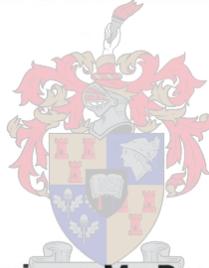


An individual Performance Management system as a way of improving customer satisfaction at the City of Cape Town (Unicity) Municipality.

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Assignment presented in partial fulfilment of the requirements for the degree of Master of Public and Development Management at the University of Stellenbosch



Supervisor: Ms B van Wyk

15 January 2002

DECLARATION

I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

M F BROWN

15 January 2002

SUMMARY

The focus of this research assignment is the evaluation of an individual Performance Management system at local government level in the Cape Metropolitan Area. The researcher has observed a possible decline in customer satisfaction towards the Cape Metropolitan Council Administration and at other Administrations within the City of Cape Town, and the press also highlighted complaints regarding the absence of an entrenched customer care ethic among municipal officials. The researcher was concerned with the way customers are being handled by municipal officials, and sought to find a solution to the problem.

The researcher conducted research on what the ideal situation should be, and how to reach the ideal situation, which included South African local government legislation and discussion documents. The researcher also conducted an opinion survey (by means of a questionnaire) within the CMC Administration, in order to obtain the opinions of employees of the City of Cape Town's CMC Administration with regard to perceptions of customer satisfaction, and the possible effect on customer satisfaction should a Performance Management system be implemented within the City of Cape Town.

It was found that, should a Performance Management system be introduced within the City of Cape Town, it will contribute to efficiency in service delivery, and staff will be held accountable for their work performance. It was also found that at local government institutions (locally and internationally) where effective organisational and individual Performance Management systems had been implemented, customer satisfaction at these institutions has improved. It is therefore suggested by this research that the City of Cape Town should implement an individual Performance Management system and that customer satisfaction should improve over time.

SAMEVATTING

Die fokus van die navorsings opdrag is die evaluering van 'n individuele werkverrigting- bestuurstelsel op die vlak van plaaslike regering in die Kaapse Metropolitaanse Gebied. Die navorser het 'n moontlike afname in kliënte bevrediging teenoor die Kaapse Metropolitaanse Raad (KMR) en ander Rade binne die Kaapse Metropolitaanse Gebied opgelet, en die pers het ook klagte belig betrekking die afwesigheid van 'n verskansekliënte-sorg etiek onder munisipale amptenare. Die navorser was bekommerd met die manier waarop kliënte behandel is deur munisipale amptenare, en het probeer om 'n oplossing te vind vir die probleem.

Die navorser het ondersoek ingestel, wat ingesluit het Suid_Afrikaanse plaaslike regerings-wette en besprekings-dokumente, om uit te vind wat die ideale situasie is, en hoe om hierdie situasie te bereik. Die navorser het ook 'n opinie opneming ingestel (dmv. 'n vraelys) binne die KMR Administrasie, om sodoende die opinies van die werkers van Stad Kaapstad se KMR Administrasie betreffend die waarnemings van kliënt bevrediging, en die moontlike effek op kliënt bevrediging as 'n werkverrigting bestuurstelsel in werking gebring word binne die Stad Kaapstad.

Daar is gevind, dat as 'n werkverrigting bestuurstelsel voorgestel word binne die Stad Kaapstad, daar 'n verbetering sal wees in doeltreffendheid van diens gelewer, en personeel sal verantwoordelik wees vir hul werkverrigtinge. Daar is ook gevind by plaaslike regering-instansies (plaaslik en internasionaal) waar daar effektiewe werkverrigting bestuurstelsels in werking gestel is, daar 'n verbetering in kliënte bevrediging was. Dus word daar gesuggereer, deur dié navorser dat die Stad Kaapstad 'n individuele-werkverrigting bestuurstelsel moet implementeer en dat kliënt bevrediging mettertyd sal verbeter.

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CHAPTER 1

INTRODUCTION

A CUSTOMER

Is the most important person in this firm ...

Whether he comes in person, writes to us or telephones (Anon)

1.1 Problem statement

The researcher has been employed by the Cape Metropolitan Council (CMC) Administration of the City of Cape Town since 1984 and has observed a possible decline in customer satisfaction towards the CMC Administration and at other Administrations within the City. A report that appeared in the Cape Times on 21 June 2000 alleges that there is an absence of an entrenched customer care ethic among municipal officials, as well as among national and provincial public officials. The Cape Times further refers to a survey that was done by one of the local councils in the Cape Metropolitan Area (CMA), where it was established that 25% of people did not think they were treated professionally or courteously when they last dealt with a council official. It should be noted that after the local government elections of 5 December 2001, the local councils in the CMA are referred to as Administrations of the City of Cape Town.

It is the researcher's opinion that the possible decline in customer satisfaction, the absence of an entrenched customer care ethic among municipal officials and the fact that a possible 25% of people did not think they were treated professionally or courteously when they last dealt with a council official, are causes for concern and is of the view that these issues can be resolved by implementing a performance management system at the City of Cape Town. It is the researcher's opinion that if a council official is aware of what is expected of him/her in terms of performing his/her functions, and is aware that his/her performance will be measured, he/she will have clear indications of

performance standards and will have to meet them. The researcher holds the opinion that by meeting performance standards, which should be set as part of a performance management system, customer satisfaction will improve.

1.2 Background

The way in which public institutions should operate is entrenched in the Constitution of the Republic of South Africa, 1996, Act 108 of 1996, and Section 195 (1), which deals with basic values and principles governing public administration, states that:

- (a) A high standard of professional ethics must be promoted and maintained.
- (b) Efficient, economic and effective use of resources must be promoted.
- (c) Public administration must be development-oriented.
- (d) Services must be provided impartially, fairly, equitably and without bias.
- (e) People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- (f) Public administration must be accountable.
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information.
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

What this implies is that customers of public institutions should be treated in a certain way and there should be a focus on customer needs.

In terms of Section 40(1) of the Constitution of the Republic of South Africa, 1996 local government is regarded as a sphere of government. Section 195(1)(a) of the

Constitution of the Republic of South Africa, 1996 states that the principles in Section 195(1) apply to administration in every sphere of government, which means that local government institutions also have to adhere to these values and principles.

It is the researcher's opinion that, in order to be able to gauge whether the abovementioned principles are being adhered to, there should be a control mechanism in place, and regards performance management as such a control mechanism. The researcher bases his assumption on the White Paper on Local Government (Republic of South Africa, 1998: 31), where it is stated that performance management will be critical to ensure that local government plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. The researcher has chosen to use performance management as a control mechanism as he believes that it is a new concept in contemporary South African government institutions, and is prescriptive on local government in terms of the Local Government: Municipal Systems Act, 2000, Act 32 of 2000. The researcher is of the opinion that a performance management system will provide customers with a mechanism to gauge whether their expectations have been met and to address any shortcomings in service-delivery, thereby providing the institution with an opportunity to maintain and/or increase customer satisfaction.

According to the Unicity Commission (Performance Management: Final proposals, 2001: 6), there is "No holistic vision or plan for human performance in the current environment..." which would serve as an indicator in regard to its staff members' success or failure. The current environment referred to is the City of Cape Town Council (also referred to as the Cape Town Unicity council) and its now-erstwhile constituent councils, namely Cape Metropolitan Council, Blaauwberg Municipality, Cape Town Municipality, Helderberg Municipality, Oostenberg Municipality, South Peninsula Municipality and Tygerberg Municipality.

In terms of Section 9 of Schedule 8 (Code of Good Practice: Dismissal) of the Labour Relations Act, 1995, Act 66 of 1995, when determining whether a dismissal for poor work performance is unfair, an employer should consider whether the employee failed to meet a performance standard. It is further stated that the employer should consider whether or not the employee was aware of these standards and was given a fair opportunity to meet these standards if the required performance standard was not met. It is therefore important that performance standards are set for employees, in order to determine whether the standards are being met.

The White Paper on Local Government (Republic of South Africa, 1998: 8) states that in many cases the lack of performance management systems at municipalities contribute to inefficiency in service delivery. In terms of Section 35 of the Local Government: Municipal Systems Act, 2000, a municipality must administer its affairs in an economical, effective, efficient and accountable manner, and must establish a performance management system, as well as promote a culture of performance management among its structures and functionaries, and its administration. Again, performance management is advocated, which would provide a benchmark for measuring whether economical, effective, efficient and accountable systems are being maintained.

The Unicity Commission states that wide-scale modernising of systems and processes will be required to ensure effective and efficient service delivery, and states that one of the major drivers of the system change will be the introduction of performance management (Unicity Commission, Discussion Document, 8 June 2000: 28). Yet again, the introduction of a performance management system is highlighted, which motivates the researcher's interest in exploring this field of study as a means to improve current systems at the City of Cape Town Council.

The Constitution of the Republic of South Africa, 1996, the Labour Relations Act, 1995, the White Paper on Local Government (Republic of South Africa, 1998), the Local Government: Municipal Systems Act, 2000 and the Unicity Commission (Discussion

Document, 8 June 2000) refer to the need for performance management systems, and the researcher believes that research into performance management systems is relevant.

1.3 Research Statement

An effective individual performance management system in the City of Cape Town (Unicity) will improve internal and external customer satisfaction.

1.4 Research methodology

The researcher noted that provisions in the Constitution of the Republic of South Africa, 1996, the Labour Relations Act, 1995, the White Paper on Local Government, 1998, the Local Government: Municipal Systems Act, 2000 and the Unicity Commission (Discussion Document, 8 June 2000) alluded to the need for managing performance, and questioned whether performance is being managed at government institutions, including at local government institutions. The researcher's interest in performance management was also spurred on when he attended the Association of Secretaries of Management Committees (ASSOSEC) annual conference in Oudtshoorn, in August 1988, when the then-Chairman of the Cape Town Chamber of Commerce, Mr Anthony Coombes, addressed the conference and promoted the concept of privatising local government services. The researcher asked himself and his colleagues why local government employees cannot work at the same rate and under the same (private) business-like conditions as private sector employees. Since then, he has always been against the perception of public sector employees being non-productive.

The researcher will follow an inductive research process, as depicted in Bless and Higson-Smith's Process of Knowledge Acquisition model (1999: 13), which is attached as Addendum 1. According to Brynard and Hanekom (1997: 19), an inductive hypothesis is based on what the researcher observes and what he identifies as a problem. They

further state that the researcher then surveys the literature for clues or leads to solve the problem, makes further observations and then formulates a hypothesis which should explain the observed behaviour. The researcher will follow an inductive hypothesis, that is he has observed the environment and identified a problem. He will survey literature for clues or leads to solve the problem, will make further observations and then formulate a hypothesis which should explain the observed behaviour.

Brynard and Hanekom (1997: 20) define a variable as an empirical factor or property that is capable of employing two or more values. They state that a dependent variable is that factor which is observed and measured to determine the effect it has on an independent variable. They further state that the dependent variable varies with the introduction or manipulation of the independent variable. The authors then explain that an independent variable is that factor that which is deliberately varied, manipulated or selected by the researcher in order to determine its relationship to an observed phenomenon which constitutes the dependent variable. The researcher perceives that a relationship exists between the variables 'performance management' and 'customer satisfaction,' and regards the former as the independent variable and the latter as the dependent variable. The researcher completed a literature review, and conducted an opinion survey (by means of a questionnaire) within the CMC Administration, in order to obtain the opinions of employees of the City of Cape Town's CMC Administration with regard to his perceptions of customer satisfaction, and the effect of customer satisfaction, if a performance management system is implemented at the City of Cape Town. He also interviewed colleagues, used observational techniques for obtaining data, and completed a literature review of documents of the City of Cape and its CMC Administration for the period July 1998 to December 2001.

1.5 Summary

The researcher firstly identified in the problem statement that is that there is a possible decline in customer satisfaction towards the City of Cape Town's CMC Administration

and at other Administrations within the City. He then gave a background to the research area that is he has provided reasons why the City should be providing customer satisfaction. Thereafter, he provided a Research Question for solving the problem that is he proposes that an effective individual performance management system in the City of Cape Town (Unicity) will improve internal and external customer satisfaction. And, finally, identified the research methodology that was used. In the following chapter theoretical aspects of performance management will be handled.

CHAPTER 2

PERFORMANCE MANAGEMENT: THEORETICAL ASPECTS

A CUSTOMER

Is not dependent upon us ...

We depend upon him for our living (Anon.).

2.1 Introduction

In this chapter the reason why we employ people will be discussed, the term performance management will be defined, a brief history of Performance Management will be given and reasons for having a Performance Management System will be discussed. Thereafter the philosophy guiding Performance Management and factors for successfully implementing performance management systems will be discussed, whereafter the performance management process will be discussed. This will then be followed by a discussion on why performance management systems sometimes fail.

2.2 The reason why we employ people

According to Levy *et al* (1997: 1), "We employ people for one reason and one reason only – because, through their efforts, we are able to achieve the objectives of our business. We employ people in order to be able to use their labour, their skills, their creativity, their knowledge and their talent to assist us in achieving our business goals." Cushway (1994: 12) states that organisations are comprised of people and those people have to be managed. He further states that the organisation's managers should be capable of getting the best out of their employees, that is maximising the return from their resources.

In commenting on the Contract of Employment, Levy *et al* (1997: 2) states that the employer hires the labour potential of the employee and the latter leases his capacity for work to the employers for a period of time for an agreed payment. He states that the employee must put his labour potential at the employer's disposal for the agreed times, and must perform the work agreed to according to the standards and specifications that have been agreed on, or which the employer can reasonably demand or expect. He ends by stating that employees must "perform," and performance must be satisfactory to the levels and standards that were agreed on, or which are recognised as being in force.

Based on the aforementioned, it is the researcher's opinion that performance management is a way for organisations to ensure that their objectives are being achieved, that managers get the best out of their employees and that performance is satisfactory to the levels and standards that were agreed on.

2.3 Defining Performance Management

Denton (2000: slide 15) explains Performance Management as "A continuous process, supported by an effective and streamlined system, which is in the first place developmentally focused and implemented as a managerial accountability. It is manifested in both formal and informal interactions between manager and subordinate, and is the basis of a line management HR management interface, serving as the basis for other human resources management decisions." In defining performance management, Armstrong (1995: 23) and Armstrong and Murlis (1996: 205) state that "Performance management is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and attribute/competence requirements. It is a process for establishing what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and longer term." Cushway (1994: 76) describes his preferred definition of

performance management as "A management process designed to link the organization's objectives with those of the individual in such a way as to ensure that both individual and corporate objectives are, as far as possible, met."

It is the researcher's opinion that there are minor variances in the aforementioned definitions and it is his opinion that there is a common thread evident in the definitions. Drawing on the common thread, the researcher defines performance management as a continuous process, which is a means to an end, is linked to a company's business objectives, has to be shared between management and subordinates, and is developmentally-focused.

2.4 History of Performance Management

The researcher uses the following quotation as a reason for discussing the history of Performance Management, "A people without a history is not able to determine their future" (source unknown). It is his opinion that one would not be able to understand Performance Management in its proper context if one does not understand its history.

Sherman, *et al* (1998: 302) state that the (United States) government commenced with formal programmes for performance appraisal and merit ratings in the 1800s, and that federal employees were first evaluated in 1842. Armstrong (1995: 15) states that the concept of Performance Management took shape in the later 1980s, growing out of the realisation that a more continuous and integrated approach was needed to manage and reward performance. He also states that crudely-developed and hastily implemented performance-related pay and appraisal systems were not delivering the results that, somewhat naively, people were expecting from them. He further states (1995:21) that Performance Management incorporates a part of management-by-objectives philosophy, that is the importance of goal-setting and reviewing performance in relation to agreed objectives. With regard to common areas between Performance Management and appraisal schemes, Armstrong (1995:21) states that approaches, like setting of objectives, the use of behaviourally anchored factors for assessment purposes in the

form of competences, and the approaches to be used in conducting formal review meetings, are used in performance management.

It is the researcher's opinion that, although the terms Performance Management and performance appraisal are used interchangeably, Performance Management is the overarching factor, of which performance appraisal is an element. He cautions that one should therefore guard against regarding performance appraisal as being Performance Management and concludes that performance appraisal is part of Performance Management.

2.5 Reasons for having a Performance Management System

There has to be a reason why anything, Performance Management Systems included, has been developed and/or manufactured. Various references have been consulted, and most of the writers used the reasons and priority order set out below. As the researcher could not obtain factual evidence to substantiate any priority order, he has followed the example of these writers. The reasons for having a Performance Management system are as follows.

2.5.1 To provide a basis for salary increases/rewards

Graham (1986: 175) and Sherman *et al* (1998: 303) state that one of the reasons for performance appraisals is to help to decide what salary increase an employee should receive. Johnson (1995) and Sink & Sahl (1995) in Sherman *et al* (1998: 304) state that research has shown that performance appraisals are used most widely as a basis for compensation. Armstrong (1995: 25) states that an aim of performance management is to provide a basis of rewarding people in relation to their contribution (to the organisation). He states that financial rewards consist of performance-related pay and non-financial rewards include recognition of achievement and opportunities to take on

more responsibility or enhance knowledge and skills. Denton (2000: slide 24) goes even further, and states that one of an organisation's objectives is to provide a means for communicating decisions regarding pay and promotions.

2.5.2 To determine the possible future utilisation of an employee

Graham (1986: 175) states that an appraisal can be used to determine the future use of an employee in an organisation, for example, whether he should remain in his current job, or be transferred, promoted, demoted, or dismissed. Denton (2000: slide 24) also supports these reasons, and he states that the performance appraisal will provide data with regard to retaining and discharging employees, and provides a means for warning subordinates about satisfactory performance.

2.5.3 To indicate training and development needs

Sherman *et al* (1998: 304) state that in terms of the latest approaches to performance appraisal, training, as well as development and growth plans for employees, are emphasised. Armstrong (1995: 25) states that performance management focuses attention on the attributes and competencies required to perform effectively, and on what should be done to develop them. He also states that it (performance management) will enable individuals, together with their managers, to agree on improvement plans and methods of implementing them, and jointly to review training and development needs, and agree on how they should be satisfied. Graham (1986: 175) states that performance appraisal would identify training needs, that is performance would be improved if appropriate training could be given.

2.5.4 To provide the employee with an opportunity to discuss his work problems/successes

Graham (1986: 175) states that if an employee is given knowledge of his results,

recognition of his merits and the opportunity to discuss his work with his manager, it will motivate him to do better in his present job. Armstrong (1995: 25) states that some of the specific aims of performance management are to increase motivation of and commitment to employees. He states that performance management will develop constructive and open relationships between individuals and their managers. Like Graham, Armstrong also believes that by having a performance management system, employees have an opportunity to discuss their work concerns with their managers.

2.5.5 To empower employees

Armstrong (1995: 25) states that if people are given more scope to take responsibility for and control exercise over their work, it will assist in empowering them. Armstrong and Murlis (1996: 220) state that, by implication, empowerment helps people to develop the skills and knowledge they need to maximise their contribution to the satisfaction of both the organisation and themselves.

It is the researcher's opinion that Performance Management is required for:

1. providing salary increases/rewards (to deserving employees);
2. determining the possible future utilisation of an employee (assisting with employee career development and career best-fit);
3. indicating training and development needs (assisting with employee learning and growth);
4. providing the employee with an opportunity to discuss his work problems/successes (assisting with employee feedback and evaluation); and
5. empowering employees (providing employees with a sense of work-ownership and decision-making powers).

2.6. Performance Management Philosophy and factors for successful performance management

If Performance Management could be seen as a motor vehicle, the reasons for having a

Performance Management system could be likened to why the car was built, and Performance Management Philosophy and factors for successful performance management could be likened to what is needed for making the car move. Performance Management Philosophy and factors for successful performance management will now be discussed.

2.6.1 Integration of corporate, functional, departmental, team and individual objectives

Armstrong and Murlis (1996: 210) state that successful management is related to clarity about overall business strategy and values. They contend that the role of performance management in supporting the achievement of the business strategy is fulfilled by providing a means of integrating objectives downwards, upwards and laterally throughout the organisation. Cushway (1994: 77) states that a performance management process that is operating effectively should result in "an integration of corporate objectives set by senior management with the aims of individual employees."

2.6.2 Communication

Cushway (1994: 78) states that an effective performance management process should lead to "The establishment of a continuing dialogue between management..." Armstrong (1995: 31) states that an effective performance management system provides a basis for the communication of the organisation's mission, values and objectives to all employees. He states that performance management provides a useful vehicle for upward and lateral communication, and, with upward communication, individuals can comment on the leadership, guidance and support provided by their managers, as well as on any organisational constraints which prevent them from achieving their objectives. Armstrong and Murlis (1996: 212) state that the implementation of performance management can provide a valuable opportunity for communicating "... new organizational values signalling a change in culture." Levy *et al* (1997: p45), stressing the importance of communicating performance standards, state that if the standards are

known only to the supervisor but not to the employee, then any consequential disciplinary action will be unfair from the outset.

2.6.3 Development of a performance culture

Cushway (1994: 78) holds the view that successful performance management should lead to the development of a new culture within the organisation, that is a performance culture. He states that (in organisations that have performance culture) results are given a greater priority than the more cosmetic aspects of organisational functioning, such as conforming to standard procedures.

2.6.4 Enabling employees to manage their own performance and development

Armstrong and Murlis (1996: 214) state that performance management is not a system, which is only driven by management to manage the performance of their employees. They state that it is a process that enables employees to manage their own performance and development within the framework of clear objectives and standards, which have been agreed jointly with their managers. However, they state that this enabling measure does not absolve management from their responsibility to develop employees through counselling and training. They further state that this measure helps employees to achieve what Maslow refers to as 'self-actualization.' They cite Maslow's definition of 'self-actualization' as "the need to develop potentialities and skills; to become what one believes one is capable of becoming." Armstrong (1995: 34) goes a step further than the previous writers, and refers to "management by agreement," which is a partnership between management and individuals of their teams. He refers to it as "... management by agreement or contract rather than management by command."

2.6.5 Measurement, feedback and reinforcement

Cushway (1994: 77) states that there needs to be clear objectives for the organisation and that there should be a sound process for identifying, developing and measuring them. Bommer *et al* in Sherman *et al* (1998: 307) state that when performance standards are properly established, they help to translate organisational goals and objectives into job requirements that convey acceptable and unacceptable levels of performance to employees. Armstrong and Murlis (1996: 217) state that in order to improve performance, one must know what the current performance is. They state that it is often said that anything that can be managed can be measured, but caution that this is not so in all cases.

In paragraph 5.2 the term 'continuing dialogue' was mentioned and it is the researcher's opinion that this refers to communication, as well as feedback regarding performance management. Armstrong (1995: 36) states that measurement is followed by feedback, so that people can monitor their performance and, wherever necessary, take corrective action. He states that as much feedback as possible should be self-generated, and also points out that, in recent years, the rapid development of management information systems (MIS) has increased the capacity to provide quantitative and timely feedback.

Armstrong (1995: 36) states that positive reinforcement is provided when behaviour, which leads to improved performance, is recognised. He states that recognition and therefore reinforcement takes place whenever appropriate throughout the year, and should not be deferred to an annual performance review session. He also states that if someone makes a mistake or fails to deliver on the agreed standard of performance, this should be discussed immediately, and constructively, so that learning can take place and improvement plans can be agreed on. Armstrong (1995: 36), citing Handy (1989), points out that reinforcement theory is about 'applauding success and forgiving failure.' He further points out that Handy suggested that "mistakes should be used as an opportunity for learning: 'something only possible if the mistake is *truly* forgiven

because otherwise the lesson is heard as a reprimand and not as an offer of help.' " After an excellent employee leaves a company or a troubled employee commits suicide, managers thinking (and honest ones saying), "I/we did too little, too late." This makes one wonder why positive or negative reinforcement was not applied.

2.6.6 Development of a more open and learning environment

Cushway (1994: 78) states one of the results of effective performance management is the development of a more open and learning environment. He says that this environment, in which ideas and solutions are put forward and discussed in a non-judgemental way and with the consequent development of a learning culture, is a feature of a successful performance management system.

An organisation that has a Performance Management system in place or one that intends having this system, must integrate its corporate, functional, departmental, team and individual objectives, must have an effective communication system in place and must develop a performance-culture. The organisation must enable employees to manage their own performance and development, must provide measurement, feedback and reinforcement systems for its employees, and must develop a more open and learning environment. It is the researcher's opinion that if this "fuel" is absent, Performance Management systems will fail. He will now discuss the Performance Management process.

2.7 The Performance Management process

The researcher has chosen not to have an extensive, in-depth discussion of the performance management process, as it is his opinion that it is beyond the scope of this research assignment. He feels that the Performance Management process and models could form the basis of further research and will therefore only briefly cover the basics of the process.

Armstrong (1995: 40) states that performance management should be regarded as a flexible process that involves managers and those whom they manage, operating as partners. He refers (1995: 41) to a framework for performance management, yet also refers to the diagram (1995: 42) (attached as Addendum 2) as 'The performance management process.' Armstrong and Murlis (1996: 224), despite referring to a framework for performance management, in their diagram (1996: 225) indicates the framework as the performance management process (refer to Addendum 3). However, some of the stages in their processes, for example "Mission and value statements," and "feedback" could be eliminated from the process, as these appear to be a duplication or sub-stages of other stages. Both these writers' performance management processes/frameworks could be "collapsed" to a four-stage performance management process, that is Performance agreement, Managing performance, Reviewing performance, and Rewarding/Taking action (on the Performance reviews). This revised process suggested by the writer is similar to that of Cushway, who adapted Hay's performance management cycle, and suggested the following four main stages of a comprehensive performance management process, namely Planning performance, Managing performance, Reviewing performance and Rewarding performance.

2.7.1 Planning performance

Cushway (1994: 78) states that with the introduction of the Planning performance process, there has to be clarity about the primary reason for performance management, as well as what it (performance management) is expected to deliver in terms of results. He states that objectives should be set at this stage and stresses (1994: 79) that objectives should conform to 'SMART' criteria. He points out that they (the objectives) should be:

- **S**pecific – as precise as possible and relating to only one identifiable output.
- **M**easurable – or it will be difficult, if not possible, to judge when they have been achieved.
- **A**chievable – or they will lose credibility, be demoralizing and serve no useful

purpose.

- **Results orientated** – be related to the end result which is to be achieved.
- **Time related** - objectives without a clear timescale give no guidance on priorities.

He states (1994: 82) that any performance management scheme should have a mixture of quantifiable outputs, as well as behaviourally based competencies. Spencer (1992) in Armstrong (1995: 40) advises that when using competencies as performance measures:

1. They (competencies) must be worded in such a way that they can be objectively assessed, otherwise they run the risk of becoming just a shopping list of desirable traits.
2. They (competencies) must be relevant to the job.
3. They (competencies) should not be too numerous otherwise the same thing may be measured more than once.
4. There should be a common core of competencies for jobs operating in the same environment, otherwise it will be difficult to establish common standards.

Armstrong (1995: 56) states that "Good work and operational objectives are:

1. *consistent*: with the values of the organization and departmental and organizational objectives;
2. *precise*: clear and well-defined, using positive words;
3. *challenging*: to stimulate high standards of performance and to encourage progress;
4. *measurable*: they can be related to quantified or qualitative performance measures;
5. *achievable*: within the capabilities of the individual – account should be taken of any constraints which might affect the individual's capacity to achieve the objectives; these could include lack of resources (money, time, equipment, support from other people), lack of experience or training, external factors beyond the individual's control etc;
6. *agreed*: by the manager and the individual concerned – the aim is to provide for the ownership, not the imposition, of objectives, although there may be situations where individuals have to be persuaded to accept a higher standard than they believe

themselves to be capable of attaining;

7. time-related: achievable within a defined time scale (this would not be applicable to a standing objective);
8. teamwork orientated: emphasize teamwork as well as individual achievement."

He states that with the process of agreeing to objectives, the respective parties should jointly agree on principal accountabilities/main tasks, define targets, performance standards and projects.

In essence, it is essential that when one plans, one knows what should be done, who should do it, how it should be done and by when it should be done. In addition to the importance of clarifying the "what," "when," "who" and "how," it is equally-important that one has to have realistic targets.

2.7.2 Managing performance

Armstrong's chapter on Managing performance (1995: 76) is aptly named "Managing performance throughout the year." He states that conventional performance appraisal systems were usually built around an annual event, the formal review, and which event usually tended to dwell on the past. If one had to behave in a way which was not acceptable to the organisation, and one had to wait for almost a year to be told that this behaviour was not acceptable, it would be difficult to rid oneself of the unacceptable behaviour. This is because the unacceptable behaviour would have to be "unlearnt", new (acceptable) behaviour would have to be learnt and this (new) behaviour would have to be "impressed" in the brain. He further states that "performance management should be regarded as an integral part of the continuing process of management." He bases his statement on a philosophy that emphasises:

1. "the achievement of sustained improvements on performance;
2. continuous development of skills and overall competence;
3. that the organization is a 'learning organization.' "

Cushway (1994; 82) states that in this instance “management” means much more than conducting an annual appraisal – or even a series thereof – although these appraisals will inevitably form an important part of the process. He says that managing performance “is really about giving employees the necessary support and creating the appropriate conditions for them to be able to deliver the required results, in effect ‘empowering’ them.” He points out that, “In practical terms, it is likely to mean:

1. giving any necessary practical support, such as providing the appropriate resources.
2. ensuring that employees are clear about the results required and giving any advice or clarification that may be needed.
3. giving employees the necessary training and development to ensure that they are able to achieve their accountabilities.
4. adjusting targets, priorities and performance measures according to changes in organization priorities, markets, government policies etc.”

Armstrong (1995: 77- 86) identifies a further four sub-stages in this stage, namely Updating objectives and work plans, Managing continuous learning, Improving performance and Managing under-performers. Armstrong’s Continuous learning circle is attached (Addendum 4) and the following documents are also attached:

1. A checklist for managing under-performers (Addendum 5);
2. A checklist for handling attitude and behavioural problems (Addendum 6);
3. A list of performance review issues (Addendum 7);
4. Guidelines for preparing for review meetings (Addendum 8); and
5. Guidelines for conducting a performance review meeting (Addendum 9).

It is the researcher’s opinion that Addenda 4 to 9 provide simple guides and checklists to manage performance, and feels that it should part of Performance Management manuals.

2.7.3 Reviewing performance

Cushway (1994: 84) states that the performance review is part of the process of managing performance but it is convenient to examine it as a separate element. He states that (1994: 85) sometimes this (review) can have an influence on pay and promotion whereas in other instances the emphasis is on training and development. He advises that the ideal be for a process that is constructive and supportive, and which can help the individual improve and develop. He states that to achieve these ideals, the following principles need to be adhered to:

1. The appraisal interview should not contain any surprises. The appraisee should be well aware of his or her level of performance before the interview because of the regular feedback given by the manager.
2. The process should be applied to everybody. Every employee has a right to know how well he or she is doing and it is an obligation on the part of management to let him or her know.
3. Employees should be encouraged to review their own performance and give opinions about how they think they have done.
4. The discussion should be focused on the targets that have been set and the achievements against those targets.
5. Appraisers should remember the rule that they have two ears and one mouth, to be used in that proportion when conducting the appraisal interview.

Armstrong (1995: 90) states that it is an inherent part of a manager's role to review performance. He states that the objectives of Reviewing performance are threefold. Firstly, for motivation, that is to encourage people to improve their performance and develop their skills. Secondly, to provide a basis for developing and broadening attributes and competencies that are relevant to the current role and any future role that the employee may have the potential to carry out. Thirdly, for communication, that is to serve as a two-way channel for communication about roles, objectives,

relationships, work problems and aspirations.

By reviewing employees' performance, we motivate them, develop their skills, and provide an opportunity for two-way communication. However, reviewing employees' performance would be an exercise in futility if the aforementioned principles that Cushway refers to are not adhered to.

2.7.4 Rewarding performance and taking further action

Cushway (1994: 89) states that rewarding performance is that part of the performance management process that seeks to give employees some kind of return for achieving their targets. He states that besides financial rewards, other rewards, which include praise, greater opportunities for training and development, and promotion, are also important to the employees. In discussing performance-related-pay (PRP), Cushway (1994: 90) warns against the introduction of PRP for performance management, and cites three incidents (at a building society, food retailer and a local authority respectively) where it was found that PRP was more likely to demotivate than motivate employees.

In the diagram of the performance management process (Addendum 2), Armstrong indicates "feedback" as part of the process/framework. In comparing systems engineering to performance management, Armstrong (1995: 127) points out that feedback transmits information on performance from one part of a system to an earlier part of the system, so as to generate corrective action or initiate new action.

2.8 Why performance management systems sometimes fail

Sherman *et al* (1998: 304) state that, in practice and for a number of reasons, formal performance management systems yield disappointing results, and they list (1998: 305)

the following as the top ten reasons for failure:

1. The manager lacks information concerning an employee's actual performance.
2. Standards by which to evaluate an employee's performance are unclear.
3. The manager does not take the appraisal seriously.
4. The manager is not prepared for the appraisal interview with the employee.
5. The manager is not honest/sincere during the evaluation.
6. The manager lacks appraisal skills.
7. The employee does not receive ongoing performance feedback.
8. Insufficient resources are provided to reward performance.
9. There is ineffective discussion of the employee's development.
10. The manager uses unclear/ambiguous language in the evaluation process.

They further state that these programmes fail because:

1. Managers feel that little or no benefit will be derived from the time and energy spent in the process.
2. Managers dislike the face-to-face confrontation of appraisal interviews.
3. Managers are not sufficiently adept in providing appraisal feedback.
4. The judgmental role of appraisal conflicts with the helping role of developing employees.

Longnecker and Gioia (September/October 1994: 5- 11), Tziner *et al* (1996: 179- 190) and Gioia and Longnecker (Winter 1994: 47- 58), in Sherman *et al* (1998: 306) state that "organisational politics can introduce a bias even in fairly administered employee appraisals." Sherman *et al* (1998: 306) also state that managers may inflate evaluation results because they desire higher salaries for their employees or because higher subordinate ratings make them (managers) look good. They conclude (1998: 306) by pointing out that managers may want to get rid of troublesome employees and do so by inflating their evaluations and passing them off to other departments.

Organisations should “manage” the reasons why Performance Management systems fail and should have a Performance Management system underpinned by a Performance Management Philosophy. Organisations should also adhere to the factors for successful performance management as set out in 2.6 above and should adhere to the principles and procedures followed in the performance management process.

2.9 Conclusion

It can be concluded that an organisation employs people to achieve the objectives of its business and expects that the employees must “perform,” and performance must be satisfactory to the levels and standards that were agreed on, or which are recognised as being in force. This means that performance must be managed, and this must be done in terms of a Performance Management System.

It was pointed out that that Performance Management is required for providing salary increases/rewards to deserving employees, for assisting with employee career development and career best-fit, and assisting with employee learning and growth. It was further pointed out that that Performance Management is required for assisting with employee feedback and evaluation, and providing employees with a sense of work-ownership and decision-making powers.

It can be concluded that, in order for a Performance Management system to be successful, an organisation must integrate its corporate, functional, departmental, team and individual objectives, must have an effective communication system in place and must develop a performance-culture. The organisation must also enable employees to manage their own performance and development, must provide measurement, feedback and reinforcement systems for its employees, and must develop a more open and learning environment.

Regarding the Performance Management process, at the Planning stage specific,

measurable, achievable, results-orientated and time-related (SMART) objectives should be set. At this stage clarity should also be given with regard to the "what," "when," "who" and "how," in order to ensure responsibility and accountability. The importance of ensuring that the "Management" stage is continuous was stressed, as was the importance of continuous reviews. With regard to the Reward stage, it can be concluded that financial rewards, as well as other rewards are important to the employees, despite three incidences being mentioned where the employees were demotivated by rewards.

It is a fact that there are reasons why performance management systems could fail. However, if the problems are managed properly, if the Performance Management system is underpinned by a Performance Management Philosophy, and the organisation adheres to the factors for successful performance management as explained above, the possibility of failure should be minimal. The following chapter will focus on performance management at local government institutions internationally and nationally (within South Africa).

CHAPTER 3

PERFORMANCE MANAGEMENT WITHIN LOCAL GOVERNMENT: INTERNATIONAL AND NATIONAL EXPERIENCES

A CUSTOMER

Is not an interruption of our work ...
He is the purpose of it.
He is doing us a favour by giving us the
opportunity to serve him. (Anon)

3.1 Introduction

In this chapter, the researcher will discuss individual and team Performance Management within international and national local government institutions, and will discuss legislation pertaining to Performance Management systems within South African local government institutions. With regard to international practices, the researcher will focus on individual and team Performance Management systems within Asian, Australian, European, and North American cities. Nationally, he will focus on Performance Management initiatives of the Johannesburg City Council with regard to their companies, and will focus on Performance Management systems at South African metropolitan councils. He will give an overview of initiatives that led to specific legislation pertaining to Performance Management within South African local government institutions, as well as an overview of initiatives that arose after the (specific) legislation was approved.

3.2 Performance Management within international local government institutions

Information on individual/team performance management systems within international local government institutions was obtained from the websites of international local government institutions, and the systems currently operating at Asian, Australian, New Zealand, European and North American cities will be discussed. The researcher wishes to emphasise the difficulty in gathering information from the municipalities with regard to individual/team performance management systems. Some of the municipalities' websites were not available, were in a foreign language without any English language facilities, or contained insufficient or no information regarding individual/team performance management systems. On their websites all of the municipalities offered to provide information regarding their activities, however, most requests for information (that were sent by the researcher per email) were not responded to. In one instance, he had to telephonically contact the Human Resources Manager at an Australian municipality, in order to follow up on a request.

3.2.1 Asia

3.2.1.1 Seoul Metropolitan Government, South Korea

After the foreign currency crisis struck the Republic of South Korea, the Seoul Metropolitan Government (SMG) had a paradigm shift in the operation of its city's administration, and, according to the SMG, they have risen to the challenge of the demands placed by the citizens on the administration (Changes in Conditions, <http://english.metro.seoul.kr/government/policies/reinevent/overview/condition.cfm>) The SMG introduced Management by Objectives (MBO) and a performance budget system into each office and bureau, providing the framework for the operation of a new city administration, which is based on the principle of competition and performance (The

Reform Paradigm, <http://english.metro.seoul.kr/government/policies/reinvent/overview/paradigm.cfm>).

Under the MBO system that is used by the SMG (Emphasising Performance in Management and Administration, <http://english.metro.seoul.kr/government/policies/reinvent/overview/emphasize.cfm>), an individual's goals for the year are designated by mutual consultation, with periodic assessments of the goal achievement level being conducted on a regular basis and reflected on his/her personnel records. The individual is assigned "core objectives," which are goals for promoting reforms in each department as well as for promoting core duties, and account for 40% of the individual's assessment score. "Basic objectives," which are goals for promoting routine duties in each department, account for 60% of the score. An individual will do a self-evaluation, and his/her supervisor will, in consultation with him/her, do an evaluation. The next higher-ranking official will do the second evaluation, and, based on the evaluation rating he will decide on the final score. The evaluation results are then used in determining an efficiency rating and annual salary.

3.2.1.2 Singapore

Singapore, which is a "city-state," has a Performance Bonus Scheme for its senior and middle management officers in the Singapore Civil Service (SCS)(Salaries: Civil Service Salary Components, <http://www.gov.sg/psd/pau/policies/structure2.html>), as it believes that rewards should also vary with the performance of each individual. The SCS states that the Performance Bonus Scheme allows it to directly link pay with individual performance on the job. The SCS conducts annual exercises to assess the aforementioned officers' potential and performance, and these form the basis for granting performance bonuses. In terms of the SCS' Promotion Guidelines (<http://www.gov.sg/psd/pau/policies/html>), even if an officer displays potential for a promotional post, his performance will be a decisive factor in his selection to the higher post.

3.2.2 Australia

3.2.2.1 Adelaide City Council

As at 16 November 2001, the Adelaide City Council (ACC) is currently introducing a new individual performance management system, which is called Personal Development Plans (email received on 16 November 2001 from Ms Melissa Sherman, Training and Development Officer, Adelaide City Council). The system looks at Key Achievements, Key Competencies, which is based on the Council's corporate values and behaviours, and Training and Development Plans for the individual. All staff members, including managers, have to complete the same form that is used in conjunction with the system.

In its Personal Development Plan Guidelines (Adelaide City Council, 2001), the ACC states that, among others, the purpose of the personal development plan process is to foster the achievement of Corporation, Divisional and Departmental goals and set personal goals that are in line with these. The ACC also states that corporate values and behaviours are an integral part of the aforementioned process, and further states that recognition and reward is an integral part of Personal Performance Review and Development, and requires the leader (supervisor) to acknowledge the good performance that the employee has achieved.

3.2.3 Europe

3.2.3.1 Denmark

In the document "Public Management developments in Denmark: Update 2000" (Public Management developments in Denmark: Update 2000, <http://www1.oecd.org/puma/country/Surveys2000/surv2000dk.htm>), local government is included in the ambit of public management, and the researcher draws the conclusion that the pay system for public employees referred to in the document is applicable to Danish local government

employees. As a result of negotiations with Danish trade unions and the respective public service employer bodies, a new pay-system for public employees was established.

The principle of the system is that every employee is given a basic salary, which can be supplemented by pay supplements or bonuses according to individual qualifications, functions, and performance. This system, which is a major reorientation from the traditional system that is based solely on seniority and position, creates opportunities for public employees to make an extra effort in their work. The intention was for this pay system to be applicable to all employees of the Danish municipal and county authorities by April 2000.

3.2.3.2 Vienna, Austria

The Vienna City Council announced that it was about to enter a phase of modernisation, and would be embarking on a four-year project of turning the City Administration into a modern, customer-oriented service enterprise (News from Vienna 2/2001, <http://www.magwien.gv.at/english/news/200102.htm>). As part of the reforms to achieve a modern, customer-oriented service enterprise, the Council would be paying performance-oriented remuneration based on a combination of fixed salaries and variable bonuses, instead of the intricate system of allowances.

3.2.3.3 United Kingdom

Swansea County Council

At Swansea County Council each department is required to identify Service Aims for each Corporate Objective and, from these, broad Departmental Workplans are established (Performance Plan 2000- 2001, Swansea County Council, 2000). From these Workplans, each section within a department must identify its own objectives and workplans to ensure that the Service Aim is achieved. Finally, each employee within a

section will have an individual workplan to ensure that their activity is targeted to achieve the objectives that have been set.

Cambridgeshire County Council

Armstrong (1995: 193) states that the performance management philosophy adopted by the Cambridgeshire County Council is based on the belief that a well-planned and implemented performance management system, among others, creates a disciplined framework for linking policies and priorities to jobs. He states that the Cambridgeshire County Council also believes that a well-planned and implemented performance management system establishes a proper basis for making promotion decisions and for giving references to other employers. Armstrong (1995: 194) also points out that performance-related pay is one of the main features of the system at Cambridgeshire County Council, where some job-holders are awarded a non-consolidated cash payment following a high performance rating, in the event of funds being available on the budget.

3.2.4 North America

3.2.4.1 Charlotte City Council

Beginning in 1992, Charlotte City Council began a two-year restructuring of its administration by first rightsizing and then re-organising (The Charlotte Story, 2000: 49), the basic idea being "to do more with less." One of the goals of the change was to develop ways to become more customer-focused, and the new organisational culture that was being created was reflected in the City's mission statement, "Public service is our Business." The City used several Human Resources initiatives, some new and some enhanced, to help it to respond to the emerging changes in the environment. Some of these initiatives included a broadbanding pay system, and variable pay programmes (The Charlotte Story, 2000: 50).

Broad-banding Pay System

The previous pay plans at Charlotte City Council did not give enough emphasis to employee performance and since August 1994, the City has been using a broad-banding pay system (The Charlotte Story, 2000: 50). The new approach was designed to support organisational changes, resulting in fewer employees, fewer opportunities for advancement and a greater emphasis on performance. The city introduced six pay bands and, in terms of its structure, the bands are 100% wide- the difference in the lowest and highest rates in the band is 100%, with 35% overlap, that is the higher end of one band overlaps the lower end of the next band by 35%.

According to the City (The Charlotte Story, 2000: 53), the Broad-banding pay system, among other, achieved the following objectives:

1. It supports the change in the City's organisational culture (less rigid structure, more opportunity for lateral movement).
2. It encourages employees to view pay as reward for contributing to the value of the organisation rather than as an entitlement for length of service.
3. It provides opportunities and initiatives for employees to expand current jobs, learn new skills and increase their level of competency.

Variable pay programmes

In addition to the base system of broad-banding, the Charlotte City Council has three incentive programmes, which are designed to motivate employees, to encourage them to be thinking "like a business, " and to enable them to share in the savings their efficiency generates. These initiatives are the Employee Incentive programme, Competition-Based Gain-Sharing and Employee Suggestion Awards programmes.

Employee Incentive programme

The aim of the Employee Incentive programme is to reward employees for achieving budget savings goals and meeting individualised unit targets (The Charlotte Story, 2000: 54). It is stated that the programme is designed to focus heavily on organisational cost savings and two of the City's core values, namely productivity and teamwork. For the five years that the programme has operated (The Charlotte Story, 2000: 54), eligible employees have received lump sum payments ranging from \$3656 to \$634, and the programme is self-funded from productivity savings achieved annually.

Competition-Based Gain-Sharing programme

In The Charlotte Story (2000: 54- 56), the following is stated regarding Competition-Based Gain-Sharing:

"Competition-Based Gain-Sharing is an incentive program that is self-funded from savings achieved in:

- (1) competitively-bid projects when the City is the low bidder, or
- (2) optimisation projects.

"Optimisation" is the application of benchmark standards (work processes, staffing, quality, and so on) – developed during a successful competitive bid process – to other similarly-situated organisational units which have not competed. Competition-Based Gainsharing is congruent with other incentive plans, and encourage continuous improvement by the City organisation. By providing monetary incentives to the employees who achieved the savings, the plan motivates employees to develop better and more efficient methods of performing work. This provides an incentive for employees whose job can be eliminated with the opening of a bid, helps to make the City more competitive, and saves taxpayers dollars."

Competitive Bid

If the City submits the lowest bid for a service, and is awarded the contract, the organisational unit that won the bid can submit a gain-sharing plan proposal to the City Manager for approval. If the City Manager approves the plan, the unit becomes eligible to participate in the Competition-Based Gain-sharing Plan. If the unit completes the work for less than the bid amount, up to one-half of the difference between the contract amount and the final actual cost may be shared with employees. The total payout to an employee, excluding payments attributable to overtime, may not exceed 25% of the employee's base rate of pay during the contract period.

Optimisation Projects

A gainsharing plan proposal can also be submitted if the Key Business Executive (KBE) applies the principles of optimisation to an organisational unit. If the plan is approved by the City Manager, the unit to which the benchmark standards are applied becomes eligible to participate in the Competition-Based Gain-sharing Plan.

Optimisation projects can be services benchmarked against a new project budget – that has been reduced to reflect lessons learned from a previous and similar managed competition – or perhaps a new service where cost reducing measures will be utilised. Both exercises are done prior to actual competition for the targeted service in order to generate immediate savings for the tax/rate payer, and operate in the following ways:

1. If the unit completes the work for less than the benchmark amount (usually expressed in the unit costs), up to one-third of the difference between the benchmark amount and the final actual cost may be shared with employees.
2. The total payout to an employee, excluding payments attributable to overtime, may not exceed 17% of the employee's base rate of pay during the applicable period.

There is a lower payout to employees under optimisation projects since positions in those projects are not "at risk," i.e. would not be eliminated since the projects are not competitively bid.

Employee Suggestion Awards programmes

Regarding Employee Suggestion Awards programmes, the following is stated in The Charlotte Story (2000: 56):

"The Employee Suggestion Awards programmes, "Clever Ideas in Action" (CIA), was established to encourage employees to find better (cheaper, higher quality, faster) methods of doing their work and the work of other City employees. This is a decentralised program run exclusively by the Key Business Executives at their discretion, with no involvement from the Human Resources business unit. The program is designed to function in this way:

1. When an employee or team develops a cost-saving idea, the person or team may submit the idea to their key business executive or business unit "CIA" representative for consideration.
2. The key business executive evaluates the idea to see if it is workable and will save money. If the key business executive finds that the idea will save money (cost avoidance is not included), an employee or team may receive an award.
3. For ideas which generate cost savings of \$500 or more, the employee (or team, if a team submission) may be granted an award of up to 25% of the first year's net cost savings (annualised).

The maximum payout is \$5,000 per employee or team member for each idea. Ideas which result in savings of \$500 or less, are recognised through other means such as certificates of commendation.

Costs to implement the idea, such as equipment, etc., are deducted to determine first year's net savings. Ideas that don't result in cost savings, but improve quality, timeliness, etc., are encouraged but are not eligible for cash awards. The program is self-funded from savings to be achieved out of individual key business unit's operating budget.

The researcher has examined various Performance Management systems at international local government institutions, and will now focus on Performance Management within South African local government institutions.

3.3 Performance Management within South African local government institutions

3.3.1 Greater Johannesburg Metropolitan Council

As part of its Igoli 2002 plan to run the city profitably and efficiently, the Greater Johannesburg Metropolitan Council created four new companies, each with its own Chief Executive Officer (Financial Mail, edition of 14 July 2000). The Chief Executive Officers have to make these companies profitable or to reduce the subsidy that the company receives from the Council's Rates account. It is pointed out that each Chief Executive Officer's contract has a performance bonus component, to ensure that they are worth their cost to ratepayers. The following information was made available in the 14 July 2000 edition of the Financial Mail regarding the Chief Executive Officers' annual salary and performance incentives:

Chief Executive Officer: Civic Theatre

R450 000 plus R150 000 performance bonus

Requirements: Must decrease the annual Council subsidy to the Civic Theatre from R20 million to R3 million over five years.

Chief Executive Officer: Metro Bus Company

R650 000 plus R100 000 performance bonus

Requirements: Cannot increase bus fares above the inflation rate.

Chief Executive Officer: Johannesburg Fresh Produce Company

R650 000 plus R200 000 performance bonus

Requirements: Must pay a dividend of 50% to the Council subsidy in the third year of his contract.

Chief Executive Officer: Johannesburg Zoo

R400 000 plus R100 000 performance bonus

Requirements: Must reduce the Council subsidy to the Johannesburg Zoo from R20 million to R10 million over five years.

The researcher is aware that the salary packages mentioned above are what is referred to as "cost-to company," that is what it costs the organisation to employ the individual. The researcher is also aware that the employee may utilise 60% of the package as the base-pay, that is the salary excluding benefits. In the case of the Chief Executive Officer: Johannesburg Fresh Produce Company, the base pay is R390 000.00 per annum and if he meets the requirements in terms of his contract, he will receive a performance bonus of R200 000.00. This equates to a bonus of almost 50% of his annual salary, which, the researcher is aware of, is more than the normal annual bonus or "thirteenth cheque," which is currently 8.33% of a municipal employee's annual salary.

The strategy of the Johannesburg Metropolitan Council in respect of its four new companies thus changed from paying an annual bonus, which is payable to all municipal

employees who are in a Council's employ when bonuses are payable, to a performance bonus, which is based on producing predetermined outcomes. The indications are that the Johannesburg Metropolitan Council set the scene for performance bonuses, which is to become the norm for South African municipalities.

3.3.2 Performance Management within other South African metropolitan councils: the current situation

In a document "Strategy and organisational arrangements for a Performance Management System in the City of Cape Town: Version 8" (City of Cape Town, 2001), it is stated that research carried out locally in other metropolitan councils indicates that:

1. Port Elizabeth, like Cape Town, has only recently launched performance management initiatives and, therefore, has not reached firm conclusions on performance management structures.
2. The Greater Pretoria Metropolitan Council has decided to tender for the development of a performance management system that meets the requirements of the Local Government: Municipal Systems Act, 2000.
3. Durban Metropolitan Council has no structures in place to centrally measure performance and this issue will only be considered in June 2002.
4. The Ekurheleni (East Rand) Metropolitan Council has developed a performance management policy framework, which still has to be approved by its full Council.

Performance Management Systems at local government institutions internationally identifies a link between corporate and individual goals, in order to achieve efficiency. Some of these performance management systems link individual and team rewards to performance, a situation that was absent in South Africa. In 2000 the Local Government: Municipal Systems Act, 2000 was enacted, which focuses on the importance of performance in local government. A chronological overview of the legislation pertaining to Performance Management within South African local government institutions will be given in the following section.

3.4 Legislation pertaining to Performance Management within South African local government institutions

The legislation pertaining to Performance Management within South African local government institutions is the Local Government: Municipal Systems Act, 2000. However, enabling legislation, such as the Constitution of the Republic of South Africa, 1996, the Labour Relations Act, 1995, as well as discussion documents and Guidelines had and will continue to have an impact on the Local Government: Municipal Systems Act, 2000, and a study of these will provide one with an understanding about the context of the MSA. A chronological overview of the legislation and discussion documents and Guidelines will be given, followed by an overview of the Labour Relations Act, 1995.

3.4.1 The Constitution of the Republic of South Africa, 1996

Section 40(1) of the Constitution of the Republic of South Africa, 1996 states that, "In the Republic, government is constituted as national, provincial and local spheres of government, which are distinctive, interdependent and interrelated." In terms of Section 151(3) of the Constitution of the Republic of South Africa, 1996, local government has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided in the Constitution of the Republic of South Africa, 1996. Section 151(4) of the Constitution of the Republic of South Africa, 1996 states that the national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions. This means that local government is regarded as a sphere of government, with its own distinct character, and will operate without interference from national or a provincial government.

In Chapter 7 of the Constitution of the Republic of South Africa, 1996 the objects of local government (what should be done) is defined, as well as the principles (broad guidelines on how it should be done).

3.4.1.1 The objects of local government

Section 152(1) of the Constitution of the Republic of South Africa, 1996 states that the objects of local government are:

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

Section 155(6)(a) of the Constitution of the Republic of South Africa, 1996 refers to legislative or other measures that a provincial government must provide for the monitoring and support of local government in the province, which is an indication that local government will be monitored continually. The functions that a municipality may perform are set out in Schedules 4 and 5 of the Constitution of the Republic of South Africa, 1996, and in Section 155(7) it is stated that national and provincial governments have the authority to see to the effective performance by municipalities of the aforementioned functions. In Section 160(1)(a), it is stated that a Municipal Council makes decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. From the aforementioned, it is deduced that a system for monitoring the performance of South African local government institutions would have to be established.

3.4.1.2 The guiding principles for local government

Section 195(1) of the Constitution of the Republic of South Africa, 1996 states that the democratic values and principles must govern Public administration enshrined in the Constitution, including the following principles:

- (a) A high standard of professional ethics must be promoted and maintained.
- (b) Efficient, economic and effective use of resources must be promoted.
- (c) Public administration must be development-oriented.
- (d) Services must be provided impartially, fairly, equitably and without bias.
- (e) People's needs must be responded to, and the public must be encouraged to participate in policy-making.
- (f) Public administration must be accountable.
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information.
- (h) Good human-resource management and career-development practices, to maximise human potential, must be cultivated.
- (i) Public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

In Section 195(2), it is stated that the abovementioned principles apply to administration in every sphere of government and, as local government is regarded as a sphere of government, it has to conform to the basic values and principles governing Public administration. What these principles imply is that customers of public institutions should be treated in a certain way and there should be a focus on customer needs. In order to ensure that these principles are adhered to, standards have to be set and maintained or improved. Section 195(3) of the Constitution of the Republic of South Africa, 1996 states that national legislation must ensure the promotion of the

aforementioned values and principles ((a) to (j)), and in this regard a process, to comply with Section 195(3), was set in motion.

The process commenced with Green Papers and White Papers on local government, a number of discussion documents and, finally, the Local Government: Municipal Systems Act, 2000. Subsequent to the MSA, which is the enabling legislation in regard to how a municipality should function, a number of discussion documents and Regulations were also circulated by the national Department of Planning and Local Government and the Ministry for Provincial and Local Government, and these will also be discussed.

3.4.2 Towards a White Paper on Local Government in South Africa

In the document "Towards a White Paper on Local Government in South Africa" (Ministry for Provincial and Local Government, 1997:2) it is stated that many municipalities are not capable of effectively governing their communities or providing the kind of services that national government expects from local government. It is further stated that for local government as a whole to play its role in the war against poverty, a critical examination, and fundamental transformation of the (local government) system is required. What this means is that local government will no longer be operating in its current form and under "business-as-usual" conditions.

3.4.3 The White Paper on Local Government

In the White Paper on Local Government (Republic of South Africa, 1998: 26) it is stated that there are three inter-related approaches which can assist municipalities to become more developmental, that is Integrated development planning, Performance management and budgeting, and working together with local citizens and partners. In the White Paper on Local Government (1998: 31) it is further stated that performance management will be critical to ensure that local government plans are being

implemented, that they are having the desired development impact, and that resources are being used efficiently.

The White Paper further points out that municipalities currently set their own measures of performance, or key Performance Indicators (KPIs), and highlights the importance of setting KPIs in consultation with communities, the municipality's managers and organised labour. KPIs should be regarded as minimum performance standards and the performance management system should be regarded as a tool to measure whether the minimum performance standards have been met.

The White Paper (1998: 95) refers to the introduction of performance-based contracts for the first two or three reporting levels of senior staff, and states that this type of contract can improve accountability and induce a focus on outputs (results to be achieved). The White Paper also states that these posts would remain professional appointments (it is the researcher's view that this should be interpreted as meaning non-political appointments), but employment contracts would specify job outputs and performance standards. It is further stated that the contracts would be renewable based on an assessment of performance against specific targets, and it is highlighted that the introduction of performance contracts would need to be in accordance with fair labour practice. With regard to labour relations at municipalities, the White Paper (1998: 106) states that the South African Local Government Bargaining Council needs to address, among other, a more customer and performance-oriented service system. From the aforementioned, it can be concluded that municipalities will have performance management systems for the organisation, as well as for the first two or three reporting levels of senior staff. It can also be concluded from the White Paper that local government employees need to become more customer- and performance-oriented.

3.4.4 Performance Management Systems: A draft framework document

In a document titled "Performance Management Systems: A draft framework document" (Department of Constitutional Development, South Africa, 1999), background information is given on Performance Management Systems for Local Government. The strategic objectives of the system, guiding principles for the system, the nature of the system, as well as key components of the system are given, and an account of the aforementioned will be given.

3.4.4.1 Background

The Draft Framework Document for Performance Management System (South Africa, 1999: 2) alludes to the fact that, during the White Paper (on Local Government) policy process it became clear that not many municipalities lived up to the promises of delivering quality services to the local residents. It was further pointed out that there was no coherent system to monitor the performance of municipalities, to benchmark, to share best practices amongst municipalities, to empower communities to hold municipalities accountable for their performance, and enable other spheres of government to provide support for improved service delivery. It is stated that the aforementioned factors, as well as international practice, where performance management systems were being established to increase municipal accountability, and improve effective and efficient delivery of services at local level, had led to a proposal in the White Paper for performance management systems. It is further stated that the proposal in the White Paper, for performance management systems, was influenced by the fact that these systems had been proposed for national and provincial spheres of government, and that it would help improve service delivery within the broader Batho Pele (people first) vision.

3.4.4.2 Vision for the performance management system

With regard to the Vision for the performance management system (Draft Framework Document for Performance Management System, South Africa, 1999: 2), it is stated that the system will facilitate access of service information to communities, which will empower them to compare and, within available council resources, demand better services, and this will cause municipalities to be accountable. It is further stated that, whilst creating a performance culture, municipalities will naturally seek to continuously improve internal systems or review service delivery strategies, in an attempt to effectively deliver more and better services to communities at minimal cost.

3.4.4.3 Strategic objectives of the performance management system

The Draft Framework Document for Performance Management System (South Africa, 1999: 3) states that the overall strategic objective of the performance management system is to improve performance of municipalities by creating pressures for change at various levels, and creating a culture of best practice and encouraging shared learning among municipalities. It is also stated that the other related strategic objectives of the system are to promote accountability, contribute towards the overall development of the local government system in the country, help develop meaningful interventions mechanisms, and guide the development of a municipality capacity-building programme.

3.4.4.4 Guiding principles for a local government performance management system

The Draft Framework Document for Performance Management System (South Africa, 1999: 4) provides six guiding principles for developing the system. Firstly, the development of the system needs to reflect and articulate a proper understanding of the constitutional rights, roles and responsibilities of the three spheres of government. That

is, it should show an understanding of the status of local government in an inter-governmental system, as well as the responsibilities of national and provincial government towards local government, and should be owned by local government, with support by national and provincial government.

Secondly, the system should be founded on a non-punitive framework, which means that the system should not be seen as a measure by national government to control and punish non-performing municipalities. Instead, it should be seen as an enabling guide for national and provincial government to proactively correct performance, to ensure that quality services are being delivered. Thirdly, the system should be seen as a developing one. Municipalities should not attempt to introduce all the elements of the system at once but should gradually and incrementally introduce it.

Fourthly, the system should be linked to an IDP framework, which will ensure that an environment is created where municipalities have to work with communities to identify needs, set objectives and priorities and develop programmes with projects (sub-programmes). Fifthly, the development and implementation of the system needs to consider the capacity variations between and among municipalities. It is stated that municipalities' performance reports will be published nationally and it is stressed that when these reports are compared, the capacity problems of municipalities should be taken into account, in order not to distort the picture when comparisons in performance between municipalities are made.

Lastly, the system needs to build on or at least be linked to existing performance initiatives. That is, the system needs to build on or at least be linked to existing performance initiatives like Masakhane or Project Viability.

3.4.4.5 Key components of the performance management system

There are seven key components of the performance management system that the Draft Framework Document for Performance Management System (South Africa, 1999: 7) refers to. These components are Indicator setting, Target setting, Monitoring and reviewing, Performance evaluation, Improvement action, Performance report, and national evaluation, and a brief explanation, as set out in the Framework Document, will be given.

Indicator setting

Key performance indicators (KPIs), which are variables used to measure how well the institution is doing in achieving its milestones, should be set. KPIs may also be set for each employee to measure and evaluate individual performance. Besides the KPIs that the municipalities set, national government will also set KPIs after consultation with organised local government (the South African Local Government Association- SALGA). The intention of the previous exercise is to set uniform indicators which municipalities can use as a benchmark.

Target setting

Targets are standards that are set to indicate progress in the implementation of programmes in the short or medium terms. Targets may be expressed in time, qualitative or quantitative terms, and municipalities should set targets that are realistic, as they will be held accountable for their targets.

Monitoring and reviewing

Systems should be monitored and reviewed on an ongoing basis, for example, progress meetings should be held with stakeholders on a monthly basis. The timing of progress meetings is crucial as too-regular meetings may give the impression that a project is moving slowly and too-spaced meetings may be too late in detecting problems.

Performance evaluation

At the end of the year, the municipality should objectively evaluate its performance achieved throughout the year. It is essential that projects that have not been completed or with which problems are being experienced be reported on, whereafter a performance report will have to be submitted to the external auditors.

Improvement action

During the performance evaluation, strengths and weaknesses would have been identified, and municipalities should indicate how it would overcome its weaknesses to improve performance in the next financial year.

Performance report

The municipality will have to submit its performance report, which covers financial and performance aspects, to external auditors for verification. After the report has been regarded as being authentic, it should go back to the municipality, who should circulate it to its communities and the responsible Provincial MEC.

It is the responsibility of the responsible Provincial MEC to ensure that municipalities produce the aforementioned report, and address municipalities who persistently underperform. The Provincial MEC has to send reports to the national Minister of Local Government, who will ensure that the reports are consolidated into a single national report, as he (the Minister) will have to report to Parliament annually on the performance of municipalities.

National evaluation

The performance management system will be evaluated at national level, to ascertain whether it continues to serve its purpose and to check how it can be improved, and it was agreed that SALGA would play a key role in this regard.

The strategic objectives of the system, guiding principles for the system, the nature of the system, as well as key components of the system, as set out in the Draft Framework Document for Performance Management System, were taken into consideration when the Local Government: Municipal Systems Bill (South Africa, 1999) was prepared. After a process, whereby the Bill was released for comment from interested parties and the public, the Local Government: Municipal Systems Act, 2000 was enacted.

3.4.5 Local Government: Municipal Systems Act, 2000

In his foreword to the document titled "Towards a White Paper on Local Government in South Africa," then-Minister of Provincial Affairs and Constitutional Development, Mr Valli Moosa, equates the process of drafting a White Paper on local government to the drafting of a "Constitution" for local government. This process culminated in a "Constitution" for local government, namely the Local Government: Municipal Systems Act, 2000. The purpose, among other, of the Local Government: Municipal Systems Act,

2000 is to provide for the manner in which municipal powers and functions are exercised and performed, establish a simple and enabling framework for the core processes of planning, performance management, and a framework for local public administration and human resource development. These provisions of the Local Government: Municipal Systems Act, 2000 will now be discussed.

3.4.5.1 The manner in which municipal powers and functions are exercised and performed

Section 6(1) of the Local Government: Municipal Systems Act, 2000 states that a municipality's administration is governed by the democratic values and principles embodied in Section 195(1) of the Constitution of the Republic of South Africa, 1996 (as set out in 3.4.1.2 above), and in Section 6(2) of the Local Government: Municipal Systems Act, 2000 it is stated that the administration of a municipality must:

- (a) be responsive to the needs of the local community;
- (b) facilitate a culture of public service and accountability amongst its staff;
- (c) take measures to prevent corruption;
- (d) establish clear relationships, and facilitate co-operation and communication, between it and the local community;
- (e) give members of the community full and accurate information about the level of service and standard of municipal services they are entitled to receive; and
- (f) inform the local community how the municipality is managed, of the costs involved and the persons in charge.

Section 195(1) of the Constitution of the Republic of South Africa, 1996 obliges municipalities to act in terms of democratic values and principles, and Section 6(2) of the Local Government: Municipal Systems Act, 2000 obliges them to be responsive towards their communities, inculcate a culture of public service and accountability among their staff, and take measures to prevent corruption. Section 6(2) of the Local

Government: Municipal Systems Act, 2000 also obliges municipalities to establish relationships with it and the local community, and providing the community with information regarding standards of municipal services and how the municipality is managed.

3.4.5.2 Performance Management Systems

Chapter 6 of the Local Government: Municipal Systems Act, 2000 relates to organisational Performance Management Systems and Section 38 states the factors that have to be adhered to when a municipality establishes a performance management system. Among other, Section 38(b) states that the municipality must promote a culture of performance management among its political structures, political office bearers and councillors, and in its administration. The chapter also covers the following aspects of organisational performance management systems, namely development, monitoring and reviewing of the system, core components of the system, community involvement, general KPIs, notification of KPIs and performance targets, audit of performance measurements, annual (municipal) reports, the provincial MEC for Local Government's report and the Minister of Local Government's report, and regulations and guidelines that the Minister may make. The aforementioned aspects in Chapter 6 of the Local Government: Municipal Systems Act, 2000 relates to organisational Performance Management systems and Chapter 7 of the Act relates specifically to Performance Management systems for the administration and individuals.

3.4.5.3 Local public administration and human resource development

Section 51(c) of the MSA states that a municipality must, within its administrative and financial capacity, establish and organise its administration in a manner that would enable the municipality to be performance oriented and focussed on the objects of local government. Section 51(g) of the Local Government: Municipal Systems Act, 2000 states that a municipality must, within its administrative and financial capacity, establish

and organise its administration in a manner that would enable the municipality to hold the municipal manager accountable for the overall performance of the administration.

Section 57(1) of the MSA states that a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager who is directly accountable to the municipal manager, may be appointed to that position only in terms of a written contract with the municipality, and subject to a separate performance contract being concluded annually. In terms of Section 57(6)(b) of the Local Government: Municipal Systems Act, 2000 the employment contract for the municipal manager must include a provision for cancellation of the contract in the event of non-compliance with the (principal) contract or the performance contract. Further, in terms of Section 57(7) of the Local Government: Municipal Systems Act, 2000 the municipal manager may extend the provisions of Section 57(6)(b) to any manager that is directly accountable to him/her.

A municipality, in accordance with the Employment Equity Act, 1998, Act 55 of 1998 must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff (Section 67(1)(d) of the Local Government: Municipal Systems Act, 2000). The Local Government: Municipal Systems Act, 2000 obliges municipalities to have performance management systems for the organisation, and its employees. However, the Act restricts the appointment on written contract, coupled with a separate performance contract, to a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager directly accountable to the aforementioned manager. Section 69 of the Local Government: Municipal Systems Act, 2000 refers to a Code of conduct for municipal staff members, which applies to every staff member of a municipality, and the provisions of this Code, as it relates to performance, will be explained.

Code of conduct for municipal staff members

Schedule 2 of the MSA contains a Code of conduct for municipal staff members, which sets out the way staff members must behave, and includes provisions regarding performance. Whilst Section 2 of Schedule 2 relates to general conduct, Section 3 of the Code of conduct relates to a commitment to serving the public interest. Section 2(b) states that a staff member of a municipality must at all times perform the functions of office in good faith, diligently, honestly and in a transparent manner.

In terms of Section 3, a staff member of a municipality is a public servant in a developmental local system. Section 3(b) states that the aforementioned staff member must, accordingly, foster a culture of commitment to serving the public and have a collective sense of responsibility for performance in terms of standards and targets. The staff member must also obtain copies of or information about the municipality's IDP, and as far as possible within his job description, seek to implement the objectives set out in the IDP, and achieve the performance targets set for each performance indicator. The staff member must also participate in the overall performance management system for the municipality, as well as his individual performance appraisal and reward system (if such a system exists), in order to maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

The aforementioned provisions (as set out in 3.4 of this paper), which are contained in the Constitution of the Republic of South Africa, 1996 and the Local Government: Municipal Systems Act, 2000 therefore provide municipalities with clear directives on the manner in which it should exercise and perform its powers and functions. The Local Government: Municipal Systems Act, 2000 obliges municipalities to have IDPs, which informs the public what services are to be provided, as well as how it should be provided, and to have performance management systems, which will be used to measure whether organisational and individual performance is achieved. Various Sections of the Local Government: Municipal Systems Act, 2000 empowers the Minister

of Local Government to make regulations and guidelines, and regulations and guidelines that were issued by him, will be explained.

Whilst the Local Government: Municipal Systems Act, 2000 relies on individuals to achieve a municipality's objectives, and compels all municipal officials to participate in performance management systems, performance contracts (which may include performance rewards), are only compulsory for the municipal manager and managers who report to this post (Section 57(1) of the MSA).

3.4.6 Department of Provincial and Local Government: Performance Management Guidelines for Municipalities

Paragraph 5.9 of the Performance Management Guidelines for Municipalities (Department of Provincial and Local Government, South Africa, 2001), which deals with organisational performance and employee performance, states that the performance of an organisation is integrally linked to that of staff. It is further stated that if employees do not perform, an organisation will fail, and the importance of managing both is stressed.

It is stated (paragraph 5.9.1) that as the municipal manager is responsible for the IDP, the indicators and targets set in the IDP should be incorporated in the performance agreement of the municipal manager. The municipal manager may cascade these indicators and targets to his Heads, who will have it incorporated in their performance agreements. The Heads may cascade these indicators and targets to lower levels, in line with the scope of responsibilities of that level.

In paragraph 5.9.2 it is explained that when projects and programmes are implemented, the municipal manager needs to set up a framework for tracking performance of managers who report directly to him. Likewise, these managers need to set up a framework for tracking performance of lower level staff. The municipal manager must

also, within the parameters of an employee performance management system, set up a performance review for staff (paragraph 5.9.3). From the aforementioned, it can be deduced that performance at all levels will be important for ensuring that organisational performance, and that provisions, which bind all levels of the staff to a performance management system within local government, are required.

3.4.7 Local Government: Municipal Planning and Performance Management Regulations, 2001

In terms of Section 7(2)(f) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (Department of Provincial and Local Government, South Africa, 2001), in developing its performance management system, a municipality must ensure that the system relates to the municipality's employee performance management processes. Section 9(2)(b)(i) of the Regulations states that, in setting KPIs, a municipality must ensure that the KPIs inform the indicators set for all its administrative units and staff. Section 12(2)(b) of the Regulations states that a performance target that a municipality sets must measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set. Again, the importance of involving all staff in a performance management system within local government is highlighted.

3.4.8 Guidelines on Remuneration of Managers in Local Government

The purpose of the Guidelines on Remuneration of Managers in Local Government (Department of Provincial and Local Government, South Africa, 2001) is to provide a national framework for the determination of remuneration for managers. It is pointed out that in this context and as clarified in the Definitions section of the Guidelines, "manager" means the municipal manager and any manager that is directly accountable to the municipal manager. One of the principles of the Remuneration policy, as alluded

to in Section 3(2)(b), is that there should be a two-tiered system remuneration. The first tier relates to the total cost of employment based on the role and size of the post, the second being the reward for performance, for meeting or exceeding agreed performance objectives and targets. The researcher is aware of the traditional thirteenth-cheque bonus system at municipalities, and notes that the bonus system referred to in the Guidelines on Remuneration of Managers in Local Government is a break from the traditional system.

3.4.9 Labour Relations Act, 1995

It was previously mentioned that the employment contract for the municipal manager must include a provision for cancellation of the contract in the event of non-compliance with the contract or the performance contract, and dismissal based on poor performance is codified in Schedule 8 (Code of good practice: dismissal) of the Labour Relations Act, 1995. In terms of Section 8(2) of Schedule 8, after probation, an employee may not be dismissed for unsatisfactory performance unless the employer has:

- (a) given the employee appropriate evaluation, instruction, training, guidance or counselling; and
- (b) after a reasonable period of time for improvement, the employee continues to perform unsatisfactorily.

Section (8)(3) of the Schedule states that the procedure leading to dismissal should include an investigation to establish reasons for unsatisfactory performance and the employer should consider other ways, short of dismissal, to remedy the matter. Section 9 of the Schedule relates to guidelines in cases of dismissal for poor work performance, and points out that any person determining whether the dismissal is unfair, should consider whether (or not) the employee failed to meet a performance standard. The person should also consider if the employee did not meet a required performance standard, whether (or not) the employee was aware, or could reasonably be expected

to have been aware of required performance standard, and was given a fair opportunity to meet the required performance standard.

Even though the Labour Relations Act, 1995 confirms that a dismissal is fair for unsatisfactory performance, subject to certain conditions being met, the researcher is aware that dismissals for unsatisfactory performance seldom occurs in the municipal sector. He attributes this to the fact that, whilst most municipal employees have job descriptions, the job descriptions state what should be done but not how it should be done. He also believes that the employment contract that employees sign with the municipality regarding does not specify performance standards, which an employee could be held accountable for.

While it could be argued that in recent times municipalities' Chief Executive Officers and Directors were accountable for KPIs in their respective business plans, no sanction or reward system existed for non-performance or performance respectively. The MSA has given credibility to the Labour Relations Act, 1995 by compelling municipalities to appoint (on written contract and coupled with a separate performance contract), a person to be appointed as the municipal manager of a municipality, as well as a person to be appointed as a manager directly accountable him/her. In future, some municipal employees can, in terms of the Labour Relations Act, 1995, rightfully be dismissed for failing to meet required performance standards, which will be contained in their performance agreements.

3.5 Conclusion

The researcher discussed individual and team Performance Management within international local government institutions, where it was found that these institutions have coupled reward systems to the achievement of goals, which has led to employees and teams focussing on performance, which ultimately leads to customer satisfaction. On a national level, it was found that, with the exception of the Greater Johannesburg

Metropolitan Council, which has performance contracts for the Chief Executive Officers of four companies that it created, the other municipalities do not have performance management systems.

The Constitution of the Republic of South Africa, 1996 clarifies the objects of local government, provides guiding principles for local government, and points out that local government will be monitored continually. It was pointed out that many municipalities were not capable of effectively governing their communities or providing the kind of services that national government expects from local government, and that a fundamental transformation of the local government system was required.

The White Paper on Local Government states that there are three inter-related approaches, which can assist municipalities to become more developmental, that is Integrated development planning, Performance management and budgeting, and working together with local citizens and partners. The White Paper on Local Government alludes to the introduction of performance management systems, performance-based contracts for the first two or three reporting levels of senior staff, and points out that local government employees need to become more customer- and performance-oriented.

In the draft framework document for Performance Management Systems, the strategic objectives of the system, guiding principles for the system, the nature of the system, as well as key components of the system were given. It is the researcher's opinion that the draft framework gave an indication of what the final legislation pertaining to local government performance management systems would look like.

The Local Government: Municipal Systems Act, 2000, which is referred to as the "Constitution" for local government, provides for the manner in which municipal powers and functions are exercised and performed. The MSA establishes a simple and enabling framework for the core processes of planning and performance management, and

provides a framework for local public administration and human resource development. For local government, the Local Government: Municipal Systems Act, 2000, among others, emphasises the need for responsiveness, a culture of public service and accountability amongst its staff, establishing clear relationships, and facilitating co-operation and communication, between it and the local community. There is also an emphasis on giving members of the community full and accurate information about the level of service and standard of municipal services they are entitled to receive, and informing the local community how the municipality is managed, of the costs involved and the persons in charge.

The MSA obliges a municipality to have Performance Management Systems, and to promote a culture of performance management among its political structures, political office bearers and councillors, and in its administration. A municipality is also obliged to establish and organise its administration in a manner that would enable the municipality to hold the municipal manager accountable for the overall performance of the administration.

For the first time in the history of South Africa, may a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager who is directly accountable to the municipal manager, only be appointed to that position in terms of a written contract with the municipality, and subject to a separate performance contract being concluded annually. The employment contract for the municipal manager must include a provision for cancellation of the contract in the event of non-compliance with the (principal) contract or the performance contract and the municipal manager may extend these provisions to any manager that is directly accountable to him/her.

The MSA obliges municipalities to have performance management systems for the organisation, and its employees. However, the Local Government: Municipal Systems Act, 2000 restricts the appointment on written contract, coupled with a separate

performance contract, to a person to be appointed as the municipal manager of a municipality, and a person to be appointed as a manager directly accountable to the aforementioned manager.

Schedule 2 of the MSA contains a Code of conduct for municipal staff members, which sets out the way staff members must behave, and includes provisions regarding performance. Local government employees are obliged to serving the public interest and must at all times perform the functions of office in good faith, diligently, honestly and in a transparent manner. These employees are also obliged to have a collective sense of responsibility for performance in terms of standards and targets.

Traditionally, the onus of communicating plans and standards to employees is the responsibility of the employer, however, in terms of the Code of conduct for municipal staff members, the staff members must also obtain copies of or information about the municipality's IDP. A municipal employee is obliged to, as far as possible within his job description, seek to implement the objectives set out in the IDP, and achieve the performance targets set for each performance indicator. The staff member is also compelled to participate in the overall performance management system for the municipality, as well as his individual performance appraisal and reward system (if such a system exists), in order to maximise the ability of the municipality as a whole to achieve its objectives and improve the quality of life of its residents.

The provisions of the MSA, including the Code of conduct for municipal staff members, have far-reaching implications for local government staff members. Whereas, in the past, a municipal employee's conduct and performance were contained in local agreements and employees were required to perform "to the best of their ability," their conduct is prescribed nationally and there must be indicators against which their performance will be measured.

The provisions of the MSA and Code of conduct for municipal staff members could also be seen as a manner for meeting the requirements of the Labour Relations Act, 1995 in regard to dismissals for unsatisfactory performance. An employee may be fairly dismissed for unsatisfactory performance but this could be construed as unfair dismissal if performance standards and targets are not available. With the setting of KPIs, PIs, performance standards and targets, as required in the MSA, employees will have a tangible factor against which they can be measured, and staff should only be dismissed if they wilfully fail to meet their targets.

In addition to what gets done, municipalities also have to concentrate on how it must be done. If municipalities continually fail to perform, they could end up having to review (in terms of Section 77 of the MSA) whether to explore other mechanisms for providing services. This could mean having to acquire the services of external service-providers, which could result in job losses.

Previously, a municipality's main function was to ensure the "general welfare" of its inhabitants. Since being employed in the local government sector, the researcher has observed that some members of staff regard themselves as custodians of a welfare organisation, and have a "do-not-care attitude" towards external customers, especially the poor for whom the system should care for. He also observed that some staff members regarded themselves as recipients of the welfare organisation. In one instance, a staff member jokingly told him that during his first five years of employ with the municipality, "he should work for the municipality, and for the next forty years the municipality would work for him." Currently, a staff member of a municipality is a public servant in a developmental local system, a shift from the welfare system. Municipalities (including its staff) must therefore learn "to do more with less," must become more customer-focused, and must regard the municipality as a business. South African municipalities should follow the example of Charlotte City Council, where the organisational culture is reflected in the City's mission statement, "Public service is our

Business.” In the following chapter, the researcher will focus on performance management performance within the City of Cape Town.

CHAPTER 4

PERFORMANCE MANAGEMENT WITHIN THE CITY OF CAPE TOWN

A CUSTOMER

Is not someone with whom to argue or match our wits.

No-one ever won an argument with a client. (Anon)

4.1 Introduction

In the previous chapter the researcher discussed individual and team Performance Management within international and national local government institutions, and discussed legislation pertaining to Performance Management systems within South African local government institutions. In this chapter, the researcher will discuss Performance Management within the City of Cape Town, commencing with background information on the City of Cape Town. This will be followed by initiatives with regard to performance management at the Cape Metropolitan Council (before its incorporation into the City of Cape Town), the Unicity Commission and the City of Cape Town.

4.2 Background information on the City of Cape Town

At midnight on 4 December 2000, the day before local government elections were held in South Africa, and in terms of Section 3(1) of the Province of the Western Cape Proclamation 479 of 2000, Blaauwberg Municipality, Cape Metropolitan Council, City of Cape Town dated 22 September 2000), City of Tygerberg, Helderberg Municipality, Oostenberg Municipality and South Peninsula Municipality, which were established in terms of the Province of the Western Cape Proclamation 27 of 1996, dated 28 May 1996, were disestablished. A new municipality, the City of Cape Town (not to confused with the City of Cape Town that was disestablished in terms of the Province of the Western Cape Proclamation 27 of 1996) was established (Section 4 of Proclamation 479

of 2000). The seven former municipalities were then referred to as Administrations of the new municipality.

4.3 Cape Metropolitan Council initiatives with regard to performance management

At the Cape Metropolitan Council (CMC), which was the original focus of this research, the issue of performance management was first raised in 1998 (Cape Metropolitan Council, Report to the Council's Human Resources Committee, 1998). In the report to the Council's Human Resources Committee, it was reported that, "... with the advent of a new political and constitutional dispensation in South Africa, local government bodies are under increasing pressure to improve their service-delivery to the community, while at the same time becoming more efficient and effective in the use of the limited resources available to them, particularly finance. In order to realise this, the introduction of effective programmes which facilitate the achievement of improved performance, in respect of groups as well as individuals, is imperative."

Based on the aforementioned, the Council's Executive Directors decided to include the development of such a programme as part of their strategic objectives. At a workshop that was attended by the Council's Chief Executive Officer and Executive Directors on 28 July 1998, they decided on the following definition of performance management:

"A means of getting better results from the organisation, team/groups and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements.

It is a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and long term.

It is owned and driven by line management."

The Executive Directors then decided that a pilot exercise, for a performance management intervention- Performance Management Goal Setting Workshops, be undertaken in the Council's Protection, Health and Trading Services Directorate. They also decided that a Performance Management Attitude survey be undertaken throughout the Council.

In a report to the Council's Executive Directors (Cape Metropolitan Council (b), 1998), it was reported that the Executive Director and Heads of Department of the Protection, Health and Trading Services Directorate had received training, in order to equip them with the knowledge and skill, to link their strategic and operational goals with performance management principles. It was also reported that these members of staff would be able to develop clearly-defined Performance Agreements. The Executive Directors decided that the exercise be cascaded to other staff in the Protection, Health and Trading Services Directorate, as well as to the Executive Directors and Heads of Department within the Council's other directorates. In a memorandum dated 25 May 1999, the Council's Executive Director: Corporate Services advises that interested persons would be invited to develop and implement an Integrated Performance Management System for the CMC. However, after interested persons had submitted offers to develop and implement an Integrated Performance Management System for the CMC, no further action was taken by the Council to pursue the matter. It is the researcher's opinion that, with the proposed Cape Town Unicity looming, the CMC decided not to pursue the issue of Performance Management Systems.

4.3.1 Cape Metropolitan Council: Attitudes with regard to performance management

In a letter to the CMC staff (Cape Metropolitan Council, 2000 (a)), its Chief Executive Officer states that in the run-up to the (Cape Town) Unicity, the CMC developed a CMC Readiness Plan, an integral part of the plan being to improve staff motivation. He advised that before planning could commence, a Staff Opinion Survey should be

conducted, to gauge the current perceptions of staff, and, in this regard, the survey was conducted by means of focus groups and questionnaires.

With regard to Interpersonal and Social processes, it was found that "employees are dissatisfied with how work performance is evaluated and measured." It was also found that there was unhappiness regarding remuneration relating to job parity and equity (Cape Metropolitan Council, 2000 (b)). With regard to Management processes, it was found that "there is dissatisfaction with how feedback on how work performance is managed ...". In addition to recommending that certain issues be individually addressed by the Directorates, it was stated that many issues, including Performance Management, would be addressed when the new Unicity is formed. It is the researcher's opinion that, with the proposed Cape Town Unicity looming, the CMC again decided not to pursue the issue of Performance Management Systems. However, it was important that the staff members' opinion be gauged, in order to be aware of issues that have to be addressed by the Unicity.

4.4 The Unicity Commission's initiatives with regard to performance management

The Unicity Commission was a temporary political body launched on 25 November 1999 by the (Western Cape) Provincial Minister of Local Government, and in terms of Section 14(5) of the Local Government: Municipal Systems Act, 2000 (The Unicity Commission Gazette, Vol. 1). The purpose of the Unicity Commission was to supervise the transition to a (Cape Town) Unicity. Among others, one of the duties of the Unicity Commission was to make recommendations to the newly-elected Unicity Council, including service delivery models, and staffing requirements to support the delivery models. In this regard, the Unicity Commission researched needs and various options, and made recommendations regarding options on various issues, including performance management.

Commencing in May 2000, the Unicity Commission circulated various versions of a discussion document, "Towards a service delivery and institutional strategy for the Unicity Council," the final document being adopted by the Unicity Commission on 8 June 2000. The document provides a background to the situation of local government in the Cape Metropolitan Area, and provides an insight to and makes recommendations with regard to performance management systems.

4.4.1 Background to the situation of local government in the Cape Metropolitan Area

The Unicity Commission alluded to the fact that far-reaching change was required (in local government in Cape Town)(Unicity Commission, 2000 (b): 1). The Commission stated that the transition to the Unicity was a window of opportunity to make the changes necessary to bring the governance and management of the city not only in line with best practice, but also world class excellence. The Commission pointed out that there are a number of key elements of a service delivery and institutional strategy for the Unicity to address the challenges of change, including establishing clear performance requirements, restructuring the municipal administration and enhancing the organisational capability to implement the new approach.

4.4.2 Establishing clear performance requirements

The Unicity Commission (2000 (b): 20) pointed out that the Unicity Council would have to address growing needs without a corresponding increase in the financial resources. It also points out that the Unicity Council would need to adopt a variety of measures in conjunction with a performance management system to increase the efficiency and effectiveness of its services and activities in an on-going manner, including:

1. re-engineering of work processes and encouraging innovation to improve efficiency and effectiveness;

2. the elimination of unnecessary bureaucracy and red tape;
3. service benchmarking and the introduction of measures to eliminate monopolistic service delivery practices and introduce greater competition;
4. encouraging cross-functional service working to ensure more effective services; and
5. exploring alternative service delivery mechanisms within the context of the National Framework Agreement where in-house provision is unable on its own to provide efficient and effective delivery.

4.4.3 Restructuring the municipal administration

The Unicity Commission proposed that the Administration be restructured by establishing a focused corporate centre and decentralised service delivery/operating entities (2000 (b): 24). The focused corporate centre would be responsible for managing overall strategic planning, corporate policy, the IDP, establishing and monitoring service levels and standards, performance and contract management, as well as Unicity human resources, IT, and finance strategy and planning. The Commission points out that the service delivery/operational arm of local government must be decentralised on either a functional and/or geographical basis, to enable services to be delivered in the most efficient and effective manner possible, within the Unicity performance framework.

4.4.4 Shifting and enhancing the organisational capability to implement the new approach

It is stated that the introduction of integrated performance management systems across the organisation is a requirement of the forthcoming Local Government: Municipal Systems Act, 2000, as well as an essential tool for building a high-performance organisation (Unicity Commission, 2000 (b): 28). The Unicity Commission advised that, internationally, performance management systems has emerged as an important public, private and social sector tool for bridging the gap between planning and

implementation. The Commission emphasised that a performance management system needed to link strategic objectives with operational, team and individual performance. Furthermore, the Commission advised that major cultural change initiatives, which focus on citizens/customers/users and continuous improvement, need to be launched (2000 (b): 29).

4.4.5 Proposed new Uniform conditions of service for new employees

In clarifying an Annual Bonus for staff, in its proposals for new Uniform conditions of service for new employees, the Unicity Commission points out that a thirteenth cheque is paid at the end of November each year, but that the bonus would be subject to review, especially if a performance-based bonus is introduced (The Unicity Commission Gazette, Vol. 3). In response to staff's Frequently Asked Questions, the Commission advised as follows with regard to performance management:

"What gets measured, gets done! A Performance Management System will be introduced in accordance with the Municipal Systems Legislation and in consultation with employees and their unions. This will ensure that the new organisation delivers services which meet the city's needs."

4.4.6 Performance Management: Final proposals: Unicity Commission

In a document titled, "Performance Management: Final proposals" (Unicity Commission, 2001:4), it is advised that performance management cannot be considered outside the context of transformation. It is also advised that it will be especially challenging to fully implement a performance management system into an organisation where a process of extensive restructuring and organisational change is underway.

The Unicity Commission (2001:9) states that a number of principles should underpin the performance management system and processes (within the public sector), namely the system:

1. should provide information and a mechanism for the public to hold the municipality accountable, for councillors to hold the administration accountable and for the employer to hold the employees accountable.
2. should integrate all levels of government- top leaders, directors, middle managers, supervisors, and employees.
3. must be applied to both strategic management and daily decisions.
4. should have a mix of measures: financial, customer, internal operations, those encouraging innovation and for tangible and intangible assets.
5. should include measures drawn from both inside and outside an organisation.
6. must be regarded as a process and not a form-filling-in activity.
7. must reward good performance and encourage corrective action when performance is below standard.
8. must be fairly applied across the organisation and must first be introduced at the most senior levels of the organisation.

The Commission stresses that it is imperative that performance management is not seen as a standalone system without any relationship to other human resources systems (Unicity Commission, 2001:19). The Unicity Commission (2001:20) also states that, in considering linking pay to performance, it is critical that some cultural changes take place in the manner in which people perceive rewards. The Commission points out that people appear to have a low affinity and a sense of performing within a bargaining (nothing more or nothing less than the agreement) and a high entitlement mindset in a strongly rules-based environment.

The Unicity Commission (2001: 36) alludes to some recommendations arising from interactions with key stakeholders, that is that:

1. Performance management agreements should be determined not only for "executive" management but also for all managers, with appropriate monitoring and reward/corrective mechanisms.
2. Performance monitoring be located at the corporate centre.
3. A Continuous Business Improvement (CBI) Support unit be created as part of the corporate centre, and that CBI reviews be included as a requirement of the performance management system.

In concluding its report, the Commission points out that a performance management system is not only a legal prerequisite, but also an imperative if the new Unicity intends ensuring its success as an efficient and effective provider of services.

The Unicity Commission supervised the transition to what it referred to as the new Unicity Council, including preparing discussion documents and recommendations for the new City of Cape Town in respect of performance management systems. The new Council of the City Of Cape Town, assumed office on 5 December 2000, with proposals from the Unicity Commission on service delivery models, and staffing requirements to support the delivery models.

4.5 The City of Cape Town's initiatives with regard to Performance Management: December 2000 to December 2001

Since its inception in December 2000, the City of Cape Town commenced with and adopted many initiatives with regard to Performance Management. This included approving Terms and Conditions of Employment for new staff, and for current staff applying for new posts, focusing on the customer (in order to provide better services), participating in a pilot Performance Management system project, appointing a Strategic Executive: Performance Management to drive Performance Management within the organisation, and providing a "road-map" for implementing a Performance Management

within the City of Cape Town. The researcher will now discuss these initiatives, since inception of the new Council in December 2000, until December 2001, regarding performance management by the City of Cape Town.

4.5.1 Adoption of terms and conditions of employment for new staff

At its meeting that was held on 15 December 2000, the Council of the City of Cape Town adopted the Terms and Conditions of Employment, which were approved by the Unicity Commission (City of Cape Town, 2000). The Terms and Conditions of Employment have implications on Performance Management in that it affects the Annual bonus, provides guidelines for the operation and management of the pay structure, including structuring of pay ranges and points, appointment pay levels, and a copy of the documents are attached (Addendum 10). By adopting these Terms and Conditions of Employment for new staff, the City of Cape Town indicated that it would be using Performance Management systems for its staff.

When the City advertised the post of City Manager, in the advertisement, it was stated that the person appointed to the post would be appointed on contract, and would be receiving a performance bonus (City of Cape Town, 2001 (a)). This was the first indication by the City that it would appoint its staff on contract and that it would be performance-managing its staff in terms of the Local Government: Municipal Systems Act, 2000.

In August 2001 the City advertised posts for Strategic Executives, Executive Directors and Directors, who would report to the City Manager. In the advertisements, it was stated that persons appointed to these posts (as was the case with the City Manager) would be appointed on contract and would be receiving performance bonuses (City of Cape Town, 2001 (f)). The City, again, acted in terms of the Local Government: Municipal Systems Act, 2000, in regard to the appointment of its second-level staff. The aforementioned process for appointing staff is therefore the first of its kind for the City,

where the top two levels of staff would be appointed on contract and would be receiving performance bonuses.

4.5.2 Commitment to focussing on the citizen as customer, responsiveness to the needs of the people, and to efficiently deliver affordable services to all

At its meeting held in February 2001, the Council of the City of Cape Town adopted its vision statement, among other, committing itself "to a focus on the citizen as customer, to be responsive to the needs of the people and to efficiently deliver affordable services to all" (City of Cape Town, 2001 (b): Section 1). The Council decided that its Executive Committee will be politically accountable for the performance of the service Organisations (City of Cape Town, 2001 (b): Section 3.2), and City Hall, that is the Mayor's Office, the Deputy Mayor's Office, the Council- represented by its Executive Committee, and the Municipal Manager and his/her senior staff, will be responsible for strategic performance monitoring (City of Cape Town, 2001 (b): Section 3.4).

The City identified the absence of an integrated Performance Management policy and system as a "burning issue," which required immediate attention (City of Cape Town, 2001 (c): Section 4.1). The Council acknowledged that "key performance indicators will have to be identified to determine whether the Council is achieving its objectives or not" (City of Cape Town, 2001 (c): Section 4.5). In explaining how the new organisation would be structured, the Council stated that one of the principles would be that operating departments will become vertically integrated service organisations with significant levels of decision-making matched by increased accountability for performance (City of Cape Town, 2001 (c): Part 4).

In this regard, it is concluded that the Council identified the absence of an integrated Performance Management policy and system that required immediate attention, and made it known that performance would be important in the new organisation.

4.5.3 Informing staff of the "Incapacity: Managing poor performance" policy

In a communication to the Council's staff (City of Cape Town, 2001 (d)), the Acting Municipal Manager advises that he had previously informed staff that certain new human resources policies, one thereof being the "Incapacity: Managing Poor Performance Policy," had been implemented with effect from 1 April 2001. He explains that the policy requires that performance standards and job descriptions be communicated to employees and that they be provided with the necessary guidance, training, and instruction to reach the required performance standards. He also explains that employees should be given a reasonable period within which to reach the required standards and should be given regular feedback and counselling.

Although it is only the Municipal Manager and his senior staff who will be appointed on contract and be receiving performance bonuses, other members of staff are also responsible for ensuring that performance standards are met. The researcher is aware that the City's members of staff are provided with job descriptions and that performance standards are communicated to employees verbally. However, in the absence of formalised/written performance standards, perceptions of standards could be interpreted differently by line managers and their subordinates, which indicates the need for formalised/written performance standards.

4.5.4 The "Customer is King" campaign

During July 2001, the Municipal Manager informed staff that the "Customer is King" (City of Cape Town, 2001 (e): Section 9). In clarifying his statement, the Municipal Manager stated that this meant that the customer is the reason for a staff member having a job, and that they (the staff members) had to look after the customer if they still wanted to have a job. He informed staff that the City of Cape Town's customers are:

1. The three million residents of the City who uses its roads, water, libraries, and all the other services that the City provides.
2. The private sector which, constitutes businesses (from giant multinational corporations to the flower seller at the roadside), and thus the economy of the region.
3. The tourist who visits the City, from the rest of South Africa and the rest of the world.
4. The staff in the service to whom a service is provided.

The Municipal Manager warns staff that they should look after their customers, or would end up with problems from the people they are supposed to help, and informs them that a project team has been established to develop a comprehensive Customer Care System. The researcher concludes that the proposed establishment of a comprehensive Customer Care System was prompted by the absence of a customer-care ethic, as alluded to in Chapter 1.

4.5.5 Introduction of an organisation-wide performance-driven culture including the implementation of a Performance Management System throughout the organisation

The City's Executive Committee considered a report, "A Framework for the Integrated Management of Institutional Transformation Processes in the City of Cape Town," (City of Cape Town, 2001 (g): 4) in August 2001. The City's Executive Committee agreed that its Corporate Centre (City Hall) should, *inter alia*, be the body responsible for monitoring and achievement of organisation-wide goals. The Executive Committee also agreed that a project, regarding the introduction of an organisation-wide Performance-driven culture, including the implementation of a Performance Management System throughout the organisation, be located within the Corporate Centre. Whilst it could be argued that the City should first have introduced an organisational Performance Management system (OPMS), prior to considering performance bonuses for its top two

levels of staff, this system is a new concept for the City of Cape Town, as well as other South African local government institutions, and problems should be resolved as they arise.

4.5.6 Participation in a pilot Performance Management system project

In August 2001, the Council of the City of Cape Town agreed to participate in a pilot Performance Management system project, initiated by the Department of Provincial and Local Government, with full implementation of the project by 1 July 2002 (City of Cape Town, 2001 (h): 2). The Council decided that the project would be an organisational Performance Management System (OPMS), however it envisaged that performance agreements would be developed for the City Manager and managers directly accountable to him, which is in terms of Section 57(1) of the Local Government: Municipal Systems Act, 2000.

The researcher is a Technical Adviser to the Council's OPMS Task Team, and is aware that there are four Sub-projects (SP) of the OPMS Project. These sub-projects are Development of the Performance Management Model and Methodology SP, Implementation SP, Communication, Education and Training SP, Priority Projects SP, and Project Support Office SP. The OPMS Task Team and Sub-project Teams held numerous workshops and meetings, and have to submit progress reports on their activities to the Council's Executive Committee.

4.5.7 Appointment of a Strategic Executive: Performance Management and Service Integration

On 22 October 2001, the City Manager informed staff that a Strategic Executive: Performance Management and Service Integration had been appointed to his top management team (City of Cape Town, 2001 (i): 2). He specifies that this Strategic Executive would be dealing with organisational performance management, which is he

would be monitoring how well the organisation is performing. By appointing a person to deal with organisational performance management, indications are that this person would have to drive performance management corporate-wide, in order to ensure consistency throughout the organisation.

4.5.8 Informing City of Cape Town staff about the organisational Performance Management system

During the week of 12 November 2001, the City distributes a newsletter to its staff, in regard to its organisational Performance Management system (City of Cape Town, 2001 (k)). The City informs its staff about the OPMS, explains why the Council should have performance management, informs staff of progress regarding the project, introduces the members of the OPMS project team, and explains what would happen next. By informing staff about the proposed OPMS, the City is carrying out its responsibility of communicating its intentions, which would decrease resistance to the project. A copy of the newsletter is attached as Addendum 11.

4.5.9 Terms and Conditions of Employment for the new City posts reporting to the Executive Team

In a document "Terms and Conditions of Employment for the new City posts reporting to the Executive Team," (City of Cape Town, 2001 (l): 14), which was attached to advertisements for certain posts, it was advised that these persons, who would be appointed on a permanent basis, would be receiving an annual bonus (thirteenth cheque). These advertisements differ from those of the City Manager's post and posts accountable to him, wherein performance bonuses were mentioned. In this instance, the Council decided not to have performance agreements, as is the case with the City Manager and managers directly accountable to him. In order for the OPMS to be successful, equity is required when bonuses are paid to staff.

4.5.10 The way forward in respect of Performance Management within the City of Cape Town

On 4 December 2001 the Council's Executive Committee considered a progress report in regard to the Performance Management within the City of Cape Town (City of Cape Town, 2001 (m)). The report included the proposed performance management model, developing an enabling framework for setting key performance indicators, establishing of a Performance Management steering committee, developing the implementation plan, and adopting a Performance Management system for the City. The researcher will discuss these aspects of the report.

4.5.10.1 The proposed performance management model

The OPMS Project Team was of the opinion that the Balanced Scorecard is the most suitable instrument for translating vision and strategy into performance (City of Cape Town, 2001 (m): 6), but was uncertain whether the four perspectives of the Norton and Kaplan model are appropriate (for local conditions). The team's primary concern was how governance issues, among other, public participation, access to information, anti-corruption measures and handling of complaints, would be accommodated in the Balanced Scorecard. However, the Project Team felt that, based on international experiences, the model could be adapted to meet local needs.

4.5.10.2 Developing an enabling framework for setting key performance indicators

It was reported (City of Cape Town, 2001 (m): 7) that the OPMS Project Team is working closely with the Council's Business Planning Team, to ensure integration between the enabling framework of the performance management system and the processes that are taking place in preparing the Council's IDP for 2002/3. In this regard the OPMS Project Team provides a framework that enables managers to develop key

performance indicators for their functional areas, and commenced with staff training in this regard in mid-December 2001.

4.5.10.3 Establishment of a Performance Management Steering Committee

The OPMS Project Team considered the establishment of a steering committee vital to the success of the project (City of Cape Town, 2001 (m): 7), and envisages that the Performance Management Steering Committee would be established and operational in January 2002.

4.5.10.4 Developing the implementation plan

It was reported (City of Cape Town, 2001 (m): 7) that the implementation plan could only be finalised after the model has been finalised, and that implementation of a performance management system for the City Manager and managers reporting directly to him (as required in terms of the MSA) would cost approximately R700 000. It was also reported that tender specifications would be published in December 2001, the system would be developed between January and March 2002, and a test-run has been scheduled for April 2002.

4.5.10.5 Adoption of the Performance Management System

Subsequent to the test-run, which has been scheduled for April 2002, and resolving any problems that might arise, it is planned that the proposed performance management system be submitted to the Council for adoption in May 2002. The researcher is aware that the City is on track with regard to its proposals, and should manage any problems, in order to implement the organisational Performance Management system on 1 July 2002.

4.6 Conclusion

The researcher first became aware of performance management in local government, when the Cape Metropolitan Council raised the issue in 1998. This Council decided to develop and implement an Integrated Performance Management System, but after 1999, no further action was taken by the Council to pursue the matter, as it appeared as if their initiatives would be overtaken by developments within the local government field. In 2000, in the run-up to the (Cape Town) Unicity, the Cape Metropolitan Council conducted an opinion survey to gauge the current perceptions of staff, and, among other, it was found that "employees are dissatisfied with how work performance is evaluated and measured." It was also found that there "there is dissatisfaction with how feedback on how work performance is managed ...". In addition to recommending that certain issues be individually addressed by the Directorates, it was stated that many issues, including Performance Management, would be addressed when the new Unicity is formed. However, it was important that the staff members' opinion be gauged, in order to be aware of issues that have to be addressed by the Unicity.

Since May 2000, the Unicity Commission circulated various documents dealing with performance management systems, the final document being adopted by the Unicity Commission on 8 June 2000. The Unicity Commission supervised the transition to what it referred to as the new Unicity Council, including preparing discussion documents and recommendations for the new City of Cape Town in respect of performance management systems. The new Council of the City Of Cape Town, assumed office on 5 December 2000, with proposals from the Unicity Commission on service delivery models, and staffing requirements to support the delivery models.

The Council of the City of Cape Town adopted the Terms and Conditions of Employment, which were approved by the Unicity Commission, and which had implications on performance management. The City has adopted many of the proposals of the Unicity Commission with regard to service delivery models, and staffing

requirements to support the delivery models, and has undertaken various initiatives with regard to performance management, including participating in a pilot project of the Department of Provincial and Local Government. The City is also vigorously working towards implementing its OPMS, including developing performance agreements for the City Manager and managers directly accountable to him. If there are no problems, the Council should adopt a performance management system in May 2001, with implementation planned for 1 July 2002.

In line with Section 57(1) of the Local Government: Municipal Systems Act, 2000 the Council decided not to have performance agreements for persons who are accountable to the City Manager's top team. This could be problematic if one manager was offered up to 25% of his salary in the form of a performance bonus, and his subordinate, who can assist him in obtaining the maximum bonus of 25%, is only offered a bonus of 8.333% (a thirteenth cheque).

It could be argued that an incentive bonus, in the form of a performance bonus of up to 25% of their basic salary, was justified for the City Manager and managers reporting directly to him, as they will be appointed on a contract basis. However, the support and co-operation of the City's permanent employees, who are not employed on a contract basis and do not participate in a performance management system, would be required to reach performance targets of the City Manager and managers reporting directly to him. In this regard the City of Cape Town should be proactive, extending its performance management system to officials on levels below managers reporting directly to the City Manager, including implementing a differentiated bonus system. If the proposed performance management system is not extended to all employees of the City of Cape Town at some stage, the system will fail. In Chapter 5, the researcher will describe how the data pertaining to the Performance Management questionnaire was collected, and will discuss the sampling method, as well as limitations to the data collection exercise. In the following chapter the researcher will discuss how data was

obtained at the CMC Administration, City of Cape Town, will provide an analysis of the data, and provide an interpretation thereof.

CHAPTER 5

PERFORMANCE MANAGEMENT WITHIN THE CMC ADMINISTRATION, CITY OF CAPE TOWN: AN ANALYSIS

A CUSTOMER

Is a person who comes to us because he needs certain
goods or services.

It is our job to provide them in a way
profitable to him and to ourselves. (Anon)

5.1 Introduction

In the previous chapter, the researcher discussed Performance Management within the City of Cape Town, which included background information on the City of Cape Town, initiatives with regard to performance management by the Cape Metropolitan Council (before its incorporation into the City of Cape Town), the Unicity Commission and the City of Cape Town. In this chapter, he will describe the methodology pertaining to the data collection exercise, as well as limitations to the data collection exercise. Thereafter he will provide, with the aid of graphs, an analysis of the data collected, followed by an interpretation of the analysis.

5.2 Methodology pertaining to the data collection exercise

The researcher will describe the methodology pertaining to the data collection exercise, as well as limitations to the data collection exercise.

5.2.1 Population and sampling

The population for this study is the CMC Administration, City Of Cape Town, where

there are approximately three-thousand and two-hundred staff members. In view of the fact that this is a Research assignment, the researcher's Research Supervisor advised that thirty questionnaires, or approximately one percent of responses from the population, would be sufficient.

The researcher has experienced that the email system is more effective and efficient in eliciting responses from other members of staff, and decided that he would email the questionnaires to the sample group. As entry-level Clerks at the CMC Administration, City Of Cape Town are appointed on salary grade eighteen and they, as well as persons occupying higher-level posts are on Council's email system, the researcher decided to draw his sample from this group. There are approximately nine-hundred and ninety persons on salary grade eighteen and higher, which meant that approximately two-thousand and two-hundred staff members, who are on salary grade seventeen and below, would be excluded from the sample.

The researcher obtained a list (with the staff numbers in ascending order) of all monthly-paid employees of the CMC Administration, who are on salary grade eighteen or higher. He decided to send questionnaires to ten percent of persons on the aforementioned list, and decided that the ninety-nine persons would constitute the sample group. As he had decided to send questionnaires to ten percent of persons on the list, he selected the tenth person on the list, and thereafter selected every tenth person until he had selected ninety-nine persons.

On 28 September 2001, questionnaires were emailed to the sample group, the cut-off date and time for returning the completed self-administered questionnaires being 16:00 on 12 October 2001. Twenty-six of the addresses were undeliverable as the person was either not on the system due to him/her being at a distant or remote work-site, or he/she was not on the system because it (the email system) was not required for operational purposes. The sample group was therefore reduced to seventy-three persons, or 2.28% of the target population. Although only twenty-three completed

questionnaires (31.5% of the sample group and 0.72% of the target population) had been received, the researcher felt that he would not repeat the exercise as he felt that the responses would not increase significantly.

5.2.2 Limitations to data collection

The researcher feels that the voluntary nature of the survey could have resulted in some members of the sample group not completing the questionnaires, despite the Chief Executive Officer and his top management team supporting the exercise. He feels that another reason for some members of the sample group not responding is that operational requirements have to be met, and they may have regarded non-operational issues, such as completing a questionnaire, a non-priority. The researcher is aware that some members of staff are involved in Council priority/strategic projects, which is beyond the scope of their duty but is important for ensuring that, in future, Council operates effectively, efficiently and economically, and may have accorded the survey a low priority.

The researcher is of the opinion that some members of staff, having been subjected to opinion surveys in the past and not having seen any significant improvement in their personal conditions or the way things are being done, may have decided not to participate in his Performance Management survey. The researcher is also of the opinion that some members of staff, having been prepared for transformation since 1996 and with there still being no finality on their future, may have decided that there would be no purpose in participating in the Performance Management survey. Finally, the researcher, knowing how human beings operate, that is waiting for the last moment to do something, feels that he may have had more completed questionnaires if there had not been a power failure in Cape Town on 12 October 2001.

The researcher feels that the ideal situation for conducting surveys would be to gain the opinions of everybody, but as this would be difficult due to financial and time

constraints, one has to survey a sample of the population. By selecting to utilise technology such as the email system, he had to discriminate against staff members who are on salary grade seventeen and below, and feels that, due to the aforementioned constraints, his discriminating against these persons is justified.

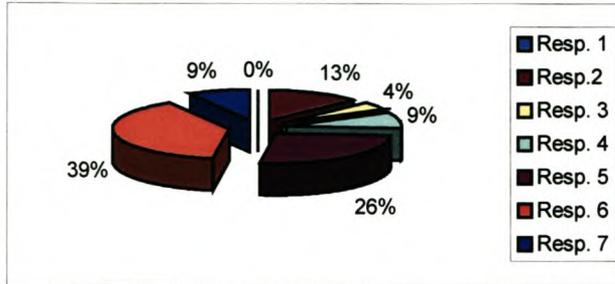
With the limitations of obtaining data, one cannot always obtain a 100% response. Although only twenty-three completed questionnaires (0.72% of the target population) had been received, the researcher feels that this is adequate for his survey.

5.3 ANALYSIS OF DATA COLLECTED

After data has been collected, it should be organised in a manner to make it meaningful. The researcher will provide statistics and percentages in respect of the data that was collected (see Addendum 12A), that is he will provide statistics and percentages in respect of the respondents' biographical information, and thereafter of respondents' responses to the statements in the questionnaire. In order to assist and clarify the statistics and percentages used in Addendum 12A, explanatory notes are contained in Addendum 12. Graphic illustrations, as well as a summary/explanation have been provided with regard to the responses received. A key (legend), which provides information on the codes used in the graphs, is illustrated below.

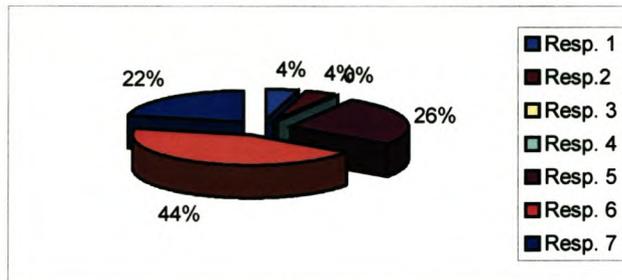
Legend

	Response
Resp. 1	Completely disagree
Resp. 2	Mostly disagree
Resp. 3	Slightly disagree
Resp. 4	Undecided
Resp. 5	Slightly agree
Resp. 6	Mostly agree
Resp. 7	Completely agree



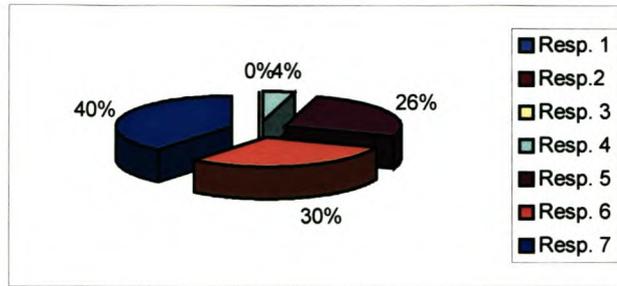
Graph 1: Responses with regard to the statement that there is a possible decline in customer satisfaction within the CMC Administration and at other Administrations within the City

Summary: It is evident that most respondents (74%) agree that there is a possible decline in customer satisfaction within the CMC Administration and at other Administrations within the City.



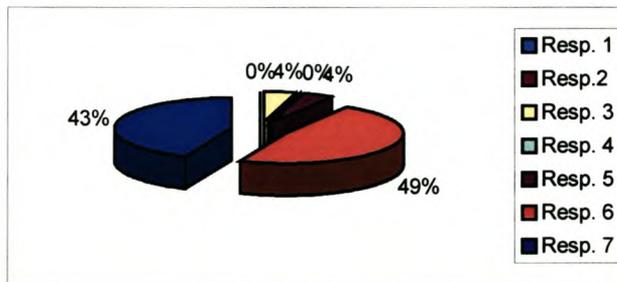
Graph 2: Responses with regard to the statement that there is an absence of an entrenched customer care ethic among municipal officials.

Summary: It is evident that most respondents (92%) agree that there is an absence of an entrenched customer care ethic among municipal officials.



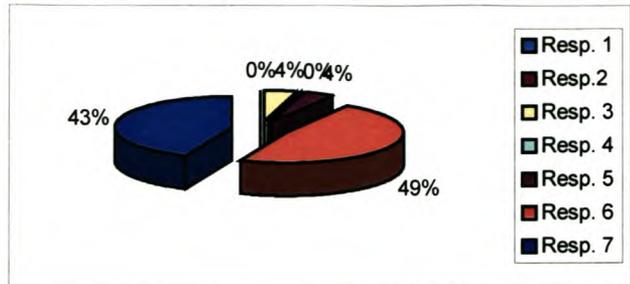
Graph 3: Responses with regard to the statement that in many cases the lack of performance management systems at municipalities contribute to inefficiency in service delivery

Summary: It is evident that most respondents (96%) agree that in many cases the lack of performance management systems at municipalities contribute to inefficiency in service delivery.



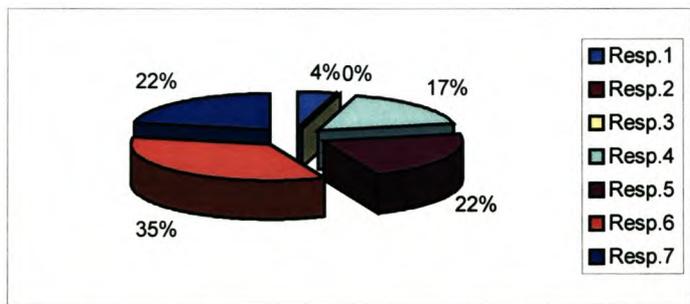
Graph 4: Responses with regard to the statement that the respondents have provided complete customer-satisfaction to internal customers at all times during the past 18 months

Summary: Most respondents (96%) agree that they have provided complete customer-satisfaction to internal customers at all times during the past 18 months.



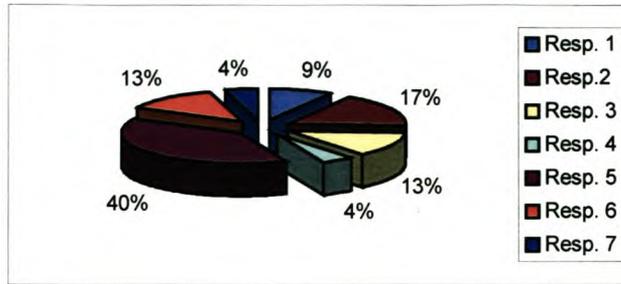
Graph 5: Responses with regard to the statement that the respondents have provided complete customer-satisfaction to external customers at all times during the past 18 months

Summary: Most respondents (96%) agree that they have provided complete customer-satisfaction to external customers at all times during the past 18 months.



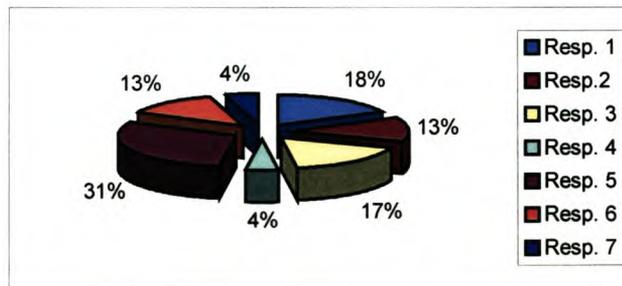
Graph 6: Responses with regard to the statement that the respondents are aware that (a) colleague/s in their/other Sections/Departments/Directorates has/have not provided complete customer-satisfaction to internal customers on less than five occasions during the past 18 months

Summary: Most respondents (79%) stated that they are aware that (a) colleague/s in their/other Sections/Departments/Directorates has/have not provided complete customer-satisfaction to internal customers on less than five occasions during the past 18 months



Graph 7: Responses with regard to the statement that the respondents can confidently state that (a) colleague/s in their/other Sections/Departments/Directorates has/have provided complete customer-satisfaction to internal customers at all times during the past 18 months

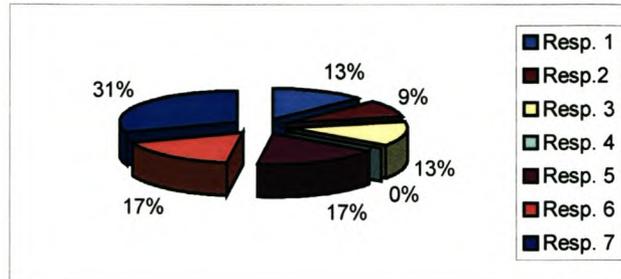
Summary: A slight majority of the respondents (57%) stated that (a) colleague/s in their/other Sections/Departments/Directorates has/have provided complete customer-satisfaction to internal customers at all times during the past 18 months



Graph 8: Responses with regard to the statement that the respondents can confidently state that (a) colleague/s in their/other Sections/Departments/Directorates has/have provided complete customer-satisfaction to external customers at all times during the past 18 months

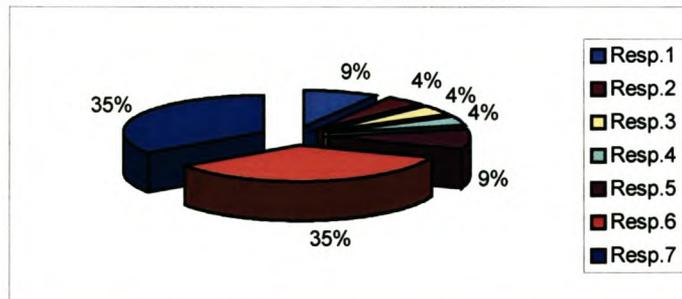
Summary: Whereas 17% of respondents were unsure, less than half agree with and approximately one-third disagree with the statement state that (a) colleague/s in their/other Sections/Departments/Directorates has/have

provided complete customer-satisfaction to external customers at all times during the past 18 months.



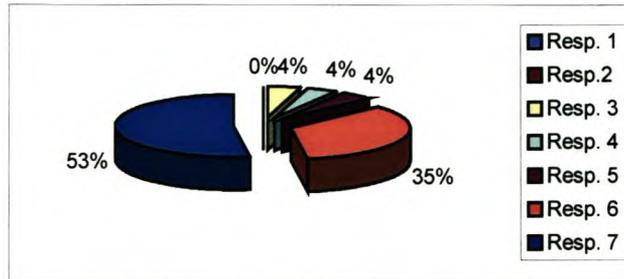
Graph 9: Responses with regard to the statement that the respondents' managers inform them immediately if their work is not acceptable

Summary: It is evident that most of respondents (65%) agree that their managers inform them immediately if their work is not acceptable.



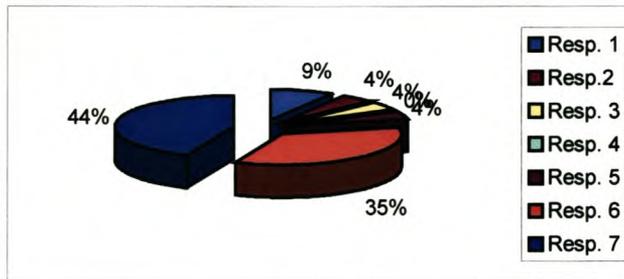
Graph 10: Responses with regard to the statement that the respondents are aware of the level of performance that is expected of them

Summary: From the above graph, it can be seen that the vast majority (79%) of the respondents is aware of the level of performance that is expected of them.



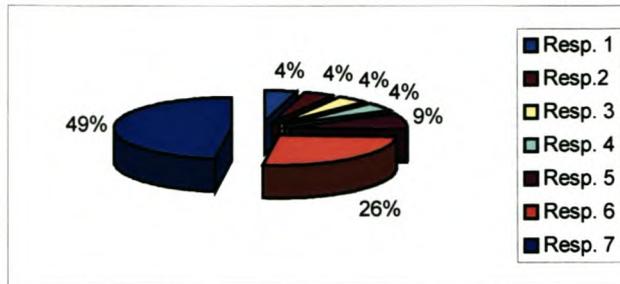
Graph 11: Responses with regard to the statement that the respondents would be happy for judgement to be passed on them in terms of a performance management system

Summary: With the exception of one person who disagreed and another who was unsure, the respondents agree that they would be would be happy for judgement to be passed on them in terms of a performance management system.



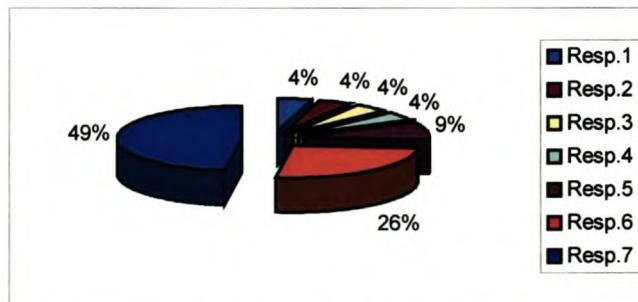
Graph 12: Responses with regard to the statement that the respondents would not object to Council having a performance management system for its entire staff

Summary: It is evident that the majority (83%) of respondents agree that they would not object to Council having a performance management system for its entire staff.



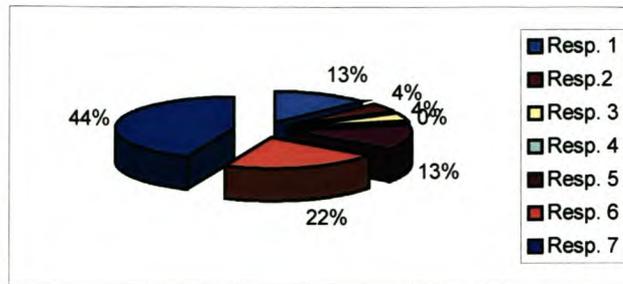
Graph 13: Responses with regard to the statement that if Council has a performance management system for individuals, staff would be held accountable for their work performance

Summary: From the above graph, it can be seen that the vast majority (84%) of the respondents agree that if Council has a performance management system for individuals, staff would be held accountable for their work performance.



Graph 14: Responses with regard to the statement that if Council has a performance management system for individuals, staff would improve their level of service to customers

Summary: From the above graph, it can be seen that the vast majority (84%) of the respondents agree that if Council has a performance management system for individuals, staff would improve their level of service to customers.



Graph 15: Responses with regard to the statement that a bonus system should be linked to a performance management system for individuals

Summary: It is evident that the majority (79%) of the respondents agree that a bonus system should be linked to a performance management system for individuals.

5.4 Interpretation of data collected at the CMC Administration, City of Cape Town

After data has been collected and organised in a manner to make it meaningful, the results should be analysed and interpreted, in order to provide solutions to possible problems. For ease of reference, this section has been divided into four sub-sections to make it meaningful. They are staff attitudes towards customers, internal processes with regard to performance, communication of performance management within Council, and staff attitudes regarding the implementation of a performance management system for all staff. The researcher will further analyse and interpret the results, and explain what they mean in terms of performance management within the City of Cape Town.

5.4.1 Staff attitudes towards customers

The majority of respondents stated that they had observed a possible decline in customer satisfaction within the CMC Administration and at other Administrations within

the City. They also stated that there is an absence of an entrenched customer care ethic among municipal officials, and this indicates that the City does not have Customer Charters, which would provide customers with an indication of the type of service they could expect. Except for one respondent, who was undecided, all the respondents stated that in many cases the lack of performance management systems at municipalities contributes to inefficiency in service delivery. Also, the majority of the respondents stated that wide-scale modernising of systems and processes would be required to ensure effective and efficient service delivery, and one of the major drivers of the (internal) systems and processes will be the introduction of performance management.

Whereas only one of the respondents stated that he/she had not provided complete customer-satisfaction to internal customers, during the past 18 months, the rest stated that they had. With regard to external customers, one of the respondents stated that he/she had not provided complete customer-satisfaction, during the past 18 months, and the rest stated that they had. Of the respondents, 73.95% stated that their colleagues had not provided complete customer-satisfaction to internal customers during the past 18 months. The researcher is of the opinion that respondents would not wish to appear as being bad providers of services or as poor employees, and rather blamed their colleagues for not providing complete customer-satisfaction. The implication of this is that the proverbial "buck is always being passed," and customers are not receiving satisfactory services.

Had the Council been a provider of services that are not of a monopolistic nature, that is the services are not obtainable elsewhere, it would have lost a lot of its clientele. Unfortunately, the Council's external customers do not have alternatives, are forced to deal with the Council, and are forced to endure poor service. Similarly, the Council's employees must deal with their fellow-employees, and are forced to endure poor service.

The conclusion drawn from the analysis is that, due to the Council providing services that are of a monopolistic nature, the conduct of some members of staff has resulted in the Council's internal and external customer relations management being poor. It is also concluded that the City of Cape Town is not serving its customers the way that it should, and the introduction of performance management systems at municipalities will contribute to efficiency in service delivery.

5.4.2 Internal processes with regard to performance

Most of the respondents stated that they were aware of the level of performance that is expected of them and stated that they would be happy for judgement to be passed on them in terms of a performance management system. This indicates that they were aware of the level of performance that is expected of them, but would only be happy for judgement to be passed on them if a performance management system, that is a tangible measurement system, was in place.

With regard to feedback from managers, the majority of respondents stated that their manager informed them immediately if their work was not acceptable, and that they are well-informed on how they are doing in their job. However, this is in contrast to 43.5% of respondents who stated that their manager discusses their work performance with them, and 34.8% who stated that they receive frequent feedback on their work performance, and that they receive frequent feedback on how well they were doing. Should the latter be correct, it indicates that there is a need for the Council's managers to provide proper feedback to their employees on how well (or poorly) they were performing.

Even though the majority of respondents were aware of the level of performance that is expected of them and indicated that they did not have trouble figuring out whether they were doing a good job, they still required confirmation from their manager that they

were doing a good job. Yet again, it is concluded that staff members need to be informed whether they are doing a good job, but they are not being informed.

5.4.3 Communication of performance management within Council

Approximately 70% of respondents stated that they were aware that Council has a performance-contract for the City Manager and staff reporting directly to him, and 52.2% of the respondents stated that their colleagues were aware that Council has a performance-contract for the City Manager and staff reporting directly to him. It is, yet again, a case of the respondents claiming to be aware of happenings within the Council, and claiming that their colleagues do not. As the issue of performance-contracts and performance bonuses for the City Manager and staff reporting directly to him were advertised extensively within Council, expectations could be created that performance bonuses would also be applicable to the next and subsequent levels of staff.

5.4.4 Staff attitudes regarding the implementation of a performance management system for all staff

It is interesting to note that 82.5% of respondents stated that they and their colleagues would not object to Council having a performance management system for its entire staff, and that if Council has a performance management system for individuals, staff would improve their level of service to customers. Slightly more respondents (87%) stated that if Council has a performance management system for individuals, staff would be held accountable for their work performance, and slightly less respondents (78.3%) stated that a bonus system should be linked to a performance management system for individuals.

The indications are that the time is ripe for the Council to have a performance management system for its entire staff, and the introduction of such a system would lead to an improvement in the staff's level of service to customers. The introduction of

a performance management system by the Council for its entire staff would also lead to staff being held accountable for their work performance. With the vast majority of respondents stating that a bonus system should be linked to a performance management system for individuals, indications are that if the Council introduces such a performance management system, the system will fail if it is not linked to a bonus system.

Less than a third of respondents agreed that managers should not depend on a performance management system for individuals to improve customer satisfaction, but should rather take corrective action, including disciplinary action, against their staff members who are performing below accepted standards. The majority of respondents expect that the introduction of a performance management system for individuals will solve most of the problems, and do not believe in taking corrective action, including disciplinary action, against staff members who are performing below accepted standards. The researcher is concerned with this, as he believes that punitive measures should be a last resort in ensuring that staff performs well.

5.5 Conclusion

The analysis of the survey shows that the City of Cape Town is not serving its customers the way that it should, and the introduction of a performance management system will contribute to efficiency in service delivery. The Council's internal and external customer relations management is poor and requires attention, and the internal processes, especially with regard to feedback to staff, regarding whether they are doing a good job (or not), need to be overhauled. There is a need for the Council to have a performance management system (linked to a bonus system) for its entire staff, as this would lead to an improvement in the staff's level of service to customers, and would lead to staff being held accountable for their work performance.

CHAPTER 6

RECOMMENDATIONS

A CUSTOMER

Is not a cold statistic ...

He is a flesh and blood human being
with emotions and prejudices like our own. (Anon.)

The City of Cape Town set itself the following outcome, "To be Africa's best run city," which it wants to achieve by 2004 (City of Cape Town, 2001 (c): 47). When the Council adopted its Vision statement, it committed itself "to a focus on the citizen as customer, to be responsive to the needs of the people and to efficiently deliver affordable services to all." The Council identified the need for an integrated performance management policy and system, and made it known that performance would be important in the new organisation.

The Council agreed to participate in a pilot project initiated by the Department of Provincial and Local Government, with full implementation of the project by 1 July 2002, and decided that the project would be an Organisational Performance Management System (OPMS). However, it envisaged that, as part of the scope of the project, performance agreements would be developed for the City Manager and managers directly accountable to him. In order to become Africa's best run city by 2004, the City of Cape Town should, based on the results of this study, the staff perception survey and international practice, consider and adopt the following recommendations:

1. Establish an entrenched customer care ethic among municipal officials. This will be in line with the Constitution of the Republic of South Africa, 1996, which provides guiding principles for local government. It will also be in line with the Local Government: Municipal Systems Act, 2000, which emphasises:

- the need for responsiveness by municipalities;
 - that municipalities have a culture of public service and accountability amongst its staff; and
 - that municipalities establish clear relationships, and facilitating co-operation and communication, between it and the local community.
2. Compile Customer Charters, and display them within the City's workplaces, and wherever customers are served. This is a requirement of the Local Government: Municipal Systems Act, 2000, which states that members of the community must be given full and accurate information about the level of service and standard of municipal services they are entitled to receive.
 3. Send its staff members on Customer Relationship Management courses, and on refresher courses on a regular basis. The survey undertaken by the researcher, as well as the report of the Cape Times of 21 June 2000 confirms the absence of an entrenched customer care ethic among municipal officials in the CMA. An entrenched customer care ethic among municipal officials will be instilled if these officials know how to manage relationships with their customers.
 4. The proposal by the City of Cape Town to use a "fine-tuned" version of the Balanced Scorecard model be supported. In terms of the comparative study undertaken by the City, this model is best suited for it. Also, the absence of any contrary claims to the Charlotte City Council's claim that the Balanced Scorecard has been used by them with much success (and that the model was easily adapted to their circumstances), further motivates the recommendation for supporting the City of Cape Town's proposal.
 5. In addition to the Organisational Performance Management System (OPMS), which includes developing performance agreements for the City Manager and managers directly accountable to him, the City's Performance Management

System should be cascaded to the lowest levels in the organisation within twelve months of the proposed implementation of the OPMS. This will ensure that the City has sufficient time to resolve any "teething" problems with the OPMS and the performance agreements for the City Manager and managers (first and second-level appointments) directly accountable to him, and to prepare for implementation of the Performance Management System for the next-level appointments. As implementation of the OPMS is proposed for 1 July 2002, the lowest levels in the organisation should participate in the City's Performance Management System by 1 July 2003.

6. When the Performance Management System is cascaded to the lowest levels in the organisation, the annual bonus (13th cheque) should be abolished and a performance bonus should be introduced for employees other than the City Manager and managers directly accountable to him. In view of the fact that the City Manager and managers directly accountable to him are appointed on a contract basis for five years, and other employees are appointed on a permanent basis, to ensure remuneration equity between the contractual and permanent staff, the following principles be applied:
 - 6.1 the status quo regarding the performance bonus (up to 25% of retirement-funding income) of the City Manager and managers directly accountable to him, should remain; and
 - 6.2 the performance bonus of employees other than the City Manager and managers directly accountable to him be determined on a rating scale of 1 to 5, and be applied in terms of the following proposals of the researcher :

Rating: 1	2	3	4	5
Employee performs 30% below the required performance standard.	Employee performs 15% below the required performance standard.	Employee meets the required performance standard.	Employee performs 15% above the required performance standard.	Employee performs 30% above the required performance standard.
50% of monthly retirement-funding income as a performance bonus.	75% of monthly retirement-funding income as a performance bonus.	100% of monthly retirement-funding income as a performance bonus	125% of monthly retirement-funding income as a performance bonus.	150% of monthly retirement-funding income as a performance bonus.

7. In addition to paying performance bonuses on a sliding scale, the Council should address employees who fail to meet the required performance standards, taking disciplinary action as a last resort.

8. Establish and maintain a change management programme, which incorporates communication, education and training, prior to and during implementation of a performance management system.

The City of Cape Town should establish an entrenched customer care ethic for its officials, and commit itself to customer care through its Customer Charters. This will ensure that the officials are aware of the level of service to be rendered, and the customers will be aware of the expected level of service. All employees of the City should attend Customer Relationship Management courses and refresher courses on a regular basis, to continually improve customer satisfaction. The City should introduce a performance management system, which rewards employees for acceptable and exceptional performance, and punishes those employees whose performance is not acceptable. In addition to punishing employees who fail to meet the required performance standards, the Council should address these employees, taking disciplinary action as a last resort. Finally, the City should establish and maintain a change

management programme, which incorporates communication, education and training, prior to and during implementation of a performance management system, continually adapting itself to meet its customers' needs. By meeting its customers' needs, the City of Cape Town can become Africa's best-run city, which it wants to achieve by 2004.

CHAPTER 7

CONCLUSIONS

A CUSTOMER

Is the most important person in this firm ...
Without him there would be no business. (Anon.)

The researcher perceived that there is a possible decline in customer satisfaction towards the City of Cape Town's CMC Administration and at other Administrations within the City, and based on his research, it was found that his perceptions were justified. He proposes that an effective, individual performance management system in the City of Cape Town (Unicity) will improve internal and external customer satisfaction. This is substantiated by research at international local government institutions, where it was found that reward systems were coupled to the achievement of goals, which has led to employees and teams focussing on performance, which ultimately led to customer satisfaction.

The City of Cape Town employs people to achieve the objectives of its business and expects that the employees must "perform," and performance must be satisfactory to the levels and standards that were agreed on, or which are recognised as being in force. This means that performance must be managed, and this must be done in terms of a Performance Management System.

In order for a Performance Management system to be successful, the City of Cape Town must integrate its corporate, functional, departmental, team and individual objectives, must have an effective communication system in place and must develop a performance-culture. The City must enable its employees to manage their own performance and development, must provide measurement, feedback and reinforcement systems for its employees, and must develop a more open and learning

environment. The City must focus on financial rewards as well as other rewards, as these are important to the employees.

Performance management systems could fail due to a lack of training on organisational, team, management or individual level. However, if the problems are managed properly, if the Performance Management system is underpinned by a Performance Management Philosophy, and the City of Cape Town adheres to the factors for successful performance management, the possibility of failure should be minimal.

The South African government pointed out that many municipalities were not capable of effectively governing their communities or providing the kind of services that national government expects from local government, and that a fundamental transformation of the local government system was required. With the Constitution of the Republic of South Africa, 1996 as the point of departure and the Local Government: Municipal Systems Act, 2000 as the "watershed" legislation, the manner in which municipal powers and functions are exercised and performed, was written into the Statutes. For the City of Cape Town and other local government institutions, the MSA emphasises the need for responsiveness, a culture of public service and accountability amongst its staff, establishing clear relationships, and facilitating co-operation and communication, between it and the local community.

For the first time in the history of South Africa, may a municipal manager and a manager directly accountable to him/her only be appointed in terms of a written contract with the municipality, and subject to a separate performance contract being concluded annually. The Code of conduct for municipal staff members, which is included in the MSA, sets out the way staff members must behave, and includes provisions regarding performance. It was pointed out that local government employees are obliged to serving the public interest, and must at all times perform the functions of office in good faith, diligently, honestly and in a transparent manner. A staff member of a municipality is now regarded as a public servant in a developmental local system, and

Municipalities and its staff are encouraged "to do more with less," to become more customer-focused, and must regard the municipality as a business.

The Unicity Commission supervised the transition to what it referred to as the new Unicity Council, including preparing discussion documents and recommendations for the new City of Cape Town in respect of performance management systems. When the new Council of the City Of Cape Town assumed office on 5 December 2000, it had proposals from the Unicity Commission on service delivery models, and staffing requirements to support the delivery models. The Council of the City of Cape Town adopted the Terms and Conditions of Employment, which were approved by the Unicity Commission, and which had implications on performance management. The City has adopted many of the proposals of the Unicity Commission with regard to service delivery models, and staffing requirements to support the delivery models, and has undertaken various initiatives with regard to performance management, including participating in a pilot project of the Department of Provincial and Local Government. The Unicity Commission "steered" the City Of Cape Town in the direction of a performance management system prior to and during the promulgation of the MSA, and prepared it to meet the requirements of the Local Government: Municipal Systems Act, 2000.

The City is vigorously working towards implementing its OPMS, including developing performance agreements for the City Manager and managers directly accountable to him, the target date for this exercise being 30 June 2002. However, this will be problematic if all the City's employees, whose joint efforts will lead to the City Manager and his managers realising their performance obligations, are not included in the City's Performance Management System. When the OPMS is implemented on 1 July 2002, a process should be set in motion to include all employees in the City's Performance Management System, the target date being 1 July 2003. If an individual performance management system in the City of Cape Town is implemented for all the City of Cape Town's employees, the City's internal and external customer satisfaction levels will improve.

The researcher perceived that there is a possible decline in customer satisfaction towards the City of Cape Town's Cape Metropolitan Council Administration and at other Administrations within the City, and conducted research as to whether there is indeed a decline in customer satisfaction. The results of the research indicated that there is a decline in customer satisfaction, and the researcher provided reasons why the City should be providing customer satisfaction. The researcher conducted an opinion survey (by means of a questionnaire) within the CMC Administration, in order to obtain the opinions of employees of the City of Cape Town's CMC Administration with regard to perceptions of customer satisfaction, and the possible effect on customer satisfaction should a performance management system be implemented within the City of Cape Town.

It was found that, should a performance management system be introduced within the City of Cape Town, it will contribute to efficiency in service delivery, and staff will be held accountable for their work performance. It was also found that at local government institutions (locally and internationally) where effective organisational and individual performance management systems had been implemented, customer satisfaction at these institutions has improved. It is therefore suggested by this research that the City of Cape Town should implement an individual performance management system and that customer satisfaction should improve over time. By adopting the recommendations contained in Chapter 8, and ultimately meeting its customers' needs, the City of Cape Town can become Africa's best-run city, which it wants to achieve by 2004.

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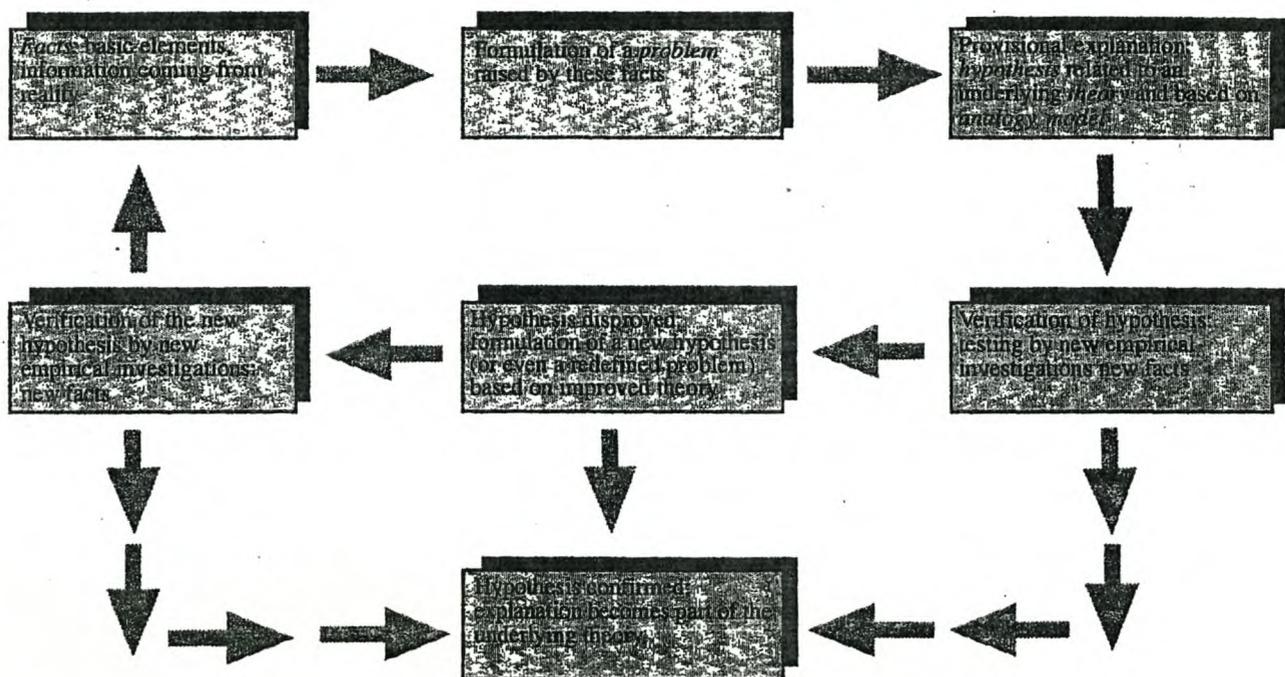
EMAILS

Email received on 16 November 2001 from Ms Melissa Sherman, Training and Development Officer, Adelaide City Council.

Addendum 1

Process of Knowledge Acquisition model
(Source: Bless and Higson-Smith, 1999: 13)

DIAGRAM 1: THE PROCESS OF KNOWLEDGE ACQUISITION



The performance management process
 (Source: Armstrong, 1995: 42)

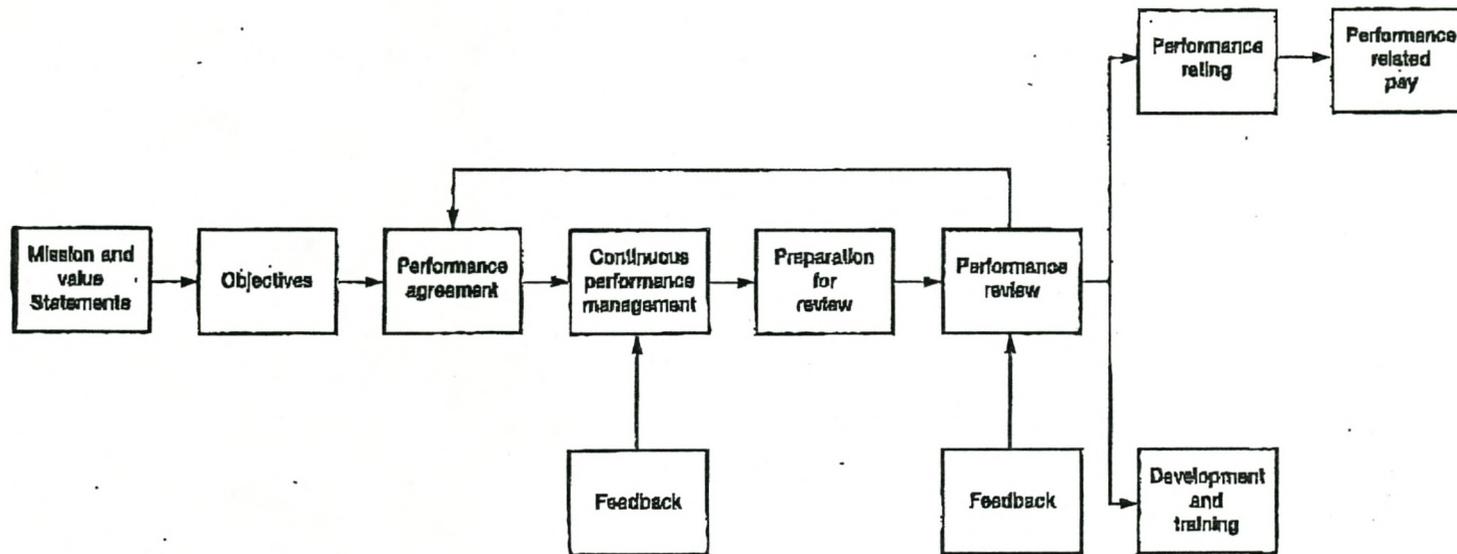
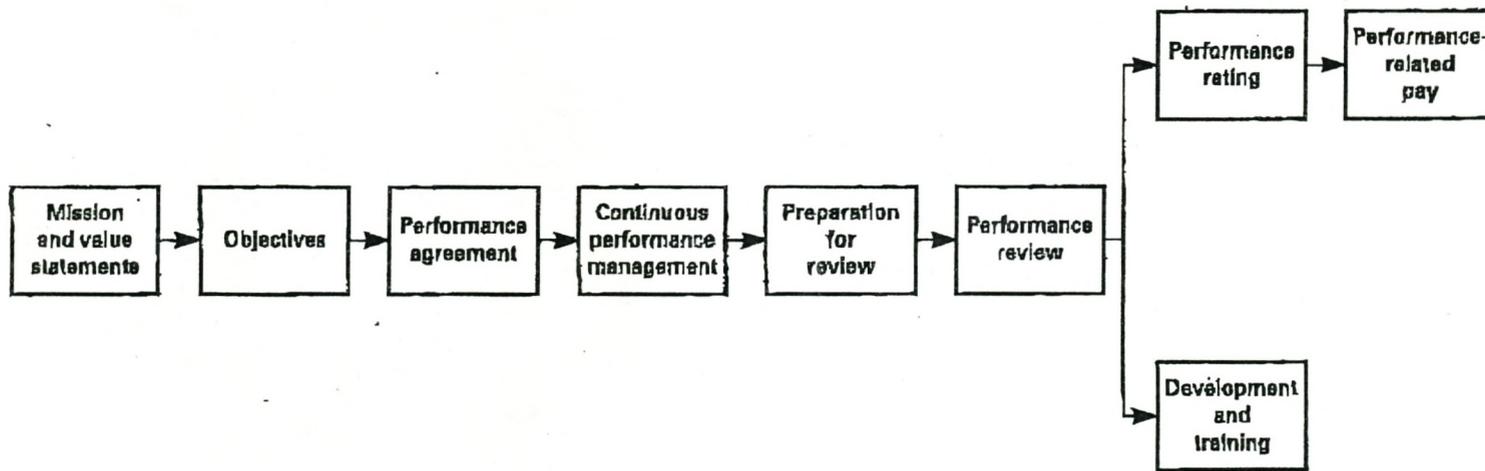


Figure 4.1 The performance management process

The performance management process
(Source: Armstrong and Murlis, 1996: 225)



Addendum 4

Armstrong's Continuous learning circle
(Source: Armstrong, 1995: 79)

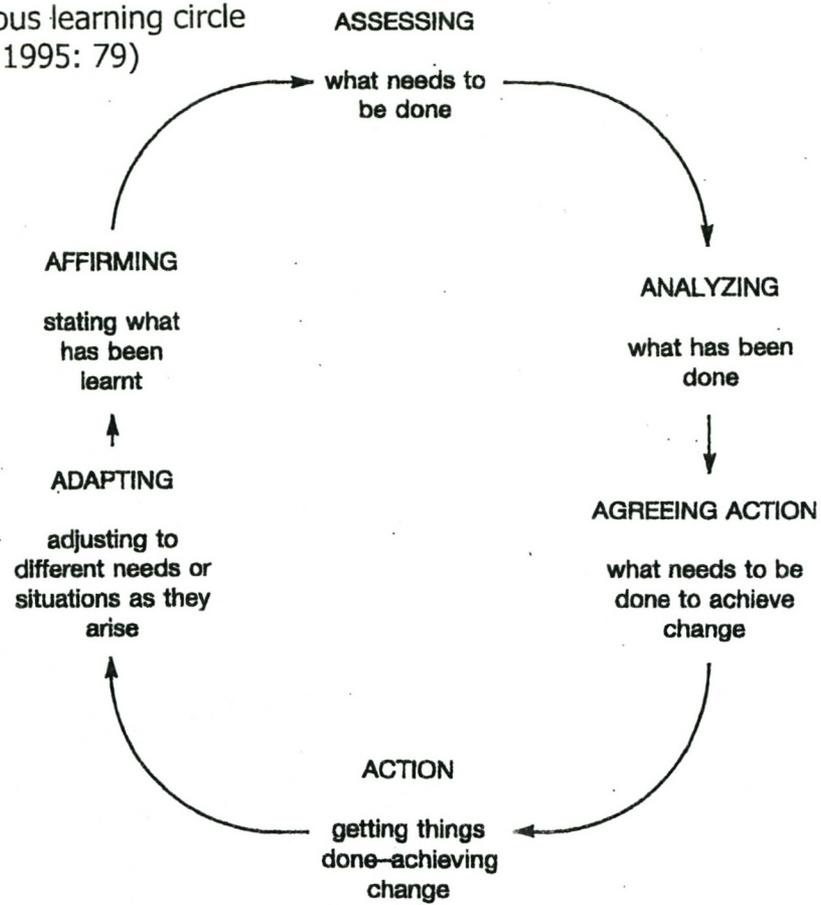


Figure 8.1 *The continuous learning cycle*

Addendum 5

Checklist for managing under-performers
(Source: Armstrong, 1995: 83)

Checklists for managing under-performers

The following checklists set out the questions which can usefully be answered when dealing with different aspects of sub-standard performance.

Failure to achieve objectives or standards:

- To what extent have objectives not been achieved?
- What specific instances have there been of sub-standard performance?
- Did the individual fully understand what they were expected to achieve?
- Were these expectations reasonable in the light of the individual's experience and qualifications to do the job?
- Did the way in which the job was structured contribute to the failure?
- Did the individual get sufficient support from their manager or team leader and the other members of the team?
- Was the individual aware that their work was not up to standard and what, if anything, were they doing about it?
- Was the problem caused by inadequate knowledge or lack of skill in any respect?
- To what extent, if any, was the failure to achieve targets or meet

performance standards simply because of a lack of effort or interest on the part of the individual?

The answers to these questions should provide some indication of the action that could be taken, for example:

- clarifying objectives and standards;
- reformulating objectives to make them attainable (but not too easily);
- re-designing the job (adjusting tasks and responsibilities) to provide a sounder basis for obtaining better results;
- re-examining the composition of the team and its methods of working followed, if necessary, by a team-building programme;
- improving the feedback on results to the individual, and monitoring performance following the feedback to ensure that corrective action is taken as necessary;
- encouraging the individuals to develop the additional knowledge or skills themselves while providing guidance and coaching as required;
- if a self-development approach is inappropriate or insufficient, arranging for specific training or coaching in areas where deficiencies in knowledge or skill have been identified;
- helping individuals to learn from their mistakes, thus knowing how to minimize the risk of repeating them;
- encouraging individuals to recognize that certain aspects of their behaviour have contributed to the sub-standard results and getting them to agree to the achievement of specified modifications in behaviour.

Handling attitude and behavioural problems

- Why do you believe that there is a problem over the employee's attitudes or behaviour?
- What evidence do you have that the attitude/behaviour is creating a performance problem? (quote actual examples).
- Have you discussed with the individual *at the time* any instance of poor performance which you believe could be attributed to negative attitudes or behaviour?
- How did the individual react when asked to comment on any such instances?
- What steps have you taken to enable the employee to recognize his/her own problem or situation and discuss it with you?
- Have you taken into account the fact that in general it is easier to change behaviour than deep-seated attitudes?
- Have you been successful in obtaining agreement on the cause of the problem and what should be done about it?
- If so, have you agreed how the problem should be managed by the individual with whatever help you and, possibly, other people could provide?
- If not, is this a problem which you would refer to another counselling source (eg a member of the human resource department) for resolution?

The approach described above requires the manager to act as a counsellor rather than as an authoritarian figure handing out threats or promises of reward. Counselling is a skilled process and managers need to be convinced of its value as a means of managing performance and trained in how to do it (Chapter 13 deals with counselling techniques in more detail).

There will, unfortunately, be situations when counselling does not work. The problem persists, the employee is incorrigible, and the disciplinary procedure has to be invoked, as discussed in the last section of this chapter.

Addendum 6

Checklist for handling attitude and behavioural problems
(Source: Armstrong, 1995: 84- 85)

PERFORMANCE REVIEW ISSUES

The main issues concerning performance reviews are:

- Why have them at all?
- If they are necessary, what are the objectives of reviewing performance?
- What are the organizational issues?
- On *whom* should performance reviews focus?
- On *what* should they focus?
- What criteria should be used to review performance?
- What impact does management style make on performance reviews?
- What skills are required to conduct reviews and how can they be developed?
- How can both negative and positive elements be handled?
- How can reviews be used to promote good communications?
- How should the outputs of review meetings be handled?
- To what extent is past performance a guide to future potential?
- When should reviews take place?
- What are the main problems in conducting reviews and how can they be overcome?
- How can their effectiveness be evaluated?

Why have performance reviews?

The answer to this question is, of course, that managers have no choice. Reviewing performance is an inherent part of their role. The question should be rephrased as: 'Are formal reviews necessary to supplement the continuous informal process of monitoring performance?'

The argument for a formal review is that it provides a focal point for the consideration of key motivational, performance and development issues. It is a means for considering the future in the light of an understanding of the past and present. It answers the two fundamental questions of 'Where have we got to?' and 'Where are we going?' It gives managers with their teams and the individual members of their staff the opportunity to pause after the hurly-burly of every day life and reflect on the key issues of personal development and performance improvement. It is a means of ensuring that two-way communication on issues concerning work can take place, and it provides the basis for future work and development plans. Formal reviews do not supplement informal or interim progress reviews but they can complement and enhance them and therefore have an important part to play in performance management. A formal review is also necessary if performance has to be rated for performance-related pay purposes.

Objectives of performance reviews

The objectives of reviewing performance are as follows:

- Motivation:* to encourage people to improve their performance and develop their skills.
- Development:* to provide a basis for developing and broadening attributes and competences relevant both to the current role and any

Addendum 7

List of performance review issues
(Source: Armstrong, 1995: 89- 98)

future role the employee may have the potential to carry out. Note that development can be focused on the current role, enabling people to enlarge and enrich the range of their responsibilities and the skills they require and be rewarded accordingly. This aspect of role development is even more important in flatter organizations where career ladders have shortened.

- *Communication*: to serve as a two-way channel for communication about roles, objectives, relationships, work problems and aspirations.

If there is performance-related pay, reviews can also provide the basis for rating performance.

Organizational issues

To have any chance of success the objectives and methodology of performance reviews should either be in harmony with the organization's culture or be introduced deliberately as a lever for change, moving from a culture of management by command to one of management by consent. Performance management and review processes can help to achieve cultural change but only if the change is managed vigorously from the top.

If, however, an autocratic style of management is practised at the top and pervades the organization, a more circumspect approach might be necessary. Arguments have to be prepared to handle chief executives who say, firmly: 'I set the direction, I decide on the corporate objectives, only I am accountable for results to the shareholders, my word therefore goes. I am not in the business of managing by consent.' Remarks along these lines are fairly typical, especially when the finance institutions are demanding a significant increase in the price/earnings ratio, or a hostile takeover bid is imminent, or the Government has set firm and unalterable targets for a Next Steps Agency. The best thing you can do is to argue as persuasively as possible that the achievement of corporate objectives is far more likely if people are fully committed to them, and that such commitment is more probable if they are given the opportunity of participating in setting their own objectives, and even of influencing higher level objectives if they can contribute to their formulation.

But if this argument fails you may have to accept that objectives will be cascaded down the organization. Even so, performance management can still operate effectively at the level of defining individual objectives and competence levels and reviewing performance in relation to them, and at least it should give individuals some scope to comment on the objectives that have cascaded down as they apply to them. Some managers may continue to take an autocratic line, but others may accept the benefits of the joint approach which is fundamental to the philosophy of a complete process of performance management. This is where the HR function can foster cultural change by encouraging those who are moving in the right direction, pointing out the benefits to the laggards by reference to

successful experiences elsewhere in the organization and finally, and importantly, convincing the head of the organization, if they need to be convinced, that the whole process will add value and contribute significantly to bottom line organizational performance.

In short, when introducing performance management you cannot work against the culture of the organization. You have to work within it, but you can still aspire to achieve cultural change, and performance management provides you with a means of doing so.

On whom should performance reviews focus?

Many performance management and review 'systems' seem to focus almost exclusively on the upper and lower extremes of the performance distribution, neglecting the core of middle-of-the-road performers on whom the organization relies to function effectively in its day-to-day operations and to sustain itself in the future.

This is illogical because exceptional performance is unlikely to go unrecognized and very poor performance should be equally obvious. From the point of view of both motivation and retention, the focus should be on the majority of employees who are in the middle of the performance distribution.

On what should the performance review meeting focus?

There are two focus issues in performance review meetings: first, on the emphasis which should be placed on performance improvement as distinct from broader developmental needs; second, on the degree to which the meeting should be forward rather than backward looking.

A single-minded focus on performance improvement at the expense of broader issues is unlikely to produce much motivation. The focus should also be on the individual's development, bearing in mind that no one is simply being prepared for vertical movement up the hierarchy. This means helping people to widen their range of abilities (multiskilling in shop floor terms) to enable them to meet the demands of future change and the additional activities they may be required to carry out. This particularly applies to the core of middle-of-the-road performers.

Performance review meetings which are used or are perceived as being used simply to generate ratings for performance-related pay purposes will almost inevitably fail to achieve what should be regarded as their most important objectives — to motivate and develop people.

The slogan which should be imprinted on the minds of all reviewers is that 'Yesterday is only useful if it teaches us about today and tomorrow.' The analysis of past performance is a necessary precursor to the preparation of performance and development plans for the future. But the tendency to dwell on the past rather than looking to the future must be avoided if the review is going to make any positive motivational impact.

What criteria should be used?

The criteria for assessing performance should be balanced between:

- achievements in relation to objectives;
- behaviour in the job as it affects performance (competences);
- day-to-day effectiveness.

The criteria should not be limited to a few quantified objectives. In many jobs the most important consideration will be the job holder's day-to-day effectiveness in meeting the continuing performance standards associated with their key tasks. It may not be possible to agree meaningful new quantified targets for some jobs every year. Equal attention needs to be given to the behaviour which has produced the results as well as the results themselves.

The impact of management style

Most managers have their own management style and are reasonably well aware of what it is. If it has worked well for them in the past they will not want to change it in a hurry. But how do managers with a highly directive style adjust their behaviour when they are expected to conduct review meetings on a participative, two-way basis? With difficulty, if at all, in some cases. Guidance, training and counselling will be required if managers are to handle successfully the potential dilemma of inconsistency between their normal behaviour and how they are expected to behave when conducting performance reviews.

Performance review skills

To conduct an effective performance review, especially one in which problems of under-performance have to be discussed, demands considerable skill on the part of the reviewer.

One advantage of introducing an element of formality into the review process is that it highlights the skills required to conduct both formal and informal reviews and emphasizes the role of the manager as a counsellor and a coach. These skills come naturally to some managers. Others, probably the majority, will benefit from guidance and training in these key aspects of their managerial roles.

Output issues

If individual employees who have taken part in performance review meetings are to be motivated and retained, the outputs of the meetings have to be relevant and put into action. All too often, review meetings have been seen to be ends in themselves. It is necessary to be clear about the range of outputs that are wanted and can be handled. Besides performance improvement plans these can include training and development plans, lateral job moves, job restructuring and project secondments.

Almost worse than no outputs are the times when outputs are agreed,

written up but not followed through. Raising expectations that are not subsequently met is a prescription for demotivation and disenchantment. Reviewers need to be certain that they do not over-commit themselves or the organization. They also need to be sure about their own commitment, as well as that of the individual, to agreed outputs.

Enacting agreed outputs is a powerful demonstration of the organization's commitment to the individual.

Dealing with positive and negative elements

This is probably the area of greatest concern to line managers, many of whom do not like handing out criticisms. Performance reviews should not be regarded as an opportunity for attaching blame for things that have gone wrong in the past. If individuals have to be shown that they are accountable for failures to perform to standard or to reach targets, that should have been done at the time when the failure occurred, not saved up for the review meeting.

Most individuals appreciate high quality feedback — they like to know where they stand. They want to know when they have done well and when it is thought they have not done so well, if only, in the latter case, to have the opportunity of putting the record straight.

A performance review meeting without any criticisms would be regarded by most individuals as suspect — there are very few people around who really believe that they have performed consistently at the highest level in all aspects of their jobs. They accept that they may get negative as well as positive feedback. However, research has shown that most people can cope with, and do something about, criticisms of two or three aspects of their performance but no more.

If any aspects of performance have to be criticized this must be done constructively. This means being certain that it is the performance that is being criticized not the individual. The criticism should not be perceived as an end in itself. The objective of criticism is to bring about positive changes in performance. Thus it is vital to make the point, get a response and go straight into planning how to bring about changes.

And the positive elements should not be neglected. Too often they are overlooked or mentioned briefly then put on one side. The following sequence is not untypical:

- objective number one: fantastic
- objective number two: that was great
- objective number three: couldn't have been done better
- now objective number four: this is what we really need to talk about, what went wrong?

If this sort of approach is adopted, the discussion will focus on the failure, the negatives, and the individual will become defensive. This can be destructive and explains why some people feel that the annual review meeting is going to be a 'beat me over the head' session.

To under-emphasize the positive aspects reduces the scope for action

and motivation. More can be achieved by building on positives than by concentrating on the negatives. People are most receptive to the need for further learning when they are talking about success. Empowering people is a matter of building on success.

Using reviews as a communications channel

Properly planned review meetings allow much more time and space for productive conversation and communication than is generally available to busy managers — this is perhaps one of their most important purposes.

There should be ample scope for communication about the organization's or department's objectives and how individuals fit into the picture — the contribution they are expected to make. Information can be given on significant events and changes in the organization which will impact on the role of the department and its members.

One of the objections that can be made to this free flow of information is that some of it will be confidential. But the need for confidentiality is often over-stated. If the feeling is conveyed to people that they cannot be trusted with confidential information it will not do much for their motivation.

The review meeting often presents a good opportunity for upward communication. This is the time to find out about how people feel about their jobs, their aspirations and their relationships with their peers and their managers. The opportunity that a review meeting gives to people to stand back from everyday pressures and consider matters which concern them with a sense of perspective is an important benefit.

Balancing past performance against future potential

Traditionally, line managers have been asked to predict the potential for promotion of their subordinates. But that has put them in a difficult position unless they have a good understanding of the requirements (key dimensions and competences) of the roles for which their staff may have potential — which is unlikely in many cases.

In general terms, past performance is not a good predictor of potential unless it contains performance related to dimensions which are also present in the anticipated role.

Because of their problems, assessments of potential are now less frequently included as part of the performance review meeting. They are more often carried out as a separate exercise, sometimes by means of assessment centres.

When should reviews be held?

The usual practice is to have an annual formal review which provides a basis for a new performance agreement and performance rating, if that is required. Some organizations hold all reviews at the same time, especially if they need a performance rating for pay purposes. The timing of the review can be linked to the corporate business or operational planning

programme to ensure that teams and individuals can contribute to the formulation of departmental and, ultimately, corporate objectives, and to provide for these team/individual objectives to flow from those finally determined at corporate, functional and departmental levels.

There may be some flexibility allowed for separate business units or functions to align performance reviews to their own business planning cycle or to carry them out at the time most convenient to them. There is much to be said for allowing the maximum degree of flexibility in order to meet the needs of line management rather than to conform to the bureaucratic requirements of the HR department.

Some organizations have required performance reviews to be conducted on the individual's birthday (or thereabouts) or on the anniversary of their joining the organization. This spreads the load for managers but it makes it impossible to fit the review into the annual planning cycle, which is highly desirable if the integration of individual/team objectives and corporate objectives is to be achieved.

If the formal performance review is spread over the year, but the company still conducts pay reviews at the same time annually, a separate rating for such reviews would have to be carried out.

Corporate guidelines to managers on performance management often suggest that they should hold interim formal progress reviews during the year, say once a quarter or halfway through the review year. Such reviews could be incorporated into the normal work or project review process (eg the supervisory meetings held by social service departments) or they would be held at focal points as decided when preparing the performance plan.

Managers should be allowed to choose their own times for conducting such interim or informal reviews, although the importance of carrying them out and not waiting until the end of the year could be emphasized in guidance notes and training. To underline the voluntary and informal nature of such progress reviews it is best not to ask managers to complete standard review forms. They should be left to document them as they feel fit.

Some organizations require a formal performance review for new starters at the end of, say, six months or a probationary period, if that has been stipulated.

Performance review problems

The main problems which arise in conducting performance reviews, as identified by Clive Fletcher (1993) and others are:

1. Identifying criteria for evaluating performance.
2. Collating accurate and comprehensive information about employee performance.
3. Resolving conflict between reviewers and the people they review.
4. Defensive behaviour exhibited by individuals in response to criticism.

There are no easy answers to these problems, no quick fixes. It is wise

never to underestimate how hard it is for even experienced and effective managers to conduct productive performance review meetings. It was the facile assumption that this is a natural and not too difficult process which has bedevilled many performance appraisal schemes over the years. This assumption has certainly resulted in neglecting to provide adequate guidance and training for reviewing managers *and*, importantly, those whom they review.

The approaches described in this chapter and elsewhere in this book in preparing for and conducting performance reviews can alleviate the difficulties if they cannot guarantee to eliminate them. In summary, these approaches are to:

1. Ensure that the criteria for evaluating performance cover agreed objectives (quantified wherever possible), competences based upon proper job analysis and measures of day-to-day effectiveness, preferably stated as standards of performance.
2. Monitor performance throughout the year in relation to performance plans and agreed objectives, behavioural requirements (competences) and performance standards. Ensure that there is feedback at the time and record any critical incidents as they occur to assist in an overall assessment of performance.
3. Ensure that both managers and their staff understand the positive nature of the process. Train managers in the virtues of building on positives as well as how to make constructive criticisms (not more than two or three at a time) which are based on fact and not opinions about the employee's personality traits.
4. A positive approach by managers, using constructive criticism rather than attaching blame, should reduce defensive behaviour. Briefing for all those involved on the benefits of the process to both parties should also help. Getting individuals to assess their own performance (self-assessment, see Chapter 12) is another way of reducing defensive behaviour.

Evaluating performance reviews

There is no doubt that in spite of careful training and guidance some managers will be better at conducting performance review meetings than others. So how can their performance as performance reviewers be evaluated as a basis for further training or guidance when necessary?

Traditionally, the personnel department has had a policing role — checking that performance appraisal forms are completed on time and filled in properly. But this will convey nothing about the quality of the meeting or the feelings of individuals after it — they may have signed the form to agree with its comments but this does not reveal what they really thought about the process.

Another approach is to get the manager's manager (the so-called 'grandparent') to review the form. This at least provides the individual who has been reported on with the comfort of knowing that a highly prejudiced report may be rejected or amended by a higher authority. But

it still does not solve the problem of a highly negative review process which would probably not be conveyed in a written report.

Space on the review form can be given to individuals to comment on the review, but many will feel unwilling to do so. If the interview has been conducted in an intimidating manner, how ready are they likely to be to commit themselves to open criticism?

Another, potentially more productive approach is to conduct an attitude survey following performance reviews asking individuals *in confidence* to answer questions about their review meeting such as:

- How well did your manager conduct your performance review meeting?
- Are there any specific aspects of the way in which the review was conducted which could be improved?
- How did you feel at the end of it?
- How are you feeling at the moment about your job and the challenges ahead of you?
- How much help are you getting from your manager in developing your skills and abilities?

The results of such a survey, a form of upward assessment, can be fed back anonymously to individual managers and, possibly, their superiors, and action can be taken to provide further guidance, coaching or formal training. A general analysis of the outcome can be used to identify any common failings which can be dealt with by more formal training workshops. An example of an evaluation form is given in Appendix F.

Analysis of the issues

Effective performance review training and processes are not likely to happen unless the issues referred to above have been thoroughly analyzed. This analysis should be used as the basis for designing training programmes (see Chapter 18) and developing guidelines on preparing for and conducting reviews as described below.

PREPARING FOR REVIEW MEETINGS

Review meetings are likely to be much more effective if both parties — the manager and the individual — have prepared for them carefully. The extent to which detailed preparation is needed will vary according to the type of review. More care would need to be taken for a formal annual review and the approach suggested below is aimed at such occasions. But the same principles would apply, albeit less formally, to interim reviews.

Preparation should be concerned with:

- the purpose and points to be covered at the meeting;
- what the manager should do to get ready for the meeting;
- what the individual should do.

Purpose and points to be covered

The purpose of a review meeting would be defined as being to:

- provide an opportunity for a frank, open but non-threatening discussion about the individual's performance and development needs;
- give the individual a chance to discuss their aspirations and any work problem;
- focus the attention of both the individual and the manager on objectives and plans for the future (ie provide the basis for the next performance agreement or plan).

The things to do at a review meeting (it is probably best not to over-formalize this list by calling it an agenda) are to:

- discuss achievements in relation to objectives and performance/development plans;
- identify any problems in achieving agreed objectives or standards of performance;
- establish the reasons for such problems, including any factors beyond the individual's control as well as those which can be attributed to the individual's behaviour;
- discuss any other problems relating to work and the individual's relationships with their manager, colleagues and, if appropriate, subordinates;
- agree on any actions required to overcome these problems;
- agree on any changes to key tasks or objectives that might be required;
- review and revise performance measures (standards) as necessary;
- agree on development and training actions;
- agree a performance plan for the next review period.

Preparation by the manager

The manager should initiate the main formal review meeting by letting the individual know some time in advance (two weeks or so) when it is going to take place. A period of about two uninterrupted hours should be allowed for the meeting.

The manager should discuss with the individual the purpose of the meeting and the points to be covered. The aim should be, as far as possible, to emphasize the positive nature of the process and to dispel any feelings of trepidation on the part of the individual. The manager should also suggest that the individual prepares for the meeting along the lines described below.

The basis for preparation by managers should be the objectives, standards and plans agreed at the last main review as amended during the year. Reference should be made to any notes made during or following interim review meetings about the individual's performance. Changes in the individual's role since the last review should be noted. Consideration

should be given to any changes in internal organizational, divisional or departmental circumstances which may have affected the definition and achievement of objectives. External pressure which may have affected performance and outcomes should also be noted.

The manager should then work through the following checklist of questions:

1. How well do you think the individual has done in achieving his/her objectives during the review period?
2. How well have any improvement, development or training plans as agreed at the last review meeting been put into effect?
3. What objectives relating to the individual's key tasks would you like to agree with him/her for the next review period?
4. Has the individual had any problems in carrying out his/her work? If so, what sort of problems and what can be done about them?
5. Are you satisfied that you have given the individual sufficient guidance or help on what they are expected to do? If not, what extra help/guidance could you provide?
6. Is the best use being made of the individual's skills and abilities? If not, what should be done?
7. Is the individual ready to take on additional responsibilities in their present job? If so, what?
8. Do you think the individual and the organization would benefit if they were provided with further experience in other areas of work?
9. What direction do you think the individual's career could take within the organization?
10. What development or training does the individual need to help in their work and/or to further their career with the organization?

Preparation by the individual

The individual should be asked to work through the following check list which is a mirror-image of the one completed by the manager:

1. How well do you think you have done in achieving your objectives during the review period?
2. How well have any improvement, development or training plans as agreed at your last review meeting been put into effect?
3. What objectives relating to the key tasks in your present job would you like to agree with your manager for the next review period?
4. Have you met any problems in carrying out your work? If so, what sort of problems and what can be done about them?
5. Do you think your manager could provide you with more guidance or help in what he or she expects you to do? If so, what guidance or help do you need?
6. Do you think the best use is being made of your skills and abilities? If not, what needs to be done about it?
7. Do you feel you are ready to take on additional responsibilities in your present job? If so, what would you like to do?
8. Would you like to gain further experience in other related areas of work? If so, what?
9. What direction would you like your future career to take with the organization?
10. What development or training would you like to help you in your job and/or further your career with the organization?

Addendum 9

Guidelines for conducting a performance review meeting
(Source: Armstrong, 1995: 101- 102)

CONDUCTING A PERFORMANCE REVIEW MEETING

There are ten golden rules for conducting performance review meetings:

1. *Be prepared.* Managers should prepare by referring to a list of agreed objectives and their notes on performance throughout the year. They should form views about the reasons for success or failure and decide where to give praise, which performance problems should be mentioned and what steps might be undertaken to overcome them. Thought should also be given to any changes that have taken place or are contemplated in the individual's roles, and to work and personal objectives for the next period.

Individuals should also prepare in order to identify achievements and problems, and to be ready to assess their own performance at the meeting. They should also note any points they wish to raise about their work and prospects.

2. *Create the right atmosphere.* A successful meeting depends on creating an informal environment in which a full, frank but friendly exchange of views can take place. It is best to start with a fairly general discussion before getting into any detail.

3. *Work to a clear structure.* The meeting should be planned to cover all the points identified during preparation. But time should be allowed for the individual to express their views fully.

4. *Use praise.* If possible, managers should begin with praise for some specific achievement, but this should be sincere and deserved. Praise helps people to relax — everyone needs encouragement and appreciation.

5. *Let individuals do most of the talking.* This enables them to get things off their chest and helps them to feel that they are getting a fair hearing. Use open-ended questions (ie questions that invite the individual to think about what to reply rather than indicating the expected answer). This is to encourage people to expand.

6. *Invite self assessment.* This is to see how things look from the individual's point of view and to provide a basis for discussion — many people underestimate themselves. Ask questions such as:

- how do you feel you have done?
- what do you feel are your strengths?
- what do you like most/least about your job;
- why do you think that project went well?
- why do you think you didn't meet that target?

7. *Discuss performance not personality.* Discussions on performance should be based on fact not opinion. Always refer to actual events or behaviour and to results compared with agreed performance measures. Individuals should be given plenty of scope to explain why something did or did not happen.

8. *Encourage analysis of performance.* Don't just hand out praise or blame. Analyze jointly and objectively why things went well or badly and what can be done to maintain a high standard or to avoid problems in the future.

9. *Don't deliver unexpected criticisms.* The discussion should only be concerned with events or behaviours which have been noted at the time they took place. Feedback on performance should be immediate. It should not wait until the end of the year. The purpose of the formal review is to reflect briefly on experiences during the review period and on this basis to look ahead.

10. *Agree measurable objectives and a plan of action.* The aim should be to end the review meeting on a positive note.

These golden rules may sound straightforward and obvious enough but they will only function properly in a culture which supports this type of approach. Hence the importance of getting and keeping top management support and the need to take special care in developing and introducing the system and in training managers *and* their staff.

Some additional guidance on the most productive approach was provided by research conducted by the Huthwaite Research Group as quoted by Philpott and Sheppard (1992). This established that some verbal behaviours are better than others. 'Expert' reviewers spent more time than 'average' reviewers in testing understanding, seeking information, seeking proposals and support. Average reviewers spent twice as much time giving information and making proposals. Interestingly enough, experts spent rather more time than average reviewers in disagreeing — performance review meetings should not avoid raising issues emerging from differences of opinion. Experts also spent a much higher proportion of their time discussing the future. They concentrated more on the average than the below average performers on the grounds that the main focus should be on the level of performance which occurs most, that is, average performance.

ANNEXURE C**GUIDELINES FOR THE OPERATION AND MANAGEMENT OF THE PAY STRUCTURE****1 Key Principles in Developing the Pay Structure**

- 1.1 The pay structure must support the Unicity's goals and activities.
- 1.2 Jobs should be structured in hierarchies which promote career development and enable management of the Unicity's staff complement in terms of its organisational needs and financial resources.
- 1.3 Pay ranges (not notches) will be attached to the job grades.
- 1.4 Job performance and competence will be a factor in determining pay.

These broad principles are addressed further in the balance of this report.

2 Pay Ranges

In line with the key principles, it is proposed that the pay ranges be structured as follows:

- 2.1 Grades U1 to U3 will be a pay range, the midpoint of which could be used as a reference point for market comparisons.
- 2.2 Grades U4 to U20 will have a pay range with a defined minimum level, a competency development zone, a competent level (fully functioning) pay point (which can be used as a reference or market comparison point), and a superior performance zone capped with a maximum.

3 Definitions of Pay Ranges and Points**3.1 Minimum Pay Point**

This is the minimum pay which an incumbent of a post graded in a specific job grade should receive. Depending on their level of competence and skill, new appointees will be placed on or above this pay point.

3.2 Competency Zone

This is the zone between the Minimum Pay Point and the Competent Level Pay Point. Progression through this zone is based on the person acquiring and demonstrating the required level of competency and skills.

3.3 Competent Level Pay Point

This is the pay level which an employee possessing the full range of competencies for the job and who has demonstrated his/her ability to perform the duties of the job fully competently over a period of time should receive. This would typically be the maximum level at which a new appointee is appointed.

3.4 Superior Performance Zone

This is the zone between the Competent Level Pay Point and the Maximum Pay Point. Progression through this zone is based on the person demonstrating exceptional competencies and performance over a sustained period of time or adding value to the organisation which exceeds that which was expected.

Addendum 10

Guidelines for the operation and management of the pay structure, City of Cape Town
(Source: City of Cape Town 2000, 275- 278)

Once in this zone, the pay level as a relation to either the commencing rate or maximum of the zone, is not guaranteed to be maintained.

3.5 **Maximum Pay Point**

This is the maximum pay applicable to a particular grade.

4 **Rules and Conditions Governing appointment In and movement within a Pay Range**

In order to maintain internal equity, consistency and fairness in the setting of pay, rules and conditions are required to govern the movement within a pay zone. These should include:

4.1 **Appointment pay levels**

4.1.1 Grades U1 to U3 appointments may be made at any level in the range taking into account the following factors

- Market worth of the prospective employee
- Expected value to be added to the organisation
- Size of the role in relation to similar posts
- Competency and proven performance

4.1.2 In grades U4 to U20 will be determined on the basis of a full assessment of competency in relation to the expected levels of performance. It will be unlikely that the majority of appointments will be at the fully competent level – because, at a minimum, a period of adjustment to working within the Unicity will be required.

4.2 **Standards/Performance**

4.2.1 Managers must set expected standards of performance in writing. These should be motivating, measurable and achievable within available resources, and should support the Unicity's goals and objectives. A process for doing this has been developed in the Competency profiling project.

4.2.2 Standards of performance need to be set for all appropriate levels in the pay zone and for the Competent Level Pay Point as a combination of acquiring / acquired competencies, performance improvement and sustained performance.

4.2.3 In order to maintain consistency in performance standards, the standards for a particular job category should be set at a similar level across the organisation.

4.2.4 The standards of performance set should be reviewed on a regular basis, either at corporate level or at least at Departmental level to ensure that they remain motivating and are appropriate to service delivery requirements.

4.2.5 Properly-trained appraisers, normally a line manager, should conduct performance appraisals in an agreed format by measuring an incumbent's performance achieved against standards and goals set.

4.2.6 In order to maximise the effectiveness of the performance appraisals, written records of the assessment and evidence of consistent performance at the required levels should be available.

4.2.7 Assessments for progression within a pay zone will be conducted by line managers. Increases awarded as result of such assessments are limited to six-monthly intervals.

4.2.8 The process should be audited by an independent review committee or by the office of a Head of Performance Management.

4.2.9 The above procedure should also be followed for inter-grade progression within a hierarchical career structure, where suitable progress conditions are in place to govern inter-grade movement on the basis of competency or performance.

5 Promotions

- 5.1 Employees appointed to a higher level post will receive an increase equal to 5% of next higher competent level at Grades U1-U13 and 2.5% in grades U14 – U20

6 Process for Annual Pay Reviews for employees

Definition: The set percentage is that which is determined by the Council per grade or, where applicable, through collective bargaining

- 6.1 In pay grades U1 to U3 the set percentage will be awarded.
- 6.2 Performance reward at these levels will be outside of the pay structure and may be paid in cash or kind such as a performance bonus
- 6.3 Employees performing at expected performance levels
- 6.3.1 in the Competency Zone employees will receive an increase equal to the set percentage of their pay.
- 6.3.2 in the Superior Performance Zone employees will receive an increase equal to the rand value of the set percentage increase at the Competent Level Reference Point for their grade.
- 6.4 Employees performing below the expected level will need to have their performance addressed and may receive less than the set percentage increase with a minimum of 0%.
- 6.5 Employees performing above the expected level will receive increases in excess of the set percentage for expected performance.
- 6.6 It will be permissible to substitute other forms of incentive payments in the place of superior performance rewards, by means of team incentives or once-off bonuses, where the nature of the work or the way it is performed warrants this and an appropriate scheme is established.

7 Proposed Pay Ranges

- 7.1 In setting the pay ranges for the Municipality, a number of key issues were taken into account. These included the following:
- Reference to the external market in terms of acceptable levels of pay. The median of the FSA survey was taken as a reasonable benchmark, except for grades U1 to U5 where comparable local government and parastatal data was considered.
 - The current range within the grades was considered in order to ensure that most current employees would be within an acceptable range
 - Suitable overlaps between the pay ranges of grades
 - Suitable increases in the Competent Reference Points between the grades
- 7.2 Differentials between levels
- 7.2.1 There is a significant overlap in the pay ranges between sequential grades. This relieves pressure on grade creep as a means of increasing pay and helps focus on performance.
- 7.2.2 The differentials are of the order of 20% above and below the Competent Level Pay Point.

8 Market Scarcity

Market related premiums required to attract scarce or premium value resources will be accommodated by increasing the pay rate determined in terms of the rules above, by up to 10% or such other rate as approved by the Municipal Manager from time to time, provided that:

- The increase is justified by market rates
- A sound training program existing for ensuring that internal staff are being trained to perform the functions
- Clear performance standards are set and maintained

- The Premium is reviewed on a regular basis for continuation / termination and pay rate at least every 6 months, based, inter alia, on a market survey.

9 Future management of the Pay Structure

The pay structure requires ongoing management, including but not restricted to the following:

- reviewing pay ranges, particularly in narrowing the ranges at the lower grades
- reviewing the grade Reference level against market rate policy – which currently means that
 - o Lower grades should decrease
 - o Higher grades should increase
 - o Smoothing the slope of the pay curve in grades U12 to U9
- Setting the performance related pay increase ranges and the links in relation to the pay zones
- Accommodating negotiated or set increases

THE CITY OF CAPE TOWN: ENSURING PERFORMANCE

1. Introduction

Council has recently launched an exciting project to develop and introduce an organisational performance management system (OPMS) to comply with legislation. Having done this, Council acknowledges its commitment to promoting a culture of performance thereby ensuring the efficient and effective achievement of the strategic priorities and pledges that have been set.

This newsletter is the first of a series of communication initiatives aimed at informing you of the OPMS project and providing you with the opportunity to engage with the project team on matters you regard as important.

2. Why performance management?

You most probably are asking why Council has decided to introduce an organisational performance management system. Although national legislation (Municipal Systems Act) requires us to do so, there are several other important reasons:

- The interim IDP contains Council's vision for the City. It also contains some very important strategic priorities and strategic pledges. An organisational performance management system will assist us in determining how well we are doing in achieving them.
- The City is also positioning itself as a competitive global player. An organisational performance system will tell us how successful we are.
- We want to change the culture of the City of Cape Town to a performance driven organisation.
- It will enable us to improve our services and to benchmark/measure improvement.
- The public will be more satisfied with the quality of services they are receiving and will better understand what we are doing and why.
- It will enable us to pinpoint accountability.
- The City of Cape Town is part of a national pilot study initiated by the Department of Local Government.

3. Where are we now?

- Council has adopted a structured approach and has assigned a project team to be responsible for developing and implementing an organisational performance management system.
- This project team will be working closely with various role players and stakeholders in the organisation. The project team will act in an advisory and facilitatory role, as ultimately we are all responsible for ensuring good performance.

Addendum 11

City of Cape Town: Ensuring performance
(Source: City of Cape Town 2001 (j))

- One of the first priorities of the project team would be to support the 2002/2003 IDP and business planning process by ensuring that we define measurable key performance indicators and outcomes.

4. Who is the project team?

The project team is made up of line managers and support functions. Our project sponsor is Mr. Dave Wilken, Strategic Executive: Performance Management and Service Integration. The rest of the project team is:

- Project leader:** Ron Hurt
Sub-project 1: *Development of a model and methodology* : Eddie Chinnappen assisted by Andre Stelzner.
Sub-project 2 : *Implementation* : Christa le Roux assisted by Carol Wright.
Sub-project 3 : *Communication, Education and Training* : Crispin Swart assisted by Mpumi Kubheka.
Sub-project 4 : *Priority projects* : Ron Hurt
Sub-project 5 : *Project support office* : Derik Liebenberg supported by Mark Tripod.

These sub-project leaders and their assistants are further supported by sub-project team members from across the metropolitan area. The project team has already met on several occasions and is already hard at work.

5. What happens next?

You will be receiving regular feedback on the progress being made with the project. This feedback will be via the City Update and the City Web and other internal communication structures. We would however encourage you to participate in this process and invite you to forward any comments and/or questions to the Communication sub-project for Mpumi Kubheka's attention at Tel number: 487 2337 / Fax number: 487 2113 or e-mail address:

MKubheka@cmc.gov.za

Addendum 12

Explanatory notes to assist and clarify the statistics and percentages used in Chapter 5

<u>Percentage</u>	<u>Description</u>
4.35%:	reflects the response of one respondent.
8.7%:	reflects the response of two respondents.
13.05%:	reflects the response of three respondents.
17.4%:	reflects the response of four respondents.
21.75%:	reflects the response of five respondents.
26.1%:	reflects the response of six respondents.
30.45%:	reflects the response of seven respondents.
34.8%:	reflects the response of eight respondents.
39.15%:	reflects the response of nine respondents.
43.5%:	reflects the response of ten respondents.
47.85%:	reflects the response of eleven respondents.
52.2%:	reflects the response of twelve respondents.
56.55%:	reflects the response of thirteen respondents.
60.9%:	reflects the response of fourteen respondents.
65.25%:	reflects the response of fifteen respondents.
69.6%:	reflects the response of sixteen respondents.
73.95%:	reflects the response of seventeen respondents.
78.3%:	reflects the response of eighteen respondents.
82.65%:	reflects the response of nineteen respondents.
87%:	reflects the response of twenty respondents.
91.35%:	reflects the response of twenty-one respondents.
95.7:	reflects the response of twenty-two respondents.
100%:	reflects the response of twenty-three respondents.

It should be noted that if the percentages for the responses are added up, it will yield a sum of 100.05%. This is due to the effect of rounding-off, which has resulted in an extra 0.05%.

Addendum 12A: Biographical information of respondents and respondents' responses to the statements in the questionnaire

Table 1: Biographical information of respondents who completed the questionnaire

A. AGE	No. of Respondents	% of Respondents		
1. Under 20	0	0		
2. 21- 30	4	17.4		
3. 31- 40	10	43.5		
4. 41- 50	4	17.4		
5. 51 and older	5	21.75		
Total	<u>23</u>	<u>100.05</u>		
B. GENDER				
1. Female	10	43.5		
2. Male	13	56.55		
Total	<u>23</u>	<u>100.05</u>		
C. POSITION/LEVEL		<u>Level</u>	No. of Respondents	% of Respondents
		JE Manager: (Grade 15 Municipality)		
1. Top management		0- 1	0	0
2. Senior management		2- 4	2	8.7
3. Professionally qualified, experienced specialists and middle-management		5- 10	11	47.85

C. POSITION/LEVEL (cont.)	11- 15	6	26.1
4. Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents			
5. Semi-skilled employees and employees with discretionary decision making-making powers	16- 21	4	17.4
Total		<u>23</u>	<u>100.05</u>

D. DIRECTORATE	No. of Respondents	% of Respondents
1. Corporate Services	7	30.45
2. Economic and Social Development	1	4.35
3. Financial Services	5	21.75
4. Planning, Environment and Housing	0	0
5. Protection, Health and Trading Services	4	17.4
6. Transportation and Traffic	0	0
7. Water and Waste	6	26.1
Total	<u>23</u>	<u>100.05</u>

E. Length of managerial experience (in any organisation)	No. of Respondents	% of Respondents
1. Up to 5 years	13	56.55
2. More than 5 but less than 10 years	2	8.7
3. More than 10 but less than 15 years	4	17.4

Length of managerial experience (cont,) 4. More than 15 years	4	17.4
Total	<u>23</u>	<u>100.05</u>
F. No. of people who report directly to the respondents	No. of Respondents	% of Respondents
None	8	34.8
1- 3 employees	7	30.45
4- 5 employees	1	4.35
6- 8 employees	2	8.7
9 or more employees	5	21.75
Total	<u>23</u>	<u>100.05</u>

G. Length of service with the CMC, including its predecessors- persons who were unbundled to the CMC should also include the length of service at the unbundling municipality	No. of Respondents	% of Respondents
1. Up to 5 years	8	34.8
2. More than 5 but less than 10 years	3	13.05
3. More than 10 but less than 15 years	6	26.1
4. More than 15 years	6	26.1
Total	<u>23</u>	<u>100.05</u>

Table 2: Responses to statements in questionnaire

Statement	Response
1. I have observed a possible decline in customer satisfaction within the CMC Administration and at other Administrations within the City.	<p>13.05% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>8.7% of respondents are undecided about the statement</p> <p>26.1% of respondents slightly agree with the statement</p> <p>39.15% of respondents mostly agree with the statement</p> <p>8.7% of respondents completely agree with the statement</p>
2. There is an absence of an entrenched customer care ethic among municipal officials.	<p>4.35% of respondents completely disagree with the statement</p> <p>4.35% of respondents mostly disagree with the statement</p> <p>26.1% of respondents slightly agree with the statement</p> <p>43.5% of respondents mostly agree with the statement</p> <p>21.75% of respondents completely agree with the statement</p>
3. In 2000, 25% customers at a municipality in the Cape Metropolitan Area did not think they were treated professionally or courteously when they last dealt with a council official.	<p>13.05% of respondents are undecided about the statement</p> <p>39.15% of respondents slightly agree with the statement</p> <p>39.15% of respondents mostly agree with the statement</p> <p>8.7% of respondents completely agree with the statement</p>

<p>4. In many cases the lack of performance management systems at municipalities contribute to inefficiency in service delivery.</p>	<p>4.35% of respondents are undecided about the statement 26.1% of respondents slightly agree with the statement 30.45% of respondents mostly agree with the statement 39.15% of respondents completely agree with the statement</p>
<p>5. Wide-scale modernising of systems and processes will be required to ensure effective and efficient service delivery, and one of the major drivers of the system-change will be the introduction of performance management.</p>	<p>4.35% of respondents mostly disagree with the statement 8.7% of respondents are undecided about the statement 8.7% of respondents slightly agree with the statement 52.2% of respondents mostly agree with the statement 26.1% of respondents completely agree with the statement</p>
<p>6. During the past 18 months, I have provided complete customer-satisfaction to internal customers at all times.</p>	<p>4.35% of respondents slightly disagree with the statement 4.35% of respondents slightly agree with the statement 47.85% of respondents mostly agree with the statement 43.5% of respondents completely agree with the statement</p>
<p>7. During the past 18 months, I have not provided complete customer-satisfaction to internal customers on less than five occasions.</p>	<p>43.5% of respondents completely disagree with the statement 34.8% of respondents mostly disagree with the statement 13.05% of respondents slightly disagree with the statement 8.7% of respondents mostly agree with the statement</p>

<p>8. During the past 18 months, I have not provided complete customer-satisfaction to internal customers on more than five but less than ten occasions.</p>	<p>56.55% of respondents completely disagree with the statement 21.75% of respondents mostly disagree with the statement 8.7% of respondents slightly disagree with the statement 8.7% of respondents are undecided about the statement 4.35% of respondents slightly agree with the statement</p>
<p>9. During the past 18 months, I have not provided complete customer-satisfaction to internal customers on ten or more occasions.</p>	<p>69.6% of respondents completely disagree with the statement 30.45% of respondents mostly disagree with the statement</p>
<p>10. During the past 18 months, I have provided complete customer-satisfaction to external customers at all times.</p>	<p>4.35% of respondents slightly disagree with the statement 4.35% of respondents slightly agree with the statement 47.85% of respondents mostly agree with the statement 43.5% of respondents completely agree with the statement</p>
<p>11. During the past 18 months, I have not provided complete customer-satisfaction to external customers on less than five occasions.</p>	<p>52.2% of respondents completely disagree with the statement 30.45% of respondents mostly disagree with the statement 8.7% of respondents slightly agree with the statement 4.35% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>

<p>12. During the past 18 months, I have not provided complete customer-satisfaction to external customers on more than five but less than ten occasions.</p>	<p>47.85% of respondents completely disagree with the statement 39.15% of respondents mostly disagree with the statement 4.35% of respondents slightly disagree with the statement 4.35% of respondents slightly agree with the statement 4.35% of respondents mostly agree with the statement</p>
<p>13. During the past 18 months, I have not provided complete customer-satisfaction to external customers on ten or more occasions.</p>	<p>52.2% of respondents completely disagree with the statement 43.5% of respondents mostly disagree with the statement 4.35% of respondents mostly agree with the statement</p>
<p>14. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to internal customers on less than five occasions during the past 18 months.</p>	<p>4.35% of respondents completely disagree with the statement 17.4% of respondents are undecided about the statement 21.75% of respondents slightly agree with the statement 34.8% of respondents mostly agree with the statement 21.75% of respondents completely agree with the statement</p>
<p>15. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to internal customers on more than five but less than ten occasions during the past 18 months.</p>	<p>4.35% of respondents completely disagree with the statement 4.35% of respondents slightly disagree with the statement 17.4% of respondents are undecided about the statement 34.8% of respondents slightly agree with the statement 26.1% of respondents mostly agree with the statement 13.05% of respondents completely agree with</p>

	the statement
<p>16. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to internal customers on more than ten occasions during the 18 months.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>4.35% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>21.75% of respondents are undecided about the statement</p> <p>21.75% of respondents slightly agree with the statement</p> <p>34.8% of respondents mostly agree with the statement</p> <p>8.7% of respondents completely agree with the statement</p>
<p>17. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to external customers on less than five occasions during the past 18 months.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>8.7% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>21.75% of respondents are undecided about the statement</p> <p>26.1% of respondents slightly agree with the statement</p> <p>21.75% of respondents mostly agree with the statement</p> <p>13.05% of respondents completely agree with the statement</p>

<p>18. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to external customers on more than five but less than ten occasions during the past 18 months.</p>	<p>4.35% of respondents completely disagree with the statement 4.35% of respondents mostly disagree with the statement 13.05% of respondents slightly disagree with the statement 13.05% of respondents are undecided about the statement 30.45% of respondents slightly agree with the statement 26.1% of respondents mostly agree with the statement 8.7% of respondents completely agree with the statement</p>
<p>19. I am aware that (a) colleague/s in my/other Sections/Departments/Directorates has/ have not provided complete customer-satisfaction to external customers on more than ten occasions during the past 18 months.</p>	<p>4.35% of respondents completely disagree with the statement 4.35% of respondents mostly disagree with the statement 17.4% of respondents slightly disagree with the statement 17.4% of respondents are undecided about the statement 13.05% of respondents slightly agree with the statement 30.45% of respondents mostly agree with the statement 13.05% of respondents completely agree with the statement</p>

<p>20. I can confidently state that (a) colleague/s in my/other Sections/Departments/ Directorates has/have provided complete customer-satisfaction to internal customers at all times during the past 18 months.</p>	<p>8.7% of respondents completely disagree with the statement 17.4% of respondents mostly disagree with the statement 13.05% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 39.15% of respondents slightly agree with the statement 13.05% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>
<p>21. I can confidently state that (a) colleague/s in my/other Sections/Departments/ Directorates has/have provided complete customer-satisfaction to external customers at all times during the past 18 months.</p>	<p>17.4% of respondents completely disagree with the statement 13.05% of respondents mostly disagree with the statement 17.4% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 30.45% of respondents slightly agree with the statement 13.05% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>

<p>22. My manager informs me immediately if my work is not acceptable.</p>	<p>13.05% of respondents completely disagree with the statement 8.7% of respondents mostly disagree with the statement 13.05% of respondents slightly disagree with the statement 17.4% of respondents slightly agree with the statement 17.4% of respondents mostly agree with the statement 30.45% of respondents completely agree with the statement</p>
<p>23. I am aware of the level of performance that is expected of me.</p>	<p>8.7% of respondents completely disagree with the statement 4.35% of respondents mostly disagree with the statement 4.35% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 8.7% of respondents slightly agree with the statement 34.8% of respondents mostly agree with the statement 34.8% of respondents completely agree with the statement</p>
<p>24. I am not aware of the level of performance that is expected of me.</p>	<p>39.15% of respondents completely disagree with the statement 34.8% of respondents mostly disagree with the statement 8.7% of respondents slightly disagree with the statement 8.7% of respondents slightly agree with the statement 8.7% of respondents completely agree with the statement</p>

<p>25. I would be happy for judgement to be passed on me in terms of a performance management system.</p>	<p>4.35% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 4.35% of respondents slightly agree with the statement 34.8% of respondents mostly agree with the statement 52.2% of respondents completely agree with the statement</p>
<p>26. My manager keeps me well informed on how I am doing in my job.</p>	<p>4.35% of respondents completely disagree with the statement 17.4% of respondents mostly disagree with the statement 17.4% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 8.7% of respondents slightly agree with the statement 34.8% of respondents mostly agree with the statement 13.05% of respondents completely agree with the statement</p>
<p>27. My manager discusses my work performance with me.</p>	<p>13.05% of respondents completely disagree with the statement 17.4% of respondents mostly disagree with the statement 26.1% of respondents slightly disagree with the statement 21.75% of respondents slightly agree with the statement 17.4% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>

<p>28. I receive frequent feedback on my work performance.</p>	<p>8.7% of respondents completely disagree with the statement 21.75% of respondents mostly disagree with the statement 30.45% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 17.4% of respondents slightly agree with the statement 13.05% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>
<p>29. I receive frequent feedback on how well I am doing.</p>	<p>13.05% of respondents completely disagree with the statement 17.4% of respondents mostly disagree with the statement 34.8% of respondents slightly disagree with the statement 17.4% of respondents slightly agree with the statement 13.05% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>

<p>30. Most people in my section have trouble in figuring out whether they are doing a good job.</p>	<p>8.7% of respondents completely disagree with the statement 21.75% of respondents mostly disagree with the statement 26.1% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 30.45% of respondents slightly agree with the statement 4.35% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>
<p>31. I have trouble figuring out whether I am doing a good job.</p>	<p>13.05% of respondents completely disagree with the statement 30.45% of respondents mostly disagree with the statement 34.8% of respondents slightly disagree with the statement 8.7% of respondents mostly agree with the statement 13.05% of respondents completely agree with the statement</p>
<p>32. I am given useful information on how to improve my job performance.</p>	<p>13.05% of respondents completely disagree with the statement 30.45% of respondents mostly disagree with the statement 30.45% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 8.7% of respondents slightly agree with the statement 8.7% of respondents mostly agree with the statement 4.35% of respondents completely agree with the statement</p>

	the statement
<p>33. My manager provides me with honest feedback on how well I am doing in my job.</p>	<p>13.05% of respondents completely disagree with the statement</p> <p>26.1% of respondents mostly disagree with the statement</p> <p>13.05% of respondents slightly disagree with the statement</p> <p>8.7% of respondents are undecided about the statement</p> <p>17.4% of respondents slightly agree with the statement</p> <p>17.4% of respondents mostly agree with the statement</p> <p>4.35% of respondents completely agree with the statement</p>
<p>34. I agree with the feedback on my performance that I receive from my manager.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>17.4% of respondents slightly disagree with the statement</p> <p>26.1% of respondents are undecided about the statement</p> <p>17.4% of respondents slightly agree with the statement</p> <p>30.45% of respondents mostly agree with the statement</p> <p>4.35% of respondents completely agree with the statement</p>
<p>35. I do not ask my manager for feedback on my performance.</p>	<p>8.7% of respondents completely disagree with the statement</p> <p>8.7% of respondents mostly disagree with the statement</p> <p>13.05% of respondents slightly disagree with the statement</p> <p>21.75% of respondents slightly agree with the statement</p> <p>39.15% of respondents mostly agree with the statement</p> <p>8.7% of respondents completely agree with</p>

	the statement
<p>36. I am aware that Council has a performance-contract for the City Manager I am also aware that staff reporting directly to him will also have performance-contracts.</p>	<p>13.05% of respondents completely disagree with the statement</p> <p>8.7% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>4.35% of respondents are undecided about the statement</p> <p>13.05% of respondents slightly agree with the statement</p> <p>26.1% of respondents mostly agree with the statement</p> <p>30.45% of respondents completely agree with the statement</p>
<p>37. My colleagues are aware that Council has a performance-contract for the City Manager and they are also aware that staff reporting directly to him will also have performance-contracts.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>13.05% of respondents mostly disagree with the statement</p> <p>30.45% of respondents slightly disagree with the statement</p> <p>17.4% of respondents slightly agree with the statement</p> <p>21.75% of respondents mostly agree with the statement</p> <p>13.05% of respondents completely agree with the statement</p>
<p>38. I would not object to Council having a performance management system for its entire staff.</p>	<p>8.7% of respondents completely disagree with the statement</p> <p>4.35% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>4.35% of respondents slightly agree with the statement</p> <p>34.8% of respondents mostly agree with the statement</p> <p>43.5% of respondents completely agree with</p>

	the statement
<p>39. My colleagues would not object to Council having a performance management system for its entire staff.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>13.05% of respondents slightly disagree with the statement</p> <p>21.75% of respondents slightly agree with the statement</p> <p>39.15% of respondents mostly agree with the statement</p> <p>21.75% of respondents completely agree with the statement</p>
<p>40. If Council has a performance management system for individuals, staff would be held accountable for their work performance.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>4.35% of respondents mostly disagree with the statement</p> <p>4.35% of respondents are undecided about the statement</p> <p>34.8% of respondents mostly agree with the statement</p> <p>52.2% of respondents completely agree with the statement</p>
<p>41. If Council has a performance management system for individuals, staff would improve their level of service to customers.</p>	<p>4.35% of respondents completely disagree with the statement</p> <p>4.35% of respondents mostly disagree with the statement</p> <p>4.35% of respondents slightly disagree with the statement</p> <p>4.35% of respondents are undecided about the statement</p> <p>8.7% of respondents slightly agree with the statement</p> <p>26.1% of respondents mostly agree with the statement</p> <p>47.85% of respondents completely agree with the statement</p>

<p>42. If Council has a performance management system for individuals, staff would know exactly what performance is required of them.</p>	<p>8.7% of respondents completely disagree with the statement 8.7% of respondents mostly disagree with the statement 4.35% of respondents slightly disagree with the statement 4.35% of respondents are undecided about the statement 30.45% of respondents mostly agree with the statement 43.5% of respondents completely agree with the statement</p>
<p>43. A bonus system should be linked to a performance management system for individuals.</p>	<p>13.05% of respondents completely disagree with the statement 4.35% of respondents mostly disagree with the statement 4.35% of respondents slightly disagree with the statement 13.05% of respondents slightly agree with the statement 21.75% of respondents mostly agree with the statement 43.5% of respondents completely agree with the statement</p>
<p>44. A bonus system should not be linked to a performance management system for individuals.</p>	<p>21.75% of respondents completely disagree with the statement 26.1% of respondents mostly disagree with the statement 17.4% of respondents slightly disagree with the statement 8.7% of respondents are undecided about the statement 4.35% of respondents mostly agree with the statement 21.75% of respondents completely agree with the statement</p>

<p>45. Managers should not depend on a performance management system for individuals to improve customer satisfaction, but should rather take corrective action, including disciplinary action, against their staff members who are performing below accepted standards.</p>	<p>21.75% of respondents completely disagree with the statement</p> <p>26.1% of respondents mostly disagree with the statement</p> <p>17.4% of respondents slightly disagree with the statement</p> <p>8.7% of respondents are undecided about the statement</p> <p>4.35% of respondents mostly agree with the statement</p> <p>21.75% of respondents completely agree with the statement</p>
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