 2) refers to decentralisation as a democratic function that results in efficient governance and democratic participation. Decentralisation is used as a tool for enhancing accountability, transparency, and state-community relations. The Constitution determines that national and/or provincial government may not compromise or impede a municipality's ability or right to exercise its powers and functions (Thornhill & Cloete, 2014: 20–21).

Lastly, the Municipal Councils have the obligation to manage the performance of their respective municipalities, as required by the Constitution (Act 108 of 1996), the Municipal Finance Management Act (MFMA), and Municipal Systems Act (MSA). The Council's annual reports to Parliament are based and informed by this oversight responsibility.

The following diagram is a schematic summary of South Africa's system of government. It provides insight into the structure of national governance and where local governments fit in to achieve the overall aims of socio-economic and political developments.

NATIONAL or CENTRAL GOVERNMENT

President

Government: 22 ministries

Parliament:

❖   National Assembly:

350–400 MEMBERS, elected through systems of proportional representation

❖   National Council of Provinces:

10 DELEGATES from each province and 10 part-time local government representatives

❖   Administrative Institutions:

State/Public Corporations/Enterprises, Research Institutions & State Departments (± 30)

PROVINCIAL GOVERNMENT

Provincial legislature:

30–80 members and 10 non-voting representatives of local government

Provincial Premier:

Provincial Executive Council consists of provincial ministers, which are called

The Members of the Executive Council/MECs.

❖   Administrative Institutions:

Provincial Departments, such as Education, Housing, Health, Economic Affairs, Local Government, and Finance.

LOCAL GOVERNMENT

284 Municipalities

9 x **METROPOLITAN MUNICIPALITIES (A)** **Executive Mayor** - Metropolitan Council and - Metropolitan Sub-council	47 x **DISTRICT MUNICIPALITIES (C)** **District Mayor** - District Council
	231 x **LOCAL MUNICIPALITIES (B)** **Mayor** **Local Council** - Municipal Manager (Chief Executive Officer) Heads of Departments

Wards

Figure 2.3: Summary of South Africa's System of Government.

Sources: Adapted from Peltola (2008) and Thornhill and Cloete (2014).

2.5. SOCIO-ECONOMIC TRANSFORMATION POLICIES: PAST AND PRESENT

Erasing socio-economic disparities should be considered in a normative way to serve as "the extension of principles […] of human dignity, equity, and freedom to participate in all of the political, socio-economic, and cultural spheres of society" (Republic of South Africa, 2003: 1). The Constitution of the democratic South Africa values the transformation intent, practices, and impact of principles of social fairness.

Fair measures of socio-economic development can be measured in terms of the fair sharing of resources (such as community development centres), equality within judiciary processes and equal access to education and employment opportunities (National Pro Bono Resource Centre, 2011: 4, 5). In addition, fair measures of development can also refer to the even protection of vulnerable and disadvantaged members of society and not profiting at the expense of underprivileged people (National Pro Bono Resource Centre, 2011: 4, 5). Local governments who strive to achieve such standards of development (as also stated in the Constitution of South Africa, Section 157 of Chapter 7) on a consistent basis within their financial and administrative capacity can be described as a "functional, well-performing municipality" (as cited by the National Treasury, presentation to TCF, 2009).

In reaction to the various forms of service delivery backlogs and unfulfilled promises, Parliament have passed several policies and programmes that reflect government's attempts and approaches to the promotion of socio-economic transformation. A summary of selected policies and programmes relevant to this study are outlined below. Although the application of these policies and programmes is of national interest, their potential influence on local government is very significant.

2.5.1. The Reconstruction and Development Plan (RDP)

The Reconstruction and Development Plan (RDP) was a socio-economic policy framework introduced in 1994 by the tripartite alliance of the ANC, COSATU, and the SACP. Its overall aim was to redress the socio-economic backlogs and inequalities in black communities as caused by the systematic exploitation and structural injustices of apartheid (Terreblanche, 1999). The RDP was also important to create opportunities for acceptable levels of living standards and economic security for all citizens (RDP, 1994: 20).

Marais (2001, as quoted by Visser, 2004: 6–8) describes the RDP as "an ideological reference point confirming the political-historical continuity between the Freedom Charter and the realities of post-apartheid South Africa." A practical manifestation of the RDP was the provision of social security benefits through an all-embracing welfare system, the RDP national housing project, and healthcare programmes for pregnant women and small children. As Visser highlights, the RDP could not be sustained due to challenges that relate to capacity, implementation, maladministration at provincial levels, and a lack of macroeconomic balance and fiscal hitches. Since 1996, government shifted "GEAR" and redirected its priorities, capacity and resources to bolster the social and economic growth of the country.

2.5.2. The Growth, Employment and Redistribution (GEAR)

The Growth, Employment and Redistribution (GEAR) macroeconomic framework of 1996 had as its main objective growing the South African economy by 4, 2% between 1996 and 2000 and as such announced itself as a serious participant in the international financial markets (Walker, 1999; Weeks, 1999: 3). A stable and improved economy would also create prospects for the new democratic government to increase and redistribute more employment opportunities in favour of the previously disadvantaged sectors of society. In order to achieve these objectives, government had to:

o   Tighten up fiscal policy measures,

o   Ease up foreign exchange controls,

o   Stabilise inflation,

o   Win back the confidence of foreign investors, and

o   Develop a more cost-effective public administration.

Olivier (2013) argues that GEAR as a neo-liberal approach by government, was based on the principles of privatisation, and has resulted in mixed outcomes. It was actually meant to result in more effective and efficient service delivery. Critics of GEAR highlighted government's traditional monetary policy instruments as one negative influence on the intentions of this policy (Walker, 1999). Walker (1999) further argued that COSATU as alliance of the ruling party did not accept this approach, as it had the potential to impact negatively on wage settlements and job security in the country.

2.5.3.   The Accelerated and Shared Growth Initiative for South Africa (ASGISA)

The Accelerated and Shared Growth Initiative for South African (ASGISA) was launched in 2006 to accelerate economic growth and employment opportunities. On 1 March 2006, South Africa had its 3rd local government elections and the central theme of the ruling party's (the ANC's) manifesto was "A Plan to Make Local Government Work Better for You" (African National Congress Manifesto, 2006). The election was a trying period for the ANC who at the time had to deal with the disgruntlement of the masses who increasingly became impatient with the speed of service delivery. The announcement of ASGISA was an attempt to accelerate plans to make local government work harder towards satisfying the developmental needs of the masses. The main goals of ASGISA included, amongst others:

- Reducing the rate of unemployment and poverty between 2004 and 2014 by 50%.
- Fast-tracking economic growth to an average, sustainable 6% annual rate between 2010 and 2014.
- Redistributing opportunities and resources needed for achieving socio-economic outcomes equally. (Kearney & Odusola, 2011: 8)

One of the first steps towards acceleration was to identify the key areas of action necessary to achieve the expected (positive) impact of ASGISA. These areas included infrastructure improvement programmes, skills and education development to improve capacity and strategic leadership. The aim of ASGISA was also to create the right conditions for competition and new investment opportunities and regulatory interventions within the "second economy" (the poor underdeveloped parts of society) and SMME's (Kearney & Odusola, 2011: 8; Hirsch, A. 2006). According to Wildenboer (2008: 117), the implementation of ASGISA was constrained by the lack of detailed strategies of achievement, frail institutional arrangements at all levels of government, and the lack of capacity and leadership.

2.5.4.   Integrated Development Planning

In realising their exclusive obligations, local governments in the country are required to develop an annual Integrated Development Plan (IDP). This obligation is legislated by Section 162(1) of the Constitution, Municipal Systems Act of 2000 (Chapter 5) and Municipal Planning and Performance Management Regulations of 2001 (Chapter 2). Integrated Development Plans (IDPs) are integral parts of the developmental objectives of municipalities and are defined as "a municipality's strategic five-year plan to promote economic and social development in the

community and [inform] the budget of the municipality" (Republic of South Africa, 2013: 16–17; Corruption Watch, 2014). The plan reflects each department's strategic priorities in the field of:

- Local economic development,

- Infrastructure and disaster management,

- Spatial development frameworks,

- Current status of service delivery projects,

- Current operational strategies, and

- Three-year financial planning. (Municipal Systems Act 2000: Chapter 5, Section 34; Visser, 2005; Thornhill & Cloete, 2014: 90–91)

This plan, reviewed annually, must recognise and adapt to the local conditions and available resources, and encourage the inputs of all relevant stakeholders. It must be aligned to the developmental aims and objectives of provincial and national governments as a unit –in accordance with the intergovernmental arrangements and the wider system of cooperative governance.

Supported by the Local Government: Municipal Planning and Performance Management Regulations of 2001, the IDP is based on the annual budget framework of the Provincial Executive Council (PEC) and requires all municipalities to ascertain investment and developmental initiatives. The envisaged aims of the IDP is measured in positive outcomes such as increased income levels, greater black ownership, community development, skilled human resources, increased control over important parts of the economy and sustainable economic growth.

In South Africa, the implementation, monitoring, reviewing and improvement of the IDP is guided and informed by a Performance Management System (PMS) (Republic of South Africa, 2001). A Service Delivery and Budget Implementation Plan (SDBIP) should also be compiled to further strengthen the monetary spending and goal achievement of the IDP within a specific financial year. The two fundamental processes, performance management and integrated development feed into each other in order to attain the agreed municipal development goals. According to the Performance Management Guide for Municipalities in South Africa (2001, draft 2: 16), integrated development planning is fundamental to the process of performance management. Performance management completes the implementation management, monitoring, and evaluation processes of the IDP.

2.5.5. Local Government Turnaround Strategy (LGTAS) of 2009

In response to the country's socio-economic challenges, local municipalities also accepted the Local Government Turnaround Strategy (LGTAS), as adopted by Cabinet in 2009. The South African government at the time identified the following areas of concern that potentially impeded the work of local government: policy implementation, weak accountability and oversight systems, institutional arrangements, capacity limitations, and problems associated with intergovernmental fiscal systems and support (Republic of South Africa, 2009: 3).

The aim of the strategy is to help local governments establish and improve processes and structures that are responsive and accountable to the needs of local communities (Republic of South Africa, 2009). In addition, the strategy aims to systematically build and strengthen the capabilities, performance and accountability structures of local governments. It is important for local governments to align its frameworks and plans with that of prescribed legislation and performance guidelines provided by COGTA who is a co-carrier of this turnaround strategy in local governments.

Mathane (2013) studied the impact of the LGTAS on public participation and good governance. The findings of this South African municipal case study showed that more work needs to be done to improve the knowledge and implementation skills of stakeholders such as the Ward Committees. In addition, the successful functionality, responsiveness, and accountability of the municipalities under investigation is dependent on clear consultation and reporting mechanisms regarding the priorities of the LGTAS.

2.5.6. The National Development Plan (NDP)

The NDP is a long-term blueprint outlining the "desired destination" for the people of South Africa at all levels of society. It was developed and is administered by the NPC, consisting of 26 commissioners appointed in 2009 for a five-year term (Republic of South Africa, 2011). The NDP aims to incorporate the philosophy behind the RDP model, which in essence aims to reduce poverty, inequality, and underdevelopment. Currently (and in the next 17 years), it is geared towards the implementation phase culminated in a process of intense strategic planning and consultation with all relevant participants and stakeholders (Republic of South Africa, 2013).

The National Planning Commission (NPC) and the Department for Performance Monitoring and Evaluation (DPME) are jointly responsible for the development of 14 priority areas and outcomes as outlined in the MTSF (Medium Term Strategic Framework). This framework is government's

five year strategic plan (from 2014 till the 2019 national elections), providing the basis for the implementation of the NDP as adopted in September 2012. It comprises of the key indicators and targets, outputs, action plans, and a current baseline per target. These will then be negotiated for inclusion into the provincial and municipal strategic plans and existing national activities for consistency and coherence.

In line with this strategy, all government departments, Ministers and Members of the Provincial Executive Councils (MinMECS) are responsible for coordinating, implementing and driving the plans for achieving the 14 intended outcomes. MinMECS are forums where Ministers, MECs, SALGA, and head of departments as technical advisors meet to consult each other. They also align their national and provincial programmes and oversee joint efforts of development (Republic of South Africa, 2008: 117). The President and Cabinet use MinMECS to oversee that progress is being made with programmes as identified through the Government Programme of Action and IDPs.

With reference to local government, the NDP intends to enhance the developmental role and core responsibilities such as integrated development. The NDP also advocates quality leadership in the public sector, integrity and accountability towards all communities (Republic of South Africa, 2011: 388; Botman, 2013). Outcome 9 (as set out in the MTSF, 2014–2019: 27–29) calls for a local government that is responsive and accountable to the developmental needs of communities and for a system of governance that is effective and efficient in working towards a new, sustainable trajectory of socio-economic growth and high quality services. The NDP describes the lack of capacity and weak leadership as negative influences on the transformative and developmental role of effective local government, especially in the poor districts of the country.

2.6.   COMMUNITY PARTICIPATION AS TOOL FOR GOOD LOCAL GOVERNANCE

An important and relevant characteristic of a developmental local government is the extent to which communities, or civil society, are allowed to take part in sustainable socio-political and socio-economic processes. Their participation is important to enhance the principles of inclusivity, accountability, and good governance. Civil society refers to a collective group with common interests, action, and purposes, clearly distinguished from the family, state, and business forums. It is strengthened by the work and structures of non-governmental organisations, community-based organisations, social movements, advocacy groups and trade unions with each

functioning at different levels of formality and status within their specific communities (Ranchod, 2007: 2).

In South Africa, civil society participation takes place in a model of democracy with two parts, as provided for by the country's Constitution: representative democracy and participatory democracy (Republic of South Africa, 2014; Constitution of the Republic of South Africa Act 108 of 1996; ARPM 3rd Report on South Africa, 2013). Heywood (2007: 74) describes representative democracy as a form of democracy that is limited and indirect because the community members are restricted to the voting process and are only linked to the power of rule through an electoral mandate. This form of democracy gives rise to the question of how public representatives in Parliament safeguard the inclusion of issues that negatively influence community participation and socio-economic development (Republic of South Africa, 2012).

Friedman (2006) states that for representative democracy to work, parliamentary processes should not be abused and public representatives should take responsibility for their actions and be accountable to those they represent. He (Friedman, 2006) argues though that it cannot be assumed that the electoral mandate given serves as an endorsement of any specific government position and/or policy. Due to public or constituent consultative processes, the policy outcomes should be a reflection of the people's needs and expectations.

The theory of participatory democracy as applied in the modern era was influenced by the work of Jean-Jacques Rousseau, the French moral and political philosopher (as cited by Heywood, 2007: 79). According to Heywood (2007), the development of the self and the community can be accomplished through the principles of transparency, accountability, decentralisation, and taking an active part in the decisions shaping their lives. Rousseau's theory is based on the principles of the "grass-roots democracy" that is grounded in the lowest level of governance and where the decision-making power of the organisation is more important than that of the individual (as cited by Heywood, 2007: 79; Adegboye, 2013: 244; Mgwebi, 2010). Participatory democracy adds value to citizenship in formal and functional ways and is predominantly steered by the disadvantaged or marginalised groups within the country, especially because they tend to be the first beneficiaries of this form of democracy (Buhlungu, 2005).

To further enhance representative democracy and participatory democracy at all three (3) levels of government, various forms of civil society participation and community-based activities are implemented. Amongst these are izimbizo's (public meetings), public hearings, councillor and

ward committees at municipal level, legotla's, Speaker's Forums, and taking Parliament to the people through various platforms such as the People's Parliament, Karoo Parliament, and Children's Parliament (Republic of South Africa, 2014: 32–33).

2.7. LOCAL GOVERNMENT: FACILITATOR OF THE DEVELOPMENTAL AGENDA

The developmental positioning of local government in South Africa is a constitutional directive, required to address structural challenges and spatial distortions whilst at the same time creating sustainable futures for all. Features of the developmental agenda include a focus on an integrated dual economy, strong state capacity, enhancing the lives of the disadvantaged masses and effective public administration (Koma, 2010: 112–114; Thornhill & Cloete, 2014: 21). Local government enhances the sustainable developmental imperatives and democratic governance processes within countries. These processes feed into the national developmental agenda through its complementary role as a form of grass-roots government and as an integral part of the cooperative governance model. According to Maphunye (2009: 45), the essence of a developmental public service agenda in an African context can be described as being state-led and focused on social and economic growth, community participation in the governance process, ongoing democratisation, efficient and effective public service, and political executive with an 'interventionist' approach to socio-economic development.

Subsection 153, Chapter 7 of the Constitution of 1996, informs the developmental responsibilities of local government in South Africa, i.e. to set up administrative procedures, financial and planning processes, that will address the socio-economic needs of communities and to play an active role in development programmes of national and provincial interest. In 1998, the national government through the Ministry for Provincial and Constitutional Development released the White Paper on Local Governance (1998) and it was anticipated that the following developmental outcomes could be achieved:

o   Provision of household infrastructure and services;
o   Creation of liveable, integrated urban and rural spaces;
o   Local economic development (LED); and
o   Community empowerment and redistribution.

These outcomes should be achieved through systems of integrated development planning (which include budgeting, reporting and performance monitoring), performance management, and the active involvement of communities and other stakeholders.

According to the National Planning Commission's Diagnostics Report (Republic of South Africa, 2011; APRM, 2014: 41), various socio-economic issues in South Africa poses major challenges to the developmental intentions of government. These include:

o   Increasing rates of unemployment;
o   Quality public health and schooling;
o   Corruption;
o   The class structures in South African communities;
o   Uneven economic and spatial development; and
o   Lack of service delivery.

Maphunye (2005: 24), in using a case study approach into the status of developmental states in Africa, found that the developmental intentions of government in South Africa are based on the "Two Economies" approach. This means that a differentiation is made between the poor, poverty-stricken, majority black sector of the country and the rich, white minority. The consequence is that the country's developmental performance policies (at all levels of government) seek to straighten out these inequalities, which are still based on race and the legacy of apartheid.

An important feature of policy-making and implementation for local governments is to create a balance between economic growth, redressing past imbalances, and maintaining social cohesion amongst all races. This is important against the background of the diverse cultural experiences, expectations, and black economic empowerment policies in the different regions of the country. Social cohesion in communities is the pursuit for "equilibrium, both personal development and a sense of belonging and that which links together individual freedom and social justice, economic efficiency and the fair sharing of resources" (Council of Europe. 2005: 15, 37–38). Indicators of social cohesion would, in the context of this research, include common identity, economic inclusion and security, social order, and social capital (as cited by Reeskens, Botterman & Hooghe, 2000: 2).

2.8. CHALLENGES IMPACTING THE DEVELOPMENTAL AGENDA OF LOCAL GOVERNMENT

Local government serves as a very important strategic driver of the developmental agenda in South Africa. As an integral part of this agenda, national government has prioritised the highly uneven spatial patterns and institutional inefficiencies affecting the objectives of local government. The four (4) interrelated developmental goals of local government referred to are as follows (White Paper on Local Government, 1998):

I   Maximising social development and economic growth;

II   Integrating and coordinating;

III Democratising the development process; and

IV   Leading and learning.

In spite of implementing policies and frameworks for socio-economic transformation (as discussed under subsection 2.5 of this chapter), a number of challenges persist, affecting development and thus good governance. The following factors have a negative impact on these aforementioned developmental goals:

2.8.1. Underperformance due to Socio-economic and Political Challenges

According to Oosthuizen (2013: 14 – 18), the challenges related to performance and leadership in South Africa can be discussed at two levels: the intangible and the tangible. The intangible would refer to a collective (national) identity and the creation of citizen ownership of policies of development and the tangible would mean the human, physical, technological, and monetary factors of influence. Oosthuizen (2013) presented these performance challenges by means of the STEEP analysis perspective (which refers to the Social, Technological, Economic, Environment and Political features). The following serves as a summary of Oosthuizen's (2013: 14 – 18) analysis:

- At a **social** level there are, amongst others, the issues of regional immigration, young people struggling to make the school-work changeover, the speedy rate of urbanisation, and increased levels of living standards.

- **Technological** and developmental levels include the investment in information technology and the digital revolution that had uneven benefits, low levels of literacy and numeracy, and the disengagement between what the business sector needs and what educational content produces.

- At an **economic** level, South Africa is still very much resource-dependent, has high levels of unemployment exacerbated by rigid labour laws and unionism and struggles with the unresolved issue of land distribution, calls for nationalisation of mining resources, and racial inequalities (between black and white people) in terms of economic participation.

- **Environmental** forces affecting progress include climate change, which in turn will impact "environmental integrity," environmental sustainability, and increased demands on food production and water availability.

- **Political** challenges include corruption, the so-called cadre deployment, and political interference, lack of accountability, consistent policy changes, and unequal levels of financial and administrative capacity (in terms of provincial comparisons).

In addition, the underperformance in municipalities is also due to mismanagement, egocentricity, ineffective use of information, and digital technologies, spatial and infrastructural constraints, and corruption (Oosthuizen, 2013: 23; National Treasury, 2009). In making these findings about challenges for leadership, Oosthuizen (2013:23) used an interpretive framework based on a dual approach, namely the business-as-usual future and the transformational change alternative. This was done in the context of a desired socio-political and socio-economic future for South Africa.

2.8.2.   Corrupt Behaviour influencing the Capacity of Leadership

Efforts to advance the capacity of individuals and institutions are adversely influenced by issues of corrupt behaviour and cadre deployment or so-called political appointments. These political appointees do not always have the required skills in order to perform effective and efficiently (Pityana, 2010; Republic of South Africa, 2014). It furthermore leads to unreliable financial and performance reports, service delivery protests, low morale in public departments, and lack of public trust in the government. Sipho M. Pityana in his address entitled "Strong Civil Society: a Condition for Good Governance" during the Inyathelo Conference (15 November 2010, Cape Town) stated the following with regards to issues of corrupt behaviour:

> The reality of politics in an open democratic sphere saw the ANC [African National Congress] attract to its ranks new members motivated both by a desire to make a meaningful contribution to transformation, but also self-serving careerists and opportunists seeking personal advancement [accumulation] and gain.

Kroukamp (2007) makes an important contribution on how corruption influences the capacity of leadership in the South African public sector and its value to the turn-around strategy. According

to Kroukamp (2007) leadership, as representative of an individual or collective, helps to create an integrated culture that encompasses value systems and behaviour critical to the organisation's performance. Furthermore, it provides innovative solutions, relevancy, and originality in approaches meant for solving problems. Leadership also provides the platform for making sure that policies of change, as necessitated by modernisation and transformation, are implemented effectively. Although this contribution by Kroukamp (2007) focuses only on the influence of leadership on corruption in South Africa, it is valuable, because it also illustrates how the unethical behaviour of leaders can serve as a barrier to socio-economic transformation.

2.8.3. Strategic and Institutional Issues Facing Local Leadership

Geddes and Sullivan (2007: 13), in delivering a discussion paper on local leadership amongst the 53 Commonwealth countries, describe the challenges for local governance as multifaceted and on the upsurge. According to Geddes and Sullivan (2007: 15), there is a misfit between the decentralisation of responsibilities and the supply of resources (such as capable administrators) to the local governments of developing countries. National governments, they argue, expect more outcomes (i.e. successful service delivery projects) from local authorities, but provide fewer inputs (i.e. well-skilled human capital). Furthermore, an important part of local leadership is the facilitation of key community projects through strategic interventions inspired by values of accountability and citizen participation. These interventions are held back by low levels of socio-economic development, globalisation and urbanization, diverse needs and cultural practices, and the lack of local government capacity.

This contribution by Geddes & Sullivan (2007) is a discussion of international trends and challenges facing local leadership in Commonwealth countries of which South Africa has been an affiliated member since 1994. It is based on a common framework of understanding, despite contextual differences between countries affiliated with the Commonwealth Local Government Forum. Developing countries, especially those in Africa, have learnt important lessons from its engagements with the Commonwealth, programmes of municipal support, and executive membership. It is thus an important contribution to the approach.

Pieterse (2007) contends that most municipalities do not have the analytical and planning skills and leadership to drive the strategic vision and core intentions of the Integrated Development Plans. This lack of capacity and thus appropriate responses resulted in:

- Inconsistent policy implementation;

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- Limited transformation of livelihoods and space economies;

- Social exclusivity amongst poor communities;

- Deficiencies in community participatory processes and forums of engagement; and

- Lack of strategic managers to deal with technical dimensions and political-administrative interfaces.

Lastly, due to insufficient intergovernmental coordination and alignment, municipal planning and policy priorities have not been executed to the satisfaction of the community beneficiaries (2007: 8).

This report was presented to representatives of Brazil, India and South Africa as part of the trilateral dialogue between these countries in 2007. As such, it makes relevant and important contributions to the structural issues hampering the functions of local government.

The 3rd Report on South Africa's implementation of its APRM programme of action discusses the gains and challenges for the period October 2010 up to January 2013. In line with the aforementioned challenges, the report underlines the absence of institutional capacity and experience to solve challenges related to the management of social delivery projects and financial planning (Republic of South Africa, 2014: 19–20). In addition, there are challenges of corruption, service delivery backlogs, and inadequate public participation in the policy-making process. The aforementioned concerns are relevant to provincial, district, and local spheres of government in South Africa and seek to highlight the interventions made by the National Treasury, the Public Administration and Management Academy, and the Auditor-General (Republic of South Africa, 2014: 23).

In the context of this study, the APRM provides a broader, but comparative evaluation relating to the performance of government in honouring their responsibility of changing people's lives for the better. For South Africa, as a member state of the African Union, it serves as an extended opportunity to use the APRM as a catalyst to enhance developmental efforts at local government level.

2.9.   CHAPTER SUMMARY

The historical and contextual framework forms the basis for understanding the objectives and mandate relevant to local governments of South Africa. This includes addressing the service

delivery backlogs created by apartheid, the community participatory processes, and the developmental goals as discussed in this chapter.

This chapter gave a theoretical overview of the current state of South African local government, influenced by past administrative fragmentation, uneven levels of service delivery (with widespread backlogs in rural areas and black townships), and poor land planning. In the case of Bantustans, as created by the policy of apartheid, it also led to patrimonial structures of leadership or bureaucratic forms of rule.

As is with other public institutions, the mandate of local government is constantly reassessed and reformed to increase or achieve acceptable levels of performance. The advancement of democracy meant restructuring the political institutions of government to reflect a representative, parliamentary, and constitutional democracy. Various acts and frameworks were adopted to reflect the values and principles of the new-found democracy in all spheres of government in South Africa.

This chapter also emphasised those policies of post-apartheid South Africa that contribute to a philosophy of renewed commitment towards socio-economic transformation of all stakeholders within their constituencies. These socio-economic policies (considered under subsection 3.6 of this chapter) focus on critical areas such as integrated development planning, local economic development, and performance and financial management.

Having a strong attachment through intergovernmental relations has greatly influenced the institutional arrangements and processes of local government. Many governmental services, at any of the other two levels (national and provincial), have implications for or require the involvement of local government. Additionally, in exercising its broad legislative authority, a local government has the potential to impact the life quality of its citizens profoundly. It is expected of local government to ensure institutional arrangements, legislation, and policy frameworks for development are in place. According to Geddes and Sullivan (2007: 15), a common challenge of this form of decentralisation is the unequal distribution of resources although national government expects equal achievement.

In line with this description, social transformation and economic transformation in post-apartheid South Africa still lack in terms of acceptable levels. The subsequent proof of this has been the increasing numbers of service delivery demonstrations. This dissatisfaction because of unfulfilled

expectations after more than 20 years of democracy is a reality, maximised at local level of governance (Republic of South Africa, 2014; Municipal IQ's Hotspots Monitor, 2014).

For local government to achieve a capable level of governance and to deliver sustainable services as prescribed by its Constitutional mandate, it will have to strengthen its institutional arrangements and apply a comprehensive system of performance management.

The following chapter focuses on the fundamental principles and legislation that underwrite the management of performance in local governments of South Africa. It also identifies and discusses the extent to which the new public administration model can enhance the mandate of public institutions and the performance of leadership.

CHAPTER 3: SOUTH AFRICAN LOCAL GOVERNMENT: A PERFORMANCE PERSPECTIVE

3.1.   INTRODUCTION AND BACKGROUND

In executing its political mandate, local governments of South Africa are obliged by law to use performance management as a tool for development, remedial action, and accountability purposes. It encourages local government to take a comparative but also responsible stance towards its strategic objectives, financial allocations, and intended service delivery outcomes. The management of performance gives meaning to the sayings "what you measure you become" and "if you don't measure results, you can't tell success from failure" (Gaebler, 1992; Republic of South Africa, 2001).

In recent years the socio-economic challenges faced by local government have increased the need and relevance of performance management systems. It also tested the capability, commitment, and accountability of local leadership to perform their mandate. Performance management obliges local governments to assess performance against both the objectives set, the outcomes achieved, and contractual agreements. These variables are stipulated in the integrated planning and implementation processes of local governments (Republic of South Africa, 2009: 6).

This chapter elaborates on the significance and implications of performance management for South African local governments. Local governments cannot address the developmental agenda without an understanding of performance management and how it shapes the potential for prosperity. Additionally, the chapter also gives reference to the influence of the New Public Management (NPM) model as comparative and evaluative tool of public sector performance. This is followed by a discussion on the state of performance management and related challenges in local governments of South Africa.

3.2.   ESSENCE AND PURPOSE OF PERFORMANCE MANAGEMENT

Van Dijk (2007) asks the following question: "How does one measure effectiveness and efficiency of government in South Africa?" One answer lies in the development of a performance management system as a potential tool of measurement. Performance management is a process in which the employees share a common understanding of what is to be achieved for the institution. Having agreed to that, all contextual factors, performance information, skills, resources, and development plans are aligned to attain the stated objectives. This means that performance is

achieved if it happens within a quantified framework of strategic objectives, standards, and specified competencies required. The aim is to enhance an eagerness to contribute meaningfully to the attainment of agreed objectives and to reward outstanding contributions. Performance management also creates a competitive edge and higher levels of competencies (Van Dijk, 2007: 52; Hildebrand, 1997).

The Public Service Commission (Republic of South Africa, 2007) defines performance management as a continuous and systematic process of accomplishing and improving performance of public sector institutions. Performance management is a legal requirement that measures quality, cost, capabilities, and the alignment of objectives. This is achieved by means of evidence-based decision-making, strategic planning, and the goal-orientated enactment of service delivery plans. The anticipated objective is to create a public service characterised by shared expectations and developmental results. This objective is supported by democratic values and principles of good, accountable governance, as referred to in Chapter 7, Section 152 and Section 19(2) of the Constitution (Act 108 of 1996).

According to Hildebrand (1997), the performance management system is the broader concept that incorporates processes of goal setting, appraisal, communicating expectations, observance, reporting, and skills development. Based on this definition, performance management enables leadership within local government to achieve socio-economic development in a more holistic, systematic, and professional way. The success of performance management is measured in terms of reliable performance information, cost-effective resource allocation, responsiveness to the needs of communities, and a culture of performance accountability. The Back-to-Basics Local Government Summit highlighted, amongst others, proficient individuals, functional delegations, and performance management as distinctive elements of a responsive local government (Republic of South Africa, 2014).

Performance management aims to enhance the productivity and ultimately service delivery in the public sector through the application of the following activities (Munzhedzi, 2011: 2; SALGA, 2013):

o   Monitoring and evaluation of performance agreements between participants of the performance management system;
o   Human capacity development, especially where a commitment of performance lacks;
o   Reviewing and rectifying the underperformance of departments and/or individuals; and

o   Promoting responsible behaviour towards one's job description and the objectives of the organisation.

According to the South African Local Government Association (Republic of South Africa, 2013), performance management must not only remain a desire, but be converted into accomplishments achieved by all structures and individuals. This is possible when the processes and standards are confirmed, communicated, and coordinated and employees are then recognised for achieving those standards.

3.3.   POLICY ENVIRONMENT: A SOUTH AFRICAN PERSPECTIVE

The regulatory frameworks and acts that support, direct, and control the implementation of performance management in South Africa's local governments are mentioned below. These documents are linked to the following broad developmental intentions of the government as provided for in the Constitution (Chapter 7, Act 108 of 1996):

o   Providing democratic and accountable government for local communities;

o   Ensuring the provision of services to communities in a sustainable manner;

o   Promoting social and economic development; and

o   Encouraging the participation of communities and community organisations in issues related to local government.

3.3.1   White Paper on Local Government (1998)

This document is the end product informed by an 18-month period of research and public submissions, consultative conferences, the local government summit, and the Green Paper on Local Government (October 1997). In emphasising the importance of this document, Mr Vali Moosa (Minister of Provincial Affairs and Constitutional Development, 1998) described it as a "mini-constitution for local government" (Republic of South Africa, 1998). The White Paper also institutes the fundamental principles for a new developmental local government system that can improve the quality of life of all South Africans.

The White Paper on Local Government (1998) prioritises integrated developmental planning, financial management, and performance management as imperative and helpful mechanisms to direct and assess service delivery. In addition, this Act contains procedures, and guidelines for legislative and administrative action. In the context of the current study, it is important to

highlight the four (4) critical developmental imperatives illustrated by this legislation (1998: 38–42):

1) Maximisation of social development and economic growth;

2) Integration and co-ordination of resources and investments of key role players;

3) Democratisation of the developmental process, supported by planning and delivery processes;

4) Building of political leadership and raising awareness of human rights and environmental issues.

The Act regulates local governments' capacity and responsiveness to the practical needs of the communities they serve (Uys & Jessa, 2013: 109–110; Republic of South Africa, 1998). In supporting this approach and enhancing a culture of customer-centred service (or serving citizens as customers), the ministry of Public Service and Administration (1998) developed the Batho Pele principles. These eight (8) Batho Pele principles (as described in Chapter 3 of the White Paper on Local Government, 1998; White Paper on Transforming Public Service Delivery, 1998) are:

1) Consulting citizens about the choice and quality of public services;

2) Setting service standards expected by the citizens;

3) Equal access to services;

4) Courteous and selfless treatment;

5) Information regarding services that is accurate, reliable and useful;

6) Openness and transparency with regard to resources allocated to service delivery plans;

7) Redressing lack of service not given by means of apologies, explanations and a positive response; and

8) Value-for-money: rendering public services that is of high quality but affordable.

In summary, the Batho Pele principles are aimed at putting the people of South Africa first and to change the relationship between public servants and political leadership for the better.

3.3.2   Local Government Municipal Systems Act 32 of 2000 (MSA)

Chapter 6 of the Act directs municipalities to implement a performance management system (PMS) that "is in line with the priorities, objectives, indicators and targets contained in the IDP." Thereafter, annual reports should be published and disseminated to all stakeholders related to those specific municipalities (Republic of South Africa, 2005: 211). The Act also requires the annual evaluation of the performance management system by municipalities (Van Dijk, 2007: 50). According to the MSA (Section 67) and the MFMA, the "monitoring, measuring and evaluation

of performance of staff" serves as the building blocks for enhancing human capacity and establishing performance-based management cultures.

Accordingly, Municipalities should (according to Chapter 6 of the Act: 46–52, as adapted here):

o   Develop a performance management system consistent with its circumstances and priorities.

o   Set measurable performance targets, monitor, and review performance based on key indicators linked to their integrated development plan (IDP).

o   Put in place two phases of auditing: an internal audit on performance and another by the Auditor-General in accordance with acceptable standards and practices as prescribed by Section 89 of the Public Finance Management Act (Act 1 of 1999).

o   Publish an annual report on performance within one month of auditing for the council, other political structures, staff, the public, and other relevant levels of government;

o   Ensure community participation in setting indicators, targets, and reviewing municipal performance.

Targets refer to the quantifiable levels of change of an indicator within a specific time frame. An indicator is defined as "measurements that tells whether progress is being made in achieving stated goals" (Republic of South Africa, 2001). A performance indicator allows for the verification of potential changes caused by the development intervention or results relative to what was planned (as cited by Imas & Rist, 2009: 110).

3.3.3   Local Government: Municipal Planning and Performance Management Regulations of 2001

These regulations ensure that the performance management system (PMS) of municipalities complies with the requirements of the MSA and demonstrates the operation and management of the system. The PMS is a "framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed" (Republic of South Africa, 2001).

These regulations (Chapter 3, Subsection 7, as published in Government Gazette No. 22605, 24 August 2001) stipulate the processes (i.e. monitoring, measuring, reviewing and reporting), roles, and responsibilities of all stakeholders. It also guides local governments in terms of assessing progress, mechanisms for improvement and performance auditing (as also cited in the Performance Management Guide for Municipalities in South Africa, 2001, Chapter 3, Subsection

7). The following seven key performance indicators (KPI's) are prescribed by the Regulations (Section 43, 2001):

- The percentage of households with access to basic levels of water, sanitation, electricity, and solid waste removal;

- The percentage of households earning less than R1 100,00 per month with access to free basic services;

- The percentage of the municipality's capital budget actually spent on capital projects in terms of the IDP;

- The number of local jobs created through the municipality's local, economic development initiatives, including capital projects;

- The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;

- The percentage of a municipality's budget actually spent on implementing its workplace skills plan;

- Financial viability with respect to debt coverage; and

- Outstanding debtors in relation to revenue and cost coverage.

The individual performance, employment contracts, and performance agreements of Municipal Managers and those directly accountable to the Municipal Manager are guided by the Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager (Government Gazette No. 29089, 2006). It also stipulates the performance evaluation and improvement measurements to be applied in a consistent way across all departments (Visser, 2005).

3.3.4   The Local Government: Municipal Finance Management Act 56 of 2003 (MFMA)

The MFMA contains various provisions relating to municipal performance management. It requires municipalities, in annual budget approval, to adopt an SDBIP with service delivery targets and performance indicators. Municipalities should also compile an annual report, which should include a performance report compiled in terms of the MSA.

3.4.   NECESSITY FOR PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT

Performance management is a newly accepted requirement for local government in South Africa and is used to modernise and increase the achievement of performance objectives. It is subjected

to diverse municipal conditions, political cultures, and theoretical approaches towards community development. Local government is a key driver to foster a culture of performance management by pursuing the best results for the most efficient use of resources. In 2014, there were 4 277 wards demarcated within the six metropolitan and 231 local municipalities of South Africa (Bureau of Market Research, 2014). The wards form the basic units for participatory and democratic local government.

Until now, the progressive, constitutional directives and institutional arrangements within local governments have not solved the gap between promises of democratic accountability and service delivery (Republic of South Africa, 2014). This is evident despite a new developmental vision announced by the White Paper on Local Government (1998). The vision commits local government leadership to convert policies and formulated strategies into results that lead to sustainable quality of life.

The Back-to-Basics assessment of local governments (2014) revealed that municipalities that are not doing well do not comply with legislation and regulations. Furthermore, they have low or inappropriate levels of budget spending and neglect service delivery performance. The National Treasury (South Africa, 2013) reported that 86 municipalities (67 of these are local municipalities) showed no improvement in their financial management and as such showed negative cash balances.

The unequal distribution of financial, human and social capital continues to reinforce unfair opportunities, even if its legal imperatives are provided for in the Constitution. Disadvantaged communities, especially those situated in local governments, still enjoy less opportunities because of geographic location, diversity and apartheid backlogs that have not been eradicated (National Development Plan, 2013: 458). This leads to increased levels of community dissatisfaction due to a lack or decline in socio-economic development (Republic of South Africa, 2014). In addition, it leads to social classes based on level of development, eroded trust in leadership, and "imprisoning people in their circumstances."

Moreover, the primary need for performance management is to rectify failure in performance. It seeks to reflect quantified outputs and outcomes to the benefit of municipal communities. As part of efforts to change this situation around, delegates at the Back-to-Basics Summit (2014) have committed themselves to ensure quarterly performance monitoring and reporting on the work of municipalities. They also intent to improve the political management of municipalities and responsiveness to the needs of local communities (Republic of South Africa, 2014). This

statement of intent is underpinned by principles of consultation, impact monitoring, recognition of contextual factors, and transparency.

Zulu (2006: 24–25) proposes that municipalities in South Africa need a performance management system that includes measures for the achievement of developmental outcomes based on the vision of the municipality, service delivery priorities, resource management, and its financial strategy as informed by the Medium Term Income and Expenditure Framework.

The ultimate aim is to make sure that service delivery programs bring about continuous transformation and that those responsible are held accountable by their constituencies. For this reason it is also important that municipalities table a report on performance, preceded by internal auditing and then by the Auditor-General (AG) of South Africa. Against this background, Van der Walt (2004: 46) refers to it as "performance accountability," which refers to the connectivity between resource expenditure, agreed-upon targets, and the mandated (expected) results. It is a way of ensuring that responsible steps are taken for human and financial resources to achieve the intended services and benefits for the voters. The Audit Commission (2000) states that performance management should be considered as new institutional logics, shaped by the procedures and the expectations of the new democratic environment.

In essence, a functional and sustainable performance management system in local government, consequently results in:

o   Evidence-based information.
o   Capacity development and learning for improvement.
o   Accountability from elected leadership.
o   Practical experience of good governance.
o   Enhancement of the developmental agenda.
o   Community involvement in matters directly affecting them.
o   Transformed relationships between community, municipal structures, and leadership.

Based on the above, performance management as a quantifiable tool measures the influence of strategic decision-making, resource allocation (based on performance indicators), and constitutional directives on the developmental inequalities.

3.5.   CENTRALITY OF PERFORMANCE INFORMATION

The performance information describes elements of the performance management process, such as inputs (budgets, human resources and project equipment), key performance indicators, project activities, politically agreed outcomes, and measurable outputs (Republic of South Africa, 2011: 8, 29–30; Imas & Rist, 2009: 108, 119–123). In local governments, the most general forms of information sources feeding into the performance management system are administrative records, minutes of Council and departmental meetings, survey data, reports of the chief financial officer, portfolio committee reports, ward committee reports and official statistics.

The Framework for Managing Programme Performance Information serves as a valuable guiding document that sets out the responsibilities for information management (Republic of South Africa, 2007). It also sets appropriate standards for auditing purposes and necessary processes for the promotion of accountability, transparency, and integration. In addition, the framework describes the agreed-upon outcomes, indicators, baselines, and targets as central parts of the performance framework (Republic of South Africa, 2001: 9).

As part of the oversight and accountability process, performance information is submitted to relevant local government institutions, community structures, and departments. It also includes the Audit Commission, Parliamentary Standing Committee on Public Accounts (SCOPA), MinMec, the Ministry of Cooperative and Traditional Affairs, and the DPSA. Performance information enables Parliament to determine whether resources were used efficiently and effectively by the public institutions (such as local governments) when compared to targets set out in their strategic plans. The information is then used by these role players and local government structures to:

- Formulate service delivery strategic plans;
- Set up the budgeting and procurement processes;
- Allocate resources accordingly;
- Apply fiscal management;
- Perform evaluation, oversight, and accountability practices;
- Draft policy and programmes, and amend legislation where relevant (Kusek & Rist, 2004: 42);
- Evaluate the success of reforms and initiatives; and
- Ensure the effective day-to-day management of public sector institutions (Republic of South Africa: Audit Commission, 2000: 8).

Performance information also supports and drives goal achievement by feeding into processes of capacity development, taking corrective measures, and ensuring public institutions are at all times functional (Republic of South Africa: Audit Commission, 2000: 8). In addition, of critical importance are the accuracy, availability and reliability of the performance information used to measure, review, and report performance. It is also worth stating that strategic and organisational decisions depend on performance information that is timely and validated.

Lastly, performance information has significant influence on benchmarking, the identification and management of threats, and the settling of performance agreements in the various local government departments. Benchmarking refers to a process in which internal and external assessment tools are used to identify, measure, compare, and adopt "best practices" to be implemented in an orderly and consistent manner. The aim is to enhance or replace a specific programme or policy in order to achieve higher standards of performance (Wan et al., 2000, as cited by Kroukamp, 2007: 22). Benchmarking is an acceptable, useful, worldwide trend applied in all forms of governance and private sector administration for the reasons mentioned above.

3.6.   KEY PERFORMANCE MANAGEMENT CONCEPTS

The framework that follows (figure 4.1) illustrates the different activities and key performance variables at each level of the performance process in achieving the stated purposes of local government. It forms part of a strategic and well-consulted planning process that requires equal levels of commitment from all relevant stakeholders.
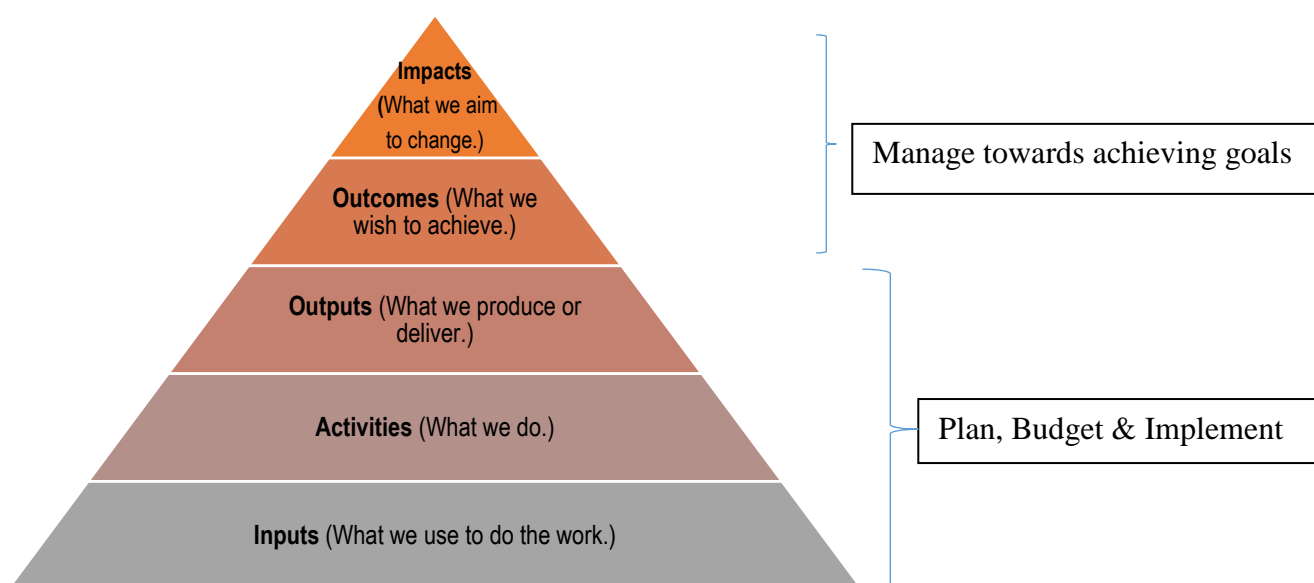
Figure 3.1: Key Performance information concepts

Source: Republic of South Africa, 2007: 6 (National Treasury: Framework for Managing Programme Performance Information).

(a) <u>Inputs:</u> The resources we use to do the work, to produce and deliver on the outputs, which include finances, personnel, equipment, and buildings.

(b) <u>Activities:</u> The processes, activities or actions that use a range of inputs to produce the desired outputs and ultimately outcomes.

(c) <u>Outputs:</u> The real measures of performance or the final products, goods, or services produced.

(d) <u>Outcomes:</u> The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should be clearly aligned with an institution's strategic goals and objectives set out in its plans.

(e) <u>Impacts:</u> The results or tangible benefits of achieving specific outcomes, creating jobs to increase household income and thus reducing poverty, creating safe environments or skills development projects.

Local municipalities have to set key performance indicators that include input, output, and outcome indicators in respect of each service delivery priority and objective (Chapter 6 of the Municipal Systems Act 32 of 2000: 46–52). The description of performance indicators are generally aligned with the SMART principles, which are specific, measurable, achievable, relevant, and timely.

3.7.   MAIN ROLE PLAYERS IN PERFORMANCE MANAGEMENT

Performance management encompasses all relevant stakeholders from COGTA, Municipal Councils, cascading down through the various institutions to Ward Councillors, and community members.

The following key role players contribute to the management of performance in local government of South Africa (adapted from the Report by the Institute of Municipal Finance Officers and Related Professions: Annual Conference, 2014; Thornhill and Cloete, 2014; Municipal Structures Act 117 of 1998). It is accepted that other role players, not discussed here, may also potentially impact the performance management process, for example trade unions and pressure groups:

1) ***The Council and Mayoral Committee*** annually reviews performance and execute an oversight role.

2) ***The Executive Mayor*** identifies and prioritises community needs and recommends to council strategies to address needs through the IDP and/or other best practices and partnerships.

3) ***Ward Councillors*** hold municipalities accountable as representatives of communities and report back on performance to their constituencies.

4) ***Ward Committees*** serve as a form of community participation and make recommendations on issues affecting their wards.

5) ***The Municipal Manager*** is head of administration, supports budgetary functions as assigned in terms of the MFMA and hold management accountable in terms of resources used. Section 57 of the MSA requires the Municipal Manager and the managers directly accountable to the Municipal Manager (Section 57 – employees) to sign annual performance agreements with a set of performance measures to assess individual achievement.

6) ***The Performance Management Office*** monitors and reviews processes related to performance management.

7) ***The Internal Performance Audit Committee*** guides and implements the internal audit plan, conducts quarterly reviews, and assures performance accountability, expenditure control, performance management, and transparency (MFMA, Section 165 [2] b). In addition, the committee reports on the performance to an oversight body, the municipal council, the political office-bearers, and accounting officer in accordance with Section 195 of the Constitution and Section 7A(4)(c) of the Public Service Act (Republic of South Africa, 2012: 2).

8) ***The Project Task Team*** is responsible for the development and implementation of the municipality's performance management system.

9) ***Communities*** hold council accountable to service delivery plans.

10) ***The Department of Provincial and Local Government*** is responsible for monitoring the performance of provincial and local governments and, inter alia, for developing reporting systems (Republic of South Africa: National Treasury, 2007:18).

It is imperative for each entity or individual of the performance management system to work as a collective. Performance management, if implemented effectively and efficiently, will ultimately strengthen performance accountability, sound corporate governance, and transparency. It also enables local government to provide validated reports about council's performance to the relevant stakeholders, including the constituents.

3.8.   INFLUENCE OF THE NEW PUBLIC MANAGEMENT APPROACH

In changing the approach to public sector administration of which local government forms an integral part, governments have placed greater emphasis on output performance and results-orientated objectives. This approach is based on the challenges and changes in public administration as experienced by advanced economies and developing nations. It is further necessitated by globalisation, decentralisation, increasingly complex policy problems, and the pluralisation of service delivery (Robinson, 2015).

The New Public Management model, as emerging trend in public administration during the 1980s, arose in response to these changes. It is described as a novel school of thought injected by techniques based on private sector management, market-orientated initiatives, and performance-based contracts. These factors are important in adjusting the public sector to the demands of a competitive market economy. Robinson (2015: 8) argues that the success of the NPM is rooted in supportive, institutional and political conditions and public sector capacity. Other key elements of the NPM include input and output control, flexibility, performance management, and auditing (Robinson, 2015: 7–8). The NPM aims to address the inadequacies of traditional approaches, ineffective government strategies, and lack of quality in public services. According to Gasper (2002), the "NPM has done a lot to shake-up sleepy and self-serving public organizations."

The NPM is different from the traditional Weberian public administration model developed by Max Weber, the German political economist and sociologist (Heywood, 2007: 220, 382 – 383). Weber's model is unable to relate to and solve the diverse, socio-economic challenges, and sophisticated endeavours of the 21st century. Informed by the traditional model of public administration, Weber's theory was too much rules-driven, characterised by official secrecy, employed a command-and-control approach, had a lack of accountability systems, and was driven by principles of bureaucracy and hierarchy (Chipkin & Lipietzl, 2012: 1–3; Robinson, 2014: 5).

The Mount Grace Conference, convened in November 1991, made an important contribution towards the potential impact of the NPM on the ideal public sector envisaged for South Africa (Watson, 2002). It was organised by a South African-based group called the New Public Management Initiative. They agreed that South Africa needed a break-away from the old, inflexible, bureaucratic, and rule-bound public administration model (Fitzgerald, 1995: 511, as cited by Watson, 2002: 85).

Delegates also accepted the Mount Grace Resolution as an inevitable contribution to the curriculum content and character of public administration policies in terms of teaching and practice in post-apartheid South Africa (Fitzgerald, 1995 as cited by Watson, 2002: 85). Conferences are a significant form of engagement and contributors to policy formulation. Mubangizi and Theron (2011: 34) support this view by stating: "Academic conferences are invaluable in shaping the theory and practice of academic disciplines, provide valuable academic networks [and] have the added potential to fundamentally impact on both curriculum and […] practice."

The following section of Chapter 4 elaborates on the challenges adversely affecting performance management in local governments of South Africa. Leadership has to play a proactive role in solving these challenges in order to achieve the stated outcomes for socio-economic transformation.

3.9.   CHALLENGES AFFECTING PERFORMANCE IN LOCAL GOVERNMENT

In local government, there are many performance challenges leaders face in their endeavour to be effective and efficient. This part of Chapter 4 discusses the various issues leaders face across South Africa's local governments, which are mostly similar, but dependent on unique contextual factors. There is a clear consistency in these challenges, despite the different contexts and types of municipalities.

The content on challenges faced by local government in South Africa presented here is based on the following reports and literature:

➢ Department of Cooperative Governance and Traditional Affairs: Presentation to Parliament Ad-hoc Committee on Service Delivery (COGTA, 2010);

➢ Department of Cooperative Governance and Traditional Affairs: Back-to-Basics Local Government Summit Report (COGTA, 2014);

➢ Report on the State of Local Government (as cited by Powell, 2012: 21; Carrim, 2011)

➢ Institute of Race Relations: 80/20 Report on Local Government (2014: 16–17). As reflected in the title of this report, the focus is on the evaluation of 80 socio-economic indicators of development after 20 years of democracy in 278 municipalities of South Africa:

3.9.1   Systemic Factors:

• Weak intergovernmental relations and limited revenue base;

- Complex district and local municipal relations; and

- Backlogs in service delivery projects.

3.9.2   Legislative Factors:

- Inappropriate legislation, overregulation, and under regulation; and

- Non-compliance with procedures and protocols.

3.9.3   Political factors:

- Inter- and intra-political conflicts and polarisation;

- Political interference and factionalism;

- Political appointments or cadre deployment;

- Lapses in leadership;

- Challenges of political-administrative interface; and

- High levels of political infighting and instability.

3.9.4   Accountability Systems:

- Lack of performance management systems;

- Poor oversight;

- Poor community participation mechanisms; and

- Lack of accountability towards the communities.

3.9.5   Capacity and Skills:

- Lack of capacity in small and rural municipalities;

- Mismanagement and corruption; and

- Increased levels of incompetency among personnel in local governments.

3.9.6   IGR support and oversight:

- Fragmented national and provincial support and weak oversight.

3.9.7   Intergovernmental Fiscal Regime:

- Poor grant design and grant dependency;

- Insufficient generated revenue;

- Low levels and/or inappropriate capital budget spending; and

- Neglect for fiscal and supply chain management regulations.

These challenges gave rise to low levels of morale and work ethic amongst public servants in local government (as described by the 80/20 Report, 2014). Communities negatively affected by lack of service delivery performance and accountability have lost confidence in the local leadership. Furthermore, officials in key positions who do not have the minimum competencies and skills fail to produce credible financial statements and performance reports (as required by the Public Finance Management Act of 1999).

Lack of consequences for poor performance has further led to community intolerance, political conflicts, social unrest, and governance failure. Various cases of service delivery protests have been documented by the South African Institute of Race Relations (80/20 Report, 2014) and the Municipal IQ's Hotspots Monitor (2014). In response to these challenges, government launched various strategies and special-focus programmes to assist local governments in achieving their objectives.

In October 2004, the then Department of Provincial and Local Government (DPLG, 2006) launched Project Consolidate to assist 136 municipalities in distress and "economically depressed." The aim was to help these municipalities in areas of financial accountability, local economic development, and performance monitoring and evaluation (Republic of South Africa, 2014). This programme was followed in November 2009 by the Local Government Turnaround Strategy (LGTAS, as discussed in Chapter 3, subsection 3.6.5). In an effort to provide systematic support in areas of financial and infrastructure planning, the Development Bank of South Africa introduced a similar programme, called *Siyenza Manje* (Republic of South Africa, 2009: 215). According to the Department of Provincial and Local Government (Republic of South Africa, 2009: 215), Project Consolidate and *Siyenza Manje* accumulatively deployed 1 124 workers in 268 municipalities.

In also recognising the capacity challenge, government launched the Joint Initiative on Priority Skills Acquisition (JIPSA) in March 2006 as a national priority programme. The initial aim of JIPSA was to increase the capabilities and skills of public servants with the cooperation of stakeholders like academia, labour unions and the private sector (Chagunda, 2006: 3). Still, the present challenges remain a constant threat to strategic interventions and capacity building initiatives, such as the JIPSA.

The above series of challenges could potentially weaken South Africa's local governments' ability to raise or maintain the living standards of its citizens. These challenges have immediate implications for the implementation of performance management systems in local government, because objectives are not achieved. Leaders have to identify problematic areas within the performance management system in order to learn from, correct, and make the necessary improvements.

3.10.   CHAPTER SUMMARY

This chapter discussed the performance management within local government and how it creates a significant opportunity to enhance values of accountability, shared responsibility, responsiveness, decision-making, and individual and organisational development. The Local Government Municipal Performance Regulations (2006) set out measures for monitoring and improving the performance of municipal leadership such as the municipal manager and those accountable to him/her in the context of the IDP's key performance areas. The implementation, monitoring, and review processes within the IDP should be in line with the strategic goals of national government (Republic of South Africa, 2001).

Performance management requires that local governments timeously generate mission statements, strategic plans, establish performance targets, and disseminate actual results. In recent times, the analysis of performance in local governments has been dominated by efforts to create systems and processes adequate for such performance-related activities (Fitzgerald et al. 1991; Kaplan and Norton, 1992). Role players such as the municipal executives, ward committees and performance auditors (internal and external) in local government play a critical role in implementing performance management. The work of the audit committee is guided by a well-written charter, which should be updated on a regular basis for consistency with the aforementioned legislation and regulatory frameworks. Section 216(1) (c) of the Constitution (Act 108 of 1996) and Section 166 of the MFMA legalise the formation and its operational relevance. Ward councillors and ward committees afford communities the opportunity of performance accountability, sound corporate governance, and transparency in matters related to socio-economic development.

This chapter also highlighted the important contributions made by the New Public Management model, enhanced by the Mount Grace conference (1991). It provides an opportunity to revitalise and strengthen the public administration of South Africa. The participants and contributors of the

Mount Grace conference contextualised the developments that impacted on the administration of South Africa's public affairs.

From the literature reviewed, it is clear that there are consistent, interlinked trends related to challenges of capacity and skills, accountability, intergovernmental relations, and mistrust towards leaders. Capacity in local governments is a constant threat to the achievement of local government performance objectives. Much of government's reconstruction policies are aligned with formal, high-quality education and skills development as a national priority to reduce challenges of capacity.

The next chapter is a literature review on the essence of transformational leadership and its contribution to the broader leadership theory. It also discusses related concepts and challenges of the 21st century that might influence how leadership is practised at various levels of government. It is an important discussion that leads into an evaluation of how this form of leadership might impact the achievement of service delivery outcomes in local governments of South Africa

CHAPTER 4: ESSENCE OF A TRANSFORMATIONAL LEADER: A LITERATURE STUDY

4.1   INTRODUCTION AND BACKGROUND

This chapter reviews the literature on leadership theory and subsequent research that came to the fore on the make-up of a transformational leader. It is one of the most widely researched and cited leadership theories in this field of knowledge. The review aims to provide background knowledge on leadership research, the interrelated concepts, and the evolving theories that influence the application of leadership. Given the enormous volume of leadership literature available in social sciences, this study does not attempt to review all concepts and theories. Both the sociological and political levels serve as the context of leadership for this study to which it can make a potential contribution.

The approach to this literature review is both contextual and theoretical. It thus integrates existing knowledge and makes a contribution to the fields of leadership and performance management. The study attempts to enhance awareness for the right approach of leadership to performance management. Political executives at all levels should be able to understand these leadership theories in order to be effective and thus transformational in their own environment. It can then empower them to add value to the socio-economic agenda, socio-political theory, and performance culture of political governance.

The literature review is constructed around the different primary themes and/or related variables that are based on the research question and objectives of this study.
These are:

- Theoretical perspectives on leadership: definition, styles and theories;
- The essence of transformational leadership and its role towards socio-economic development;
- The socio-economic, environmental and political challenges facing leadership in the 21st century.

4.2   LEADERSHIP DEFINED AND CONCEPTUALISED

Leadership is a universal, continuously evolving and complex phenomenon that has been (and still is) theorised from different perspectives (Burns, 1978; Stodgill, 1981; Bass, 1985; Rost, 1991; Heywood, 2007: 373–377; Northouse, 2013). Its description and application depends very much on the context of political ideologies, existing bureaucracies, and organisational cultures, as well as the authenticity (or legitimacy) of these factors. In forming our own perceptions or theories about the essence of leadership and contributing factors, such as socio-historical context, capacity, leadership outcomes, behaviour, type of governance, role of political executives, moral authority (or ethics) and the idea of populism, should be considered.

The contextualisation and the description of the term (leadership) in this study are based on the theories of political prudence (Dobel, 1998), contingency (Fiedler, 1964, 1967; as cited by Northouse, 2013) and the transformational approach to leadership (Bass, 1985; Burns, 1978). Theorists of political prudence argues that the essence of leadership is measured by political excellence attained through moral self-mastery, legitimacy, a strong political community, and openness. According to Fiedler's contingency theory (as cited by Northouse, 2013: 125), task-oriented and relations-oriented leaders are most likely to be effective in socio-political settings that are most favourable or most unfavourable. The transformational approach (Bass, 1985; Burns, 1978) is a broad-based model and part of the "New Leadership" paradigm. It embraces leaders as change agents with moral authority, who articulate a clear vision and empower followers to achieve the objectives of the organisation.

The research done on leadership tends to agree that the following identified and evaluated behavioural, genetic and external (or social) dynamics are fundamental contributors to the definition of a leader (Antonakis, 2012; Bass, 1990, 2008; Grobler, Wärnich, Carrell, Elbert & Hatfield, 2011: 622):

o   Multidirectional influence and the subsequent outcomes;

o   Institutional arrangements and context within which the influence takes place;

o   Relations of power;

o   Leader's dispositional characteristics and behaviour;

o   Followers' perceptions and interactions with the leader; and

o   Serving as instrument to bring about the desired future of the institution.

From the above leadership dynamics, it can be deduced that leadership is a behavioural process, relationship or personality trait that exerts influence. This influence is exerted on individuals or the organisation to work towards a specific path of goal accomplishment within a unique context. According to Dubrin (2010: 234), the process of influence can take place in various forms, namely rational persuasion, inspirational appeal, consultation, ingratiation, personal appeals, exchange, coalition tactics, legitimating tactics, and pressure.

These definitional features inform the approach or styles that the leaders will demonstrate and apply to their position of authority. The styles, as also contained in scholarly writings throughout ancient Western and Eastern history, can be autocratic, laissez-faire, democratic, bureaucratic, servant, transactional, and charismatic or transformational (Lewin & Lippit, 1938; Heywood, 2007: 376–377). Barr and Dowding (2012, cited by Rost, 1991: 99) state that leadership scholars and practitioners over the years have failed in their attempts to agree on a generally accepted school or definition of leadership that is "clear, concise, understandable, researchable, practically relevant and persuasive."

Supplementary to the definitional features of leadership, the next subsection of Chapter 4 provides a conceptualisation of leadership. It further expands our general understanding of the effects that leadership may have on the individual, organisations, and ultimately the societies that are involved.

4.3   EMERGING CONCEPTS ASSOCIATED WITH LEADERSHIP

The following emerging or contextual factors associated with leadership have the potential to enhance or reduce the effects of leadership behaviours and actions. The following subsection elaborates on these concepts in terms of the sociological and political contexts that are relevant to this study. It is accepted that the conceptualisation of leadership can be done in multidimensional ways.

4.3.1   Bureaucracy

The term bureaucracy (is a combination of the French word *bureau*, meaning desk or office, and the Greek *kratos*, meaning rule or political power origin) means "rule by official." Bureaucracy has key consequences for leadership practice because it has always attracted negative connotations such as red tape, administrative routine, and a tool of social subordination.

According to Heywood (2007: 382), bureaucracy is organised along departmental lines of authority (i.e. ministers, director-generals and chief executives) as prescribed by applicable legislation and ideological context. Weber (as cited by Heywood 2007: 382–383) uses the rational-administrative model to defend the relevance of bureaucratic leadership in modern civilisations as being predictable but reliable and efficient amongst the pressures of capitalism and democracy. The fundamental focus of Weber's (1947) bureaucratic model is standardisation or formalisation, hierarchy, rewards for good performance, and the rights of the individual.

In a democracy, as form of governance, the bureaucrats are criticised for the absence of managerial and administrative capacity, the absence of accountability, fixation on rules and power, and chasing their own objectives that are removed from the apex of governmental supremacy (Weber, 2007: 361, 382). With specific reference to governance as a political form of leadership, the political executives are considered as being the state apparatus and formal agents of the transformation agenda. Heywood (2007: 358–359) describes political executives as the decision-makers and 'commanding heights' who direct and coordinate the policies of government, but also lend themselves to political leadership and bureaucratic management.

4.3.2   Management versus Leadership

The distinction between leadership and management is often disregarded or underrated in political governance and public institutions. This distinction further contributes to our understanding of leadership and the extent to which leadership contributes to the success of the organisation or institution. Many scholars argue that these two concepts, i.e. management and leadership, are supplementary, at times overlapping, but still distinct in application (Kotter, 1990; Bennis & Nanus, 1985; Northouse, 2013: 12).

Management refers to a set of organisational processes, which include planning, decision-making, resource allocation, problem-solving, and measuring performance in accordance with the culture and structural arrangements of the organisation (J.P. Kotter, personal communication, January 9, 2013; as cited by Dubrin, 2010: 5–6). The aim of management is to control the various portfolios and reduce dysfunctionality so that the organisation can achieve its targets effectively and consistently. Management without leadership skills is bureaucratic in nature and leadership that cannot perform the primary management functions is misguided. In order to attain the shared vision and goals of the institution, leaders must be able to manage and managers must have the functional qualities of a leader (Dubrin, 2010: 6; Kotter, 1990).

The following figure compares management with leadership in five (5) areas relevant to performance, specifically direction, alignment, relationships, personal qualities, and outcomes:

	MANAGEMENT	LEADERSHIP
Direction:	o Planning and Budgeting o Keeping eye on the bottom line	o Creating vision and strategy o Keeping eye on horizon
Alignment:	o Organising and Staffing o Directing and Controlling o Creating boundaries	o Sharing culture and values o Helping others grow o Reducing boundaries
Relationships:	o Focusing on objects: o Producing and selling o Based on position and power o Acting as boss	o Focusing on people: o Inspiring and motivating o Based on personal power o Acting as coach, facilitator
Personal **Qualities**	o Emotional distance o Expert mind o Conformity o Insight into organisation	o Emotional connections o Open mind o Non-conformity and listening o Insight into self
Outcomes:	o Maintaining stability	o Creating change, at times radical

Figure 4.1: Comparison between Management and Leadership. Source: Grobler, Wärnich, Carrell, Elbert and Hatfield (2011: 623).

The above comparative table reflects the different but significant impact both managers and leaders can have on individuals (subordinates or followers) and the organisation to which they belong. Managers perform a traditional, conservative approach of planning, organising, staffing, and controlling to maintain stability within the realms of strict rules and procedures (boundaries). Leaders adapt with a proactive, sometimes radical, people-centred approach to inspire, motivate, and develop followers to achieve the common vision of the institution.

4.3.3   Power and Leadership

Northouse (2013: 9) defines power as the capacity or potential to affect other people's beliefs, attitudes, and actions. It results in an increased pledge of loyalty, compliance or resistance towards the leadership and/or the organisation. French and Raven (1959) developed a five-base model to explain the relationship between leadership and power (Figure 2.2). These bases are (1) legitimate, (2) coercive, and (3) reward, which are classified as position power, and (4) referent and (5) expert, which are classified as personal power (as cited by Northouse, 2013; Dubrin, 2010: 198 – 199).

Figure 4.2: The Five (5) Bases of Power divided into two (2) main categories: Position and Personal.

Source: Adapted from French and Raven (1959).

Here follows and explanation of the five bases of power as developed by French and Raven (1959; cited by Northouse, 2013: 9 - 11):

•   **Legitimate** is derived from the Latin word "legitimare" which means "to declare lawful". This form of power (legitimate power) refers to the formal authority attached to specific positions in order to influence the actions and behaviour of others through directives. It is vested in the political culture, institutional arrangements, hierarchy, and lines of reporting created for that purpose.

•   **Coercive** power also derives from the person's institutional position and refers to force being used to compel, manipulate, threaten or persuade subordinate workers to comply with given instructions. The likely consequences of non-compliance are demotion, punishment, pay cuts or

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even the termination of labour contracts. Leaders who exercise such form of power is criticised for evoking undesirable reactions, dissatisfaction in the workplace, and the use of counterproductive tactics.

- **Reward** power is centred on the authority or capacity the manager or leader has to incentivise workers or followers in a meaningful way for achieving set targets. It is an important form of motivation, because it gives value to performance. The extent to which the leadership can sustain such power is a test in itself.

- **Referent** power is based on a high degree of attachment that followers form to the leader because of their characteristics, philosophy, charisma and/or desirable behaviour. This form of influence is personal and not grounded in the organisational culture, a political ideology, or institutional mechanisms. The leader is seen as an excellent role model, followed from a position of trust and respect.

- **Expert** power emanates from the leader's specialised, job-related abilities and the followers' perceptions of such abilities. Power in this context is seen as a means to influence others towards achieving the shared goals of the organisation.

The five-base model works from the assumption that those who have the potential to influence must draw on the right base or combination of bases to ensure the desired outcome.

4.3.4   Capacity Building as Developmental Process

Capacity building in general terms can be described as enhancing the skills, knowledge, and values of individuals and communities with the ultimate aim of achieving sustainable socio-economic progress. It is an outcome-driven process that requires the responsible use and integration of all forms of resources including those in the fields of strategic planning, science, and technology. The aim of all stakeholders involved in this enabling process is to execute their tasks effectively, efficiently, and in a sustainable manner (Nyalunga, 2006; Geddes & Sullivan, 2007: 14, 16).

Capacity building also refers to an internal process aiming to develop and modernise the institutional ability and functions of the apparatus of government. It creates the foundation for managing change and controlling supporting structures necessary to enhance the developmental process. This process is reliant on the legitimacy, influence, and committed actions of the

leadership. The United Nations Development Programme (2006) defines capacity building as a "long-term continual process of development that involves all stakeholders which include ministries, local authorities, non-governmental organizations, professionals, community members, academics and more." According to Koma (2010: 115), capacity building addresses three interrelated components, which are applicable to local government: human or individual, institutional, and environmental capacity. These serve as determining factors for performance and are based on a comprehensive approach to capacity development as established by the National Capacity Building Framework (NCBF). These three (3) interrelated components of capacity are described as follows (Koma, 2010: 115):

- **Human or individual capacity** refers to the potential and competency, or lack thereof, found within a person, normally reflected through their specific technical and generic skills, knowledge, attitudes, and behaviour accumulated through forms of education, training, experience, networks and values.

- **Institutional capacity** is described as the potential and competency, or lack thereof, found within organisations. It includes human resources, strategic leadership, organisational purpose, institutional memory, internal confidence, partnerships, intergovernmental relations and functions, infrastructure, and financial capability.

- **Environmental capacity** consists of those factors outside the formal structures or control of the municipality, such as socio-economic and demographic composition, political, legislative and social capital within communities, non-municipal infrastructure, and the environmental resources. These external factors may impact the intergovernmental fiscal interventions, policies related to municipal management, and community development programmes.

The framework endorses the priorities and initiatives that drive the ongoing government-led efforts to enhance the different forms of capacity within public institutions. The excellence or total effectiveness of leaders is often measured by sustained legitimacy within the institution and the community. Policy and leaders as role models control the conditions for social integration, capacity building, and mutual respect or civility (Havel, 1992, as cited by Dobel, 1998: 79). If citizens and institutions cannot trust the influence of the leadership, the capacity of the public structures to act towards a common goal will fail.

4.3.5   Socio-Economic Transformation

Rost (1991: 123) connects leadership to transformation, especially in the context of the post-industrial era. Transformation is an inevitable process and a multidirectional consequence of

leadership. It can be viewed from different experiences of social (class and position of benefit), economic (work-related opportunities), and political culture. In addition, Rost (1991: 123–124) describes leadership as transformation done by active people in relationships of influence, intending to bring about real changes with mutual intentions.

On theorising the concept of socio-economic transformation, John Rawls (1996: 13–14, 19) uses the principle of justice or socio-economic rectification within the context of a modern democratic society. He moves from the assumption that everybody enjoys the same levels of equality and freedom, political liberty, and opportunity where business arrangements aim to better the condition of the society as a whole. Furthermore, there must be a "public political culture" from where political perception can be justified. Rawls (1999: 11–12), a liberal contract theorist, concludes that social and economic equality are achieved when everyone blinds themselves to their and others' positions (of advantage or disadvantage) in society. This is done by means of what Rawls (1999) calls "the original position" from behind a "veil of ignorance." Thus, the members of society disregard their pluralistic nature to achieve a common goal. From this position, everyone involved can regulate and direct the rights, duties, and distribution of socio-economic advantages.

Criticism against such an approach would be that the role of existing realities (individual goals, cultural norms, company structure, and performance breakdowns) and unjust practices inherent to market-orientated, capitalist regimes are not fully explained or resolved.

4.3.6   Ethical Nature of Leadership

The existing leadership literature measures the ethical values attached to leadership in wide-ranging methodologies, for example the classic and realistic views, natural law, political theory, Aristotelian teachings, Kantian traditions, and the Machiavellian perspective. Much of the diverse content devoted to this issue is closely associated or linked to the concepts of morality, law, justice, virtues, and prudence (Kant, 1724–1804, cited by Northouse, 2013; Weber, 1969; Rawls, 1971; Burns, 1978; Northouse, 2013).

For the purpose of this study, ethics is defined as "a value system that grows out of a coherent view of the world based on equity, justice, [and] the needs and rights of others. It is a sense of obligation towards […] the legitimate needs and standards of others in society" (Rabinowitz, 2015). It is a subjective matter, open to personal judgment and, as such, the interpretation thereof can be:

- Situational (connected to a specific context);

- Based on cultural relativism and values;

- Based on professional codes of conduct (as in the work environment);

- Rules of the institution one belongs to; and/or

- Generally accepted (unwritten) principles of society.

Ethics is an important part of leadership, because it carries with it a form of engagement, influence, and a social responsibility. Followers, colleagues and/or community members in general are dependent on this and exposed to the leader's legitimate judgment and moral framework. Dobel (1998: 74) argues that ethics oblige a leader to use their authority of influence to attain concrete outcomes that are contextual, legitimate, and sustainable. The influence of ethics is based on the assumption that norms, principles and values, as accepted and demonstrated by an individual, form the basis of a virtuous life. It is not a result of political, religious, or social sources, but rather rational reflection and provide a principled framework for reference in decision-making. This contribution on ethics by Dobel (1998) is important to the dialogue on virtue, leadership, and prudence as requirements resulting from political achievement and normative responsibilities.

The lingering, socio-economic realities of the 21st century, for example corruption, abuse of power, and lack of social justice, highlight the disconnection between ethics and performance in politics and social life. Although leaders who lack ethics can be considered morally negligent, possessing moral authority does not guarantee successful performance.

Rawls (1971) uses social contract theory to explain the aforementioned responsibilities as the value embedded in political obligation and political leadership, underpinned by respect, fairness and justice. He connects his theory on ethics with broad moral systems such as sets of beliefs, religion, and cultural values. The behaviour and action of an ethical person is directed by norms, values, and conceptions within these moral systems. From a sociological and socio-political viewpoint, the ethical behaviour and actions must be aligned with morality but also supported by the authentic character of the leader. Rawls (1971) believed that moral theories are an appropriate fit between moral principles and our own judgments and are not grounded in secure philosophical beliefs.

Based on the foregone attempt to define and conceptualise leadership, the following part of the literature review describes five (5) selected theories of leadership. For the purpose of this study, the application of these theories is aimed to be more central to governance in the public sector.

4.4   LEADERSHIP THEORIES

The following five (5) distinct theories on leadership have emerged over time and have to a certain extent influenced how leaders approach their mandated obligation:

4.4.1   **Trait theory** suggests that dispositional qualities such as a stable personality, intelligence, integrity, ambition, and decision-making skills are a result of individual behaviour and contribute to more effective leadership. These traits can be classified as either general (for example intelligence, authenticity, and enthusiasm) or work-related (for example vision, decision-making, emotion, and intelligence) (Dubrin, 2010). According to Northouse (2013: 23), the following traits are central to an individual's strive to be an effective leader: intelligence, self-confidence, determination, integrity, and sociability. The context, style, work and interpersonal relations may impact on the degree to which a leader with these personality traits can achieve the goals of the institution.

4.4.2   **Behavioural theory** emphasises the behaviour of the leader as determining factor their effectiveness in the work environment. Two of the most prominent studies on this theory, measuring leadership behavioural dimensions, were done by Ohio State University (1940) and the University of Michigan (1950). Their studies concluded that the leader's behaviour is based on two important factors, namely consideration and initiating structure. Consideration in this context refers to leader behaviour that is people-orientated with the aim to motivate, develop, and mentor. Initiating refers to behaviour that focuses on structure, procedures, organisation, clarification, and control over the tasks at hand (Dubrin, 2010: 99).

4.4.3   **Contingency and situational theory** (Friedler, 1967; House, 1971) states that the leader is effective when their qualities and actions are contingent on situational factors, such as the characteristics of the group, organisational culture, task structure, the leader's position of power, and follower abilities (Volman, 2007: 29). This means the "leader's behaviour and style [are] interrelated and interdependent with/on the follower's situation, his ability and motivation."

4.4.4   **Social learning theory of leadership** focuses on the creation of opportunities for experimentation and new learning that can lead to improved organisational capacity and performance. Human behaviour is observed and learned by means of social and mental processes that include modelling across formal and informal settings. This theory recognises the influence of reinforcement contingencies, for example external stimuli such as reward to enhance or maintain good behaviour or performance. The role of leaders is to be enablers in the developmental process, i.e. to be facilitative and not authoritarian (Bandura, 1977).

The following part of this chapter (subsection 4.5) gives a more detailed description on the essence and purpose of transformational leadership and its consequences for performance in local governments. Its detailed discussion is central to this study and its objectives.

The adoption of a specific theory of leadership or style is subjective to the contextual factors such as the institutional arrangements, political legitimacy, leader's personality, and bases of power.

4.5   THE "DNA" OF A TRANSFORMATIONAL LEADER

A review of the literature on leadership and its influence on social sciences reflects the captivating emergence of transformational leadership as part of a new genre of leadership theory. These studies done on transformational leadership focus much on its relation to and influence on the education environment, cultural contexts, development, and organisational change (Yuki, 1985; Afzaal & Mohd, 2014). Other contributions to transformational leadership are comparative in nature and others historical in terms of the evolution of the term (Bass, 1985; Bass & Avolio, 1995). This study distinguishes itself from these leadership theories and models by focusing on the impact of transformational leadership on performance management and its implications for the local (municipal) sphere of government. It also uses historic, political figures of our time in a normative way to reflect on the essence of this form of leadership.

James MacGregor Burns (1978), well-respected biographer, political sociologist and leadership expert, first introduced the concept transformational leadership in the 20th century based on his work on [political] leadership. Burns (1978) describes this form of leadership as being a continuous process, which can be directive and/or developmental, visionary, individualised and/or of value to the organisation. It raises the morale, motivation, and performance of the follower in striving for self-attainment and organisational achievements (1978: 20). According to Burns (1978: 43–44), performance (in essence purposeful action) in the workplace is influenced by the extent to which the individual's needs (as expressed through Abraham Maslow's Theory of

Human Needs), value systems, and sense for meaning are satisfied. Furthermore, the authenticity of a leader is shaped by intrinsic factors such as charisma and morality, but also dynamics such as self-esteem and self-actualisation, which fit into the higher levels of Maslow's Needs Hierarchy. Burns' (1978) model of transformational leadership forms the frame of reference of many work on leadership in the 20th and 21st century.

In his work Burns (1978) distinguish transformational leadership from transactional leadership. According to him (Burns, 1978), transactional leadership is derived from the social exchange theory and based on the follower's perception of justice and objectivity. The leaders and followers agree on performance targets, processes and exchange rewards or employ positive reinforcement (for example awards or promotion) for achieving the targets (DuBrin, 2010: 83, 89). Transactional leadership is also expressed by means of corrective criticism and/or negative reinforcement techniques, for example poor assessment reports. This is described as the active (intervention during poor performance) and/or passive (post-work intervention) management-by-exception approach. The absence of social exchange, moral authority, ideals and motivation to achieve common objectives, or followers' development represents an absence of leadership (Northouse, 2013: 195–196). This is referred to as the non-leadership factor, leadership avoidance or laissez-faire leadership, because it relinquishes responsibility, delays the decision-making process, and shows little or no interest in the follower's development.

In modernising the concept even further, Bernard M. Bass (1999: 11, 18–19) constructed a formal theory that expands on the genetic make-up (or essential components) of a transformational leader. These elements referred to as the four "I's" are inspirational motivation, intellectual stimulation, individual consideration, and idealised influence:

- **Inspirational motivation** manifests itself when leaders use their skills and values to translate a broad vision into concrete, achievable goals and performance outcomes. Followers can associate with such values and beliefs and thus embrace them to achieve the organisation's high standards and goals. Accordingly, leaders inspire their followers to perform their responsibilities beyond what is written in their job description and beyond their self-advancement. Heywood (2007: 373) describes such people as "people [who] may increasingly look to the personal vision of individual leaders to give coherence and meaning to the world in which they live."

- When leaders can **intellectually stimulate** their followers or staff to be innovative, independent of mind, and free from convention, it shows elevation in their maturity and ideals.

- **Individual consideration** acknowledges the personal needs (whether for growth or promotion) and aspirations of the follower, but within context (Bass, 1985). Transformational

leaders take on the role of mentors and coaches and, thus, through personal attention, empower the follower with confidence, high levels of work ethics, and job performance beyond the expected levels (Matveev & Lvina, 2007: 3).

- Transformational leaders possess **idealised influence or charisma** and therefore have been the main type of leaders captivating the course of history at the socio-political and socio-economic levels of society. It is an attribute assigned to saints in the Catholic theology, which refer to "gift of grace" (Heywood, 2007: 221). Transformational leaders with charisma have strong ideological convictions, personal power, and the ability to attract loyalty, trust and devotion. According to Heywood (2007: 221), idealised leaders gain the admiration and trust of their followers through propaganda, rhetoric and how they present their case (i.e. their proposed ideas for change or their election manifesto) to electorates.

In line with the relationship theory, Dubrin (2010: 83–87) states that the transformational leader inspires and effects positive changes in their leaders and followers – beyond the self. This is because the interests of the organisation or society are more important than that of the individual. With their charisma, they "appeal to the ideals and values of their constituents" and are responsive to the challenges of a new environment. The essence of this type of leadership is empowerment, development, innovative thinking, and achieving the highest levels of performance. These findings by Dubrin (2010) are based on empirical studies done on leaders and their value to and/or influence on organisational objectives. It is a very important and useful contribution to the field of management, skills development, and organisational behaviour.

McGuire and Hutchings (2007) used a content analysis of archival sources, such as personal documentation, public speeches and correspondence, to exemplify Martin Luther King Jr. as a model of transformational leadership. In their study, they measured the legacy of Martin Luther King Jr. against these four essential elements (given above) of transformational leadership. McGuire and Hutchings (2007) concluded that Martin Luther King Jr. was an inspirational leader whose teachings and writings are increasingly relevant to the development of societies today. His rhetoric and willingness to lead from the front proved his charisma and idealised influence amongst his followers and those who worked for civil rights in countries with laws based on racial segregation. Young-Yun (2004) used a comparative framework and case study approach to investigate the influence of a transformational leadership on the democratic and developmental processes. This was done by analysing the political leadership of both former President Nelson Mandela and former President Kim Dae-Jung at the different stages of democratisation in South Africa and South Korea. He concluded that both Mandela and Kim showed transformational and

social learning leadership style with vision and the ability to share and inspire the democratic processes in their countries.

In their contribution, Mokgolo, Mokgolo and Modiba (2012) investigated whether a favourable relation exists between transformational leadership and subordinate leadership, job performance, and job satisfaction. Using, amongst others, the Multifactor Leadership Questionnaire (MLQ-tool) in their study, Mokgolo et al, (2012) found that there was a parallel between the aforementioned variables. These findings further emphasised the importance for transformational leaders to motivate employees so they can perform well in a modern environment of pressure and change.

This study (Mokgolo, et al, 2012) however, focused only on three aspects (leadership approval, performance and work satisfaction) of the public sector environment, investigated at a provincial level. It may have varied results for local government where the context may influence leadership and performance in different ways. Based on this theoretical framework and the proposed effects that transformational leadership might have on public affairs and policy, as discussed above, the following section discusses the challenges of leadership in the 21st century. It is informed by various global reports and as such is written against the background of a general, political context.

4.6   KEY CHALLENGES FACED BY POLITICAL LEADERSHIP IN THE 21ST CENTURY

The 21st century brought new challenges for political leadership and local governance across the developed and emerging countries. Leaders in government are at the forefront of creating better futures for communities. This is done through social upliftment and generating economic opportunities, amidst multicultural and globalised expectations.

Various writers and global organisations have over time documented key challenges at various levels that impact the ability of political leaders to execute policies aimed at meeting community expectations (World Economic Forum, 2013; United Nations, 2014; African Peer Review Mechanism, 2003; Africa Progress Panel, 2012; Purt, 2012). When reviewing these studies and reports, there are common, global issues that arise as part of reflective views and envisaged methodologies to deal with the challenges.

These key challenges are discussed within the socio-economic, environmental, and political contexts. The contextualisation of these challenges to leadership can be done from multidimensional viewpoints. It is not the intention of the researcher to compile an exhaustive list,

but rather to highlight global, sustainable development challenges affecting political leadership and the communities they serve.

4.6.1   Socio-Economic Challenges:

- Uneven socio-economic development represented by material inequalities in the areas of income, food, and nutrition security and practical funding models for health systems and sustainable service delivery projects (United Nations, 2013);

- Social fragmentation caused by the above named disparities resulting in reduced levels of social cohesion and increased levels of social exclusion;

- Socio-political conflicts driven by ideology and culture;

- Rapid urbanisation due to substandard living conditions in rural areas, substantially increasing the burden on existing urban infrastructure and services; and

- The complex nature of globalisation as a growing economic trend whereby cross-border transactions of goods, services, and capital allow for the transmission of policies, trans-nationalisation of production, the diffusion of technology, and information and the establishment of a free global market (Adesina, 2012; Luckham, Goetz & Kaldor, 1998: 36; Heywood, 2010: 144).

4.6.2   Environmental Challenges:

- Climate change, and the potential threat it presents to humans, infrastructure, and the environment, is a well-documented challenge to governments worldwide. This is evident in the humanitarian crisis, dislocated communities, destruction of bio-diverse systems, intensified greenhouse gas emissions, and the increase in resource scarcity (United Nations, 2013);

- Resource wealth wasted through fraudulent practices and the unethical behaviour of multinational corporations; and

- Increased demands on natural resources due to population growth and expanding economies.

4.6.3   Challenges Related To Institutional Arrangements

Institutional arrangements refer to the formal systems, regulatory policies, and processes at all levels of government used to effectively and efficiently formulate and implement strategies and projects. It serves as guiding tool for the actions and behaviour of relevant stakeholders (United Nations, 2013).

The following challenges relate to the institutional arrangements across governments:

- Political instability caused by internal conflicts based on community frustrations with political executives not acting ethically or not fulfilling election mandates for positive change;

- Not establishing social equity policies (or poverty reduction measures) and capable institutions that can reintroduce integrity in the public service. This must be done without risking economic stability and growth (Luckham, Goetz & Kaldor, 1998: 34–36);

- Lack of capacity and political culture to manage and resolve political transformations and policy implementation. Political culture refers to the set of attitudes and beliefs that provides the motivation for specific political processes, assumptions, and regulations. It guides the behaviour of those who belongs to a specific political system by means of public programmes or personal experiences and is the result of collective bargaining (*International Encyclopaedia of the Social Sciences*, 1986); and

- The tension between "efficient governance and responsive governance" continues to be a political dilemma on the developmental agenda of governments (Luckham, Goetz & Kaldor, 1998: 35–36).

Vulnerable communities in developing countries are disproportionally worse affected by these challenges (United Nations, 2013). In addition, African countries, also had to prioritise socio-economic reconstruction plans to reduce the backlogs created by colonialist and other discriminatory legislation.

4.7   CHAPTER SUMMARY

This chapter provided a theoretical framework of leadership based on a review of the literature. Selected definitional concepts and theories are discussed as contribution to the understanding of what leadership is, how it is approached, and how it is used to influence. These include the trait, behavioural, contingency, situational, and transformational leadership theories.

Leadership roles are distinct from that of management, but there are overlapping and supplementary functions attached to both. Management focuses on administrative issues, such as planning, organising and controlling, whilst leadership is an influential process in change and inspiration. In the 21st century, the shift is very much on the selection of leadership with scarce, but specific skills, knowledge, and constitutional values that are relevant to good governance. The socio-economic developments within public state affairs may be viewed from these different experiences of political culture, social class, and position of benefit.

Transformational leadership, as emerging trend, heightens the need to build commitment towards the attainment of predefined objectives by leaders in the private and public sector. Transformational leaders stimulate and facilitate performance beyond expectations by inculcating a vision, creativity, and providing inspiration to work towards a common goal (Burns, 1978; Bass, 1985).These can serve as a basis for the effective and efficient implementation of policies of integrated development and for addressing the global governmental challenges of the 21st century.

This chapter also highlighted the general challenges facing political leadership in general within the institutional arrangements of developed and emerging countries. Socio-economic inequalities, ineffective institutional arrangements, and underperformance due to a lack of critical leadership skills may impede on achieving the transformational outcomes in the socio-economic priority areas.

The following chapter focuses on the background of the case and also its mission, vision, and leadership structure. In addition, the following chapter describes the performance management framework being implemented and the extent to which contextual challenges influence the service delivery outcomes.

CHAPTER 5: TRANSFORMATIONAL LEADERSHIP AND PERFORMANCE MANAGEMENT – A LOCAL GOVERNMENT CASE STUDY

5.1   INTRODUCTION

In order for the CHDM to achieve its service delivery objectives and to make a contribution to the developmental agenda of the country, it should address the outcomes set by its communities. The central focus of this chapter gives an account of how the leadership and performance systems address these outcomes of the CHDM as a case study.

This chapter starts off with the background information of the Chris Hani District Municipality (CHDM) in the Eastern Cape of South Africa. This is followed by a discussion of the current leadership structures and the CHDM's approach to performance management and implementation processes. Lastly, the challenges related to performance management in the CHDM are also highlighted in order to understand the role and potential impact of transformational leadership within this context. These areas of discussion in chapter 5 are broken down into the following headings:

- Background, demographic information;
- The vision, mission, and objectives of the CHDM;
- Leadership structure of the CHDM;
- Scope of performance management; and
- Socio-political, socio-economic, and capacity challenges.

The discussion in this chapter is based on indicators gathered through secondary sources, such as annual performance reports, the minutes of meetings held by the CHDM Council, IDP reviews, the Chris Hani Investment Summit (May 2013) and Statistics South Africa's 2011 Census. Other sources include the State of the District Address by the Executive Mayor of Chris Hani District Municipality, Mr Councillor Mxolisi Koyo (2013), the CHDM 2014/2015 Final IDP as adopted (2014), and evaluations done by the Department of Cooperative Governance and Traditional Affairs (COGTA, 2009 & 2014).

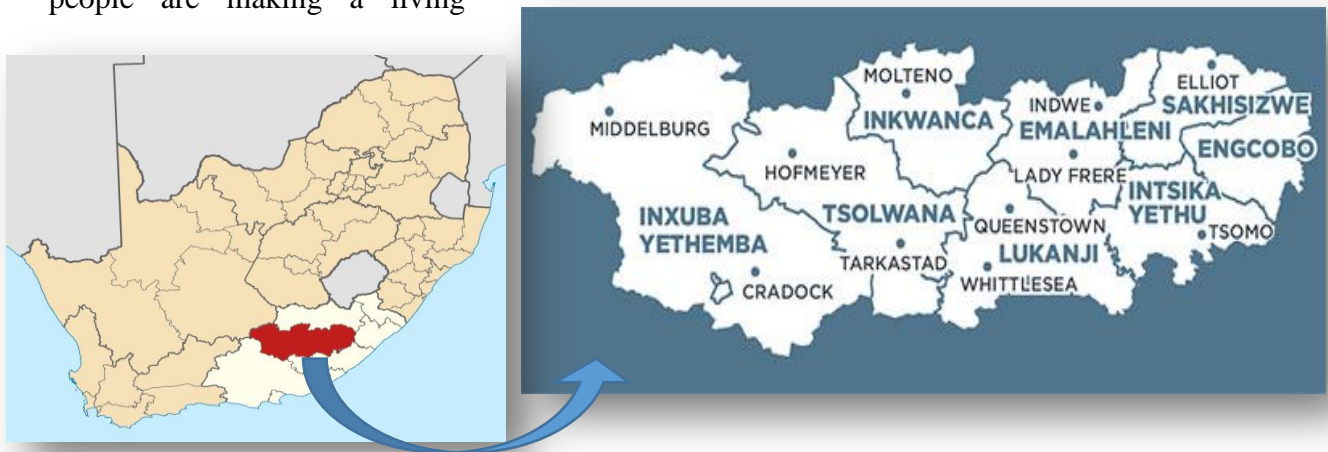## 5.2   BACKGROUND TO THE CHRIS HANI DISTRICT MUNICIPALITY (CHDM)

The district municipality is named after the late liberation movement leader and general-secretary of the South African Communist Party, Chris Hani. It is a category C municipality (Local Government: Municipal Structures Act 117 of 1998, Chapter 1) established and classified as a Mayoral Executive system of governance.

The CHDM is relatively closely situated to the ports of Port Elizabeth and East London and the N6 and N10 routes. Its main economic activities include agriculture, commercial trade, and tourism, because of its environmental and historical attractions. In 2013, the three (3) largest areas of intermediate consumption expenditure and total output were government departments, manufacturing and business services. From the year 2000 to 2013, the economy of the CHDM grew at a rate of 2.7%, enabling it to contribute 0.6% to the Gross Domestic Product (GDP) and 7.3% to the Eastern Cape economy. The tertiary sector is the largest contributor with an 84.6% contribution to the economy of the province (Eastern Cape Socio-Economic Consultative Council, 2014).

According to the Eastern Cape Socio-Economic Consultative Council (ECSECC, 2014), the estimated population of the CHDM stood at 837 862 in the year 2013, showing an increase of 5, 3% since the 2011 Census (795 461). This represents approximately 12.1% of the population of the Eastern Cape Province (Republic of South Africa, 2014: 23). In addition, there are 8 (eight) category B local municipalities currently making up the CHDM (as regulated by the Municipal Demarcation Board and Local Government: Municipal Structures Act 117 of 1998): These local municipalities are:

1)   **Inxuba Yethemba** has one of the larger economies in the district with a population of 65 560 (according to Census 2011). It consist of Cradock (the largest centre in this Municipality) and Middleburg as focal points and linking nodes to all parts of South Africa.

2)   **Tsolwana** covers an area of about 6 000 m^2, located on the Liberation Route and consists of Tarkastad, Hofmeyer (as main towns), and other rural villages. It has a population of approximately 33 281.

3)   **Inkwanca** serves as an administrative centre and comprises of the main towns Molteno and Sterkstroom.

4)   **Lukhanji** is strategically situated within the CHDM and includes towns such as Queenstown, Whittlesea, and Ntabethemba and has a population of 203 317. Queenstown is the commercial and administrative hub, political seat of the CHDM, and home to several regional departmental offices.

5) **Emalahleni** comprises Lady Frere, Dordrecht, and Indwe. It has the fourth largest population and the highest unemployment rate at 55.1%.

6) **Intsika Yethu** comprises Cofimvaba, Tsomo, and numerous rural settlements. Subsistence farming is the main economic activity and source of livelihood. The rural village of Sabalele, the birthplace of Chris Hani, is also located in the Cofimvaba region.

7) **Sakhisizwe** is located at the foothills of the Drakensberg and is endowed with several historical sites and environmental attractions. It consists of the towns Cala and Elliot, and surrounding rural villages. It has an unemployment rate of 45.9%.

8) **Engcobo** comprises Ngcobo and several rural settlements. It is home to the birthplace of Walter Sisulu. This local municipality has a population of 156 309 (2012) and a ten-year average economic growth of 5.4%. It is described as the poorest municipality in the region coupled with a high dependency ratio. Most people are making a living

through agricultural activity.

Figure 5.1: Map location of the Chris Hani District Municipalities and main towns in the Eastern Cape. Source: www. localgovernment.co.za/districts; South African Municipal Demarcation Board, 2014.

5.3 THE MISSION AND OBJECTIVES OF THE CHDM

The CHDM mission statement is: "To co-ordinate governance for quality service and better communities through cooperative governance, socio-economic development, and integrated development planning and sustainable utilization of resources." In line with this mission, the CHDM has declared 2014/15 as the year of service delivery and identified five (5) key performance areas (KPA's) to achieve its mission.

These areas are (as adopted by Council in the CHDM 2014/2015 Final IDP Review, May 2014):

1) Good, accountable governance and community participation;

2) Financial management and viability;

3) Municipal transformation and institutional development;

4) Basic service delivery and infrastructure investment; and

5) Local economic development.

The formulation and adoption of the District IDP Framework and Budget Process Plan was an important step to work on these performance areas. It gives the predetermined time frames for all related projects, the lines of responsibilities, and accountability of all stakeholders and structures involved. These include the Executive Mayor, Municipal Manager, District Mayors Forum, Technical IGR Forum, IDP Steering Committee, the Performance Management System, and the Budget Representative Forum.

All processes and objectives herewith are aimed towards the national socio-economic priorities as informed by the Local Government Turnaround Strategy (Department of Cooperative Governance and Traditional Affairs, 2009).

5.4 LEADERSHIP STRUCTURE OF THE CHDM

The Municipal Structures Act (Act 117 of 1998) provides the legal and organisational regulations for the establishment of municipalities into specific categories and the type within each category. It also proposes different forms of internal leadership structures, processes of appointing office-bearers, and the assignment of their legal powers and obligations. The Chris Hani District IDP Framework and Budget Process Plan further specify the roles and responsibilities in policy planning, implementation, oversight, and review with regard to the key performance indicators of service delivery projects. These structures and responsibilities are aligned according to the socio-political context in order to enhance the impact of service delivery in the CHDM.

The following organogram sets out the executive leadership of the CHDM and the lines of authority and reporting.
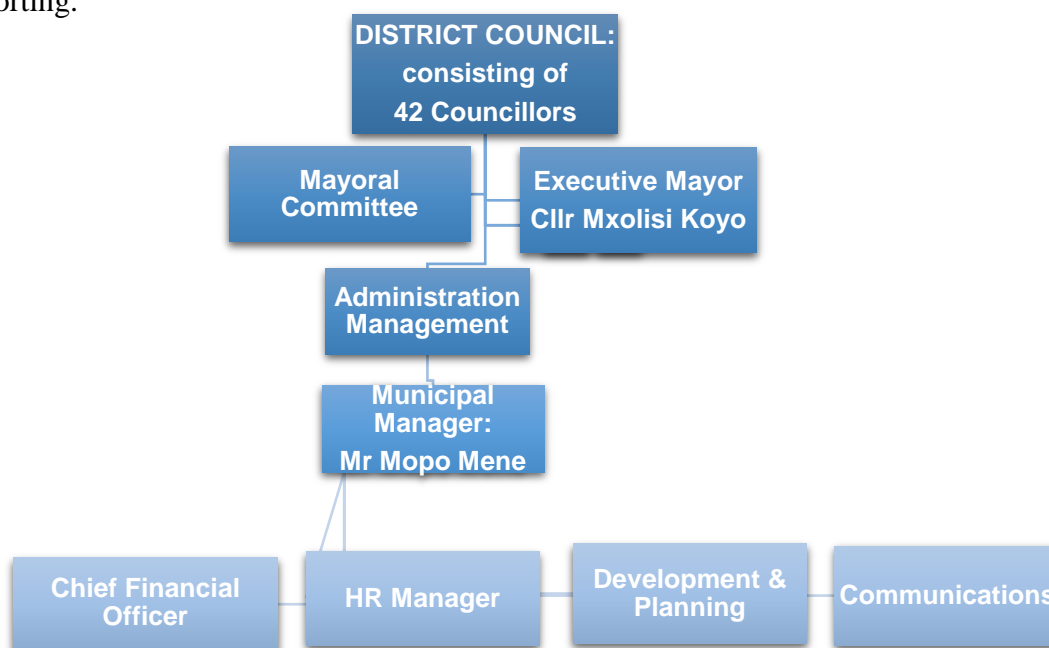
Figure 5.2: Organogram of CHDM Executive Leadership.

Source: http://www.chrishanidm.gov.za/about-us.

The CHDM is a mayoral executive system (as described in Chapter 3 of this study) coordinated by the Executive Mayor and supported by a Mayoral Committee and Councillors. Executive leadership and authority are assigned to the Mayor, whilst the Municipal Manager oversees all administrative and technical duties of the municipality. According to sections 8, 9, and 10 of the Municipal Structures Act, the highest decision-making body remains the Council (Republic of South Africa, 1998; South African Local Government Association, 2011: 7–8). The executive and legislative functions of the CHDM are the exclusive functions of the municipal Council.

The political composition of the CHDM Council consists of the District Mayor, Speaker, Chief Whip, and five (6) Portfolio Heads. The Portfolios within the CHDM are as follows (as also proposed and regulated by COGTA's Circular 2 of 2014: 4):

1) Budget and Treasury: Financial Management;

2) Health and Community Services;

3) Corporate Services;

4) Integrated Planning and Economic Development;

5) Infrastructure and Town Planning Services; and

6) Special Programmes.

A second institutional arrangement is the establishment of the Administrative Management, which includes the Municipal Manager, Chief Financial Officer, Local Economic Development Officer, Communications Head, Strategic Manager, and the Directorates. The following Directorates exist within the CHDM: strategic services, development planning and economic development, health and public safety, corporate services, financial management, engineering services, and community services (CHDM Performance Management Framework and System, 2013: 41).

The vision of Council is to work towards improved regional planning and bulk infrastructure development in a sustainable way. This is done through cooperation and consultation between the political and administrative levels of the District Municipality.

5.5   SCOPE OF PERFORMANCE MANAGEMENT IN THE DISTRICT

In line with the objectives of local government and legislation regulating performance management, as discussed in Chapter 4 of this study, the CHDM has formulated and implemented mechanisms to measure, monitor, and review its performance. As a result, Council has developed a performance management framework to achieve the key performance targets as recorded in its five-year Integrated Development Plan 2012–2017 and IDP Review of 2015. To enhance service delivery performance, the CHDM also gave consideration to the technical support of the South African Local Government Association (SALGA), the Department of Cooperative Governance and Traditional Affairs (COGTA), and the MEC for Local Government and Traditional Affairs in the Eastern Cape.

This performance framework is a municipal policy document and constitutes the Council's commitment to performance accountability, learning and development, effective and efficient use of resources, and credibility of the process. In order to measure the levels of performance, the Council of the CHDM uses the information provided in the assessment reports submitted through the organisational scorecard, mid-year and annual reports, the SDBIP, the performance audit committee, and the portfolio committees (Chris Hani District Municipality IDP as adopted, 2014: 362–364).

According to the Chris Hani District Performance Management Framework (2013: 5), the objectives of performance management in District Municipality are to:

o   Enable better accountability relationships between key stakeholder groups who have an interest in performance. These include civil society of Chris Hani District, the political and administrative directorates, and the office of the municipal manager.

o   Continually support capacity development and improvement of performance systems.

o   Use the review process to detach early warning signals (emerging challenges) to evaluate why performance in the CHDM were affected. The next step is to implement intervention strategies and to keep all stakeholders informed.

o   Facilitate decision-making and in that way help build consensus about the different phases and priority areas within the performance framework.

The implementation of the framework is an institutional and strategic function and therefore overseen by the Municipal Manager. He is supported by a Performance Management Team consisting of the Director: Strategic Services, Chief Financial Officer, Director: Corporate Services, and two other Councillors elected from the Mayoral Committee. The mayor, as the chairperson of this team, reports to the Mayoral Committee on progress made and challenges experienced (Chris Hani District Municipality: Performance Management Framework and System, 2012/13: 20).

5.6   CHALLENGES ADVERSELY AFFECTING CHDM LEADERSHIP AND PERFORMANCE

The factors outlined below have a negative impact on the leadership and performance management and therefore service delivery in the CHDM. This view is based on reports submitted by the:

o South African Institute of Race Relations (2014),

o Auditor-General of South Africa (2013 & 2014), and the

o Selected minutes of CHDM Council meetings (2013 & 2014):

- Lack of capacity and skills to manage processes related to financial and performance reporting.
- Financial management expertise of four tertiary institutions is not used.
- Leadership does not adequately perform responsibilities such as monitoring key deliverables.
- Insufficient oversight and review at leadership level due to lack of proficiency.
- Marginal improvement in leadership controls (all local municipalities have been stagnant or have shown little progress, except Inkwanca and Tsolwana).

- Poor quality of performance reports for auditing.
- Non-compliance with Supply Chain Management procedures and GRAP principles that consequently led to misappropriation of funds.
- Poor performance and transgressions are not effectively dealt with – there are no consequences.
- All local municipalities (except Engcobo) have been stagnant or shown little improvement in areas of financial and performance management.
- Limited socio-economic development has taken place in parts of the CHDM due to its historical background as former homeland areas or Bantustans.

Transformational Leadership → **Service Delivery Outcomes** ← **Performance Management**

Figure 5.3: Challenges affecting Service Delivery Outcomes in the Chris Hani District Municipality. Source: Adapted from aforementioned sources.

According to the Institute for Race Relations, 80% of the worst performing municipalities are in the Eastern Cape of which two (Engcobo and Emalahleni) are situated in the CHDM. The ratings used to categorise the best and worse municipalities are based on ten indicators of which the majority are service delivery indicators. The lack of capacity or skilled personnel (such as engineers, spatial planners, technical services managers and chartered accountants) in the CHDM

has been identified as a critical challenge to performance. It adversely affects the ability of the district municipality to deliver on its performance mandate, which includes the intensions of the IDP. This situation is furthermore exacerbated by issues of corruption, cadre deployment, and poor administration.

The problems experienced with strategic planning, accountability, transparency, and oversight have led to careless and unproductive expenditure. In many instances, there are no or insufficient measures that could identify and quantify this careless spending. It is also indicative of the lack of internal financial management and reporting skills and an overdependence on external consultants. In 2012, the Eastern Cape Local Government reported to Parliament that the majority of municipalities, including those in the CHDM do not comply with Generally Recognised Accounting Practice (GRAP). This deficiency is one of the main causes for negative or unfavourable audit reviews. Another cause for concern is the sharing of an audit committee by Engcobo, Emalahleni, and Inkwanca, which affected the oversight role of Council.

The AGSA also identified local municipalities who are ignorant of agreed supply chain management procedures, as prescribed by legislation such as the MFMA. Inadequate steps are being taken to rectify the negative consequences brought on by bad decision-making and risks affecting local government affairs. The findings of the Auditor-General of South Africa (AGSA) are an acceptable measure of the state of local governance in South Africa (Republic of South Africa, 2014).

In 2014, Rhodes University conducted a research case study to explore and understand the culture of service delivery in the CHDM. According to the findings from this report, local leadership played a critical part in the social process aiming to develop such a culture. The main challenges faced by the communities of the CHDM are the low levels of economic activity and employment opportunities. Furthermore, there are still unacceptable high rates of poverty and dependency on state grants and municipalities that use the bucket system. The inadequate provision of services related to education, health, water, and infrastructure in the villages is worsened by nepotism and a lack of communication between the municipal leadership, chiefs, and the communities (as found by Rhodes University, 2014).

5.7   CHAPTER SUMMARY

This chapter provided a reflective discussion on the case study with specific reference to the background, leadership structures, and framework for performance management. It also highlighted the root causes and the problems challenging the extent to which the leadership is able to execute its service delivery mandate within the CHDM.

The eradication or reduction of the aforementioned challenges can be achieved as long as the roles and responsibilities of the leadership within the performance framework are clearly defined. Each local municipality within the CHDM should work in a coordinated manner with the same level of commitment in realising the outcomes of economic and social service delivery projects.

The following chapter provides a detailed account of the findings and results applicable to the case study. It is based on the objectives and research questions of the study.

CHAPTER 6: CASE STUDY: FINDINGS AND RESULTS

6.1   INTRODUCTION

In the preceding chapters the essence of transformational leadership, performance management and the dynamics of local government in South Africa were reviewed. Chapter 5 was a presentation of the profile, leadership structure, and service delivery challenges of the Chris Hani District Municipality (CHDM). This chapter in turn reports on the findings of the research that focused on the impact of transformational leadership on performance management with regard to service delivery in selected local municipalities of the Chris Hani District Municipality (Eastern Cape, South Africa). The presentation of the findings will ultimately determine whether transformational leadership elevates performance management, brings about moderate results, or does not lead to any higher levels of performance.

Transformational leadership as a growing contemporary concept is a relevant and potential contributor to the socio-economic advancement of localised communities experiencing challenges due to a lack of performance. As discussed in Chapter 2, the concept transformational leadership embraces four features, namely inspirational motivation, intellectual stimulation, individual consideration, and idealised influence. Such a leader effectively leads by example with a clearly defined vision, mission, and value set. These are critical qualities required to trigger performance of the individual and organisation beyond what is expected. The management of performance in local governments has become a legislative requirement in light of the daring challenges experienced (as also discussed in Chapters 4 and 5 of this study).

The key findings that follow below are presented in relation to the research question and objectives. All evidence gathered from the research is presented to determine whether the transformational leadership style impacts on performance management in the CHDM.

In addition, this chapter will also determine the extent to which constitutional directives and related legislation and policies of performance management are adhered to by the CHDM.

6.2   METHODOLOGICAL OVERVIEW

This study used a qualitative design to assess the impact of transformational leadership on performance management in the CHDM as a local government case study. The case study design is an empirical research method used to answer the research questions and to achieve the objectives of the study.

The perceptions of subordinates about the leadership in the CHDM were assessed by means of the peer-rater format of the Multifactor Leadership Questionnaire (MLQ 5X). Twenty-five (25) participants were randomly selected from various municipal portfolios or directorates in Cradock, Queenstown, and Lady Frere. The departments or directorates are (as shown in Table 6.1):

1)   Administrative Department: General;

2)   IDP Planning;

3)   Human Resource Management;

4)   Local Economic Development; and

5)   Community Services: Ward Councillors.

Seven (7) leadership qualities were measured:

1)   Idealised influence;

2)   Inspirational motivation;

3)   Intellectual stimulation;

4)   Individualized consideration;

5)   Contingent reward;

6)   Management-by-Exception; and

7)   Laissez-faire.

The MLQ has a 5-point Likert-type scale labelled as follows:

> 0 = not at all,
>
> 1 = once in a while
>
> 2 = sometimes
>
> 3 = fairly often
>
> 4 = frequently if not always

In addition, interviews were conducted in person with leading officials or supervisors in Cradock, Queenstown, and Lady Frere. These officials include the Mayor, Municipal Manager, Integrated Planning and Economic Development, and two randomly selected ward councillors residing in Cradock and Queenstown. An interview guide was used to probe experiences and information regarding the implementation and effectiveness of performance management in the CHDM as planned and legislated. The particulars of the interview guide are attached as Appendix A.

6.3   LIMITATIONS OF THE STUDY

The following limitations had an impact on the data collection process and therefore may have a negative influence on the generalizability of the results:

- The slow rate of response from the Inxuba Yethemba Municipality in granting permission for conducting the research and the twenty-five respondents who delayed the data collection process and analysis.

- Local government is a specialised field of study and requires expert knowledge and experience and therefore the research requires fine-tuning before the results can be used for any other population.

- This study made use in part of purposive sampling. The utilisation of such a sample bears the risk of possible subjectivity and bias. The other form used was snowball sampling.

- As part of the primary data collection process, only the shortened rater version of the MLQ with 21 questions was used. The use of both the self-rater and peer-rater formats could have produced a more balanced result of leadership qualities.

The next section of the study aims to report on the results from the MLQ and interviews, and how the respondents rated the CHDM leadership.

6.4   PRESENTATION OF RESULTS

6.4.1 Responses from the MLQ

A breakdown of the respondents who took part in the completion of the MLQ across various departments or directorates is shown in the table below.

Table 6.1: Number of Participants, from various Departments/Directorates in the CHDM, who completed the MLQ.

DEPARTMENT / DIRECTORATE	RESPONDENTS			WORK EXPERIENCE IN CHDM (in years)
	MALE	**FEMALE**	**TOTAL RESPONSES**	
1) Administrative Department: General	2	3	5	5
2) IDP Planning	4	1	5	2
3) Human Resource Management	3	2	5	4
4) Local Economic Development	4	1	5	3
5) Community: Ward Councillors	2	3	5	4
TOTAL	**15**	**10**	**25**	**22**

From the twenty-five respondents who completed the MLQ, fifteen (15) are male and ten (10) female. This represents a male to female percentage ratio of 60:40 and is illustrated in the following bar graph.

Figure 6.1: Graph depicting Respondents who completed the MLQ by gender.
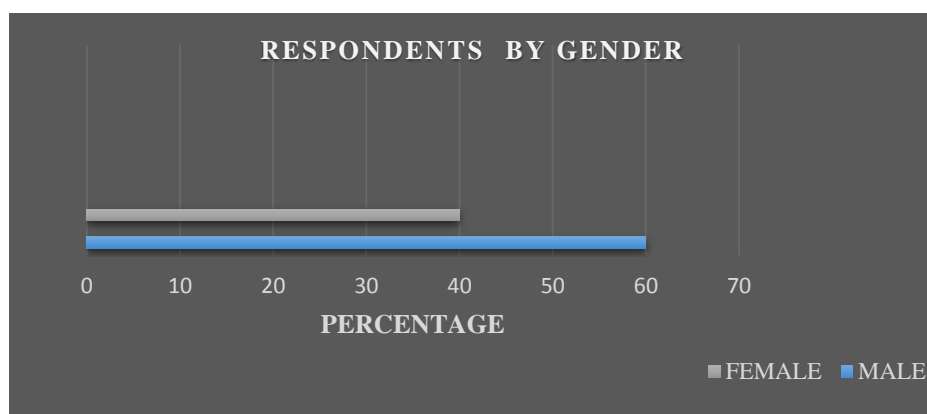

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Table 6.2 that follows gives the frequency for each of the three leadership styles and their various factors as exhibited in the CHDM. The scores for each factor of the 25 respondents were recorded, added and the mean calculated.

Table 6.2: Frequency distribution per rating as measured by the MLQ.

LEADERSHIP QUALITIES MEASURED WITH MLQ	Number of items	5-POINT LIKERT-TYPE SCALE RATINGS Mean Score Per Factor				
TRANSFORMATIONAL LEADERSHIP FACTORS		0	1	2	3	4
1) Idealized influence	3	2,1	2,5	3,1	3.8	2,6
2) Inspirational motivation	3	2,6	2,9	3,6	3,5	3,7
3) Intellectual stimulation	3	2,8	3.5	2,9	3,8	3,6
4) Individualized consideration	3	2	2,8	3,4	3,6	3,2
TOTAL	*12*	*9*	*8,6*	*11,3*	*13,6*	*12,2*

TRANSACTIONAL LEADERSHIP FACTORS	Number of items	0	1	2	3	4
5) Contingent reward	3	2,5	2,1	1,9	3,1	2,8
6) Management-by-Exception	3	2,6	1,8	2,3	2,9	3
TOTAL	*6*	*5,1*	*3,9*	*4,2*	*6*	*5,8*

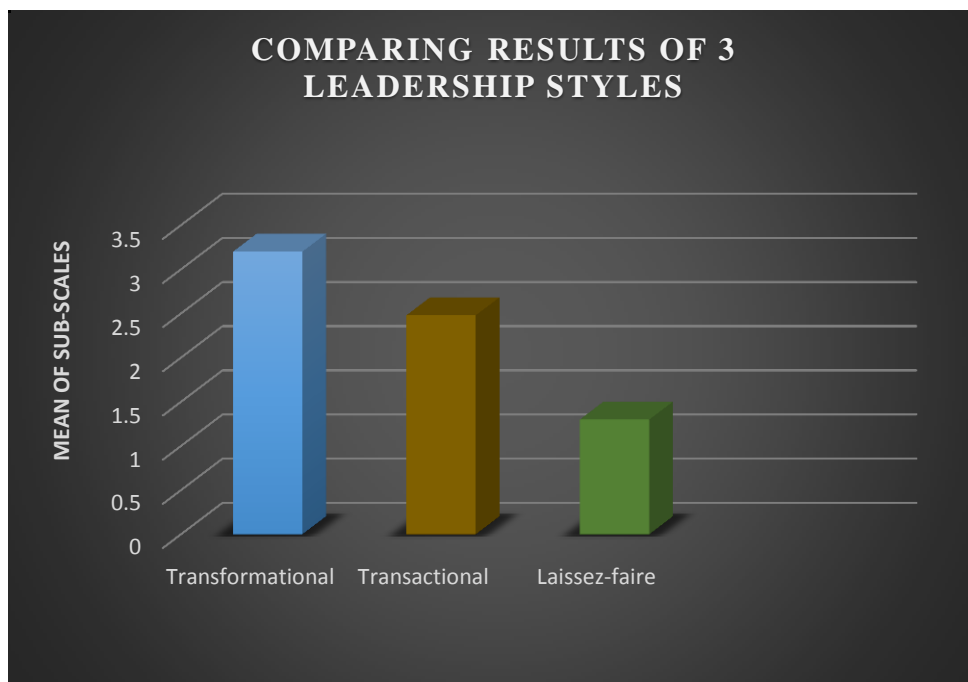| LEADERSHIP AVOIDENCE	Number of items	0	1	2	3	4
7) Laissez-faire	3	1,2	1	1,1	1,4	2,1

Figure 6.2: Graphical comparison of Results recorded for 3 Leadership Styles

The following section report on how the respondents rated the CHDM leadership:

The results in table 6.2 show that transformational factors recorded the highest mean overall from all 25 responses. Ratings 3 and 4 on the Likert-scale have obtained the highest score for all three leadership styles with means of 3,4 and 3,05 (transformational), 3 and 2,9 (transactional leadership) and 2,1 and 2,8 for laissez-faire leadership. An optimal and balanced MLQ profile implies 3.0 or higher on the transformational factors, 2.0 or lower on transactional leadership, and 1.0 or lower on the laissez-faire element (Avolio and Bass, 1995).
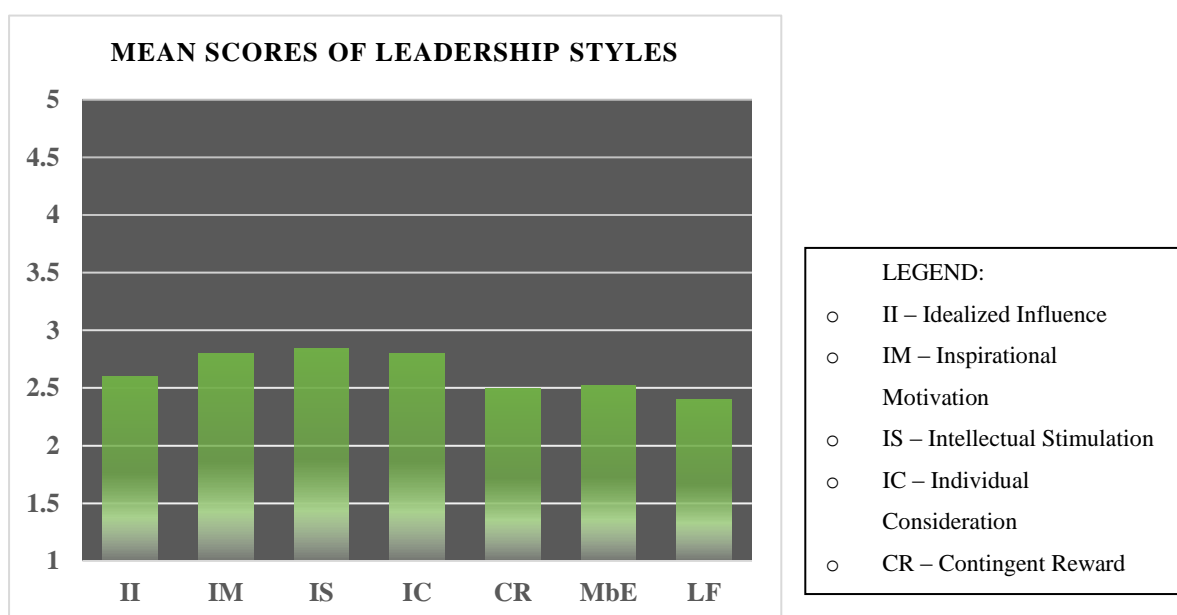

Figure 6.3: Graphical representation of the MLQ mean scores for Sub-divisions of Leadership Styles

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Figure 6.3 shows that intellectual stimulation and individualized consideration received the better ratings, with averages 2, 84 and 2, 8 respectively. This indicates that there is a relatively higher trend towards these two transformational leadership qualities present in the leadership structure of the CHDM. With reference to transactional leadership, the management-by-exception factor received the highest average rating of 2, 52. The laissez-faire or avoidance of leadership quality received a lower overall scoring (1, 6) than transactional leadership.

6.4.2 Results from Interviews

The following two tables represent the responses from the questionnaire completed by the 5 respondents in middle or higher management positions within the CHDM. Ten (10) questions were included on the interview guide: five (5) open-ended and five (5) closed-ended questions. All questions asked flow from the assumptions made by the researcher about the implementation of performance management related to service delivery programmes.

The following closed-ended questions (1–5) focused on the normative elements, such as policy implementation and compliance to regulation, of the process.

Table 6.3: Responses to closed-ended questions during interviews.

STATEMENTS	AGREE	DISAGREE	NOT SURE
1. There are authorised policies and systems in place to manage the performance of the different municipal departments.	3	1	1
2. Resources are effectively and efficiently prioritised in areas of urgency.	1	3	1
3. Key performance indicators are clearly identified and communicated to all stakeholders in the performance management system.	4	1	0
4. Assessment tools are used in departments to compare actual achievements with performance objectives and targets.	3	1	1
5. There are controls that are in place to ensure accountability, report back, and corrective action with regard to the achievement of performance targets.	4	0	1
TOTAL RESPONSES	**15**	**6**	**4**

From table 6.3 above, the responses per category were formulated according to percentage and are represented in figure 6.4 below:
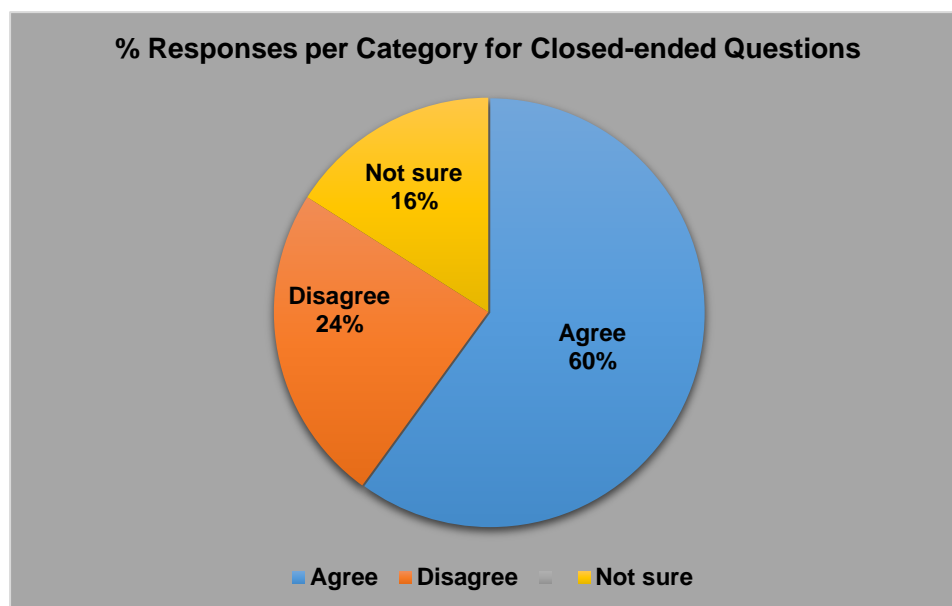

Figure 6.4: Percentage responses per category for the closed-ended questions during the Interviews.

Figure 6.4 shows that the majority of interviewees (60%) responded in the affirmative, concerning policies and processes, resource allocation, KPIs, assessment tools, and controls of accountability. Twenty-four per cent (24%) of the reactions were unfavourable and sixteen per cent (16%) were not sure about the status of performance management as it relates to the aforementioned issues. Although the majority of the respondents have a sense of awareness and knowledge of the performance management system, the 24% who disagree show lack of agreement and consistency. This may potentially affect support for the achievement of service delivery outcomes.

The following open-ended questions focused on the descriptive elements of the performance management system, such as the conditions, ethics, and relationships – as discussed in Chapter 4 of this study.

1.   How would you describe your leadership style?
2.   What is your vision for the next five years as leader of the CHDM and how does it influence the way in which staff approach the ideals and goals that was agreed upon?

| 3. Describe how you promote or ensure the personal development or empowerment of staff (for example by encouraging responsibility and involvement in decision-making processes). |
| 4. How important are the needs, ideals, and moral reasoning (moral values) of the community/constituents to the leadership? |
| 5. To what extent does capacity influence the management of service delivery in the CHD Municipalities? |

The empirical evidence from the interviews shows that it is imperative to consider the potential influence of contextual factors such as empowerment, moral values, and capacity requirements along with the leadership style. In assessing the implementation of performance management, three out of the five interviewees agreed that both individual and organisational performance should receive equal attention as part of an integrated framework. Phrases constantly used during the interviews referenced the need to communicate and coordinate targets and responsibilities towards common goals for the CHDM and its local municipalities.

6.5   CHAPTER SUMMARY

Chapter 6 presented the results and findings from the primary data collected by means of the MLQ and five semi-structured interviews. According to the results, transformational leadership is the dominant quality observed by the respondents. Transformational leadership as emerging trend has potential consequences for performance in local municipalities of the CHDM.

In general, the leadership agreed that performance management policies are implemented but are adversely affected by issues of capacity, resource allocation, and lack of consistency. For the CHDM to reach acceptable levels of service delivery, it have to address problems related to the performance system by means of regular reviewing and adapting.

The following chapter concludes the study and provides recommendations for future studies in this field and to the leadership of the CHDM for enhancing performance management.

CHAPTER 7: RECOMMENDATIONS & CONCLUSION

7.1   INTRODUCTION

This case study highlighted the urgency of vision and capacity that are very important management functions and empowering tools in the hands of a transformational leader. In the context of the challenges and history of the South African local government, transformational leadership can potentially optimise the policy-making process, the developmental agenda and thus service delivery (as reported in Chapter 6 of this study). Transformational leadership can serve as an influencing tool for the practical manifestation of established plans and relevant legislation at this level of government.

For the CHDM to achieve acceptable levels of service delivery performance, it has to adhere to the democratic values of the Constitution and policies of performance management. This must be echoed through well-constructed, but realistic IDPs and a performance management framework adjusted to the unique conditions of each local municipality. These conditions include amongst others levels of social cohesion, diversity, political tolerance, and the culture of leadership.

The case study also provides input into the socio-economic realities experienced at local government level of South Africa. As such, it expands our understanding of the social and political factors influencing development in local governments of South Africa.

7.2   SUMMARY OF CHAPTERS

The following part of this chapter is a summary of the seven chapters of the study and is presented in line with the stated objectives. Therefore, it is also an explanation of the extent to which the seven objectives of the study were achieved.

o   **Chapter 1: Introduction and Overview**

This chapter provided an overview and background to the study by placing the central themes of the study in perspective. It set the scene for the investigation and discussion of how transformational leadership may impact performance management by the Chris Hani District Municipality (CHDM) in the Eastern Cape of South Africa. Chapter 1 thus introduced the research topic**,** contextualised the study, set out the objectives, and defined the key concepts. An overview is also given of the research design and methodology for the data collection process.

o   **Chapter 2: South African Local Government: Context and Challenges**

This chapter provided a historical context and legislative perspective of the South African local government. This was done in relation to the current character of the South African local government and the functions of municipalities. Chapter 2 also discussed the socio-economic and capacity challenges associated with this level of government as described in the literature, governmental reports, and peer-reviewed articles.

o   **Chapter 3: South African Local Government: A Performance Perspective**

This chapter defined performance management and described related policy frameworks. It also evaluated the reasons for a lack of performance management associated with local government in South Africa.

o   **Chapter 4: Transformational Leadership: A Literature Study**

Chapter 4 provided an in-depth discussion on the essence of transformational leadership as gathered from relevant literature. It also described the importance thereof within the application of policies aimed at transforming the South African society, especially at the level of local government.

This chapter also reviewed the challenges facing political leadership of the 21st century.

o   **Chapter 5: Transformational Leadership and Performance Management**
– A Local Government Case Study

In this chapter, a case-based analysis was done on the impact of transformational leadership on performance management in the Chris Hani District Municipality of the Eastern Cape. In addition, the chapter evaluated and assessed the state of performance management in the CHDM.

o   **Chapter 6: Findings and Results**

This chapter evaluated the research findings in relation to the impact of transformational leadership on performance management in the CHDM and the implications thereof for the rest of South African municipalities.

o   **Chapter 7: Recommendations and Conclusion**

In this chapter, recommendations are communicated to the CHDM as contribution to knowledge and capacity development for leadership. The influence of capacity and development are measured in structural changes and institutional reform meant to create good democratic governance, urgency, professionalism, transparency, and accountability. In this chapter, final analogies are drawn based on the analysis and findings of the study. This chapter also makes recommendations for future research related to the field of leadership and performance management.

7.3   KEY RESEARCH FINDINGS

The findings and meaning reached through this study are both descriptive and exploratory within the context of transformational leadership and performance management. This is done in relation to the participants of the study, data analysis, and the discussion of the results. It is also accepted that the management of performance can also be influenced by other contextual factors besides leadership.

The identification of leadership qualities is an important step towards developing transformational leadership qualities within individuals. For this reason, the MLQ was used as a tool to identify and distinguish between three (3) of the most current leadership styles.

An important finding that resulted from the primary data collection process is that transformational leadership exhibits the most preferred choice of leadership style for performance management. Transformational leadership values vision, inspiration, and growth, which are important essentials for institutional and individual performance. This is in line with Chapter 4, which discussed the essence of transformational leadership. According to the literature, this form of leadership potentially results in higher levels of change, responsiveness to the challenges of a new environment, innovative thinking, and achieving the highest levels of performance. Various literature studies have proven that the effectiveness of a transformational leader is due to their ability to articulate a vision that is clear and persuasive. Goal clarity enhances cooperation, because everyone knows what the critical tasks are and how to achieve them.

The results of this empirical research have validated the existence of transformational leadership within the middle and higher management structures of the CHDM. While the consistency in application and level of impact was not proven across all local municipalities of the CHDM, this study supports the application of transformational leadership and its potential influence on performance management in the district. This influence may be shown through measures such as enhanced capabilities, increased accountability, and less corrupt behaviour, but more importantly the self-actualisation of individuals working in the CHDM. Furthermore, at an organisational level, the impact is more likely to be exhibited through the achievement of targets, less staff absenteeism, and staff turnover, following corrective procedures to prevent nepotism, and reduced mismanagement of resources.

The drafting and adopting of a performance management framework is a good first step towards changing or improving actual performance as was discussed in Chapter 3 of this study. Performance management in many departments of the local municipalities of the CHDM is seen as a compliance burden and as such the framework does not receive the required planning and consistency. This finding was deduced from the interviews with the leadership. The CHDM Performance Management Framework was adopted in 2012. Although the majority of the leadership have knowledge of the performance management system, those who disagree, or are not sure, reveal a lack of agreement and consistency. This may potentially affect the achievement of service delivery outcomes, especially in the rural areas of the CHDM where the backlogs due to Bantustan administration still persist.

Performance management must take cognisance of inhibiting factors, the political context, and whether the required capacity exists to ensure effective and efficient implementation. A serious concern raised during the interviews with CHDM administration officials was the absence of capable individuals in the Finance and Local Economic Development departments. This absence has negative consequences for the budgeting process and the allocation of resources to implement key priority projects in the communities. It is critical for all role players and stakeholders to honour agreed targets and policy guidelines and commit themselves to the values of the Constitution that regulates development in local communities.

7.4   RECOMMENDATIONS

The essence and purpose of good public leadership invariably embraces the responsiveness to and the achievement of acceptable levels of prosperity and community standards. In times of

socio-economic progression and tangible results, some leadership styles get validated through re-election or reappointment. Equally, leadership is tested and challenged in times of poverty, social disorder, and lack of consent. In light of the research objectives and results presented in Chapter 6, this part of the study makes the following recommendations for the CHDM in order to develop transformational leadership and to enhance performance management in local communities. The study also makes recommendations for future research in the field of leadership and performance management.

7.4.1   Enhancing Transformational Leadership and Performance Management in the CHDM

Transformational leadership as emerging and current leadership theory should be improved through developmental programmes and assessment. This may assist the CHDM in achieving higher levels of service delivery performance, reduce underperformance, and increase accountable behaviour.

- It would be beneficial for the CHDM to take a holistic approach for individual development so that the qualities of transformational leadership and that of a manager are equally well developed.

- As also proposed by the National Planning Commission (2012), local municipalities like the CHDM need a more coherent strategy of planning and implementation to achieve spatial restructuring to the benefit of all communities.

- Processes and frameworks should be adopted that propose consequences to leaders whose leadership behaviour is not responsible towards agreed objectives, but, conversely, excellence should be rewarded on a consistent basis.

- Performance management as a tool for change can help the CHDM to accomplish the objectives and to eradicated or reduce the following structural and socio-economic challenges:

o   Service delivery discontentment expressed through grassroots protests;

o   Social-economic disintegration (manifesting due to high poverty levels);

o   Local municipalities dominated by low-wage economies;

o   Budgetary underspending and financial mismanagement; and

o   Ignoring the effects of apartheid's legacy and its Bantustan policy.

7.4.2 Future Research

A national sample of local municipalities should be included in a similar study within the context of socio-economic transformation, performance management, and transformational leadership. Additionally, future studies exploring the impact of transformational leadership in local government should incorporate the potential of community participation as possible trend and contributor to more responsible governance and policy-making.

7.5 CONCLUSION

The essence and purpose of transformational leadership invariably embrace the responsiveness to and the achievement of acceptable levels of prosperity and community standards. In times of socio-economic progression and tangible results, some leadership styles get validated through re-election or reappointment. Equally, leadership is tested and challenged in times of poverty, social disorder, and lack of consent.

This case study highlighted the urgency of vision and capacity which are very important management functions and empowering tools in the hands of a transformational leader. Reforms within the local municipalities have to recognize the contextual factors and the potential of transformational leadership within local democracy and the political systems responsible for accountability and performance efficiency.

South Africa's local government continues its struggle against lack of capacity and an absent culture of responsive leadership. Performance management is important for enhancing the chances of achieving the country's developmental goals, as set out by the Constitution, relevant legislation, and the National Development Plan – Vision 2030. Lastly, performance management is also an important instrument in the hands of leadership to help break down the shackles of apartheid and to decrease service delivery discontentment.

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ANNEXURE A:

INTERVIEW GUIDE WITH CLOSED-ENDED QUESTIONS:

_____

1.   Leadership style have the potential to impact performance in the CHDM.
2.   The leadership have a vision for the municipality and accordingly it influence the way in which he approach the ideals and goals that was agreed upon.
3.   Personal development or empowerment of staff encourage responsibility and involvement in decision-making processes.
4.   The needs, ideals and moral reasoning (moral values) of the community / constituents / followers are important to the leadership of the municipality
5.   Capacity influence the management of service delivery performance in the communities of the CHD Municipalities.
6.   There are authorized policies and systems in place to manage the performance of the different municipal units / departments -as legislated.
7.   Resources are effective and efficient prioritized in areas of urgency and where most needed.
8.   Key performance indicators are clearly identified and communicated to all stakeholders in the performance management system of the CHDM.
9.   Assessment tools are used in departments to compare actual achievements with performance objectives and targets.
10. There are controls are in place to ensure accountability, report back and corrective action with regards to the achievement of performance targets.

ANNEXURE B

INVITATION TO BE AN INTERVIEWEE DURING RESEARCH STUDY

_____

Mr. J.D. ISAACS

16 Blesbok street, Michausdal

CRADOCK, 5880

Cell nr: 078 8572524 or Fax: 048 8812531

Email address: darioisaacs@webmail.co.za

To	: **POTENTIAL RESEARCH PARTICIPANTS / INTERVIEWEES**
From	: **Mr. J. D. ISAACS**
Date	: 2 March 2015
Subject	: **INVITATION: INTERVIEWS FOR RESEARCH STUDY**

Dear Sir / Madam

The above matter have reference.

This serves as a friendly invitation to you for participation in my research studies. A letter requesting permission and access to conduct research in your municipality / department have already been written to the Mayor / Municipal Manager and Ethics Committee of your Municipality / Officials concerned.

 I am currently a student from the School of Public Leadership (SPL) at the Stellenbosch University (Student number: 17439701).

The study entitled: **"The Impact of Transformational Leadership on Performance Management: A South African Municipal Case Study"** is conducted as a dissertation in partial fulfilment of the degree in Master of Public Administration with the Stellenbosch University.

It will be much appreciated if you can give your cooperation by taking part in the interviews between March and June 2015. This is a voluntary process of which the confidentiality and anonymity of all participants will be respected.

At the completion of the study, all findings will be made available on request. Please feel free to refer all enquiries to 078 8572524 and email at darioisaacs@webmail.co.za, Ms Lydia Meyer or Ms Riana Moore (MPA Course Administrators, SPL) at telephone 021 918 4192 / 918 4400 or fax at 021 918 4123.

Hope that you will positively consider my request. Please feel free to send your response to me at the given cell phone –and fax numbers or email address.

Thank you in advance.

Mr. J. D. Isaacs (Student number: 17439701).

ANNEXURE C

INTERVIEWEE CONSENT FORM

_____

Name of Department and University:

-       School of Public Leadership at the University of Stellenbosch

Title of Research Study:

-       **"The Impact of Transformational Leadership on Performance Management: A South African Municipal Case Study"**

This serves as a friendly invitation to you for participation in my research studies. The purpose of the case study is to investigate the extent to which Transformational Leadership influence the management of performance within the Chris Hani District Municipality.

Name of Student who will Conduct Study:

•   **MR J. D. ISAACS**, Student number: **17439701**.

•   **Contact details:** 078 8572524 and email at darioisaacs@webmail.co.za

•   Currently a student from the School of Public Leadership (SPL) at the Stellenbosch University.

If you decide to participate, you will be asked to avail yourself for interviews and to complete a questionnaire related to the topic of the project. It will be much appreciated if you can give your consent and cooperation by taking part in the interviews. This is a voluntary process of which the confidentiality (information gathered and personal details) of all participants will be respected.

CONSENT:

I, _____ (participant's name and surname) have read / have had read to me and understand the information above and any questions I had, have been answered to my satisfaction. I agree to participate in this research, knowing I can withdraw from further participation in the research at any time without consequences.

Participant's Portfolio: _____ Participant's Signature: _____

Contact tel. nr. _____   Date: _____

At the completion of the study, all findings will be made available on request. Please feel free to refer all enquiries / questions about any ethical aspect of the study to:

1.   Ms Riana Moore (MPA Course Administrators, SPL) at telephone 021 918 4400 or fax at 021 918 4123 / email: djam@sun.ac.za

Thank you for your cooperation.

Mr. J.D. ISAACS

ANNEXURE D:

INTERVIEW GUIDE WITH CLOSED-ENDED QUESTIONS:

11. Leadership style have the potential to impact performance in the CHDM.
12. The leadership have a vision for the municipality and accordingly it influence the way in which he approach the ideals and goals that was agreed upon.
13. Personal development or empowerment of staff encourage responsibility and involvement in decision-making processes.
14. The needs, ideals and moral reasoning (moral values) of the community / constituents / followers are important to the leadership of the municipality
15. Capacity influence the management of service delivery performance in the communities of the CHD Municipalities.
16. There are authorized policies and systems in place to manage the performance of the different municipal units / departments -as legislated.
17. Resources are effective and efficient prioritized in areas of urgency and where most needed.
18. Key performance indicators are clearly identified and communicated to all stakeholders in the performance management system of the CHDM.
19. Assessment tools are used in departments to compare actual achievements with performance objectives and targets.
20. There are controls in place to ensure accountability, report back and corrective action with regards to the achievement of performance targets.

ANNEXURE E: APPLICATION for PERMISSION to CONDUCT RESEARCH

Mr. J.D. ISAACS

16 Blesbok Street, Michausdal

CRADOCK, 5880

Cell nr: 078 8572524 or Fax: 048 8812531

Email address: darioisaacs@webmail.co.za

To	: (1) **THE MAYOR / MUNICIPAL MANAGER**
	: (2) **CHAIRMAN OF ETHICS COMMITTEE**
From	: Mr. J. D. ISAACS
	: Student number: 17439701
Date	: 2 March 2015
Subject	: **REQUEST FOR PERMISSION TO CONDUCT RESEARCH (2nd Letter)**

Dear Sir / Madam

The above matter have reference.

Permission is hereby requested to conduct research in your municipality. I am currently a student from the School of Public Leadership (SPL) at the Stellenbosch University (Student number: 17439701).

The study entitled: **"The Impact of Transformational Leadership on Performance Management: A South African Municipal Case Study"** is conducted as a dissertation in partial fulfillment of the degree in Master of Public Administration with the Stellenbosch University.

It will be much appreciated if you can give me permission to approach relevant members of your Council, Departments and Administration with whom interviews can be conducted during April / May 2015.

At the completion of the study, all findings will be made available on request. Please feel free to refer all enquiries to 078 8572524 and/or Ms Lydia Meyer or Ms Riana Moore (MPA Course Administrators, SPL) at (021) 918 4400/4192

Hope that you will positively consider my request.

Thank you in advance.

Mr. J. D. Isaacs (Student)

17439701

FILE No.		
AGENDA		
COMMENTARY		
COMPLETION		
COPIES TO		
REMARKS		

J. D. ISAACS (Student number: 17439701), University of Stellenbosch

For Peer-Review and Self-Assessment

INTEVIEW GUIDE: RESEARCH in the CHRIS HANI DISTRICT MUNICIPALITY (EC)

Themes: TRANSFORMATIONAL LEADERSHIP & PERFORMANCE MANAGEMENT

- This questionnaire assesses the perceived **transformational leadership** of those in managerial positions (i.e. municipal manger, mayor, heads of departments, supervisors, etc.) and how it may (or may not) influence **performance management** in the municipality.
- Subordinates / colleagues have to judge / describe the extent to which leadership skills and actions are displayed by target leaders within their local municipalities within the broader CHDM.
- Please answer / complete the questions as true and complete as possible.

1. How would you describe the leadership style of your supervisor or manager?

EFFECTIVE, EFFICIENT AND TRANSPARENT WITH AN OPEN-DOOR-POLICY ATTITUDE. LEADERSHIP ALLOWS ROOM FOR TRANSFORMATION WHICH IS A POSITIVE POINT.

2. What does he / she do to enhance his / her interpersonal skills in the workplace?

MAKES IT A POINT TO GIVE HIS UNDIVIDED ATTENTION TO CONSULTATION PROCESSES AND CONFLICT RESOLUTION WHICH REFLECTS POSITIVELY ON THE WORKFORCE, RESULTING IN GOOD WORKING RELATIONS.

3. To what extent is he / she able to control his / her emotions in the decision-making process?

THE MANAGER AT ALL TIMES REFLECTS COOL, CALM AND COLLECTED AND IT IS CLEAR THAT ANXIETY DOES NOT PLAY A MAJOR ROLE IN HIS EMOTIONS.

4. What vision(s), if any, does the leader have for the municipality and accordingly how does it influence the way in which he approach the ideals and goals that was agreed upon?

THE MANAGER HAS A VISION OF TURN AROUND STRATEGIES TO TURN ALL NEGATIVES TO POSITIVES AND IT IS SUPPORTED BY THE ENTIRE STAFF COMPONENT.

5. How does he / she encourage the personal development of staff: (for example: being supportive, or empowerment by encouraging responsibility and involvement in decision-making processes).

HE HAS THE ABILITY TO POSITIVELY INFLUENCE AND ENCOURAGE STAFF TO CAPACITATE THEMSELVES AND TO BE PART OF DECISION-MAKING.

6. What innovative (creative) ways does the leader use in solving problems related to the municipality?

THE MANAGER MAKE USE OF THE PUBLIC PARTICIPATION PROCESS TO SHOW HIS TOTAL COMMITMENT TO THE MUNICIPALITY AND ITS RESIDENTS.

7. How important is the ideals and moral reasoning (moral values) of the community / constituents / followers to the leadership of the municipality?

MORAL VALUES ARE OF UTMOST IMPORTANCE TO THE LEADERSHIP OF THE MUNICIPALITY, AND IT IS FOR THIS REASON UNDERWRITTEN IN THE INTEGRATED DEVELOPMENT PLAN. LEADERSHIP SUPPORTS SPECIAL PROGRAMMES TO THIS EFFECT.

8. Can you describe how the leader deal with diversity and cultural differences within the working environment?

THIS ISSUES ARE BEING ADDRESSED BY THE PRESENTING OF WELLNESS PROGRAMMES WHERE DIFFERENT CULTURES ARE DISPLAYED AND BEING TRIED TO UNDERSTAND, WHICH SOMETIMES RESULTS IN INCULTURATION.

9. To what extent does his / her behavior, commitment and work ethic influence others into a specific direction?

HIS POSITIVE LEADERSHIP GUIDES THE STAFF TO EMPOWER THEMSELVES TO ALSO BECOME ROLE MODELS.

10. How effective and efficient are resources prioritized in areas of urgency and where most needed.

RESOURCES ARE PRIORITIZED IN SUCH A MANNER TO NOT NEGLECT ONE COMMUNITY TO THE LEAST OF ANOTHER. IT IS BEING DONE STRICTLY IN TERMS OF URGENCY AS STIPULATED IN THE IDP COMPILED THROUGH PUBLIC PARTICIPATION.

11. Which authorized system do you have in place to manage the performance of the different municipal units / departments and individuals.

A SUCCESSFUL PERFORMANCE MANAGEMENT SYSTEM (PMS) MONITORED BY THE EXECUTIVE MAYOR, MAYORAL COMMITTEE, AUDIT COMMITTEE AND COUNCIL. REGULAR MEETINGS ARE WARD AND WARD COMMITTEE MEETINGS ARE BEING HELD.

12. What assessment tools does your department use to compare actual achievements with performance objectives and targets?

13. Which controls are in place to ensure accountability, report back and corrective action with regards to the achievement of performance targets?

WARD MEETINGS, WARD COMMITTEE MEETINGS, MAYORAL IMBIZO'S.

J. D. ISAACS (17439701 / MPA 2015)