Personal Scorecards

A performance management model for aligning personal goals and objectives to organisational strategy within the Cape Town Fire and Emergency Service

By

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Declaration

I, the undersigned, hereby declare that the work contained in this thesis 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

Summary

The City of Cape Town has adopted the Balanced Scorecard as an organisational performance management system. Presently the system has only been implemented as a pilot project in the top three management levels of the organisation. The question then becomes one of how can individual objectives be aligned with the organisation's strategic objectives in this scenario.

The purpose of this research is to propose a performance management model based on the Balanced Scorecard that aligns individual goals and objectives to those of the organisation. The study is in the form of a case study and specifically applies to the City of Cape Town Fire and Emergency Service.

The foundation of the research is based on the creation of a sound theoretical base relating to organisational and individual performance management and the Balanced Scorecard. Once this understanding has been created the next step is to describe the development and implementation of the Balanced Scorecard project within the Cape Town context. This is the point of departure for the proposal of a Personal Scorecard performance management model.

Data is to be collected via a process of semi-structured interviews and questionnaires. The information gained during the interviews created the framework within which the Personal Scorecard model was proposed. The questionnaire was used to pilot the main component of the Personal Scorecard model, namely the objective setting process. This created an opportunity to test the hypotheses made as the Personal Scorecard was developed.

Once all of the components have been combined into the performance management model this research will be concluded with the presentation of recommendations relating to the knowledge gained during the model development process and alternative applications for the Personal Scorecard will be discussed.

Opsomming

Die Stad Kaapstad het die "Balanced Scorecard" as 'n organisasie prestasie bestuursmeganisme aanvaar. Huidiglik is die meganisme net in die boonste drie bestuurs vlakke van die organisasie in gebruik geneem. Die kwessie wat geantwoord moet word is hoe individuele doelwitte met die van die organisasie versoen kan word in hierdie spesifieke scenario.

Die doel van hierdie navorsing is om n prestasie bestuursmodel voor te stel wat op die "Balanced Scorecard" gebaseer is en individuele doelwitte met die van die organisasie versoen. Hierdie studie neem die vorm van 'n gevallestudie en is spesifiek gerig op die Stad Kaapstad Brand and Nooddienste.

Die fondament van hierdie navorsing is gebaseer op die skepping van 'n sterk teoretiese basis met verband tot organisasie- en individuele prestasie bestuur en die "Balanced Scorecard". Die volgende stap is om die Balanced Scorecard ontwikkeling en uitvoering projek van die Stad te beskryf. Hierdie word die vertrekpunt vir die voorgestelde "Personal Scorecard" prestasie bestuursmodel.

Data word versamel deur middel van semi-gestruktureerde onderhoude en vraelyste. Die inligting wat gedurende die onderhoude vesamel is het die raamwerk geskep waarin die "Personal Scorecard" voorgestel is. Die vraelyste is gebruik om die hoof bestanddeel van die "Personal Scorecard" model te loods namelik die doelwitstellendemeganisme. Hierdie proses het die geleentheid geskep om die hipotese wat gedurende die ontwikeling van die "Personal Scorecard" gemaak is, te toets.

Na hierdie komponente geïntegreer is binne die prestasie bestuursmodel sal die navorsing afgesluit word met aanbevelings gebaseer op die kennis wat gedurende die model ontwikkeling proses versamel is en alternatiewe gebruike vir die "Personal Scorecard" sal bespreek word.

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To my Fire Service colleagues for their support

The Fireman's Prayer

When I am called to duty, God,
Wherever flames may rage,
give me the strength to save a
life, whatever be its age;

Enable me to be alert and hear
the weakest shout
And quickly and efficiently to put
the fire out.

Help me to embrace a little child
before it is too late,
Or save an older person from the
horror of that fate;

I want to fill my calling and give
the best in me
To guard my every neighbour and
protect his property;

And if according to Thy will, I
have to lose my life,
Please bless with your protecting
hand my children and my wife.

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Chapter 1 - Introduction and Background

1.1) Introduction

The City of Cape Town is required by law to implement a performance management system that complies with the requirements of Section 38 of the Local Government: Municipal Systems Act, 2000 (No 32 of 2000). In order to fulfil this obligation the City has chosen and begun to implement the Balanced Scorecard as its strategic and performance management tool. The Balanced Scorecard was developed as an alternative to traditional performance measurement tools, which concentrated solely on evaluating financial performance as a measure of organisational performance. Within the context of modern organisations the traditional measures are not sufficient. The Balanced Scorecard identifies four critical perspectives which relate to overall organisational performance, namely the financial, customer, internal-business process and learning and growth perspectives.

At this stage the City of Cape Town has decided to implement the Balanced Scorecard within the first three levels of the organisation only. It is envisaged that Balanced Scorecards will be developed for the City Manager, Executive Directors and Directors. Yet critical to the success of the Balanced Scorecard is the alignment of strategy throughout all levels of the organisation. This means that everyone within the Cape Town municipality must perform in such a manner so as to contribute to the overall strategy of the City. If the Balanced Scorecard is not cascaded to levels below Directorate level, the question that must be raised is how can individual performance be managed so as to ensure that every member of the Municipality contributes to the strategic objectives of the City? In other words a gap exists between the organisational performance management system, the Balanced Scorecard, and how individual performance will be managed at levels below that of the Director. If the City of Cape Town fails to align corporate strategy and manage individual performance in a way that contributes to organisational objectives, then the performance areas identified within the Balanced Scorecard cannot be achieved.

Use will be made of a case study approach to explore this problem within the context of the City of Cape Town. Specific reference will be made to the relationship between

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organisational performance detailed in the Balanced Scorecard of the Emergency Services Directorate and the management of individual performance of members of the Cape Town Fire and Emergency Service. Although the performance measures applicable to Fire Service personnel will be unique to that service, the concepts explored will be applicable throughout the municipality. The aim of the study is to develop a performance management model for use within the Fire and Emergency Service which will align individual performance to organisational performance. The development of this model will allow both the individual and the organisation to manage human performance to achieve the strategic objectives of the City.

This remainder of this chapter will detail the legislative imperative that is driving the need to implement performance management systems in South African local authorities. As comparison, the international drive to improve the performance of public bodies will be discussed. This research occurs within the context of the City of Cape Town and specifically the Fire and Emergency Service. It is within this context that the research problem will be identified and the initial research idea described. A brief explanation of the proposed research design and methodology will be given and an outline of the remaining chapters presented.

1.2) Contextualising the growing emphasis on performance within the local government sector

The public sector is increasingly accused of being unresponsive, inwardly focussed and failing in its duty to create a more equitable and just society (Osborne and Gaebler, 1993: 1). The South African public sector is no different and carries the added baggage of a racially based past. The White Paper on Local Government, 1998 (Gazette No. 18739 of 1998) describes the damage that Apartheid has wreaked on South African society and highlights local governments' role in rebuilding communities and environments. Despite this role in creating a new democratic dispensation local government has distinctive characteristics that separate it from other institutions. It is important to understand these peculiarities when considering the changing face of South African local government.

Caiden (1982: 14) believes that the public sector is unique for a number of reasons. Local government renders a variety of services and accounts for the organisations exceptional size.

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It is a large multi-purpose service provider often owning large tracts of land, employing large numbers of people and consuming substantial quantities of goods and services. However, the size and complexity of local government makes it susceptible to excessive bureaucracy, officiousness, indifference and circumlocution. Notwithstanding this, unlike a private sector organisation local government is unavoidable. Members of the public can choose whether to patronise a private company or not, but for the majority of people interacting with local government is a necessity. Whether paying an electricity account, visiting a clinic, making a complaint or reducing crime the local authority is involved. The services rendered by the municipality are a priority to the receivers of a service. The failure to render these services negatively impacts on other mainly private sector activities. The inability of the Fire Service to effectively deal with a fire may result in the loss of life, personal injury or property loss. The public expects assistance from the municipality in times of need as the municipality is seen to have the resources, knowledge and skills necessary to resolve the situation. Local government has a moral contract with the citizenry to step in and perform these duties. The top management of the local authority is political in nature. The organisation is not governed by business or scientific principles but political expediency. The actions taken by local government are open to political debate, scrutiny and investigation. Despite public scepticism and criticism of local government more is expected from public officials. Employees are expected to set an example, be beyond reproach, to protect the public interest and safeguard public property. Finally local government performance is extremely difficult to measure. It is not easy to objectively measure concepts such as safety, health or social upliftment. What constitutes adequate or even effective performance in the local government context is difficult to pinpoint.

The demand for a responsive, effective, economic and accountable public sector is an international trend that has grown steadily since the 1970s. The environment within which the public sector operates has changed and as a result these institutions have had to adapt. The emergence of the post-industrial, knowledge-based global economy has highlighted the fact that the public sector of the industrial age is not capable of performing well within this new environment. This has led to numerous public management reform initiatives. Public sector reform has multiple objectives all aimed at leveraging greater performance from the organisation (Pollitt and Bouckaert, 2000: 8).

Performance driven reform initiatives within the South African local government context originate from the national democratic negotiation process. This began in February 1990 when former President F.W. de Klerk made a watershed speech that set in motion the process through which South Africa would attain a new constitutional dispensation. Running concurrent with the national negotiation process was a national debate regarding the future of local government in South Africa. By January 1994 a new future had been negotiated for local government. This process delivered three important documents that formed the basis for future local government transformation, namely the Constitution of the Republic of South Africa Act, 1993 (No. 200 of 1993) *(subsequently referred to as the interim Constitution in this research)*, the Local Government Transition Act, 1993 (No. 209 of 1993) and the World Trade Centre Agreement (which will not be dealt with in this research) (White Paper on Local Government, 1998).

The interim Constitution not only laid the foundation for a nation based on a constitutional democracy but also created the framework for the future structure of local government in South Africa. The Local Government Transition Act was not intended to be a blueprint for the new local government system but did present a process for change. This legislation mapped out a three-phase process involving a pre-interim, interim and final phase.

The Constitution of the Republic of South Africa Act, 1996 (No. 108 of 1996) replaced the interim Constitution on the 4th February 1997. Most of the provisions which existed in the interim Constitution were restated, but a number were amended or temporarily retained in order to ensure a smooth transition from one Constitution to the next. The new Constitution envisaged the complete transformation of local government, which now became a sphere of government in its own right and no longer a function of provincial or national government. The status and role of local government was to build democracy and improve socio-economic development. In addition the Constitution made provision for the enactment of legislation that would assist in the transformation process.

As part of the government-wide attempt to create a culture and ethos of performance in the public sector the Department of Public Service and Administration drafted the "Batho Pele" White Paper in 1997. This policy contained the requirement for National and Provincial Government to develop performance management systems that included the setting of service delivery indicators and the measurement of performance (Department of Provincial and Local

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Government, 2001(a): 6). Although developed for the National and Provincial Government, the principles contained in the "Batho Pele" document forms the basis for the local government performance management system.

Although the Local Government Transition Act effectively deracialised the South African system of local government through the amalgamation of the formerly racially based structures, there were a number of flaws which prevented true transformation from occurring. In order to give effect to the vision of developmental local government set out in the Constitution, a research and policy development process was undertaken. The result was the White Paper on Local Government which expanded upon the provisions of the Constitution and established the framework for a new local government system. The White Paper emphasised the need for developmental, co-operative local government in addition to creating a framework for institutional, political and administrative systems and a proposed approach to municipal transformation. It is within the White Paper that the need for a local government performance management system is formalised. Performance management is seen as critical for the operationalisation of municipal plans. The development and monitoring of performance indicators assist municipalities in assessing the impact of development activity, municipal transformation and service delivery efficiency. Furthermore a national performance management system was mooted to assess the overall state of local government and the delivery strategies adopted by various municipalities.

In order to give effect to the Constitution and the White Paper on Local Government, a bouquet of legislation focussing on the municipal sphere was promulgated or is in the process of being drafted. Two pieces of legislation in particular are of importance in respect of this research, namely the Local Government: Municipal Structures Act, 1998 (No. 117 of 1998) and the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000).

The Local Government: Municipal Structures Act provides for the establishment and classification of municipalities. In addition the division of functions and powers between different categories of municipalities are ratified and the requirements for the structures, internal systems, office bearers and electoral systems of municipalities are described. The new City of Cape Town was established in terms of this legislation.

According to the preamble of the Local Government: Municipal Systems Act its purpose is to address historical backlogs and imbalances to communities. Foreseen as becoming the local government blueprint for the delivery of services within its jurisdiction, it reinforces local governments developmental orientation whilst emphasising the need to provide basic services in an efficient, effective and transparent manner. It is within the provisions of this legislation that the need to develop a performance management system becomes legally binding upon municipalities. In addition, the municipal manager and managers directly accountable to the municipal manager are appointed on fixed term contracts to which a performance agreement is attached. At lower levels appropriate systems and procedures must be developed and implemented to *inter alia* monitor, measure and evaluate the performance of staff.

As has been shown, the demand for more effective public sector is not unique to South Africa. There is a worldwide phenomenon of restructuring and reform in order to leverage greater performance from public sector institutions. South African local government is in the final stages of transformation, yet it has been a long process beginning in earnest in 1990 and having evolved through various stages. Policy and legislation have been developed to guide the process and the crucial aspect to understand is that one of the key elements of the new local government system is a greater emphasis on performance.

Use will be made of a case study approach to conduct the proposed research. As such it is critical to clearly define the boundaries of the study in order to orientate the reader. This provides greater understanding and places in context the nature of the entity being studied and the environment within which the research is being performed.

1.3) Defining the boundary of the case study – The City of Cape Town and the Cape Town Fire and Emergency Service

On 5th December 2000 municipal elections were held throughout South Africa to elect councillors who would form the legislative authorities of the new municipal structures created by the Local Government: Municipal Structures Act. This is the final phase of local government restructuring as mooted in the Local Government Transition Act. In the Cape Metropolitan Area this resulted in the formation of a new legislative and executive entity,

namely the City of Cape Town. 200 new councillors were elected to serve the estimated 3,5 million residents of Cape Town. Simultaneously the seven former municipalities of Blaauwberg, Cape Town, the Cape Metropolitan Council, Helderberg, Oostenberg, South Peninsula and Tygerberg were dissolved and re-amalgamated to form the greater City of Cape Town. As this was both a political and an administrative consolidation the outcome was a political structure based on the Executive Committee system with geographic sub-councils (a grouping of Wards) and the implementation of a process to restructure the Administration.

The elected Councillors are responsible for making laws, high-level policy and approving the City budget. The Mayor is the political executive who oversees a ten member Executive Committee responsible for implementing the council's programmes and policies. The ten Executive Committee members are each responsible for a specific portfolio, such as finance or trading. A fifteen person Portfolio Committee oversees the work of each of the Executive Councillors. These committees are watchdog bodies that are entitled to call relevant Executive Committee members or officials to account for their actions.

The formation of 16 geographically based sub-councils is a strategy primarily aimed at integrating the provision of services at local level. At this level the public/community will be able to interface with both politicians and officials who represent the City. It is envisaged that a member of the public will be able to undertake all municipal business at this level. The focus rests upon improving service delivery to the customer and streamlining processes which might hinder such service delivery.

Restructuring the administration has taken longer to accomplish than the political transformation due to the complexity of the task. It requires the amalgamation of approximately 26 000 people and is compounded by differing pay scales for the same job and non-standardised conditions of service. To date key positions at the strategic and service levels (Levels 1 – 3) have been filled (See Figure 1) but the micro-structure for the remaining levels (Level 4 and below) is currently being designed. This process is scheduled for finalisation by July 2003.

The Administration is managed by the Executive Management Board (EMB), which consists of 10 Senior Officials under the leadership of the City Manager. The EMB hold the

responsibility of ensuring that the City fulfils its legal, social and moral obligations to the people of Cape Town.

The City delivers numerous services but for administrative purposes these have been consolidated into three groupings:

- Trading Services – services such as water, electricity, refuse removal and sewerage.
- Planning and development – addresses high level planning issues such as economic development, spatial and land use planning, infrastructure development and delivery.
- Community Services – this portfolio deals with the quality of life issues affecting the community such as law enforcement, emergency services, clinics, libraries and community recreational facilities.

A range of support services such as performance management and service integration, strategy and policy development, corporate planning and support, finance, communications and internal audit are provided as support for the service delivery clusters. Each EMB member is responsible for a service area i.e. Community Services

The Fire and Emergency Service together with Disaster Management and the Public Emergency Communications Centre form part of the Emergency Services Directorate and are the City's backbone for first line response to fires, emergencies or disasters. As the primary response agency in times of crisis, the Fire and Emergency Service must consistently deliver services of an acceptable standard. The maintenance of this standard must therefore be set at realistic levels and managed to ensure a professional level of service. The Cape Town Fire and Emergency Service will be discussed in greater detail in Sub-section 4.2.6.

1.4) The initial research idea

The growing emphasis on performance management in local government circles is clearly reflected in the Local Government: Municipal Systems Act. The City Manager and Executive Directors of the City of Cape Town have been appointed in terms of a fixed term contract and a performance agreement. Although the Act makes provision for the introduction of systems and procedures to monitor, measure and evaluate staff performance, as yet no clear policy

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decision has been taken on this issue. Thus, my research initially began as one relating to individual performance management. However, the introduction of the Balanced Scorecard to the City added a new dimension to the research idea. It became apparent that the management of individual performance and the organisation's performance are inseparably linked.
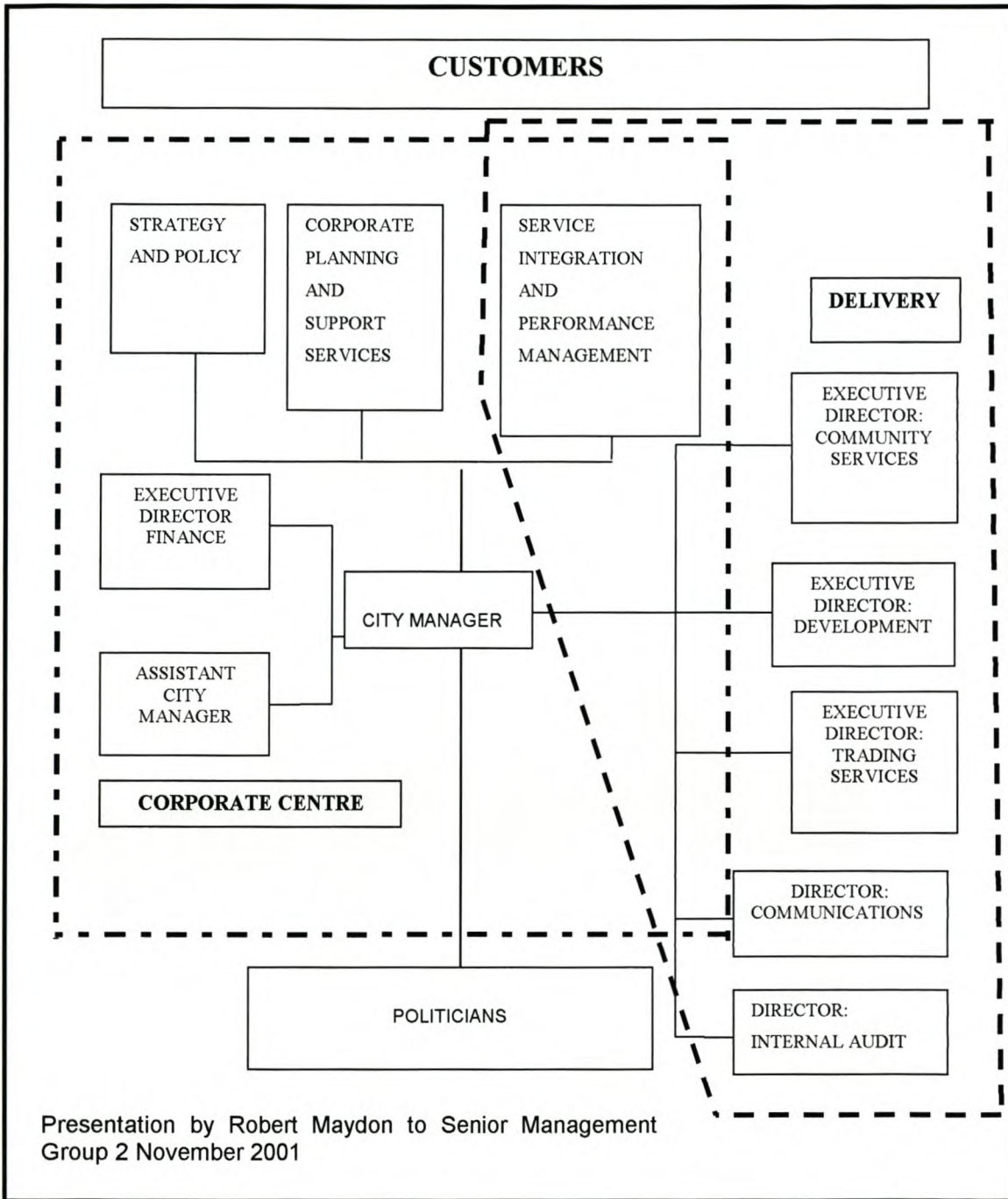
Figure 1 – The City of Cape Town macro-organisational structure

Organisational performance can be seen as comprising a host of interrelated performance areas, of which the performance of the individuals within the organisation is a sub-set. The success of an organisation is closely linked to how well or poorly the employees of that organisation perform. So if the Balanced Scorecard is to become the City's organisational performance management tool, then any individual performance management system must compliment the Balanced Scorecard.

Hence the identification of a gap between the management of organisational performance using the Balanced Scorecard and the absence of a performance management system to review individual performance created the research problem. My initial research involved studying the theory behind the Balanced Scorecard and a number of people performance management models. A common link was identified, namely that the Balanced Scorecard and the performance management models have the same point of departure that is the organisation's strategy. Once this had been identified, the next step was to attempt to link the two. My initial thought was to link a people performance management method to the learning and growth perspective of the Balanced Scorecard. This perspective deals with, amongst others, the developmental needs of the organisations employees. But further thought revealed that individuals within an organisation have a role to play in all of the Balanced Scorecard perspectives. This meant that the strategy of the organisation had to be cascaded through the organisational ranks to the lowest level. Therefore it is necessary for the performance management system to be able to evaluate employee performance within each of the four Balanced Scorecard perspectives at each level of the organisation. Kaplan and Norton developers of the Balanced Scorecard had identified in their book *The Strategy Focussed Organisation* (2001), a number of organisations using the Balanced Scorecard system that had linked the strategic objectives of the corporate scorecard to sub-unit, team and even individuals. One of the methods which was closest to the organisational scorecard was the personal scorecard. This led to further theorising on the development of a model that could align organisational strategy and individual goals within the City Fire and Emergency Service.

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1.5) Research Design and Methodology

It is proposed that this ethnographic research be conducted as an empirical case study within a qualitative paradigm. The focus will be on an inside perspective of individual performance management guided by the Balanced Scorecard within the Cape Town Fire and Emergency Service. The research will ultimately result in the development of a performance management model for use within the Fire Service.

The implementation of the Balanced Scorecard as a strategic management tool within the City is in its initial stages. The environment in which the restructuring process is taking place is dynamic and unstable, leading to rapidly occurring changes. Changes to the implementation process or to whom the system will be applicable may be made in the future. The use of a qualitative approach allows for flexibility in that the design elements can be adapted during the course of the study.

The use of a case study approach, which is not hypothesis based, will create understanding of a unique organisational environment (The Cape Town Fire and Emergency Services). The desired result will be to gain insight into the problem of managing individual performance within the framework of the Balanced Scorecard as it is to be implemented within the City of Cape Town.

The point of departure for the proposed research will be a literature review of current thinking relating to organisational and individual performance management. A comprehensive explanation will be given of the Balanced Scorecard as a strategy and performance management tool. Following this a method will be proposed to set and evaluate personal objectives in line with the greater organisational objectives. A number of supplementary issues such as pertinent legislation, the performance imperative within local government and performance itself will have to be addressed to maintain the golden thread throughout the research.

Following this, it will be necessary to integrate the theory and the available documentation and data from within the City. Participant observation is an appropriate form of data collection for an organisation such as the City. As I am a member of the organisation being

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studied, this approach is most appropriate. Caution will be exercised in ensuring objectivity and attempting to minimise preconceived ideas and bias.

Unstructured interviews with senior officials and discussion sessions with semi-structured focus groups at fire station and functional levels will add insight to performance related issues such as: -

- The Balanced Scorecard development and implementation
- Performance management in the Fire Service
- How can performance be measured?
- Personal Scorecard criteria

This information, together with the existing performance objectives, will be utilised to develop a method for surfacing individual performance objectives and measures. This forms the basis for the Personal Scorecard. Once a Personal Scorecard exists, the next step would be to devise a performance management model which is applicable within the Fire Service environment.

1.6)   Outline of remaining chapters

Chapter 2 will comprise of a literature review aimed at establishing a sound theoretical base from which the development of a personal scorecard model can be initiated. This necessitates that the key concepts are defined and the reader will be given an understanding of the Balanced Scorecard as a strategy and performance management tool. This will provide a firm foundation from which to explore a mechanism for setting and evaluating personal objectives. The traditional Management by Objectives technique will be used as a point of departure to propose a methodology called Management by Strategic Objectives. This methodology will form the basis of the performance review system to be used with the personal scorecards.

In Chapter 3 the design and methodology of the research thesis will be explained in light of the problem statement formulated in Chapter 1.

Chapter 4 will concentrate on integrating the theory from Chapter 2 with relevant documentary sources and existing data produced by the City in respect of the Balanced Scorecard development and implementation. This will be augmented by the data obtained from the interviews and focus groups. This will be used as a point of departure from which the personal scorecard model for the Cape Town Fire and Emergency Service is developed. The reader will be given a brief orientation to the Fire Service, a synthesis of the functions performed by its members and what is deemed necessary in a performance review mechanism for the unique Fire Service environment. The use of the Management by Strategic Objectives technique will be illustrated in the development and implementation of a Personal Scorecard. This will include the use of the Personal Scorecard questionnaire which assists staff in aligning how they think about their day-to-day activities to the strategic objectives of the Emergency Services Directorate.

In Chapter 5 the practical issues relating to the setting of individual objectives will be discussed. This will be accomplished by evaluating the data obtained from the Personal Scorecard questionnaires that were completed by the participants in the semi-structured focus groups at various fire stations and at different functional levels.

In Chapter 6 the main conclusions of the study will be summarised, discussed and interpreted together with recommendations for the practical and alternate applications of the model.

In Figure 2 a chapter flow diagram is presented to help the reader link the various chapters together.

1.7) Chapter Summary

The performance management debate within the context of South African local government has been developing and evolving over the last decade. It has originated in the provisions of the South African Constitution and is supported by a host of other legislation and policy documents. Internationally a similar call has been made for more productive and responsive public institutions.

It is within this environment that the City of Cape Town is introducing the Balanced Scorecard as a strategy and performance management system. However, the Balanced Scorecard is being piloted at this stage to the first three levels of the municipality, thus creating a gap between organisational performance and individual performance.

In order to bridge the gap, this research intends to propose an individual performance management model based upon the Balanced Scorecard framework. The model aligns individual and organisational objectives into a cohesive whole. The process of setting individual objectives that are informed by the strategic objectives of the Balanced Scorecard results in the development of a Personal Scorecard

In the following Chapter a review of pertinent literature on the topic of organisational and individual performance management will be presented. It is then necessary to provide an in-depth explanation of the Balanced Scorecard before the reader is introduced to the foundations of the Personal Scorecard performance management system.

Chapter 1

Introduction and contextualisation of the case study and the local government performance management imperative

Chapter 2

Definition of key ideas, Balanced Scorecard theory and the introduction of the Personal Scorecard concept

Chapter 3

Research design and methodology

The foundation created in Chapter 2 will be used to create linkages between the theory and practice in Chapter 4

Chapter 5

The Personal Scorecard questionnaire is piloted and a general discussion follows on the results obtained, the problems experienced and thoughts regarding its use.

Chapter 4

The development and implementation of the Balanced Scorecard of the City, Community Services and Emergency Services is explained. A background is given into the Fire Service and the Personal Scorecard model is introduced, as is the Management by Strategic Objectives cycle. The use of the Personal Scorecard questionnaire is illustrated

Chapter 6

The final step is to make recommendations as to alternate uses of the scorecard and conclusion and possible areas of future research

Figure 2 – Chapter Flow Diagram

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Chapter 2 – literature Review

2.1) Introduction

> There are three types of leaders
>
> Those that know the score and know they are winning
>
> Those that know the score and know they are losing; and
>
> Those that don't know the score

(Chang and Morgan, 2000: xv)

This quotation cuts to the heart of this chapter. Managing performance is governed by an organisation's ability to measure the activities of individuals, teams, business units and the organisation as a whole. Before expanding on the Balanced Scorecard the key issues relating to performance and performance management need to be defined. The concept of an effective organisation is often difficult to determine. The various methods used to determine organisational effectiveness are discussed and related to the Balanced Scorecard. One contributor to organisational effectiveness is the performance of people. The function of individual performance management is to create a process that enables organisations to optimally manage human capital. A model for individual performance management will be presented and it is this model that will guide the Personal Scorecard development process. A number of factors affect performance and these will be highlighted. Once a basic understanding has been created, the Balanced Scorecard strategy and performance management system will be described in detail. Strategy mapping is a key element of the Balanced Scorecard process. This process enables an organisation to strategise about the objectives that will allow it to achieve high performance. The success of the Balanced Scorecard is dependent on staff aligning themselves to the strategic objectives set by the organisation. The mechanisms for achieving this alignment will be discussed. A thorough understanding of the Balanced Scorecard is required in order to develop the theoretical background required for the reader to begin to visualise the Personal Scorecard model. The last part of this chapter will be devoted to a proposed performance review mechanism based on the Management by Objectives process.

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2.2) Definition of key ideas

Organisations consist of individuals and groups and organisational effectiveness is a function of individual and group effectiveness (Gibson, Ivancevich & Donnelly, 1985: 26). Langdon (2000: 4) proposes a four level representation of where performance takes place within an organisation. The first level of performance is at the *business unit level*. This is the domain of those tasked with running the organisation. Their function is to ensure that the other three performance levels are aligned in relation to one another. It is necessary to plan, organise and operationalise the services or products that will be delivered to customers. In order to achieve these organisational needs a second level of performance called *core processes* is necessary. Core processes represent the "how" of performance. These processes define the major steps that will be used by individuals and groups who will produce or service organisational outputs. The last two levels represent the "who" as the third level relates to *individuals* whilst the fourth to *workgroups*. To achieve the core processes individuals are assigned jobs based upon the core processes. The final performance level consists of the various workgroups existent within any organisation. Individuals are required to consolidate their individual efforts to meet client needs. These four levels provide a convenient identification of where performance occurs within an organisation.

In an effort to better understand individual performance or more precisely the level of performance which will contribute positively towards organisational effectiveness, it is necessary to investigate the concepts of performance, organisational effectiveness, performance management and measurement.

2.2.1) What is Performance?

The crux of this research concerns performance, but what is performance? The definition of performance is critical to what will follow in this research. According to Armstrong and Baron (2000:15) the ability to define performance is an important enabler to measuring and managing it.

Gibson *et al* (1985: G12) defines performance as *"the desired results of behaviour"* (see Campbell in Armstrong *et al* 2000:16). Despite this propensity for a single element

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(behaviour) related definition there is broad consensus amongst various writers that performance relates to both behaviour and outcome. In other words performance relates not only to how the work is carried out but also the results obtained. Bates and Holton in Armstrong *et al* (2000: 15) describe performance as a multi-dimensional construct concerning both outcomes and behaviour. As will be seen later this coincides with Robbins' view of determining organisational effectiveness, which considers both process (work) and outcomes (results) (Robbins 1990: 51). Performance implies the *action* of doing things – using things, attending to conditions, processing, communicating, and achieving results (Langdon, 2000: 12). Langdon further states that because performance is a dynamic concept it is more accurately reflected in the form of a model.

The model consists of six component parts: -

1)   Outputs in the form of a product, service or knowledge. Outputs can be produced at the organisational, team, core process or individual level and are the deliverables.

2)   Outputs result in consequences. This may take the form of improved service delivery, a reduction in the number of fires or increased personal work satisfaction.

3)   The first two components of this model do not occur spontaneously. There needs to be some form of input. These inputs are the reason for doing something and the resources necessary to produce the output.

4)   Performance is governed by a variety of conditions that influence how or what is produced and even how inputs are used. These conditions are created by the organisation, customers, regulators and the like.

5)   A process or procedure is essential to utilise the inputs and other elements of the model to ultimately produce the output. This process consists of the steps necessary to generate the output.

6)   Finally, a feedback loop is required to inform as to the completion of the process and to advise as to whether the desired output has been achieved in the desired manner.
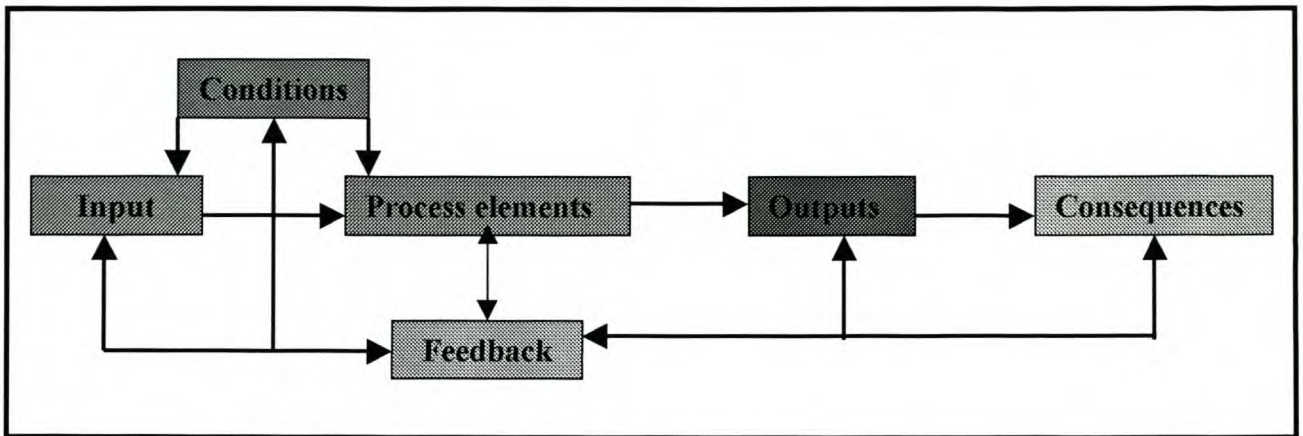
Figure 3 – The Langdon Performance Model

This model can be used at any level within the organisation to define performance. This model presents the first evidence of a systems approach to the concept of performance and performance management. This concept will be explored in greater depth in the following sections when the discussion turns to organisational effectiveness, performance management and performance measurement. In addition, the reader can use this model as a frame of reference when the Balanced Scorecard is explored later in this research.

It is pertinent at this stage to make the observation that the term "performance" is neutral. It is neither good nor bad. It is a process of completing work or achieving results. It only receives meaning either positive or negative once an evaluator uses a mechanism to assess and attach attributes to the performance that has taken place. Performance attributes such as effective, good, poor, satisfactory indicate to an evaluator the type of performance that has taken place. When compared to targets set by the organisation, performance can be measured. The point of managing performance at an organisational level is to ensure effectiveness. For the purpose of this research it will be assumed that the goal of an organisation is to be effective. In other words when considering and evaluating performance the attribute "effective" will represent the benchmark to which the organisation strives. It now becomes necessary to discuss the commonly used mechanisms for attaching meaning to organisational and individual performance.

2.2.2) Organisational effectiveness

Tom Peters and Robert Waterman describe in their book "*In Search of Excellence*" (1982) what they consider to be the eight features of effective and excellent companies. These are: -

- A bias for action and achieving goals
- Remaining close to customers to better understand their needs
- Granting employees a high degree of autonomy and fostering an entrepreneurial spirit
- Increasing productivity through employee participation
- Ensuring that employees know what the company stands for and managers who are involved in problem solving at all levels
- Remaining with the business they know and understand
- Organisational structures that are simple and contain a minimum number of support staff
- Mixing tight centralised controls for protecting the company's core values with loose controls elsewhere to encourage risk taking and innovation.

Despite the fact that Peters and Waterman are highly respected management theorists, their work has not been universally accepted. Criticism of their findings clearly points to the fact that there is no universally accepted definition on what constitutes an effective organisation (see Robbins, 1990: 49 and also Gibson *et al*, 1985: 29). Organisations perform many activities and their success is dependent on adequate performance in a number of areas. However, an organisation can be effective or ineffective in these areas. This means that organisational effectiveness consists of multiple criteria. The determination of which must be based on an evaluation of organisational functions using characteristics that consider both means (process) and ends (outcomes) (Robbins, 1990: 51).

Different theorists have used diverse approaches to describe organisational effectiveness. Some of the more popular approaches are the goal attainment, the strategic constituencies, the competing values and the systems approaches. The first three approaches will be described in brief but the systems approach will be explored in greater detail as the Balanced Scorecard follows a systems approach based on cause and effect relationships.

2.2.2.1) The Goal Attainment Approach

One of the oldest approaches, the goal attainment approach, views an organisation's purpose as the achievement of goals. Therefore, organisational effectiveness is evaluated in terms of ends or outcomes rather than means. Effectiveness is measured by the degree to which goals are achieved. Management by Objectives is a widely used practice based on goal attainment. However, there are a number of problems with the goal attainment approach, which preclude it from being used as the sole determinant of organisational effectiveness. This approach assumes that individuals within the organisation are committed to a common set of compatible goals and that the measurement of goal achievement represents an appropriate measure of effectiveness. It is common for individuals, teams and sub-units within an organisation to have different goals. This often leads to competition for resources and a misalignment of effort. Although not suitable as a measure of organisational effectiveness, a variation of the Management by Objectives will be explored later as a means of setting and evaluating individual performance.

2.2.2.2) The Strategic Constituencies Approach

The Strategic Constituencies approach views the effective organisation as the one that satisfies the demands of those people or groups in its environment from whom the organisation requires support for its continued existence (Robbins, 1990: 52). This approach only considers those factors which threaten the organisation's survival. The strategic constituencies approach assumes that organisations operate in a *"political arena"* in which effectiveness is measured by its ability to satisfy the constituencies who hold power. The problem with this approach is in separating the strategic constituencies from the larger environment and determining their expectations.

2.2.2.3) The Competing Values Approach

The Competing Values approach identifies the key variables relating to effectiveness and determining how these variables interact. The main underlying theme is that the determinants of organisational effectiveness depend on who you are and the interests you represent. In

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other words the effectiveness of an organisation is subjective and that the goals the evaluator chooses represent personal values, preferences and interests. This means that two different evaluators can evaluate a single organisation and the results will be completely different. This is a result of the competing values of the individual evaluators.

2.2.2.4) The Systems Approach

A system is a set of interrelated parts unified by design to achieve some purpose or goal. Society, plants, organisations and other human endeavours are examples of systems. Harvey and Brown (1996: 36) describe a system as having a number of basic qualities: -

- A system must be designed to accomplish an objective
- The elements of a system must have well established arrangements
- Interrelationships must exist amongst the individual elements of a system
- The basic ingredients of a process (the flows of information, energy and materials) are more important than the basic elements of the system
- The objectives of the organisation are more important than the objectives of individual elements

The flow of inputs and outputs is a basic starting point in the description of an organisation as a system.

- Inputs are the resources that are applied to the processing function
- Processes are the activities and functions that are performed to produce goods and services
- Outputs are the products and services produced by the organisation
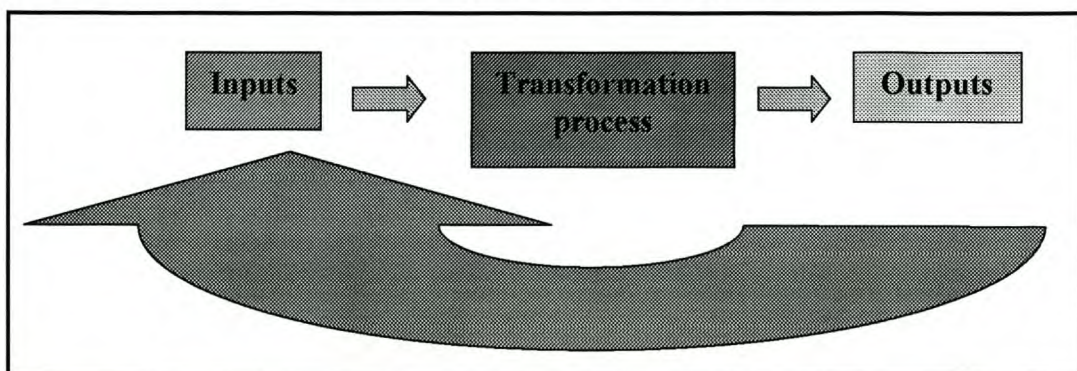
Figure 4 – A simple systems diagram

An organisation can be seen as an open socio-technical system. The openness exists because the organisation influences and is influenced by the environment within which it operates. A continual interaction occurs with the environment and therefore results in a state of dynamic equilibrium or change (Harvey *et al*, 1996: 37). Organisations acquire resources from the outside environment and in return provide goods and services required by the larger environment. The socio-technical aspect is based on the principle that in any organisational system, the technical or task aspects i.e. the work that needs to be done are interrelated with human aspects i.e. the people who undertake the work.

There are two diverse forces that co-exist and are essential within a system, namely differentiation and integration. Within an organisational system specialised functions are differentiated. This means that organisations are divided into divisions, departments and units each having a specific function. Conversely, in order to maintain unity amongst the separate parts and create a whole, the system requires a process of integration. In an organisational sense this is achieved through the hierarchy, direct supervision, rules, procedures and policies (Robins, 1990: 12)

An important aspect of the organisation as a system is the concept of feedback, as the organisation is reliant upon the environment for not only inputs but also acceptance of its outputs. Armstrong *et al* (2000: 18) state that within a system the emphasis is on the transactions that occur across the system and the environment and between the different parts of the system. This requires an organisation to have the capacity to adapt. This ability to adapt is reliant on information being received from the larger environment. The information reflects the outcomes of an action or series of actions (Gibson *et al*, 1985: 32).

The systems approach of defining organisational effectiveness is based upon the fundamental assumption that organisations are systems consisting of interrelated and interdependent parts each of which contribute to overall organisational functioning and the achievement of goals. The systems approach considers the whole organisation and measures effectiveness based upon the organisations ability to acquire inputs, process these inputs and channel outputs. Whilst not precluding the ultimate goals of the organisation, the systems approach concentrates more on the means needed to achieve the ends. Systems models emphasize criteria that will increase the long-term survival of the organisation such as the organisations

ability to obtain resources, maintain itself internally as a social organism and interact successfully with its external environment (Robbins, 1990: 58).

Critics of the systems approach believe that the focal point of this approach is the means to achieve effectiveness rather than organisational effectiveness itself (Robbins, 1990: 62). The systems approach requires that resources are allocated to activities that may be far removed from the organisation's goals. The systems approach is limited by the extreme difficulty in determining what the cause and effect relationship will be between inputs, process and outputs.

An additional consideration is the relationship between time and organisational effectiveness. The ultimate criterion for effectiveness is organisational survival within the environment. Survival requires adaptation, which often involves predictable sequences (Robbins, 1990: 19). As an organisation ages, it passes through different phases of development, maturity and decline in relation to the environment. Therefore the criteria chosen to reflect effectiveness must also take into account the life stage of the organisation (Gibson *et al*, 1985: 34).

2.2.2.5) Defining organisational effectiveness

There are elements of truth in each of the approaches discussed in the previous sub-sections. At a particular time or in a specific situation one or more of these approaches may be able to evaluate and determine the level of an organisation's effectiveness. Therefore the complex definition given by Robbins (1990: 77) that states *"organisational effectiveness is the degree to which an organisation attains its short-and long-term goals, the selection of which reflects strategic constituencies, the self-interest of the evaluator, and the life stage of the organisation"* is acceptable for use within this research.

The Balanced Scorecard is consistent with this definition as the four perspectives address the key points Robbins describes. Later in this research the reader will see that the achievement of strategic objectives is a fundamental cornerstone of the system. The customer perspective relates to the strategic constituencies as one of the elements of an effective organisation by asking, "In order to achieve our vision how should we appear to our customers"? The Balanced Scorecard is a framework which can be used to guide organisations in identifying

their unique objectives that will make them successful. Naturally, these objectives vary from organisation to organisation and even between individuals and groups within the same organisation. The development of a Balanced Scorecard for an organisation forces the members of the organisation to highlight the most important values and measure performance according to those values. Finally, the underlying logic of the Balanced Scorecard is that of the systems approach as it is based on "cause and effect relationships" and takes a holistic look at what the organisation does.

2.2.3) Individual performance management

Individual performance is an important contributor to organisational effectiveness. In the knowledge driven economy of the modern era the returns gained from the effective management of human capital performance are greater than increasing the efficiency with which financial and physical assets are managed (Dess and Picken, 1999: 5). Therefore individual performance management is an important contributor to organisational performance.

Beardwell and Holden (2001: 538) quote Baron and Armstrong when defining performance management as a *"strategic and integrated approach to increasing the effectiveness of organisations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors and can be seen as a continuous process involving reviews that focus on the future rather than the past".*

From this definition it is clear that individuals hold the key to making an organisation effective. Performance management must be seen and treated as a holistic process, which encompasses the full spectrum of organisational and individual activity. It is concerned with managing the organisation and is a natural management function not simply a management technique. Having said this it is necessary to clearly state that performance management is a management function that concerns everyone in the organisation from the "shop floor" to high-level executives. This necessitates their involvement in developing achievement targets and assuming responsibility for individual and team performance (Armstrong *et al*, 2000: 11).

Performance management ensures development and effective performance in the following areas: -

- Setting organisational, department, team and individual objectives
- Performance and appraisal system
- Reward strategies and schemes
- Training and development strategies
- Feedback communication and coaching
- Individual career planning
- Mechanisms for monitoring the effectiveness of the performance management system and the support of people.

An important aspect of performance management specifically in relation to the Balanced Scorecard is the integration of organisational objectives and strategies with individual needs. This implies vertical and functional alignment between the organisation, functions within the organisation and the individual (Armstrong *et al*, 2000: 8). Later, in Section 2.5 the methods used to align organisational and personal goals and objectives will be discussed.

Effective performance management ensures that employees and managers understand each others expectations and how corporate strategy and objectives impact on their own context i.e. the roles, behaviour, relationship and interactions, rewards and futures. In addition it also ensures that employees and managers know how to meet those expectations and goals and are supported in achieving the desired results. Beardwell *et al* (2001: 538) believe that performance management is more than the appraisal of individual performance. It develops, communicates and enables the future direction, core competencies and values of the organisation.

The performance management process can be represented by many different models however the model that will be used to represents the performance management cycle in relation to the Balanced Scorecard is the model quoted in Carrell, Elbert, Hatfield, Grobler, Marx and Van der Schyf (1998: 259). I have chosen this model as it clearly shows the strategic bias necessary to devise a performance management model for use with the Balanced Scorecard.
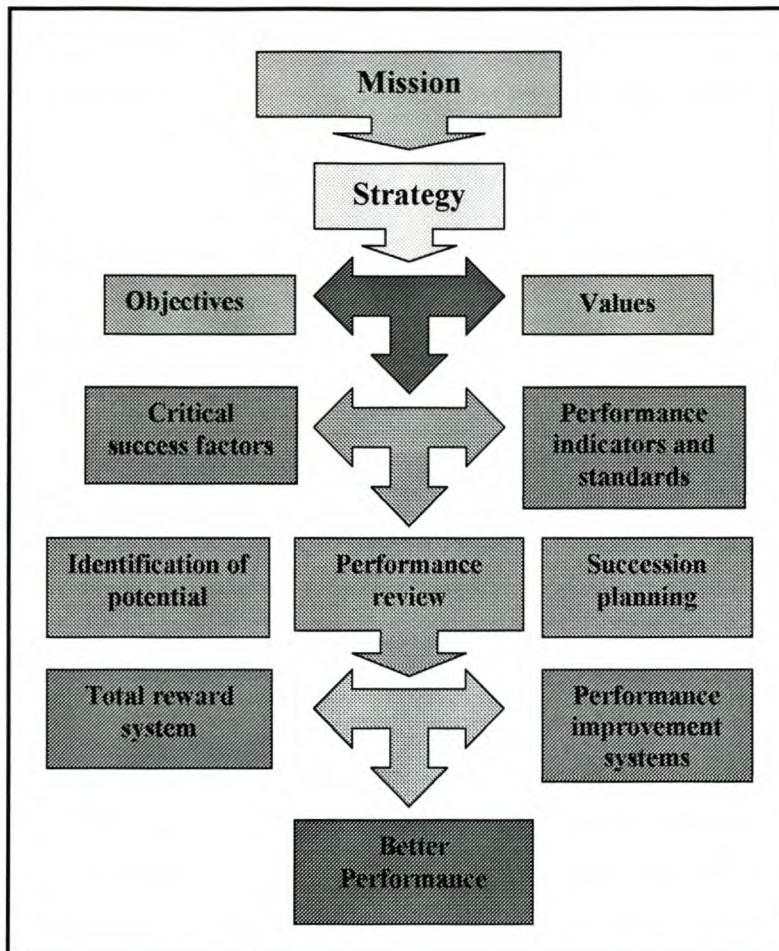
Figure 5 – The performance management process

The main features of this model are: -

- The mission statement defines the purpose of the organisation and its future direction.
- Strategies or statements of intent provide guidance as to the future behaviour and performance required to achieve the organisation's mission.
- Objectives state precisely the performance goals of the organisation.
- Values represent the important beliefs held by the organisation regarding how it conducts its business.
- Critical success factors spell out the contributors to successful performance and the standards to be met.
- Performance indicators are determined in conjunction with the critical success factors and enable progress towards achieving objectives and implementing values to be monitored and the results to be evaluated.

- Performance review is the review of individual performance, qualities and competencies against relevant objectives, values, critical success factors and performance indicators and identifies potential and development needs.
- Performance related pay links reward explicitly to performance and can take the form of merit pay, individual bonuses, group bonuses and other variable payments related to corporate or group performance.
- Performance improvement programmes concern the improvement of motivation and commitment by means of training, career development, succession planning, promotion processes, coaching and counselling.

As will be seen when the Balanced Scorecard is explained in greater detail, this performance management process model contains many of the key elements necessary for the development of a successful balanced scorecard. The emphasis on the organisation's mission, strategies, critical success factors and performance indicators are critical to the success of the Personal Scorecard as a performance management tool. The process of developing and evaluating individual performance will be accomplished using a variation of the Management by Objectives process first proposed by Peter Drucker in 1955. I have termed this process as *Management by Strategic Objectives* and this will be dealt with in detail in Sub-section 2.6.2

2.2.4) Performance indicators, measures and targets

Performance indicators are essentially measurements that inform an observer as to whether progress is being made in achieving set objectives. They define how performance will be measured along a scale or dimension i.e. the number of houses to be built (Department of Provincial and Local Government, 2001(a): 13). These indicators can also be used to motivate and orientate staff towards the achievement of organisational objectives. Indicators should be measurable, simple, precise, relevant, adequate and objective. The indicators must relate to the key areas of performance including inputs, outputs and outcomes. The terms performance indicators and performance measures are often used interchangeably. However, a distinction can be made between the two in that performance measures relate to results that can be quantified and provide data after the event. Performance indicators are taken to refer to activities that can be judged more qualitatively on the basis of observable behaviour.

Indicators suggest a prospective rather than a retrospective view because they point to aspects of performance that will have to be observed (Armstrong *et al*, 2000: 285).

According to Harbour (1997: 7) performance measurement is a process of measuring in-process parameters, work accomplishments and output. Armstrong *et al* (2000: 269) quotes Oakland who suggests that appropriate performance measures: -

- Ensure that the customers requirements are met,
- Provide standards for establishing comparisons,
- Provide visibility and a "scoreboard" for people to monitor their own performance levels,
- Highlight quality problems and determines which areas require attention
- Indicate the cost of poor quality and
- Provide feedback for driving the improvement effort.

There are various types of performance measures and the key to successful performance measurement is the choice of the correct ones. It is necessary to collect only those measures that can or will be used. The Balanced Scorecard exemplifies this by containing a limited number of key measures, usually not more that 25 in total. The determination of what is measured depends upon what stakeholders and customers believe to be important. Measurement provides the link between customer orientated strategies, goals and actions. Consequently team and individual goals flow from organisational goals and therefore team and individual performance measures flow from organisational performance measures (Armstrong *et al*, 2000: 271). This is an important aspect to remember when this research turns to the development of personal scorecards. These scorecards have to cascade both organisational objectives and measures to the level of the individual.

Few organisations can rely on only one performance measure. What is required is a family of performance measures capable of presenting separated types of interrelated information (Harbour, 1997: 21). However, it is impractical to record and use too many performance measures. Therefore, the collection of a few critical measures is required. A family of measures consist of four to six interrelated but essentially separate measures of performance

(Harbour, 1997: 22). Typically, these measures incorporate productivity, quality, timeliness, cycle time, resource utilisation and cost measures.

Every organisation is unique. Therefore an organisations specific family of performance measures should reflect this uniqueness. For instance an Audit Commission of the British Government recommended that local government make use of the following indicators: -

- Productivity indicators that focus on the work completed within a defined period of time.
- Utilisation rates reflecting the extent to which available services are used.
- Time targets representing the average time taken to carry out defined units of work e.g. the time necessary to respond to complaints.
- The volume of service which is a pure quantitative measure of work completed.
- Demand/service provision expresses the ratio between the demand for a particular service and the service provider's ability to satisfy the demand.

(Ranson & Stewart, 1994: 228)

The South African Department of Provincial and Local Government (2001(b): 15) has defined the following indicators: -

- Input indicators measure economy and efficiency i.e. the cost of resources to produce outputs (economy) and whether the organisation achieves more with fewer resources without compromising on quality e.g. the unit cost of removing refuse from a single household.
- Output indicators measure whether a set of activities or processes yields the desired results (the effectiveness of the activity) and are usually expressed in quantitative terms i.e. the number of houses that have electricity as a result of an electrification programme.
- Outcome indicators measure the quality and impact of the products/services as they relate to the overall objectives. As a quality measure, outcome indicators show whether the product/service meets set standards e.g. number of complaints received. In terms of impact they measure the net effect of the products/services on the overall objective e.g. the reduction burn injuries as a result of the use of electricity.

The starting point for the choice of performance measures is the determination of what types of performance related information is needed to improve organisational, business unit, process of individual performance. The following are common types of measures: -

- Baseline performance measurements are important measures as they highlight the starting point i.e. the current level of performance. Without these measures there can be no performance management system and therefore no improvement.
- Trending performance measures indicate whether there is a variance from a predetermined or required performance level. These performance measures must be collected in real-time and immediately fed back to the people involved in undertaking the task.
- Diagnostic performance measures attempt to orientate the evaluator to a specific problem area. Trending and control performance measures can also serve as diagnostic tools. The diagnostic measures can also assume a predictive role in identifying possible areas of poor or unacceptable performance before it becomes problematic.
- Planning performance measures – are predictive measures that assist an organisation plan at both macro and micro level. These fact-based measurements allow organisations to develop intelligent "what if" scenarios. The use of these measures removes considerable guesswork from the organisational planning process. Harbour (1997: 19) sums up this type of measure when he states that the best indicator of future performance levels are often a measured record of past performance levels or trends.

According to Armstrong *et al* (2000: 274) performance measures are concerned with the achievement of objectives, levels of competence, standards of performance and work outputs. The emphasis placed on these foci are unique at the different levels of an organisation. Just as a single measure cannot effectively represent all aspects of performance, a single level of a specific measure cannot be used throughout the organisation. Therefore it is necessary to create a hierarchy of measures (Harbour, 1997: 37). Hierarchies measure a similar aspect of performance but at different levels within an organisation. For example a supervisor would require different information that the head of an organisation.

Once indicators have been set it is necessary to determine targets against which progress will be compared. Performance targets are the planned level of performance or the milestones an

organisation sets itself for each indicator and are measured against the baseline measurement. Performance targets should be specific, measurable, attainable realistic and time related (Department of Provincial and Local Government (b), 2001: 18).

2.2.5) Factors affecting performance

At this point it is necessary to offer a word of caution concerning the factors that affect individual performance. Traditional approaches to performance management and evaluating performance attribute performance to the personal factors relating to an individual. However, a number of researchers hold a different view. Armstrong *et al* (2000: 16) quote both Cardy and Dobbins and Edward Deming who argue that situational or systemic factors play a greater role in affecting the performance of individuals than do the individuals themselves. Individuals belonging to an organisation operate within the constraints provided by resources, processes, technology, corporate and human resource strategy, the working environment and management. This implies that individuals are not able to improve their performance to any great extent without changes to the work systems. In fact Deming believes that 80% of individual improvement is reliant on management effort and major systemic change, whilst only 20% can be achieved by the individual themselves (Beardwell *et al*, 2001: 550). Armstrong *et al* (2000: 16) present four factors affecting performance these are: -

- **Personal factors** – relate to the individuals skill, competence, motivation and commitment
- **Leadership factors** – such as the quality of encouragement, guidance and support provided by those in leadership positions.
- **Systems factors** – such as the work systems and facilities provided by the organisation.
- **Contextual or situational factors** – relate to the pressures and changes exerted internal and external environment.

In light of these thoughts there is sufficient evidence to support Deming's call for performance management systems to consider and evaluate not only what the individual has done but also the circumstances in which they are required to perform (Armstrong *et al*, 2000: 17). One of the benefits of the Balanced Scorecard is that it operates at a strategic level and acknowledges that adequate performance must be achieved in all four

perspectives. The systematic nature of the Balanced Scorecard necessitates that the cause and effect relationships between the four perspectives support the overall strategy of the organisation. These perspectives take into account the factors mentioned above. Nevertheless, cognisance will be taken of these restraining factors when developing the performance management model for the Cape Town Fire and Emergency Service.

2.3) The Balanced Scorecard

There is nothing new or original about the basic notion of combining a number of measures in a succinct description of an operation or to use these measures to describe the ingredients of an organisation's success. In 1900 French managers were using the "*Tableau de Bord*" which was a dashboard of financial and non-financial measures (CPA Australia, 2001: 3). However, it is during the 1990s that the evolution of multiple measures has flourished. McNair's *Performance Pyramid* (1990), Maisel's *Balanced Scorecard* (1992) and Adams and Roberts' EP^2M Model (1993) were all developed during this period and propose a holistic approach to measuring organisational effectiveness. I mention these other models so as to make the reader aware that there are a number of models available which either use or refer to a balanced set of measures and that the term "balanced scorecard" is often used loosely. However, the concept of a balanced scorecard as being implemented by the City of Cape Town and consequently one of the central themes of this research is the Balanced Scorecard Model proposed by Robert Kaplan and David Norton in 1992.

2.3.1) The need for a new form of measurement

Organisations and the environment in which they operate are becoming more complex and competitive. Traditional management control mechanisms based upon financial measures fail to provide managers and leaders with the information required to make intelligent strategic and day-to-day decisions. What is clear is that the financial aspect of business unit performance is highly developed.

Kaplan and Norton (1996: 21) provide a succinct description of the evolution of financial measurement from ancient times to the post World War Two period: -

- The trading powerhouses of the ancient world, the Egyptians, Phoenicians and Sumerians used financial bookkeeping records to facilitate their commercial transactions.

- During the age of discovery and exploration the global trading companies monitored their activities and success by means of double entry books of accounts.

- The industrial revolution saw the rise of giant industrial companies in the textile, railways and retail sectors to name a few. This growth was aided by the development and use of new financial measures.

- Innovative financial metrics such as "return on investment" and the emergence of operating and cash budgets emerged and are accredited with the success of early 20th Century companies such as Du Pont and General Electric. In fact most of the financial accounting practices in use today were in existence in 1925 (Olve, Roy and Wetter, 1999: 12).

- After the Second World War the trend was to diversify companies into many different fields of expertise. The technical revolution experienced in the latter part of the last Century has seen most organisations grow in size and complexity. Sophisticated technology, production processes and the information age have created new demands on how management controls the organisation.

It is for this reason that Kaplan *et al*, (1996: 22) argue that the traditional financial focus overemphasises the achievement and maintenance of short-term financial results and a failure to invest in long-term value creation. Olve *et al* (1999: 12) support this assessment and hold the view that traditional management control is too narrowly focussed on financial measures. This has sufficed for most of the Twentieth Century because the environment in which organisations existed was one of mature products and stable technologies where the concern was for the efficient allocation of financial and physical capital and so financial accounting indicators were satisfactory (Kaplan *et al*, 1996: 2). Financial measures evaluate past performance and events and are inadequate for guiding and evaluating the new capabilities that information age organisations must develop to ensure competitive success. No longer is their any sustainable advantage by rapidly deploying new technology into physical assets and the effective management of financial assets and liabilities.

Past management practices have revolved around the maximisation of tangible assets. However, by expanding this investment to include intangible assets such as innovation,

customer relations and knowledge an organisation is enabled to develop customer relationships, introduce innovative products and services, mobilise employee skills and motivation for continuous improvement. The most valuable asset of any organisation is not found in its physical assets but in its intellectual or intangible capital (Creelman, 1998: 11). The difficulty arises in valuing an organisation's intangible assets solely on the basis of financial indicators, hence the value of the Balanced Scorecard.

2.3.2) The Balanced Scorecard perspectives

The Balanced Scorecard is a framework for translating organisational strategy and vision into operational measures, targets and initiatives. The performance of the organisation is viewed from four critical perspectives, namely the financial, customer, internal-business process and learning and growth perspectives. These perspectives are based on three dimensions of time: yesterday, today and tomorrow. The scorecard combines traditional financial measures of past performance with measures of the drivers of future performance.

The Balanced Scorecard should not be viewed as merely a measurement tool but a management system for implementing organisational strategy. It links short-term operational control to the long-term vision and strategy of the organisation by providing a comprehensive framework that translates the organisation's vision and mission into a coherent set of performance measures. The focus is on a few key ratios in meaningful target areas. This forces the organisation to control and monitor day-to-day operations as they affect development tomorrow.

While initially developed for the private sector, the advantages of using the Balanced Scorecard to improve the management of non-profit and the public sector are possibly even greater (Kaplan et al, 1996: 179). Financial success is not the sole measure of performance for these organisations and the financial perspective is actually a constraining factor and not an objective. It is crucial for public sector organisations to limit their spending to the budgeted amounts but success cannot be measured solely by this achievement. The ability to contain or reduce costs fails to give an indication of how efficient and effective the organisation was. Success within the public sector should be measured by how well it meets the needs of its constituencies. Finances will play a constraining role but will rarely be the primary objective.

The adapted perspectives necessary for use within the public sector will be discussed in greater depth when the four perspectives of the scorecard are described later in this research.
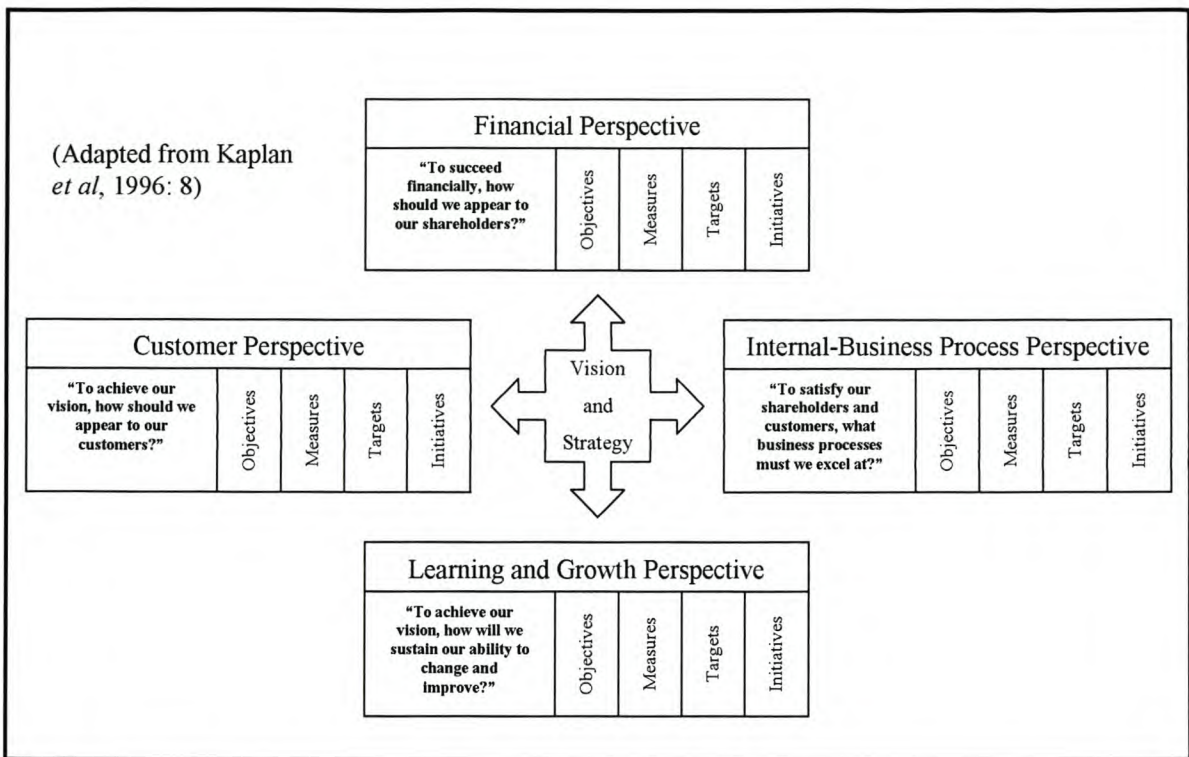
Figure 6 – The Balanced Scorecard framework

According to Kaplan *et al* (1996: 29) the Balanced Scorecard is more than a collection of critical indicators or key success factors. It consists of a series of linked complimentary objectives and measures. These linkages should reflect cause and effect relationships, outcome measures and performance drivers. Central to the understanding of the Balanced Scorecard is the interaction the non-financial measures that ultimately impact on future revenue streams (Creelman, 1998: 10). The process of building a Balanced Scorecard clarifies the strategic objectives of an organisation to such an extent that someone unfamiliar with the organisation should be able to infer the overarching strategy from scrutinising the scorecard measures (Kaplan *et al*, 1996: 148). A strategy can be viewed as a set of hypotheses about cause and effect or a sequence of if-then statements. A well-designed scorecard should clearly show the cause and effect relationships between the various perspectives. The four perspectives connect to form a causal chain, for example innovation and learning improve internal-business processes; internal-business processes improve customer satisfaction; and customer satisfaction leads to an improved financial status for the organisation. In other words

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one category of measurement drives performance in the next perspective (CPA Australia, 2001: 11). The concept of cause and effect relationships will be explored in greater detail in Section 2.4 when the development of a strategy map is discussed.

The scorecard should consist of a mixture of outcome and performance drivers. Performance drivers measure the factors that will determine or influence future outcomes. Outcomes are the end result of activity. Performance drivers are leading indicators and show how outcomes are to be achieved whilst outcome measures are lagging indicators as they tell the story of past performance. In practice the leading (performance drivers) versus lagging (outcomes) indicators should be considered as a continuum. It is often difficult to distinguish between the two but a simple method of differentiating them is to consider ends and means. For example, toxic emissions are a leading indicator of environmental costs but also a lagging indicator of process efficiency (CPA Australia, 2001: 11). According to Kaplan *et al* (1996: 151) the cause and effect relationships from all measures on the scorecard should be linked to financial objectives. Kaplan and Norton's paradigm is one of private sector profit making and therefore financial achievement is of utmost importance. Within the public sector there is greater value in linking the causal paths to the value created by activities and ensuring the cost effectiveness thereof.

As a rule the final list of indicators should be a mixture of financial and non-financial, external and internal, and lagging and leading measures. Finalising this list is not an easy task. New measures will have to be developed for factors which have never been measured before e.g. innovation.

It is not uncommon for organisations to develop between four and seven measures per perspective. This can result in up to 25 measures. These measures must be seen as measures for a single strategy, not 25 independent measures (Kaplan *et al*, 1996: 162). This number of measures may seem small when considering the complexity of the modern organisation but the reader must remember that these measures define a strategy for excellence and are not diagnostic measures for identifying problem areas.

The development of reliable quantifiable outcome measures may not be feasible due to limited data or cost. In this instance surrogate measures may have to suffice, for example the

percentage students passing a training course is a substitute as an indicator of organisational learning. Let us now consider the individual perspectives of the Balanced Scorecard.

2.3.3) The Financial Perspective

The Balanced Scorecard encourages business units to link their financial objectives to corporate strategy. The financial objectives serve as the focus for the objectives and measures in all the other scorecard perspectives. This perspective should show the financial results of the strategic choices made in the other perspectives and it is in this perspective that the owners or officials in charge of an organisation describe the expected results in growth and profitability. The risks the organisation is prepared to accept are also illuminated in this perspective. Here many of the traditional financial measures are found and used.

Public sector organisations such as a City are not intended to make a profit and indeed it is not desirable for them to do so. In the public sector, profit or surplus should be minimised in order to make services affordable and accessible for a broad spectrum of the community (Burger & Ducharme, 2002: 1). Wisiniewski and Dickson quote Schneidermann who confirms that in the public sector, finance *per se* is not an objective but rather a means to multiple ends such as service provision, customer and community satisfaction. (Journal of Operational Research Society Volume 52 No. 10: 1060).

As the Balanced Scorecard was originally developed with the private sector in mind it does not reflect public sector values, Kaplan and Norton subsequently developed a variation on the original perspective, which is more suitable for the public sector organisation. The private sector profit motive is replaced by the more subtle cost incurred and value created objectives. Olve *et al* (1999: 303) supports this change and also propose an altered structure for the public sector using the term performance focus to describe the results of work based on inputs and outputs.

The *cost incurred objective* emphasises the importance of operational efficiency. The measured cost should include both the expenses incurred by the organisation in carrying out its objectives and the social cost imposed by its activities. Every effort should be made by the

organisation to minimise both the direct and social costs to the community (Kaplan and Norton, 2001: 136).

The *value created objective* identifies the benefits to the citizenry being generated by the organisation. This aspect is difficult to measure and quantify financially. It is difficult to place a monetary value on clean air or improved healthcare. But outcomes can be identified even if the measurement of the outcome is more elusive. In this instance the use of surrogate measures are short-term tools for measuring performance. In the long-run it is the elected officials, legislators and the community who will eventually determine the long-term benefits or value created.

As will be seen later the Balanced Scorecard being developed for the City uses the original financial perspective. The reader must bear in mind that the spirit of this perspective and the subsequent indicators are more attuned to the cost incurred and value created objectives. Thus, performance is related to financial sustainability, economy and cost effectiveness as opposed to profit generation. The financial objectives still retain the role as representing the long-term goals of the organisation to provide superior returns based on the funds invested.

2.3.4) The Customer Perspective

Within the customer perspective an organisation identifies the customers and market segments in which they have chosen to operate. However, having already identified that the public sector holds different values and goals than the private sector the customer perspective also needs to be dealt with in a slightly different manner than a private sector company.

The relationship between members of a community and the municipality is a symbiotic one and in most instances unavoidable. However, this must not be construed as to mean that a public sector institution should not try and satisfy the needs of its customers. A business relies on its customer base for the generation of future business and its long-term survival. Likewise a City has to create an environment and relationships that attract people to it. If these efforts are successful people will want to live and to locate businesses in the City. This relationship should not solely be one of service provider and receiver but one of value creation and the satisfaction of the customer's demand for value. This perspective highlights the change in

organisational perspective from one of introspection where internal capacity and efficient processes ruled to one of an externally focussed organisation with an orientation that is directed towards satisfying customer needs.

Of importance is an understanding of who exactly is the customer. In a private sector organisation the customer receives and pays for the goods or services. However, in a public sector context the financial donors are not the recipients of the goods or services. These are consumed by other constituents (Kaplan *et al*, 2001: 134). Due to this unique situation it is necessary to satisfy a number of strategic constituencies. Therefore the core customer measurement in this perspective is the legitimisation of support. That is, in order to ensure continued funding for its activities and the ultimate attainment of strategic objectives a public sector organisation must strive to meet the objectives of its donors. This idea is consistent with the strategic constituencies approach that presupposes that to be effective, an organisation has to satisfy the demands of those constituencies in its environment from whom it requires support for its continued existence (Robbins, 1990: 62). Examples of these constituents are politicians, senior officials, citizens and taxpayers.

By focussing on the customer, the organisation is able to identify and measure explicitly the value propositions it will deliver to its customers. A value proposition represents the drivers and lead indicators for the customer outcome measures and are the attributes the organisation would provide through their products and services to create loyalty and satisfaction (Kaplan *et al*, 1996: 63). Considering the nature of the relationship between customer and public sector service provider the issue of loyalty is rather moot. However the question of customer satisfaction is essential. Customer satisfaction measures how well an organisation is doing at meeting customers needs. Kaplan *et al* (1996: 73) has identified a common set of attributes that represent the value proposition irrespective the type of organisation, these are: -

- Product/service attributes – these comprise the functionality of the product or service, its price and the quality
- Customer relationship – this attribute includes the delivery of the product/service to the customer including response and delivery times

- Image and reputation – this dimension represents the intangible factors that attract a customer to an organisation and allows an organisation to proactively define itself to the customer.

| Value | = | Product/Service Attributes | + | Image | + | Relationship |

| Functionality | Quality | Price | Time |

(Kaplan *et al*, 1996: 74)
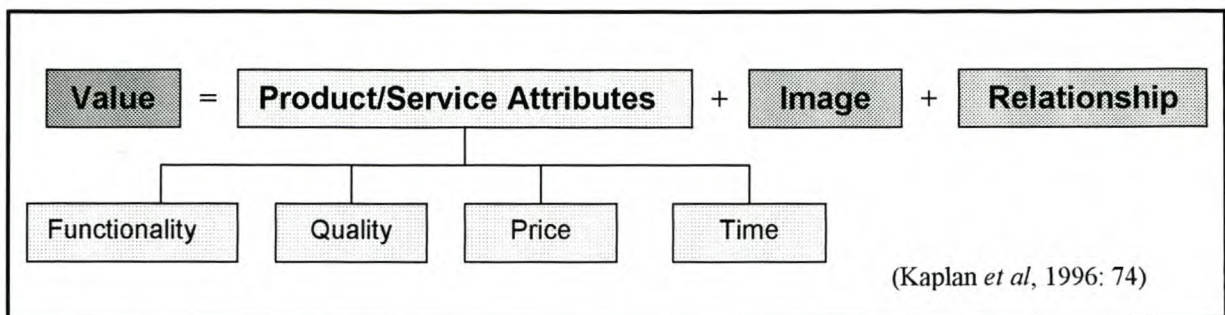
Figure 7 – The Value Proposition Model

The completion of this process should leave the organisation with no doubt as to the customers to be served together with a selected set of measurements that measure legitimisation of donor and customer support. Inclusive of this process is the determination of what donors and customers value and the choice of value proposition the organisation will deliver to these parties.

2.3.5) The Internal-Business Process Perspective

The internal-business process perspective requires managers to identify the processes that are most critical for achieving customer and stakeholder objectives. In order to develop the objectives and measures for this perspective it is necessary to first determine the objectives and measures for the financial and customer perspectives. By following this sequence an organisation can concentrate their internal-business process metrics on processes that deliver objectives established for customers and shareholders. The objectives and measures for the internal business process perspective are derived from explicit strategies to meet shareholder and customer expectations.

Each organisation will use a unique set of processes in creating stakeholder satisfaction, value and cost effectiveness. Therefore the starting point of determining objectives and measures for this perspective is to define a complete internal-business process value chain. The value chain model describes organisational processes from the determination of customer needs to the

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delivery of the service or product. The purpose of which is to eliminate any processes that do not create customer value. Kaplan *et al* (1996: 96) have identified a generic value chain model to assist in preparing the internal business-process perspective. This model consists of three main business processes, namely innovation, operations and post-sale service.

Innovation is a valuable intangible asset and therefore modern organisations should view it as a critical internal process. The innovation process would necessitate that an organisation researches the emerging and latent needs of its customers and donors who support it. It would then be necessary to create products and services that meet those needs.

The *operations process* is where products and services are produced and delivered to customers. The measurements used when considering the operations process are cycle time, product quality, flexibility and specific characteristics that create value for a customer.

The third major step in the internal business-process perspective is the post-*sales service* to the customer after the original sale. Again this is not a typical public sector concern. However, if one considers the cause and effect relationship between the four perspectives it becomes clear that customer satisfaction measured in the customer perspective will be affected by the quality of the municipalities total service including after sales contact.

Organisations attempting to meet and exceed customer expectations can measure performance through the application of the time, quality and cost metrics raised in the operations process to describe post sale service delivery. Cycle times can be used to measure the speed of response to a failure e.g. a power failure, cost metrics can measure the efficiency of post sale processes e.g. responding to the power failure and quality can be measured through the use of first pass yields which measure the percentage of customer requests that are handled via a single rather than multiple calls.

2.3.6) The Learning and Growth Perspective

The learning and growth perspective develops objectives and measures to drive organisational learning and growth. This enables the organisation to ensure its capacity for long-term renewal. Objectives in the previous perspectives identify where the organisation must excel to

achieve breakthrough performance (Kaplan *et al*, 1996: 126) An organisation must decide on the steps necessary to maintain and develop the know-how needed for understanding and satisfying customer needs. Hamel and Prahalad in Olve *et al* (1999: 65) believe that know-how must be seen as a perishable commodity and it is increasingly important to cultivate the core competencies necessary for future growth. The Balanced Scorecard emphasizes the importance of investment in the future. Kaplan *et al* (1996: 126) quote managers from several organisations as stating that the failure to develop staff has a negative effect on organisational performance over the long term. Management control within an organisation has changed from one of scientific management to one of using the employee's minds and creativity to assist in achieving organisational goals. This requires that employees are re-skilled to meet the needs of the modern organisation. The type of re-skilling required depends upon the current employee competencies and future needs.

The organisation will have to determine how to obtain the required know-how in areas where core competence is lacking. In Figure 8 Olve *et al* (1999: 65) proposes a "competence balance sheet" which can be used when making strategic choices of this nature. The balance sheet is divided into two components namely assets and liabilities. The asset component reflects the competencies and capabilities required for organisational success. The liabilities component shows how the asset column is financed.

According to Kaplan *et al* (1996: 129) there are three core employee measurements namely: -

Employee satisfaction – this measurement recognises the importance of employee morale and overall job satisfaction, which is considered as a prerequisite for increased productivity. Employee satisfaction could include: -

- Involvement in decision making
- Recognition for good performance
- Access to sufficient information to finish the job
- Active encouragement to be creative and to use initiative
- Support from staff functions
- Overall satisfaction with the organisation

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"Assets"	"Liabilities"
Sales	Temporarily employed competence
Service	
Production	Network competence
Product Development	Partners
Administration	Own competence

Figure 8 – The Competence Balance Sheet   From Olve *et al* (1999: 66)

In service organisations it is often low level employees that interact directly with the public and as such employee morale is vital. Employee satisfaction is typically measured by means of an annual survey.

Employee retention – has as its objective the retention of key employees, which is seen as long-term investment in the intellectual capital of the organisation. Employee retention is measured in percentage of key staff turnover.

Employee productivity – is the result of the impact of enhancing employee skills and morale, innovation, improving internal processes and satisfying customers. The goal is to relate the organisation's output with the number of employees used to produce that output.

Once measures have been chosen to determine satisfaction, retention and productivity it is necessary to identify situation specific drivers in the learning and growth perspective. Kaplan *et al* (1996: 132) believe that these drivers are drawn from three critical enablers, namely re-skilling the workforce, information systems capabilities and motivation, empowerment and alignment.

According to Kaplan *et al* (1996: 132) many organisations adopting the Balanced Scorecard are undergoing radical change, as is the case with the City. This organisational change results

in employees being asked to perform new functions and assume greater responsibilities. This results in the need to re-skill employees in line with the new organisational strategies.

Irrespective of the improvements in customer focus and internal-business processes without excellent information technology systems no amount of employee satisfaction, retention or productivity will result in the attainment of organisational objectives. We live in an information rich world where information is a form of currency, which is decisive in enabling the organisation in achieving Balanced Scorecard objectives. The ability to rapidly analyse financial information, drivers such as cycle time and on-time delivery, or outcomes such as customer satisfaction provide the feedback necessary to evaluate the effectiveness of decisions taken.

The last of the situation specific drivers are motivation, empowerment and alignment. Employees will not contribute to the success of the organisation if they are not motivated to act in the best interests of the organisation or if they are not granted the freedom to make decisions or take action.

The measurement of motivated, empowered employees can be measured in a number of ways, such as: -

- The number of suggestions per employee
- Number of employees suggestions implemented

Practical application of these measures has shown that in order to be effective the organisation has to provide meaningful feedback to the employees regarding their suggestions.

Individual and organisational alignment relates to the manner in which individual and organisational sub-unit goals relate to those of the organisation (Kaplan *et al* 1996: 139). Senior managers need to develop the framework for the implementation of the Balanced Scorecard within the organisation. Next sub-unit managers need to develop measures for their areas of responsibility and develop an implementation plan for cascading the Balanced Scorecard throughout their organisation.

As previously mentioned the Balanced Scorecard is as much a measurement tool as it is a method of strategic management. However, strategy implementation is a major stumbling

block in many organisations. Creelman (1998: 27) report that only one third of organisations managed to successfully implement their strategic objectives whilst Kaplan *et al* (2001: 1) report failure rates of up to 90%. As the Balanced Scorecard measures are derived from the organisation's strategy it is critical to the success of this process that strategy can be developed and implemented. Kaplan *et al* (2001: 69) propose the use of a strategy map to aid in this process.

2.4) Strategy mapping

The ability to map organisational strategy is essential to the successful implementation of the Balanced Scorecard. However before you can map a strategy one must understand the meaning of strategy. It is not an easy concept to define but is of military origins. The word is derived from two words namely *stratos* meaning army and *ag* to lead (Accenture, 2002). In other words an army must be lead in such a manner so that individual battles ultimately result in winning the war.

In modern terms strategy can be defined as the relationship between the organisations vision and the operational plans to be followed on a daily basis (Olve *et al*, 1999: 59) whilst David (1997: 11) describes strategy as the means by which long-term objectives are achieved. Kaplan *et al* (2001: 2) view strategy as the unique and sustainable ways by which organisations create value (see also Porter, Harvard Business Review, 1996, 64). Porter (Harvard Business Review, 1996, 64) sums up by stating that the essence of strategy is choosing to perform activities differently than rivals do.

The organisation's management processes should include strategy formulation and implementation as an intrinsic part of the management process and should form part of a continuum that evolves from the vision and mission of the organisation. However, before creating a standard framework for describing strategy it is necessary to contextualise it in relation to other management processes.

The organisation's mission is of paramount importance as it describes why the organisation exists or how a business unit integrates into the broader organisational structure. According to David (1997: 78) a mission statement is a declaration of an organisations reason for being. A

clear mission statement is essential for effectively establishing objectives and strategies. The mission statement and the core values of the organisation remain fairly constant over time. Core values represent the shared sense of what the organisation stands for.

Adapted from Kaplan *et al* (1996: 129)

Results

Employee retention

Employee productivity

Employee satisfaction

Staff competency

Technology infrastructure

Climate for action
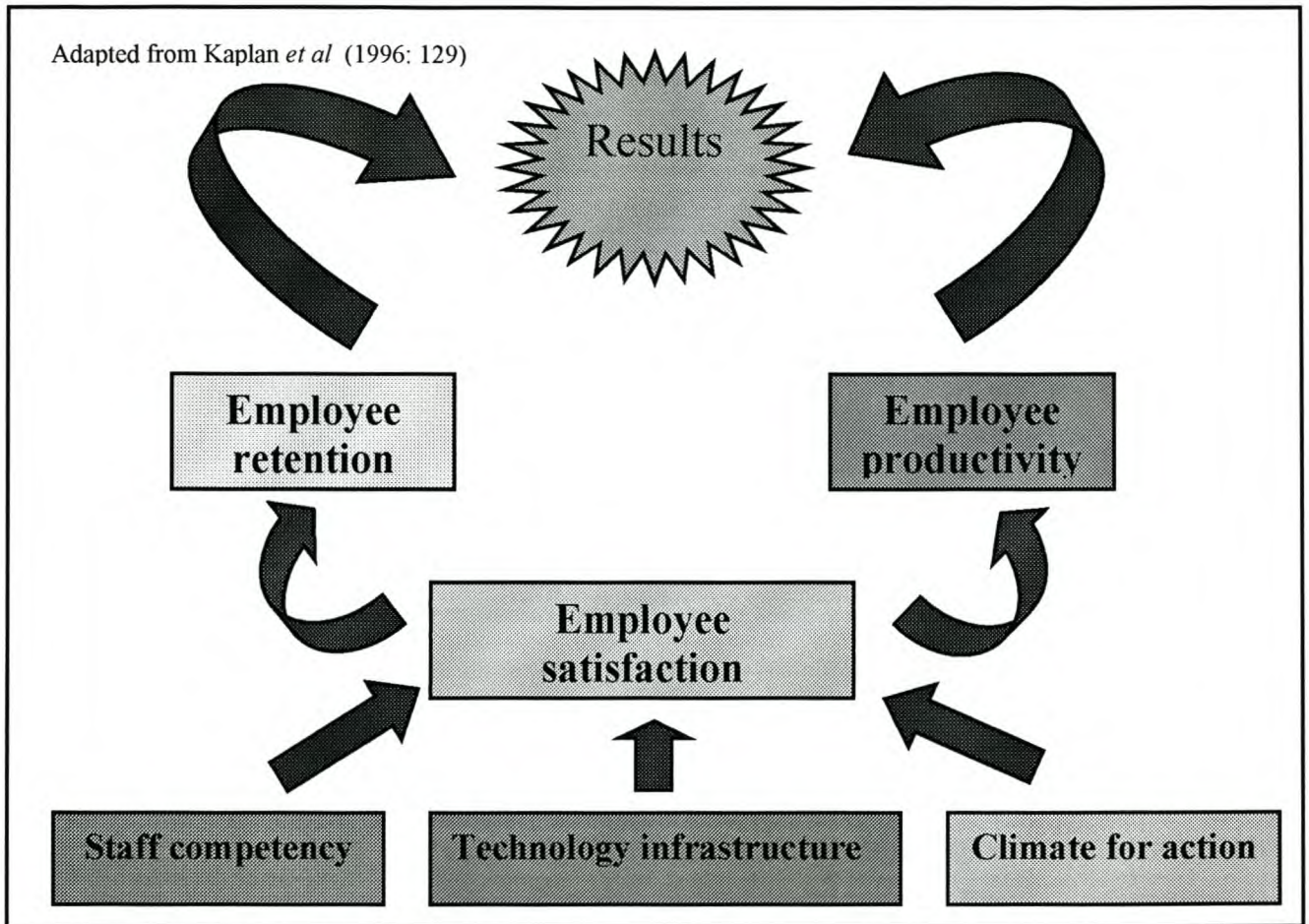
Figure 9 – The Learning and Growth Framework

The organisation's vision describes the desired future and assists individuals to understand why and how they should support the organisation. It is this knowledge that will assist in aligning the individual to the organisational strategy and will be reflected in the Personal Scorecards. It is during this stage that the stability of the mission and core values are left behind for the dynamism of strategy. The strategy changes and evolves over time to meet the changing conditions posed by the real world.

The Balanced Scorecard holds the premise that strategy is a hypothesis of the trajectory required by an organisation to move from its present state to some as yet unknown future state. As the future state is hypothetical the organisations trajectory consists of a series of

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cause and effect relationships that are explicit and testable (Kaplan *et al*, 2001: 76). It is necessary to identify the cause and effect activities that are the drivers (lead indicators) and the outcomes (lag indicators).

Mission - Why we exist

Core Values - Beliefs

Vision – What we want to be

Strategy – Our game plan

Balanced Scorecard – Implementation and focus

Strategic Initiatives – What we need to do

Personal Objectives – What I need to do

Strategic Outcomes

| Satisfied Shareholders | Delighted Customers | Effective Processes | Motivated and Prepared Workforce |

(Kaplan *et al*, 2000: 73)
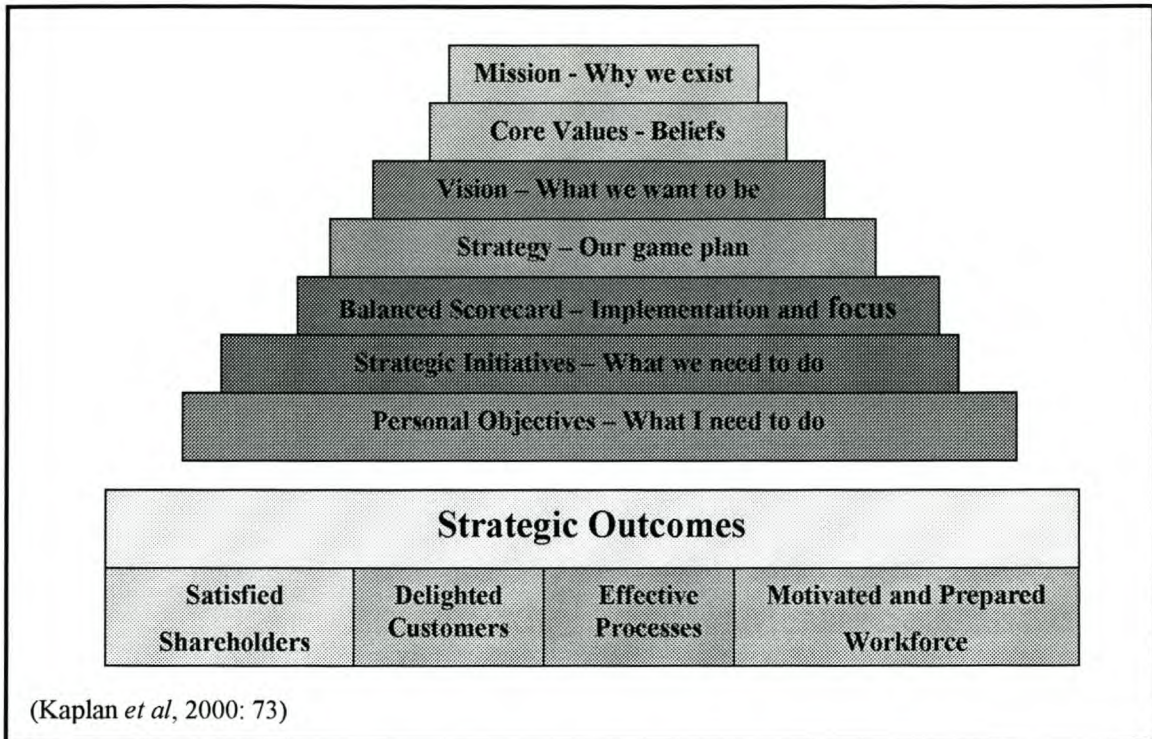
Figure 10 – The Standard Framework for Positioning Strategy

The key to implementing strategy is to ensure that everyone in the organisation clearly understands the underlying hypothesis and to align resources with the hypothesis, to continually test the hypothesis and to adapt it as necessary (Kaplan *et al*, 2001: 76). Thus, a strategy map is a framework that explicitly describes and manages strategy. Figure 11 represents the generic architecture of a strategy map clearly showing the cause and effect relationships.

A strategy map should consist of strategic themes. These themes reflect the activities deemed necessary by the organisation's management for success. The strategic themes form the foundation of the strategy map and contain their own hypothesis, cause and effect relationships and in some instances thematic scorecards. The financial perspective comprises the themes growth, customer value and productivity. Growth is achieved through the sourcing of new markets (not a high priority in the public sector) and expanding relations with existing customers. Productivity is achieved through expense and asset management.

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Vision and Strategy

Financial Perspective
"If we succeed how will we look to our shareholders"?

Customer Perspective
"To achieve our vision how must we look to our customers?"

Internal-business process perspective
"To satisfy our customers, at which processes must we excel?"

Learning and Growth Perspective
"To achieve our vision, how must the organisation learn and improve?"

(Adapted from Kaplan *et al*, 2001, 77)

Figure 11 – The generic strategy map architecture showing the cause and effect relationships

The customer perspective through the value proposition defines the strategy to best satisfy customers. A clear value proposition is the single most important aspect of the strategy map. The internal business process perspective describes the business processes and specific activities that the organisation must excel at to support the customer value proposition. Finally the learning and growth perspective describes the competencies, know-how, technology and climate needed to support the high priority processes and activities. The importance of strategy mapping cannot be overemphasized in the process of developing personal scorecards. This is this process that will create the linkages between the organisations strategy and the individual.

2.5) Strategy alignment – "Winning hearts and minds"

Strategy development and implementation has traditionally been the domain of an organisation's senior management. At the turn of the last century Frederick Winslow Taylor developed an arsenal of tools to promote efficiency and consistency by controlling individual behaviour and compelling employees to comply with management's dictates (Magretta, 1999: 128). Modern management science has largely been based on Taylor's thinking and so the reliance on scientific management principles minimised the need to align employees to the strategy of the organisation. The division of work processes into simple and easy to master tasks meant that individuals did not need to understand, commit to or even be aware of high-level strategy. As a result voluntary co-operation was not necessary.

However, within the context of the modern technology and customer-focussed organisation it is not possible for senior management to determine, communicate and control the actions required to implement strategy at a local level (Kaplan *et al*, 1996: 199). Strategy is a living entity that is an intrinsic part of the day-to-day activities of everyone within the organisation. The psychology of fair process is the opposite of the scientific management school of thought. Following a path of fair process builds trust and commitment which in turn produces voluntary co-operation. Voluntary co-operation is the driver of performance, leading people to go beyond the call of duty by sharing their knowledge and applying their creativity (Magretta, 1999: 128). Ellis sums up with his statement "the era of compliance has ended and with it has ended the dream of prefiguring individual human performance. The era of individual contribution has just begun!" (Management today, 2000: 32).

No longer is strategy the sole domain of senior management. Kaplan *et al* (2001: 210) talk of making strategy "everyone's everyday job". It is necessary to gain the commitment of people throughout all levels of the organisation. Those organisations wishing to achieve this need to share the long-term vision and strategy with employees and invite comment on how this can be achieved (Kaplan *et al*, 1996: 199). Katzenbach (2000: 201) confirms that in organisations having a high performing workforce the workers have a complete picture of the context in which they work, where they fit in and what they can do to make a difference. A perfect example of this is found in an unlikely era and from an unlikely source. Admiral Lord Nelson's crews in England's eighteenth-century wars against France were guided by a single strategic principle: whatever you do, get alongside an enemy ship. The Royal Navy's

seamanship, training and experience gave it the advantage every time it engaged one-on-one against any of Europe's lesser fleets. The reason for this success was Nelson's rejection of the practice of the day whereby Admirals attempted to control the fleet on a centralised basis by the use of flag signals. Individual Captains were given the strategic parameters within which they could operate and allowed to determine the best way to engage the enemy (Harvard Business Review, 2001: 73). By creating an awareness of the strategy required for success, whilst allowing individuals to determine how they can contribute to the strategy gives an organisation flexibility. Strategy is useless unless people understand and can apply it under both anticipated conditions and unforeseen circumstances.

The development of the Balanced Scorecard is essentially an easy task. It is in gaining commitment to the system that is the hard part. The most common problems experienced during this process are: -

- Poor communication of strategy
- Poor alignment of team and personal targets to corporate strategy
- Current reward mechanisms that encourage a short-term focus

(Creelman, 1998: 155)

Despite the difficulties this process of alignment is essential and like a long and difficult journey it begins with the first step. The organisations first step is to start a process of gathering and building commitment within the ranks of the organisations senior management team. This step is often not as easy as one may think. Amongst an organisations top managers there is often a large degree of disagreement on the type and importance of the differing strategies. Once this hurdle has been surmounted it is necessary for the senior management team to share the vision and strategy with the remainder of the organisation.

Three distinct mechanisms are used to share strategy and objectives, namely communication and education, goal-setting programmes and reward system linkages.

2.5.1) Marketing the Balanced Scorecard

Internal communication to staff serves as a marketing campaign for the organisational vision and strategy creating awareness that eventually affects behaviour. This is a major lever for organisational success. Communication is not intended to be top-down direction but top-down communications.

The communications programme should have the following key objectives: -

- To develop an understanding of organisational strategy
- To develop commitment to organisational strategy
- To educate the organisation regarding the Balanced Scorecard measurement and management system for implementing strategy
- To provide feedback via the Balanced Scorecard about strategy

(Kaplan *et al*, 2001: 217)

Communication of this nature is an ongoing process that is initially used to market the Balanced Scorecard but over time as awareness is created it becomes a mechanism for providing feedback. There is a multitude of communications media available for this purpose, such as: -

- Meetings – used to introduce the Balanced Scorecard concept but later in the process it can be used as a forum to discuss recent performance and answer questions.
- Brochures – these are short documents that describe the strategic objectives and how these will be measured.
- Monthly newsletters – used to initially define and describe the Balanced Scorecard but subsequently provide periodic reports on measures, stories about employee initiatives leading to improved performance.
- Education programmes – the incorporation of the scorecard in all education and training programmes. This reinforces the scorecard as a new way of doing things.

- Intranet – posted on the organisations Intranet with voice and video clips of senior managers describing overall strategy and explanations of individual objectives, measures, targets and initiatives.

There will naturally be different target audiences within an organisation and the communication programme should identify these groupings based on a common set of interests and relationships to the Balanced Scorecard. Creelman (1998: 158) suggests that potential audience groups include the Board (or the Council in the case of a Municipality), the executive team, business, site and functional units and finally teams and individuals.

It is sometimes difficult to balance the provision of too much and too little information. Past improvement initiatives have left staff sceptical as to the efficacy of these programmes. Some organisations only provide information of a general nature such as new customer focus, time, quality and service attributes that the organisation wishes to deliver to customers. It is also necessary to consider the legitimate need for confidentiality for certain sensitive strategies. In these circumstances the communication of generic outcome measures and performance drivers is advisable.

It is necessary to integrate the use of various media types in order to increase efficiency. These initiatives must direct effort towards achieving strategic alignment in the long term. The programme design should consider: -

- The objectives for the communication programme
- The target audience
- The message to be conveyed to the target audience
- The appropriate media for each audience
- The time frames for each stage of the communications programme
- Feedback as to the efficacy of the communication effort.

2.5.2) Cascading the Balanced Scorecard

If communicated properly the Balanced Scorecard provides individuals with a broad understanding of organisational and business unit strategy. However, awareness is not usually sufficient in itself to change behaviour or create alignment. The organisations high-level strategy, objectives and measures still need to be translated into actions that each individual can take to contribute to the organisations goals.

Many organisations find it difficult to decompose high-level strategic measures into local operational measures. However, the Balanced Scorecard framework of linked cause and effect relationships can be used to guide selection of lower level objectives and measures that will be consistent with high level strategy. The central concept is in using an integrated performance model to define the drivers of strategic performance at different organisational levels.

The development of complimentary scorecards for each business unit call on divisions, teams and individuals to devise measures that contribute via a natural performance logic to furthering the strategies contained in the organisations Balanced Scorecard (CPA Australia, 2001: 19). Cascading the scorecard and involving managers at different levels generates energy and builds commitment within the broad cross section of employees to meet the strategic objectives. If properly done, the scorecards at each level align everyone's efforts because they are relevant, understandable and controllable. As the Balanced Scorecard is cascaded down through the organisation it is essential that people at the differing levels develop their own measures that are meaningful in those specific circumstances. In addition it is necessary for employees at lower levels to feel that they can challenge the higher level measures. This can ultimately lead to more accurate measures that lead to an improvement of the measures (Creelman, 1998: 165).

The foundation underpinning the Balanced Scorecard is one of performance, both organisational and individual performance. Earlier we discussed the importance of aligning individuals at all levels in the organisation to the Balanced Scorecard strategies. However, in the real world employees are often far removed from organisational strategy. Employees are trained and developed to perform their current operational function and as a result suffer from strategic myopia. In other words they are familiar with short-term goals and objectives but do

not have the "*big picture*" understanding of how their efforts contribute to overall organisational strategy. When they do receive feedback as to their performance it is often inadequate and fails to align their actions to strategy.

One method of aligning individual goals and objectives to those of the organisation is through the development and use of a Personal Scorecard. This method has been used by a number of organisations to enable and encourage individuals to set goals for themselves that are consistent with the higher organisational goals and objectives. Whilst organisations such as Nova Scotia Power and Whirlpool Europe have all developed and implemented personal scorecards for individuals within their respective organisations, it is Mobil NAM&R that is considered the leader in this field. Pocket-sized Personal Scorecards were designed and contained three levels of information. The first describes corporate objectives, measures and targets. The second level allows various business units the opportunity to record their own targets based on the higher-level information. At level three the company asks individuals and teams to articulate their own objectives, which would correlate with business unit, and corporate objectives and the initiatives they would take to achieve their objectives (Kaplan and Norton, Harvard Business Review, 1996: 81).

The following rules were created to guide teams and employees: -

1. The scorecard should have a minimum of one objective and measure per perspective
2. The number of measures should not exceed fifteen
3. The individuals scorecard must support the supervisors/manager's scorecard
4. The scorecard should include a mixture of lead and lag indicators
5. Every supervisor/manager must have an objective and measure related to coaching, counselling or employee development.
6. The scorecard must include an objective and measure that supports another part of the business
7. Both supervisor and employee must agree to any change.

In Chapter 4 the concept of a Personal Scorecard will be explored in greater detail with specific reference to the development of a model for the implementation of this concept within the City of Cape Town Fire and Emergency Service. The basic principles described

above will be used as a point of departure for the development of rules to guide Fire Service members in identifying objectives and developing measures to populate the scorecard.

Two important initiatives need to emerge from the implementation of the Balanced Scorecard. The first is employee development and the second is the alignment of the traditional performance review process with the Balanced Scorecard. The Balanced Scorecard is performance and capability driven. Organisations must ensure that they are developing their employees with the skills and competencies necessary to achieve the desired performance outlined in the Balanced Scorecard perspectives. This includes both short and long-term developmental needs. As mentioned in Sub-section 2.2.5 individual performance may be hampered by systemic problems such as a lack of adequate training and development. Creelman (1998: 169) suggests a four-point plan: -

- Explain to employees how individual and team performance relates to the four scorecard perspectives.
- Explain what is required from the individual/team.
- Determine whether the capabilities exist to deliver the desired performance and if not develop plans to address the situation.
- Consider linking performance to compensation.

The second initiative that is necessary for aligning individual performance to the strategies of the organisation is a performance review system. There is no reason that a performance review system cannot be used to direct performance towards scorecard objectives. This topic will be explored in greater detail in Section 2.6 where the subject of performance review is discussed.

2.5.3) Linking compensation to Scorecard perspectives

The final linkage from high-level strategy to day-to-day actions occurs when organisations link an individual's incentive and reward programme to the Balanced Scorecard perspectives. The scope of this research precludes the exploration of this topic in any great depth. The reason for its inclusion in this section is to convey to the reader that it is a valid and powerful mechanism for aligning strategy.

The questions around linking compensation and reward to performance are not easily answered. This is a delicate topic that is subject to a fair amount of controversy. Kaplan *et al* (1996: 217) believe that linking reward to the Balanced Scorecard objectives is essential to the success of the programme. The linkage of pay to the achievement of strategic objectives communicates the value of the new system to employees. Typically organisations attach a weight, expressed as a percentage, to each of the perspectives. The extent of the weighting varies according to the importance the organisation places on each of the objectives in the four perspectives.

There are certain important factors to consider when linking compensation to the Balanced Scorecard. Firstly, people must be rewarded based on measures they have control over. For example, it serves little purpose to evaluate a call-taker in a complaint call-centre on customer satisfaction when using the rapidity with which the complaint was resolved as a performance driver. The call-taker has little or no control over when the problem will ultimately be fixed. Creelman (1998, 174) concludes that linking individual performance to the Balanced Scorecard will always result in the perplexing question of "how did the individual contribute to the achievement of a particular result".

Linking reward and compensation to the Balanced Scorecard does not come without risk. When the Balanced Scorecard is being introduced into an organisation for the first time many assumptions need testing over time. Managers are often unfamiliar with developing strategic measures and lack the confidence that these measures are the correct ones. They are therefore reluctant to immediately link compensation to the Balanced Scorecard. In some circumstances short-term surrogate measures may have to be used where the outcome of a strategy is initially unknown. However, Balanced Scorecard organisations are reluctant to link compensation to short-term surrogate measures. Finally, the method of weighting the scorecard measures may allow for good performance in one of the scorecard perspectives but poor performance in another. Again managers are reticent to reward unbalanced performance.

Notwithstanding the rhetoric regarding the virtues of using the Balanced Scorecard there can be no better acid test as to senior management's commitment to the process than by considering the type of performance that is rewarded. The evaluation of the organisations short-term financial results when determining if targets have been achieved is a clear indication of a lack of understanding or commitment on the part of the senior management

team. This type of evaluative method defeats the object of using the long-term objectives as the indicators of success. Senior managers must support this concept by viewing performance holistically and not evaluating only the short-term financial results.

Despite the concerns regarding linking compensation to the Balanced Scorecard, its active use provides more visibility to managerial abilities, efforts and decision quality than traditional financial measures (Kaplan *et al*, 1996: 220). As such, reward systems linked to the Balanced Scorecard are easier and more reliable to administer. When to tie compensation to the Balanced Scorecard has to be approached with a certain amount of circumspection. Kaplan and Norton view the strategies contained in the initial scorecard as a set of linked hypotheses. A hypothesis by its very nature is an assumption of what is believed to be real. Linking compensation to these assumptions gives credence to them being the absolute measures, which may not necessarily be the case. Creelman (1998: 174) advises that organisations should feel comfortable with their scorecard before aligning it with compensation.

I would like to make one final comment in this regard. The inclusion of performance based pay schemes into the provisions of the Local Government: Municipal Systems Act has opened the door for this to take place within the local government sphere. At this stage it only applies to the Municipal Manager and those officials reporting directly to him. The ease with which a compensation and reward system can be implemented at lower levels within the public sector remains to be seen.

2.6) An objective setting and performance review mechanism

In previous sections I have discussed the basic principles of individual performance management, elaborated upon the architecture of the Balanced Scorecard and introduced the concept of a Personal Scorecard. It is now necessary to discuss the mechanism to set individual objectives and evaluate the consequent results. There are a number of different performance review methods based on either comparative or absolute standard methodologies.

However, when designing a Personal Scorecard it is necessary to have a combined objective setting and performance review mechanism. The methodology for setting objectives allows

for each individual to set unique but strategically aligned objectives but this very process precludes the use of a simple standardised rating scale or comparative method. What is required is a performance management system that can evaluate an individual based on these predetermined but unique objectives.

The Management by Objectives process is consistent with the Balanced Scorecard framework and can be easily linked to the establishment of Personal Scorecards (Kaplan *et al*, 1996: 217). Management by Objectives is a management philosophy that focuses on the motivation of individual performance but can also be used for evaluating performance. This process is not 100% congruous with the objective setting and evaluative needs required by the Personal Scorecard. However, with a certain amount of adjustment a system based on the Management by Objectives process can be used to develop the Personal Scorecards.

2.6.1) The origins of Management by Objectives

Peter Drucker originally used the term management by objectives in 1955 when he wrote: -

> *"What the business enterprise needs is a principle of management that will give full scope to individual strength and responsibility and at the same time give common direction of vision and effort, establish teamwork and harmonise the goals of the individual with the common weal. The only principle that can do this is management by objectives and self control"*

(Armstrong *et al*, 2000: 33)

Drucker held the view that an effective management structure will utilise the abilities of individuals within the organisation by aligning their efforts to a common goal. This results in the integration of individual and corporate objectives. Drucker's reference to self-control in his definition of MBO is understood to mean that employees have higher motivation, higher performance and a wider vision.

Douglas McGreggor contributed to the Management by Objectives concept and strengthened Drucker's hypothesis with the *Theory Y* concept, whose central principle is one of integration.

McGreggor believed that the members of an organisation could best achieve their own goals by directing their efforts towards the success of the organisation (Armstrong *et al*, 2001: 34). McGreggor also criticised traditional performance appraisal programmes that focussed on personality trait criteria for evaluating subordinates. He suggested an alternate approach based on Drucker's work with Management by Objectives whereby subordinates assume the responsibility of setting short-term goals for themselves and review them with their superior. Thus, the emphasis is on performance and not on personality.

Management by Objectives is based upon the premise that the joint participation of an individual and his or her manager in translating or converting organisational goals into more specific individual goals has an impact on motivation. The joint determination of individual goals leads to greater individual efficiency (Smit and de J Cronje, 1999: 110). At the heart of the Management by Objectives process is goal setting. Goal setting begins with the formation of long-range objectives, which are then gradually cascaded down as organisational objectives, business unit objectives and finally individual goals. As the process descends through an organisation the timeframe for goal accomplishment becomes shorter. The manager plays an important role in the goal setting phase in determining the goals the employee believes they can attain. However the traditional framework of Management by Objectives must be adapted for use as the basis of Personal Scorecard development whereby objectives are set and reviewed.

Management by Objectives first occurs within the organisational unit of the employee who will ultimately be evaluated. As such the goals developed by the employee are usually short-term and tactical in nature. This reinforces silo or functional thinking which diminishes organisational performance, reflecting the traditional approach to job definition, whereby people are asked to do their existing jobs better (Kaplan *et al*, 2001: 233). Koontz, O'Donnel and Weihrich (1986: 103) believe that this short-term focus results in undesirable behaviour as the drive to gain short-term advantage e.g. to reduce costs, may lead to greater expense in the long-term e.g. the failure to maintain machinery. In order to provide a useful mechanism for setting objectives and evaluating the subsequent results within the Balanced Scorecard context it is necessary to understand the traditional Management by Objectives framework not as a short-term, tactical performance management tool but one that can be used to set and evaluating long-term strategic objectives. If the same Management by Objectives principles

are applied using a strategic paradigm, the process becomes one of management by strategic objectives.

2.6.2) Management by Strategic Objectives

Once an organisation has developed a Balanced Scorecard and cascaded it through the various levels within the organisation, the process of developing Personal Scorecards for employees begins with the determination of individual objectives which support the organisation's strategy. These objectives are developed in consultation with the supervisor. These objectives must be clear and measurable. In order to be measurable, objectives have to be verifiable. In other words at the time of review the reviewer must be able to tell if the objective has been attained.

Whereas objectives specify what is to be achieved, the *"how"* is described by means of action plans. The action plan is a road map directing effort towards accomplishment and a mechanism for measuring this accomplishment. Included in the action plan are milestones which can be used to measure the degree of objective accomplishment.

A primary assumption of Management by Strategic Objectives is that employees will achieve their objectives if given management and organisational support. Inherent in this assumption is that those being reviewed have a high degree of self-control encompassing motivation, commitment and a drive for achievement. Self-control must be seen in the context of the personal, leadership, systems and situational factors that effect performance as discussed in Sub-section 2.2.5.

The Management by Strategic Objectives process must also include a mechanism for periodically measuring the progress towards objectives. The review mechanism must be directly related to individual and organisational objectives and be able to distinguish between good and poor performers. The inability of the review system to differentiate between good and bad performance precludes it from being used for developmental or evaluative purposes. The system must be able to produce evaluations that are reliable, consistent and repeatable (Swanepoel, Erasmus, Van Wyk and Schenk, 1998: 406). A performance review system must be capable of identifying the factors external to the individual that are affecting performance.

The review mechanism must be simple to understand and use, by both managers and employees. It should be user friendly and manageable in terms of the amount of administration (time and paperwork) required and be cost-effective. Finally, the acceptability of the system is an extremely important prerequisite. The success of the system will be determined more by the support and the perceived legitimacy it receives from managers and employees rather than any inherent technical soundness (Swanepoel *et al*, 1998: 407).

The review process is important as it gives the employee an opportunity to discuss problems that may have surfaced which are or will affect the achievement of the objectives. This may result in the need to adjust targets downwards to account for factors that were unforeseen in the objective setting process. However, the review process may reveal that objectives need adjusting upwards. The review period varies depending on circumstance but typical periods are monthly or quarterly.

The fact that the evaluation of performance is based on specific objectives and not on broad personality traits such as "dependability" or "co-operation" is one of the main advantages of using the Management by Strategic Objectives process. Another advantage is that objectives are determined before the review process begins and thus act as the drivers of performance.

However, there are certain drawbacks to using Management by Strategic Objectives. As a *"results"* based method of review this mechanism does not address the *"how"* of performance and is unable to appraise whether the achievements are really the outcomes of individual excellence or of external factors. Management by Strategic Objectives is a time consuming process requiring effort from both managers and subordinates in the review process. This process will not succeed as an objective setting and performance review mechanism if there is limited support from top management. Additional factors affecting the success of this process include the failure to educate employees as to why the Management by Strategic Objectives process is to be used and then train them to use it, poorly defined objectives and a preponderance of paperwork. However according to Van der Walt and Du Toit (2000: 295) these constraints are more due to the ineffectiveness of management support than any inherent fault with the system.

2.6.3) From performance review to feedback and learning

One of the biggest advantages of using the Management by Strategic Objectives process to develop Personal Scorecards is that it provides a mechanism for feedback and learning. In a static world where the environment remains constant there is no need to re-evaluate the hypothesis underpinning the organisational strategy. In using the traditional command and control management approach, strategy is determined by senior management who establish the organisations long-term objectives, policies and resource allocation.

Instructions are relayed through the organisational hierarchy for subordinates to follow these plans. Management control systems are used to monitor the acquisition of resources in accordance with the strategic plan whilst operational control systems monitored the short-term performance of specific operational processes and individual employees.
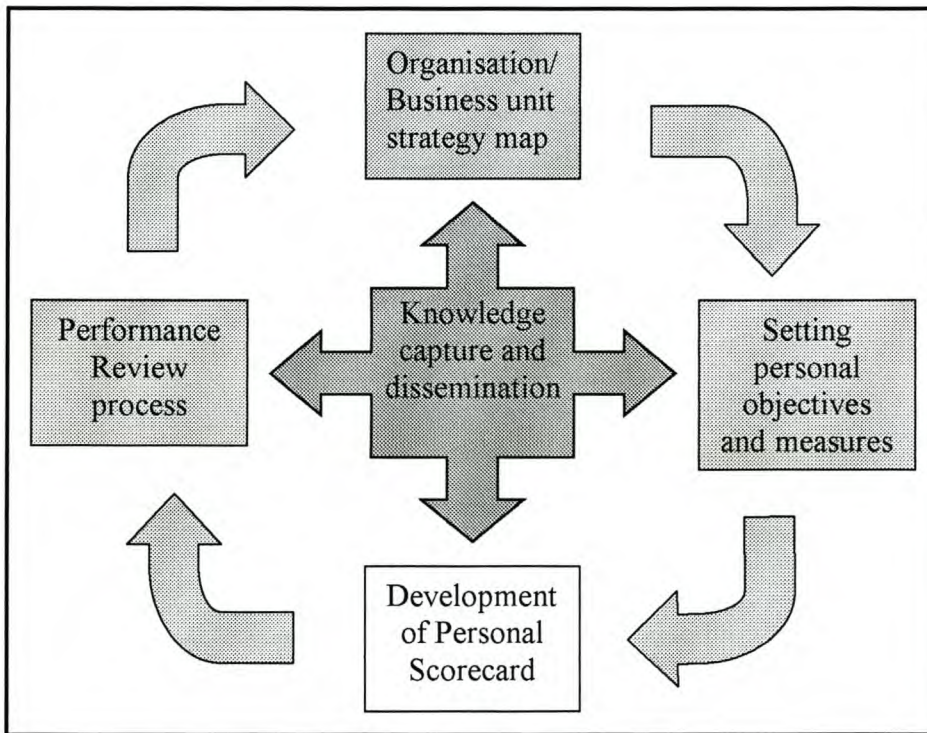
Figure 12 – The Management by Strategic Objectives Cycle

This represents a single-loop feedback system which is sufficient where organisational and individual objectives are not expected to change. Where a departure from the planned results is encountered, remedial action is implemented to steer the organisation back to the desired path. At no time is there a re-evaluation of the outcomes to see whether they are still desired or if the methods used to accomplish the objectives are still appropriate.

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However, in today's dynamic and turbulent environment organisations and individuals need to be able to question their assumptions and reflect whether the theory under which they are operating is still consistent with current evidence, observation and experience. In other words a double-loop learning mechanism needs to be followed. This is the learning that occurs when managers and individuals question their assumptions and reflect on whether the theory under which they were operating is still consistent with current evidence, observations and experience (Kaplan *et al*, 1996: 251). This requires that new strategies are developed to capitalise on new opportunities or counter new threats. People throughout the organisation can identify new opportunities and must be empowered to take advantage of these opportunities. Many organisations are applying learning at an operational level (individuals and teams) by utilising the Balanced Scorecard to introduce a strategic learning process at the management and business unit level. This occurs through an effective strategic learning process consisting of a shared strategic framework, a feedback process and team problem-solving process.

The strategic framework communicates the strategy and allows each employee to see how his or her activities contribute to the achievement of overall strategy. The feedback process collects performance data about the strategy and allows the hypothesis about interrelationships among strategic objectives and initiatives to be tested. The team problem solving process analyses and learns from the performance data and then adapts the strategy to emerging conditions and issues.

However, the strategic learning process is reliant on individual learning as its keystone. Organisations learn only when individuals learn (Senge, 1990: 139). Individual learning does not guarantee organisational learning but without it no organisational learning occurs. Individuals learn from themselves and from other people. Learning occurs as a result of interaction with managers, co-workers and external parties. Armstrong *et al* (2000: 223) quotes Birchall and Lyons who state that "*effective learning takes place at an individual level when they operate in an environment where they are encouraged to take risks and experiment, where mistakes are tolerated, but where means exist for those involved to learn from their experiences*". Performance management can enhance the learning process by providing people with opportunities to reflect on their experiences, to learn from them and to develop their capacity to handle new experiences. The Management by Strategic Objectives technique allows individuals to set objectives relating to their personal development. The review phase

is considered as a learning experience as it encourages individuals to reflect on their experiences and future development needs. The review process can assist in identifying learning areas that require improvement. After the review process, coaching and further counselling should take place to maintain the learning process. The Management by Strategic Objectives performance management process can assist in developing the organisation's strategic learning framework by aligning the learning that takes place at the individual level with the learning that should take place at an organisational level.

2.7) Chapter Summary

In this chapter the reader was introduced to the concepts of performance and performance management at both an organisation and individual level. Initially the question, "What is performance?" was asked. This is an important point of departure for the evaluation of organisational effectiveness and individual performance management. The Balanced Scorecard strategy and performance management tool was described in detail and the four scorecard perspectives explained. This was followed by a description of the strategy mapping process necessary to begin developing a Balanced Scorecard. The methods organisations use to align individual performance to the objectives of the Balanced Scorecard was described as this is a key element to the development of the Personal Scorecard performance management system. Finally a performance review mechanism was proposed

Chapter 3 – Research Design and Methodology

3.1) Introduction

This chapter documents the research design and research methodology that is followed during the fieldwork and data collection processes. During this process a number of ethical considerations are taken into account. Not only because I am a member of the organisation being studied, but also because of the nature of the research methodology. As a member of the Fire Service my position allows me free access to virtually all facilities and staff. However, it is important to me that during the course of this research I am not accused of, or seen to be abusing my position. For this reason I have ensured that I had permission for all of my activities. In addition the people involved are willing participants to this research.

3.2) Research Design

This ethnographic research is conducted as an empirical case study within a qualitative paradigm. According to Welman and Kruger (2001: 182) a case study pertains to a limited number of units and analysis. Mouton (2001: 149) regards business studies i.e. companies or organisations as a typical application for case study research. As such this research focuses on an insider perspective of individual performance management guided by the Balanced Scorecard within the Cape Town Fire and Emergency Service. Ultimately a performance management model is developed for use in the Fire Service.

People continuously reflect on their actions. This evaluation occurs in the real world, the world of science and ultimately leads to the development of various meta-disciplines (Mouton, 2001: 138). In line with this a phenomenological approach is used to objectively evaluate the meaning of the reality of the case. However, this reality is an interpreted one i.e. interpreted by the researcher (Welman *et al*, 2001: 181). This approach leads to understanding or "*verstehen*". The implication is that the researcher understands the circumstances of the object of study. This happens because they picture themselves in the latter's shoes. Using of a case study approach assists the reader in gaining an understanding of the unique

organisational environment (The Cape Town Fire and Emergency Services) with all its idiosyncrasies (See Chapters 1 and 4). The desired result is to gain insight into the problem of managing individual performance within the framework of the Balanced Scorecard as it is being implemented within the City of Cape Town.

The research is carried out in an inductive manner beginning with a case study and then proceeding to an explanation of general theory regarding performance management and related issues. No hypothesis is formulated but certain general ideas guide the empirical research. According to Welman *et al* (2001: 29) induction builds theory and the collection of qualitative data. The collected data is used to develop a model performance management system. This model is partly tested by the questionnaires that respondents are asked to complete and includes in the research design a degree of participation. According to Mouton (2001: 150) participatory action research involves the subjects of the research in the research design. This is in an attempt to better understand the life world of the participants. In this instance the inclusion of Fire Service members in testing the objective setting mechanism complements the research.

Special attention is given to the definition and demarcation of the boundaries of the case. Chapter 1 introduces the broad basis of the research and the City of Cape Town, being the parent body of the Fire Service, is described in detail. This forms the background information necessary for the reader to have an orientation to the performance management imperative within local government. A description of the Fire Service is not made at this stage because it is necessary for the reader to understand the theoretical background to the Balanced Scorecard first (Chapter 2). Logic dictates that the point of departure for the development of the Personal Scorecard is an understanding of the Cape Town Fire and Emergency Service and the City Balanced Scorecard process to date. Chapter 4 explains this process including a description of the unique Fire Service environment. The latter part of the Chapter deals with the development of the Personal Scorecard. The research is split into these components to create a logical flow. The reader's understanding develops over the course of Chapters 1, 2 and 4.

The implementation of the Balanced Scorecard as a strategic management tool within the City is in its initial stages. The environment in which the restructuring process is taking place is dynamic and unstable, leading to rapidly occurring changes. The City may make changes to the implementation process, or to whom the system will be applicable during the course of

this research. The use of a qualitative approach guarantees flexibility in the research process as the boundaries of the study can be adjusted whilst conducting the research.

3.3) Research Methodology

Mouton (2001: 150) describes participant observation, semi-structured interviews (individuals and focus groups), the use of documentary sources and other existing data as being suitable modes of observation for an ethnographic case study. Participant observation requires that the researcher participates in and reports on *inter alia* the daily experience of an organisation, or the people involved in the process or event (Welman *et al*, 2001: 184). The City is involved in developing and implementing the Balanced Scorecard as an organisational performance and strategy management tool. As a member of the Cape Town Fire and Emergency Service I am involved in the development and implementation process in relation to the Fire Service. As a result I can relate to the experiences of Fire Service personnel and provide personal insight and understanding into the environment being studied.

As a method of obtaining data, participant observation is weakened by the possibility of subjectivity, bias, preconceived attitudes and ideas. As a member of the Fire Service this possibility is a real one. However, all efforts are made to ensure objectivity, the minimisation of preconceived ideas and bias.

The study is undertaken with the full support of the relevant role-players. Written permission has been obtained to carry out semi-structured interviews with key individuals and to visit various fire stations and other functional areas (Fire Safety, Training etc.) The Director of Emergency Services, the Acting Chief Fire Officer and my immediate manager support this research project and believe "this project will benefit the service" Smith (2002).

According to Welman *et al* (2001: 187) semi-structured interviews are employed to identify important variables in a particular area and to generate hypotheses for further investigation. During the course of this research interviews are undertaken with the following people: -

Danny Hatfield – Strategic Management Consultant, Accenture. The information obtained relates to the development and implementation of the Balanced Scorecard within the context of the City of Cape Town.

Mark Tripod – Balanced Scorecard Project Manager, City of Cape Town. Further insight is obtained as to the development of the Balanced Scorecard and general ideas relating to Personal Scorecards.

Donald Sparks – Acting Chief Fire Officer, Cape Town Fire and Emergency Service. The intention is to obtain information concerning performance management in the Fire Service from a management perspective. This would include a description of the key performance areas for Fire Service personnel.

Peter Ryan – Corporate Performance Planner, Brisbane City Council. A comparison is obtained as to the individual performance management practices of similar institutions using the Balanced Scorecard.

The people interviewed are a purposive sample and are selected because of their ability to add value to the research. The respondents, by virtue of their position and experience, have information that is necessary for this research. For each interview a semi-structured interview guide is developed and sent to each participant in advance. The guidelines are unique for each participant, as I want to obtain information from each individual regarding a specific area of interest. Thus the interviews follow a general theme of discussion and the interaction is developed spontaneously during the course of the interview. As the purpose of a semi-structured interview is to experience the life world of the participants, caution was taken not to lead the interview in a particular direction (Welman *et al*, 2001: 188). Each interview begins with an explanation of the purpose of my study and the proposed length of interview. The post-interview report is concluded as shortly after the interview as possible so as to ensure accuracy. Interview data is transcribed from a tape recording made during the interview and supported by my written notes. The data is then analysed.

In addition to the semi-structured interviews a questionnaire will be developed in order to pilot the Personal Scorecard development process. The pilot survey involves testing the Personal Scorecard objective setting mechanism on a small sample of Fire Service members.

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This allows me to identify any difficulties with the method or materials and to investigate the accuracy and appropriateness of the questionnaire (Bless & Higson-Smith, 1999: 50). I have written permission to carry out the research from each of the Fire Service Managers in whose areas the fire stations and functional divisions fall.

As additional data may become available during the research process an emergent design methodology is used. This allows for the data collection method to be adapted during the course of the study allowing the new data to be incorporated into the research methodology in mid-process.

The questionnaire is designed for completion by a purposive sample of firefighters, fire station managers and functional managers. The function of the questionnaire is to test the objective setting and measurement development process that forms the focal point of the Personal Scorecard performance management system. The validity of the results of the questionnaires are analysed in Chapter 5. The questionnaire consists of three open-ended questions whilst the fourth is a multiple-choice question. The open-ended questions allow the respondents to formulate the responses themselves. In the context of developing objectives for the Personal Scorecard the respondents are required to use the questions so as to set objectives that positively affect Fire Service performance. The multiple-choice question requires the respondents to choose the answers that best suit to their specific circumstances.

It is important that the measurement technique is closely linked to the known theory relating to the subject material and other related concepts (Bless *et al*, 1999: 138). Accordingly, the questionnaire is constructed in such a manner that it utilises the theoretical background of the Balanced Scorecard to pilot the Personal Scorecard objective setting process. As a result a close link exists between the theory and the questions the respondents are to complete. Thus, the questionnaire has high construct validity.

The questionnaire is qualitative in nature and requires a certain level of understanding for successful completion. Thus, it is necessary for me to introduce the subject to the respondents in a group contact session before asking them to complete the questionnaire. My presence during this process allows for any queries about the subject to be answered directly and any misunderstandings resolved. In addition this guarantees that the questionnaires are completed and returned to me. As an additional circulation mechanism a number of questionnaires are to

be distributed to selected respondents via e-mail. I believe these respondents are able to complete the questionnaire without the support given in the group context. However, support will be available should it be necessary. Questionnaires are sent in this manner to respondents in Fire Safety and Fire and Life Safety education.

Fire stations that protect a wide variety of communities and risks are chosen for the group contact sessions. Although the personnel stationed in the City's fire stations are racially and culturally diverse I want the questionnaires to be answered by people who face different realities on a daily basis. These realities range from dealing with medical emergencies in the poorest communities, areas of high domestic violence, first world chemical risks, and racially diverse communities. A group session is undertaken with the officers at the Training Centre.

At each contact session the purpose of my visit is explained, as is that their participation is voluntary and that the questionnaires are anonymous. At this point the contents of the questionnaire is explained. Respondents are then allowed to complete the questionnaire.

The information contained in the questionnaire is analysed using the technique of content analysis. This involves the questionnaires being examined systematically to determine the incidence of specific themes and the ways in which these themes are portrayed (Welman *et al*, 2001: 195). The questionnaires are designed to inform the objective setting and measure determining process for the Personal Scorecards. In Chapter 5 when the contents of the questionnaires are analysed the answers will be categorised into objective themes and according to each of the four Balanced Scorecard perspectives.

The results of the questionnaires are then integrated with the proposed model and recommendations made as to the relative merits of the proposed system.

3.4) Chapter Summary

The research design is ethnographic in nature and is conducted as an empirical case study within a qualitative paradigm. The focus is on an insider perspective of individual performance management guided by the Balanced Scorecard within the Cape Town Fire and Emergency Service. The research will ultimately result in the development of a performance

management model for use within the Fire Service. An emergent design is used to allow for changes during the research process.

The research methodology will rely on participant observation, semi-structured interviews and questionnaires to collect data for this research. The questionnaires are used to pilot the objective setting process of the Personal Scorecard performance management system.

It is now necessary to describe the Balanced Scorecard development and implementation process as it is being undertaken in the City of Cape Town. This will be used as a departure point to the proposition of a Personal Scorecard performance management model.

Chapter 4 – Developing and implementing the Personal Scorecards

4.1) Introduction

The foundation of the Personal Scorecard performance management model is based on the development and implementation of the Balanced Scorecard in the City of Cape Town. The reader needs to first understand the requirements for a local government performance management system before being introduced to the integrated performance management model. This serves as the framework that guides the performance management development process. The strategic architecture comprising the City's vision, mission, strategies and focus areas play in important role in this process. The strategy mapping will be described using the Emergency Services strategy map as an example. Once strategy has been mapped, the objectives and indicators need to be set. It is at this stage that the Balanced Scorecard can be operationalised and used as a management tool. At this point the focus turns to the development of the Personal Scorecard model within the context of the Cape Town Fire and Emergency Service. A short Fire Service history is presented before defining the services key performance areas. The needs of a Fire Service performance management model will be explored, as will be the factors that affect Fire Service performance. The process of developing and implementing the Personal Scorecard model will then be unveiled.

A journey of a thousand mile begins with the first step and the time has come to take that first step towards creating an individual performance management system using a Personal Scorecard. Chapter 6 of the Local Government: Municipal Systems Act requires that a local authority devise a performance management system that is proportionate with its resources and suitable for its particular environment. The performance management system should align with the priorities, objectives, indicators and targets contained in the municipalities Integrated Development Plan (IDP). The IDP represents a process, which aims to maximise the impact of scarce resources and limited capacity through the planning of development interventions in a strategic and holistic manner. An IDP assists the City identify and prioritise the developmental requirements and needs of the communities it serves. This plan is a corporate plan to which all operating units must provide input in respect of their own services. Thus,

one of the primary determinants against which performance will be measured is the achievement of the targets set out in the IDP. The IDP is a strategic process and is one of the key informants to the City's Balanced Scorecard.

In addition, the municipality is obligated to administer its affairs in an economical, effective, efficient and accountable manner. Economy relates to the cost effectiveness of obtaining resources as inputs into the organisation i.e. the purchase of bulk water. Van der Waldt and Du Toit (1999: 19) define effectiveness as the achievement of objectives whilst efficiency is the achievement of the ends using the least amount of resources. A complimentary view relates effectiveness as how well the products or services offered by the municipality lead to the desired social impact and efficiency as how well resources are utilised by the organisation to produce specified output (Department of Provincial and Local Government, 2001(a): 15). Cameron and Stone (1995: xi) define accountability as being required to give explanation for what has occurred. One could also use the terms answerability or responsibility.

The performance management system should consist of key performance indicators which measure the outcomes and impact of the municipality's developmental objectives. This requires that measurable performance targets be set for each of the development priorities and objectives. Performance has to be monitored against key performance indicators, measured and reviewed annually. The performance management system must be able to alert officials to under-performance and where performance targets are not met, the municipality is obliged to take remedial action. A reporting process has to be established that informs council, other political structures, political office bearers and employees, the public and relevant organs of state of the extent to which the municipality achieved its priorities and objectives.

Linked to the management of organisational performance is the necessity for the municipality to promote a culture of performance among its political structures, office bearers, councillors and its administration. Chapter 7 of the same Act deals with all manner of human resource issues including the performance of individual members of the municipality. So the need is created to measure and evaluate the performance of each member of the municipality. The Act allows for the development of remuneration packages and incentive frameworks to motivate staff to improve performance. The municipality is obliged to take corrective steps in the event of sub-standard performance by staff members.

The Local Government: Municipal Planning and Performance Management Regulations (2001) provide further guidance on the IDP planning process and the development of a municipal performance management system.

The purpose of the organisational performance management project initiated in Cape Town is to achieve compliance with the above-mentioned legislative requirement. In addition this system will equip the City's leadership with a tool to manage and measure the contribution and performance of each service (i.e. Community Services) towards the priorities and objectives identified in the IDP. The performance management system will provide for the setting of performance targets for each developmental priority and objective. Systems will be instituted that enable performance monitoring, measurement and review within the financial year cycle. This is to be achieved by translating strategy into measurable action and ensuring compliance with legislation (Accenture, 2002). The development and operationalisation of the Balanced Scorecard within the City began in February 2002 in all earnest. Initially officials within the City saw the Balanced Scorecard as a performance management tool but failed to see that it was a strategic mechanism to introduce performance management into the organisation. There are a number of other tools available but the Balanced Scorecard was seen as the best option within the context of the Unicity. Hatfield (2002) believes that the Balanced Scorecard is a forward thinking tool as it bridges the gap between the organisation's strategy, the day-to-day operational issues and the financial aspects of running a City. The challenge arises in linking the organisational performance management tool to individual performance management.

It was decided that the Balanced Scorecard would be introduced as a pilot project. Balanced Scorecards were to be developed for the City, the Executive Management Board, one Service, one Directorate and one Sub-council. This resulted in the initiation of a process to develop scorecards for the City Manager, each of the ten EMB members, Community Services, Emergency Services. The pilot project process is congruent with the recommendations made by Creelman (1998: 161) regarding the best practice in developing and implementing the Balanced Scorecard. Similarly Ryan (2002) believes that for every level to which the Balanced Scorecard is cascaded, the amount of work and complexity of the process increase by a factor of two. As part of the Brisbane City council performance management team, he appreciates the wisdom of implementing the process in a sustainable manner.

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However, at the time of writing, the scope of the project had been extended with the development of Balanced Scorecards for each of the other Directorates in Community Services and other Service areas.

4.2) The integrated performance management process

Before progressing any further it is necessary to understand the framework within which the City's strategy is integrated with organisational and individual performance management into a cohesive whole. The following model represents an integrated performance management framework, which is to be implemented by the City.

Adapted from Accenture, 2002
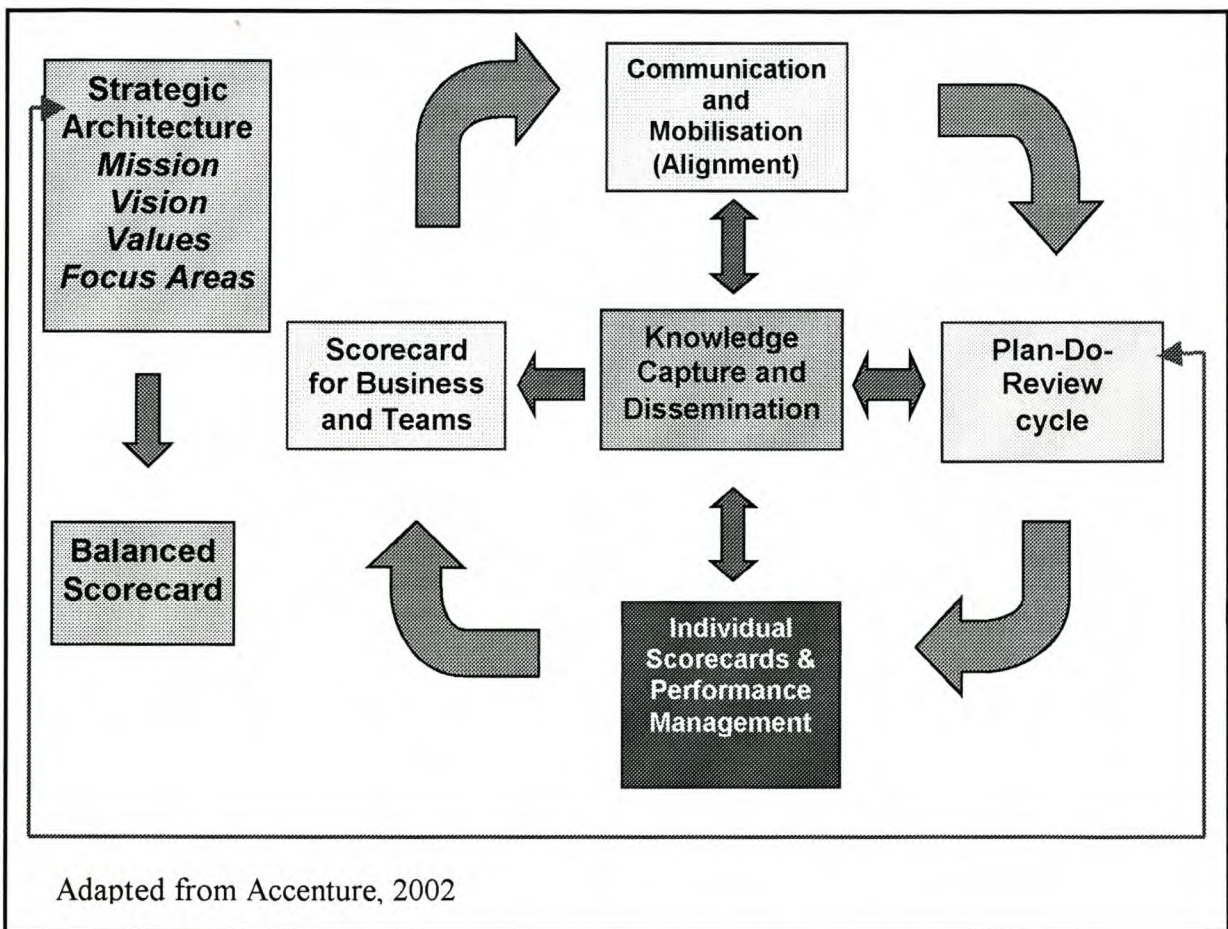
Figure 13 – The Integrated Performance Management Model

There are a number of distinct phases to the organisational performance management process – development, implementing and the plan-do-review meeting and the integration of individual performance management. This process begins with the City's vision, mission, values and focus areas.

4.2.1) The Strategic Architecture

The strategic architecture that forms the foundation of the organisational and individual performance management processes is the vision, mission, values and focus areas of the City.

The organisations vision statement describes what it wants to become. Harvey *et al* (1996: 71) believe that one of the key factors to organisational effectiveness is the creation of a vision of the future. The vision provides direction, focus and commitment and can be said to have a one to many relationship with the priorities.

The City has committed itself to become: -

A smart and globally competitive city with opportunities for all its people in a safe, stable, liveable, prosperous people friendly environment

The pre-eminent management thinker Peter Drucker is credited with developing the current thought on mission statements. By asking the question "What is our business?" the organisation begins to identify its mission. The mission statement is the declaration of an organisations reason for being and distinguishes one organisation from similar enterprises (David, 1997: 78). The City's mission adopted by Council Resolution is: -

The City of Cape Town's administration will be a world class organisation of which all stakeholders can be proud of being: unified, customer focussed, committed to equity, deliverers of high quality services in a developmental, productive, responsible and innovative way through efficient systems and empowered staff.

This mission statement reveals the long-term vision of an organisation in terms of what it wants to be and whom it wants to serve. A mission statement is recognised as the first step in the management of strategy.

An organisation's core values represent the behaviour which is demonstrated and measured in support of what the organisation stands for and where it is going.

The EMB would like to entrench the following values in the organisation: -

The City of Cape Town will be:

Responsive to customer needs

Operate with integrity and not tolerate corruption

Treat all stakeholders with fairness, openness, honesty and respect

Provide outcome-focussed services in a team-based manner

Be a performance driven organisation

Recognize creativity and productivity

A number of priority areas, derived from the vision have been identified by the City, these are: -

HIV/AIDS

Safety and Security

Poverty alleviation through job creation, tourism and the provision of free lifeline services such as basic quantities of water and electricity.

Homelessness and the housing shortage

In addition the City has made a number of pledges, these are: -

A safe city for all the people

A caring city for all the people

A healthy city for all the people

An opportunity city for all the people

A well-run, corruption free city for all the people

A smart city for all the people

Local government close to the people

Access to housing for all the people.

Although the City produces 75% of the gross provincial product of the Western Cape Province and 11% of the South African gross national product there are many areas where extensive work still has to be done. The city is expected to create a safe, clean and functional city. The high crime rate, HIV/AIDS, lack of adequate housing and poverty are problems

which society expects the municipality to address (Corporate Strategy 2002/2005, 2002: 3). Hence, the priorities and pledges which originate from key words in the vision (Accenture, 2002). The terms "priorities" and "pledges" were changed to the more neutral "focus areas" during the initial Balanced Scorecard workshops. This was because the priorities and pledges were heavily weighted towards social development and support. Although these are sound objectives, the financial effect of achieving these objectives is hidden. What is important to realise is that if the financial aspects of the City are not sound, the social goals of the municipality would not be achievable (Hatfield, 2002). This is an interesting, if not obvious statement. The focus areas originate from the City's IDP and business plans. On the recommendation of the Consultant other focus areas relating to technological enablement and financial sustainability have subsequently been added.

Once the vision, mission and focus areas had been articulated it is necessary to proceed to the next phase of the process which is the development of the Balanced Scorecard.

4.2.2) Building the Balanced Scorecard

The development of the Balanced Scorecard at the various levels identified in the pilot project was accomplished using a generic work process (Hatfield, 2002). It consisted of a three-step process necessitating a pre-Balanced Scorecard workshop, a Balanced Scorecard workshop and a post Balanced Scorecard workshop. This process was repeated for each of the identified levels within the City. At this point it is necessary to clarify the status of the Balanced Scorecard at City, Service, Directorate and Sub-council level. Although the responsibility for managing and achieving the objectives in the Scorecard is delegated to the officials in charge at each of these levels they are not Personal Scorecards even though those officials who are employed on performance based contracts are evaluated against the achievement of the objectives.

The pre-Balanced Scorecard workshop was a one-on-one meeting with the official who has overall responsibility for the specific Balanced Scorecard (In some instances support staff may have attended these meetings). This meeting involved the background research into the particular issues and peculiarities facing the EMB, Service or Directorate functions as well as the important task of relationship building. Here it became important to raise City official's

levels of understanding regarding Balanced Scorecard theory. The product of this meeting was the first draft of the respective strategy map and the preliminary indicators. The purpose of the Balanced Scorecard workshop was to finalise the strategy map and indicators and to develop the Balanced Scorecard grid. The post-Balanced Scorecard workshop served the purpose of finalising any problem areas or the provision of outstanding information. This workshop served as a sign off meeting on the work completed to this point.

4.2.3) Strategy mapping and indicator development

According to Hatfield (2002) the strategy mapping process is one of the most critical junctures in the process. It is during this phase that buy-in and participation is required and generated. The strategy maps were based on a spiral of success, namely: -

- ➢ great people doing
- ➢ great things
- ➢ for great customers
- ➢ will attain financial success

The foundation for the City, Service and Directorate strategy maps is the relationship between the mission, values and vision of the City. Each strategy mapping session did not result in a re-articulation of the vision, mission and focus areas. This was undertaken only once at a corporate level i.e. in the development of the City scorecard. Each successive Balanced Scorecard merely mirrored the predetermined vision, mission and focus areas by aligning their strategic objectives to those of the previous higher level scorecard but including business unit or function specific information. Thus, Community Services created a strategy map that aligned with the strategic objectives of the City. In turn the Community Services objectives were used as a point of departure for the creation of the Emergency Services scorecard. According to Hatfield (2002) this creates better alignment, as there is a common vision, mission and focus.

One of the challenges that had to be overcome was the dynamic and changing nature of the strategy mapping process. The City's strategy map was revised after the mapping process was undertaken with the subordinate levels. This resulted in the lower level strategy maps being

developed using objectives from the original City scorecard. This resulted in the need to rework the lower level strategy maps to re-align them with the revised City map.

Implementing the Balanced Scorecard

Business Strategy

Use strategy to identify the objectives

Business Objectives

Use objectives to identify the measures that will be used

Use progress against objectives to confirm strategy

Measures and Metrics

Use measures to build the balanced scorecard

Use measures/ metrics to evaluate progress against objectives

Implementation

Use scorecard to determine if targets are met and the right measures are being measured

Using the Balanced Scorecard

Adapted from Accenture, 2002

Figure 14 – The Balanced Scorecard development and implementation process

Another debate, which has still not been concluded, is to whether certain of the Balanced Scorecard perspectives should contain generic objectives and measures in each strategy map irrespective of the level. As an example the objective of employment equity appears in each of the City, Community Service and Emergency service strategy maps. At this stage it appears that the answer is no – there does not need to be generic objectives in each perspective as the

Balanced scorecard process cascades through the organisation. There will be some similarity between the objectives but lower-level Scorecard will not directly replicate the high-level scorecard. There has to obviously be an alignment between objectives in the organisation but there is no need to have 100% replication (Hatfield, 2002)

Resultant from the workshops at the City, Community Services and Emergency Services levels the various strategy maps were developed. Of particular interest is the Emergency Services strategy map for it is from this map that the Directorate's Balanced Scorecard is developed. In Figure 15 the Emergency Services strategy map is depicted.

Once the strategy maps had been developed it was necessary to use the objectives identified in the maps to create indicators that would track the progress towards attainment. The indicators fulfil the function of defining the objectives and therefore required careful consideration. In order to fulfil their role the indicators had to be simple, measure the attainment of the objective and be constantly applicable. Indicators had to represent both performance drivers and outcomes (Accenture, 2002). As the Balanced Scorecard is cascaded from the City level to that of Emergency Services level the indicators become more operationally orientated. At the City level the indicators tend to reflect adherence to plans and strategies as a measure of success. But as the scorecard is cascaded to Emergency Services the indicators measure objective success in terms of tactical issues such as response times or percentage of complaints resolved. This indicates that even though the Balanced Scorecard operates at a strategic level, when it is cascaded down through an organisation it is the sum of the operational or tactical actions that ultimately result in the attainment of the strategic objectives. Thus there is a constant tension throughout the organisation between the strategic and operational objectives.

Although indicators exist for each of the three levels, only those that were developed for Emergency Services will be discussed, as it is these that are most pertinent to the development of the Personal Scorecards. Table 1 depicts the indicators that were created for the Emergency Services Directorate. The reader should bear in mind that the Emergency Services Directorate comprises the Fire Service, Disaster Management and the Public Emergency communications Centre. At this stage the Balanced Scorecard at this level is designed to measure the performance of the Emergency Services Directorate as a whole. Therefore the indicators are sometimes applicable to all Departments whilst in other instances reflect the measurement

needs of an individual Department. For instance the staff satisfaction survey will be applicable to all Departments but the indicator detailing the percentage of time where standards are met is applicable only to the Fire Service.
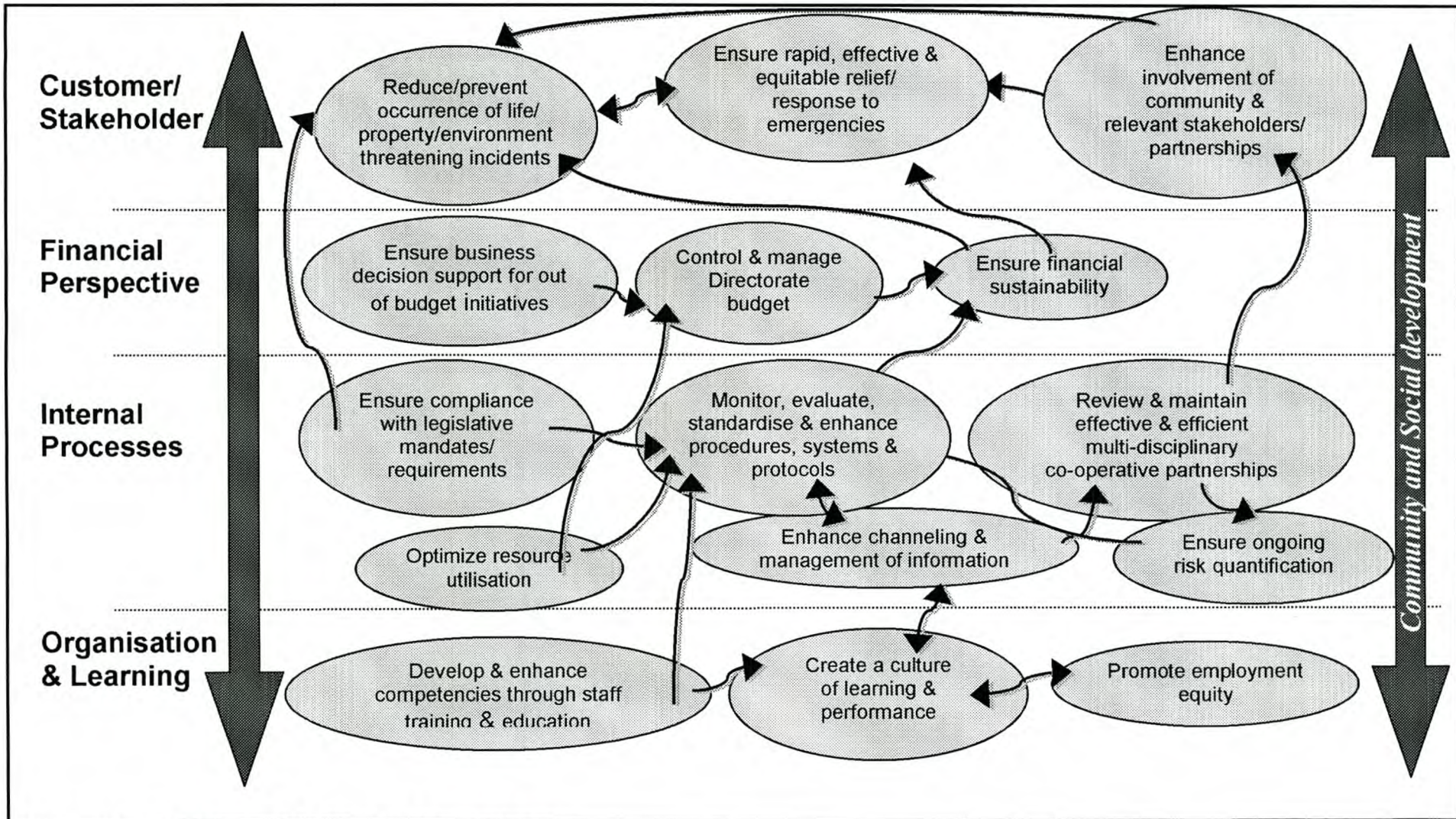
Figure 15 – Emergency Services Strategy Map

Table 1 – Emergency Services indicators

	Objectives	Indicators
Customer/stakeholder	Reduce/prevent occurrences of life-/property-environment threatening incidents	• % of identified risks for which strategies developed • % of identified hazards/risks
	Ensure rapid, effective and equitable relief/response to emergencies	• % of identified stakeholders interfaced with regard to Disaster Management Plan • Frequency of identified stakeholders interfaced with regard to Disaster Management Plan • % of instances where standards met
	Enhance involvement of community and relevant stakeholders/partners	• # of awareness/education sessions per audience group • # of co-operative partnerships established • Total # of relevant emergency calls
Financial	Control and manage Directorate budget	• Budget spent in terms of spending programme
	Ensure business decision support for out of budget initiatives	• # of out of budget initiatives with high level sign-off
	Ensure financial sustainability	• % adherence to long-term financial plan • % adherence to funding plan
Internal-business processes	Optimise resource utilisation	• % serviceable fleet and plant
	Monitor, evaluate, standardise and enhance procedures, systems and protocols	• # of processes rationalised • % of identified processes standardised per branch

	Objectives	Indicators
Internal-business processes	Review and maintain effective and efficient multi-disciplinary co-operative partnerships	• # of service level agreements (SLAs) • % adherence of SLAs/partnership agreements
	Enhance channelling and management of information	• % of relevant complaints resolved • % of complaints addressed • Average response time to media inquiry during incidents • % of adherence to management information plan
	Ensure compliance with legislative mandates/requirements	• % compliance to identified mandates/requirements • # of non-compliance cases/incidents
	Ensure ongoing risk quantification	• % of identified risks for which risk assessments carried out • Frequency of risk assessments carried out for identified risks • % of risk changes recorded in City risk assessment
Organisation and learning	Develop and enhance competencies through staff training and education	• % of employees with skills development plan • % of budget spent on workplace skills plan • % compliance with workplace skills plan
	Promote employment equity	• % of previously disadvantaged individuals by level • % of budget spent on previously disadvantaged individuals
	Create a culture of learning and performance	• Staff satisfaction survey • # of development sessions attended • % of staff performance managed

4.2.4) Implementing the Balanced Scorecard

Once the Balanced Scorecards had been developed for each of the identified levels it represents an articulated strategy but it is not operationalised. The process of implementing the Balanced Scorecard as a strategy and performance management tool is achieved via a four-step process involving a number of workshops. The focal point of these workshops is to complete the indicator detail sheets, customise the Balanced Scorecard and to implement the tool.

An indicator detail sheet is completed for each indicator. The indicator detail sheet is an important step in developing the systems, processes and technology that need to be considered when using a specific indicator. It also highlights the reporting period to be used with that specific indicator. The completion of the indicator detail sheets identifies the initiatives that are required to achieve the strategic objectives and the initiatives necessary to allow the indicator to be used. The fact that an objective has been decided upon and indicators created does not guarantee success. For instance the objective to *"ensuring ongoing risk quantification"* requires that ongoing risk analyses be undertaken of premises or installations. If no such process exists then the objective will not be achieved. Likewise the creation of an indicator to measure the attainment of an objective will not be successful without the creation of management information. If this information has not been collated before or systems are not set up to capture it then the indicator is useless. This requires that an initiative be put in place to capture the information. For example the indicator *"% of serviceable fleet and plant"* require that records are kept of the Fire Service fleet and plant but also requires that a record is kept of the number of times that vehicles or equipment are unserviceable. If this information is not readily available then the indicator cannot measure the degree of objective attainment. In addition, the indicator detail sheets highlight the assumptions, risks and dependencies of using a particular indicator, baseline measurements, targets and assigns responsibility for bringing the information contained in the sheet to management meetings. Figure 15 shows in detail the information required on the indicator detail sheet.

Indicator *(Taken Directly from the BSC template)*	Indicator co-ordinator *Who is responsible for bringing the information to the meeting?*	Frequency *How often will we report on this indicator?*

Alignment to higher level objectives *(Taken directly from the strategy map one level above)*	Strategic Objective *(Taken directly from the strategy map)*	Units of measure *What units are used to measure this indicator?*

Assumptions / Risks / Dependencies & notes **What assumptions are we making when we use this indicator?**	Initiatives to surface indicator information *What initiatives should be in place to ensure the systems / processes / people and structures are in place to use this indicator?*
What are you dependent on in order to use this indicator?	Initiatives to reach this objective *What initiatives / projects do you have / need to put in place in order to reach this objective?*
What risks are involved in using this indicator?	
Any general notes or comments?	Source of indicator *Where can this information be found?*

Indicator targets
Where are we now and where would we like to be?

Baseline	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15	P16	P17	P18

Figure 16 – The Indicator Detail Sheet   (Accenture, 2002)

4.2.5) Using the Balanced Scorecard as a management tool

The plan-do-review (PDR) meeting is a simple management methodology which brings learning to the organisation. This is the process whereby the senior management re-evaluates the hypothesis on which the organisation's strategy is based. It is at these meetings that management evaluates whether the strategic objectives are being achieved. The indicators provide information as to whether the objectives have been met. Targets assess the level of organisational performance in attaining a particular objective. If targets are not being achieved the PDR process creates an opportunity to identify why the gap between expected and actual performance exists. Once this has been identified action plans are developed to close the gap and to assign responsibility for ensuring that it happens. The PDR meeting is the ideal opportunity to evaluate the organisation's performance as the people attending this meeting represent the brains trust of the organisation. If they don't understand why the level of performance is not as expected then who will? (Hatfield, 2002). The frequency of the PDR meetings will depend on the indicators and the frequency they are reported on.

4.2.6) Performance management and the Fire Service

At this point the reader has been taken through the full cycle of the development and implementation of the Balanced Scorecard and introduced to the PDR feedback and learning mechanism. These steps relate to organisational performance management. This is the point of departure from the reality of the Balanced Scorecard process as followed by the City to date. The next phase of this research is the development of a model for aligning individual goals and objectives by means of Personal Scorecards. This requires the integration of individual performance management into the greater organisational processes.

The Personal Scorecard performance management model will be developed in the specific and unique environment of the Fire Service and more specifically the Cape Town Fire and Emergency Service. It is necessary for the reader to understand the environment for which and in which this model will be developed.

4.2.6.1) A selected history of the Fire Service

The Fire Service has a long history dating back to the Roman Empire (IFSTA, 1993: 5). In 24 B.C. after a fire devastated large portions of Rome, Emperor Caesar Augustus formed the *familia publica* a group of servants whose sole purpose was to fight fires. Almost 30 years later the problem of uncontrolled fires had still not been averted and in 6 A.D. after another large fire Caesar Augustus formed the *Corps of Vigiles* a well-organised fire fighting force of 7000 men. This force can be considered as the first formally organised firefighting force. The *Vigiles* patrolled the streets checking for and extinguishing fires. They also had the authority to punish careless Romans for not extinguishing domestic fires at night. The Dark Ages followed the fall of the Roman Empire and the concept of an organised Fire Brigade was lost to the world.

In 1066 the Normans conquered England and William the Conqueror promulgated laws to prohibit the burning of fires after nightfall. In 1189 the Lord Mayor of London issued instructions regarding how dwellings were to be constructed. In America fires were a common occurrence and in 1608 the first large fire in the New World was recorded. It destroyed houses, personal clothing and supplies in the settlement of Jamestown. The turning point in the history of firefighting occurred in 1666 when almost 80% of London was destroyed by fire. As the City was rebuilt, the authorities made recommendations, which were largely ignored. The need for a skilled and structured Fire Brigade was not considered important as the cost of such a service was too high. Due to the large fire losses and the unwillingness of the English authorities to form a Fire Brigade, the insurance companies took the initiative and employed their own firefighters which protected the insured risks (IFSTA, 1993: 8).

The first efforts to reduce the risk of fire in the Cape colony can be attributed to Jan van Riebeeck (Sorrel, 1995: 6). Upon his arrival in the Cape in 1652 he banned fires, torches and smoking in the guardhouses and grounds. In 1658 the burning of dry grass, reeds and shrubs was forbidden and in 1661 the construction of chimneys in timber lean-to's was forbidden. Simon van der Stel was equally committed to creating a fire safe environment and founded the *"Rattlewatch"* fire patrol consisting of 10 burghers and a drummer. The *"Rattlewatch"* patrolled the streets of the town during the night to warn the sleeping inhabitants of the

outbreak of fire and to begin initial firefighting operations. These men were equipped with axes, ropes and buckets. Prompt action in dealing with fires was as important then as it is now. In 1722 the fire alarm was raised by firing two cannon shots from the walls of the Castle of Good Hope in addition to raising a red flag during the day and showing two lit lanterns at night. All inhabitants of the town were duty bound to respond and assist in extinguishing the fire. In 1736 there were some 200 homes in Cape Town and the outbreak of a fire fanned by strong winds destroyed five homes. This resulted in the Dutch East India Company sending the first fire engine to the Cape. The British took over control of the Colony in 1806 and in 1840 the Municipality of Cape Town was established. The first Superintendent of Fire Engines was appointed in 1845 but he was removed from office after only 37 days in the post when the Fire Brigade was heavily criticised for alleged poor performance at a fire in the town centre. It is interesting to note that even in the 19th century the question of performance was being raised.

I have only given the reader a brief glimpse into a selected history of organised firefighting. The history of the Fire Service is far more complex than I have reflected but my intention is to highlight that although the activities performed by the Fire Service have evolved through improved technology and more sophisticated techniques, the basic function and activities of the Brigade have not. According to Brunacini (1996: 2) the past two decades have seen the discovery, implementation and internalisation of significant improvements in the services delivered. The equipment, software, and hardware the Fire Service uses to perform its function is more advanced and major investments have been made in increasing the skill level of Fire Service personnel. This has resulted in the improvement of overall effectiveness. Yet despite this, the role of the Fire Service remains to prevent fires by educating people, inspecting premises to reduce risks and when all else fails respond to fires and other emergencies.

4.2.6.2) The modern Fire Service

The Fire Brigade Services Act, 1987 (No. 99 of 1987) defines the functions of a service as being: -

- Preventing the outbreak or spread of a fire

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- Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger
- The provision of a ambulance service integral to the fire service (This is a voluntary function and not mandatory)
- Any other function connected with those above.

Historically the Fire Service has used a vertical, power based military model where authority was the main organisational influence. According to Brunacini (1996: 99) the model is simple. Authority is a function of rank. Those who hold rank have authority and their basic function is to control those who do not have rank. This structure was created to perform highly regimented work, control staff, eliminate disorder and fight fires.

Although the organisational structure of the Cape Town Fire and Emergency Service has not yet been finalised, what is clear from the organisational design guidelines issued by the City is that the Fire Service will be required to adapt this traditional structure to one which is flatter, worker empowered and customer focussed. However, for the purposes of this research the service can be divided into four basic divisions, namely fire and emergency operations, fire safety, training and control and mobilising. All four divisions are supported by an administrative component that is responsible for general administrative duties such as staff administration, record keeping, rendering of accounts, etc.

What follows is a synthesis of the functions of each division: -

Fire and emergency operations – this division is responsible for responding to and mitigating fires and other emergency incidents such as motor vehicle accidents and hazardous materials spills.

Fire safety – this division performs inspections of buildings and installations (e.g. underground fuel tanks), the approval of fire plans, the maintenance of fire hydrants and public fire and life safety education

Training – this division acts as a support function and provides technical training ranging from basic fire service theory and practice to specialised courses i.e. hazardous materials mitigation and emergency medical services.

Control and mobilising – the Control Centre receives emergency calls and mobilises resources to the incidents. The centre also monitors the status of the fire service and manages the remaining resources to provide the best fire cover.

4.2.6.3) A synopsis of Fire Service personnel key performance areas

This research is primarily concerned with the development of an individual performance management model for the Cape Town Fire and Emergency Service. In order to proceed further the reader must understand the type of work that individuals perform within each of the above-mentioned divisions.

It is against the framework of what the organisation expects of its members that forms the basis against which performance will be measured. In 1876 Sir Eyre Massey Shaw the Chief Fire Officer of the London Fire Brigade wrote the following: -

> *A fireman, to be successful, must enter buildings, he must get in below, above, on every side, from opposite houses, over back walls, over side walls, through panels of doors, through windows, through loopholes, through skylights, through holes cut by himself in the gates, the walls, the roof; he must know how to reach the attic from the basement by ladders placed on half burned stairs, and the basement from the attic by rope made fast on a chimney. His whole success depends on his getting in and remaining there and he must always carry his appliances with him, as without them he is of no use.* (Grimwood, 1992: 223)

Although Shaw's description of the requirements of a good firefighter are still as pertinent today as they were when he wrote these lines, today's Fire Service personnel are required to perform a greater number and variety of tasks all aimed at preventing or reducing the effects of fire and other emergencies.

Firefighters are the foot soldiers of the Fire Service and their function is to use their skills and technical knowledge during fire and emergency operations to bring the situation under control. In order to ensure that they are constantly ready, firefighters spend many hours drilling and training or checking and maintaining equipment. They do not perform many administrative duties but they are required to complete records, checklists and the other general administrative paperwork found in any organisation (leave application forms, memos etc.). Firefighters must also be able to interact with the public either over the telephone or when they visit the fire station. Sparks (2002) believes that at this level personnel should be exhibiting leadership qualities.

A fire station is managed by officers of various ranks but for ease of understanding I will refer to this group of individuals as fire station managers. Fire station managers require the same skill and technical knowledge that firefighters require but in addition they must possesses a number of other competencies. They are responsible for managing the initial response to emergency incidents, the firefighters under their command and ensuring that the administrative work required to run a fire station is completed properly. Fire station managers should be conscientious and demonstrate qualities of leadership and initiative. At this level they should show genuine managerial skills, be able to resolve station issues or at least be able to make suggestions as to possible solutions. It is from these ranks that the future senior managers of the Fire Service will be selected and as such they should be adding value to the service (Sparks, 2002).

The most visible aspect of the Fire Service is its response to fire and emergencies. However, other functional areas of equal importance support the overall mission of the Fire Service. Firefighters and officers require specialised technical training in order to hone their skills and knowledge. Instructors provide this training and must be able to lecture and demonstrate new techniques and practices. They supervise personnel to ensure safety and learning during training evolutions and play an important role in developing the human capacity required to mitigate the emergency situations created by an ever-changing world.

The first priority of the Fire Service is to prevent fire and other emergencies, thereby reducing the need to respond to incidents. The performance of fire and life safety education and fire inspections are activities where the greatest returns on investment can be achieved. By changing people's behaviours and assisting them to minimise the risks in their environment a

reduction in the occurrence of fire and fire related deaths and injuries will ultimately result. Personnel who perform these functions are required to be specialists in these fields. Fire and life safety educators identify "at-risk" groups and develop education programmes that speak to these groups. Fire inspectors are responsible for inspecting buildings, installations and other risks to ensure compliance with pertinent legislation. They also provide advice to the public and therefore must have a sound knowledge of fire legislation and good fire safety practice. This knowledge is used to manage risks. In both the education and inspection fields the proper administration of records is essential.

Staff who work in the control room are responsible for the taking of emergency calls, disseminating the information and ensuring that the correct resources are dispatched to an incident. They are also involved in managing the resources of the Fire Service so as to maintain the best level of service to the community. During busy periods fire crews may be required to move from incident to incident. The control room staff determine which crew will move and to where. They also ensure that backup vehicles are dispatched to stand-by at empty fire stations. They are responsible for logging emergency calls, radio messages and other emergency and non-emergency related information.

The Brigade employs a support structure of non-uniformed members who perform a variety of diverse tasks. Administrative personnel deal with general staff issues, the processing of fire accounts etc. In order to keep the fleet and equipment fully operational the Fire Service employs trained mechanics that specialise in the repair of emergency vehicles, fire pumps and other equipment. Their role in keeping the fleet available for use is crucial to the success of the Fire Service mission. Maintenance, general and hydrant workers undertake a range of functions that assist in keeping the Fire Service real estate in good order, fire stations and other administrative offices clean and maintaining the municipal hydrant system that is vital for combating fires. Even though the community rarely considers these workers, they form a vital cog in the service delivery mechanism.

Senior officers form the top management team of the Fire Service and are responsible for either a functional or operational area of the Brigade such as operations, fire safety or training. These officers must have an excellent understanding of the functional or operational area they command but in addition they are expected to be leaders and able to manage people and administer their respective sections. Senior managers take command of major incidents and in

doing so carry a considerable statutory responsibility. Sparks (2002) expressed a concern that many senior officers fail to appreciate the extent of this responsibility.

I introduced the reader to a four-level representation of where performance takes place within an organisation in Section 2.2. In this model individuals are assigned tasks based on the core processes of the organisation or business unit. However, this fails to reflect the changing nature of performance at different levels within an organisation. In the context of the Fire Service a simple model for reflecting this is given in Figure 17. This model illustrates the changing ratio of operational performance to management performance. The diagram can be used to visualise the changing nature of the key performance areas within the Fire Service as a person moves up the organisational hierarchy. Firefighters need to perform in the operational sector to a much higher degree that in the conceptual/managerial sector. Fire station and functional managers require a balance between operational capability and conceptual/management skills. At the senior management level the main focus of effort is in the conceptual/managerial sector. Senior managers spend more time dealing with issues relating to strategy and management but are still required to be technically competent in dealing with fires and other emergencies.
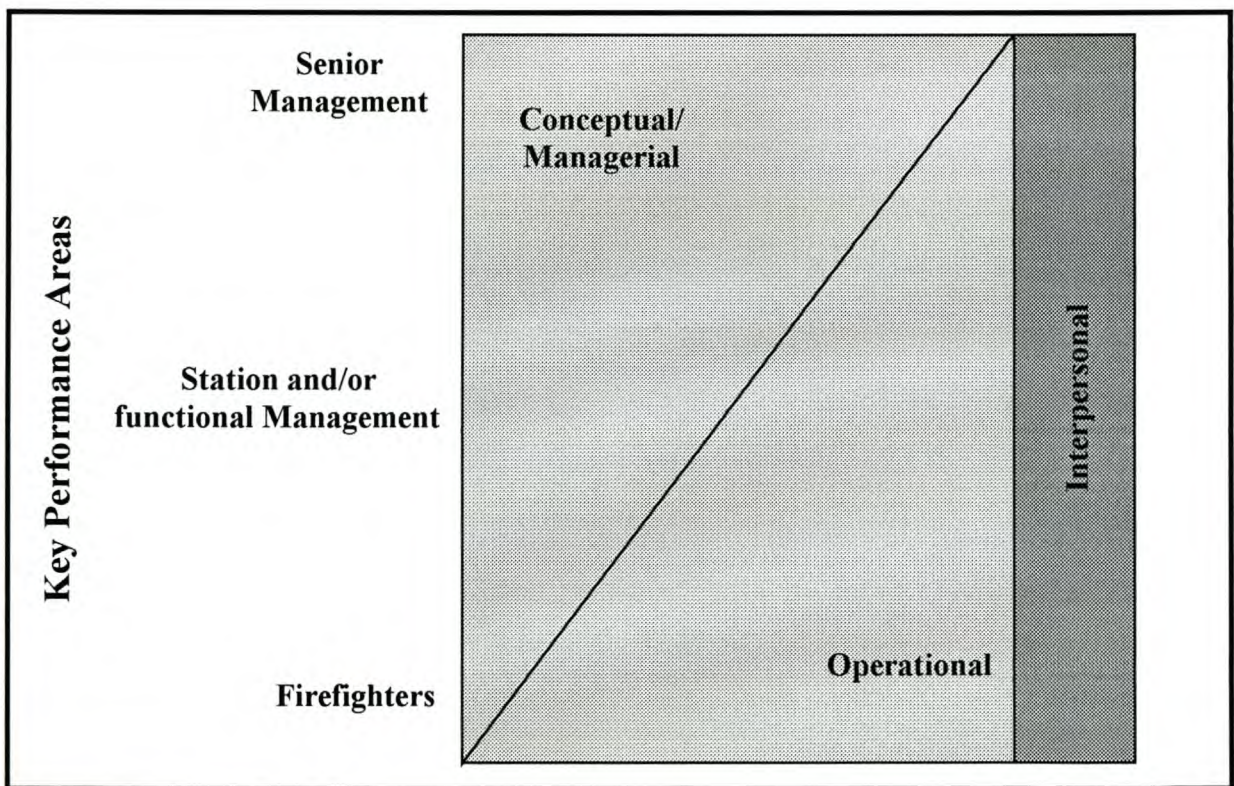

Figure 17 – Key Performance Areas

Brunacini (1996: 81) refers to the local government productivity craze that emerged in the United States in the 1970s that resulted in Fire Services (amongst others) re-evaluating how existing resources were utilised. This led to a broadening of the services delivered and the application and integration of new methods to prevent fires. Although operational diversification (emergency medical services, hazardous materials handling etc.) occurred in the South African Fire Services in the 70s and 80s there was little growth in any of the other strategies identified internationally as being able to reduce or prevent incidents. Currently this is changing within the Cape Town Fire and Emergency Service. In the future the functions of education, prevention and mitigation are set to become far more integrated than they are currently. This is to remove the traditional functional thinking that still exists in the Fire Service today. Presently operational personnel see their purpose solely as extinguishing fires or dealing with emergencies, fire inspectors view themselves as removed from operations and instructors do not link their activities with a greater goal.

The mission of the Fire Service is to prevent fires and only when that fails to respond to and deal with these occurrences and all staff, irrespective of their function must contribute to the overall mission if the Fire Service is to perform optimally (See also Section 1.3).

Sparks (2002) believes that there needs to be a greater emphasis on customer orientated performance. Members of the Fire Service are required to serve the community. Often this customer orientation is lost in the day-to-day tussle between management and staff. When a member of the public contacts the Fire Service because they have a problem what they are saying is that they believe the service can take their problem away – irrespective of whether it is a fire or a fire safety query. How the members of the Fire Service deal with that person will be the lasting impression, not the vehicles or the equipment that are sent along with the personnel. It is important that members of the Fire Service understand that their performance will be judged on how they remove the problem (Brunacini, 1996: 15). There is a saying in the New Zealand Fire Service, which holds that the most important salvage man is the firefighter holding the water branch. The injudicious use of water can result in irreparable water damage, which nullifies the effort in salvage training and equipment. It is the responsibility of the firefighter holding the water branch to not create a bigger problem by his or her actions. Likewise, personnel, irrespective of where they find themselves in the organisation, whether they are operational or not, must perform their duty in such a manner as to create and maintain the customer orientation Sparks refers to.

When one considers where performance occurs in the Fire Service it might be helpful to consider the requirements of a Fire Service performance management system, the factors affecting performance and the nature of the objectives that would be consistent with this performance.

4.2.6.4) Considerations for a Fire Service performance management model

The present levels of uncertainty within the municipal environment make the introduction of any type of individual performance management system very difficult. Performance management in most organisations is treated with scepticism and approached with trepidation by both management and non-management personnel. Therefore development and introduction of a performance management system must be handled with sensitivity. Most people, if given the option, would prefer to not to have their performance measured (Tripod, 2002). However, performance management is a legal responsibility of the municipality and as such the Fire Service needs to develop a system that takes into consideration the unique function is performed. Performance management systems may initially be unpopular but if they are implemented correctly, staff acceptance of the system eventually takes root. In the Brisbane City Council the acceptance of their "Planning for Performance" agreement is high because the system is transparent.

But what is required of an individual performance management system within the Fire Service environment? The varied nature of fire and other emergencies means that personnel will never be exposed to all types of incidents even in a lengthy career. In light of this the evaluation criteria must be uniquely suited to the activities and functions that occur within the Fire Service. The objectives set and the evaluation thereof must be a balance between outputs, the contribution made by individuals (*performance drivers*) towards the overall mission (*outcome*) of the Fire Service. This makes the development of Personal Scorecards and the subsequent evaluation eminently suitable for use within the Fire Service.

One of the scarcest resources in the Fire Service is time. Therefore the mechanism for evaluation must not be too time consuming or place an unnecessary administrative burden on the officials required to undertake these tasks. The aim of the system is to improve individual

performance. The mechanism for achieving this must not become a cause of poor performance because the process is too arduous. The truth of this statement is supported by Ellis' comments (2002) regarding his British Fire Service experience. He states that the standards of performance used in the United Kingdom since the 1940s are being phased out and an Integrated Personal Development System introduced. The previous system was a simple ticked "attendance" drill sheet but despite being simple it did not measure performance and competence. The new system is based upon national standards for every level within the Fire Service and is designed around a cycle of personnel achieving the required standards and the subsequent maintenance thereof. However, according to Ellis the new system is expensive and onerous. According to Ellis (2002) there is a tremendous amount of data that has to be collected and although useful has created " a whole new fire service industry in its own right".

The manner in which objectives are set and evaluated must be clearly spelt out so that there is no room left for argument. Ryan (2002) states that the process should be such that there is no room left for confusion. An employee should know exactly what is expected, to what standard and by when. The performance management system must be well documented, easy to read and understand. Any performance review system is by its very nature judgemental. A manager is required to make a subjective judgement, albeit with input from the person being evaluated, regarding whether targets have been met or not. On occasions this is bound to lead to disagreement. In order to minimise this the evaluation criteria must be clear and understandable. In order to ensure both procedural and substantive fairness the performance management system must have a means of appeal that allows a disenchanted employee the opportunity to state his or her case to a higher authority. According to Ryan (2002) the Brisbane City Council has an appeal mechanism as an intrinsic part of their "Planning for Performance " agreement system. This allows staff to take matters further if they feel that they have been wrongfully treated although the number of cases that go to appeal is in the region of 2%.

The performance management system must be simple. Employees at all levels should be able to understand and participate in the process. The responsibility for performance management needs to be decentralised to the lowest supervisory levels practicable. This means that fire station; training and fire safety managers to name a few must be empowered to manage the performance of their staff using the system. Performance management needs to be

decentralised because it is impossible for senior officers to accurately judge the performance of staff who they have little contact with.

Senior managers must ensure that once the development and implementation of the performance management process has begun the momentum is maintained. It is important that employees begin to accept the process and understand that it is to become part of their working life.

Finally, there needs to be a continuous link between individual, shift, station, division and Fire Service performance. Sparks (2002) believes that personnel need to be able to see their end goal. Therefore, if this link is absent then individual performance management takes place in a vacuum.

4.2.6.5) Factors affecting Fire Service performance

In Sub-section 2.2.5 I discussed common factors that can have an effect on individual performance. These were personal, leadership, systems and contextual factors. At this stage it is necessary to consider these factors in the context of the Fire Service.

Individual motivation will have an influence on the levels of performance achieved. For many personnel being in the Fire Service is a calling and their performance and attitude reflect this on a day-to-day basis. However, for some members the current economic environment and the scarcity of jobs led them to apply for a job in the Fire service. Under other circumstances the Fire Service would not have been their first choice as a career. As such they are neutral in their commitment to what they do.

One also has to consider that some individuals are not able to improve their performance beyond current levels. Irrespective of the position they hold within the Fire Service some employees reach their personal limits in terms of growth. In other words they reach the level of their own incompetence (Peters Principle) beyond which they cannot perform at a higher level (Koontz *et al*, 1986: 303).

When considering leadership factors, line managers have the power to influence an individual's performance either positively or negatively. Despite the best intentions of the performance management system and the organisation the work environment is a *"political"* one in which people at all levels are competing against one another for position, influence and power to name a few. It is possible for a manager to hinder a subordinate's performance. The reasons for this are numerous but in my experience a common reason is fear. Subordinates that perform well and are noticed become a threat as they advance up the hierarchy.

The ability of an organisation to facilitate its member's performance through development initiatives depends on a number of issues. Currently two of the most critical in the Cape Town Fire and Emergency Service are a shortage of staff combined with a limited budget. Due to the nature of the service rendered, it is essential that sufficient staff are available to respond at any time. As staffing levels are currently at a minimum and very few staff can be released at any one-time for training and development programmes, this results in long duration programmes to improve staff proficiency levels even to a basic standard. The small budget also limits the ability of the Fire Service to send staff on training and other developmental initiatives. However, the financial constraints present not only a developmental impediment but also a technological barrier. One of the City's focus areas is to put in place technological enablers that will result in improved performance. This can take the form of computer equipment, specialised firefighting equipment or improved firefighting vehicles to name a few. However, the lack of adequate funding limits the ability of the Fire Service to acquire this type of equipment. Modern technology allows firefighters to see through smoke, improve firefighter safety through telemetry systems, develop exciting educational presentations using computers, capture building data on site using palm-top computers and yet a lack of sufficient funding means that some fire stations do not even have access to a personal computer. Conversely, performance in this area is also dependent on the willingness of staff to embrace and use new technology. Sparks (2002) relates that when the former Cape Town Fire and Rescue Service adopted a new computerised dispatching system some of the older staff were reluctant to experiment with the system.

Geographic factors also influence the individual's ability to perform. Staff can be stationed at any one of the City's 29 fire stations. However, each station protects different risks and responds to different types of incidents. The vehicles and equipment located at each fire station relate to the protected risk. An individual at a large fire station in the central city will

experience a wider variety of calls and work with a larger group of people and equipment than personnel who are stationed at a smaller fire station protecting a residential area.

The diverse nature of the workforce employed by the Fire Service also creates performance problems. The cultural background of the workforce makes the relationship between managers and workers one that is sometimes strained by mistrust. Attempts to motivate Xhosa speaking staff members to qualify themselves for promotion has been received with scepticism. Sparks (2002) believes that the relationship between management and worker is not yet at a point when race does not enter the picture and influence how the performance message is received.

The need to obtain round the clock protection with the available staff is achieved by dividing operational personnel into three shifts. Whereas most workers are available to their organisation for a minimum of 35 hours per week, this figure is only 16 hours for members of the Fire Service. As can be seen the current shift system is not a productive one. The solution is to change the shift system but this results in the need to employ more people. Thus, greater productivity comes at a cost and the City needs to decide on whether it is more expedient to retain a shift system that is less productive but more economical as opposed to spending more money in employing more people to improve shift productivity.

The fact that operational staff are divided into 24-hour shifts with a corresponding 48 hours off duty has a tremendous affect on managerial continuity amongst the three fire station managers and between fire station managers and senior managers. It is virtually inevitable that the person that a senior manager needs to contact is off duty. Performance is affected as the flow of information and communications is slowed down. The ability to follow up on queries and problems is also hampered adding to the time taken to resolve issues.

In order to facilitate staff development by exposing them to different risks, vehicles and equipment and to gain from working with different people the Fire Service has a transfer policy. However, some of the benefit of this policy is lost because personnel dislike it. People resist change and those it affects very rarely welcome a transfer from one station to another or between sections. Transfers affect staff motivation. For example, a firefighter may be transferred from a well-managed fire station to one that is not as well run or an officer may be transferred because of his ability to "sort out" a badly run fire station but once the station is

running smoothly he is transferred to the next problem station. The solution to this problem is to change the policy to allow staff to remain at a fire station or section almost permanently (Sparks, 2002). This semi-permanence allows personnel to identify with a fire station or section. In addition, team spirit is built between work colleagues.

Finally, the current context in which people find themselves impacts on individual performance. It is unfortunate that most members of the Fire Service have now experienced two major restructuring processes, one of which is still unfolding. In many instances the people involved have had little control over the way in which the process has evolved or will evolve. This has led to much unhappiness, as personnel are unsure of their future. Until such time as the restructuring process has been completed and the organisation has returned to normality individual performance will be negatively affected. Even the return of relative normality, to the Fire Service may not be enough to repair the damage I believe has been perpetuated on its members. As such it will be very difficult to motivate people to improve their performance.

4.2.6.6) Individual objectives in the Fire Service

Sparks (2002) believes that the type of objectives individuals set for themselves can be wide ranging and depends on the position at which the individual holds within the Fire Service. They should be attempting to improve their performance by mastering the skills and knowledge required for their immediate position. However, they need to take one step beyond just being able to perform well at their own level. Personnel need to exhibit a desire to learn about what is required at higher levels. Individuals need to set challenging objectives for themselves that cover the full extent of their job function e.g. attitude towards the job or physical fitness. He believes that in this way people become self-motivated to achieve their objectives because the objectives have not been imposed upon them. To obtain high levels of performance it is necessary for the objectives to become internalised within the individual. The organisation can only drive people to a point after which any gain in performance must arise from a person's intrinsic motivation. The aim of setting objectives is to drive large gains in performance. As such, objectives should comprise of initiatives and projects and not merely a restatement of the employees core functions or role statement (Ryan, 2002).

As an individual progresses up the organisational hierarchy the performance horizon moves. The individual's awareness of the type of performance required at the higher level should increase. Sparks (2002) likens this to a person marooned on an island. When the castaway first crawls onto the beach this is the only area that he or she knows. Yet, as time goes by, the castaway gets stronger and more confident. This leads to the exploration of the area surrounding the beach. Eventually the survivor has explored the entire island. At present firefighters have secured themselves on the beach, but they need to be looking beyond the beach to the hinterland.

Sparks (2002) believes that the individual will be the biggest determinant in the type of objectives that will be set. A keen employee will set him or herself challenging objectives which truly drive performance and individual growth. As a result this person will require little external motivation. Conversely, there are some employees that are satisfied to undertake the absolute minimum and add little value to the organisation. They will set easy to reach objectives and once these are achieved they will relax.

Managers also influence the types of objectives that individuals set. Different managers will place their performance emphasis on different aspects of Fire Service activity. One officer might be totally orientated towards good firemanship. However, another may be orientated towards administrative excellence whilst another is house-proud and places a great emphasis on the neatness of the fire station. Not only will these differences lead to objectives that are slanted towards the supervisor's preference but will lead to an evaluation bias in the same direction. The challenge for senior management is to ensure a balance between all the important aspects of Fire Service personnel performance. However, the balanced nature of the Personal Scorecard assists in creating a holistic approach to objective setting.

Sparks (2002) believes that some of the objectives should be generic so as to allow comparison between individuals and fire stations especially if the outcome of the performance review is linked to reward. He also points out that the difficulty of the objectives set by individuals will also play a part in the results of an individual's performance review. Some people will be satisfied to set themselves easily attainable objectives whilst other more motivated individuals will set themselves challenging objectives and as a result may not succeed. As this performance management system measures success in attaining objectives the performance review will show different performance results for the two individuals. For

this reason the manger's involvement in assisting with the setting of employee objectives is critical. One of the manager's roles will be to ensure that the objectives set by the employee are consistent with the employee's ability and the needs of the Fire Service.

4.3) Developing and implementing the Personal Scorecard

Having looked at the necessary requirements for a performance management system suitable for the unique Fire Service environment, the factors that affect performance in this type of organisation and explored the type of objectives that should be set at the various levels it is time to begin developing the Personal Scorecard model.

A performance management system needs to link department, unit/team and individual performance to strategic objectives. As has been seen in previous sections the strategic architecture of the vision, mission and focus areas inform the strategic objectives of the organisation. The attainment of which are measured by using the Balanced Scorecard. As has been pointed out previously this is a strategic performance management system. However, in order to manage individual performance at an operational level it is necessary to cascade the strategic objectives of the Emergency Services Directorate to the Fire Service and in turn convert these objectives into an individual performance plan. The Personal Scorecard represents this performance plan. This framework provides the basis for linking individual performance management to the strategic objectives of the organisation.

The guidelines contained in the Department of Provincial and Local Government training manual (Jupmet, 2001) for the implementation of Performance Management Systems for Local Government will be followed in the development of the Personal Scorecard. The Personal Scorecard of individuals within the organisation is based on that of their immediate supervisor. Managers are therefore responsible for ensuring that the Personal Scorecards of all those reporting to them taken together will enable the achievement of the strategic objectives for which they are personally responsible. It is important for individuals to be able to identify how their job contributes to the goals of the Fire Service and the strategic objective of the Emergency Services Directorate and ultimately the vision of the municipality.
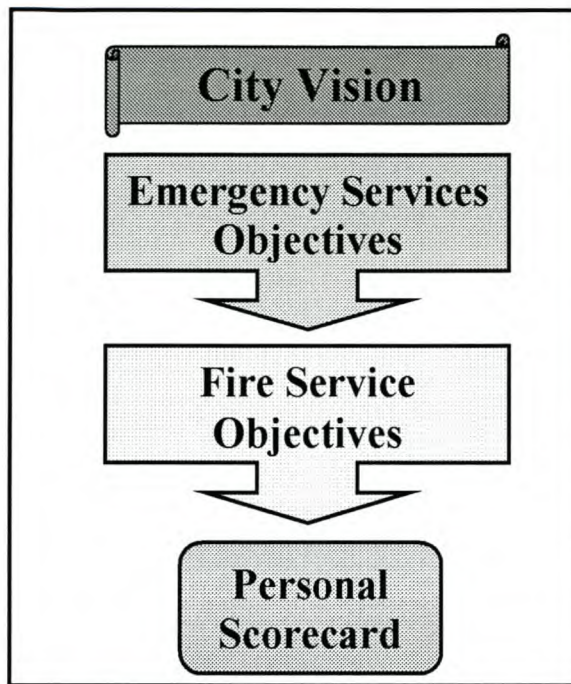
Figure 18 – Cascading Strategic Objectives into a Personal Scorecard

This avoids a narrow job focus and ensures a strategic view. This creates the continuous link that Sparks speaks of in Sub-section 4.2.6.4. Similarly Ryan (2002) relates that in the Brisbane City Council the high level Balanced Scorecard objectives are passed on to subordinates via performance agreements to all employees.

As the Personal Scorecards are linked i.e. manager to subordinate, the implementation thereof must occur from the top down. This means that within the Cape Town Fire and Emergency Service the Chief Fire Officer would develop a scorecard in conjunction with the Director of Emergency Services. The objectives in the Chief Fire Officer's scorecard must support the objectives in the Emergency Services Balanced Scorecard. In turn Fire Service senior officers would develop their scorecards in consultation with the Chief Fire Officer. This process would cascade throughout the Fire Service until station and functional managers have met with their staff to develop a scorecard for each individual in turn. In Figure 19 we see how the Personal Scorecard is developed through the process of cascading.

Central to the development of Personal Scorecards is the Personal Scorecard Questionnaire (See Annexure A). The purpose of the questionnaire is to sensitise personnel to their contribution to the City's vision and mission. Once this link has been created, the individual is then asked which of the Emergency Services strategic objectives they believe they can

influence. The next logical step is for personnel to identify what they can do to contribute to the achievement of the Emergency Services objectives. The Personal Scorecard questionnaire and the results obtained will be discussed in greater detail in Chapter 5. It is necessary for managers to realise that they play an important role in the completion of the questionnaire. Firefighters and even more senior staff are not always aware of the contribution they can make to improve the performance of the Fire service. A manager can in discussion with the individual concerned identify other possible spheres of influence.
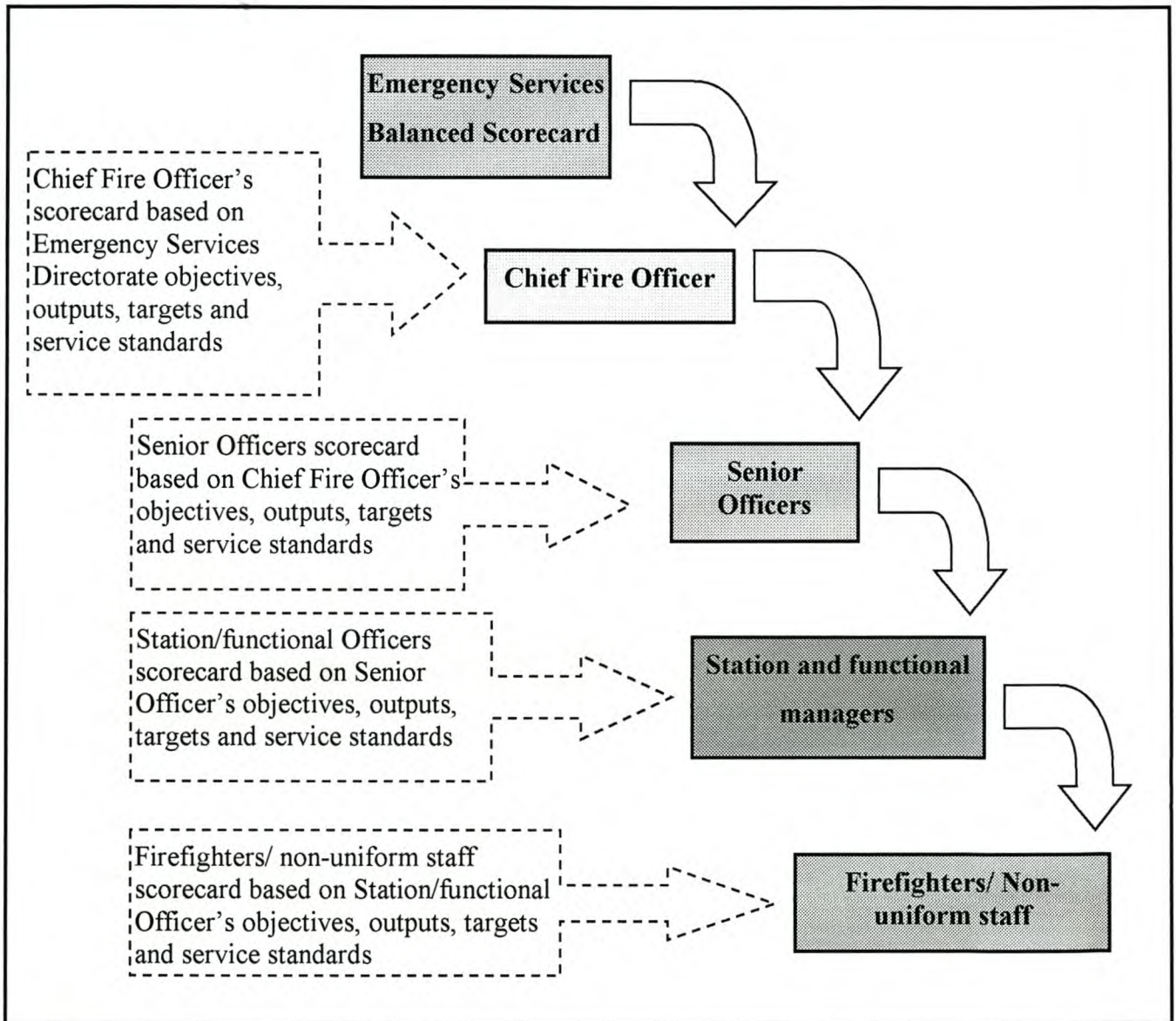
Figure 19 – Development of Personal Scorecards through a process of cascading

4.3.1) The Personal Scorecard

In Sub-section 2.6.2 the Management by Strategic Objectives framework was introduced. This framework is the mechanism for the development and implementation of the Personal Scorecard. To recap, the framework is revisited in Figure 18.
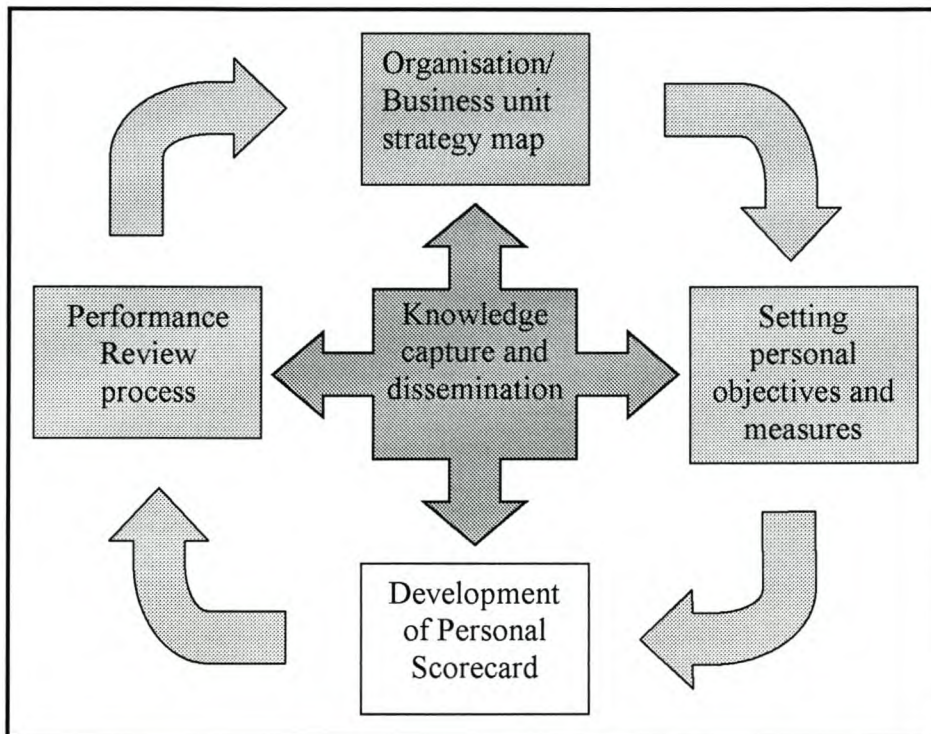
Figure 20 – The Management by Strategic Objectives Process

The Management by Strategic Objectives process begins with the development of the organisations / business unit strategy map. This course has already been followed and the map completed. This was described in detail in Sub-section 4.2.3. What follows is a description of the objective setting, personal scorecard development and performance review processes. Although the Management by Strategic Objectives diagram shows that the objective setting and personal scorecard development phases are separate processes in effect these occur simultaneously.

4.3.2) Setting personal objectives and measures

The completion of a Personal Scorecard begins with a meeting between the line manager and the individual for whom the Personal Scorecard is to be developed. It is important that the employee understands the performance management process and the method used to evaluate his or her performance. The role of the manager is crucial as it is at this stage that any misconceptions can be clarified and employee acceptance of the system can be gained. It is therefore essential that managers are well trained in the use of the Management by Strategic Objectives performance management system. During the Personal Scorecard development interview the manager explains the performance management system and then assists the employee in completing Sections 1 and 2 of the Personal Scorecard questionnaire. In some instances it may not be possible for the questionnaire to be completed at the first meeting and may be necessary for managers or employees to carry out further research. This may take the form of finding additional information or determining suitable measures or targets. In this instance a second meeting is necessary to finalise the Personal Scorecard questionnaire. By answering these questions the employee is sensitised to the areas where they can influence the strategic objectives of the Emergency Services Directorate and in doing so how they contribute towards the vision and mission of the City. This immediately focuses attention to the most critical areas in which objectives must be set. It is now necessary for the manager and employee to discuss and decide upon objectives that will make a direct contribution towards these objectives. During this phase the Personal Scorecard is populated.

Manager involvement and commitment is important in the objective setting process. Ultimately the supervisor will be responsible for ensuring that the Personal Scorecards of the people whom he manages contribute to the achievement of the performance objectives for which he is responsible. Although the employee is central to the objective setting process it is the manager who has the final say as to the acceptability of the objectives. This judgement must be based on what is reasonable, attainable and whether it is supportive of high-level strategic objectives and finally consistent with other employee objectives (Koontz *et al*, 1986: 107).

Linking individual Personal Scorecards to the immediate line manager increases the overall commitment of those involved in the process. The objective setting process is an opportunity

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for individuals to set themselves unique and challenging objectives. This freedom in the choice of objectives allows individuals to follow different paths whilst still contributing to overall organisational objectives. By linking Personal Scorecards, control is maintained over the type of objectives that are set so that there is a degree of consistency between objectives set by different people.

It is not easy to set objectives and employees may need coaching in this regard. The following questions may assist both employees and managers in setting meaningful objectives: -

1. Does the objective cover the main features of my job?
2. Is the list of objectives too long? If so can I combine some objectives?
3. Are the objectives verifiable i.e. will I know at the end of the period whether or not they are achieved?
4. Do the objectives indicate quantity, quality and time?
5. Are the objectives challenging?
6. Are priorities assigned to the objectives (ranking, weighting)?
7. Does the set of objectives also include improvement objectives and personal development objectives?
8. Are the objectives co-ordinated with those of other employees, supervisors/managers and organisational units?
9. Have I communicated the objectives to all who need to be informed?
10. Are the objectives consistent with long-term strategy?
11. Are the assumptions underlying the objectives clearly identified?
12. Are the objectives expressed clearly and in writing?
13. Do the objectives provide for timely feedback so that I can take any necessary corrective steps?
14. Are my resources and authority sufficient for achieving the objectives?

(Koontz *et al*, 1986: 110)

Managers must provide support and counselling to their employees in order to set consistent, supportive and realistic objectives. The objective setting process should include a specific description of what is to be achieved and how the achievement will be measured, target dates for accomplishments and where applicable the resources (e.g. time, money) to be used in accomplishing the objective.

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The manager can facilitate the objective setting process by questioning the employee as to: -

- What can you contribute?
- How can we improve your operation to help me improve mine?
- What stands in the way; what obstructions keep you from a higher level of performance?
- What changes can we make?
- How can I help?

(Koontz *et al*, 1986: 107)

The objectives set should correspond to the four Balanced Scorecard perspectives and there should be at least one objective in each perspective. This creates the balance required between the perspectives. The finalised objectives should be inserted into Column 1 of the Personal Scorecard.

There may be a need to change the objectives that have been set. The circumstances that led to the setting of a particular objective may have changed. For example, a manager may have an objective set relating to the management of a particular project. However, if the funding for the project is withdrawn the objective becomes null and void. The Personal Scorecard will have to be amended accordingly. Consensus should be reached between manager and employee as to any new objectives.

Objectives in the Customer and stakeholder perspective should concentrate on what is required to create a positive relationship with the politicians, senior officials, citizens and taxpayers of the City. Consideration must be given to how a member of the Fire Service can positively influence: -

- The functionality and quality of the services rendered.
- The time taken to process, respond to and deal with requests for assistance or a particular service.
- The image and reputation of the Fire Service through the way in which you render the service.

(See also Sub-section 2.3.4)

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Objectives within the financial perspective should strive towards the creation of a positive relationship with financial donors i.e. politicians, senior officials, citizens and taxpayers. By improving operational efficiency the costs incurred are reduced and consequently increase the value created in rendering the service (See also Sub-sections 2.3.3). One is not required to be in a senior management position to hold sway over the organisation's finances. Members at all levels wear a uniform, operate expensive equipment or have control over stores and stationery. These situations are often not seen as having a financial implication but they do. Resources cost money to purchase, use, maintain and store. The careless or improper use of these resources ultimately increases the costs of running the service. The costs associated with running the service either impresses or depresses the strategic constituencies that support the Fire Service financially.

The internal business process perspective objectives must consider what administrative and operational processes need to be performed well to achieve the objectives described in the customer/stakeholder and financial perspectives (See also Sub-section 2.3.5). The performance of administrative and operational functions must occur in an innovative and flexible manner before, during and after contact with the customer/stakeholder.

Lastly, the objectives considered in the Organisation and Learning perspective must consider what you need to learn and communicate, how you should work with your colleagues to achieve the Emergency Services strategic objectives (See also Sub-section 2.3.6). For the individual this would include determining immediate developmental needs as well as future career development needs. For individuals in a managerial position at least one objective should relate to mentoring, counselling or coaching. In addition every member of the Fire Service has an important role to play in positively influencing the development of other colleagues and subordinates and other functional areas within the service.

4.3.3) Determination of indicators, measures and targets

After the manager and employee have agreed upon and finalised the objectives for the personal scorecard it is necessary to determine indicators/measures and targets. Although the concepts of indicators, measures and targets have been discussed in Sub-section 2.2.4 it will be useful at this point to revisit these topics. One of the most difficult tasks to complete when

setting objectives is deciding how the accomplishment or the degree of accomplishment of the objective will be determined. If an objective is not measurable then there is no way of determining accomplishment. A fundamental assumption in developing the review process is that performance in achieving the objectives can be measured. Before progressing any further it is of use to present the relationship between objectives, indicators, measures and targets in the form of a flow diagram.

Performance measures must be agreed upon at the same time as the objectives are defined. This provides for the fair assessment of progress and achievements and for individuals. The measures should relate to results and observable behaviour and based on predetermined targets. In order to measure objectives properly the relevant information must be available. The chosen indicators/measures are placed in Column 2 of the scorecard.
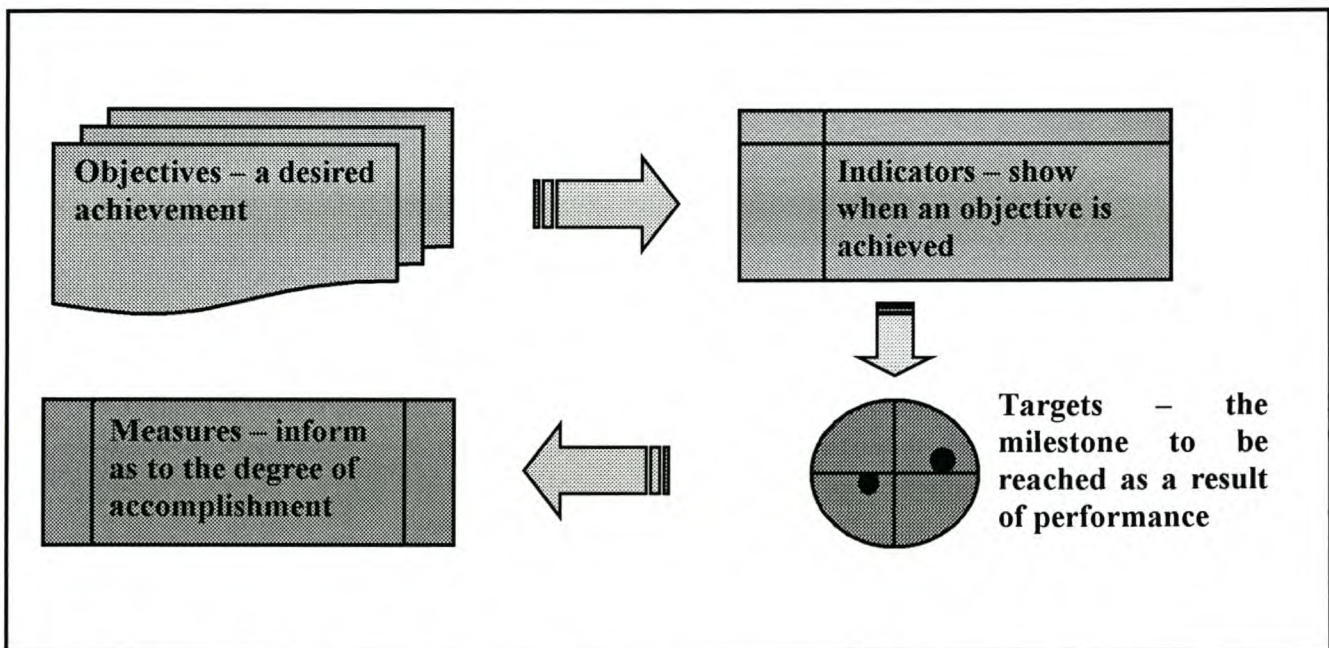
Figure 21 – The relationship between objectives, indicators targets and measures

The targets that are set to measure objectives should be realistic and able to measure quantity, quality, time and money. They have to be clear, unambiguous and understandable and attainable within a specific timeframe. Both managers and employees must agree on these targets and they must be within the capability of the individual. The targets are now placed in Column 3.

The concept may be clarified further by way of example. To run a fire station efficiently requires many inputs. One such input is consumable materials such as soap, paraffin, toilet rolls, and stationery. Stockpiling of stores materials is a problem area as it means that physical goods are not being used effectively. This ineffectiveness impacts negatively on the financial status of the Fire Service and ultimately the community. A fire station manager can positively influence both the internal-business process and financial perspectives of the Balanced Scorecard. The implementation of a more efficient stores ordering methodology positively influences the internal-business process perspective. As a result of the revised procedure, reducing the cost of stores to the bare minimum increases financial perspective cost effectiveness. The fire station manager responsible for ordering stores for his fire station may set himself an objective to operate on a "*just in time*" ordering principle. His indicator informing him whether he has achieved the objective will be a reduction in the cost of stores for that particular fire station. The desired target will be to reduce the contents of the store to the minimum and then maintain those stock levels. The extent to which the "*just in time*" system is working will be determined by measuring the surplus and shortfall in the various stores items on a monthly basis to determine whether there is any stores materials left in the stores locker at the end of the month.

4.3.4) Prioritisation of objectives

The Fire Service is striving to attain a particular level of performance in order to contribute to the strategic objectives of the Emergency Services Directorate. As has been presented before, the people within an organisation should align their goals and objectives to those of the organisation in order to accomplish this. However, even with the development of personal objectives that ultimately support the Directorate's objectives there will be certain individual objectives that are of a higher priority than others. It must be born in mind that the Personal Scorecard is a developmental tool. As such a high priority must be placed on outcomes that lead to individual development. In order to focus the attention of both the individual and manager on the high priority areas each objective is assigned a priority rating. The employee and manager must decide on whether the attainment of a particular objective is a low, medium or high priority.

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As an example, because the new Fire Service is an amalgamation of seven separate firefighting units the levels of training in the previous Municipal Fire Services was not fully standardised. In addition some Fire Services could afford to train their staff or have them trained whilst others could not. This has led to a disparity in the competency levels of firefighters across the City. In an attempt to resolve this problem the Fire Service training section has identified five key courses that firefighters must complete. All efforts are being focussed on providing training to those firefighters that lack one or more of these courses. The aim of the programme is to raise the proficiency level of all firefighters to the desired standard. Therefore, in the Organisation and learning perspective firefighters that are lacking one or more of the key training courses should set for themselves an objective of attending and passing these courses. The Fire Service is treating this programme as a high priority. Consequently the priority an individual attaches to this objective should also be high.

In Sub-section 4.2.6.3 I discussed the key performance areas for individuals at various levels within the Fire Service hierarchy. From this discussion it was self-evident that priority areas will differ depending on where a person is in the organisation. Firefighters need to be more operationally inclined whilst station and functional managers should have a balance between operational and managerial functions. Senior officers spend less time involved in operational tasks and apply more effort into strategic issues. If one now considers the four Balanced Scorecard perspectives, it means that the priority areas for the various levels in each of the perspectives will be different. Managers and employees should use the Priority Matrix in Table 2 as a guide to determine the priority of individual objectives.

The reader should understand that the priority rating scale is a relative scale. The priorities assigned to each objective are relative to the other objectives set. A low priority rating given to an objective does not mean that it is not important but rather that it is of lesser significance than an objective given a higher priority rating. For instance firefighters are not directly involved in the financial management of the Fire Service therefore the emphasis they place on setting objectives in the financial perspectives are of lower priority than the objectives they set in, for instance, the organisation and learning perspective. That is to say that it is not as important for firefighters to be aware of how they can influence the finances of the service as it is for them to attain objectives aimed at their professional development. Once the priority of each objective has been determined they should be inserted into Column 4 of the Personal Scorecard.

Priority of objectives per level	Financial Perspective	Customer/ Stakeholder Perspective	Internal - business process perspective	Organisation and learning perspective
Senior Management	High	High	Medium	Low
Station and/or functional Management	Medium	High	High	Medium
Firefighters	Low	High	Medium	High

Table 2 – Priority Matrix

4.3.5) The Completion of the Personal Scorecard

From the above we can now start populating the Personal Scorecard with the information that has been discussed between manager and employee.

Personal Scorecard

Name		Mid year review date	
Position		Year end review date	
Name of manager			
Position			

The City of Cape Town

Vision – "what we want to be"

A smart and globally competitive city with opportunities for all its people in a safe, stable, liveable, prosperous people friendly environment

Mission – "what we do"

The City of Cape Town's administration will be a world class organisation of which all stakeholders can be proud of being: unified, customer focussed, committed to equity, deliverers of high quality services in a developmental, productive, responsible and innovative way through efficient systems and empowered staff

Fire Service personnel are tasked with achieving and maintaining a fire safe City through educating the broader community, the performance of fire and life safety inspections and responding to fire and other emergency incidents. How you perform your daily activities and what you do at work must reflect the spirit of the City's vision and mission.

1) How do your basic job responsibilities serve the above vision and mission? State what you do and what value it adds in the above context.

I am...

_____

_____

_____

_____

_____

2) Which of the following Emergency Service Directorate objectives can you influence by your activities? (Before answering this question please think beyond the obvious and then mark with an **X** the objectives you believe you can influence).

Customer and Stakeholders

Reduce/prevent occurrence of life/property/environment threatening incidents.

Ensure rapid and equitable relief/ response to emergencies.

Enhance involvement of community and relevant stakeholders/ partnerships.

Financial perspective

Control and manage directorate budget.

Ensure financial stability.

Internal-business process perspective

Ensure compliance with legislative mandates/ requirements.

Monitor, evaluate, standardise and enhance procedures, systems and protocols.

Review and maintain effective and efficient multi-disciplinary co-operative partnerships.

Optimise resource utilisation.

Enhance channelling and management of information.

Ensure risk quantification.

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Organisation and learning perspective

Develop and enhance competencies through staff training and education.

Create a culture of learning and performance.

Promote employment equity.

3) In the previous section you have identified the strategic objectives, which you believe you can influence through your daily activities. Now consider how you will influence these strategic objectives by identifying personal objective(s) in the customer/stakeholder, financial, internal-business process and organisation and learning perspectives and detailing these personal objectives in the accompanying Table. For each objective provide an indicator, measure and target which will indicate the degree to which the objective has been achieved. In the "Priority" column on the right indicate by way of **low, medium or high** next to your objectives the priority you attach to achieving the objective.

Please bear the following in mind when completing this section.

- Your objective(s) should be simple.
- Try and identify not more than four objectives in each perspective.
- Your objectives should be measurable i.e. how will you or your manager know the degree to which you have attained your objectives.
- The measures you use to must be reliable i.e. the measure will show the degree to which you have achieved your objective in all circumstances.
- Your chosen objectives should have a positive effect and assist the Directorate in achieving its strategic objectives.
- The indicators should be a mixture of **outcomes** – e.g. passing a training course and **performance drivers** i.e. things that you can do but you have no direct control over the outcome e.g. being on time for an inspection <u>may</u> result in customer satisfaction. **N.B. Both you and your supervisor must be able to measure your objectives.**

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Guidelines for determining objectives

In the Customer/stakeholder perspective consider what you need to do to create a positive relationship with our politicians, senior officials, citizens and taxpayers.

How can you positively influence: -

- The functionality and quality of the services that you render?
- The time taken to process, respond to and deal with requests for assistance or a particular service?
- The image and reputation of the Fire Service through the way in which you render your service?

In the Financial perspective consider what you need to do to create a positive relationship with our financial donors i.e. politicians, senior officials, citizens and taxpayers.

How can you positively influence: -

- The costs incurred in rendering our service by improving operational efficiency?
- The value created by the services we render?

In Internal-business process perspective consider what administrative and operational processes you need to perform well to achieve the objectives described in the customer/stakeholder and financial perspectives. How can you perform your administrative and operational functions in an innovative and flexible manner before, during and after contact with the customer/stakeholder?

In the Organisation and learning perspective consider what you need to learn and communicate and how you should work with your colleagues to achieve the Emergency Services strategic objectives.

- What skills do you need to acquire to perform your function better?
- How can you positively influence?
  - ➢ Another functional area within the Fire Service?
  - ➢ Your own career development?
- If you are in a supervisory position how can you assist in developing/ counselling/ mentoring a junior colleague?

1	2	3	4	5	6	7
Objectives	Indicators/ measures	Target	Priority	Self Assessment	Manager Assessment	Rating
Customer and Stakeholder Perspective						
See Section 4.3.2	See Section 4.3.3	See Section 4.3.3	See Section 4.3.4	See Section 4.3.6	See Section 4.3.6	See Section 4.3.6
Financial Perspective						
Internal-business process Perspective						
Organisation and Learning Perspective						

Managers Signature _____   Employees Signature _____

4.3.6) The Performance Review process

The review process for the Management by Strategic Objectives system is a results orientated method (Beardwell *et al*, 2001: 542). Objectives are set to assess specific results and outcomes arising from work performance and not work behaviour. The review process provides an opportunity for those involved to reflect on past performance as a basis for making development and improvement plans (Armstrong *et al*, 2000: 329)

The performance review process has five basic elements, namely: -

- The measurement of results against agreed targets
- The provision of feedback on the individuals performance
- Positive reinforcement highlighting good performance and making constructive criticisms only
- The meeting should be an open and honest exchange of views
- The ultimate aim of the review meeting is to reach agreement on future actions required by both parties to improve performance

Personal Scorecards are reviewed bi-annually. The first part of the review process is a self-assessment by the Personal Scorecard owner. This entails having the individual analyse and appraise their own performance as a basis for discussion. According to Armstrong *et al* (2000: 331) consideration needs to be given to the following: -

- The achievements in attaining objectives
- Examples of where objectives have not been met and the reasons therefore
- Successes in achieving objectives with examples
- Areas where improvement is required and the mechanism for attaining this improvement
- Development and training needs
- The requirements for better management support and guidance
- Future aspirations
- Preliminary objectives for the next review period.

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Including a self-assessment process into the review stage results in personnel being an integral part of the review process. This reduces inhibitions, defensiveness and creates an atmosphere in which a positive discussion can take place. A fundamental requirement of self-assessment is that managers and employee trust one another implicitly (Armstrong *et al*, 2000: 331).

The results of this self-assessment are recorded on the Personal Scorecard in Column 5.

It is then the turn of the manager to review the employee's performance. The manager and the employee need to meet and discuss the following: -

- How well the individual being reviewed has done in attaining work objectives since the last review meeting.
- Discuss progress towards accomplishment of objectives and provide feedback as to how the manger views the employee's performance.
- Internal and external factors that have affected performance.
- Actions that can be taken by both manager and employee to develop and improve performance.
- Future career development.
- The preliminary objectives for the next review period.
- Review the discussion.

This process ensures that the process is dynamic and focussed on long-term and evolving issues and continuous improvement. Again the results are recorded on the Personal Scorecard in Column 6.

From these reviews a final performance rating is determined. This rating can either reflect that the objectives have been **exceeded**, **met** or are **below expectation**. This is recorded in Column 7. This method of reviewing performance is subjective and may result in a disagreement as to the final outcome of the review. Should there be a disagreement the matter is to be presented to a senior officer. Both employee and manager will have an opportunity to state their case. The senior officer will have the last say as to the outcome of the review.

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The ability of a manager to rate an employee is dependent on their ability to minimise common rating errors that occur during the performance review process. The most common error is that of supervisor bias. Personal characteristics such as sex, disability, race or organisational-related characteristics such as seniority, membership of a particular group or friendship with senior officers often leads to supervisory bias.

Often a particular aspect of an employees' performance either positively or negatively influences the rater's evaluation of other aspects of performance. A Control Room operator may have a good telephone manner when dealing with panicked callers but has an untidy handwriting that is often misread. However the evaluator ignores one of the performance areas in favour of the other. This is known as the "*halo effect*" when the bias is towards the positive and a "*negative halo effect*" when the bias is towards the negative.

Being too lenient is another fault that evaluators make. Ryan (2002) confirms this phenomenon and has found that in his experience this tends to happen in functional areas where the type of function takes place in a stable environment. Most managers do not enjoy this aspect of their job and therefore they err towards a higher evaluation result. This is a method of keeping the peace, as the evaluator does not want to be unpopular with the staff. However this demoralises good performers as they feel that despite working hard they receive a commensurate amount of credit. The opposite, being too strict, can also create a problem but is not as nearly so common. This fault is made where managers uphold standards of excellence that are difficult to attain and staff do not live up to the manager's expectations.

As the performance review period is often based on a yearly cycle it is common for managers to remember recent events relating to performance rather than those that occurred in prior months. It is natural for a manager to be influenced by recent events and it is necessary to conduct frequent appraisals even if they are informal ones.

4.4) Chapter Summary

In this chapter the reader has been taken on a journey, beginning with an explanation of the requirements for a local government performance management system. Once this had been done the development and implementation of the Balanced Scorecard in the City was

described. The integrated performance management model, guided by the City's strategic architecture, served as the framework that aided in the performance management development process. Strategy mapping, the objective and indicator setting phases were described. The focus then turned to the development of the Personal Scorecard model within the context of the Cape Town Fire and Emergency Service. The key performance areas within the Fire Service were described as a precursor to explaining the requirements for a Fire Service performance management model. The process of developing and implementing the Personal Scorecard model was then undertaken. In the following chapter the process of piloting the Personal Scorecard questionnaire will be discussed, as will the results that were obtained.

Chapter 5 – Pilot study data analysis

5.1) Introduction

In the previous chapter the reader was introduced to the Personal Scorecard performance management model. Central to the implementation of the Personal Scorecard as a method of performance management, is the objective setting process. This forms the framework around which the levels of performance will be assessed. In order to validate the theoretical foundation of the model it is helpful if the objective setting process can be tested in practice. In order to do this it was necessary to collect data relating to the objectives, measures and priorities that the respondents determined to be relevant in their context. The remainder of this chapter is dedicated to the evaluation of the results obtained from the pilot study.

The data collection process was accomplished through the use of a questionnaire. The questionnaires were used to pilot the objective setting process necessary for the development of a Personal Scorecard. In order to ensure that the process was carried out in a thorough manner, data was obtained from a wide variety of individuals. The data collected reflected the diversity of people staffing the City's fire stations and the specialised functions they undertake within the service. Consequently data was collected during group sessions where respondents were asked to complete the questionnaire. A small number of questionnaires were circulated via e-mail.

Group sessions were undertaken in the following fire stations, namely: - Kraaifontein, Strand, Atlantis, Milnerton, Epping, Belhar and Mfuleni. In addition, the questionnaires were circulated to respondents in Fire Safety, Fire and Life Safety and the Training Centre.

A total of 56 questionnaires were returned completed or partly completed and these represented four senior managers, 11 station managers, 17 leading and senior firefighters, 23 firefighters and one civilian staff member.

The following sections describe the results obtained from the questionnaires.

5.2) General comments on the group sessions

As a participant observer during the course of undertaking this research I was able to identify a number of issues that are worthy of comment. These relate to the completion of the Personal Scorecard questionnaires in the group sessions and have the potential to affect the successful implementation of any individual performance management system.

The ability to communicate with people at all levels is essential and language played a significant role in determining the type of responses obtained (or in some instances an absence of a response) to the questions in the questionnaire. The respondents were racially and culturally mixed. The group represented members of the English, Afrikaans and Xhosa speaking communities. Some Afrikaans and Xhosa speaking respondents experienced difficulty in understanding the questionnaire as it was in English only, combined with the nature of the questions asked.

Many of the respondents did not understand the concept of performance management and most have never been exposed to this management tool before. This resulted in a lack of basic understanding as to the Balanced Scorecard and its functions. Attempts to briefly explain the theoretical background resulted in the creation of more confusion. This is not because personnel are unable to understand the concepts but rather relates to the insufficient amount of time that was available for this to be done. The process of creating awareness and communicating Balanced Scorecard information cannot be accomplished in a single session. As discussed in Sub-section 2.5.1 communication has to be specifically designed for the audience.

This lack of understanding resulted in a number of questionnaires being returned either incomplete or blank. This reconfirms the need for the Personal Scorecards to be developed in conjunction with immediate line managers. The process of coaching and counselling will result in more pertinent objectives being set. In addition managers can assist staff in determining indicators and measures. The nature of the measures suggested by the respondents was in most instances not usable or too general.

It was found that my presence in the group had an influence on the outcome of the session. While I was present the different groups were not as likely to talk amongst themselves as when I left the room. Although the questionnaires relate to individual objectives I believe that because of the unfamiliarity with the concepts being discussed and the type of the questions asked of them the respondents when left alone discussed the questionnaire amongst themselves. This again points to the support needed by personnel in developing the Personal Scorecard. The changes made to the questionnaire presentation during the course of undertaking this research did alleviate some of the difficulties (See Section 5.3).

There was a poor response to the e-mailed questionnaires. Only two completed questionnaires were returned. One of the respondents, an officer in a senior management position confided that he thought many of the people who had received the questionnaire did not understand the contents. I believe that in most instances the reasons were twofold. Firstly respondents read the questionnaire but did not take the time to apply their mind to answering it or secondly they simply made no effort to complete it.

In two instances staff members refused to complete the questionnaire. The reasons for this were different in both instances. In the first the individual did not feel comfortable in doing so. This may be related to the restructuring process currently underway. At present the placement process is just beginning. This process is intended to unify the 27 000 employees of the City into the new organisational structure. This phase of the restructuring is bound to generate many problems, as it is here that the choice of people to fill positions within the new structure will be made. In the second instance the firefighter began the questionnaire but left the group session midway. By way of explanation he stated that he was a practical person and "paperwork" like this was not for him. This is indicative of many people within the Fire Service and serves as an indicator that any performance management process should be succinct, user-friendly and manager driven.

5.3) The changing nature of the group sessions

The format of the group presentations and how the questionnaire was presented to the participants evolved over time as more sessions were conducted. This evolution resulted from

the knowledge gained during previous sessions and is concurrent with a pilot study research methodology.

The initial group session format consisted of a background explanation into Balanced Scorecard theory. This became the point of departure for an explanation into the personal scorecard questionnaire. My initial thoughts were to see if respondents could complete the questionnaire with a minimum of assistance. However, it became obvious that this was not to be the case. Many of the problems identified in the previous section were experienced with this group session format. Language ability and understanding affected the results of this session. The majority of respondents participating in this session were Afrikaans speaking

Subsequent sessions evolved into giving a brief introduction and a more comprehensive explanation of the questionnaire. However, there was no marked improvement in the ability of the respondents to complete the questionnaire. Again the issue of language and understanding are deemed to have influenced the results. The respondents during this session were mainly Xhosa speaking personnel. Subsequent sessions using this format did generate some good results.

The next evolution of the process was where I became part of the questionnaire completion process. Although still undertaken in a group context I assumed the role of manager/supervisor. This was to see if the provision of support similar to that which the Personal Scorecard Model expects of a manager, eased the completion process and provided better quality objectives. Instead of simply explaining the process and allowing the respondents free time to complete the questionnaire I engaged with respondents on a one to one basis. The objectives set are still those of the respondents but I played a more supportive role. The changing format of the group sessions and how the process of completing the questionnaires was altered was a necessary experiment in order to test the validity of the questionnaire and to fine-tune the objective setting process.

5.4) Data Analysis

The research methodology used requires that the data collected is analysed using a technique called *content analysis*. The questionnaires are systematically examined and specific themes

highlighted in each of the questionnaire sections. In the following section the general themes will be discussed according to the vision and mission and the four Balanced Scorecard perspectives. These will be analysed from a Personal Scorecard perspective.

5.4.1) The Vision and Mission

The majority of respondents could describe how their basic job responsibilities served the City's vision and mission. What is noticeable is that many firefighters only saw their daily operational role and did not identify with areas such as fire safety or education, However respondents holding higher ranks were able to cross their functional boundaries and link their activities to other functional areas in a more meaningful manner. I believe that the inability of many respondents to move beyond their functional paradigm is as a result of the traditional Fire Service organisational structure coupled with a command and control management style. It is clear that if the Fire Service is to succeed in creating a safe city staff will have to be multi-skilled. This requires that personnel be realigned to a broader perspective of using a multitude of methodologies to prevent and reduce the incidence of fire.

5.4.2) Customer and stakeholder objectives

The objectives set surprisingly reflect a commonality of purpose and can be divided into the following broad categories, training, attitude and behaviour, communication, the provision of effective fire and life safety inspections and an efficient response to fire and other emergencies. These categories can be further divided into genuine customer/stakeholder perspective objectives i.e. the provision of effective fire and life safety inspections and an efficient response to fire and other emergencies and performance drivers, such as training and standardised operating procedures which are more suited for inclusion in other perspectives.

Respondents believe that the Fire Service should render its services in a politically unbiased, fair and reasonable manner. That customers and stakeholders can best be served by the timeliness of service delivery in both emergency and non-emergency situations. Indications are that across all rank levels respondents view a proactive approach in the prevention of fire and related injury as being of greater significance than the reactive role traditionally played by

the Fire Service. This thought is seen in a number of respondent's objectives relating to fire and life safety inspections, educational activities, pre-fire planning and familiarisation with area risks. These activities increase the interaction with the community and thereby increase the visibility of the service. Included in this theme is the need for timely services, rapid response to emergency situations and greater communication with the community and other stakeholders. A number of respondents identified the need to be able to communicate with all members of the community being served as being important. They identified an inability to speak Xhosa as being problematic. Objectives in the Organisation and learning perspective could reflect this as an objective for some personnel.

The issue of visibility leads to the next general theme. Numerous respondents see objectives that relate to increasing the professionalism of the service and how the public perceive its members as best serving the cause of improved customer and stakeholder relationships. These objectives relate to personal attitude and presentation. The call for the correct attitude relates not only to individuals themselves but also in their relationships with Fire Service management and the community. One respondent set an objective relating to increasing harmony between the members of the service. This objective was similarly identified by senior managers, station managers and firefighters. A number of respondents see the uniform as having the ability to positively influence this perspective. Neatness and appearance are indicators of pride in the service. If the community can see that the members of the Fire Service have pride in their appearance it influences politicians, senior officials and the community. It is these stakeholders that provide the funding required by the service. How the resources purchased with these funds are utilised and looked after either creates a positive or negative impression in the minds of stakeholders. In a similar vein how one cares for buildings, vehicles and equipment reflect pride in ones work. By ensuring that resources of this nature are well maintained, even if they are dated, will create the positive stakeholder image many respondents endeavour to achieve with the objectives they set themselves.

The majority of respondents identified all aspects of training as being important drivers of customer and stakeholder performance. The thrust of the objectives was increased drilling, lectures and station and specialised training. Improving skills in this fashion drives the performance that is necessary for improved customer and stakeholder relationships. The crux is that when a member of the community needs help from the Fire Service they expect to

receive that help. This can only be achieved through the services ability to deploy well-trained staff that can mitigate the situation at hand.

5.4.3) Financial objectives

Respondents appear to have had more difficulty in setting objectives for this perspective. The managers showed a greater ability to set objectives in this perspective than firefighters and other staff. A number of respondents did not complete this portion of the questionnaire. However, despite this the remaining questionnaires exhibited a number of specific themes. These themes relate to occupational safety, the correct use of vehicles, equipment and personal protective clothing, reducing costs of stationary, water, electricity, telephone calls etc. The final theme is one of creating awareness and educating staff regarding the budget and other financial issues.

Respondents correctly identified occupational safety as being important within the Fire Service. Fire Service personnel often find themselves in dangerous situations in the course of their work. Therefore it is of the utmost importance that personnel are equipped with suitable protective clothing. In order to ensure control over what is essentially a difficult environment to control the Fire Service has developed standard operating procedures to regulate personnel and incident commanders. However, despite these safeguards personnel do get injured. Injuries to staff have a financial implication on the Fire Service. The costs incurred from injuries sustained on duty are born by the Fire Service and consequently impacts on the cost of running the service. Objectives set by personnel relating to occupational safety have an immense impact of increasing the cost effectiveness of the service. Training is an important performance driver in this regard as skilled staff are more aware of the dangers they face and can make calculated decisions about personal risk. It is heartening to see that despite other possible shortcomings respondents' viewed occupational health and safety in a serious light.

Many respondents identified the correct use of vehicles and equipment as being a suitable objective in this perspective. Essentially firefighting is an activity that requires large amounts of manual labour to successfully mitigate emergency incidents. However, firefighters use vehicles and equipment to assist them to accomplish their tasks. These are costly due to their specialised nature. The correct use of these tools is necessary in order to prolong their

working life. The majority of respondents are aware of the severe financial constraints placed on the Fire Service and it is clear to see that they view objectives relating to this theme as having a positive influence on the financial perspective. Training and knowledge creation can once again be seen as performance drivers for the objectives in this perspective

The objectives in the third theme that respondents believe they can influence revolve around the cost of consumables such as electricity, stationary and the like. An awareness of the cost of these resources and how staff can influence the housekeeping bill at the end of every month is a positive sign. These costs generally go unnoticed by all except those who pay the bills. Having personnel purposefully setting themselves objectives can influence the cost incurred aspect of the financial perspective. The difficulty in this regard is the determination of indicators and measures to determine the outcome.

The last theme the respondents identified was a need for greater awareness and knowledge of the Fire Services budget and how the financial aspects of an organisation link to the daily operations of the service. Personnel at grassroots level have very little idea of the cost of running the Fire Service and fail to link their daily actions to future expenditure. The cause and effect relationship between finances and non-financial activities can be internalised by setting objectives that raise the consciousness of personnel to the financial link between inputs to non-financial processes and outputs.

Objectives relating to the value that can be created by fire and life safety inspections and education activities are conspicuous by their absence. These activities have the greatest opportunity to generate the largest returns. However, the inability to think of Fire Service programmes as having a positive financial benefit is indicative of the general lack of awareness of how the financial and the non-financial objectives are inexorably linked. This is an area in which much work still needs to be carried out. As a non-profit organisation the Fire Service must be able to present the alternate value created view as a motivation for continued donor support.

5.4.4) Internal-business process objectives

This perspective reflects the need for organisations and individuals to excel at core business processes that are aimed at achieving the desired objectives defined in the Customer/stakeholder and financial perspectives. The fact that the majority of respondents provided only basic objectives relating to record keeping and administrative processes reflects more on the level at which the respondents are within the organisation. Most are Firefighters and as has been mentioned before their work has a minimal administrative component. The objectives set by respondents in this section can be divided into three main themes.

The first theme can be described as administrative efficiency. This comprises a number of separate components that when combined should result in the desired efficiencies. These components are effective workflow procedures, accurate record keeping and Information Technology support. The administrative burden placed on the service as a result of its activities is substantial. There is the necessity to fully document each fire and emergency incident attended. This is not only for billing purposes but serves as a record of events. These reports kept for Fire Service purposes but in addition the police, insurance companies and property owners also make use of them. The Fire and Life Safety section also generates a substantial amount of documentation in the form of letters, survey reports and legal notices. This paper trail creates a history of each building or installation inspected. Pre-fire planning involves familiarisation visits to certain fire risks and the generation of plans that detail Fire Service and other role-player actions and responsibilities during an emergency incident. This type of planning often results in formal agreements as to roles and responsibilities. This documentation can be used in court proceedings should the need arise. These are but a few examples of the documentation generated during the normal activities of the Fire Service and highlight the need for effective administrative systems.

Communication is the second theme identified by respondents as being worthy of personal objectives. Communication in the Fire Service is essential and applies as much to the emergency scene as it does to non-emergency situations. Clear lines of communication and clear communication itself are essential between internal parties but also with customers and stakeholders. This theme represented general statements rather than rendering concrete objectives. However, these objectives should be reflected in the Organisation and learning

perspective as effective communication represents a performance driver to the other three perspectives.

The last theme relates to safety procedures and can also be linked to discipline. The correct use of vehicles and equipment was identified in the financial perspective as being important by a number of respondents. Of equal importance is ensuring that these tools are well maintained and are regularly checked. Existing procedures to accomplish this are in place but the quality of this process is dependent on the how carefully these tests and checks are carried out and the results recorded. Personal objectives relating to this are of vital importance as lives depend on serviceable vehicles and equipment. Linked to this is the issue of discipline. Self-discipline and management's maintenance of discipline is a performance driver in this regard. Staff that have a high level of self-discipline underpinned by a management structure that supports a disciplined environment result in performance that is driven by this philosophy. This idea is congruous with Peter Drucker's use of the term "self-control" when explaining the management processes required if organisations are to achieve their goals (See Sub-section 2.6.1).

5.4.5) Organisation and learning objectives

The predominant theme in this perspective is that of training and development. Training has been a recurrent objective identified by the majority of respondents in the other three perspectives. The training needs differ at different levels within the Fire Service.

For managers the need appears to be for management training. They have been technically trained as part of their journey to become officers but the Fire service is still lacking in leadership and management training. Respondents from the Officer rank identified that objectives relating to coaching and counselling were necessary very few identified specific areas where this could be put into practice.

Firefighter respondents identified objectives relating to operational training as priorities for their career development. Respondents also indicated the need for the maintenance of physical fitness. Very few respondents from non-officer ranks identified objectives that were aimed at

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cross-functional development. Again this could be as a result of their limited exposure to performing functions beyond their normal job function.

A number of respondents identified the need to be able to speak Xhosa. This is a positive sign as it indicates sensitivity to the need to communicate with customers and stakeholder in their own language. In a similar vein one respondent indicated that for her, attendance at adult basic education training was important in order to improve internal communication with her work colleagues.

There was broad agreement that there is a greater need for staff to be multi-skilled. Although I am in full agreement with developing people in a multitude of appropriate skills I believe that Fire Service personnel already posses a high level of multi-skilling. The nature of Fire Service operational work necessitates multi-skilling and as such the training offered allows personnel to gain a wide variety of different competences.

The thrust of the objectives in this perspective is training and development. Coupled with this is the issue of knowledge and information management. One of the more enlightened objectives relates to the constant evaluation of information and the updating of knowledge. Although no specific action plan is proposed the idea that "what the Fire Service knows" needs to be shared is a starting point from which to work.

5.5) Chapter Summary

As part of this research the need existed to test the crucial components of the Personal Scorecard performance management model. This was done by means of a pilot study consisting of a questionnaire which required respondents to set performance objectives for the Personal Scorecard. Respondents from a variety of fire stations and functional areas were involved in the study.

A number of problem areas were identified with the process. This can be attributed to a number of factors such as understanding and language. These are issues that will have to be addressed should this model be implemented.

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An emergent design methodology was used during the study allowed for the research methodology to be adapted during the process. As a result the method of facilitating the group sessions changed. This allowed a degree of experimentation to determine the optimal method of undertaking the objective setting process.

Respondents were able to set objectives in the four Balanced Scorecard perspectives but had difficulties in determining indicators and measures to determine the degree of objective achievement. Many respondents had difficulty in completing the questionnaire. What is evident is that that the objective setting process has to be manager driven in order to circumvent this problem.

The following Chapter will detail recommendations and alternate applications for the Personal Scorecard performance management model and ultimately the concluding comments of this research will be presented.

Chapter 6 – Recommendations, broader uses and conclusion

6.1) Introduction

Just as every journey starts with the first step so it ends with the last. The time has now come to take that last step in our exploration of individual performance management and how it can be implemented within an organisation using the Balanced Scorecard.

In the process of developing this study I have gathered much information from my readings and dealings with people and most of this has been shared with you, the reader. However, this study was undertaken within the framework created by the reality that is the current City of Cape Town and the Cape Town Fire and Emergency Service. The proposed Personal Scorecard model was created within this paradigm. However, along the way issues have arisen either from my own discovery or from those of others, which, while important did not fit into the reality of this paradigm. I believe that these issues are important and are necessary to ensure the success of the Balanced Scorecard and individual performance management within the Cape Town context. These issues will be discussed under the heading of Recommendations.

The Personal Scorecard performance management system has been developed and partly piloted for application with the Cape Town Fire and Emergency Service. However, despite this I believe that the Personal Scorecard performance management system has applicability within a much broader context. A few of my thoughts on this issue will be presented.

Finally, the last section draws to a conclusion this study by rounding off the thoughts and ideas that have been presented.

6.2) Recommendations

The following section will detail some of the ideas that have been generated throughout the course of this study which in my opinion will improve the effectiveness of the Balanced

Scorecard and ease the introduction of the Personal Scorecard performance management model.

6.2.1) Fire Service, fire station and team scorecards

The Personal Scorecard performance management system has been developed using the Emergency Services Balanced Scorecard. As a result, objectives were identified and mapped that were of strategic importance to the Emergency Services Directorate. These objectives have to have general applicability to the three services that make up the directorate, namely the Fire Services, Disaster Management and the Public Emergency Communications Centre. Consequently, there is no direct alignment between these strategic objectives, the business unit (i.e. Fire Service) and the objectives that individuals are being asked to set for themselves. In other words there is still too big a gap between the Balanced Scorecard of the Emergency Services Directorate and the objectives set as part of the Personal Scorecard performance management model. As a result of this gap many respondents to the questionnaires had difficult in aligning their daily functions to the Balanced Scorecard objectives. In order to alleviate this problem I would recommend that the Balanced Scorecard be cascaded to at least Fire Service level. This will allow senior Fire Service managers to set objectives that are aligned to the higher-level scorecard but are more relevant and able to guide the performance of individuals.

Similarly, there are some factors that affect performance which are caused by the unique environment of the Fire Service. As has been previously explained, in order to maintain operational readiness staff are assigned to one of three shifts. Each shift occupies and is responsible for the fire station for the duration of that shift and must be considered as a team. Therefore in order to improve the performance of a particular fire station the personnel on each shift have to work together. One of the biggest drawbacks of this shift system is the lack of continuity between the fire station managers and firefighters on each of the three different shifts and between fire station managers and non-shift personnel and managers. In order to achieve fire station and shift effectiveness there have to be common station and team objectives. The logical method of formalising these would be through the creation of fire station and team scorecards. From this point the development of Personal Scorecards for individual members of staff would be much easier and possibly more meaningful.

6.2.2) Linking reward to performance

The scope of this research precluded the investigation of the linking of reward to performance for improving personal performance and aligning individuals to the four Balanced Scorecard perspectives. However, I would be remiss in my duty if I were not to make a recommendation in this regard. This is considered as an important mechanism for motivating people. Both Sparks (2002) and Ryan (2002) made this recommendation. Both believe that there are only a few people who will be motivated to improve performance simply because of a sense of corporate citizenship. Sparks recounted his experiences in the Port Elizabeth municipality and Ryan described the current reward mechanisms used in the Brisbane City Council during my interviews with them. Both believe that performance needs to be rewarded and in part this needs to be of a financial nature.

This is a difficult issue to address for a number of reasons. Firstly the introduction of any performance management system will have to be handled very carefully. If given the choice most people would avoid being performance managed and it is inconceivable to believe that any moves in this direction would not draw the trade unions into the fray, especially if performance is linked to reward. Trade unions have an important role to play in the relationship between an organisation and the people who supply labour to that organisation. But within the South African context the issue of remuneration is one that has to be approached with caution. I believe that most municipal workers irrespective of their level feel that a salary increase is a right. As such any attempts to alter this status quo would result in a swift and probably negative response.

Having made the recommendation I must also caution that this mechanism should not be introduced lightly. When considering the classical Balanced Scorecard literature it becomes clear that the proposed manner in which a particular strategy is achieved is, until confirmed, a hypothesis. The objectives form cause-and-effect linkages that create a plan of action for achieving the strategy. Until the hypothesis has been proven, reward should not be linked to the scorecard measures.

6.2.3) Changing organisational culture

Every organisation has its own particular culture and even business units within the same organisation present a different sub-culture. This culture is representative of the shared values and behaviours of the people who comprise the organisation. The introduction of a new performance management system is a change in the status quo. Initially there may be resistance to this enforced change. Hatfield (2002) identified and experienced this problem in the Balanced Scorecard development and implementation process within the City of Cape Town and Ryan (2002) confirms that it is difficult to introduce performance management into the public sector. There is a reluctance to volunteer for the transparency and accountability that systems such as the Balanced Scorecard introduce. In order to circumvent this problem, a process of organisational development must accompany the development and implementation of any performance management system.

6.3) The broader applicability of the Personal Scorecard performance management system

The Personal Scorecard performance management system has been developed within the context of the Cape Town Fire and Emergency Service. However, this system can be adapted to make it applicable in a broader context. The Personal Scorecard performance management system begins with the determination of personal performance objectives. This is accomplished using the Personal Scorecard questionnaire. The questionnaire was developed in such a way so as to align the respondent's personal objectives to those of the organisation. This process begins by asking the respondent to identify how their daily functions add value to the organisation's vision and mission. Of vital importance to the modern organisation is the need for each and every employee's activities to contribute to the vision and mission. Any activity that does not contribute to the vision and mission is misdirected or should not be performed at all. Once the link between an individual's daily activities and the high level strategic architecture has been created, the next step is to identify the business unit Balanced Scorecard objectives that the individual can positively influence. This process concentrates the focus from high-level to business unit level objectives. This is then the departure point for

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setting individual objectives. The employee then sets personal objectives aligned to the business unit's strategic objectives.

 By adapting the objective setting questionnaire, the Personal Scorecard performance management system can be used in a broader context than the Fire Service. An adapted questionnaire can be found in Annexure B. The questionnaire has been left blank and provides space for the purpose statement of the business unit, the Balanced Scorecard strategic objectives and the personal objectives table in the four scorecard perspectives to be completed by managers in other business units. By using the revised questionnaire managers in other municipal departments can develop Personal Scorecards in conjunction with their employees. The remainder of the performance management process remains the same

6.4) Conclusion

This research began by orientating the reader to the growing international call for an improved public sector. Public perception was of a monolithic, overly bureaucratic organisation and one that had a reputation of being non-customer focussed. Reform in the public sector has primarily been aimed at improving the customer focus and increasing effectiveness. In the South African context this reform was also driven by the historical vagaries created by *"apartheid"*. Since 1994 the South African government sector at the national, provincial and local government levels has been undergoing a series of reform processes aimed at improving the performance of these institutions. This has been driven by the provisions of the South African constitution and supported by a host of other legislation and policy documents. This has resulted in major reform and restructuring initiatives at local government level. On the 5th December 2002 the City of Cape Town entered the final phase of this restructuring process. As part of this process the City has had to implement an organisational performance management system. This is in response to a legislative requirement contained in the Local Government: Municipal Systems Act. The City has chosen the Balanced Scorecard as the tool with which to monitor its performance. The system was piloted in the top three management levels of the organisation. How performance at lower levels was to be managed remained to be seen. The gap between where the Balanced Scorecard was implemented and the management of individual performance at the lowest levels was the point of departure for this research. In order to achieve alignment between

organisational strategy and individual goals and objectives it was necessary to create an individual performance management model that would accomplish this.

Before developing the individual performance management model it was necessary to create the theoretical foundation upon which the model would be based. This was initiated by defining the generic terms relating to performance. Performance relates to the behaviours and outcomes of both organisations and individuals. A model was presented that defined performance as a dynamic process and the reader was encouraged to make use of this model when considering performance. This research deals with both organisational and individual performance. This was necessary because in order for organisations to be effective a whole range of sub-systems need to perform well. The most important of these is the human element. If people do not perform, then organisations will not perform. Organisational effectiveness and individual performance management was discussed in detail and working definitions of these concepts provided. In order to measure performance it was necessary to develop indicators and measures and set targets of attainment. These are aimed at determining the degree of progress being made in a particular direction. Examples of various indicators and measures were provided. Finally the factors that effect performance were discussed and the reader was asked to bear these in mind when the research turned to the development of the Personal Scorecard model. As the Personal Scorecard is based on the principles of the Balanced Scorecard it was essential to provide an in-depth explanation of this organisational performance management system. This system is essentially divided into four performance perspectives namely the financial, customer, internal-business processes and learning and growth. Members of the organisation are asked to answer the following questions in each of the four perspectives: -

- To succeed financially, how should we look to our financial donors?
- To achieve our vision, how should we appear to our customers?
- To satisfy our stakeholders and customers, what business processes must we excel at?
- To achieve our vision, how will we sustain our ability to change and improve?

The answers to these questions lead to the creation of the organisation's strategy. However, the implementation of strategy is a problem area for many organisations. In order to alleviate this problem Kaplan and Norton proposed a strategy mapping process to assist organisations.

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The final section of this chapter dealt with the presentation of a review mechanism suitable for use with the Personal Scorecard performance management system. This review process was based on the traditional Management by Objectives management system. However, in order to assume the strategic paradigm necessary for use with the Balanced Scorecard this mechanism was adapted accordingly.

Once the theoretical background had been created in the literature review the next step was to detail the research design and methodology. This ethnographic research was carried out as an empirical case study within a qualitative paradigm. The focus was on an inside perspective of individual performance management guided by the Balanced Scorecard within the Cape Town Fire and Emergency Service. The research ultimately resulted in the development of a performance management model for use within the Fire Service. The model was partly tested by piloting the Personal Scorecard questionnaire at a number of fire stations and in other functional areas within the Fire Service.

Having developed the research design and methodology, the focus of the research turned to elaborating on the Balanced Scorecard development and implementation process as it had occurred within the City of Cape Town. An in depth explanation was given on the integrated performance management model around which the Balanced Scorecards for the City, Community Services and Emergency Services were based. This model uses the strategic architecture created by the City's vision, mission, values and focus areas as a springboard for building the Balanced Scorecard. The next phase was to map the organisational strategy and develop the indicators for measuring performance. Once developed, the Balanced Scorecard has the ability to be used as a management tool to determine future actions. This was the departure point from reality to the theoretical. The Personal Scorecard performance management model is based upon the principles of the Balanced Scorecard. But before developing the model, the reader was asked to first understand the unique Fire Service environment within which this system would be applied. Through a selected history of the Fire Service it was identified that although procedures and technology has changed the basic function of the Fire Service has not. A description was then given of the legislative requirements of the modern Fire Service. The service can be viewed as having four basic divisions, namely, fire and emergency operations, fire safety, training and control and mobilising. Within these areas the performance requirements were elaborated upon, as was a management perspective of the type of performance objectives that would lead to improved

organisational performance. For it was within these key performance areas that the Personal Scorecard model had to apply. Attention then turned to the development and implementation of the Personal Scorecard performance management model. This was based on the Management by Strategic Objectives mechanism and consisted of a three-step process. After the organisations Balanced Scorecard has been developed, individuals are required to set personal objectives which were then placed in the Personal Scorecard. These two steps are done simultaneously. The next phase was to review the performance of individuals against the objectives set in the four Balanced Scorecard perspectives. As part of this process the reader was introduced to the Personal Scorecard questionnaire, which represented the crux of this model.

Part of the research design was to test the Personal Scorecard performance management model. This was achieved by using the Personal Scorecard questionnaire. Fire Service personnel at various fire stations and in a number of different functional areas completed the questionnaire as a means of testing the objective setting mechanism. Although they had some difficulty in determining objectives, this could be attributed to a number of factors such as unfamiliarity with the process and language ability. These problems could be overcome with the correct support during the implementation of the model. Respondents were able to identify objectives that, when compiled, formed a number of common themes in each of the Balanced Scorecard perspectives. These reflected the need for greater cost effectiveness, improved customer focus, an improvement in internal systems and the training and development necessary to improve performance in the other three perspectives.

I believe that the Personal Scorecard performance management model is a viable proposition in respect of the management of individual performance in an organisation that has chosen to use the Balanced Scorecard as an organisational performance management tool. Although initially not an easy system to understand, with the correct management support this system can lead to an alignment between individual goals and objectives and those of the organisation that other performance management systems cannot attain.

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Performance Management - Personal Scorecard

I am undertaking research on individual performance management and I would like you to be part of this research by answering the attached questionnaire. The research revolves around how an organisation matches individual performance to the performance of the organisation. If an organisation is to perform at its best it is necessary for the individuals within that organisation to perform at their best. This can only happen if the individuals are aware of how their efforts contribute to the achievement of organisational objectives and strategy and perform their activities with this in mind. You will be adding value to this research by taking the time to complete the questionnaire.

Regards

Stephen Henkin

Administration

Station or Section (e.g. Bellville or Fire Safety) _____

Rank (e.g. Firefighter, Station Officer) _____

_____

The City of Cape Town

Vision – "what we want to be"

A smart and globally competitive city with opportunities for all its people in a safe, stable, liveable, prosperous people friendly environment

Mission – "what we do"

The City of Cape Town's administration will be a world class organisation of which all stakeholders can be proud of being: unified, customer focussed, committed to equity, deliverers of high quality services in a developmental, productive, responsible and innovative way through efficient systems and empowered staff

Fire Service personnel are tasked with achieving and maintaining a fire safe City through educating the broader community, the performance of fire and life safety inspections and responding to fire and other emergency incidents. How you perform your daily activities and what you do at work must reflect the spirit of the City's vision and mission.

1) How do your basic job responsibilities serve the above vision and mission? State what you do and what value it adds in the above context.

I am…

_____

_____

_____

_____

_____

2) Which of the following Emergency Service Directorate objectives can you influence by your activities? (Before answering this question please think beyond the obvious and then mark with an **X** the objectives you believe you can influence).

Customer and Stakeholders

Reduce/prevent occurrence of life/property/environment threatening incidents.

Ensure rapid and equitable relief/ response to emergencies.

Enhance involvement of community and relevant stakeholders/ partnerships.

Financial perspective

Control and manage directorate budget.

Ensure financial stability.

Internal-business process perspective

Ensure compliance with legislative mandates/ requirements.

Monitor, evaluate, standardize and enhance procedures, systems and protocols.

Review and maintain effective and efficient multi-disciplinary co-operative partnerships.

Optimise resource utilization.

Enhance channelling and management of information.

Ensure risk quantification.

Organisation and learning perspective

Develop and enhance competencies through staff training and education.

Create a culture of learning and performance.

Promote employment equity.

3)   In the previous question you have identified the strategic objectives, which you believe you can influence through your daily activities. Now consider how you will influence these strategic objectives by identifying personal objective(s) in the customer/stakeholder, financial, internal-business process and organisation and learning perspectives and detailing these personal objectives in the accompanying Tables. For each objective try and provide a measure, which will indicate the degree to which the objective has been achieved. For the time being do not insert anything into the Priority column

Please bear the following in mind when completing this exercise.

- Your objective(s) should be simple.
- Try and identify not more than four objectives in each perspective.
- Your objectives should be measurable i.e. how will you or your manager know the degree to which you have attained your objectives.
- The measures you use to must be reliable i.e. the measure will show the degree to which you have achieved your objective in all circumstances.

- Your chosen objectives should have a positive effect and assist the Directorate in achieving its strategic objectives.

- The indicators should be a mixture of **outcomes** – e.g. passing a training course and **performance drivers** i.e. things that you can do but you have no direct control over the outcome e.g. being on time for an inspection <u>may</u> result in customer satisfaction. **N.B. Both you and your supervisor must be able to measure your objectives.**

4) Once you have determined personal objective(s) and measure(s) in each of the four perspectives review the objectives you identified and in the "Priority" column on the right indicate by way of **low, medium or high** next to your objectives the priority you attach to achieving the objective.

Thank you for your participation

Customer and Stakeholder perspective			
In this section consider what you need to do to create a positive relationship with our politicians, senior officials, citizens and taxpayers. How can you positively influence the: - • The functionality and quality of the services that you render • The time taken to process, respond to and deal with requests for assistance or a particular service. • Improving the image and reputation of the Fire Service through the way in which you render the service.	**Objectives**	**Indicators/Measures**	**Priority**

Financial perspective			
In this section consider what you need to do to create a positive relationship with our financial donors i.e. politicians, senior officials, citizens and taxpayers. How can you positively influence the: - • Costs incurred in rendering our service by improving operational efficiency • Value created by the services we render	**Objectives**	**Indicators/Measures**	**Priority**

Internal-business process perspective			
In this section consider what administrative and operational processes you need to perform well to achieve the objectives described in the customer/stakeholder and financial perspectives How can you perform your administrative and operational functions in an innovative and flexible manner before, during and after contact with the customer/stakeholder	**Objectives**	**Indicators/Measures**	**Priority**

A - 7

Organisation and learning			
In this section consider what you need to learn and communicate and how you should work with your colleagues to achieve the Emergency Services strategic objectives • What skills do you need to acquire to perform your function better? How can you positively influence • Another functional area within the Fire Service? • Your own career development? • If you are in a supervisory position haw can you assist in developing/ counselling/ mentoring a junior colleague?	**Objectives**	**Indicators/Measures**	**Priority**

Personal Scorecard

Name		Mid year review date	
Position		Year end review date	
Name of manager			
Position			

The City of Cape Town

Vision – "what we want to be"

A smart and globally competitive city with opportunities for all its people in a safe, stable, liveable, prosperous people friendly environment

Mission – "what we do"

The City of Cape Town's administration will be a world class organisation of which all stakeholders can be proud of being: unified, customer focussed, committed to equity, deliverers of high quality services in a developmental, productive, responsible and innovative way through efficient systems and empowered staff

Purpose statement of Business Unit

Insert Purpose statement of Business Unit

_____

_____

_____

_____

_____

1) How do your basic job responsibilities serve the above vision and mission? State what you do and what value it adds in the above context.

I am…

_____

_____

_____

_____

_____

2) Which of the following business unit objectives can you influence by your activities? (Before answering this question please think beyond the obvious and then mark with an **X** the objectives you believe you can influence).

Customer and Stakeholders	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Financial perspective	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Internal-business process perspective	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	

Organisation and learning perspective	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	
Insert Objective here	

3) In the previous section you have identified the strategic objectives, which you believe you can influence through your daily activities. Now consider how you will influence these strategic objectives by identifying personal objective(s) in the Customer/stakeholder, financial, internal-business process and organisation and learning perspectives and detailing these personal objectives in the accompanying Table. For each objective provide an indicator/measure and target which will indicate the degree to which the objective has been achieved. In the "Priority" column on the right indicate by way of **low, medium or high** next to your objectives the priority you attach to achieving the objective.

Please bear the following in mind when completing this section.

- Your objective(s) should be simple.
- Try and identify not more than four objectives in each perspective.
- Your objectives should be measurable i.e. how will you or your manager know the degree to which you have attained your objectives.
- The measures you use must be reliable i.e. the measure will show the degree to which you have achieved your objective in all circumstances.
- Your chosen objectives should have a positive effect and assist the Business unit in achieving its strategic objectives.
- The indicators should be a mixture of **outcomes** – e.g. passing a training course and **performance drivers** i.e. things that you can do but you have no direct control over the outcome e.g. being on time for a meeting may result in customer satisfaction. **N.B. Both you and your supervisor must be able to measure your objectives.**

Guidelines for determining objectives

In the Customer/stakeholder perspective consider what you need to do to create a positive relationship with our politicians, senior officials, citizens and taxpayers.

How can you positively influence: -

- The functionality and quality of the services that you render?
- The time taken to process, respond to and deal with requests for assistance or a particular service?
- The image and reputation of the business unit through the way in which you render your service?

In the Financial perspective consider what you need to do to create a positive relationship with our financial donors i.e. politicians, senior officials, citizens and taxpayers.

How can you positively influence: -

- The costs incurred in rendering our service by improving operational efficiency?
- The value created by the services we render?

In Internal-business process perspective consider what administrative and operational processes you need to perform well to achieve the objectives described in the customer/stakeholder and financial perspectives. How can you perform your administrative and operational functions in an innovative and flexible manner before, during and after contact with the customer/stakeholder?

In the Organisation and learning perspective consider what you need to learn and communicate and how you should work with your colleagues to achieve the strategic objectives.

- What skills do you need to acquire to perform your function better?
- How can you positively influence?
    - Another functional area within your the business unit?
    - Your own career development?
- If you are in a supervisory position how can you assist in developing/ counselling/ mentoring a junior colleague?

Annexure B – Adapted Personal Scorecard

1	2	3	4	5	6	7
Objectives	**Indicators/ measures**	**Target**	**Priority**	**Self Assessment**	**Manager Assessment**	**Rating**
Customer and Stakeholder Perspective						
Financial Perspective						
Internal-business process Perspective						
Organisation and Learning Perspective						

Managers Signature _____   Employees Signature _____