DO PERFORMANCE MEASUREMENT REPORTS ADDRESS THE PROBLEM OF ACCOUNTABILITY IN THE PUBLIC SECTOR? A CASE OF GAUTENG MUNICIPALITIES

by

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DECLARATION

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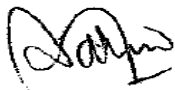**Degree:** Master of Philosophy in Accounting Sciences (Management Accounting)

Do performance measurement reports address the problem of accountability in the public sector? A case of Gauteng municipalities.

I declare that the above dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the dissertation to originality checking software and that it falls within the university's accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

12/08/2019

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DEDICATION

This study is dedicated to my wife Ruth and my children Natalie, Netswell Taurai, and Nicole Thandeka.

ABSTRACT

Public organisations account for their performance by making annual reports available to the public. While such increased emphasis on performance leads to a greater awareness of annual reports, it also raises the question of whether performance information is relevant and effective for accountability purposes. This qualitative study uses the Critical Realism approach to assess the contribution of performance reports in making municipalities more responsible; and their managers accountable for achieved and failed service delivery targets. Content and thematic analyses are applied to the collected data following case studies on the metropolitan cities of Ekurhuleni, Johannesburg, and Tshwane in Gauteng, South Africa. The findings are that despite poor quality issues in reports, there is no link between performance and accountability. In other words, while performance reports have the capacity to correctly provide actual performance data, they are not used to hold public managers to account. Generally, politicians from underdeveloped countries are elected based on popularity rather than ability, hence they are reluctant to utilise performance reports, instead they tend to keep those public managers who look after their interest despite failures. Therefore, lack of consequences, complex governance systems, and passive citizenry, create a safe zone for both councillors and public managers to remain unaccountable. Further studies are recommended on empowering communities and accountability of councillors to citizens.

Key terms:

Public service accountability; Municipality performance evaluation; Service delivery assessment, Relevant performance information; Citizen empowerment; Consequence management; Complex governance; Management controls; Political protection; Underperformance

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LIST OF ABBREVIATIONS

AGSA	Auditor General of South Africa
BAR	Behavioural Accounting Research approach
COE	City of Ekurhuleni
COJ	City of Johannesburg
COT	City of Tshwane
FASB	Financial Accounting Standards Board
GASB	Governmental Accounting Standards Board
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
NPM	New Public Management-inspired reforms
PM	Performance management
PMS	Performance management systems
SEA	Service Efforts and Accomplishments
SDIP	Service Delivery Implementation Plans
TA	Thematic analysis

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CHAPTER 1

BACKGROUND/ORIENTATION

1.1   INTRODUCTION

Reports on performance measurement are meant to provide relevant and useful information to stakeholders to facilitate accountability. However, the public sector has been concerned with accountability challenges (Almquist, Grossi, van Helen & Reichard, 2013) regarding service delivery, costs, and quality of services to society at large. In South Africa, municipalities form the core of local government and, therefore, are responsible for service delivery and provision of essential services to communities (South Africa, Municipal Systems Act 7 of 2011). Consequently, they handle huge transactions and have high-value assets at their disposal. As such, the reported performance information is crucial for citizens to understand the cost and value of their tax spend (Manyaka & Sebola, 2015). However, the quality and relevance of performance reports by most local governments in South Africa have not been evaluated against the Batho-pele (people first principle) and their effectiveness in solving accountability problems.

This study, therefore, was driven by the increased emphasis on performance and accountability in the public sector that has led to a greater awareness of annual reports as an appropriate mechanism by which local government could adequately meet increased accountability expectations. In these circumstances, case studies were conducted for this study on the three Gauteng metropolitan municipalities; the cities of Ekurhuleni, Johannesburg, and Tshwane to check the relevance and effectiveness of performance information in their annual reports. The questions that have since arisen have been: Are the performance reports produced relevant and effective for accountability purposes? Do politicians change their decisions and the behaviours of public managers upon receipt of performance reports?

As a result of the above-mentioned questions, performance measurement as part of the general accountability requirements of the public sector was emphasised in this study. According to Goh (2012), performance measurement and management have now become the focus in government to address the failing issues of accountability and transparency. In fact, performance measurement is viewed as a tool that can be used to encourage better performance in the public sector organisations by the setting of correct targets and ideal performance indicators that are linked to budgets and resource allocation. However, the debate remains about whether this management tool is fulfilling its role in performance improvement through the reporting of relevant performance information to stakeholders (Blanco, Lennard & Lamontagne, 2011; Saliterer & Korac, 2013; Van Dooren, Bouckaert & Halligan, 2015; Adi, Martani, Pamugkas & Simanjuntak, 2016; Martin, Nutley, Downe & Grace, 2016).

The overall design of Chapter 1 in this study is presented by the structure shown in Figure 1.1 below.

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Fig 1.1: Chapter 1 design structure

1.2 BACKGROUND INFORMATION

The surveillance metaphor (advocated by policy initiatives such as the transparency agenda) that requires public bodies to make performance information available online, has developed into a so-called 'synoptic' approach in Western societies (Eckersley, Ferry & Zakaria, 2014). Synoptic approach in this context means a common view of the main parts of performance measurement applied to public managers in developed countries. In this way, the wider public watches and monitors the behaviour of the powerful few in government, who are thereby motivated (by payment of tax) to moderate any activities that could be identified as misconduct or underperformance by its citizens. As a result, the prevailing accountability problem in many societies can be addressed by adopting the transparency agenda which empowers citizens to hold public bodies to account through their access to information (Almquist et al, 2013; Bracci, Humphrey, Moll & Steccolini, 2015; Hayne & Salterio, 2012; Klenk, 2015). This approach of holding public officials to account is supported by the Hawthorne Effect which states that the mere fact of being observed changes one's behaviour and performance (Abbott & McKinney, 2013; Tesfay, 2016).

In a broader perspective, the introduction of the New Public Management-inspired reforms (NPM) has changed the way governments used to operate. The NPM was an administrative reform introduced in the 1990s which guided the government to use private-sector principles to promote efficiency. This has been seen as a great shift in public sector management from a focus on activities and processes to outcomes and benefits for citizens (Perrin, 2015). The NPM reforms have also endorsed the development of 'hybrid' forms of organisation with unclear boundaries between public, private, and third sector organisations (namely, not-for-profit non-governmental service organisations). This, in turn, has tended to complicate the problem of accountability due to multiple relationships. As such, public service delivery can be achieved through collaborations, network alliances, and public-private partnerships when services are outsourced. The challenge brought about by the hybrid forms of organisation has necessitated the use of performance information to trace accountability (Saliterer & Korac, 2013).

In short, the rise of information technology through the World Wide Web has provided management with powerful technology to collect, process, analyse, and report performance information directly to stakeholders. The internet has changed information sharing in terms of availability and transmission time, making it possible for information to be available immediately. As a result, a new generation of consumers has grown up with technology widely available and, with social media central to their lives, has increasingly demanded government accountability based on the publicly available information. Consequently, today the absence of information is often perceived as suspicious and contrary to the foundational expectation for transparency (Hall, 2017).

1.2.1 Performance measurement

Performance measurement is generally a process of determining how successful organisations have been in attaining their objectives. It is an intentional activity for quantifying performance and includes the collection, analysis, and reporting of performance information (Lebas, 1995; Amaratunga & Baldry, 2002; Le Galès, 2016). In other words, measuring performance is a systematic collection of data by observing and registering performance-related issues for a purpose, a casual reason, or an organisational objective.

According to Van Dooren, Bouckaert, and Halligan (2015), the most activities in a performance measurement system are:
- defining or prioritising measuring efforts;
- formulation of indicators including performance targets;
- data collection;
- analysis; and
- reporting.

A performance measurement system is a systematic way of evaluating inputs, outputs, transformations, and productivity (Amaratunga & Baldry, 2002; Le Galès, 2016). The model requires the development of organisational strategy and the resultant deployment of goals throughout the organisation. Based on the mission statement, critical success factors are identified and key performance indicators (KPI) are defined. The targets are set based on customer requirements and known organisation criteria. Responsibilities are assigned at the organisational level for the achievement of the desired outcome. The responsibility rest with the directors and senior managers who develop plans to achieve the targeted outcome. Periodically, performance is then measured against KPIs and compared to the targeted outcome (Amaratunga & Baldry, 2002: Le Galès, 2016).

Performance appraisal is the process in which organisations establish measures and evaluate employees' behaviour and accomplishments for a period of time. The use of performance information and its integration with other management cycles such as budgeting and contract management in daily decision-making is known as 'performance management' (Hall, 2017). Performance management is a systematic, data-oriented approach to managing employees on a frequent and ongoing basis that relies on positive reinforcement as the major way to maximise performance (Amaratunga & Baldry, 2002; Hall, 2017).

In general, performance is a broad concept defined regarding its context. According to Van Dooren Bouckaert and Halligan (2015), performance is also both quality of actions and achievements, characterised by sustainable results. The most important objectives for performance information are steering, control, giving an account, and leaning. In other words:
•	finding weakness and developing solutions;
•	commanding activities;
•	keeping track (that policies and programmes are on target); and
•	communicating performance results.

The following are similar studies that revealed challenges in performance measurement and the management of performance information:

- Minassians (2015) conducted a research in USA to find out how the governance of multi-actor networks influences the design of performance measures. The findings indicate that the design of performance measures remained isolated to the organisation and did not reflect the hybridised collaboration between various entities. Measurement indicators still focused on the value of services as perceived by both clientele and taxpayers (Minassians, 2015).

- Choong (2014) carried out a study in China on the fundamentals of performance measurement systems and discovered that there were various pragmatic and research gaps; no clearly defined features based on measurement theory, and no distinction between data and measuring attributes. Instead, there was an over-emphasis on performance although basic measurement constituted numerous activities within the performance measurement system. Stakeholders' needs were not considered and attuned to the performance goals of the organisation.

- Demirbas and Eroglu (2016) conducted a study in Turkey on the evaluation of annual reports in local government and found that the municipalities were not at the required level in terms of accountability. The annual reports did not sufficiently account for the use of resources and were weak as regards to accessibility, understandability, timeliness, full disclosure, accuracy, and neutrality.

- Malefane (2010) noted that in South Africa performance management system created disparity. Public managers were rewarded for outstanding performance whilst the intended beneficiaries, citizens expressed dissatisfaction in the service delivery with violent protests over the government's failure to provide basic services. The granting of performance rewards to civil servants for outstanding performance had no impact on service delivery (Malefane, 2010).

- On the same view, Bezuidenhout, Bussin, and Coetzee (2018) confirmed the disparity trend in South Africa on their study; The chief executive officer (CEO) pay-performance relationship within South African state-owned entities. The findings indicated that the CEOs' remuneration continued to increase even when the state-owned entities were performing poorly (Bezuidenhout, Bussin & Coetzee, 2018).

Given the above scenarios, it is clear that if performance information is not used as a tool for positive improvements then the purpose of performance measurement is defeated. Therefore, the modern assumption is that objective measures or balanced reporting is the panacea to accountability in the public sector (Goh, 2012).

One of the trajectories of modernisation is the measurement of performance based on the assumption that the availability of performance information fosters information-gathering for public managers about what is happening. This information is used to trace the causes of success and dysfunction (Onesti, Angiola & Bianchi, 2016). Similarly, decision-makers and overseers should learn from performance information which, in turn, enables them to make better-informed decisions and improve government performance. Hence the usefulness of performance reports is vital to complete the accountability loop.

1.2.2 Accountability

In general, accountability involves an obligation by the agent to answer to the principal by providing information to justify conduct. In a democratic government, accountability arises from the nature and role of government that requires it to make wise decisions because citizens pay taxes. This reflects the relationship between principal and agent (Ali, Elham & Alauddin, 2014). As such, accountability obligations in local government emanates from the use of public funds and this is a principal-agent relationship, where the agent is appointed to manage the affairs.

In the public sector, however, accountability relationships are complex whereby elected councillors are agents for citizens that elected them, and public managers are agents for councillors. Rendering of account requires the agent to provide information about decisions and activities to the principal. As such, the enormous number of relationships; decisions, activities, and performance (between councillors and public managers, citizens and councillors, citizens and public managers) complicates the accountability process (Ron & Tippett, 2011).

Most importantly, the question of how local government spends public money is the concern of citizens, since the way the funds are used impacts the public. In a greater perspective, the public wants to know how the funds are managed, whether it benefits the majority or not. The assumption is that an accountable government spends public funds wisely on effective public programmes, and this is evidenced by the non-existence of wastages and leakages (Ali et al., 2014).

Furthermore, accountability requires consideration of strategy and stakeholders. In the case of municipalities, therefore, this requires the linking of integrated development plans with service delivery budgets and also how performance is measured and reported. Also underlying this accountability are issues of data collection, reporting formats and content (Harrison, Rouse & De Villiers, 2012). As a result, accountability and performance measurement are inextricably linked as the analysis of performance requires accountability as its reference. It should be inferred, therefore, that an accountable government needs to pay attention to the management of the public purse by monitoring the performance of its activities. The productive government, therefore, must address the measurement of internal capabilities, output, and the outcome achieved (Ali et al., 2014). It is argued, therefore, that accountability in the public sector could be enhanced through the use of a performance of a measurement system whereby communication of performance information is vital for decision-making. Without a performance measurement system, such a government would be failing to be accountable to the public.

1.2.3 Performance measurement reports

Recent research has shown that public managers prefer to gather performance data informally by talking to collaborators and customers rather than analysing management reports (Onesti et al., 2016). However, in large organisations such as municipalities, performance measures still need to be compiled and incorporated into management reports to guarantee the quality of information for the decision-making processes. Therefore, the success of performance-based reforms depends on the public manager's use of written/ formal information about performance to learn what is not working and why there are inefficiencies and ineffective processes. This factor is what underscores the importance of performance reports (Hall, 2017; Henman, 2016; Saliterer & Korac, 2013).

Kloviene and Valanciene (2013) have noted the growing pressure within the public sector to provide meaningful performance results to citizens. Traditional approaches for checking compliance and mere approval of expenditure against budgets are no longer adequate to keep communities well informed (Kloviene & Valanciene, 2013). The demand for more information has posed challenges and fostered a shift towards performance-based accountability. In this regard, Saliterer and Korac (2013) have suggested that several factors are essential to deal with accountability in public organisations. These are:
- the re-design of cash budgeting systems;
- the introduction of performance indicators; and
- communication of performance information.

This indicates that the quality of performance reports in government is important if efficiency and effectiveness are to be dealt with.

Most performance measurement systems in local government focus on information that is important for internal management decisions, inputs, outputs, and resource allocations. In managerial-driven systems, departmental managers determine priorities, goals, and objectives internally.

As a result, they decide what to measure, measures to be used, monitor performance, and distribute information which may or may not be for an external audience (Lewis & Triantafillou, 2012; Gao, 2015). However, Goh (2012) has stated that while the internal focus of such systems is an important tool for informing decision-making related to program and service delivery, in terms of outcomes, there is no guarantee that what is tracked is what matters to citizens.

Similarly, Ron and Tippett (2011) have noted the predominance of one aspect of accountability for the participating parties; namely, the reported results of a managerial-driven performance measurement system have little to do with providing accountability to other stakeholders other than government employees or councillors. Thus, there is a need for a two-fold change of focus for performance reports if they are to be useful to tax-payers. Firstly, they should be about initiatives that help make performance information more meaningful to a broader segment of the population, and secondly, they should empower citizens to better understand government processes to stimulate dialogue around public performance as well as support democratic values and administration (Woolum, 2011; Nguyen, Le, Tran & Bryant, 2015).

Previous research on citizenship involvement in performance measurement has shown these differences in approach (information coverage) by citizens and the government itself. The research has suggested that citizens preferred performance information that is less about operational issues and more of value creation; namely, access, fairness, and responsiveness (Woolum, 2011; Ali, Elham & Alauddin, 2014; Nguyen et al., 2015). In other words, performance reports should focus not only on the quality of service offerings but also on the effects of policymaking, implementation, and service delivery to citizens (Van de Walle & Cornelissen, 2014).

1.2.4 Management accounting

Performance measurement issues can also be viewed from other perspectives as they are addressed by different disciplines: namely, management accounting, management control, and public finance.

In management accounting, public sector performance measurement relates to public accountability, the efficiency of service provision, and the containment of cost. (Harrison et al., 2012). The main objective is to make relevant information available to stakeholders on time for decision making. As such, management accounting scans the best available resources for information that are useful for decisions to be taken. By understanding the needs of the stakeholders, the most relevant information is identified, collected, analysed, and reported (Chartered Global Management Accounting, 2015).

Accountability and management accounting have strong links, especially around performance reporting (Harrison et al., 2012). Many approaches in performance measurement, stem from management accounting research and practice such as the:
•   Balanced Scorecard,
•   Strategic Measurement and Reporting Technique,
•   Results and Determinants Framework,
•   Performance Prisms,
•   Integrated Performance Measurement System (Lynch & Cross, 1991, Kaplan & Norton, 1992; Arias, Higuita & Castrillón, 2010; Bourne, Melnyk, Bititci, Platts & Andersen, 2014; Vosselman, 2016).

In South Africa, the Municipal Planning and Performance Management Regulations Act 32 of 2000, Municipal Finance Management Act 56 of 2003, Municipal Systems Act 7 of 2011 and the Constitution, requires local government institutions to report their performance to central authorities and citizens regularly (Government of South Africa, 1996). As such, there is a need to check the usefulness of performance reports.

1.3 PROBLEM STATEMENT

In general, there has been growing interest in the use of performance measurements by public service organisations to improve government efficiency and effectiveness by increasing public managers' accountability (Merchant & Van der Stede, 2012). Accountability issues concerning service delivery, costs, and quality of service have been dominant in the government's performance debate (Almquist et al, 2013) and as such, communication of performance information has been of great importance.

Most importantly, in the public service, performance measurement can be viewed as the administrative response to citizens' demand for accountability (Craig, 2015; Jessa, 2012). In particular, elected officials consider the pressure of re-election and responsiveness to their constituencies and need the application of performance information to extend their stay in office (Chen, 2013). Therefore, performance reporting should provide evidence for the government's achievements, responsiveness, and accountability that could assist the careers of their elected officials (Saliterer & Korac, 2013).

Essentially, the accountability factor between the actor and different forums develops around information, discussions, and consequences (Agyemang et al., 2017; Almquist et al, 2013; Bovens, 2007; Bracci et al, 2015; Williamson, 2018). In principle, a comprehensive analysis requires relevant information to establish who is accountable to whom, for what, and why (Bovens, 2007; Jann & Lægreid, 2015). Therefore, a prerequisite to the performance measurement process is that performance reports need to be useful and relevant to resolve accountability issues. Thus, the most challenge identified in public sector organisations.

In a broader context, public reporting is an action taken by government to inform its citizenry (Gao, 2015; Lee, 2012; Melitski & Manoharan, 2014). In that, it relates to managerial initiatives for transparency and regularly informing the public about government operations. Annual reports are intended to provide relevant performance information to promote transparency, the effectiveness of management, and accountability in the public service organisations.

According to the World Bank report on South Africa, however, the primary issue identified in public service delivery was its weak accountability systems. Their recommendations were to strengthen the community's capacity to hold service providers and community leaders accountable (The World Bank, 2011). This should be possible through the communication of relevant and credible performance information (Nørreklit, 2014). However, the main challenge experienced in municipalities has been the provision of quality performance reports to assess accountability (Asmah-Andoh, 2015; Manyaka & Sebola, 2015; Solomons, 2016).

In South Africa, research has shown coverage of the quality of performance reports (Asmah-Andoh, 2015; Craig, 2015; Ijeoma & Sambumbu, 2013; Manyaka & Sebola, 2015; Okubena, 2016; Solomons, 2016). However, the use and management of performance information to enhance accountability have not been given much attention. In most local governments, the usefulness of performance reports in changing the behaviour of public managers has not been given enough coverage. The management and use of performance information by councillors in their oversight roles as political leaders in local government has not yet been covered. The focus of this study is to assess the use of performance reports to drive change of the behaviour of senior managers to improve service delivery in municipalities.

1.4   RESEARCH AIM, OBJECTIVES, MAIN QUESTION AND SUB-QUESTIONS

To address the problem statement, the following research aim and objectives were formulated, and the relevant research questions followed:

1.4.1 Research aim

The primary aim of the research was to get in-depth knowledge of performance reporting, its relationship with accountability, and contributions to service delivery. Despite sound theory and extensive practice, very little is known about the effect of performance measurement reports, their contributions to effective management and accountability (Lee, 2012; Van de Walle & Cornelissen, 2014).

As a result, it was necessary to verify whether the contributions justified the continued use of performance reports as an external communication and management tool to stakeholders (Hall, 2017; Melnyk, Bititci, Platts, Tobias & Andersen, 2014). In other words, **the goal is to establish the relevance and effectiveness of performance reports to stakeholders (particularly citizens) in resolving accountability issues in local government.**

1.4.2 Research objectives

From this research aim, the objectives of the study are stated as follows:

1. To explore the reporting process of performance information in municipalities for accountability.
2. To evaluate the concept and practice of performance reporting in line with Batho-Pele (people first) principles.
3. To critically analyse the relationship between performance and accountability in municipalities.
4. To ascertain ways to increase the usefulness of performance reports on accountability.

1.4.3 Main research question

This study sought to answer the following primary question:

Do performance measurement reports address the problem of accountability in the public sector?

1.4.4 Sub-Questions

To achieve the study objectives, the following sub-questions had to be answered:

SQ1. How is performance information reported in municipalities for accountability?

SQ2. What is the nature and practice of performance reporting in municipalities? How does this compare to the 'Batho-Pele' principles?

SQ3. Is there any link between performance and accountability in municipalities? What is the effect of performance reports on service delivery?

SQ4. What steps can management take to improve the usefulness of performance reports to enhance accountability?

1.5   SIGNIFICANCE OF THE STUDY

Public service performance reporting plays an important role in the accountability process since the quality and comprehension of the reported information is central to the entire process of performance measurement. The research outcome determines the usefulness of municipal reports and also the issues that affect their quality under the mandated performance measurement systems. The results add value to the performance management literature in terms of evaluating performance reports and the issues that affect the quality of these reports. It is hoped that the results are not only important for Gauteng Province but municipalities in other jurisdictions and countries with similar systems in need of improved communication to citizens through performance reporting.

It is also expected that several participating groups could benefit from this study in the following ways:

- Taxpayers may become more aware of the use of resources (how their tax rand is spent) and thus understand the performance measurement system to enable them to raise questions on service delivery.

- By contrast, when information is shared confusingly, taxpayers and ordinary citizens become frustrated which then leads to increased distrust, service-delivery protests, and apathy in government.

- Public managers in municipalities may be able to see the need to strengthen accountability systems activities. Non-performers ought to exit the public office to enable improved service delivery. Consequently, the improved reports will lessen pressure from informed stakeholders (particularly citizens demanding service information).

- Elected officials will be able to justify their continued stay in office by keeping competent public managers, who will support their vision and enhance the direct accountability to communities with useful performance information that keeps everyone well-informed.

- The relationship between local government and its citizens will improve with useful reports that inform citizens and build trust and confidence in local government. As such, empowered citizens will use their votes wisely. Citizens can keep elected officials focused and accountable, and also will be able to benchmark progress with other similar establishments.

1.6   RESEARCH METHODOLOGY

As noted by Yin (2004, 2016a), the research methodology focuses on the research process and the tools and procedures to be used. Generally, researchers handle numerous challenges and apply research methods to get the best answers (Adams, Khan, Raeside & White, 2007; Piekkari & Welch, 2018; Taylor, DeVault & Bogdan, 2016b). In this study, the focus is to evaluate the relevance of metro municipality performance measurement reports in holding public officials to account for their performance and also establish how to improve such reports for stakeholder use.

Following Creswell (2014) and Yin (2016) an exploratory (discovery) research design and a critical multi-case study approach were chosen to explore a real-life context and collect data in natural settings. Based on the research questions discussed, a qualitative approach was applied as it was more appropriate to analyse data from interviews and written documents. It also facilitated an inquiry for real-world settings inductively to generate rich narrative descriptions (Molina-Azorina, 2018; Patton & Patton, 2005; Saunders, Lewis & Thornill, 2016; Taylor et al., 2016b).

1.6.1 Population and sampling

Gauteng Province has three metropolitan municipalities and two district municipalities with seven small municipalities under them. The population targeted was of all three metropolitan municipalities; namely, the cities of Johannesburg, Tshwane, and Ekurhuleni. Gauteng metropolitan municipalities are viewed as the hub of the South African economy (Richter, Norris, Ginsbury & Coplan, 2009; Taylor et al., 2016b). These were consciously selected to widen the potential for developing new insights. The units of analysis were accountability programmes and performance management systems.

Purposive sampling was used to select certain participants, such as senior administrative managers, who are considered information-rich with valid in-depth insights. Despite its inherent bias, most researchers agree that purposive sampling can be reliable and robust (Emmel, 2014a; Wienclaw, 2017). The senior managers interviewed were selected from the following five key administrative departments from each metropolitan:

- City Strategy and Organisational Performance Management
- Governance and Support Services
- Economic Development and Spatial Planning
- Group Financial Services
- Group Audit and Risk

The assumption was that these key departments are involved in the design and operations of performance management in municipalities hence best placed to provide relevant information for the objectives of the study.

1.6.2   Data collection and analysis

Data was collected from interviews conducted with senior managers and from annual reports accessed on-line from all the municipalities' websites. The researcher used 'Atlas. Ti', a computer-aided qualitative data analysis software together with thematic analysis to present and interpret findings for this study.

Thematic analysis (TA) was used to describe and classify data from documents and comments of the respondents from interviews. The data were coded, and the codes were grouped to form themes for analysis (Yin, 2016a). Reflexive TA provided systematic procedures for generating codes and themes from qualitative data (Clarke & Braun, 2017). In this approach, coding evolved throughout the coding process; splitting, combining, and renaming the codes before grouping them to form themes. The aim of such an exercise during coding was to better capture the developing conceptualisation of the data (Braun, Clarke, Hayfield & Terry, 2019).

Using theoretical orientation (for instance, the connection between performance and accountability) helped this researcher to focus on certain data about the research questions (Braun & Clarke, 2014). The strategy was to analyse case study data by building explanations and casual links. The explanations were the result of comparisons of findings to research objectives and the general cross-case analysis.

1.7   DELINEATIONS OF STUDY

Delineation refers to a particular area of focus (Hofstee, 2006). The researcher broadly looked at performance management, performance measurement then narrowed to performance information and focused on performance reports.

The main area of interest was the way performance information is reported to external parties (stakeholders) as well as the contribution this makes on accountability in local government. The central point was the assessment of the performance report as a communication and management tool to resolve accountability issues in municipalities. Following this perspective, performance reports were central to assess the relationship between performance and accountability. By contrast, other forms of communication such as the mayor's public address were not considered.

1.8   DEFINITION OF KEY TERMS

For this study, the following definitions were used for key terms while some are provided within the context of the dissertation.

- **Accountability**: a duty by an individual or company to explain its activities, accept responsibility for them, and transparently disclose results.
- **Performance**: the quality of both actions and achievements characterised by sustainable results.
- **Performance management**: the use of performance information incorporating other management cycles in decision making.
- **Performance measurement**: an intentional activity for quantifying performance that involves the collection, analysis, and reporting of performance information.
- **Measuring performance**: a systematic collection of data gathered by observing and registering performance-related issues for a purpose, cause or organisational objective.

1.9   CHAPTERS OVERVIEW

Chapter 1 introduces the research topic, provides the background of the research, and outlines the research problem. Besides, the chapter provides the objectives and the methodology employed to solve the problem.

Chapter 2 examines various theoretical perspectives employed to explain and evaluate performance measurement and reporting and to prescribe how reporting should be conducted.

Chapter 3 presents the literature review on performance measurement and reporting from prior research on the relevance of reported information on accountability.

Chapter 4 discusses the methodology employed, research approach and design, as well as the research methods and data collection.

Chapter 5 presents, analyses and discusses the results. The data for each metropolitan municipality is presented and compared per the research objectives.

Chapter 6 provides the summary and conclusions based on the research findings together with recommendations and suggestions for future studies.

The next chapter examines the theoretical perspectives on performance measurement and reporting.

CHAPTER 2

THEORETICAL FRAMEWORK

2.1   INTRODUCTION

Public reporting comprises action by a government to keep citizens well informed about its activities aimed at meeting their needs (Melitski & Manoharan, 2014). It relates to managerial initiatives for regularly informing the public about the government's bid to meet citizens' needs (Hibbard, Greene & Daniel, 2010; Lee, 2012). The work of Ijeoma and Sambumbu (2013) has revealed that many governments are increasingly searching for the best mechanisms to improve the extent of how public officers could be effectively held accountable for their performance and use of resources. Therefore, it is important to explore the theoretical framework and perceptions guiding the production of performance measurement reports.

According to Zhang, Van de Walle, and Zhuo (2016), public sector performance information does the following:

- describes the outputs and outcomes of public programmes and organisations;
- reduces performance uncertainty; and
- allows public managers to make evidence-based decisions for improved performance and accountability.

Van der Walle and Cornelissen (2014) have emphasised that performance measurement information is supposed to give answers to both achievements of programme outputs and the accountability of public agencies.

This chapter proceeds with an overview of performance management, performance measurement and accountability, then various theories will be examined that guide the reporting of performance information from the management accounting perspective. This will help to understand the framework used to produce performance reports and their relevance to stakeholders' needs. The overall view of the chapter is presented by the structure below:

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┌─────────────────────┐                          ┌─────────────────────┐
│                     │                          │   2.2 Performance   │
│  2.1 Introduction   │ ───────────────────────> │     Management      │
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│  2.3 Performance    │                          │                     │
│   Measurement       │ ───────────────────────> │  2.4 Accountability │
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         │  2.5 Performance Reporting  │
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│                                                       │
│  2.6 Overview of Reporting Theories:                  │
│  2.6.1 Accountability & Agency theory                 │
│  2.6.2 Stakeholder theory                             │
│  2.6.3 Organisational theory                          │
│  2.6.4 Blame-Avoidance theory                         │
│  2.6.5 Stewardship theory                             │
│  2.6.6 Decision-Model & Decision-Makers Approaches    │
│                                                       │
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         ┌─────────────────────────────┐
         │   2.7 Chapter Conclusion    │
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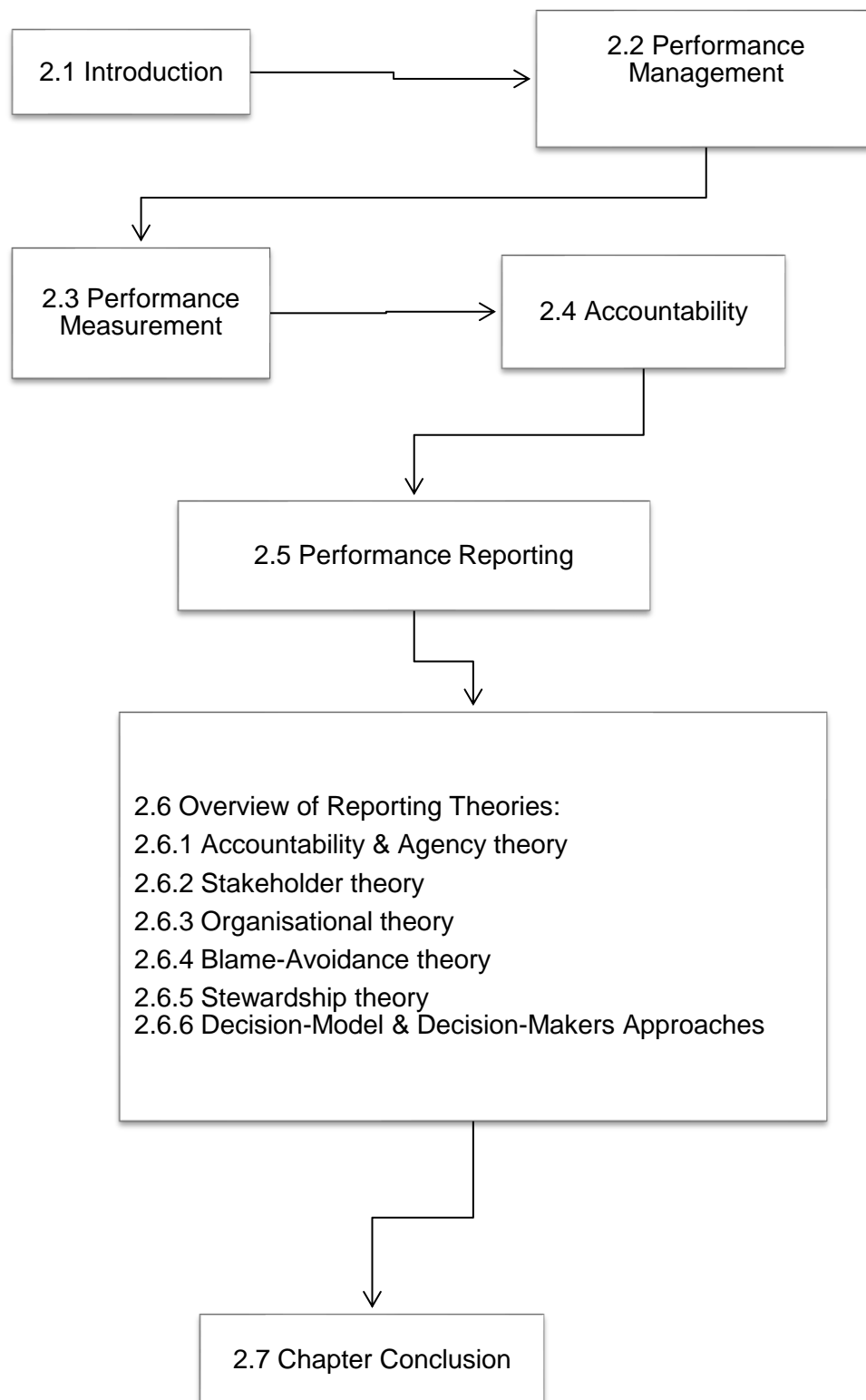
Figure 2.1: Chapter 2 design structure

2.2   PERFORMANCE MANAGEMENT

According to contemporary researchers, the budget is a key instrument of focus in government settings. However, in the past the budget alone has failed to address inefficiencies, incompetence, wastefulness, and corruption that has often been associated with the public sector (Bleyen, Lombaert & Bouckaert, 2015; Mutiganda, 2013; Rivenbark, Roenigk & Noto, 2013). Nevertheless, recent studies have uncovered the wide use of performance management in the public sector, associated with the realisation of public values such as efficiency, effectiveness, equity, robustness, openness, and transparency (Chu, Lu, Wang & Tsai, 2016; Hall, 2017; Le Galès, 2016). In support of the argument, Poister, Aristigueta and Hall, (2015) have posited that performance is at the core of public management.

Generally, performance in the public sector is complex as governments serve several stakeholders and could be held to account by many different principals (Charbonneau, Bromberg & Henderson, 2015; Kim & Lim, 2017; Micheli & Mari, 2014;). As a result, the conceptualisation of performance may vary depending upon the perspective from which it is viewed. This could be a challenge for most public managers in their endeavour to deliver service (Charbonneau et al., 2015).

Performance management (PM) refers to various attempts to design ways to ensure organisational effectiveness and efficiency (Van Dooren et al., 2015). Lebas (1995) viewed PM as a philosophy that is supported by performance measurement. Amaratunga and Baldry (2002) defined PM as the use of performance measurement information to effect positive change in organisational culture, systems, and processes by helping to set goals, allocating resources, and changing policies to meet those goals. PM provides organisations with the opportunity to refine and improve their development activities from feedback based on specific objectives derived from the desired outcome of performance measurement results (Amaratunga and Baldry, 2002).

According to Melnyk and others (2014), PM systems encompass processes of assessing the differences between actual and desired outcomes to identify and flag critical differences and could apply corrections when necessary. However, Otley (1999) has cautioned that getting the goodness fit of the system is important.

Pasha and Poister (2017), have posited that effective performance management systems (PMS) typically include the following:

- the setting of performance goals;
- developing plans;
- defining performance indicators;
- monitoring progress;
- analysing performance information; and
- using the results to make decisions.

Many supporters of PM agree to the assumption that PMS is known to have effective management controls with a solid performance framework that enriches efficiency, effectiveness, and accountability (Goh, 2012; Harrison et al., 2012; Pekkanen & Niemi, 2013). However, Amaratunga and Baldry (2002) pointed out that to have an effective performance management programme two key components need to be in place:

- the right organisational structure which facilitates the effective use of performance measurement results,
- the ability to use performance measurement results to bring about change in the organisation.

Focusing on PM, Charbonneau, and others (2015), have reiterated the concept of performance regimes in public sector management which are supposed to improve performance. Performance regimes are institutional arrangements that influence the organisation's performance in the form of performance contracts, targets, and rankings (a common feature in municipality settings). These institutional arrangements steer the expected performance and create a shared understanding of the dimension and perspective of accountability (Charbonneau et al., 2015). However, as noted by Onesti and others (2016), the effectiveness of performance regimes depends on the organisational culture and societal context. As a result, the organisation's management of performance information is important in testing the relevance of performance reports for accountability.

2.3 PERFORMANCE MEASUREMENT

Whilst performance management is the strategic use of performance information in decision-making, performance measurement documents the level of performance achievement during a specified period (Poister, Aristigueta & Hall, 2015). Pasha and Poister (2017) have viewed performance measurement as a process that builds on organisational strategy to find appropriate indicators to measure progress towards goal achievement. The same view has been shared by Bleyen, Lombaert and Bouckaert (2015), and Van Dooren and others (2015), who have concurred that performance measurement systems encompass the process for setting goals (developing the metric set) and collecting, analysing, and interpreting performance data. The aim of the process is to convert data into information and to assess the effectiveness and efficiency of action (Melnyk et al., 2014).

It is vital to unpack performance and measurement to lay a good foundation of our understanding. In management, measurement helps to identify the past, present and future positions. Most importantly, measurement gives answers to where the entity desires to go, how to get there, and how to know it is there (Lebas, 1995; Chu et al., 2016). It can be said that a performing business is the one that will achieve the set objectives by managing a coalition (Lebas, 1995; Poister, Aristigueta & Hall, 2015). In that view, performance can then be taken as the capability to retain future value defined by certain criteria within an organisation. This is supported by views in management and accounting systems where past data is used to evaluate the future by way of extrapolation (Lebas, 1995; Poister, Aristigueta & Hall, 2015). However, such views require the stability of the relations that created data in the first place, which is stable causal models. It is therefore important to provide measures that capture the elements of the causal models close to the original cause so that any extrapolation can be more responsive to changes in the causal relationship (Lebas, 1995; Micheli & Mari, 2014).

The causal models that require a systematic watch of the underlying phenomena will be an essential part of any performance measurement system. Part of the measurement system should include a component that will continuously check the validity of possible extrapolations (Lebas, 1995; Cohanier, 2014). It follows then that the understanding of causal models is of great importance to which the concepts of performance measurement and the correlative causal model must be shared to all participants for the success of the business. In that view, the definition of performance can be expanded to include deploying and managing well the components of the causal models that lead to the timely attainment of stated objectives within constraints specific to the organisation (Lebas, 1995; Cohanier, 2014).

According to the traditional managerial accounting model of a firm focused on product-costing, performance is the difference between sales and costs (Lebas,1995). This traditional approach did not worry about the drivers of costs whether from one or multiple cost pools, the only concern was costs were incurred and had to be allocated according to the known percentage of direct labour cost. The advent of activity-based costing (ABC) philosophy brought about an idea that to solve problems, the root cause had to be identified (Lebas, 1995). To minimise costs, processes had to be scrutinised to avoid waste and duplication. This modern approach views performance as the minimum amount of process costs that give value to the customer (Lebas, 1995; Micheli & Mari, 2014).

According to Astrini (2014), a good performance measurement system should facilitate the development of strategic plans, give feedback on the achievement of objectives, and help with comparison of performance. Besides, Gao (2015) has emphasised that the indicators used in the performance measurement system should adhere to the organisational strategy and be used to describe daily targets. Kloot (2009), Pekkanen, and Niemi (2013) have acknowledged that performance measurement is critical in motivating staff, supporting decision-making, fostering organisational learning, and continuous improvement.

In contrast, Moynihan and Pandey (2010) have warned of challenges and problems that organisations could face when using performance measurement as window dressing due to political pressure. Lack of ownership and accountability together with a public manager's dysfunctional behaviour and exclusion of other values are bound to be a common problem (Frederickson & Frederickson, 2006; Goh, 2012). As such, the dynamic interaction of performance measurement systems and their use are a challenge to many public managers (Vakkuri & Meklin, 2006).

However, when the systems are designed and implemented effectively, they provide a tool for managers to maintain control over their organisations (Poister et al., 2015). Performance measurement creates incentives that help to align individual goals with organisational objectives and performance management gives valuable feedback information that can be used as a base for accountability (Spekle & Verbeeten, 2014).

2.4   ACCOUNTABILITY

Baker and Schneider (2015) have described accountability as a relationship whereby one party demands reasons for conduct from another party whose obligation is to present an account and answer for the execution of delegated duties. Accountability has a deeper scope and operation than mere responsibility because with the transfer of resources comes expectations, directives, and specifications to carry-out the delegated responsibility (Bovens, 2007; Chang, 2015; Klenk, 2015).

According to Kloot (2009), public sector accountability has over time shifted from an internal focus (upper government and parliament) to an external focus with a range of stakeholders from users of public services to the general community. Similarly, Connolly and Hyndman (2004) have likened accountability to a ladder with steps denoting different types of accountability.

This confirms the change over time where accountability which once meant only a narrow financial focus has now come to mean a broader concept of management accountability through the use of performance measurement and reporting (Kloot, 2009; Almquist et al, 2013; Vosselman, 2016).

Managerial accountability is about monitoring output/results and holding those accountable those delegated with responsibility for carrying out tasks according to the agreed performance criteria accountable (Askim et al., 2015; Chang, 2015). It further means that managers are granted additional autonomy and are accountable for results/outcomes rather than the methods of operation (Manafe & Akbar, 2014). However, Jantz, Christensen, and Lægreid (2015) have cautioned about the complexity and contradictory interpretations of accountability and emphasised the need to be explicit about which dimension and perspective of accountability is being used to assess a specific scenario.

In the same way, accountability for performance addresses the problem of output legitimacy; that is, the policies adopted should represent effective solutions to common problems faced by citizens (Harrison et al., 2012). However, managing the short and long route to accountability is a challenge that requires relevant information for the accountability mechanism to work (The World Bank, 2011).
Social accountability, however, goes beyond the organisations' objectives in that entities could be held accountable by the wider public on various interests ranging from quality of service to sustainable production (Caldas, Dollery & Marques, 2016; Eckersley et al., 2014; Klenk, 2015).

According to the World Bank (2011), social accountability refers to actions initiated by citizen groups to hold public officials, politicians, and service providers to account for their conduct and performance in terms of delivery of service, improving people's welfare, and protecting people's rights.

Also, given the existence of public-private partnerships, it is important to understand organisational responses to public accountability (Klenk, 2015). For the same reason, performance measurement reports are instrumental mechanisms which could be effectively deployed to foster accountability between various layers of societal agents and citizens (Chang, 2015). Therefore, there is a need to understand municipal performance reports and test their relevance to accountability.

2.5 PERFORMANCE REPORTING

The concept of accountability seems inextricably linked with the view that accounting should provide information that satisfies the needs of users (Blanco et al., 2011; Connolly & Hyndman, 2004; Van de Walle & Cornelissen, 2014). According to Walker (2016), accounting is perceived as essential to the organisation's management control and is identified among the range of calculative practices that feature in the rise of control in today's information society. Ideally, Connolly and Hyndman (2004) have viewed the user-needs model as well established for use as a conceptual framework for public reporting where annual reports are key documents for the discharge of accountability to external users.

According to major accounting conceptual frameworks, the main purpose of external reporting is to provide information that is useful for decision-making (CGMA, 2015; IASB, 2015). The same information should also be useful in assessing stewardship responsibility and accountability with qualitative characteristics that include:

- relevance;
- faithful representation;
- reliability;
- understandability;
- comparability;
- timeliness; and
- verifiability (CGMA, 2015; IASB, 2015).

There is a distinction between fundamental qualitative characteristics (relevance and faithful representation) and enhancing qualitative characteristics (comparability, timeliness, verifiability, and understandability) (CGMA, 2015; IASB, 2015). As a result, performance reports as part of external reporting have to contain both fundamental and enhancing qualitative characteristics to be useful for accountability (Connolly & Hyndman, 2004; Kurtzman & Greene, 2016).

The Governmental Accounting Standards Board (GASB) in its Service Efforts and Accomplishments (SEA) reporting, have highlighted the inclusion of performance information in the general purpose external financial statements (GASB, 2009). The key goals have been to examine the purpose and scope of the report and to conduct a detailed examination of performance information as well as to check how well performance data is communicated.

2.6 OVERVIEW OF THE REPORTING THEORIES

There is a variety of theories of reporting financial and non-financial information employed in both financial and management accounting and their selection is per their suitability for the intended function (Cluskey, Jr, Craig & Rivers, 2007; Walker, 2016). Malmi and Granlund (2009) have emphasised that theories should be capable of explaining and predicting the use of management accounting information that lead to informed decisions, goal congruence, and sustainable growth. The theoretical perspectives that are devoted to value maximisation and social equality are discussed in this study in line with public reporting, performance information, and accountability.

In terms of the background of transparency and accountability, Joshi (2013) has posited that the theory underpinning service provision is that communities often do not have information on performance from their service providers and the provision of this could incentivise community members to demand accountability.

Likewise, Spekle and Verbeeten (2014) have cautioned that the theory on performance contracting requires specified unambiguous goals, undistorted measures, and control of the production function that transforms efforts into results. As such, if an organisation is unable to specify what it wants from managers, performance metrics cannot give much guidance, and management control becomes just another type of political control (Tessier & Otley, 2012).

Theories selected for this study were as follows:

- Accountability theory looks at relationship between the owner and manager of which requires an account and reasons for certain conduct from the delegated authority.
- Agency theory looks at the protection and looking after the interest of the principal by an agent of which requires the application of incentives to limit divergences.
- Stakeholder theory which requires management to consider all interests of various groups affected by the organisation. As such, management has a duty of care to all stakeholders' interests.
- Organisational theory which assumes that organisations are prone to the will power of managers who sometimes misrepresent situations to control scarce resources.
- Blame-avoidance theory assumes there is a bias in reaction to negative news, as such managers tend to misrepresent to protect their interests.
- Stewardship theory assumes that managers are motivated by aligning their interests with those of the organisation and gain satisfaction from respect for authority and work ethic, the need for achievement and recognition.
- The production of performance reports approaches, looking at the Decision-model and Decision-makers' views to ascertain the most suitable for the study.

2.6.1 Accountability and Agency Theory

Agency theory originated as a solution to the problem of the separation of ownership and control. It suggested a way to deal with the positive relationship between effective monitoring of management, the value of the firm, and the costs of dysfunctional behaviour (Jensen & Meckling, 1976; Mohammed, 2018). Agency theory assumes that the manager (agent) and the owner (principal) are both motivated by economic self-interest and there is a substantial chance that the agent will choose to maximise his utility regardless of how this affects the organisation's performance(Jensen, 1986; Vinnari & Näsi, 2013; Nevile, 2013).

According to Coule (2015), information asymmetries, self-interest, and lack of trust under the Agency theory are threats that need to be managed carefully by the principal as a cushion to stabilise the relationship. The assumption associated with Agency theory is that people act unreservedly, using guile and deceit when it is advantageous for them, hence the bad behaviour of employees when the manager is not looking. Similarly, exaggeration of the difficulty of assignments to make performance seem more impressive is a non-accidental result of the Agency's perspective (Bjørnholt & Salomonsen, 2015; Heath, 2009; von Kriegstein, 2016).

Agency theory also claims that agents, as much as they are rational and always opportunistic, the principal will seek to resolve trust issues by putting in place mechanisms to reduce such behaviour by managers (Heath, 2009; Kamala, 2014; von Kriegstein, 2016). The Agency theory has been used to explain why managers, acting in their self-interest, will select particular accounting methods based on their view that an alternative purpose of accounting is beneficial to them (Kim & Lim, 2017; Vosselman, 2016).

On the other hand, the Accountability theory demands reasons for the conduct, thus requires an account from the delegated authority (Baker & Schneider, 2015; Bovens, 2007). It considers the individual's decision-making or judgements when their behaviour is monitored by stakeholders who can create consequences for such behaviour (Carnaghan, 1999; Eckersley et al., 2014).

Based on the understanding of what is desirable, the theory assumes that if enough pressure is exerted on the actor there should be a change of behaviour that pre-empts or minimises sanctions (Jantz et al., 2015). As such, the theory states that the principal should be able to check the actions of agents and sanction them if their performance is poor (for instance, by removing them from positions of authority) (Bovens, 2007; Vosselman, 2016). Thus, effective accountability requires mechanisms for steady and reliable information, and communication between stakeholders as well as mechanisms for imposing penalties when required (Kim & Lim, 2017). The relevance of performance reports is central to the Accountability theory.

2.6.2   Stakeholder Theory

Organisations are required to perform and communicate their achievements to key stakeholders (Micheli & Mari, 2014). The stakeholder theory assumes that different groups have different interests which should be considered by management. According to Freeman (1994), the stakeholder enabling principle states that organisations shall be managed in the interest of its stakeholders. Most importantly, managers have a duty of care to define and direct the affairs of the organisation per the Stakeholder enabling principle. As such, stakeholders can bring an action against management for failure to perform the duty of care (Deegan & Blomquist, 2006; Freeman, 1994; Klenk, 2015).

Generally, there are challenges to stakeholder management as noted by Harrison, and others (2012). These are owing to conflicts about the applicability of different approaches to performance measurement for different stakeholders in the public sector. The usefulness of information to stakeholders depends on their needs and interests, hence it is important to identify these interests for a common cause (Harrison et al., 2012). Goh (2012), has viewed stakeholder involvement as a key element in the process of performance measurement.

This assumed that stakeholders in the public sector could be participants in developing performance measures and use the same information to demand accountability (Goh, 2012; Ron & Tippett, 2011).

Calland and Bentley (2013) have emphasised that freedom of information reverses the power relationship between the municipality and citizens (duty-bearers and rights-holders) because it empowers the rights-holder to demand information from the duty-bearer when there is an information disparity between those that govern and the governed. The importance of stakeholder management is also supported by the worldwide increase in access to information laws and regimes which reflect an emerging concern with participation and accountability in the political and economic development sphere (Calland & Bentley, 2013; Joseph & George, 2011).

In conclusion, the basic tool stakeholders (particularly citizens) have in holding the state to account for its use of the public purse, is the power to demand information on how decisions are made and whether agreed performance targets have been met. (Calland & Bentley, 2013; Harrison et al., 2012; Woolum, 2011). As a result, performance reports should have useful information in this regard, hence the need to check their quality and relevance to accountability.

2.6.3 Organisational Theory

Under Organisational theory, the assumption is that entities are rational institutions that serve human needs through established objectives for the provision of utilities and products (Luke, Barraket & Eversole, 2013; Mbo & Adjasi, 2017). However, Vosselman (2016) has viewed organisations as being affected, influenced, and pressured by their technical and institutional environments as open systems depend on resource availability. As a result, the dependence on resources exposes organisations to the will and discretion of managers in power to control those resources (Mbo & Adjasi, 2017).

In this respect, organisations may influence performance measurement systems by practicing the politics of representation (Taylor, 2014). The measurement system may be influenced through the ambiguous conceptualisation of performance such as playing with fundamental concepts, unclear measurement standards, and distortion of information (Saliterer & Korac, 2013; Vakkuri & Meklin, 2006).

In the same way, organisations may influence the dynamic interaction between actors to make a positive impact on measures of their performance (Saliterer & Korac, 2013; Vakkuri & Meklin, 2006;). The assumption is that organisations may find it rational to influence public perceptions through a reactive strategy by attempting to reshape their performance (Taylor, 2014). Against this background, service providers can incorrectly apply information asymmetries to consumers (citizens) to improve their performance figures. Consumers can, therefore, become easy targets for such behaviour if unaware of the exact reasons for the service quality (Vakkuri & Meklin, 2006; Vosselman, 2016).

The contention is that in such settings measurement systems are only used as window dressing for political decision-making and not to support stable preferences of the actual intended performance management systems (Mbo & Adjasi, 2017). In that case, performance measurement reports could be viewed as misleading and irrelevant for accountability purposes (Vosselman, 2016), hence checking on organisational influence is important.

2.6.4 Blame-avoidance Theory

Performance information is meant to assist in decision-making, resource allocation, and reform but research has shown that the misrepresentation of reports is rampant due to the 'blame-avoidance syndrome' of public managers and politicians (Charbonneau & Bellavance, 2012; Justin Coates & Tognazzini, 2012; Nielsen & Baekgaard, 2015).

The underlying assumption of the Blame-avoidance theory is due to the bias in reaction to the grievances of citizens who are known to pay more attention to insufficient performance and take good governance for granted (Charbonneau & Bellavance, 2012).

In the 1980s, Weaver had posited that the avoidance of blame was central to understanding the behaviour of public officials. He argued then that a key motive for politicians was to avoid blame and the resulting negative media coverage that could damage their chances for re-election (Weaver, 1986). In 2012, the same views were shared by Charbonneau and Bellavance, who noted that public managers are concerned with avoiding blame that might damage their organization's autonomy and funding or could hurt their career prospects. Similarly, these public managers also tend to claim credit for positive events and attempt to attribute these to their own ability and effort.

In the same way Justin Coates and Tognazzini (2012), state that blame-avoidance is an interesting reflection on politicians and public managers because the performance of public services is directly relevant to the attribution of credit or blame. Consequently, the reporting of poor or negative results has a limited appeal in public organisations and is generally avoided (Justin Coates & Tognazzini, 2012).

Blame-avoidance is generally viewed as a hallmark of the public sector because it can influence the non-reflection of omissions, improper discretion, and invalid arguments by a selective reporting process that limits blame (Charbonneau & Bellavance, 2012). As a result, the users of such information have to combine such flawed performance reports with the Auditor General's reports to get an assurance on the actual quality of the reported information (Nielsen & Baekgaard, 2015).

2.6.5   Stewardship Theory

Stewardship theory is viewed as the opposite of agency theory and assumes that service providers are intrinsically motivated stewards who value co-operative behaviour over self-interest and act to maximise organisational objectives (Donaldson & Davis, 1991; Vinnari & Näsi, 2013). In this perspective, managers are not only motivated by individual economic objectives but are rather conceived as stewards whose interests are aligned with those of the organisation. As such, principals need to empower them rather than seek to control them (Nevile, 2013).

Stewards are expected to gain greater utility from pro-organisational and collective behaviour than from pursuit of purely personal gain. In municipality settings, councillors who play oversight roles are expected to act as stewards when assessing reports from the executives.

2.6.6   The Decision-model and the Decision-makers approaches

Performance measurement reports are supposed to provide relevant information to stakeholders for decision-making and accountability. As such, it is important to look at the Decision-model and Decision-makers' views and approaches that influence production of performance reports (Bradonjic, Franke & Luthje, 2019; Levin & Nolan, 2014).

The Decision-model is viewed as an approach that assumes accountants, who are preparers of reports, know the needs of decision-makers, and can guide the content of the accounting reports (Bebbington & Gray, 2001; Patel, 2015). This is a top-down approach, where the company accountant decides upfront the decisions that users need to take and what information is needed to inform these decisions (Kamala, 2014).

This view adopts a one-size-fits-all approach by assuming that the various classes of stakeholders have the same information needs and such users are not always adequately qualified to determine their own needs (Bebbington & Gray, 2001; Levin & Nolan, 2014).

For some researchers, given that the main aim of accounting and public reporting is communicating information to users for decision-making purposes, the lack of consideration of their views on what information they need is unacceptable and unforgivable (Bradonjic et al., 2019; Deegan & Blomquist, 2006; Kamala, 2014). As a result, the Decision-model approach was not favourable for this study because it is believed that the stakeholders' interest should be considered when providing performance information.

On the other hand, the Decision-makers approach assumes that users themselves are in the best place to decide the type of information that will influence their decision-making actions or behaviour (Bebbington & Gray, 2001; Bradonjic et al., 2019; Deegan & Blomquist, 2006). The Decision-makers approach maintains that the only way to discover the information needs of users is to enquire directly from them under the Behavioural Accounting Research approach (BAR) (Deegan & Blomquist, 2006). Under this approach, meaningful and useful performance measurement reports may be produced and a test for accountability on such reports will be relevant.

2.7   CHAPTER CONCLUSION

This chapter provides an overview of theoretical perspectives that are common in performance measurement, accountability, and performance reporting to enhance accountability. Theories on the organisation's strategy, culture, and environment were put forward to understand the common views used in performance reporting.

According to the Contingency Theory of management accounting, there is no universally applicable system of management control, but the right techniques will depend upon the circumstances surrounding a specific organization (Tessier & Otley, 2012). As such, the strategy and goals that an organization decides to pursue will heavily influence the choice of performance measures to be used and the appropriateness of the fit of such a system.

However, in this study, the Decision-makers approach through BAR was more appropriate and was used to help in testing performance reports for accountability. As stated by Deegan and Blomquist (2006) it is vital to consider the information needs of stakeholders in public reporting since the lack of such a consideration renders the reports irrelevant. This theory provides a framework that helps researchers to understand the current performance measurement reports, and their evaluated relevance in terms of accountability and suggested improvements.

The next chapter presents a review of the literature relevant to this study which guides the objectives of this research. Chapter 3 proceeds with a review of assessments conducted on public reporting and performance reports in municipalities. This is followed by a review of the studies for stakeholders' information needs, accountability, and the relevance of reports produced.

CHAPTER 3

LITERATURE REVIEW

3.1 INTRODUCTION

Contemporary public administration practice has had a major focus on performance measurement and its relationship with the role of citizens using this information for accountability (Chouinard, 2013; Lee, 2012; Van de Walle & Cornelissen, 2014). Most importantly, performance measurement calls for standardised ways to measure activities of local government by focusing on outcomes rather than output and by making such information available to the public at large for democratic accountability (Lee, 2012).

This chapter provides an overview of performance reporting. It commences with the evolution of reporting and is followed by issues in municipal reporting for accountability, then it explores the Batho-pele principles and its application on South African reporting, and the last focus is on the challenges of reporting. The theoretical perspectives relating to this literature review were covered in Chapter 2.

The overall design view of this chapter's structure is presented in Figure 3.1 below:
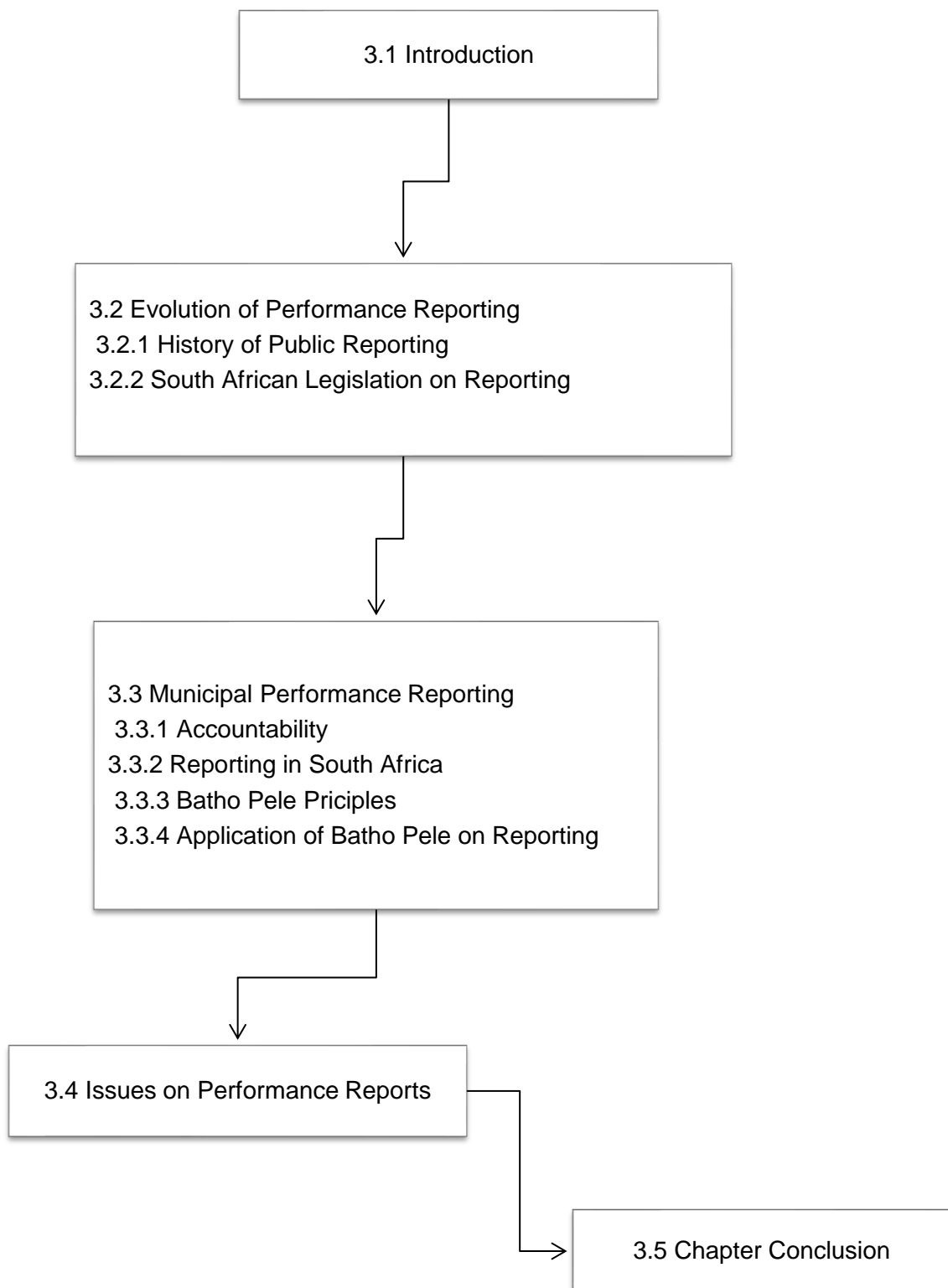
Figure 3.1: Chapter 3 design structure

3.2 EVOLUTION OF PERFORMANCE REPORTING

As far back as 1900, reporting in the public sector was already a significant issue for both theorists and practitioners with the need for public officers to keep citizens well informed about institutional activities (Lee, 2002, 2006b; Van de Walle & Cornelissen, 2014). At that time, for example, in Turkey, this was based on the principles of the democratic state and was highly important where citizens could not hold public officers accountable for their activities due to the unavailability of information, time and resources (Demİrbaş & Eroglu, 2016).

According to Lee (2006b), public reporting refers to the obligation of senior civil servants to report regularly to the citizenry on their public activities and accomplishments. Public reporting has contributed to an informed citizenry without which there was no democracy (Lee, 2006; Nguyen et al., 2015; Woolum, 2011). However, given the general lack of interest and understanding of municipality business by most citizens in South Africa, the effectiveness of performance reports remains a challenge to most South African municipalities (Asmah-Andoh, 2015).

Typically, public reporting aims to give stakeholders as much information as possible about public sector organizations activities systematically and regularly to contribute to the democratic rights of citizens (Baber, 1983; Connolly & Hyndman, 2004; Nguyen et al., 2015). As previously mentioned, ideally this makes it possible that such information enables public managers to be held to account for their actions (Eckersley et al., 2014). This is also in line with the conventional view of accounting; as a purposive activity directed towards a specified end to meet the information needs of users (Connolly & Hyndman, 2004; Nguyen et al., 2015). Reporting is a key component for public accountability (Hudaya, Smark & Silaen, 2015).

3.2.1 History of public reporting

According to the Governmental Accounting Standards Board (GASB), in the United States of America, the emphasis on better public performance reporting dates back to 1900 with the National Committee on Municipal Accounting which issued statements that required governmental financial reports to have both financial statements and statistical tables for selected service offerings (GASB, 2009; 2019).

Globally, public reporting can be traced back to the 1920s, when a Normative Theory of Reporting was developed that called public managers to submit regular reports to an informed citizenry (Van de Walle & Cornelissen, 2014). This early public reporting was developed out of a background of local government reports which were hardly readable and with statistical data without interpretation.

The idea to improve reporting was later re-emphasised by the popular 'Blue Book' published by the American Municipal Accounting and Auditing in 1951 which continued to view statistical tables as part of the general-purpose external financial reporting (GASB, 2009; 2019). Major research advocates for better municipal reporting at that time were Clarence Ridley, Herbert Simon, and Herman Beyle. Ridley and Simon focused on how to do public reporting whereas, Beyle's interests were focused on the effectiveness of the reports (Ammons, 2013; Lee, 2006b; 2012).

In 1971 the American Accounting Association's Committee specified the concepts applicable to the public sector for which were to be used for accountability (Lee, 2006b). These were:

- financial resources;
- compliance with administrative requirements;
- efficiency and economy in operations; and the
- results of activities as reflected in accomplishments, benefits and effectiveness.

The idea of the general-purpose external financial reporting was to provide information on the public service's efforts and accomplishments (SEA) for external users. The duties that were fulfilled by the government were intended to be publicly accountable so that users were enabled to assess that accountability (Mead, 2018).

The notion that accounting and financial reporting are more than just numbers predates the creation of the Financial Accounting Standards Board (FASB) and GASB. By the time the FASB was established in 1973, the accounting profession had already embraced the idea of non-financial information in performance reporting; namely, operational and service performance information, as a necessary ingredient in accounting with an entity's financial position and results of its operation (GASB, 2019; Mead, 2018;).

When the GASB issued Concepts Statement No. 2, 'Service Efforts and Accomplishments Reporting', the objectives were to provide information to assist users in assessing service efforts, costs, and accomplishments of the governmental entity. In this respect, Service Efforts and Accomplishments (SEA) helped to provide more details of reported information for performance assessment, accountability, and decision making. The SEA is a form of external financial reporting that assists governments in meeting their responsibility to be publicly accountable. The reporting includes information about the services provided and the effectiveness of those services to assist users in assessing how well governments achieved stated goals (GASB, 2009; Mead, 2018).

The increased emphasis on performance measurement and accountability, however, led to more general-purpose financial reporting based on accrual accounting in the public sector as well as a greater awareness of the annual report which included performance information (financial and no-financial) as an appropriate mechanism by which government could meet accountability expectations. (Demİrbaş & Eroglu, 2016; Stanley, Jennings & Mack, 2008). However, financial reports produced by the public sector can be viewed as too complex for ordinary taxpayers and the reports need to be simplified (Mead, 2018).

3.2.2 South African Legislation on reporting

In South Africa, under section 75 of Municipal Finance Management Act 56 of 2003, municipalities are required to report performance regularly through submission of annual reports which contains performance information and financial statements. Theses annual reports are placed on municipality websites together with supporting documents for public scrutiny.

The purpose of performance reporting is to clearly state the goals and objectives, present information at different levels of detail, and focus on relevant measures (South Africa, Public Service Commission, 2012). Asmah-Andoh (2015) opined that most municipalities in South Africa have challenges to present such quality information in line with SEA recommendations and the Batho Pele principles.

3.3 MUNICIPAL PERFORMANCE REPORTING

In this section, municipal reporting will be discussed in terms of accountability, detailed legislative requirements in South Africa, and Batho-pele principles. Reports are evaluated in line with accountability requirements and detailed reporting procedures. Batho-pele (people first principle) refers to the agreed service standards by local government to citizens for which the quality of service is measured against.

Generally, the need for the disclosure of performance information is based on the existence of incentives for the preparation of the report that enables users to process the information (Adi et al, 2016; Hatry, 2010; Lee, 2012). The major drivers for performance reporting in municipalities are:
- need for transparency and accountability
- need to report on service delivery updates and
- citizen engagements.

3.3.1. Accountability

According to Demirbas and Eroglu (2016), accountability is recognised as part of the solution to a wide range of problems in contemporary public administration and is a key component to public sector reforms. The assumption is that accountability results in greater transparency and openness, enabling elected officials to be held more accountable for their actions (Okubena, 2016). Accountability discourages bad behaviour, poor performance, and secures justice for the public by challenging those who abuse the public through corrupt practices (Bovens, 2007; Baker & Schneider, 2015; Klenk, 2015). It also encourages loyalty to explicit rules and codes of behaviour, hence making elected officials more ethical and dedicated to service delivery (Demİrbaş & Eroglu, 2016).

Accountability is important in performance measurement as it enables the identification of senior managers who fail to meet agreed targets. It allows the overseer in the municipality to consider reasons for failure before applying consequence management to correct the situation for citizens to have improved service delivery.

3.3.2 Reporting in South Africa

In South Africa, local governments are required to account for their performance and use of resources to the provincial and central government as well as to citizens (South Africa, Municipal Planning & Performance Management Regulations Act 32 of 2000). As such, regular performance reports are produced and made available to the central government and the general public for their consumption (South Africa, Public Service Commission, 2012). The purpose of performance measurement and reporting is intended to advance the interests and values of citizens and to provide them with reliable and understandable information for participation in the integrated development programmes and decision-making (Asmah-Andoh, 2015; Manyaka & Sebola, 2015; Solomons, 2016).

As stated previously, the reporting of performance information to the public is a requirement for public entities in South Africa in the democratic context in which the government operates (Lee, 2002; 2012).

The South African municipalities' performance management and reporting requirements reside in Chapter 7 of the country's constitution (Government of South Africa, 1996). This legislation necessitates the results and should have:

- policy development and performance improvement with services that address community needs;
- a provision of information that enables accountability and transparency;
- improved communication between local government and informed citizens to foster trust (Government of South Africa, 1996).

For the same reason, Section 52 of the Constitution requires the local authorities to:

- provide a democratic and accountable government for local communities;
- ensure the provision of services to communities in a sustainable manner; and
- encourage the involvement of communities in the matters of local government (Government of South Africa, 1996).

According to Melitski and Manoharan (2014), local governments must acknowledge both the challenges and opportunities faced when incorporating performance results into financial reporting processes. Integrating performance data into budgeting and financial reporting ensures transparency, improves public trust, and holds agencies accountable (Vosselman, 2016). However, similar to business executives in the private sector, external factors can affect outcomes whereby public managers could also benefit from windfalls not related to their performance and suffer from negative events outside their control (Hatry, 2010).

To address community needs, the legislation ((South Africa, Municipal Planning & Performance Management Regulations Act 32 of 2000) requires municipalities to draw up integrated development plans (IDP). The IDP is a five-year local strategic development plan that covers municipal budgets, land management, economic development, and institutional transformation in a consultative and systematic manner. The municipalities draw up the IDP and engage communities to discuss developmental and service delivery plans which is then followed by periodic feedback sessions on progress made.

Essentially, Section 53 of the Constitution also requires municipalities to undertake developmental duties to:

- structure and manage their administration;
- budget and plan for priorities to supply the basic needs of the community; and
- promote social and economic development (Government of South Africa, 1996).

However, according to Solomons (2016), the IDP process reinforces bureaucratic rather than developmental thinking. This is because a broad misconception exists that the municipality has complied with the law by preparing a plan which is far more important than the content of the plan. However, as pointed out by Van Donk, Swilling, Pieters, and Parnell (2008), the value of the IDP should be embedded in the formulation of focused plans that are based on developmental priorities. Therefore, municipalities need to adopt a more business-like approach to ensure a prudent allocation of scarce resources and curb wasteful expenditure (Ijeoma & Sambumbu, 2013).

To ensure effective, efficient, and sustained service delivery, municipalities are required by the Public Service Commission to make informed projections for service delivery budgets under the Service Delivery Implementation Plans (SDIP). The IDP and SDIP reviews should enable improvement of service delivery and the quality of service (South Africa, Public Service Commission, 2012).

The Local Government Municipal System Act 7 of 2011 also stipulates performance reporting as a legislative requirement to provide useful information for citizens to evaluate the utilisation of public resources. Thus, municipalities are required to publish development and service delivery objectives, targets, and report on achievements (South Africa, Public Service Commission, 2012). The importance of these performance measurements is for the public to know how public managers have performed in delivering service to communities.

Furthermore, according to this legislation (Municipal System Act 7 of 2011), performance reports should cover progress made in attaining the following founding values of the Constitution as follows:

- To heal the divisions of the past and establish a society based on democratic values, social justice, and fundamental human rights; and
- To improve the quality of life of all citizens and free the potential of each person (Government of South Africa, 1996).

This should give reports an objective and take out meaningless value judgements (Lee, 2004; 2012). However, according to Asmah-Andoh (2015), the local government statutory requirements should meet the key tests of relevance and user-friendliness for citizens. Reported information still needs to indicate the relationship between strategic objectives in IDPs and resource utilisation, and at the same time should be based on a reporting model that is understood by all stakeholders (Asmah-Andoh, 2015).

According to the Municipal Finance Management Act, 56 of 2003, South African municipalities are required to prepare and post annual reports on their websites to provide a record of financial activities and performance against budgets. The process of making available performance information promotes accountability to the local community for decisions made throughout the year by the municipality. The annual reports consist of a performance report, financial statements, and the Auditor General's report (South Africa, Municipal Finance Management Act 56 of 2003). However, the usefulness of these reports remains an unanswered question to this point.

3.3.3 Batho Pele Principles

Batho Pele ("people first") principles capture the Sotho ethical tradition to drive the initiative of service orientation to the general public. Public servants are expected to strive for excellence in service delivery and commit to continuous service improvement (South Africa, Department of Public Service & Administration, 1997; South Africa, Public Service Commission, 2012).

According to Solomon (2016), it is also a simple and transparent mechanism that allows citizens to hold public servants accountable for the level of service delivered. Annual reports are required to provide information in-line with Batho Pele principles in terms of responsiveness, transparency, and accountability which require the provision of useful information for the assessment of service efforts and accomplishments (Job Mokgoro Consulting, 2003; South Africa, Public Service Commission, 2012). Therefore, all efforts lost if not applied in performance reporting.

3.3.4 Application of Batho Pele on Reporting

Accordingly, Batho Pele principles should facilitate the assessment of the quality of service delivery in terms of transparency, redress, and value for money. Consequently, the South African public service can be judged mostly by its effectiveness in delivering services that meet the basic needs of its citizens (South Africa, Department of Public Service & Administration, 1997; South Africa, Public Service Commission, 2012).

As a result, reporting on service delivery improvements allows for an assessment of the following efforts and accomplishments:

- **Openness and transparency** entail informing citizens how the municipalities are run, who are the people in charge, and the cost of running the entity (South Africa, Public Service Commission, 2012; Gauteng Provincial Government, 2018). Performance reports should provide comparisons of results achieved against budgets and resources consumed. Ridley (quoted by Lee, 2012) states that a good public reporting system requires the development of comparable income-costs-and-service data that gives reporting authorities some yardstick against which to measure performance. This gives reports an objective basis and could take them out of the realm of what is sometimes meaningless value-judgement and useless statistics (Kurtzman & Greene, 2016; Lee, 2012).

- **Redress**: demands an apology, full explanation, speedy and effective remedy if standards of service are not delivered (South Africa, Public Service Commission, 2012; Gauteng Provincial Government, 2018). According to Lee (2012), performance reports should provide information regarding shortfalls, as well as the reasons and corrective measures to put things right. The users of information should then be able to assess the municipality's efforts to restore the promised standards, making performance reporting 'a two-way street' (Job Mokgoro Consulting, 2003; Goh, 2012).

- **Value for money**: the public services in local government need to be provided economically and efficiently to give citizens more value for their money (Gauteng Provincial Government, 2018; South Africa, Public Service Commission, 2012). Performance reports should reflect the extent to which a municipality has simplified processes and eliminated waste and inefficiency. The information should facilitate the comparison of citizens' expectations against their assessment of how well the municipality has met these expectations (Woolum, 2011). This, according to Asmah-Andoh (2015), means that performance in municipalities is based on value judgements. As such, the competence of the municipality and achievement of objectives are functions for community evaluation. Hence reporting timely with understandable performance information is necessary for community assessment (Caldas, Dollery & Marques, 2016; Asmah-Andoh, 2015; Van de Walle & Cornelissen, 2014).

3.4 ISSUES ON PERFORMANCE REPORTS

Therefore, according to SA legislation, municipal performance reports are meant to provide timely relevant, and user-friendly information to facilitate public accountability in South Africa. However, it has been found that most local governments face challenges about the provision of optimum content and the ideal structure of such reports (Kurtzman & Greene, 2016). Here, this study turns to the literature to explore performance reporting issues.

The following is a brief review of similar studies conducted in different countries;

In Canada Schatterman (2010) analysed municipal reports in the State of Ontario. The findings were that despite clear legislation terms and reporting standards, there were differences in the quality of reports due to negative perceptions by municipal managers who disregarded citizens in their communication to avoid accountability (Schatteman, 2010).

In New Zealand Harrison, Rouse and Villiers (2012) researched on accountability and performance measurement from a stakeholder perspective. They looked at the problem of balancing competing stakeholders' needs in a performance measurement model. The findings were that public organisations require managers to identify the purpose of performance measurement, the primary stakeholder (citizens), their main goal for the organisation and relevant performance indicators to that goal, then consider the needs of other stakeholders last (Harrison, Rouse & De Villiers, 2012).

In South Africa Asmah-Andoh (2015) conducted research for citizen participation under the title; Can the reporting of local government performance enhance citizens' engagement? The findings were that communication of credible and relevant information to citizens was needed to improve and enhance engagement and participation. The communication of performance information in an understandable manner is needed for accountability to have better management (Asmah-Andoh, 2015).

Magoro (2015) also researched a local municipality in South Africa to find out whether performance agreements for senior managers have any impact on service delivery. The findings were that performance agreement had no direct impact on service delivery due to the non-existence of a performance management system.

The local municipality faced challenges to implement a sound performance management system (Magoro, 2015).

Craig (2015) researched the relationship between municipal audit outcomes and level of service delivery in Western Cape, South Africa. The findings were that the audit results did not reflect the level of service delivery. The audit outcomes were not related to municipal operational performance but to financial compliance (Craig, 2015).

Performance reporting issues and recommendations made by other researchers to enhance accountability and to improve service delivery:

According to Lee (2012), central to the democratic accountability process is that performance reports need to use vocabulary that is made understandable to citizens. The same view has been supported by Hibbard, Greene, and Daniel (2010) whose study on the quality of reporting suggests that the use of plain language in performance reports enables consumers to understand better and see greater value in the reported information. In South Africa, the Public Service Commission also recommends that the issue of language used should enable better comprehension by citizens (South Africa, Public Service Commission, 2012).

Complexity has also been observed to be an issue in that financial reports normally produced by most local governments are too complex for ordinary taxpayers (Lee, 2012; Stanley, Jennings & Mack, 2008). This has resulted in an initiative taken by the Government Accounting Standards Board (GASB) to simplify performance measurement reports into a format for ordinary taxpayers to readily understand them (GASB, 2019).

In South Africa, municipalities are required to submit performance and financial reports in their Annual Reports to reflect actual service delivery performance against the budget in a clear format as possible for accountability (South Africa, Municipal Systems Act 7 of 2011) However, it has been found from comparative presentations that reporting styles may negatively impact consumers' comprehension, decision-making and response to the accountability process (Kurtzman & Greene, 2016). As a result, public managers need to pay more attention to the style and layout of the reports (Adi et al, 2016).

In terms of technical reliability, Connolly and Hyndman (2004) have found that the most significant challenge in public service is the reliability of reported information. If there is no verification of performance numbers reported, there could be temptations to present figures perceived as more acceptable to the readers by exaggerating good performance regardless of its accuracy. This then requires auditors to verify the reports (Connolly & Hyndman, 2004; Vosselman, 2016).

By the same token, Eckerslely et al (2014), have noted the challenges faced by auditors who try to balance public sector efficiency and protection of public interest in the outsourced public services. The complexity arises on shared accountability when outsourced services are shaped by the interests of public, private, and third sector service providers (Bjørnholt & Salomonsen, 2015; Craig, 2015). Most academics agree that it is more important for auditors to give an assurance that the interests of the public are protected in such complex private-public partnerships (Eckerslely et al., 2014; Da Cruz & Marques, 2011).

According to Asmah-Andoh (2015), the key test of relevance and user-friendliness for citizens needs to be met in performance reporting. Performance reports should indicate the relationship between strategic plans in the form of IDPs, SDIPs, and resource utilisation rather than by irrelevant and useless statistics (Lee, 2012; Asmah-Andoh, 2015; Zhang et al., 2016).

It has been suggested, therefore, that performance reporting be based on the usefulness of a reporting model that can be relevant and understood by citizens.

In terms of quality, Adi et al (2016) have studied the quality of information and revealed that municipal performance reports are generally of low quality due to some information not being presented or not adequately covered. Klenk (2015), has also noted that the delivery of performance information set by regulatory standards was not enough to meet the obligations of public accountability and has called for more comprehensive information as required by stakeholders.

The same view has been shared by Gao (2015) who defined comprehensive information as relating to input, output efficiency, effectiveness, community satisfaction, speed and quality of public service. However, Kurtzman and Greene (2016) have also argued for a balanced presentation that optimises its citizens' understanding and engagement instead of offering an information overload.

In the same way, Adi et al (2016) recommend that a systematic and uniform approach on performance reporting is required. For this, regulators should develop a disclosure manual containing the basic information to be reported and the style of presentation that best helps the public to comprehend and assess the service, efforts, and accomplishments of the municipality.

In summary, it is also essential for performance reports to meet all the qualitative characteristics of financial reporting. There is a distinction between fundamental qualitative characteristics (relevance and faithful representation) and enhancing qualitative characteristics (comparability, timeliness, verifiability, and understandability). As a result, performance reports as part of external reporting have to contain both fundamental and enhancing qualitative characteristics to be useful for accountability (Connolly & Hyndman, 2004; Kurtzman & Greene, 2016).

3.5   CHAPTER CONCLUSION

In South Africa, the Public Service Commission (2012) emphasises that the quality of performance reporting made by municipalities is crucial for public accountability. This chapter, therefore, reviews the quality of reports produced globally and their relevance to accountability by reviewing the literature on municipal reporting. Policy requirements and issues on current reports are covered and the need to comply with policy is highlighted.

The main aspects from the legislation and prior literature reveal that the intended purpose of performance reporting in municipalities is to facilitate the assessment of service delivery. Performance reports should provide adequate information to stakeholders for public accountability (Vosselman, 2016). As such, the presentation, layout, and quality of reports are of great importance. Performance reports should be fit for purpose: to communicate service delivery performance to citizens (Lee, 2012; Van de Walle & Cornelissen, 2014).

The next chapter will discuss the research methods employed to achieve the objectives of this dissertation. Chapter 4 discusses research design and methodology; design type, approach, data collection, and analysis.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1   INTRODUCTION

This chapter outlines the research paradigm, design type, approach, data collection and analysis methods employed to evaluate performance reports that assess the accountability of public managers in municipalities. In terms of a world-view, this study's research design and strategies used for collecting, analysing, and interpreting data were meant to address the following objectives:

- To explore the reporting process of performance information in municipalities for accountability.
- To discuss the concept and practice of performance reporting in line with Batho-Pele (people first) principles.
- To critically analyse the relationship between performance and accountability in municipalities.
- To ascertain ways to increase the usefulness of performance reports on accountability.

The Chapter 4 design structure is presented by Figure 4.1 below:
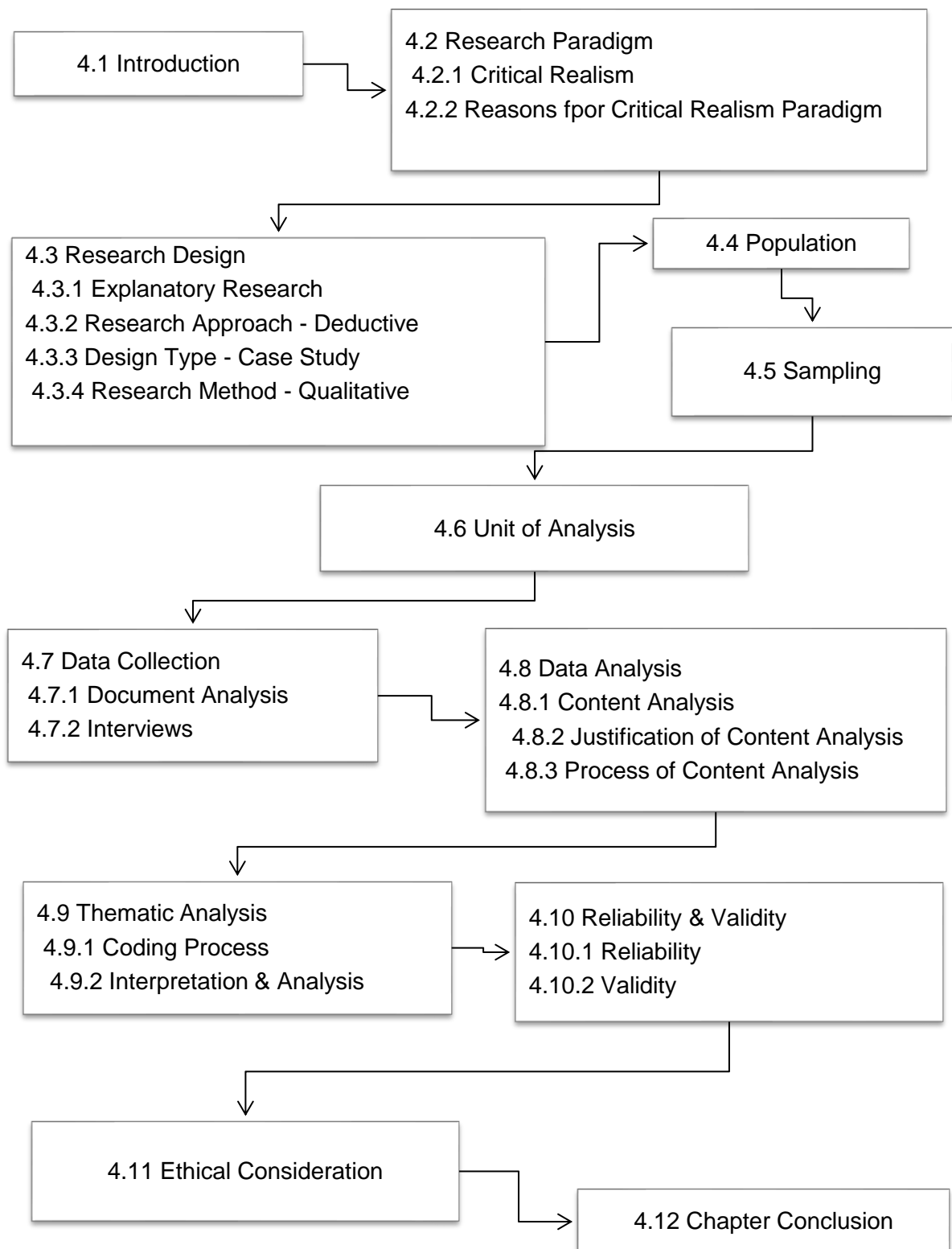
Figure 4.1: Chapter 4 design structure

4.2 RESEARCH PARADIGM

Generally, a paradigm is a set of beliefs, values, and assumptions about how things work. It is a system or theory that guides the way things are done (Robson & McCartan, 2016). Most scholars defined a paradigm as a framework for observation and understanding that shapes how the world is viewed (Martens, Cidro, Hart & Mclachlan, 2016; Saetren, 2014; Stage & Manning, 2016).

Recent studies reflect that the choices available to researchers and arguments over which paradigm is best to have been replaced by the idea of the promotion of the public good through service (Stage & Manning, 2016). According to Denzin (2017), there is now a great openness and celebration of the proliferation, inter-mingling, and convergence of paradigms and interpretive frameworks. However, research has shown that it is still important to align within a certain paradigm, as the framework affects the methodology in which the thinking falls and this dictates how the research questions will be addressed (Blaikie & Priest, 2017; Kardorff, Steinke & Flick, 2004; Stage & Manning, 2016).

The main research paradigms are;

- positivism,
- interpretivism,
- pragmatic and
- critical realism.

For this study, critical realism was chosen as explained below.

4.2.1 Critical Realism

The realist ontological assumption is that reality is external and independent of the ideas, experiences, and perceptions human beings might have of it. It acts independently and behaves in a regular way (Blaikie & Priest, 2017). In the late 1970s, Realism in social science was known as Critical Realism (Bhaskar, 2012; Blaikie & Priest, 2017; Ferber & Harris, 2013; Lawson, 1997; Owens, 2014).

Critical Realism is rooted in its epistemological assumptions and adopts the view that observed regularities are explainable in terms of underlying real causal structures (Bhaskar, 2012; Easton, 2010; Owens, 2014). As such, the Critical Realists, believe that they have identified the scientific principles that are capable of adequately explaining any aspect of social life (Blaikie & Priest, 2017). They argue that there is a real-world independent of human consciousness and at the same time there is a dimension that includes our socially determined knowledge about reality (Owens, 2014). Therefore, by putting on Critical Realistic lenses it influences the way the world is viewed, what can be known, how it can be investigated, and the kinds of theories that can be constructed about it (Bhaskar 2012; Owens, 2014; Blaikie & Priest, 2017).

4.2.2 Reasons for Critical Realism paradigm

A Critical Realist approach has been chosen for this study because it enables this researcher to justify building on important insights and conducting in-depth research to understand the underlying mechanisms and structures that are present (Mutiganda, 2013). It also adopts a wider scope, looking for adequate causal explanations that require the discovery of regular relations between phenomena and mechanisms that link them (Blaikie & Priest, 2017).

According to the Critical Realists, three domains of reality differentiate the world; the empirical, the actual, and the real (Bhaskar, 2012; Blaikie & Priest, 2017; Ferber & Harris, 2013; Mutiganda, 2013). The empirical domain consists of personal experiences of events and can be only a fraction of events that exist. The events normally observed and acknowledged as the top layer, the empirical domain, are determined by the combined activities of hidden casual mechanisms located in the real domain beyond the reach of people's experience (Bhaskar, 2012). The middle layer, the actual domain, consists of events that occur whether or not they are experienced.

Events that are not experienced can be inferred from their effects, given the Critical Realists assumption that what happens in the world is not the same as what is observed (Ferber & Harris, 2013). By this description, the observed and unobserved events are caused by mechanisms contained in the bottom layer, the real domain (Bhaskar, 2012).

The Critical Realist approach further explains that the mechanisms in the real domain (structures, rules, or policies) contain guidelines that have the power to affect events. As such, the interpretations of these guidelines in the middle layer (the actual domain) produce actions, events, or relationships that are reflected by the top layer (the empirical domain) as outcomes, output, numbers, statistics, or other measures (Mutiganda, 2013). As a result, Critical Realists argue that research needs to switch from concentrating on offering explanations that describe observable events on the top layer (the empirical domain) and develop a deeper understanding of the underlying mechanisms which cause the events (Blaikie & Priest, 2017; Ferber & Harris, 2013; Mutiganda, 2013).

Furthermore, Critical Realism applies principles of abstraction and retroduction which lead to a deeper understanding of the nature of relationships and interactions between actors, players, or stakeholders (Bhaskar, 2012; Mutiganda, 2013; Vincent & O'Mahoney, 2018). Abstraction involves isolating all those factors that account for the existence of the object of interest, thereby combining the divisible and the indivisible (Owens, 2014; Vincent & O'Mahoney, 2018). Retroduction, however, is a mode of inference in which events are explained by identifying mechanisms that are capable of producing them (Bhaskar, 2012; Lawson, 1997; Mutiganda, 2013; Vincent and O'Mahoney, 2018). Hence, Critical Realists suggest that finding the true cause of events involves moving from a conception of some phenomenon of interest to another of a different kind of power to what generated the given phenomenon (Blaikie & Priest, 2017; Easton, 2010; Mutiganda, 2013; Vincent & O'Mahoney, 2018).

Besides, Critical Realism advocates intensive research methodology in conducting field studies (Ferber & Harris, 2013; Mutiganda, 2013; Owens, 2014; Sayer, 2000). Intensive research requires active and continuous interactions between the researcher and actors in their fields, using counter-factual thinking in planning and conducting interviews (Ferber & Harris, 2013). Critical Realists argue that counter-factual thinking leads to deeper interview questions regarding processes in a particular setting (Blaikie & Priest, 2017). Hence data collection in this respect seeks to understand relations and connections between groups of individuals in their settings and how different mechanisms interconnect in the production of an event (Blaikie & Priest, 2017; Mutiganda, 2013; Owens, 2014).

In summary, the Realist approach employs no standard formula but emphasise on the base strategy to produce a clear Theory of Program Mechanisms, contexts, and outcomes and then use them to design the appropriate empirical measures and comparisons (Blaikie & Priest, 2017; Ferber & Harris, 2013). This kind of approach assisted the researcher in collecting sufficient data to address the research objectives.

4.3 RESEARCH DESIGN

Research design is a process that fits into the entire research plan from the framing of a question to analysing data and reporting the findings (Creswell, 2014; Hofstee, 2006). A research design is meant to ensure that the evidence obtained answers the research question in a convincing way (Yin, 2016a). The research design is fundamentally affected by whether the research question is descriptive or explanatory (Taylor et al, 2016).

In line with the Critical Realism philosophy, explanatory design with a qualitative method was chosen for this study. While the Critical Realists believe that there is an external and objective reality to the world, social conditions affect the way it is interpreted and understood (Saunders, Lewis and Thornill, 2016).

Thus, a qualitative analysis was required to better understand the research problem (Molina-Azorina, 2018). The explanatory design was more suitable for this study because of its focus on the 'why' questions which fit well with Critical Realism philosophy.

4.3.1 Explanatory research

Apart from being a 'good fit' with Critical Realism, explanatory research has the advantage of an in-depth view of causal relationships. The drive to develop and evaluate causal theories blends well with the quest to understand relations and connections between stakeholders in their settings and mechanisms that drive the event (Mutiganda, 2013; Saunders et al., 2016).

However, causal explanations are affected by two ways of thinking: deterministically and probabilistically (Saldana, 2011). Deterministic causation specifies the exact variables or conditions that cause an event (Micheli & Mari, 2014; Vakkuri & Meklin, 2006). On the other hand, probabilistic causation specifies variables that are most likely to cause an event (Bennett & McWhorter, 2016; Vogt, Vogt, & Gardner, 2014a). For this study, the probabilistic nature of causation was preferred to avoid invalid inferences and to improve causal explanations, and conditions under which the phenomenon was most likely affected were specified (Bennett and McWhorter, 2016).

The explanatory research with a qualitative design, chosen for this study, started with collection and analysis of text data from documents and was followed by narrative data from interviews to refine and explain the general picture. The qualitative analysis evaluated the relevance of performance reports and was used to identify reasons why such reports are produced in municipal settings.

4.3.2 The deductive research approach

The research approach is the procedure in which the research questions are answered (Creswell, 2014; Masocha, 2017). The relationship between data collection and analysis, theory, and data, can be explained using deductive or inductive reasoning (Kennedy, 2018). In logic, deduction is a process that starts with a specific rule or theory and then examines whether raw data support or confirm the need for modification of that theory (Blaikie, 2011; Kennedy, 2018). On the other hand, inductive reasoning uses a series of empirical cases to identify a pattern from which to make a general statement or theory (Kennedy, 2018).

Recent researchers have noted that evaluation studies usually adopt a deductive approach (Kamala, 2014; Masocha, 2017; Mbala, 2016). Similarly, in this study deductive reasoning was adopted to test the relevance and usefulness of these reports for the assessment of performance reports. Qualitative analysis was applied to analyse textual data and compare with the existing theoretical framework to check whether the same is supported (Kennedy, 2018).

4.3.3 Design type – the case study

A case study is about viewing and studying something in its completeness, looking at it from many angles, and attempting to understand the interconnectedness of elements that it comprises (Thomas & Myers, 2017). As opposed to the common thinking, Piekkari and Welch (2018) have emphasised that a case study is a design framework that incorporates several methods and analytical frames. It is popular for its in-depth exploration from multiple perspectives of the complexity and uniqueness of a particular system in a real-life context (Farquhar, 2013; Piekkari & Welch, 2018; Thomas & Myers, 2017). This design frame (case study), places cases on the centre stage, and are defined by boundaries around places and periods. In summary, case studies are analyses of persons, events, decisions, periods, policies, institutions, or other systems that are studied holistically by one or more methods (Thomas & Myers, 2017).

The driver in a case study was well explained by Thomas and Meyers who alluded to the fact that a case is the subject of inquiry, an instance of phenomena that provides an analytical frame (the object) within which the study is conducted and which the case illuminates and explicates. The assumption is that by looking at the subject from many and varied angles, the researcher gets closer to how and why something happened (Thomas & Myers, 2017).

The literature has revealed that there are various types of cases and selection depends on the information required to address the research question (Piekkari & Welch, 2018). Farquhar (2013) has explained the common categories as follows:

- **Extreme case** obtains information on unusual cases, providing insight into the particular problem.
- **The maximum variation case** obtains information about the significance of various circumstances for the case process and outcomes.
- **Critical case** obtains the information that can support, challenge or extend the theory.
- **Representative case** captures circumstances and conditions in an everyday situation.
- **The revelatory case** offers an opportunity to investigate a phenomenon previously inaccessible.
- **The longitudinal case** provides information over some time and shows how conditions have changed (Farquhar, 2013).

According to Yin (2013), the number of cases to be conducted depends on the ontological and epistemological perspectives such as:

- **A single-case study design** that has advantages of depth, insight, revelatory, and uniqueness. However, there is a risk that the case might not turn out to be quite what the researcher anticipated.
- **An embedded-case study design** that involves more than one unit of analysis but within the same organisation. This allows in-depth investigation across several units generating the subtle and rich data.

- **A multiple-case study design** that enables the researcher to compare and contrast cases and explore the phenomenon in several different cases (Farquhar, 2013; Yin, 2009).

To evaluate the usefulness of performance reports in three Gauteng cities (Ekurhuleni, Johannesburg, and Tshwane) for this study, the critical case type with the multiple-case design was selected because it was suitable to provide information to address the research problem. The information permitted logical deductions as to 'how' and 'why' the current performance reports were produced.

Essentially, Critical Realism is compatible with the critical case approach and the 'three layers view' fits in well for collecting evidence (Ferber & Harris, 2013; Piekkari & Welch, 2018). The cutting edge of this research design type was to continue to ask the 'why' questions whereas, with the Critical Realist approach, an in-depth analysis was to ascertain mechanisms and the drivers of performance reports in municipal settings to answer the research question (Piekkari & Welch, 2018).

4.3.4 The qualitative research method

The term 'research approach' refers to plans and procedures that span from broad assumptions to detailed methods of data collection, analysis, and interpretation (Creswell, 2014). There are three types of research methods; namely, the quantitative, qualitative, and mixed methods approaches. According to Yin (2013), quantitative methodology gathers data, which is numeric, and uses the empirical method of objective observation to describe facts. Qualitative methodology, however, gathers data in narrative form that persuades the reader, through the rich description, to interpret the phenomenon from the meanings people attach to them (Rheinhardt, Kreiner, Gioia & Corley, 2018; Saldana, 2011; Yin, 2016a). A mixed-methods approach is a hybrid of both numeric and narrative data collection and analysis (Molina-Azorina, 2018).

Quantitative methods require valid conceptual grounding (Creswell, 2014), whereas qualitative methods are a necessity for the understanding of social phenomena (Rheinhardt et al, 2018; Yin, 2016a;). Ideally, combining quantitative and qualitative approaches enables the exploration of more complex aspects and relations of the human and social world (Molina-Azorina, 2018; Vincent & O'Mahoney, 2018).

In this study, therefore, a qualitative approach was used to find answers to the research questions. The qualitative approach allows the ontological, epistemological, and methodological aspects of the research to emerge and there is also a more explicit articulation of the philosophical base. The qualitative research design draws out rich understandings of the empirical observations, explains, and helps to conceptualise the ways of the world as they unfold through time (Burns, 2014). The qualitative method was considered most appropriate in conducting this research in the quest to understand how people cope in real-world settings.

4.4 POPULATION

The population is defined as the total collection of elements with which the researcher wishes to make some inferences (Wienclaw, 2017). It covers the area that the study is interested in (Ornstein, 2014). For this research, therefore, the population comprises the three Gauteng metro municipalities; Johannesburg, Tshwane and Ekurhuleni for documentary data collection. For data collection through interviews; there are five key departments (one manager from each department) from each metro making it 15 departments from all three metropolitans. The population of managers is all mangers from these 15 key departments. However, selection depends on availability given the nature of senior civil servants.

Gauteng cities are viewed as the hub of the South African economy (Richter et al, 2009) and have been consciously selected to widen the potential for developing new insights (Taylor et al, 2016).

4.5 SAMPLING

According to Wienclaw (2017), sampling is a set of techniques that is used to select a subset of a population so that research can be done with a manageable group and then applied to the entire study. It is impossible to gather data from every member of a population under study, hence researchers typically base their studies on samples that are strategically drawn (Emmel, 2014b). However, Wienclaw warned that to be useful for research purposes, these samples should be drawn in such a way as to minimise bias and truly represent the underlying population (Wienclaw, 2017).

Sampling is broadly categorised into probability and non-probability sampling methods. Selection depends on the extent of representation and depth of information required to answer the research question (Schreier, 2018). In this study, a sample was drawn from all senior managers from all municipality departments using purposive sampling.

Purposive sampling is a non-probability sampling method in which the researcher seeks to sample members with characteristics relevant to the topic under study (Ornstein, 2014). According to Daniel (2012), it is a non-probability sampling-procedure in which elements are selected from the target population based on their fit with the purposes of the study. Elements are purposely selected because they satisfy specific inclusion and exclusion criteria for their participation (Daniel, 2012). As a rule, purposive sampling encourages researchers to use their judgement in making sampling choices (Emmel, 2014b).

Purposive sampling can be classified into several categories based on certain criteria. The common categories are based on central tendency, variability, theory development, judgement, and reputation (Emmel, 2014a; Schreier, 2018). Generally, purposive sampling is more appropriate for research focused on particular segments of the target population.

As noted by Emmel (2014b), the focus of sampling in case study research is towards achieving a depth of investigation rather than broad coverage. The key idea is to seek in-depth insights; select individuals, key informants, and knowledgeable participants who are 'information-rich' to answer the research questions (Emmel, 2014a; Schreier, 2018). In this study, judgement reputation and availability were included under purposive sampling.

The main disadvantage of purposive sampling is bias because it is a non-probability sampling method that contributes more to internal validity than external validity (Ornstein, 2014). As a consequence, the interpretation of results is often limited to the population under study (Schreier, 2018). Despite its inherent bias, most researchers agree that purposive sampling can be reliable and robust (Bvumbi, 2017; Emmel, 2014a; Ornstein, 2014; Wienclaw, 2017). The nature of enquiry in this study as well as the data required to answer the research questions and availability, therefore, favours the use of the purposive sampling method.

Using this perspective, this study selected managers from the 15 key administrative departments on the belief that they were knowledgeable and involved in the performance management system, therefore best placed to provide answers to the research questions (South Africa, Municipal Systems Act 7 of 2011; South Africa, Municipal Planning & Performance Management Regulations Act 32 of 2000; South Africa, Public Service Commission, 2012).

The key administrative departments from each metro are:
- City Strategy and Organisational Performance Management
- Governance and Support Services
- Economic Development and Spatial Planning
- Group Financial Services
- Group Audit and Risk.

4.6   UNIT OF ANALYSIS

The unit of analysis refers to the elements that have to be examined, relates to the basic problem, and entails the focus of investigation (Farquhar, 2013). According to Yin (2016), units of analysis can be classified as various objects of investigation, which may be individuals, organisations or programmes. In this study, the units of analysis were twofold: accountability programmes and performance management systems. Essentially, the sources of data were interviews, annual reports, performance contracts and budgets. The South African Public Service Commission's Batho Pele principles were used as parameters to evaluate the units of analysis.

The variables (areas of interest) are the various attributes of these reports from municipalities that are under study (Vogt, Vogt & Gardner, 2014a). These aspects relate to the quality of performance reports; namely:

- Disclosure;
- Readability;
- Quality of presentation of reports;
- Reliability and
- Drivers of accountability (organisational culture, goal clarity, support from elected officials, and external demand for reports).

Data was collected, analysed, and interpreted on these variables for each metropolitan municipality.

4.7   DATA COLLECTION

This study is a deductive approach aimed at gathering data on the specified variables relating to the quality of performance reports and the drivers of accountability. The three principles of data collection; namely:

- multiple sources of evidence,
- case database, and
- chain of evidence.

These were applied to ensure quality control during the data collection process and analysis (Tracy, 2013). As advised by Yin (2016a), these principles made the data collection process explicit and are intended to cover issues of construct validity and reliability of the final results. Both primary and secondary data were collected using a qualitative approach with the following research instruments; interviews and documentary analysis respectively.

4.7.1 Document analysis

Document analysis deals with secondary qualitative data. It is a systematic procedure that reviews both printed and electronic material (Altheide & Schneider, 2017b; Coffey, 2013). The documents contain text (words) and images that have been recorded without a researcher's intervention (Olsen, 2014). The review process requires that data is examined and interpreted to give meaning, gain understanding, and develop empirical knowledge (Williams, 2017).

In this study, computer software Atlas.ti was used to review and analyse data. Text documents, images, audio, and video recordings were added in the Atlas.ti project for coding and analysis. This secondary data was collected from administrative documents available on-line; Integrated Developments Plan (IDP) reports, service delivery budgets, annual reports, performance contracts, audit reports, and municipal legislation.

Document analysis was used to answer the research objectives:
- To explore the reporting process of performance information in municipalities for accountability.
- To discuss the concept and practice of performance reporting in line with Batho-Pele (people first) principles.
- To analyse critically, drivers of accountability, and their effect on performance reporting.

- To ascertain ways to increase the usefulness of performance reports on accountability.

According to Yin (2016a), documents are important in case studies as they provide specific details to collaborate information from other sources. They provide data on the context within which research participants operate; a case of the text providing context and background information as well as historical insight to help generate new interview questions (Guest, Namey & Mitchell, 2017). Other advantages of documentary analysis include ease of access as most documents are in the public domain (Yin, 2016a). The process is cheap, less time consuming, just requires data selection instead of the collection (Creswell, 2014). Documents are stable (non-reactive) and provide broad coverage (Taylor et al, 2016).

4.7.2   Interviews

Interviews deal with primary qualitative data and are viewed as the most favoured 'digging tools' for researchers who rely largely on verbal accounts to learn about social life (Potter & Hepburn, 2014; Taylor et al, 2016). Yin (2016a), advanced the idea that interviews are among the most important sources of case study information. According to Tracey (2013), interviews are guided conversations with a purpose, of which the researcher has questions and the informant (participant) has answers.

In this study, interviews were conducted to collect data for all research objectives as follows:

- To explore the reporting process of performance information in municipalities for accountability.
- To discuss the concept and practice of performance reporting in line with Batho-Pele (people first) principles.

- To critically analyse drivers of accountability and their effect on performance reporting.
- To ascertain ways to increase the usefulness of performance reports on accountability.

The selection of different types of interviews ranging from unstructured to structured depends upon the data required (Roulston & Choi, 2018). A qualitative (in-depth) interview is a nondirective, unstructured, non-standardised, and open-ended interviewing (Roulston & Choi, 2018; Schurink, 2005; Tracy, 2013). It is suitable for situations where research interests are well defined (Yin, 2016a), where there is a need to understand a broad range of settings (Roulston, 2014), when there are time constraints and when there is pressure to produce results (Taylor et al, 2016).

The in-depth interviews were conducted for this study. The advantages of this approach include; the allowance for more emergent understanding to blossom and for the informant's complex viewpoints to be heard without the constraints of scripted questions. Similarly, in-depth interviews have the potential to tap both content and emotional level (Tracy, 2013).

However, the main weakness of interviews is that participants can decide not to tell the truth. The literature has shown that in some cases people can say and do different things (Tracy, 2013). Qu and Dumay (2011), have noted that even when informants have accepted and trusted the interviewer, what they say cannot be taken at face value for deeply held beliefs and feelings. In the same way, there is a risk of misunderstanding due to language differences and again the informant can be unwilling to articulate important things (Taylor et al, 2016).

According to Roulston (2014), these challenges can be addressed by putting more effort in getting to know the participants well enough to understand their settings. It has been suggested (Potter & Hepburn, 2014; Roulston, 2014) that the researcher has to develop and stick to a process, such as:

- maintain two positions (level 1 & 2 questions) throughout the interview process;
- follow the line of enquiry reflected on case study protocol; and
- ask actual questions in an unbiased manner.

In the same way, the literature has shown that meanings in social interactions are not simply communicated but are constructed during the interview process (Taylor et al, 2016). In this respect, the interviewer had to participate in the construction of meanings because information and attitudes exist in people's heads and can only be elicited by asking the right questions in the right way (Pearson, 2018; Potter and Hepburn, 2014; Roulston & Choi, 2018).

Interviews were conducted with senior managers from the key administrative departments of each metropolitan municipality. The interview questions were formulated on the main categories relating to the quality of performance reports and the drivers of accountability as shown in Table 4.1. Interview questions were formulated around the categories to address the objectives. The matching of categories to the objectives is as follows (for detailed questions see interview protocol in the annexure):

- Objective 1 (to explore the reporting process): disclosure (including compliance).
- Objective 2 (to discuss the concept and practice of performance): disclosure, readability, presentation, and reliability.
- Objective 3 (to analyse critically, drivers of accountability): drivers of accountability.
- Objective 4 (to ascertain ways to increase the usefulness): disclosure presentation, readability, reliability, and drivers of accountability.

Table 4.1 Interview Questions on Main Categories

Category	Sub-category	Questions
Disclosure	Performance results	Do you think performance results for your department are currently well reported? What can be done to improve?
	Links to budgets and IDP	Can results be easily linked to budgets and IDP?
	Comparative	Are you able to make any comparisons and check progress on service delivery?
	Explanation	Is there an adequate explanation for under-performance?
Readability	Plain language	Is the language used appropriate for your municipality considering ordinary citizens?
	Definition of technical terms	Do you think ordinary citizens can follow the service delivery story easily given the technical terms used?
	Easy to understand	Do you think stakeholders can easily understand the current performance reports?
Reliability	Adverse audit	What were the findings by Auditor General? What was the organisation's response to the findings?
	Credibility	Is there a defined process to check and verify performance data in the reports?
	Good source	Is there supporting documents to back-up the reported information?
Presentation	Visual elements	Are visual elements helpful in making performance reports easy to understand?
	Logical	In your opinion, are performance reports logically presented?
	Table of contents	Do you think the table of contents is detailed enough to guide readers?
	Accessibility	Are performance reports easily accessible to citizens?
Drivers of accountability	Organisational culture	Does the current culture in your municipality promote accountability?
	Goal clarity	Are most employees clear of the tasks they are expected to perform?
	Elected Official's support	Do councillors care about performance? Are oversight committees competent to question the administration regarding performance?
	Outside demand for performance	Are communities consulted on service delivery? Is there any formal demand for performance on service delivery from citizens? How were these demands met?

 (Source: Amirkhanyan, 2012)

4.8   DATA ANALYSIS

In this study, the qualitative approach was used to analyse data. Content analysis was applied to textual data from documents reviewed and narrative data from interviews conducted through the use of the computer software; namely, Atlas.ti.

This researcher followed the analytical techniques as advised by Yin (2016b), by:
- making constant comparisons;
- being alert to negative instances;
- developing rival explanations; and
- continually posing questions about the accuracy, reliability and validity of data.

4.8.1 Content analysis

Content analysis is a widely used data analysis technique whereby researchers investigate content within a message or text (Crawford, 2009; Holman, 2018). According to Hsieh and Shannon (2018), it is an analytic method mostly used in qualitative research for the systematic reduction and interpretation of text or video data. Macias and Macias (2018) have also defined content analysis as a method of converting qualitative, textual information into quantitative data for ease of analysis.

From the above definitions, it is apparent that content analysis is an essential analytical tool to investigate and make sense of the communication's content (Hsieh & Shannon, 2018). Indeed, it is a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form and then into categories to derive quantitative scales of varying levels of complexity for analysis (Altheide & Schneider, 2017).

4.8.2   Justification of Content Analysis

The main objective of this study is to evaluate the usefulness of performance reports in assessing the accountability of public managers in municipalities. Data was collected on specified variables to test the relevance of reports to accountability. Content analysis can handle data generated from a variety of sources including in-depth interviews, text from articles, reports, statutes and books (Hsieh & Shannon, 2018).

Research has shown that content analysis has distinct advantages; firstly, the analytic approach to data is unobtrusive and nonreactive, secondly, it is easy to learn and use, and thirdly, it is fast and effective in finding patterns within multiple types of qualitative data (Altheide & Schneider, 2017; Crawford, 2009; Holman, 2018; Hsieh & Shannon, 2018). According to Hsieh and Shannon, qualitative content analysis has gained popularity in manifesting content and latent content.

In this study, content analysis has been used to interpret narrative data by identifying codes and common themes and to construct the underlying meaning of the performance reports produced. Content analysis is viewed as the most appropriate technique when dealing with qualitative data and has been applied in prior studies with similar objectives (Kamala, 2014; Mbala, 2016; Schatteman, 2009).

4.8.3 Process of Content Analysis

Content analysis is considered a flexible method with linear guidelines for conducting the analysis (Holman, 2018). However, there are several types and approaches to content analysis, and these are due to the study design, sampling decisions, analytical strategy or coding schemes developed (Crawford, 2009; Gross, 2018). Hsieh and Shannon (2018) have explained that the selection of approaches largely depends on the research purpose and availability of existing knowledge. In this study, the thematic analysis, an extension of content analysis (in essence pattern recognition) was used for coding, categorising, and interpretation (Braun, Clarke, Hayfield & Terry, 2019; Castleberry & Nolen, 2018).

4.9   THEMATIC ANALYSIS

Thematic analysis (TA) is a method of capturing patterns across qualitative data sets. It involves identifying, analysing, and interpreting themes within qualitative data (Castleberry & Nolen, 2018; Clarke & Braun, 2017) The themes provide a framework for organising and reporting the researcher's analytic observations. The aim is to provide a coherent and compelling interpretation, grounded in the data. Codes are the smallest units of analysis that captured interesting features of the data relevant to the research question (Braun et al., 2019; Castleberry & Nolen, 2018). Codes were the building blocks for themes underpinned by a shared core idea in the municipal setting.

The TA is an umbrella term for approaches aimed at identifying patterns (themes) across qualitative datasets set (Braun et al., 2019). There are three common types of TA; coding reliability, reflexive and codebook.

- Coding reliability approach, the coding process is designed to prioritise reliable data employing accurate codes based on predetermined themes.
- Reflexive approach, the emphasis is on the active role of the researcher in the knowledge production process whereby the data analysis techniques are underpinned by the chosen qualitative philosophy.
- The codebook approach sits between coding reliability and reflexive, sharing the structured approach with coding reliability. In a codebook approach, all themes are determined in advance of full analysis and are conceptualised as domain summaries setting (Braun et al., 2019).

For this study, the reflexive approach was used because of its flexibility and it allows researchers to have some kind of social justice motivation for a more radical agenda for a social critique (Clarke & Braun, 2017).

4.9.1 Coding Process

The collected data was coded, and the codes were grouped to form themes for analysis (Yin, 2016b). The four main categories were; disclosure depth, readability, presentation, and drivers of accountability.

1. Disclosure depth refers to the report content and the four codes were:
   - Performance goals
   - Links between budgets and IDP
   - Comparative
   - Explanation.

2. Readability refers to the use of common language that can be easily understood by stakeholders and codes used were as follows:
   - Use of plain language
   - Definition of technical terms
   - Easy to understand.

3. Reliability refers to the credibility of the information reported, and the codes were:
   - Adverse audit
   - Credibility (checked and verified)
   - Good source (evidence-based)

4. Presentation refers to the report format and the codes used were as follows:
   - Visual elements used
   - Logic
   - Table of contents
   - Easily accessible.

5. For drivers of accountability, the study looked at:
   - Organisational culture towards accountability
   - Goal clarity
   - Support from elected officials
   - External demand for performance

The factors that drive the accountability of public managers are important to the entire accountability process, hence the establishment of the relationship between performance and accountability was paramount for the research (Blanco at el., 2011; Connolly & Hyndman, 2004; Van de Walle & Cornelissen, 2014).

This study looked at the divers of accountability in general and evaluated their relevance against the quality of reports. According to Vosselman (2016), organisational culture can influence how managers and employees behave and interact with stakeholders. Besides, if the organisation is developmental, it is more likely to have a culture of risk-taking, innovation, and accountability (Vosselman, 2016). As a result, it is more likely to have better and more informative performance reports to communicate achievements to stakeholders particularly citizens (Su, Baird & Schoch, 2015; Tessier & Otley, 2012; Vosselman, 2016).

Goal clarity has the potential to improve organisational communication (Freeman, 1994; Micheli & Mari, 2014). It promotes report focus and cohesion and at the same time shifts attention to stakeholders that results in higher standards of information demanded to assess performance (Saliterer & Korac, 2013). In this respect, municipalities with clear goals are likely to promote the use of performance information to improve the quality of their reports (Hall, 2017).

From previous studies, it was noted that elected officials who wish to extend their stay in office usually support external communication efforts to citizens (Justin Coates & Tognazzini, 2012; Nielsen & Baekgaard, 2015; Weaver, 1986; Zimmerman, 1977). Essentially, the aspiring officials influence the reporting process of performance information to ensure stakeholders (particularly citizens) in their constituency are well informed of any achievements made in the service delivery process (Justin Coates & Tognazzini, 2012). Ideally, the building of a positive image through transparency and positive reporting supported by elected officials improves the quality of performance reports (Lee, 2013).

Another factor is that the external demand for performance reports by citizens can influence the production of quality reports (Calland & Bentley, 2013; Joshi, 2013). The renewed emphasis on performance management and citizen-driven performance measurement puts pressure on most municipalities to create conditions for advancing reporting initiatives (Astrini, 2014). Therefore, when more people develop an interest in service delivery management and request performance reports, municipalities are forced to improve the quality of reporting (Jääskeläinen & Luukkanen, 2017; Shah, 2014).

4.9.2 Interpretation and analysis

According to the reflexive approach, themes are conceptualised as meaningful patterns after considerable analytical work to develop an understanding of recurring designs across the datasets. For this approach, coding evolved throughout the process; splitting, combining, and renaming the codes before grouping them into topics/themes. Such adjustments aimed to better capture the developing conceptualisation of data (Braun et al., 2019).

Reflexive TA is in essence pattern recognition. The researcher needs to review the coded data and find how it was connected, and then look for ideas that permeate the data and make links within and across categories (Braun et al., 2019; Gross, 2018). The links recurring throughout the data were taken as themes that described aspects of the construct and answered the questions 'How' and 'Why'? As a result, pattern matching, explanation building, and cross-case synthesis were applied (Tracy, 2013; Vogt et al., 2014a; Yin, 2016b).

This researcher then applied causal analysis to identify sufficient conditions by bearing in mind that conditions that are sufficient to explain may not be sufficient to predict. The challenge was to find necessary and sufficient conditions that were theoretically interesting to explain by narrowing the range of the likely predictor variables (Vogt et al., 2014b). As such, process tracing was applied to examine the chain of causations.

In the same way, explanatory and narrative analysis was done to explain the causal pathways that led to the outcome. Rival explanations were addressed in the process to build more confidence in the findings and counterfactual reasoning was used to understand how an outcome would have occurred by applying 'what if' scenarios (Yin, 2016b).

In summary, this researcher developed a comprehensive interpretation that is complete, fair, empirically accurate, credible, and value-adding. Rich descriptions and highly detailed accounts were used to interpret data, events, and actions within their meaningful contexts (Yin, 2016b). The results were displayed regarding the study's objectives under the themes; disclosure, regulatory compliant, presentation, reliability, and accountability driver.

4.10 RELIABILITY AND VALIDITY

According to Tracy (2013), the quality criteria in qualitative research helps to answer whether findings are sufficiently authentic, trustworthy, and secure for people to act on their implications. The makers of quality include factors such as; worthy topic, rich rigour, sincerity, credibility, significant contribution, resonance, and meaningful coherence (Tracy, 2013).

Similarly, in quantitative research, Leedy and Ormrod (2015), have advised that validity and reliability influence the threefold purpose for which a researcher can:

- learn from the phenomenon under investigation;
- assess the probability of obtaining statistical significance in data analysis; and
- explore the extent to which a meaningful conclusion can be drawn from the data (Leedy & Ormrod, 2015).

Generally, most researchers agree that reliability and validity are the most important measurement tools in research to reinforce trustworthiness, rigour, and quality (Guba & Lincoln, 1985; Lincoln, 2003; Lub, 2015; Yin, 2016b).

4.10.1 Reliability

Reliability entails that operations of study, such as data collection procedures, can be repeated with the same results. Reliability is an indicator of a measure's internal consistency; dependability of the research, the degree to which the process can be repeated while obtaining consistant results (Quinlan, Babin, Carr, Griffin & Zigmund, 2015). In other words, such reliable studies are replicable, stable, and consistent over time (Tracy, 2013).

This researcher, as a management accountant, was aware that any calculation is capable of being audited and documented every step followed in these case studies. This is in-line with Yin's advice that a case study database developed has to be maintained together with the chain of evidence and that the process can be easily repeated with the same results (Yin, 2016b).

4.10.2 Validity

Validity is the extent to which the measuring instruments accurately assess the characteristics intended that enable justifiable inferences to be made (Leedy & Ormrod, 2015). According to Quinlan and others (2015), validity relates to how the research is logical, truthful, robust, sound reasonable, meaningful, and useful. Other researchers have also explained validity as the extent to which data collection methods accurately measure the degree of the research findings compared to what they profess to be (Saunders et al., 2016).

Validity itself can be a threefold measure: construct validity, internal validity, and external validity. Construct validity checks the correct operational measures for the concepts under study (Yin, 2016b). In this study, it has been addressed by the use of multiple sources of evidence and maintenance of the chain of evidence. Interviews were conducted to confirm and provide more clarity to the documentary analysis.

Internal validity checks the relationship between data and explanations or casual relationships in explanatory case studies (Tracy, 2013). For this study, therefore, care was exercised in matching and building explanations by addressing all rival explanations. In this regard, the researcher applied causal thinking using a more probabilistic rather than a deterministic approach.

External validity checks the domain to which a study's findings can be generalised (Lub, 2015). Case studies rely on analytical generalisation (Farquhar, 2013; Piekkari & Welch, 2018). Given the three cases of Gauteng metropolitan municipalities under study using the same analysis, this researcher was confident that the findings could be generalised and applied to other municipalities in similar situations.

4.11 ETHICAL CONSIDERATIONS

Most studies have noted that the researcher must respect the needs, rights, values, and desires of the participants (Hofstee, 2006; Schurink, 2005; Taylor et al, 2016). Participation in research invades the life of the informant and the researcher has to protect and safeguard the participant's rights (Israel, 2015). In this study, ethics clearance was obtained from the university's Ethics Review Committee and written permission to proceed with the study was obtained from the relevant officials of the municipalities under study.

The researcher explained the research objectives (see appendix; the cover letter) to the participants before interviews were conducted. The cover letter issued to all participants explained that anonymity and confidentiality were guaranteed. It was also confirmed that participants were to remain anonymous by not being linked to their responses.

In the same letter, participants were informed about their rights:
- to participate in the study;
- to ask questions;
- to refuse to give information; or
- to withdraw from the study any time they wished.

Participants were also given an assurance that their consent, rights, interest, and wishes were to be considered first when further choices were required regarding the reporting of data.

The participants were also informed about the availability of research findings and also information regarding data collection activities when required. Also, the lack of remuneration for participation was explained together with the importance of the intended findings of the study; to evaluate the usefulness of performance reports in assessing the accountability of public managers in municipalities.

4.12 CHAPTER CONCLUSION

In this chapter, the preferred research paradigm, research design, and approach for this study are discussed, Critical Realism principles have been chosen and applied throughout the data collection and analysis process. The views and suitability of Critical Realism in this study are then discussed. A discussion on compatibility and fitness of these principles with research type (case study), explanatory research, and deductive approach follows.

The qualitative approach and two methods of data collection are described, documentary analysis and in-depth interviews. Both advantages and disadvantages for these methods and reasons for their selection are highlighted. Content and thematic analysis are also discussed together with coding, analysis, and interpretation of data.

The chapter then concludes with the quality of study; measures are undertaken to ensure the reliability and validity of data collection, analysis, findings, and ethical considerations. In summary, this researcher contends that the methodology adopted was appropriate for the research objectives of this study. The next chapter (Chapter 5) presents results, discussions, and findings of this study.

CHAPTER 5

RESEARCH RESULTS DATA ANALYSIS AND FINDINGS

5.1   INTRODUCTION

This chapter presents the results of collected data, analysis, and findings regarding the usefulness of performance reports on the public manager's accountability in three metropolitan municipalities in Gauteng. The results and findings were obtained after following the set of procedures detailed in Chapter 4. The examination, analysis, interpretation of data, and discussions were based on accountability practice and Batho Pele principles.

The sources of the data were interviews, annual reports (2016, 2017 and 2018) Mid-term reports (2019), Integrated Development Plans (IDP), performance contracts (HOD section 57 managers), and the two-State of City Addresses. The Annual Reports included those of the Auditor-General South Africa (AGSA) reports, and the Oversight Committee reports. Interviews were conducted and recorded with senior managers in the cities of Johannesburg and Tshwane and then transcribed. Other documents were accessed online and downloaded.

The gathered data were uploaded for each city as a separate project on the Computer Assisted Qualitative Data Analysis Software (CAQDAS) package, Atlas.ti, for analysis to address the following objectives of the study:

- To explore the reporting process of performance information for accountability.
- To discuss the concept and practice of performance reporting for accountability in line with 'people first' principles.
- To critically analyse the relationship between performance and accountability in municipalities.
- To ascertain ways to improve the usefulness of performance reports for accountability.

The overview structure of the chapter is presented in Figure 5.1 below:
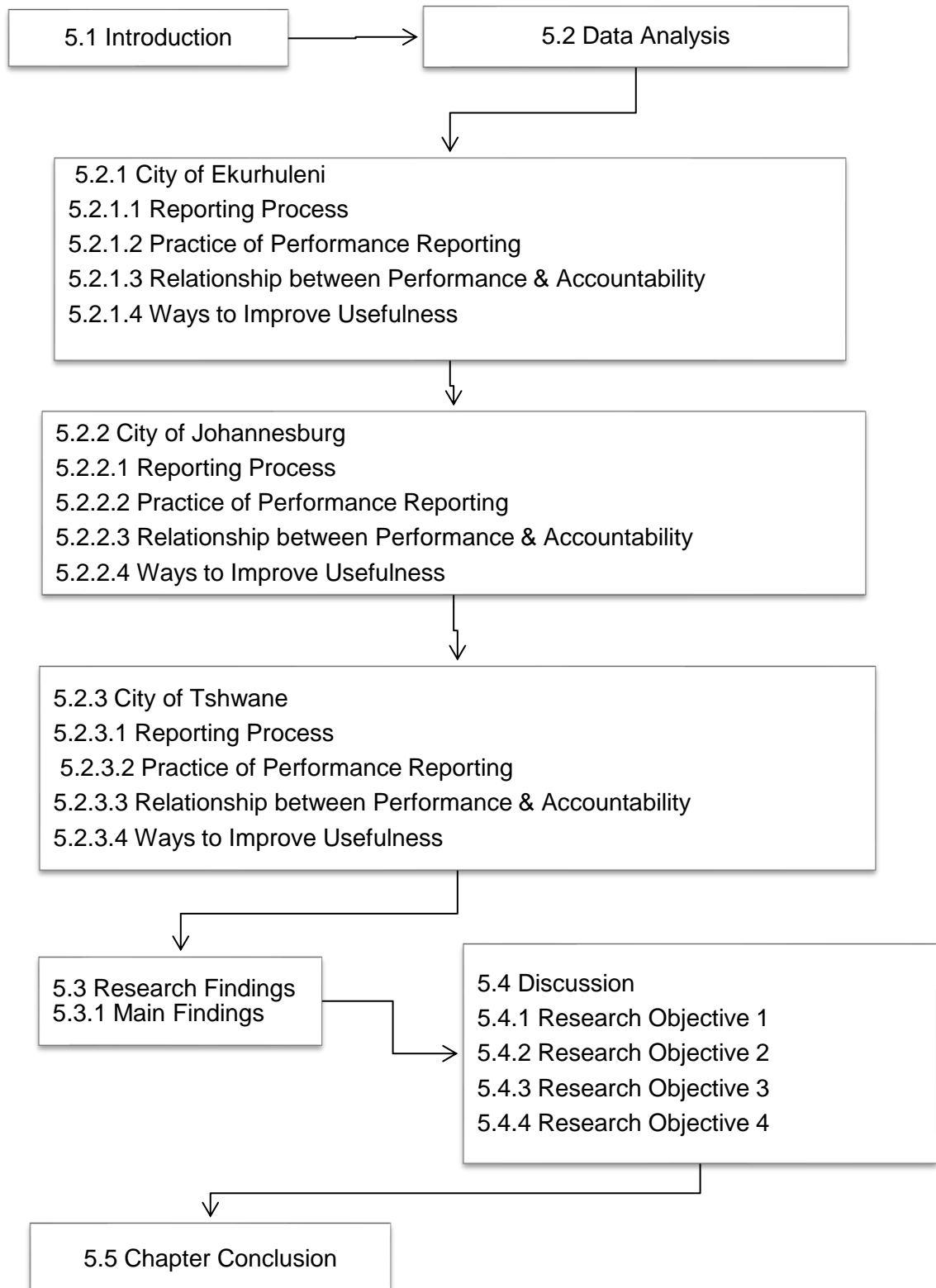
Figure 5.1 Chapter 5 design structure

5.2   DATA ANALYSIS

The municipal performance reporting is highly regulated. Various legislative prescripts govern the entire process of performance reporting and accountability. Performance reporting is regarded as an instrument to express a key tenant of good governance. Section 71 of the Municipal Finance Management Act 56 of 2003 (MFMA) requires a monthly budget statement, section 52(d) of the same act requires quarterly performance report and section 46 of the Municipal Systems Act 7 and section 121 of the MFMA requires annual performance reporting.

The governance of a municipality consists of the legislator (the Speaker, Chief Whip, Oversight Committees, and the Councillors) and the executive (Executive Mayor, Members of the Mayoral Committee (MMCs) and the administration led by the City Manager). The main role of the Oversight Committees is to oversee the performance of the executive branch and departments on behalf of the Council. This design is intended for the city to execute its function through the leadership of the Executive Mayor while the legislator oversees the activities of the executive branch for transparency and accountability.

The accountability process commences with internal auditors whose duties are to check and verify reported information submitted by reporting departments/entities against supporting documents. The regulatory procedure for the external audit is as follows: the Auditor General (AGSA) audits the performance report before evaluation by various Oversight Committees and finally by the City Council meeting for decision making (South Africa, Municipal Planning & Performance Management Regulations Act 32 of 2000; South Africa, Municipal Systems Act 7 of 2011).

5.2.1 Research results: City of Ekurhuleni

The city of Ekurhuleni (COE) did not respond to several requests for permission to conduct interviews with senior managers. The gatekeeper ignored correspondence and follow-up telephone calls.

The researcher was not deterred by the negative response which is a common practice in government settings. This could only be mitigated by a document analysis (without interviews), thereby limiting the discovery of underlying meanings, acknowledgement of both visible and unobservable forces, illusions, ideas, and desires (Piekkari and Welch, 2018). In other words, the reasons and politics behind the preparation and effects of performance reports from the perception of the managers in COE were not obtained.

In the COE, data was collected from the Integrated Development Plans (IDP), Performance Contracts for Section 56 managers (The City Manager and the respective direct reports), Annual Reports (2017 to 2018) and the Mayor's State of the City address (2019), which could all be accessed on-line.

5.2.1.1 Objective 1: Reporting process for accountability

The COE followed a defined performance reporting process in compliance with municipal regulations. The reports followed through a defined process as regulated. Checks and verifications were done by internal auditors before submitting to AGSA. The audited reports are later evaluated by oversight committees before discussions by the Council.

The compliance with regulations is emphasised in the IDP and Budgets documents,for example in 2019 Review reads as follows:
"In this regard, the City (COE) engages on the compliance reporting process by following the in-year reporting process in line with the legislative framework. Key to this process is the compliance with the regulated timelines and observing the performance information standards and requirements" this is reflected in Fig 5.3 (Item 9.6.)

Because of compliance, it could be inferred that performance reports were produced in line with the normal requirements to provide leadership with relevant information on performance measurement and for accountability.

The results of the reporting process, quotations, and links to regulatory compliant themes are set out from Figs 5.2 to 5.4 below.
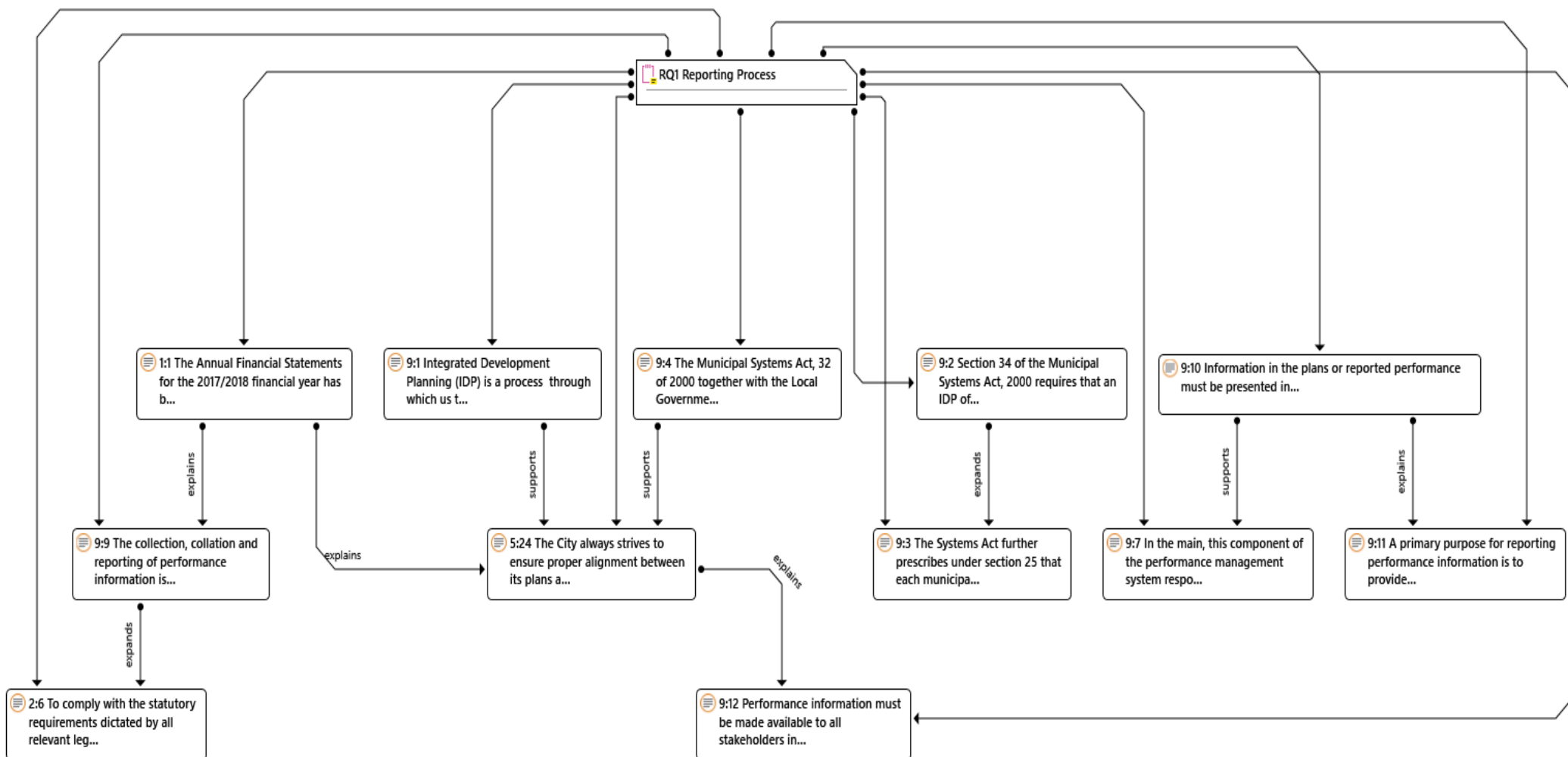
Figure 5.2: COE comments and links to the regulatory compliance themes

(Source: Atlas.ti. Ver 8)
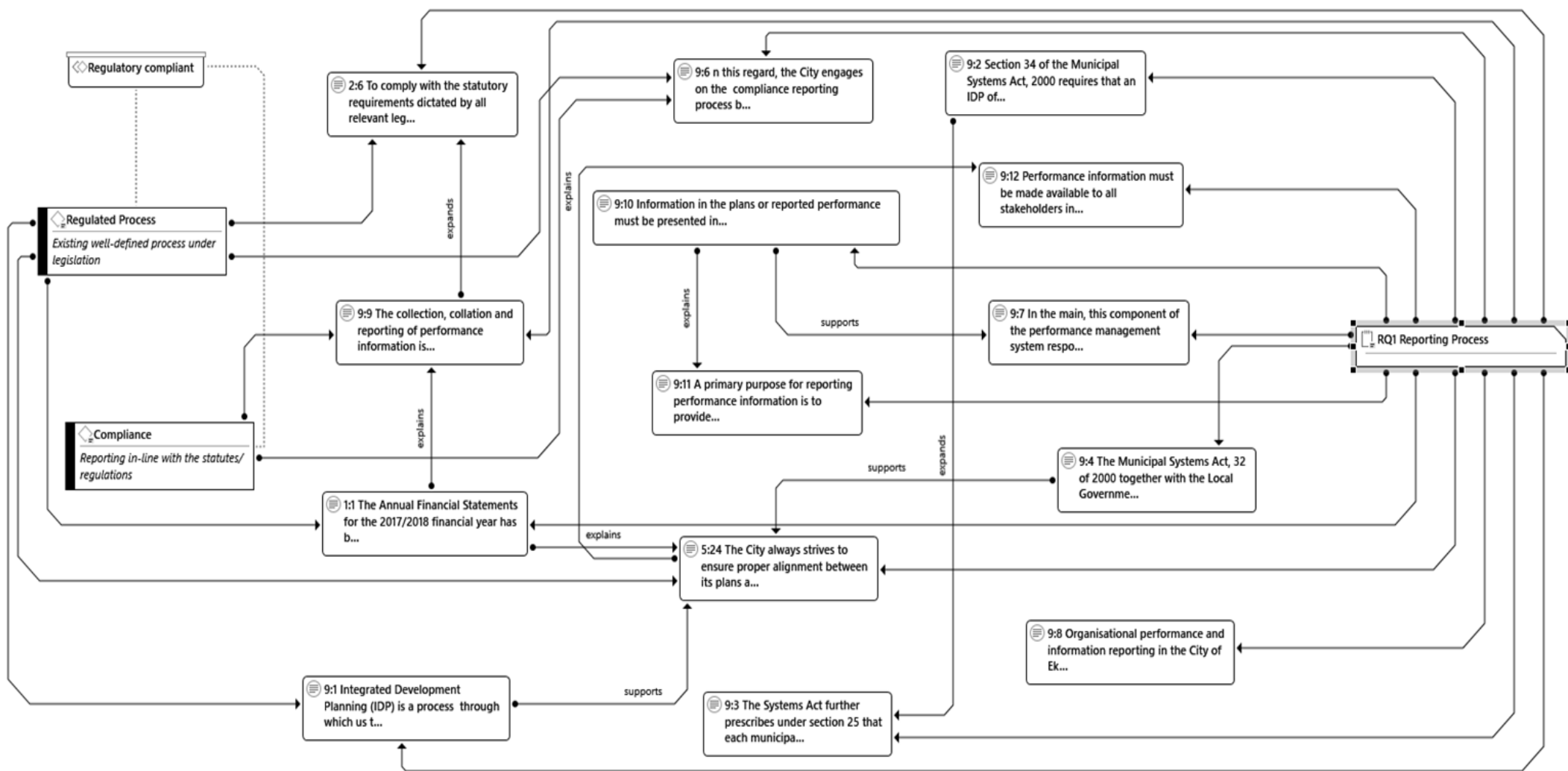
Figure 5.3: COE reporting process linked to regulatory compliance themes
(Source: Atlas.ti Ver 8)
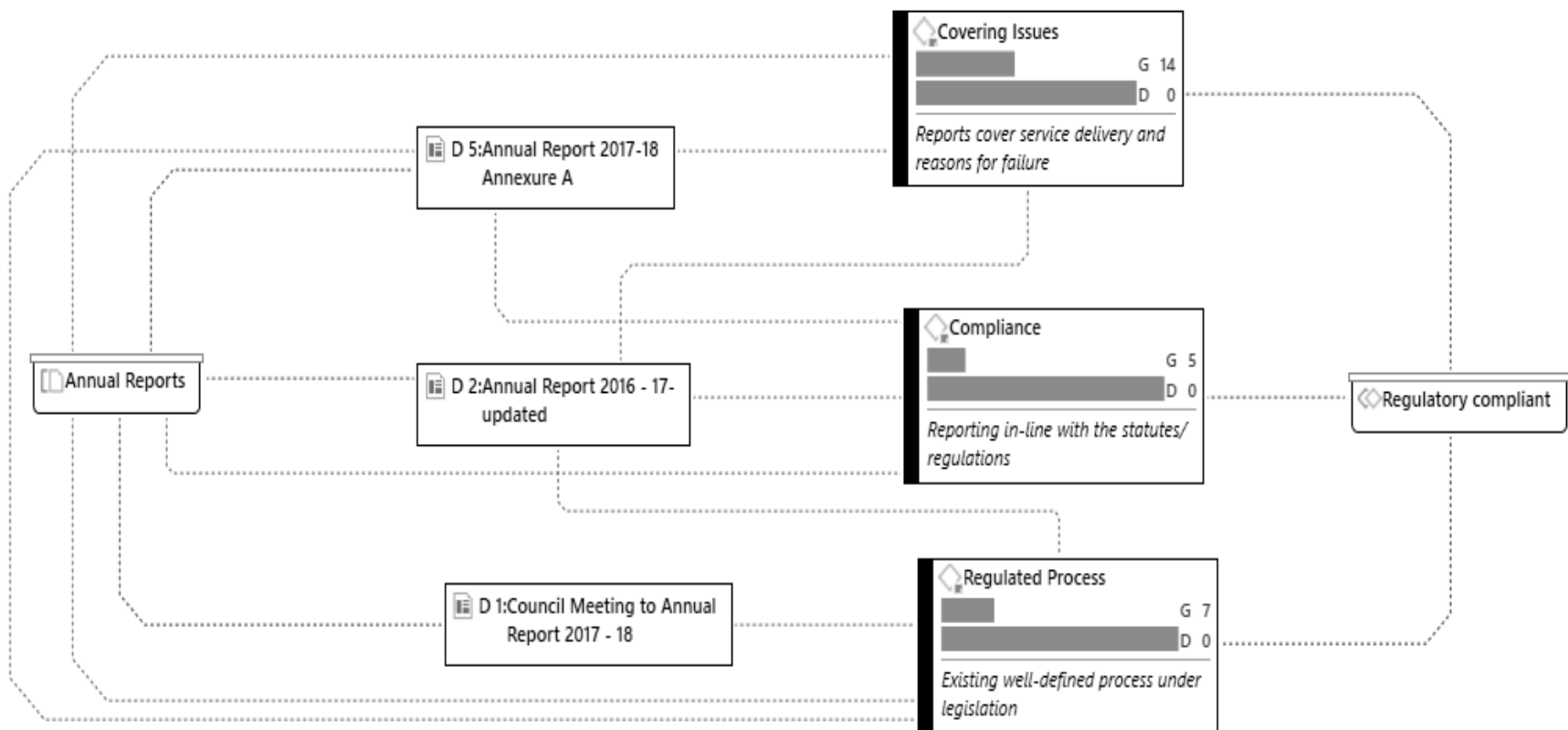
Figure 5.4: COE Annual Reports linked to the regulatory compliance process

(Source: Atlas.ti Ver 8)

5.2.1.2   Objective 2: concept and practice of performance reporting

The COE performance reports reflected issues on disclosure, presentation, and reliability. The 2017 Annual Report reflected a trend (in comparison with 2016) of omissions, errors, and comprehension problems by the general community.

The issues identified reflected a lack of attention to the contents and quality of reports produced (2016 and 2017 reports). The AGSA findings for 2017 annual report were:
"Senior management did not implement adequate systems of internal control over financial reporting and compliance with key legislation. In the circumstances, financial and performance reports did not always agree with the supporting evidence provided and compliance to key legislation was not always monitored". This is reflected in Fig 5.5 (ref 1:10 44), 5.9, 5.10, and 5.11.

Weak internal controls contributed to the material findings of this study on the reliability of reported information. However, the 2018 Annual Report reflected a great improvement in the credibility with no findings regarding reported information. Performance reports reflect that COE is conscious of Batho-pele (people first principle) see Fig 5.7.

Other challenges for the COE were:
- disclosure (omissions of items in financial statements)
- presentation (comprehension by ordinary citizens), besides the website available to everyone, the City uses Ward Committees for public participation see Fig 5.12. However, this can be viewed as only effective to the people of the same ruling party. In that perception, understanding performance reports by ordinary citizens is still a challenge as evidenced by repeated violent service delivery protests.

Other categories had no issues for COE, reports had clear performance goals (targets), from a well-formulated vision, prior-year figures were included for comparison. Visual elements were used for clarity, table of contents and the logic flaw were all good. The reports used simple English language with technical terms well defined.

The results of the reporting practice, quotations and links to disclosure, reliability and accountability driver themes are set out in Figs 5.5 to 5.8 below.
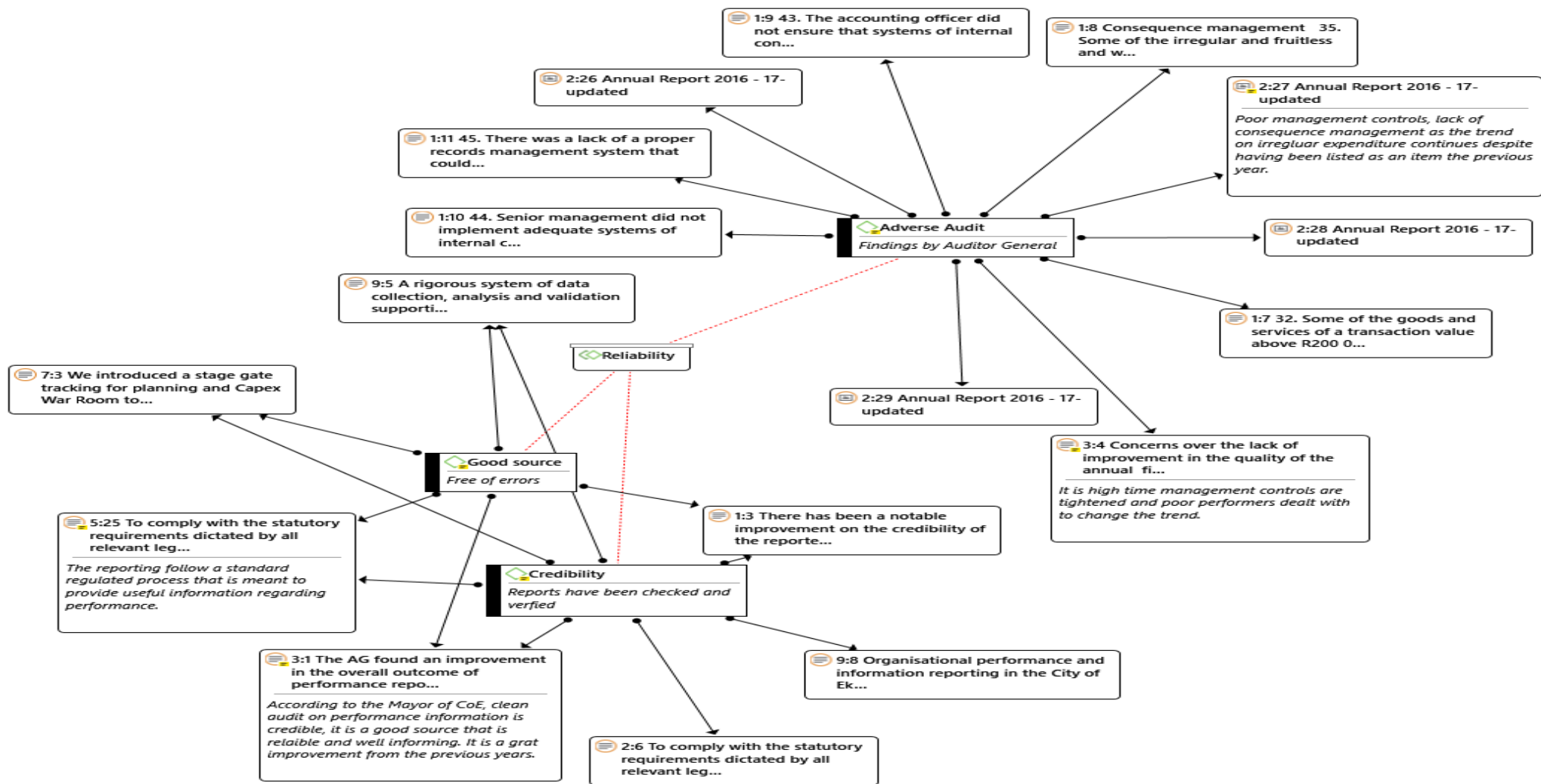
Figure 5.5: Comments on COE reporting practice

(Source: Atlas.ti Ver8)
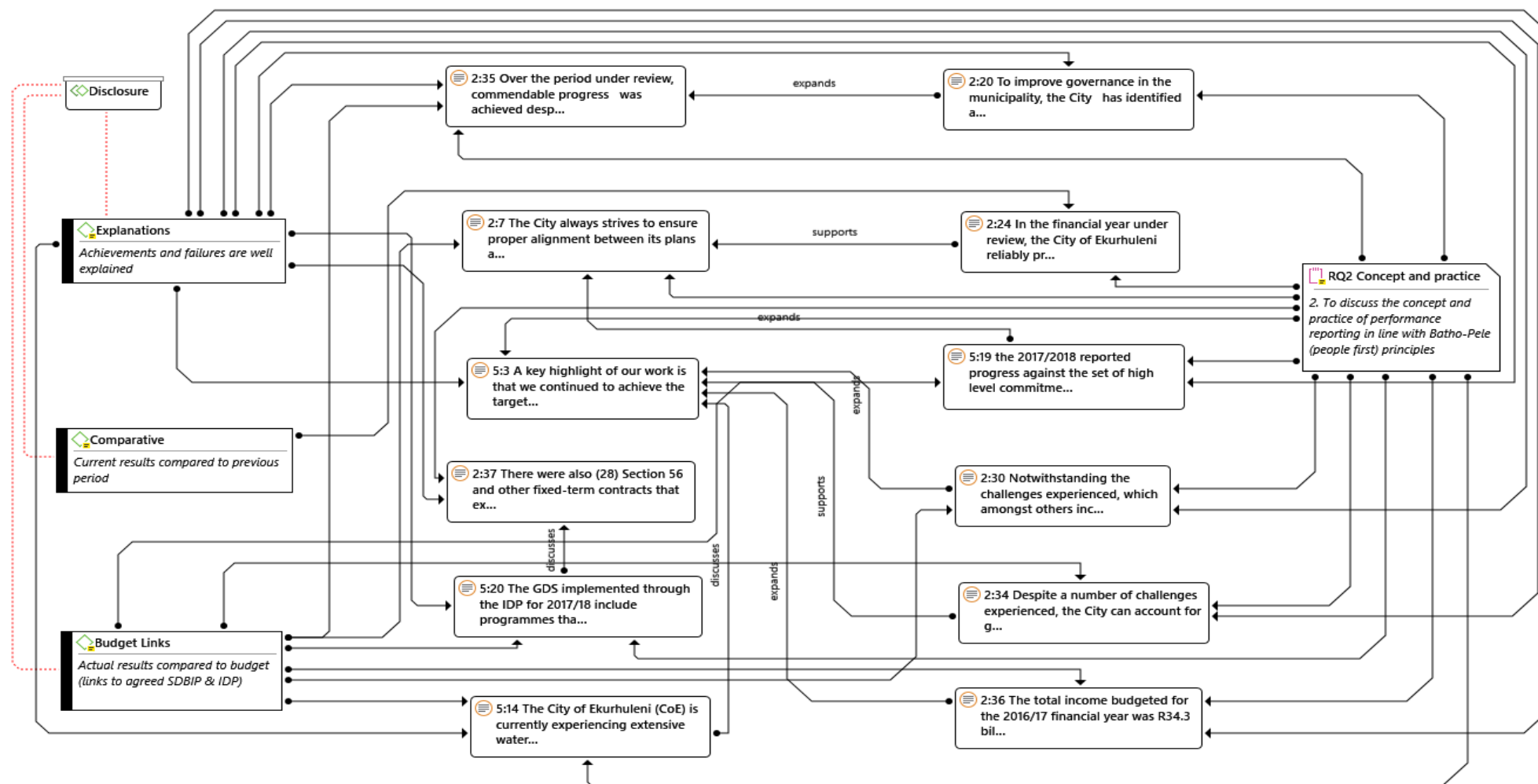
Figure 5.6: COE reporting practice linked to disclosure

(Source: Atlas.ti Ver 8)
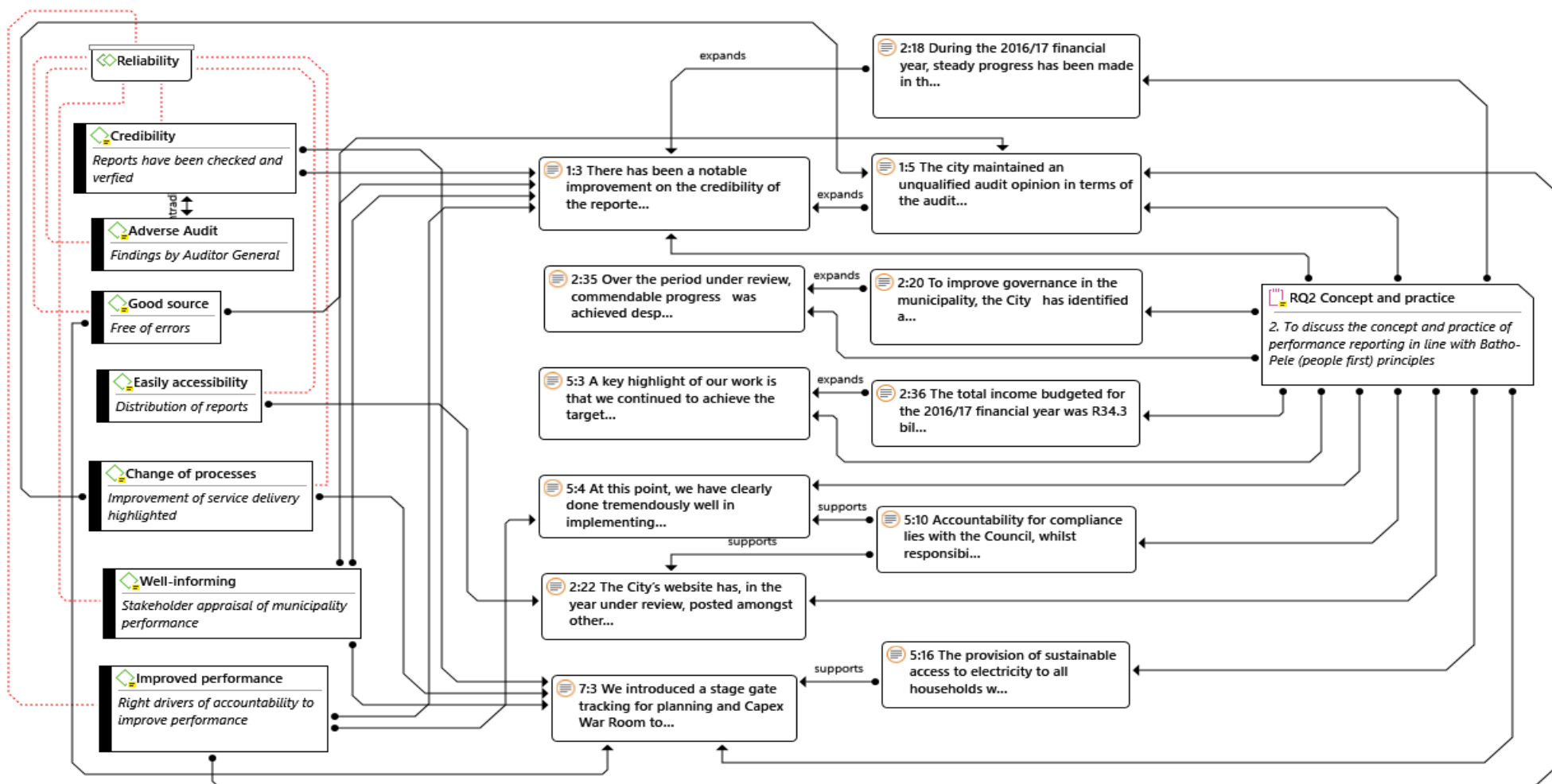
Figure 5.7: COE reporting practice linked to reliability

(Source: Atlas.ti Ver 8)
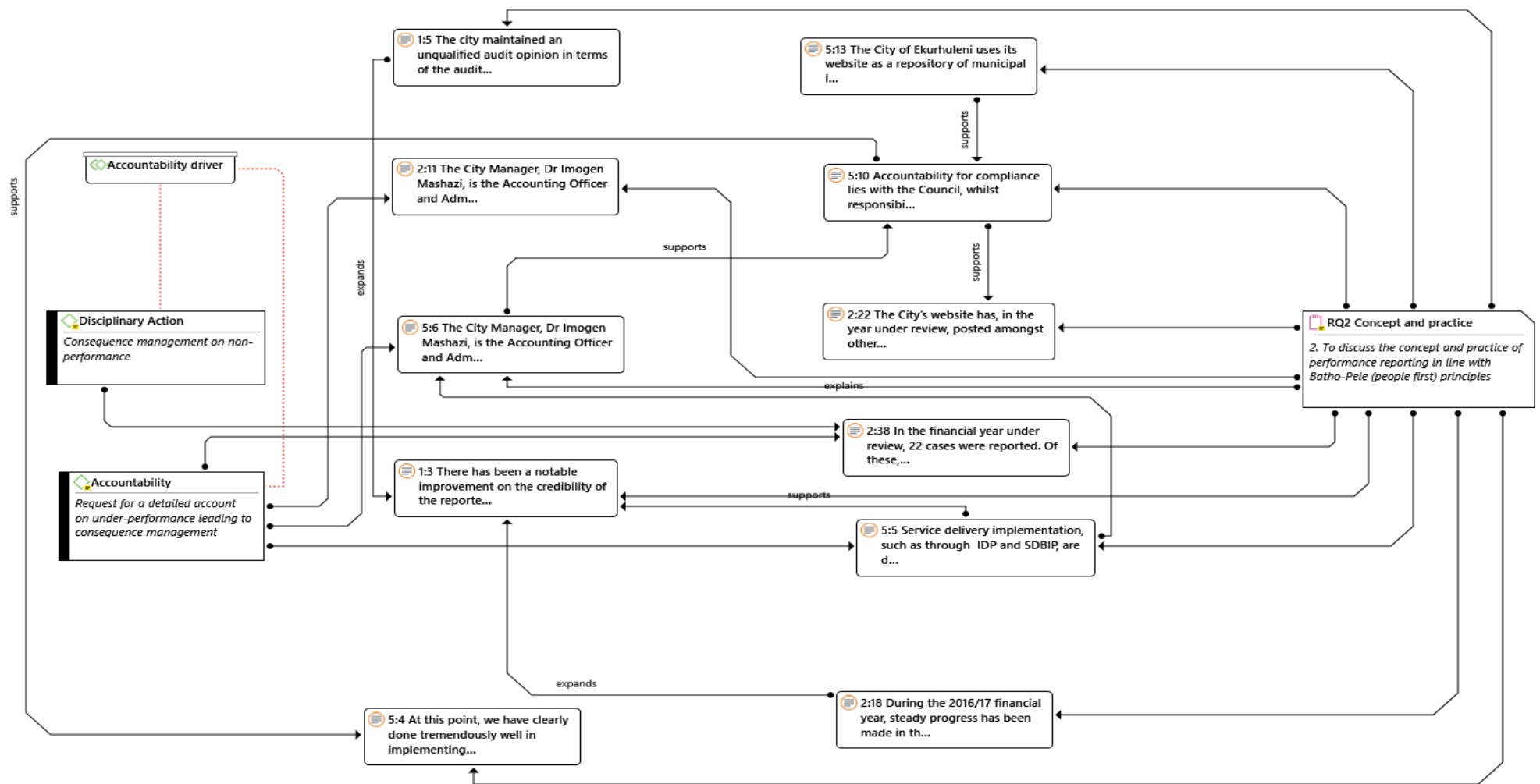
Figure 5.8: COE reporting practice linked to accountability drivers

(Source: Atlas.ti Ver 8)

5.2.1.3   Objective 3: the relationship between performance and accountability

The COE reports were evaluated to establish the relationship between reported performance and accountability. Despite a trend of poor performance results reported during the period under study (2016 to 2018), there was no consequence management effected on heads of departments who failed to reach targets.

Even on the quality of performance report, there was no consequence to the incompetence highlighted by the Council's meeting on the 2018 Annual Report:
"The accounting officer did not ensure that systems of internal control were adequately implemented and monitored to ensure credible financial reporting and compliance with key legislation. This resulted in material errors and omissions being identified during the audit process" Fig 5.10.

The absence of consequence management on senior managers weakens accountability. There is a need to change the mindset of municipality managers and overseers (councillors). Although there is a willingness to account for performance, they remain in control and are not accountable to citizens as commented in Fig 5.10, "this line of thinking needs to change; the communities are not clients, but shareholders of which politicians and public managers should give an account on failure to perform on predetermined objectives".

 The results of the drivers of accountability, quotations and links to the accountability driver theme are set out in Figs 5.9 and 5.10 below.
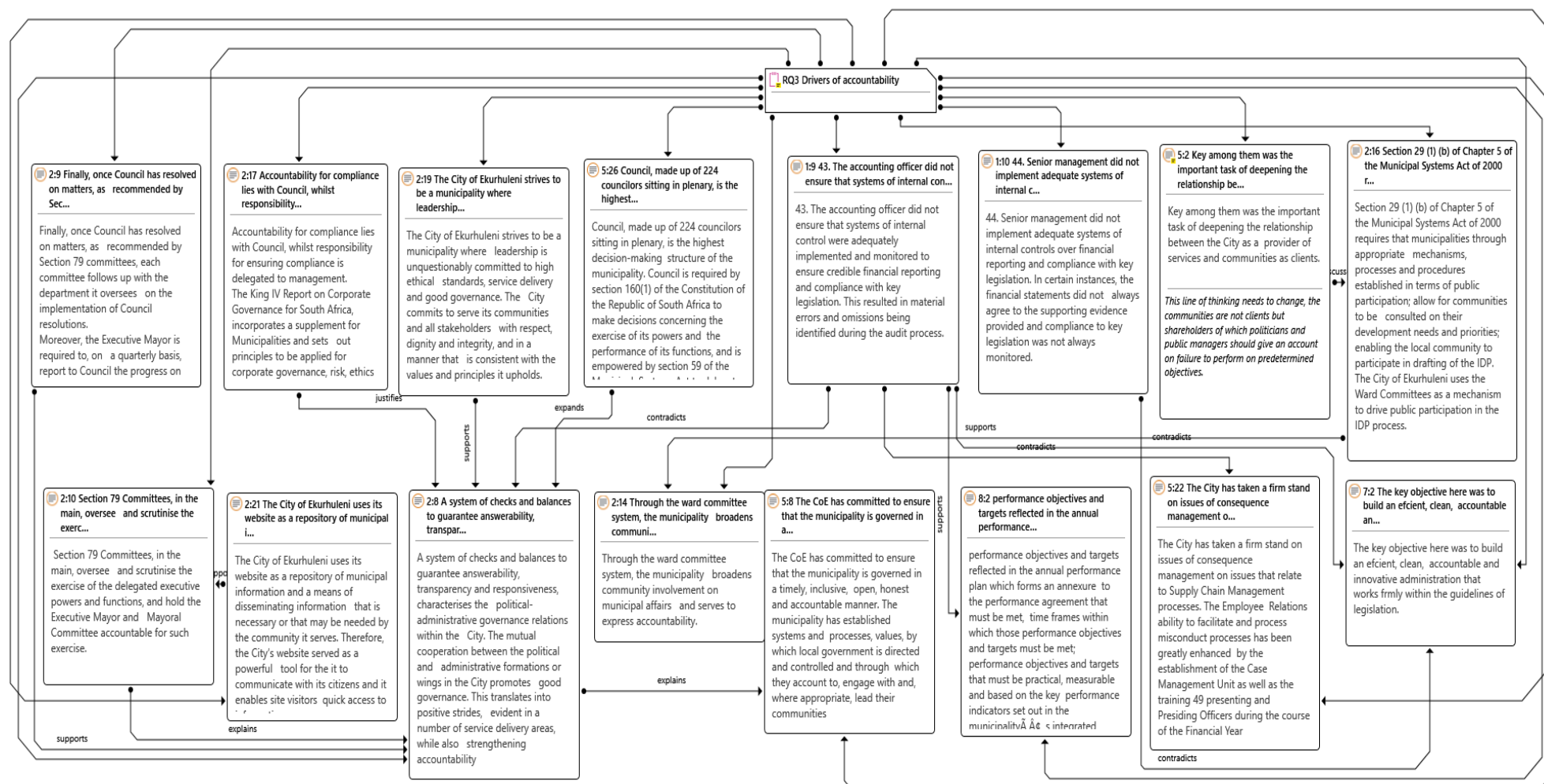
Figure 5.9: COE comments on drivers of accountability

(Source: Atlas.ti Ver 8)
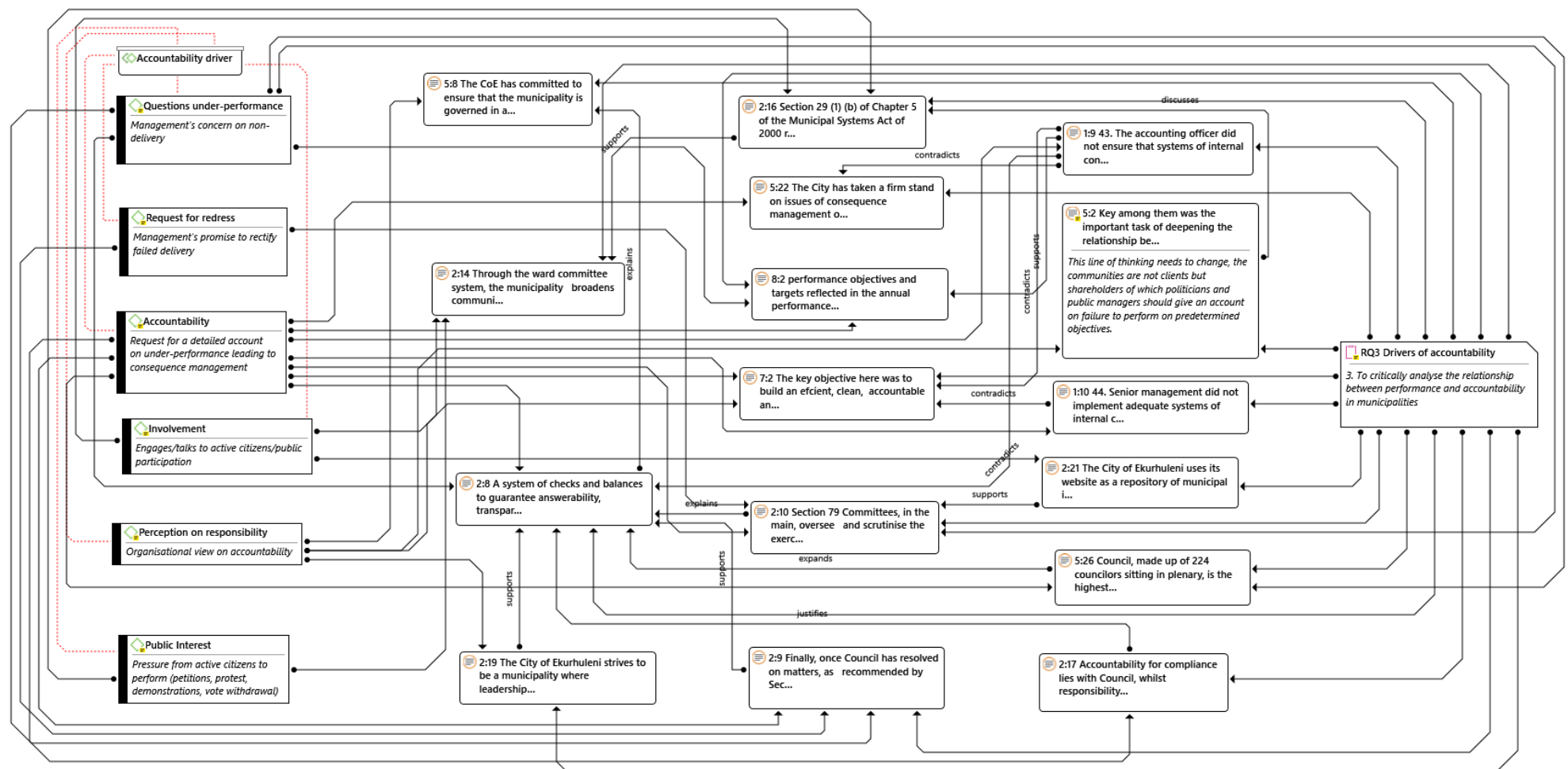
Figure 5.10: COE reports linked to the code drivers for accountability

(Source: Atlas.ti Ver 8)

5.2.1.4   Objective 4: Ways to improve the usefulness of reports

Oversight Committee reports and AGSA findings indicated areas that needed improvement; disclosure, presentation, and reliability.

Amongst others, the Council meeting highlighted areas of improvement for the 2018 annual report as follows:

"Ward Committees are the legitimate structure for enhanced communication and public participation. Through the ward committee system, the municipality broadens community involvement on municipal affairs and serves to express accountability". The Ward Councillors and Committees should be used to present and explain performance reports in their constituencies as part of the feedback process to improve readability.

General communication with citizens appears to be good. The COE uses its website as a repository of municipal information and as a means of disseminating information that may be needed by the community it serves. In that respect, the City's website served as a powerful tool to communicate as shown in Fig 5.9. However, given the complexity of performance information and the level of computer literacy in communities, reliance on websites alone might not be the best, hence the call to make use of Ward Committees and Councillors to explain performance information to their communities.

"A rigorous system of data collection, analysis, and validation, supporting the evidence-based reporting reform is implemented..." in Fig 5.13 shows the steps taken in the right direction by COE to improve disclosure, presentation, reliability, and usefulness of performance reports.

The results of the recommendations to improve usefulness, quotations, and links to accountability driver and reliability themes are set out in Figs 5.11 to 5.13 below.
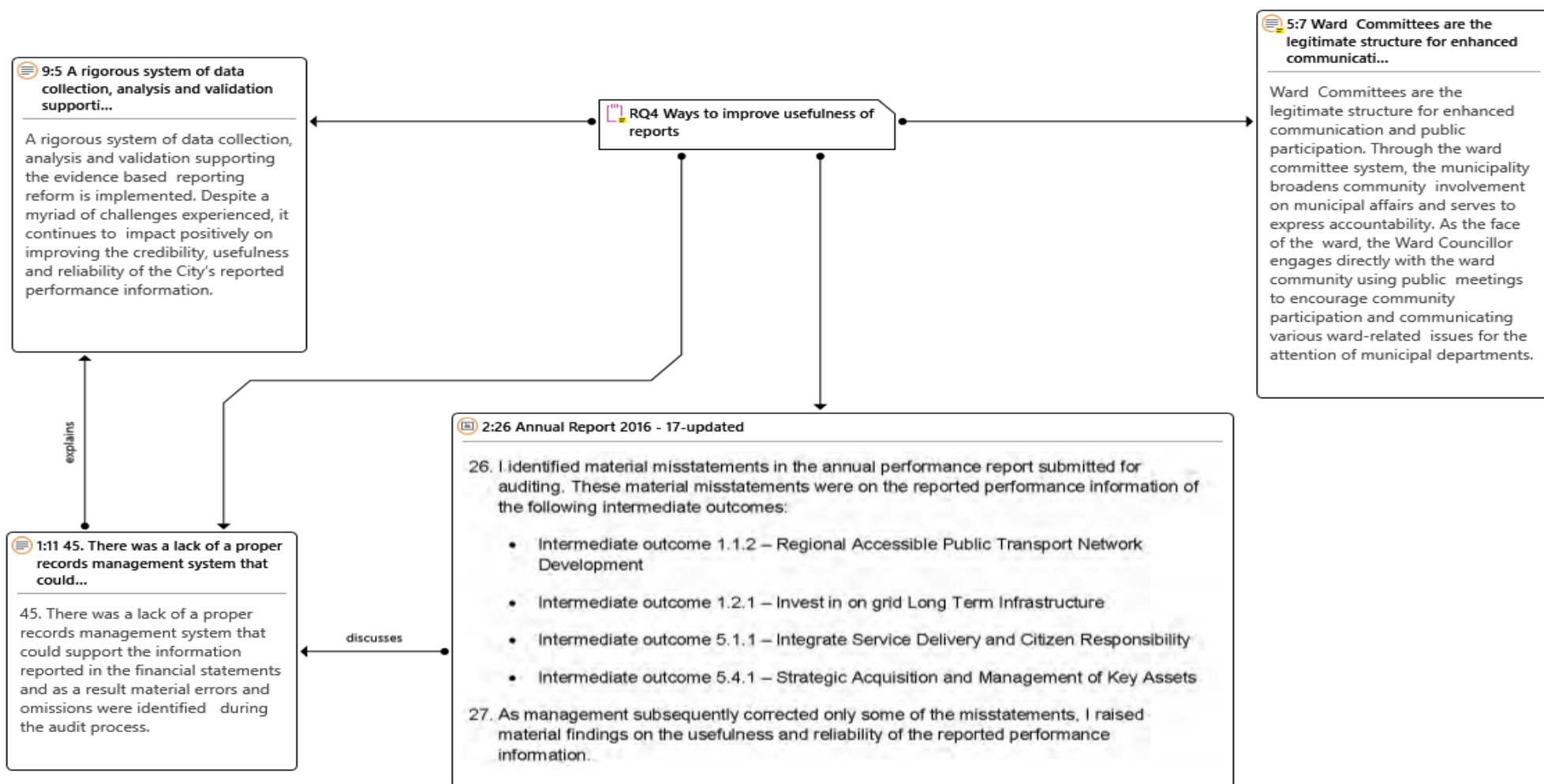
Figure 5.11: COE comments on ways to improve usefulness

(Source: Atlas.ti Ver 8)
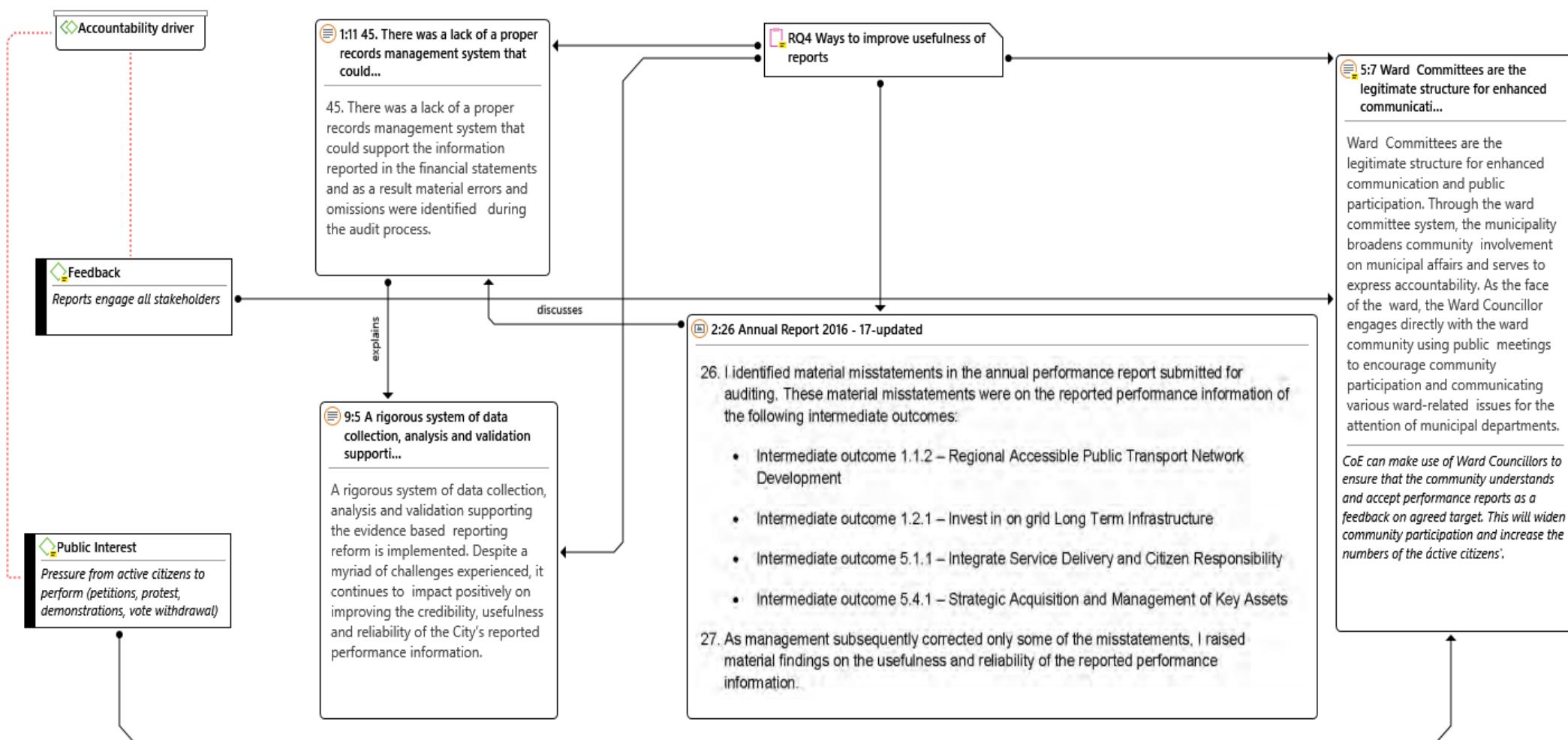
Figure 5.12: COE comments on ways to improve usefulness linked to accountability drivers

(Source: Atlas.ti Version 8)
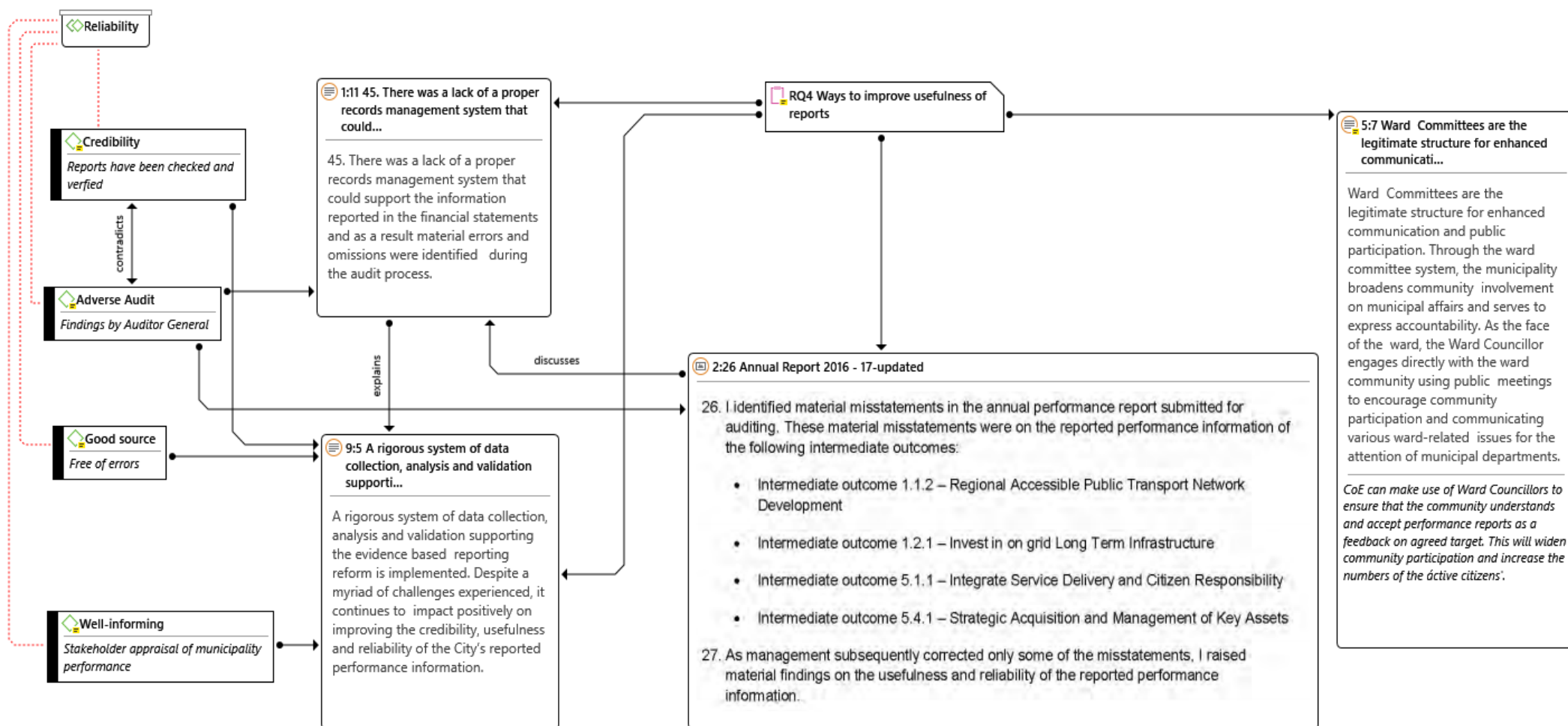
Figure 5.13: COE comments on ways to improve usefulness linked to reliability

(Source: Atlas.ti Ver 8)

5.2.2 Research Results: City of Johannesburg

In the City of Johannesburg (COJ), the sources of data were from interviews, IDP, performance contracts, and Annual Reports for 2017 and 2018. The Annual Reports included Audit, Oversight Committees, and the Council meeting reports.

It was a difficult challenge to secure interviews with senior managers in COJ due to unavailability and tight time schedules. As a result, the number of interviews were reduced from the intended seven to four. The reduction of respondents had no major impact on the findings as data saturation was reached since most of the candidates were giving almost similar views. The four interviewed comprised three administrative managers and a legislator, one of the chairpersons of oversight committees.

All interviews were conducted on the municipality's premises, in each of the respective managers' offices and each lasted between 45 minutes to one hour. The interviews were transcribed, and the transcripts sent for confirmation. However, only one confirmation was received back, and this could limit the construct of credibility in the results.

5.2.2.1   Objective 1: Reporting Process for Accountability

Common to all municipalities, the process to submit performance reports is well-defined and highly regulated. In the period under study, the COJ adhered to the process and complied with the regulations for performance reports. The reports followed a defined process passing through internal/performance auditors. The reports were also audited externally by AGSA before evaluation by the oversight committees and then tabled by the City Council.

One of the managers narrated the process as follows:
"Every entity/department in the municipality that is reporting must report quarterly. For each quarter, they should provide their performance report for that period. The quarterly performance report must be accompanied by a portfolio of evidence, and as performance auditors, we compare what has been reported in this period by the entities/departments against the supporting evidence".

However, it was noted that many errors passed through the system despite checks by internal auditors. This reflected a lack of care concerning the contents and quality of the reports. It can be inferred, therefore, that reports were produced just as a compliance exercise rather than an effort to manage performance.

In the ideal world, the internal audit verify the correctness of the reported information and should be able to pick errors and omissions. However, it is surprising that a lot of errors pass through and are only identified by AG and oversight Committees see Fig 5.15. Also, Fig 5.23 and 5.24, there is a lack of effective management controls by the accounting officer and internal audit which is reflected by poor preparation of annual reports. This leaves a question as to why such practice is allowed.

The results of this reporting process, quotations, and links to regulatory compliance themes are set out in Figs 5.14 to 5.16 below.

RQ1: Reporting Process

7:1 Q: Please walk me through, how performance information is disclosed in...

Q: Please walk me through, how performance information is disclosed in the annual reports?

A: For municipality, every financial year there must be a document named a Service Delivery Budget Implementation Plan (SDBIP). This document is actually important and derived from Integrated Development Plan (IDP). The IDP is

8:9 Q: From your view point as the Budget Office, are performance gaps (bu...

Q: From your view point as the Budget Office, are performance gaps (budget shortfalls) covered in the reports?

A: We do cover in the reports but let us understand one thing MFMA which is the domain legislation used to report performance is structured mostly on the financial part. It does not cover non-financial performance. Now, politicians come

6:3 Upon receipt of the quarterly reports, the Section 79 oversight commit...

Upon receipt of the quarterly reports, the Section 79 oversight committee invites the MMC and all heads of departments and their managers. The reports are scrutinised. The usual layout comprises of; the executive overview, HR matters through a short summary of 10 to 20 pages including the activity of the internal board, if this entity is a stand-alone. The internal board decides on

8:1 Q: Please walk me through, how performance information is disclosed in...

Q: Please walk me through, how performance information is disclosed in the annual reports?

A: Our environment is highly political, there are two elements to it that we are employing in reporting. We are reporting to the extent that we meet the political objectives as a translation of the Manifesto, so we assist the political leadership to be able to trace

8:8 Governance arrangement plays a major roll on the effectiveness of perf...

Governance arrangement plays a major roll on the effectiveness of performance reporting within the COJ. This is another element that I would emphasise. There was once a document that came with the parameters of the effectiveness of the board. Cases where the board is equivalent to management and cases were the board is far away from management. We are using section 79 committee approach in

9:1 Q: Kindly, walk me through the process as to how performance is report...

Q: Kindly, walk me through the process as to how performance is reported in your department.

A: I compile the performance report for the unit. In terms of reporting of performance, we have a hierarchical reporting system in a sense that the unit itself has a strategic reporting point. We compile our own performance report in a form of quarterly report. Once that

6:1 Q: Kindly give me an overview of your department as regards to perform...

Q: Kindly give me an overview of your department as regards to performance reporting?

A: In 2004 Government decided that some bigger cities must become metros and COJ became a metro in 2006. Through the Municipal Management and Finance Act they added new laws for the separation of powers; the executive on one side and the legislature on the other playing an overright role. On the

10:1 On an annual basis, the City of Johannesburg prepares an Annual Report...

On an annual basis, the City of Johannesburg prepares an Annual Report, to provide an overview of its performance in the previous financial year. This is based on the requirements of the Municipal Systems Act (MSA), 32 of 2000, Section 46(2), as well as the MFMA Circular 63 on annual reporting. The report reflects the City's governance arrangements, its

10:2 The City of Johannesburg Metropolitan Municipality is a Category A Mun...

The City of Johannesburg Metropolitan Municipality is a Category A Municipality in South Africa as defined in the Municipal Structures Act, Act No. 117 of 1998 as amended. In line with having a welldefined politically governed system, the municipality upholds the principles of a well governed administrative system. At the heart of a well governed administration,

11:1 In addition Section 1 2 1 (1) of the MFMA further s tipulates that th...

In addition Section 1 2 1 (1) of the MFMA further s tipulates that the council of a municipality mus t w ithin nine months after the end of a financial year deal w ith the annual report of the municipality and of any municipality entity under the municipality's s ole or s hared control in accordance w ith Section 1 2 9 . Bas ed on the above ACT, Council is ves ted w ith the res pons ibility to overs ee the performance of their res pective municipality

supports · discusses · supports · supports · expands · expands · supports · supports · supports

Figure 5.14: Comments on COJ reporting process

(Source: Atlas.ti Ver 8)

Figure 5.15: COJ reporting process linked to regulatory compliant

(Source: Atlas.ti Ver 8)

Figure 5.16: COJ annual reports linked to the regulatory compliance process

(Source: Atlas.ti Ver 8)

5.2.2.2   Objective 2: Concept and Practice of Performance Reporting

Although at the time of this study the City was implementing changes to improve the quality of reports, the COJ reports still had challenges on disclosure, reliability, and presentation.

One of the managers was asked whether in her opinion all relevant information was reported and answered as follows: "...When it comes to reporting performance, it is important that we should disclose a lot of things. The municipality is not perfect but there are improvements in reporting information that is useful and relevant. I my opinion, we are working towards that and from myside the information is reliable" Fig 5.18. However, contrary to the manager's views, comments from Oversight committees in the annual reports indicated poor data capturring and recommended that the system be automated.

The other categories had no issues; COJ has clear performance goals (targets), from a well-formulated vision, prior-year figures were included for comparison. Visual elements were used for clarity, table of contents and the logic flaw were all good. The reports used simple English language with technical terms well defined.

COJ is also conscious of Batho-pele (people first principles) as indicated in Fig 5.19.

The results of the reporting practice, comments, and links to disclosure, reliability, and accountability driver themes are set out in Figs 5.17 to 5.20 below.

Figure 5.17: COJ comments on reporting practice

(Source: Atlas.ti Ver 8)

Figure 5.18: COJ comments on current reporting linked to disclosure

(Source: Atlas.ti Ver 8)

Figure 5.19: COJ reporting practice linked to reliability

(Source: Atlas.ti Ver 8)

Accountability Driver

Questions under-performance
Management's concern on non-delivery

Political Will
Support from elected officials on accountability

Perception on responsibility
Organisational view on accountability

Accountability
Request for a detailed account on under-performance leading to consequence management

6:12 Q: How is under-performance on reports dealt with, are recommendations...
The politicians, legislators should follow-up on the implementation of their recommendations to protect their interest. They were elected by the citizens to govern well, as such, if the administration fails they fail too.

8:11 On the other hand, because of the indivisibility of the infrastructure...
Options to incentivise performance, most effective is when the community takes over control and has power to put and recall politicians to run the municiplalities.

1:36 Addressing these issues served as the motivation behind our 10-Point...
New regime, change of culture and view on accountability,

8:9 Q: From your view point as the Budget Office, are performance gaps (bu...
Deliberate ignoring reasons for non-performance and focusing on remedials is a political approach to shift attentions and get way from consequence management.

9:9 Q: Do you receive support from elected officials (politicians) regardi...
Red tape to get approvals, is a cause for concern. It appears politicians are not fully commited or does not understand processes that promote accountability. Is it that they do not want to be exposed?

8:7 We need to deal with performance reporting at the most senior level, a...
Is under-performance taken seriously or entities/departments are quickly bailed out? Why?

9:6 Q: In your opinion, how is accountability being reviewed in this munic...
The current scenario, it appears as just an exercise of reporting but there is no accountability for failed targets.

9:13 Q: Is this the reason why citizens do not rely on performance reports...
There is need to change focus on performance reporting, invlove and direct the same to the citizens. The communities should be the judges and contribute to the change of management through removal of ineffective poliiticians.

6:6 We visit certain areas from leafy suburbs to informal settlements and...
The scrutiny by Oversight Committees is commendable, however follow-ups to the recommendations and application of consequence management makes the entire process ineffective. The change which is supposed to have been triggered by performance reports is slow to take-off or does not even happen.

8:6 Let me just touch on the governance arrangement on the COJ. We have ab...
Complex governance system, who is benefiting? Is there any accountability on non-performers?

7:10 Q: Is there any drive to hold individual accountable? A: Like I sai...
In view of the trend (level of under-performance over the years), it is difficult indeed to convince anyone that there is a drive to reprimand anyone for failing to meet targets.

1:19 The City Manager is appointed by the Council in terms of Section 82 of...
The City Manager is primarily accountable to the city's performance and appoints the administration team to support him to deliver service to the community. He reoprts to the colucnil (political leadership).

1:21 Ward Committees Ward Committees are established in terms of the Local...
Ward committees can play a crucial role in assisting communities to understand performance reports as part of the feedback process.

8:18 Q: Is there any pressure from higher government authority for municipa...
The pressure to perform from other higher office is not effective because politicians are the same. Only active citizens can exert meaningful pressure.

RQ2: Concept and Practice
2. To discuss the concept and practice of performance reporting in line with Batho-Pele (people first) principles.

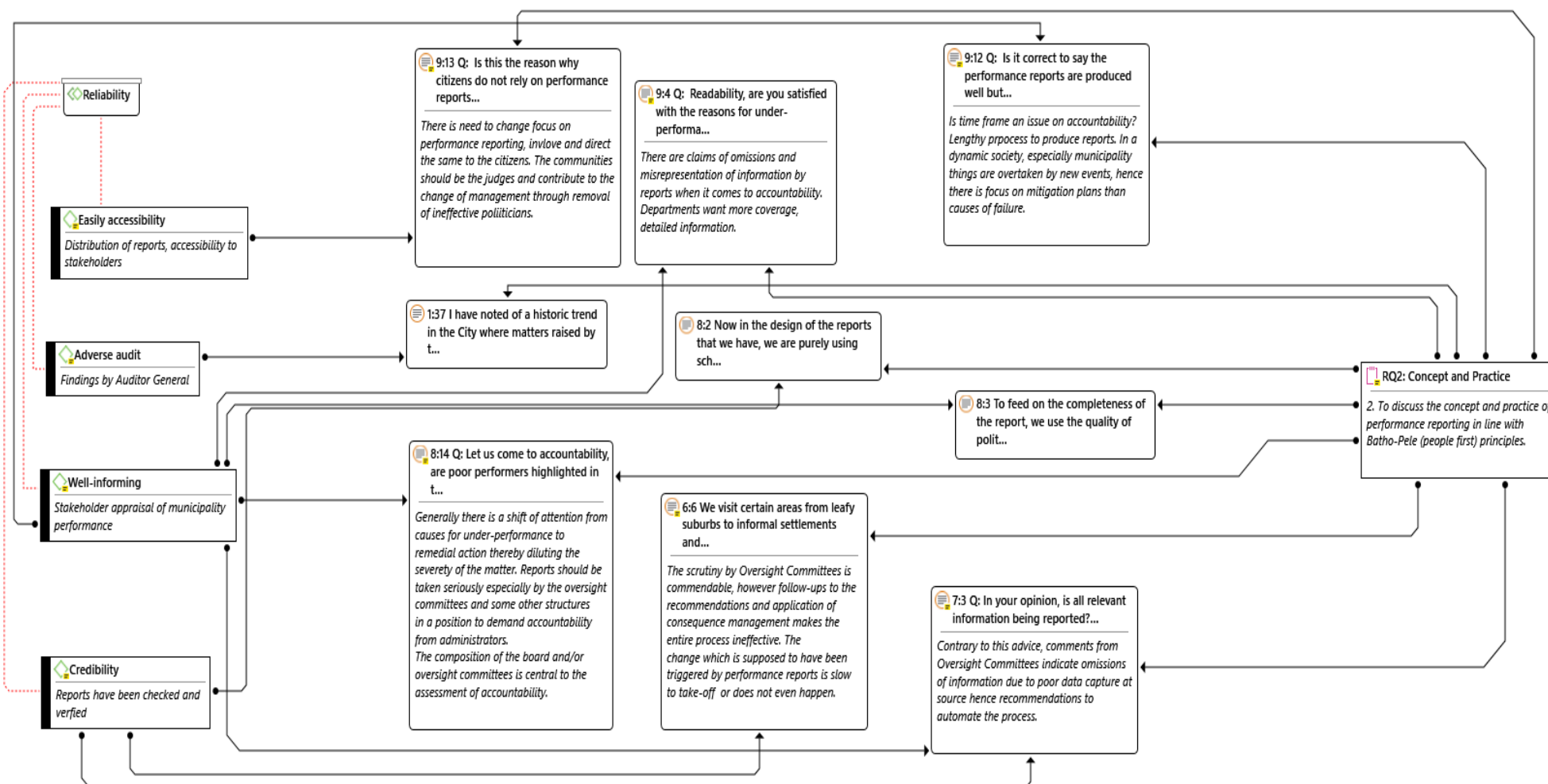8:14 Q: Let us come to accountability, are poor performers highlighted in t...
Generally there is a shift of attention from causes for under-performance to remedial action thereby diluting the severity of the matter. Reports should be taken seriously especially by the oversight committees and some other structures in a position to demand accountability from administrators.
The composition of the board and/or oversight committees is central to the assessment of accountability.

Figure 5.20: COJ reporting practice linked to accountability drivers
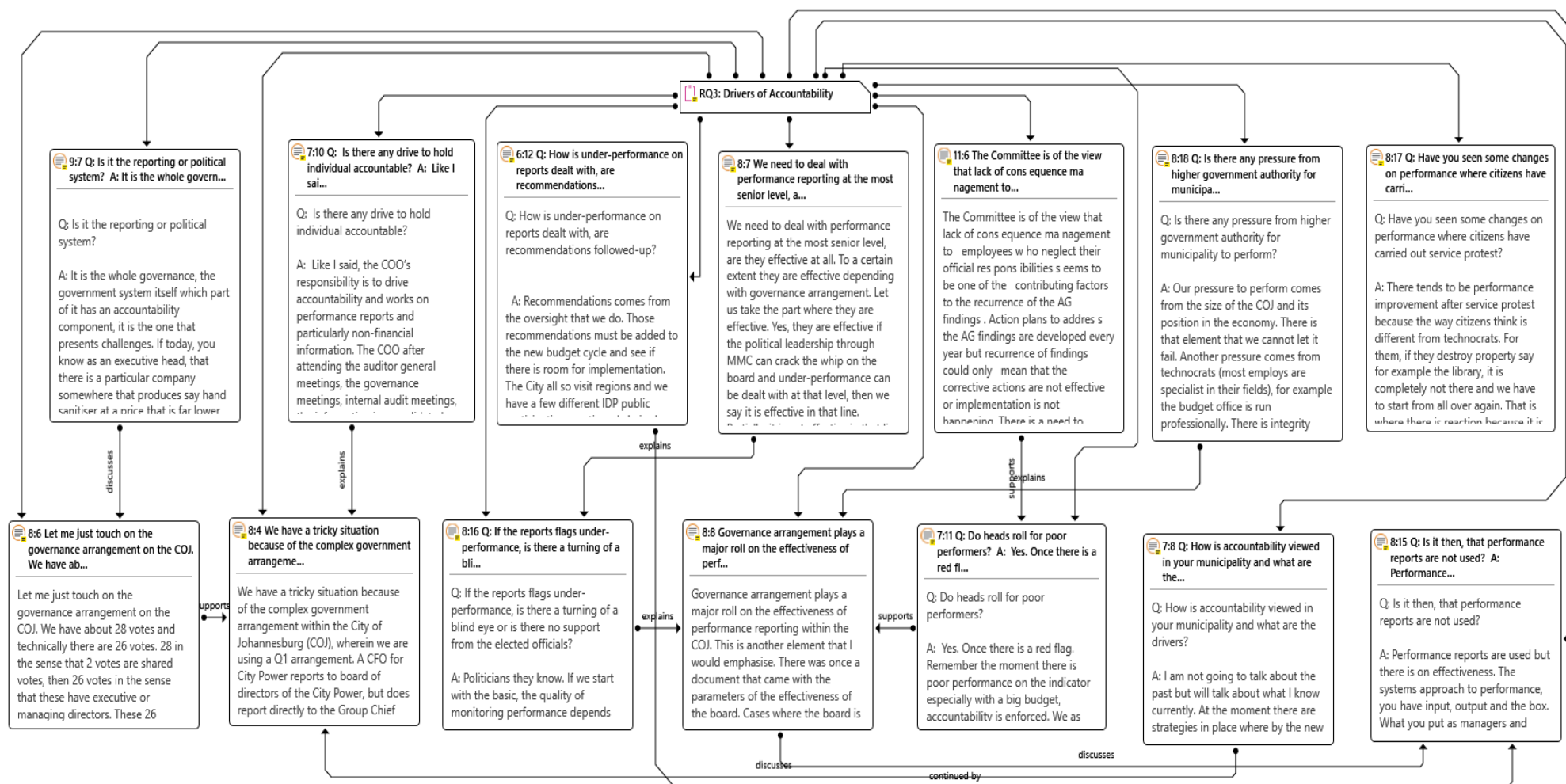(Source: Atlas.ti Ver8)

5.2.2.3 Objective 3: the relationship between performance and accountability

The COJ reports were evaluated for relationships between performance and accountability. Although there seems to be contradicting evidence in Fig 5.21 (which is a good mixture of both interview & documentary data), no senior managers/executives were dismissed due to poor performance. In that respect, it is fair to say the poor performance highlighted in reports did not affect at all on accountability. Although the evaluation by Oversight Committees is commendable, the absence of follow-ups to recommendations and lack of application of consequence management to senior managers made the entire process ineffective.

In this regard, one of the managers pointed out that: "We have a tricky situation because of the complex government arrangement within the COJ, wherein we are using a Q1 arrangement. A Group Chief Financial Officer (GCFO) can only relate to other performance using moral persuasion. For example, with City Power, he can say, 'I can see you are underperforming but what is it that you are putting in place?' If you are not convinced by their response to under-performance, they can go and argue or not take any action at all. This is because the picture that is at the board is not the same as at the City, thus the challenge of the complex government arrangement that we have" in Fig 5.22. The complex reporting lines made it difficult for the GCFO to demand accountability from entities whose board reported directly to the Mayor.

The COJ experience external demand for accountability from the community in form of service delivery protest see Fig 5.22. One of the managers on service delivery protests; "Citizens protest are effective although costly, if these can be triggered by performance reports there will be accountability but then it is left too late when the situation has deteriorated."
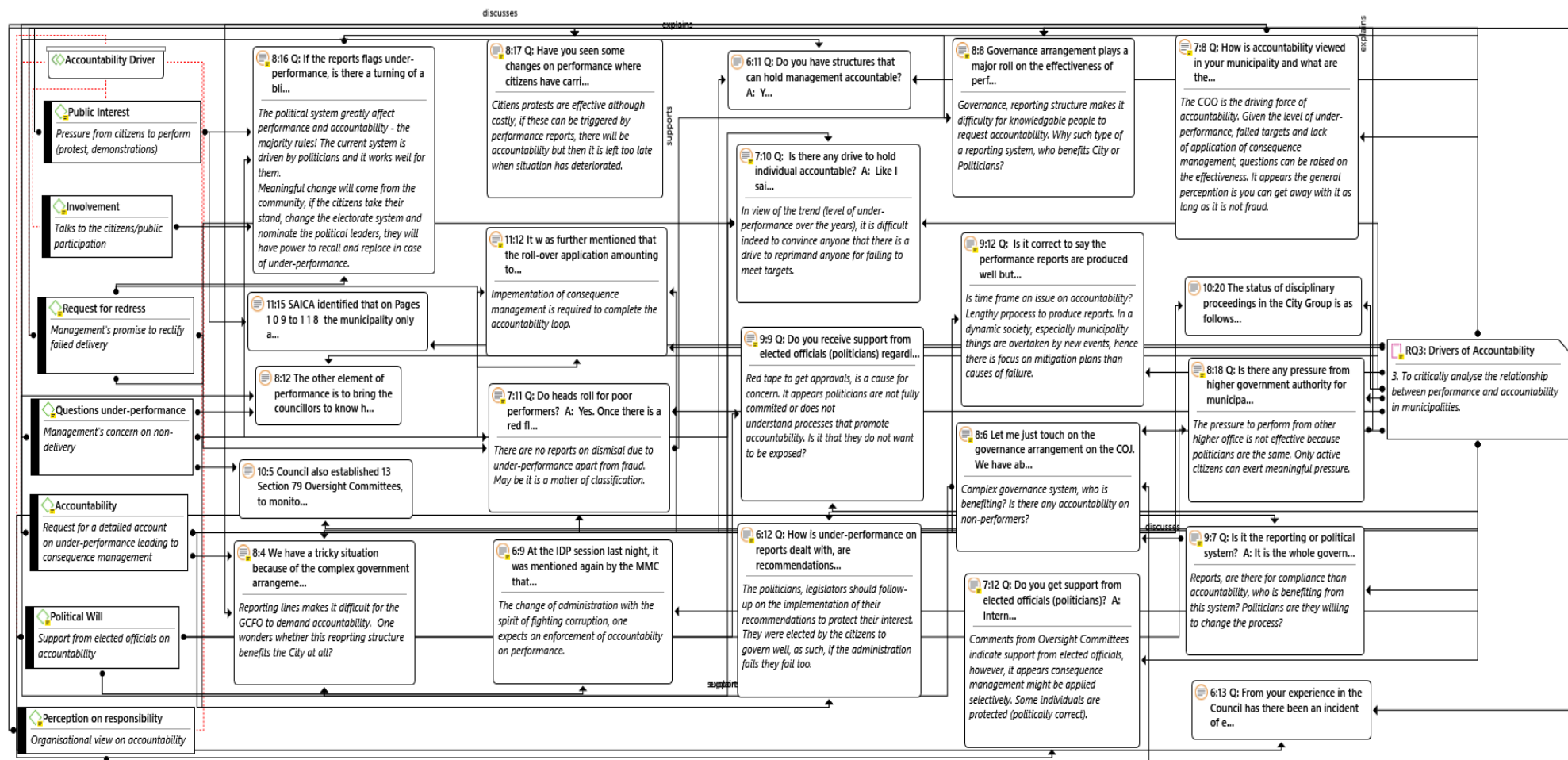
The results of the drivers of accountability, comments, and links to the accountability driver theme are set out in Figs 5.21 and 5.22 below.

Figure 5.21: COJ comments on drivers of accountability

(Source: Atlas.ti Ver 8)

Figure 5.22: COJ drivers of accountability linked to codes

(Source: Atlas.ti Ver 8)

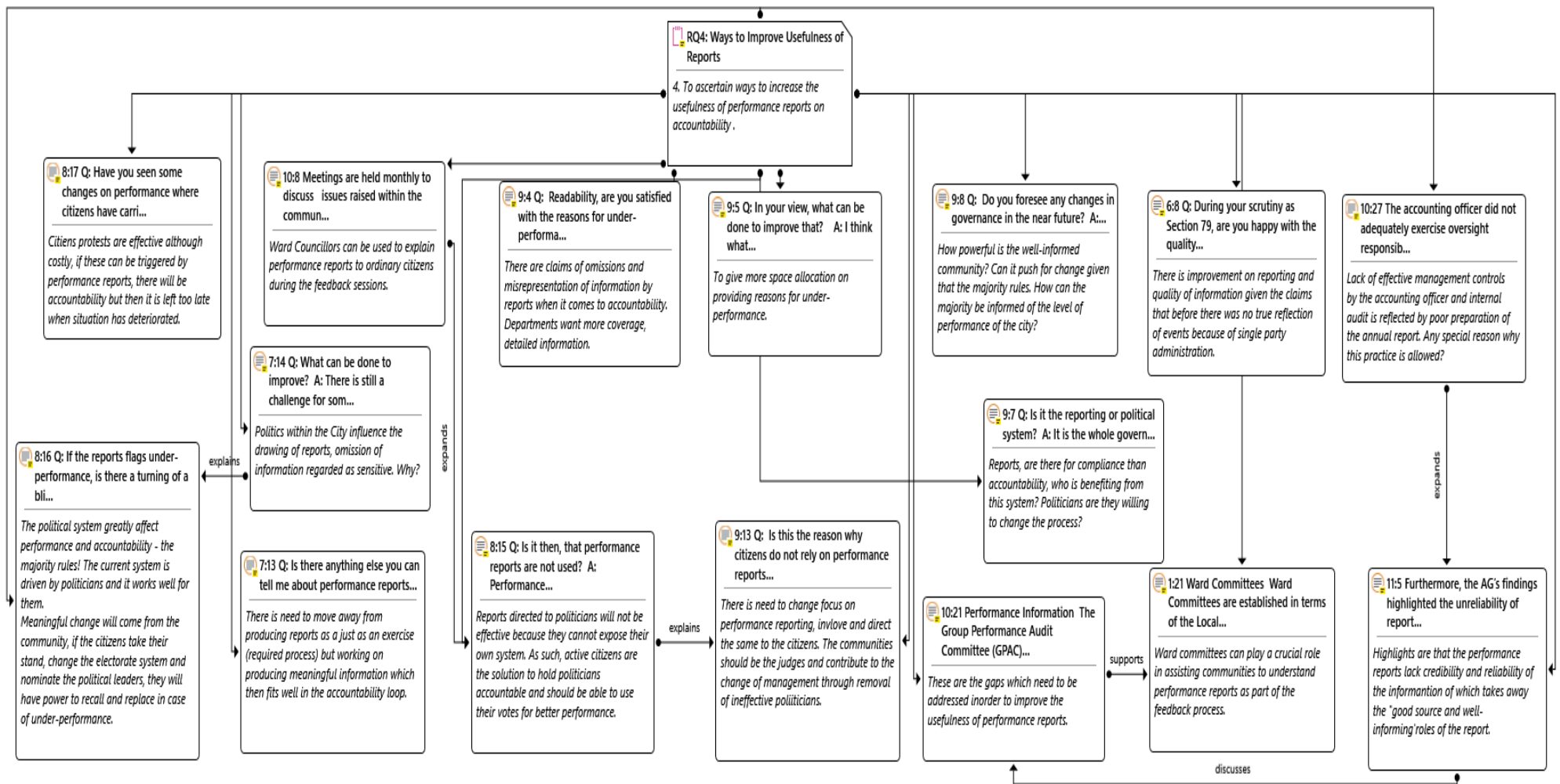*5.2.2.4   Objective 4: ways to improve the usefulness of reports*

The comments by AGSA, all oversight committees, and senior management on quality of reports were captured for analysis.

Ward Committees can play a crucial role in assisting communities to understand performance reports as part of the feedback process and these are the gaps that need to be addressed to improve the usefulness of performance reports reflected in Fig 5.23.

On the quality of reports, there is a comment "There is a need to move away from producing reports just as an exercise (required process) but work on producing meaningful information which fits well in the accountability loop" advised by one of the managers see Fig 5.23.

The interview with one manager reflects that the political system greatly affects performance and accountability of which the majority rules. The current system is driven by politicians and it works well for them. Meaningful change will come from the community if citizens take their stand, change the electorate system, and have the power to nominate and recall non-performing political leaders see Fig 5.23 and 5.24.

The results of the question for ways to improve usefulness, the comments, and links to accountability drivers and reliability themes are set out in Figs 5.23 to 5.25 below.

Figure 5.23: COJ comments for ways to improve usefulness

(Source: Atlas.ti Ver 8)

Figure 5.24: COJ comments for ways to improve usefulness linked to accountability drivers

(Source: Atlas.ti Ver 8)

Reliability

Good source
Free of errors

Adverse audit
Findings by Auditor General

Easily accessibility
Distribution of reports, accessibility to stakeholders

Well-informing
Stakeholder appraisal of municipality performance

8:16 Q: If the reports flags under-performance, is there a turning of a bli...

The political system greatly affect performance and accountability - the majority rules! The current system is driven by politicians and it works well for them.
Meaningful change will come from the community, if the citizens take their stand, change the electorate system and nominate the political leaders, they will have power to recall and replace in case of under-performance.

10:27 The accounting officer did not adequately exercise oversight responsib...

Lack of effective management controls by the accounting officer and internal audit is reflected by poor preparation of the annual report. Any special reason why this practice is allowed?

7:13 Q: Is there anything else you can tell me about performance reports...

There is need to move away from producing reports as a just as an exercise (required process) but working on producing meaningful information which then fits well in the accountability loop.
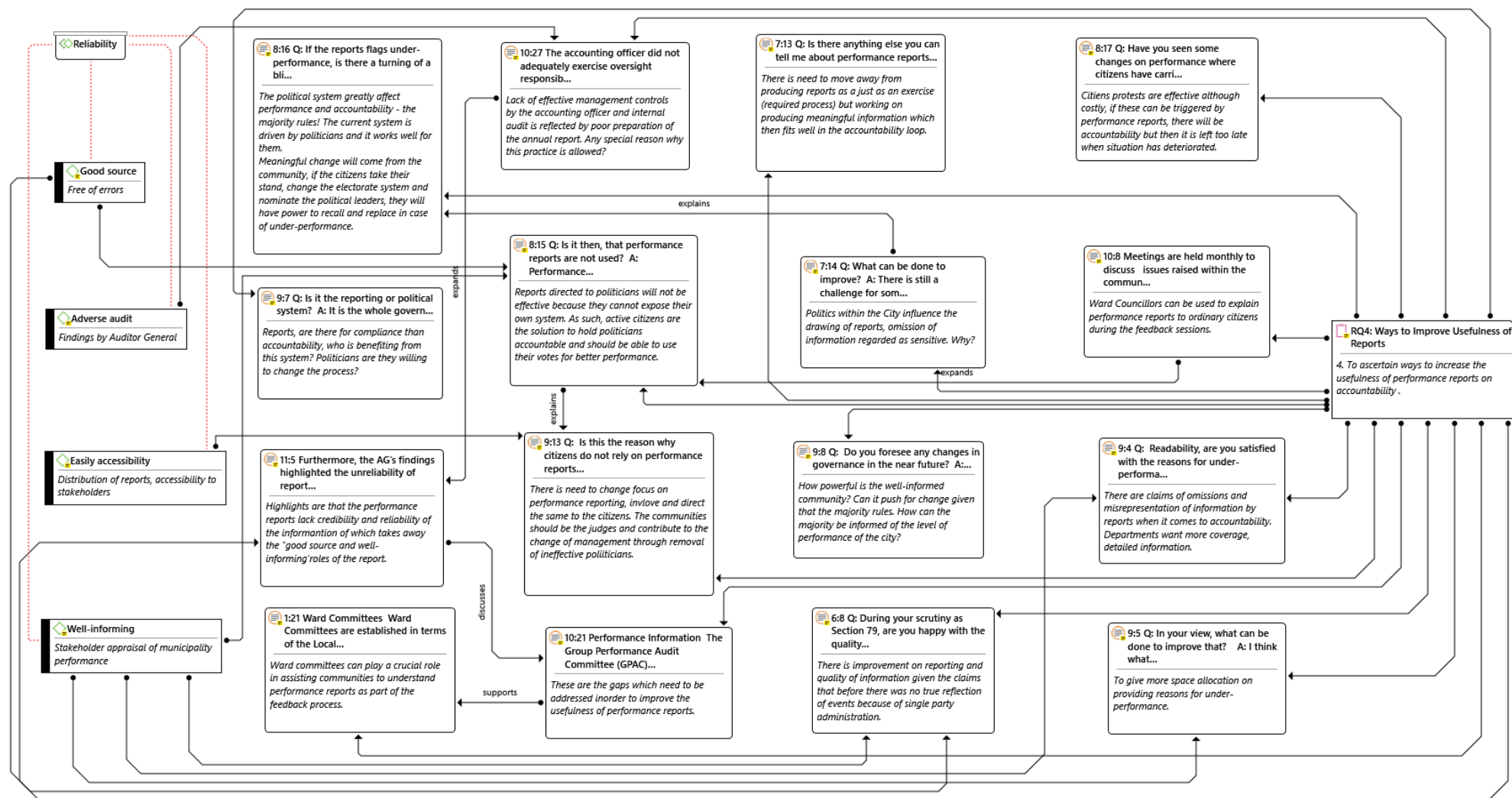
8:17 Q: Have you seen some changes on performance where citizens have carri...

Citiens protests are effective although costly, if these can be triggered by performance reports, there will be accountability but then it is left too late when situation has deteriorated.

8:15 Q: Is it then, that performance reports are not used? A: Performance...

Reports directed to politicians will not be effective because they cannot expose their own system. As such, active citizens are the solution to hold politicians accountable and should be able to use their votes for better performance.

9:7 Q: Is it the reporting or political system? A: It is the whole govern...

Reports, are there for compliance than accountability, who is benefiting from this system? Politicians are they willing to change the process?

7:14 Q: What can be done to improve? A: There is still a challenge for som...

Politics within the City influence the drawing of reports, omission of information regarded as sensitive. Why?

10:8 Meetings are held monthly to discuss   issues raised within the commun...

Ward Councillors can be used to explain performance reports to ordinary citizens during the feedback sessions.

RQ4: Ways to Improve Usefulness of Reports

4. To ascertain ways to increase the usefulness of performance reports on accountability .

11:5 Furthermore, the AG's findings highlighted the unreliability of report...

Highlights are that the performance reports lack credibility and reliability of the informantion of which takes away the `good source and well-informing`roles of the report.

9:13 Q: Is this the reason why citizens do not rely on performance reports...

There is need to change focus on performance reporting, invlove and direct the same to the citizens. The communities should be the judges and contribute to the change of management through removal of ineffective poliiticians.

9:8 Q: Do you foresee any changes in governance in the near future? A:...

How powerful is the well-informed community? Can it push for change given that the majority rules. How can the majority be informed of the level of performance of the city?

9:4 Q: Readability, are you satisfied with the reasons for under-performa...

There are claims of omissions and misrepresentation of information by reports when it comes to accountability. Departments want more coverage, detailed information.

1:21 Ward Committees Ward Committees are established in terms of the Local...

Ward committees can play a crucial role in assisting communities to understand performance reports as part of the feedback process.

10:21 Performance Information The Group Performance Audit Committee (GPAC)...

These are the gaps which need to be addressed inorder to improve the usefulness of performance reports.

6:8 Q: During your scrutiny as Section 79, are you happy with the quality...

There is improvement on reporting and quality of information given the claims that before there was no true reflection of events because of single party administration.

9:5 Q: In your view, what can be done to improve that?   A: I think what...

To give more space allocation on providing reasons for under-performance.

explains · expand · expands · explains · discusses · supports

Figure 5.25: COJ ways to improve usefulness linked to reliability

(Source: Atlas.ti Ver 8)

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5.2.3 Research Results: City of Tshwane

In the City of Tshwane (COT) the sources of data were fivefold: interviews, IDP, performance contracts and annual reports (2017, 2018), and the Mid-year performance Report of 2019. The reports included those from the Auditor, Oversight Committees, and the Council meeting reports.

Similar to the other two metros, this researcher faced challenges to arrange interviews with senior managers of COT and only managed to conduct three out of the intended seven owing to the unavailability of managers and their time constraints. Nevertheless, the reduction of the number of respondents had no major impact on the findings as data saturation was reached (when most of the candidates were giving almost similar views).

All interviews were conducted on municipal premises, in each of the respective manager's offices and lasted between 45 minutes to one hour. The interviews were transcribed, and the transcripts sent for confirmation. However, only one confirmation was returned and this, therefore, could limit the credibility construct of the results.

5.2.3.1 *Objective 1: reporting process for accountability*

The COT followed a defined process in line with the municipality's regulations. There were adequate checks and balances and the process was well controlled. The performance information was checked and verified by internal auditors and also audited by AGSA before evaluation by oversight committees and the City Council.

One of the COT managers summarised the process as follows:
"There are various legislative prescripts in the local government that govern the whole process of accountability concerning organisational performance reporting as an instrument to express a key tenant of good governance. The process is heavily regulated by various sections."

Another summary of how reports are produced: "The IDP is periodically revised to align with current events, hence the objectives and budgets should cover relevant issues. Performance reports reflect what has been achieved and reasons for failure."

The results of the reporting process, comments, and links to regulatory compliance themes are set out in Figs 5.26 to 5.28 below.
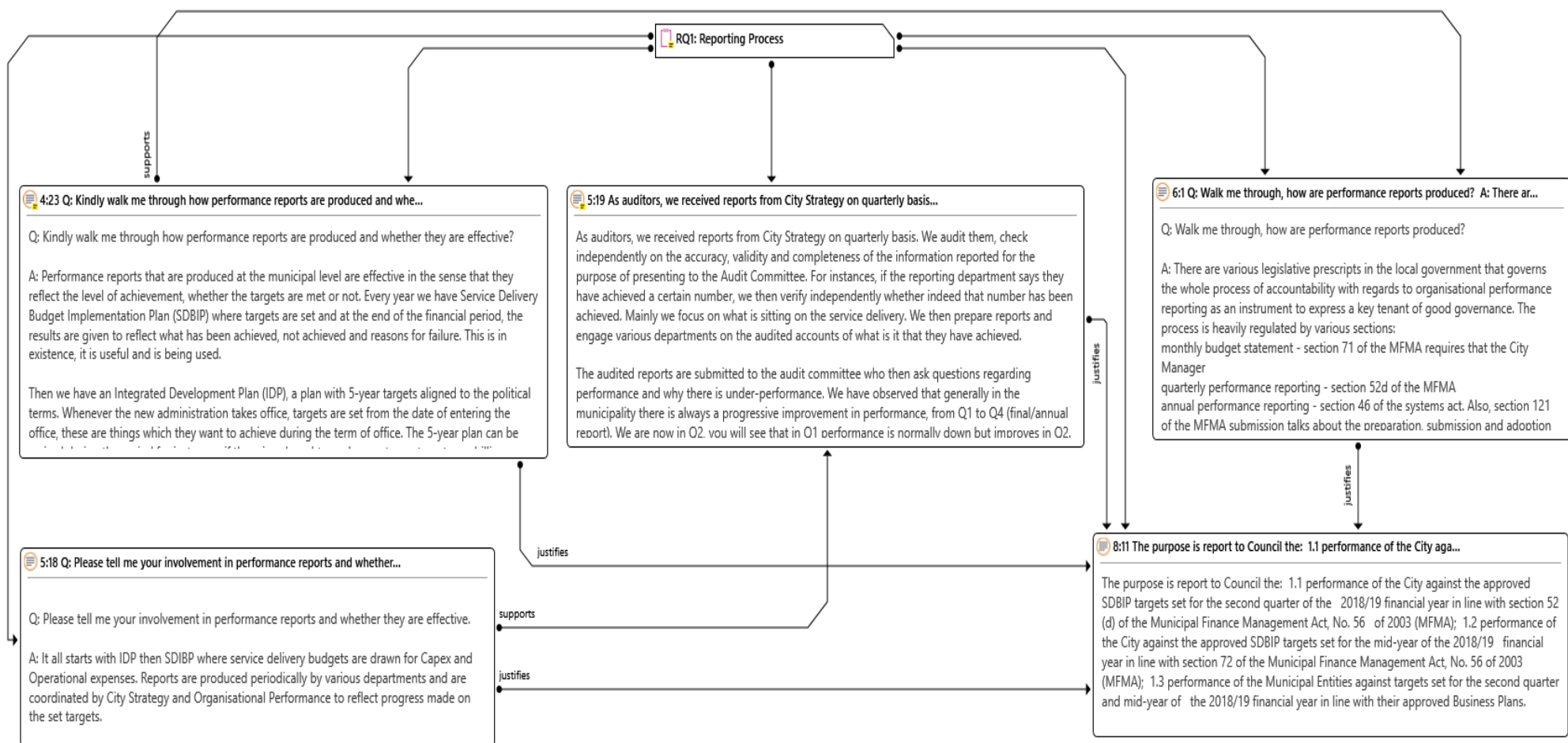
Figure 5.26: COT comments on the reporting process

(Source: Atlas.ti Ver 8)

Figure 5.27: COT reporting process linked to regulatory compliance

Source: Atlas.ti Ver 8
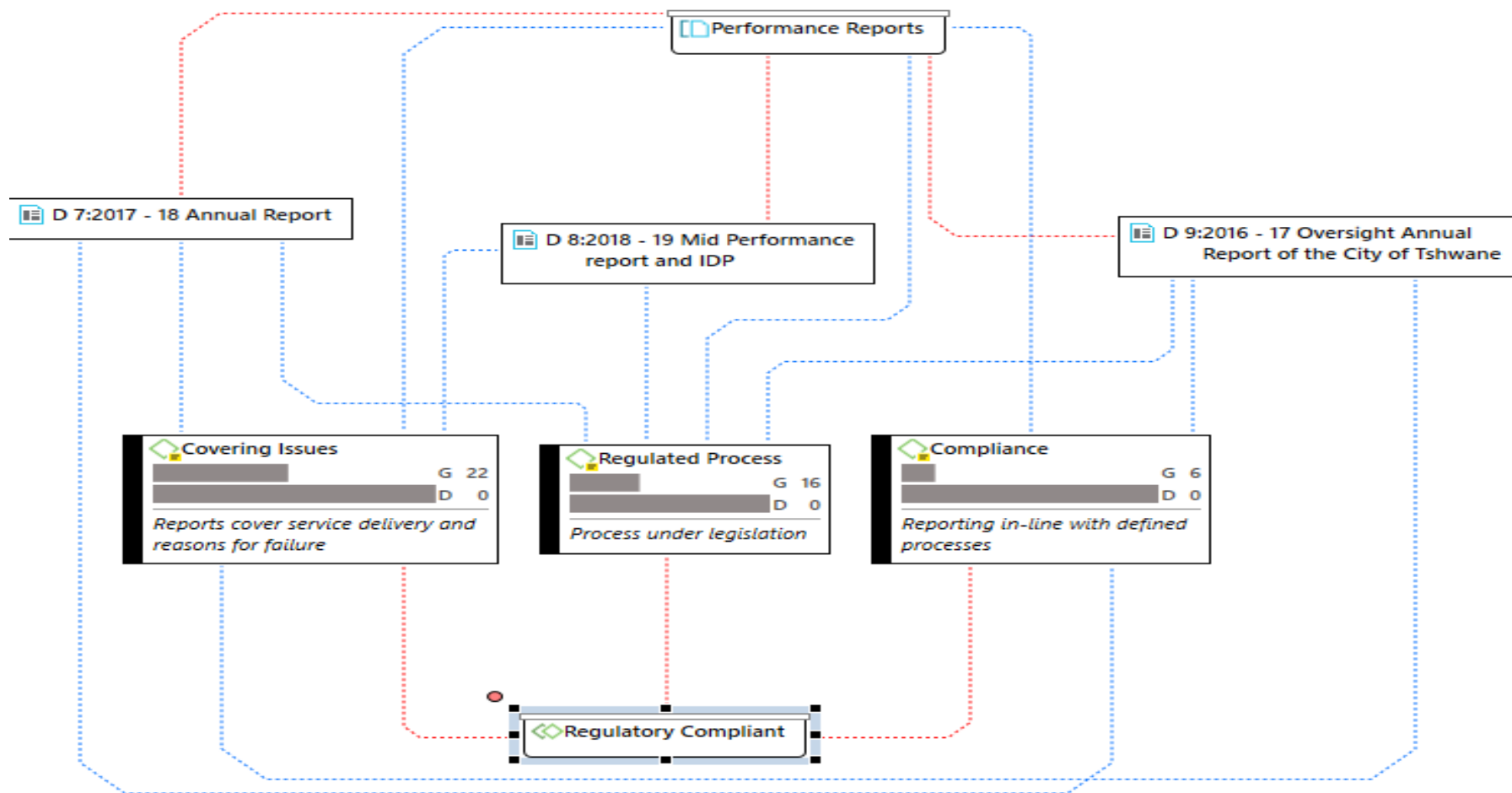
Figure 5.28: COT annual reports linked to regulatory compliance

(Source: Atlas.ti Ver 8)

5.2.3.2   Objective 2: concept and practice of performance reporting

The findings are that the COT reports covered service delivery well but had challenges on disclosure, reliability, and presentation.

On his opening speech for the 2017/18 annual report, the City Manager downplayed non-achievements of targets. He did not even mention the failed objectives as shown in Fig 5.29. The lack of interest from his office leaves a lot of questions given that the City Manager is the accounting officer of the municipality.

Similar to the other two metros, reports are pushed through with errors which weakens the credibility and reliability of information see in Fig 5.29. The weakness of internal audit in allowing errors to be pushed through may indicate that performance reporting is not given the seriousness and importance it deserves.

Other categories had no issues; reports had clear performance goals (targets), from a well-formulated vision, prior-year figures were included for comparison. Visual elements were used for clarity, table of contents and the logic flaw was all good. The reports used simple English language with technical terms well defined.

The results of the reporting practice, comments, and links to disclosure, reliability, and accountability driver themes are set out in Figs 5.29 to 5.31 below.
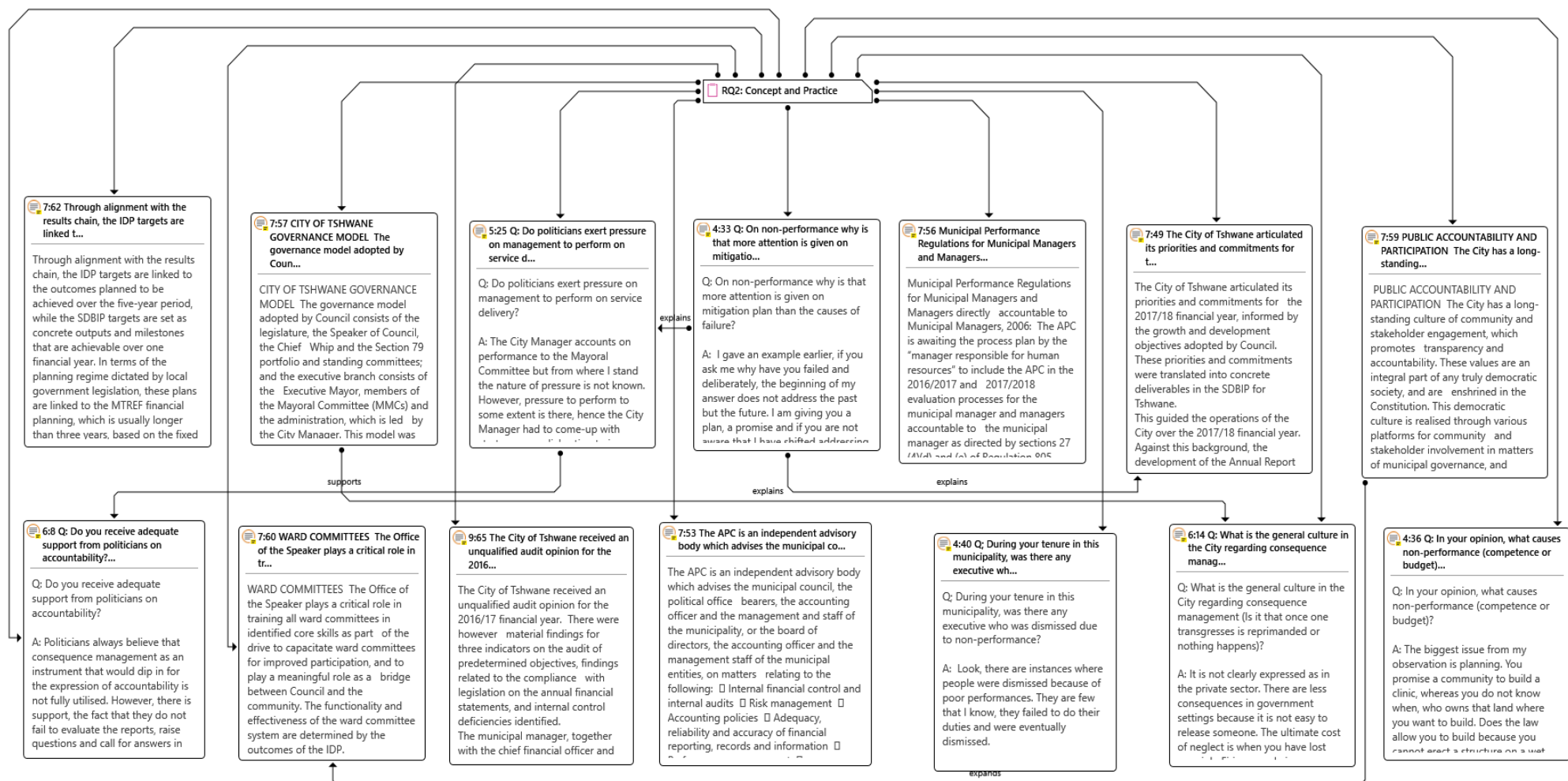
Figure 5.29: COT comments on reporting practice

(Source: Atlas.ti Ver 8)

Figure 5.30: COT reporting practice linked to reliability.

(Source: Atlas.ti Ver 8)
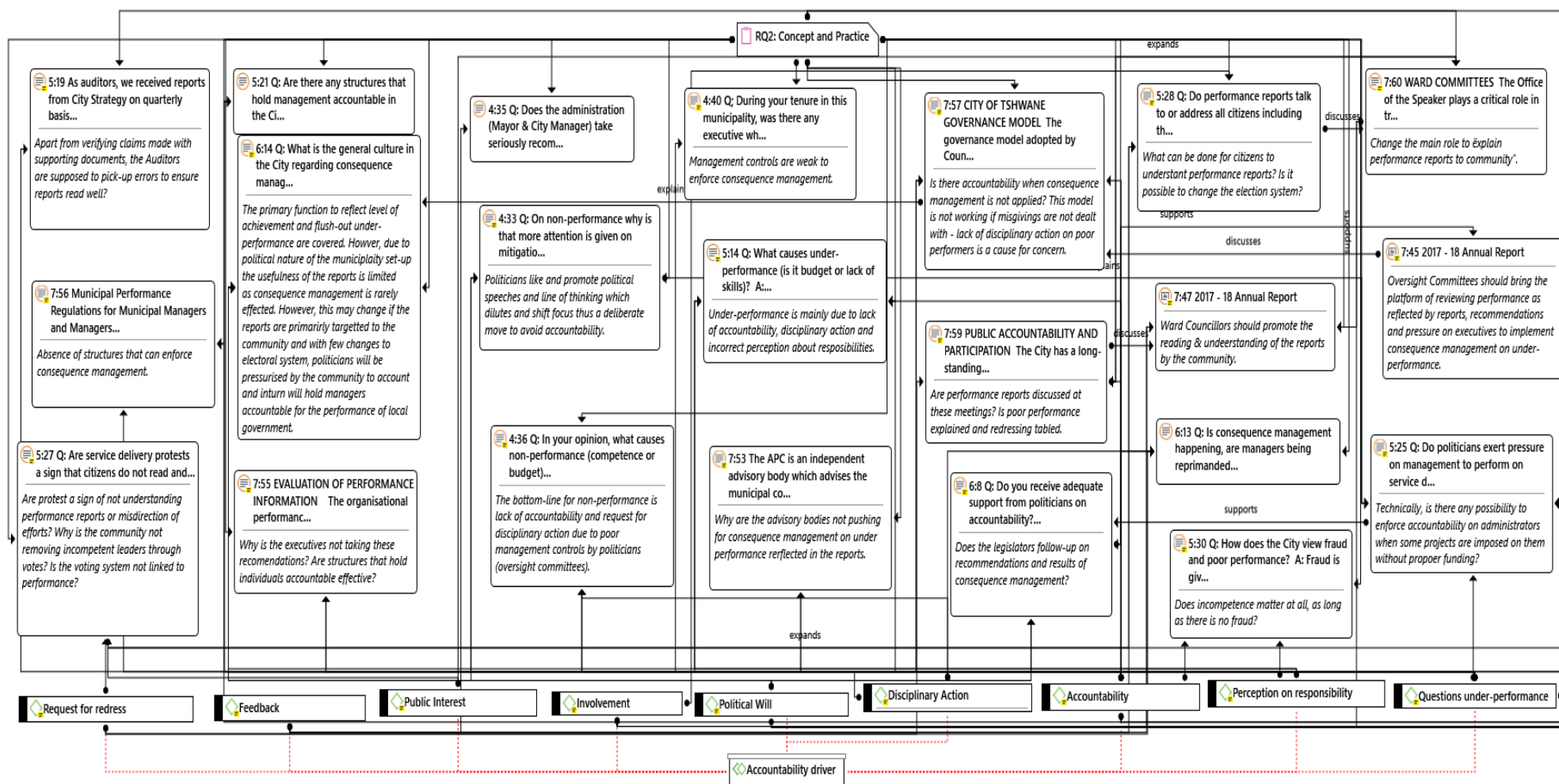
Figure 5.31: COT reporting practice linked to accountability driver

(Source: Atlas.ti Ver 8)

5.2.3.3 Objective 3: relationship between performance and accountability

The COT reports were analysed searching for relationships between performance and accountability. The poor performance highlighted in reports did not affect accountability at all.

Although there seems to be contradicting evidence in Fig 5.29 " there are instances where people get dismissed.....few that I know, they failed to do their duties and were eventually dismissed" and Fig 5.32 "Poor performance does not carry much weight although it is equally important. Generally, it attracts less attention with little or no consequences".

Like all other metropolitans under study, there were no reports of senior managers or executives dismissed due to poor performance. In that respect, it is fair to say the poor performance highlighted in reports did not affect at all on accountability. Although the evaluation by Oversight Committees is commendable, lack of application of consequence management to senior managers made the entire process ineffective.

The COT experience external demand for accountability from the community in form of service delivery protest see Fig 5.32. One of the managers responded to the question on external pressure to perform; "That will depend, there are calm places. Thus, the reason why you see service delivery protest in this country..."

To improve accountability, one manager advised:
"In summary, if we change the electoral system, for instance, Ward Councillors at local municipality level whereby all Ward Councillors are not appointed by political parties but appointed by the community then people from the community would compete as councillors based on how they are known. That could introduce a lot more accountability than in the present scenario ...." shown in Fig 5.34.

The results of the drivers of accountability, participants' comments, and links to the accountability driver theme are set out in Figs 5.32 and 5.33 below.
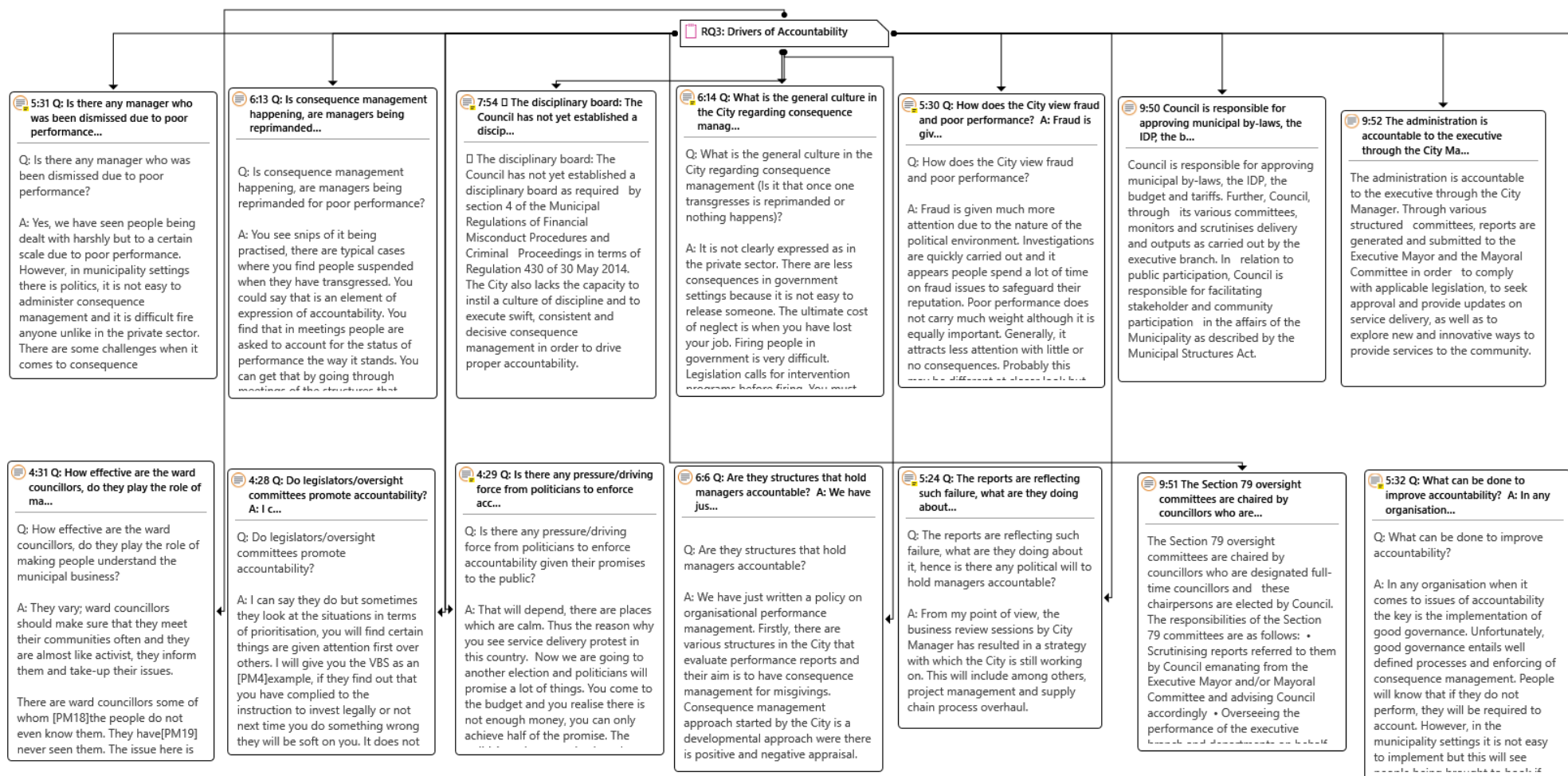
Figure 5.32: COT comments on drivers of accountability

(Source: Atlas.ti Ver 8)
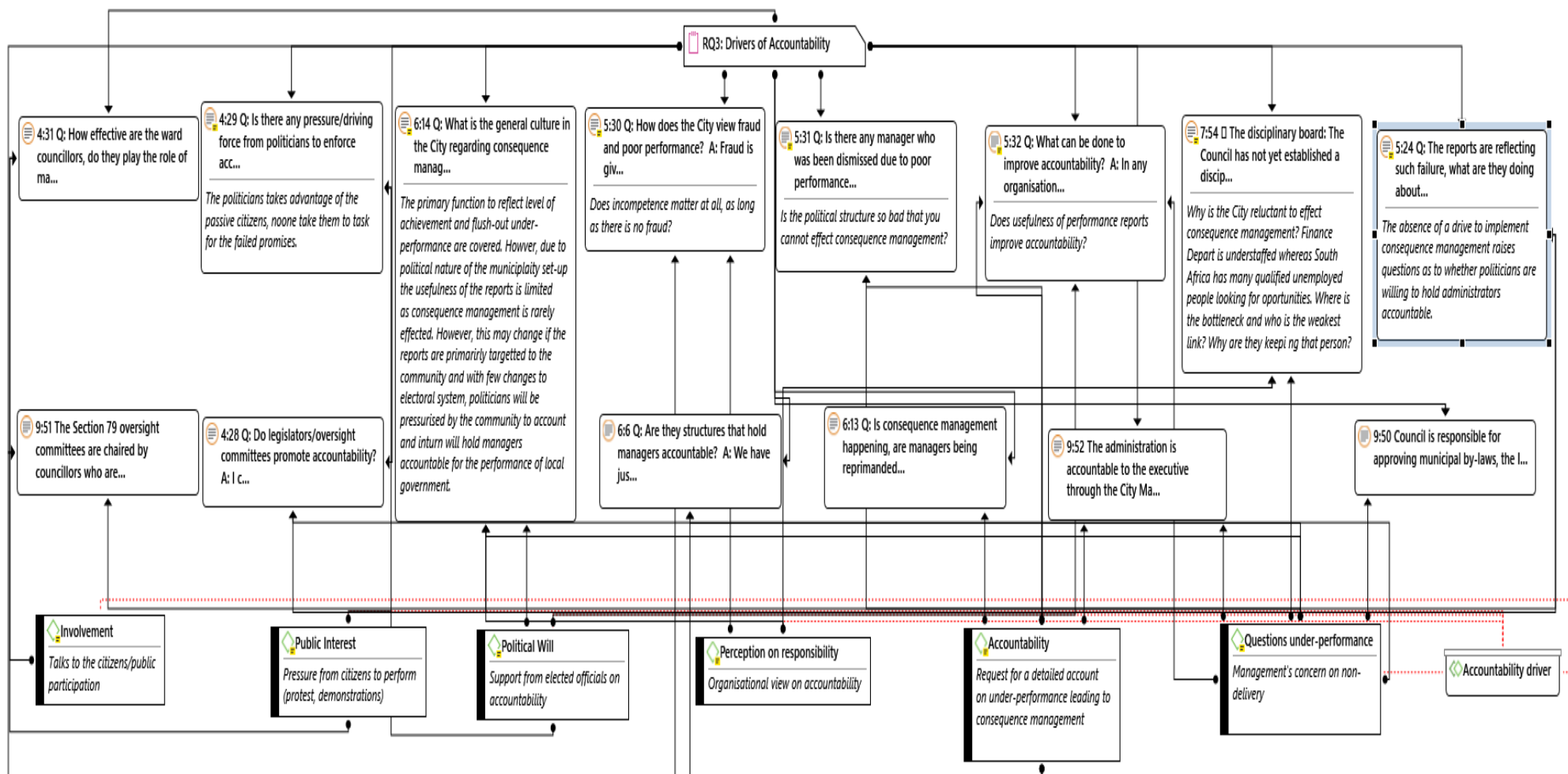
Figure 5.33: COT drivers of accountability linked to codes

Source: Atlas.ti Ver 8

5.2.3.4   Objective 4: ways to improve the usefulness of reports

The oversight structures in the COT have recommended ways to improve the usefulness of performance reports. Here are some of the proposals mentioned: "Ward Councillors should promote the reading and understanding of the reports by the community" in Fig 5.34.

"Role and election of Ward Councillors are central to the usefulness of performance reports and improvement of accountability. Once the reports are explained to the citizens, they can change politicians through their votes" in Fig 5.36.

The explanation of performance reports to citizens is likely to reduce the number of service delivery protests which is external demand for accountability. As reflected in Fig 5.34 "Are protest a sign of not understanding performance reports or misdirection of efforts?".

The results of the ways to improve usefulness, comments, and links to accountability driver and reliability themes are set out in Figs 5.34 to 5.36 below.
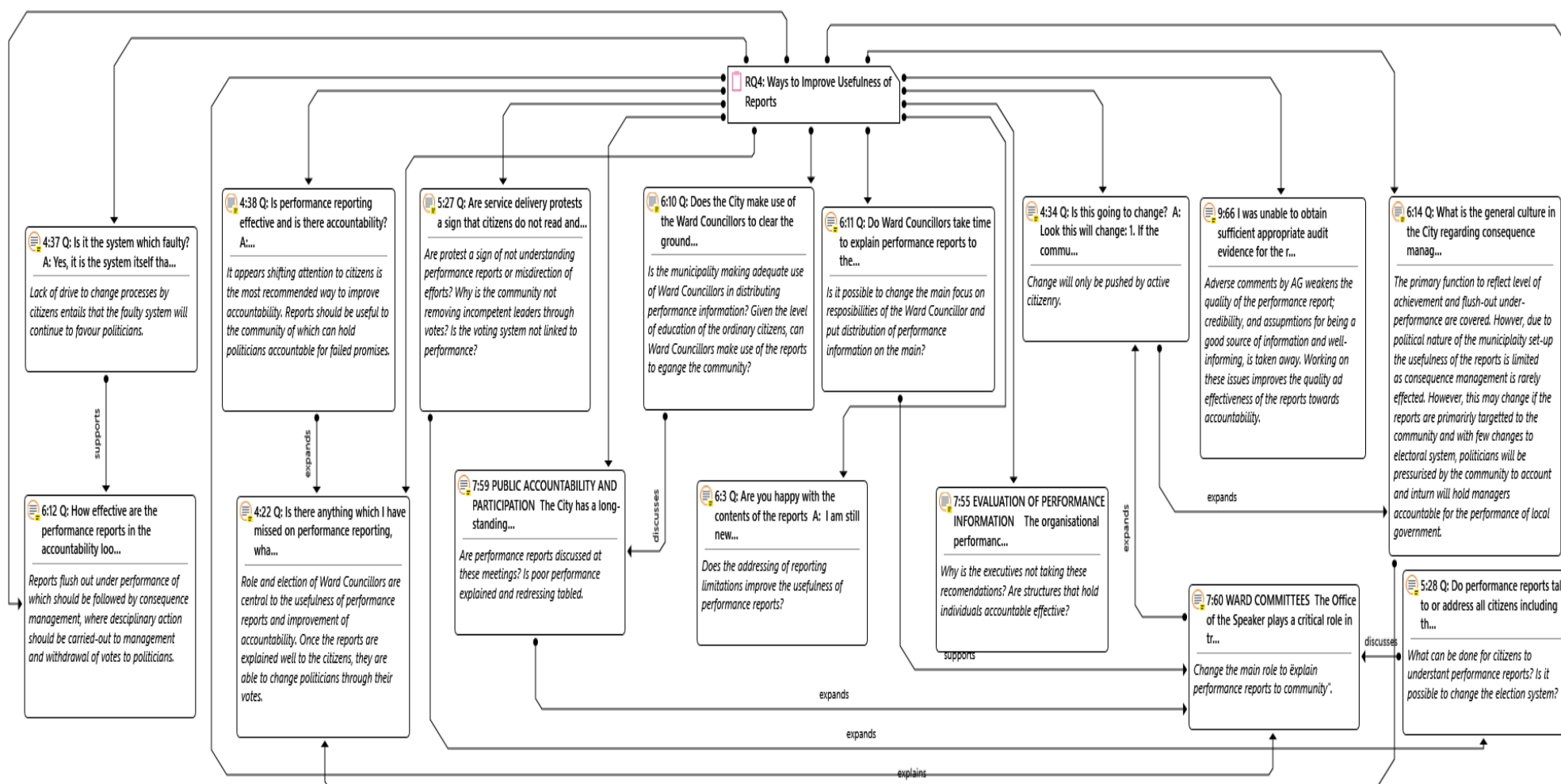
Figure 5.34: COT comments on ways to improve usefulness

(Source: Atlas.ti Ver 8)
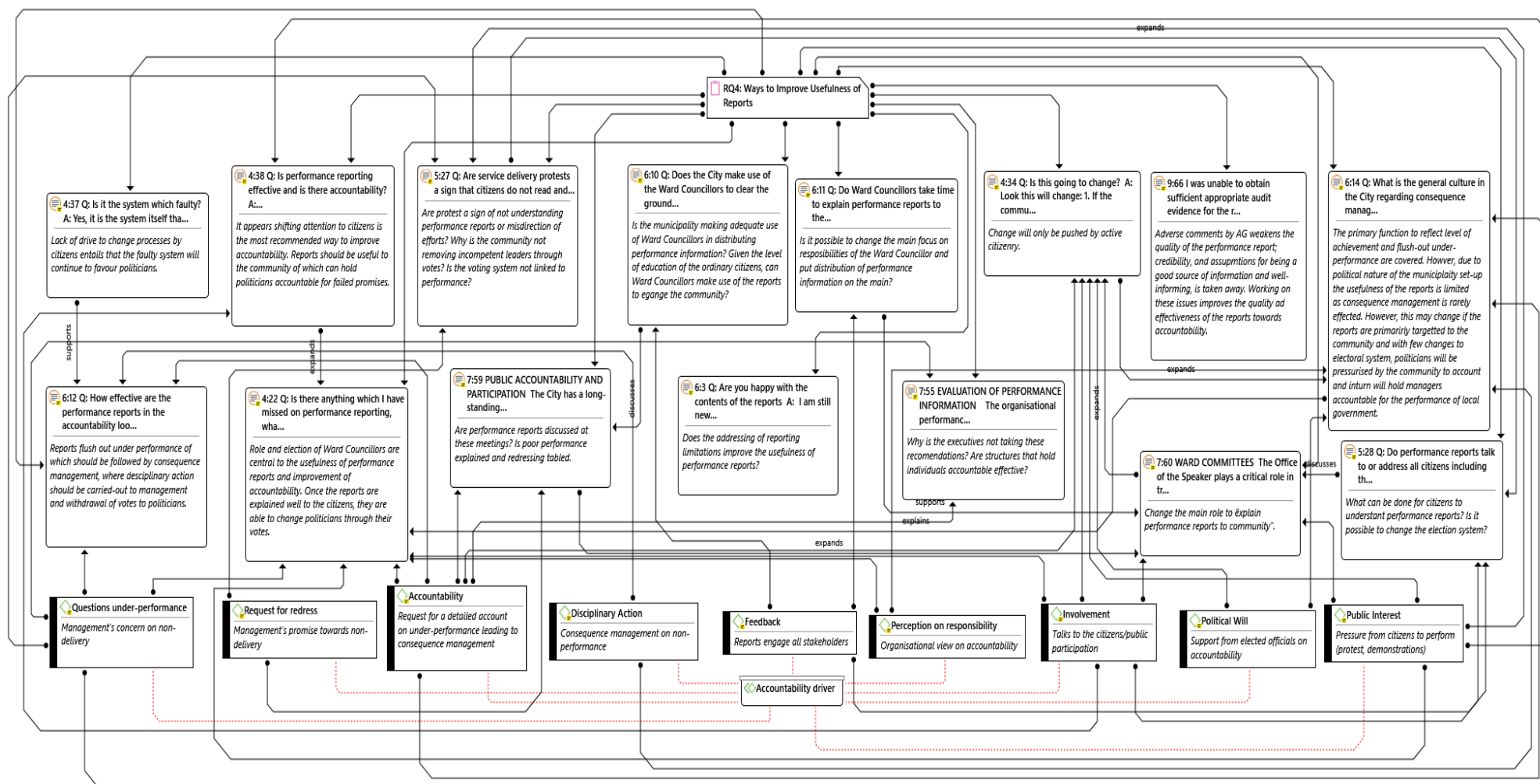
Figure 5.35: COT ways to improve usefulness linked to accountability drivers

(Source: Atlas.ti Ver 8)

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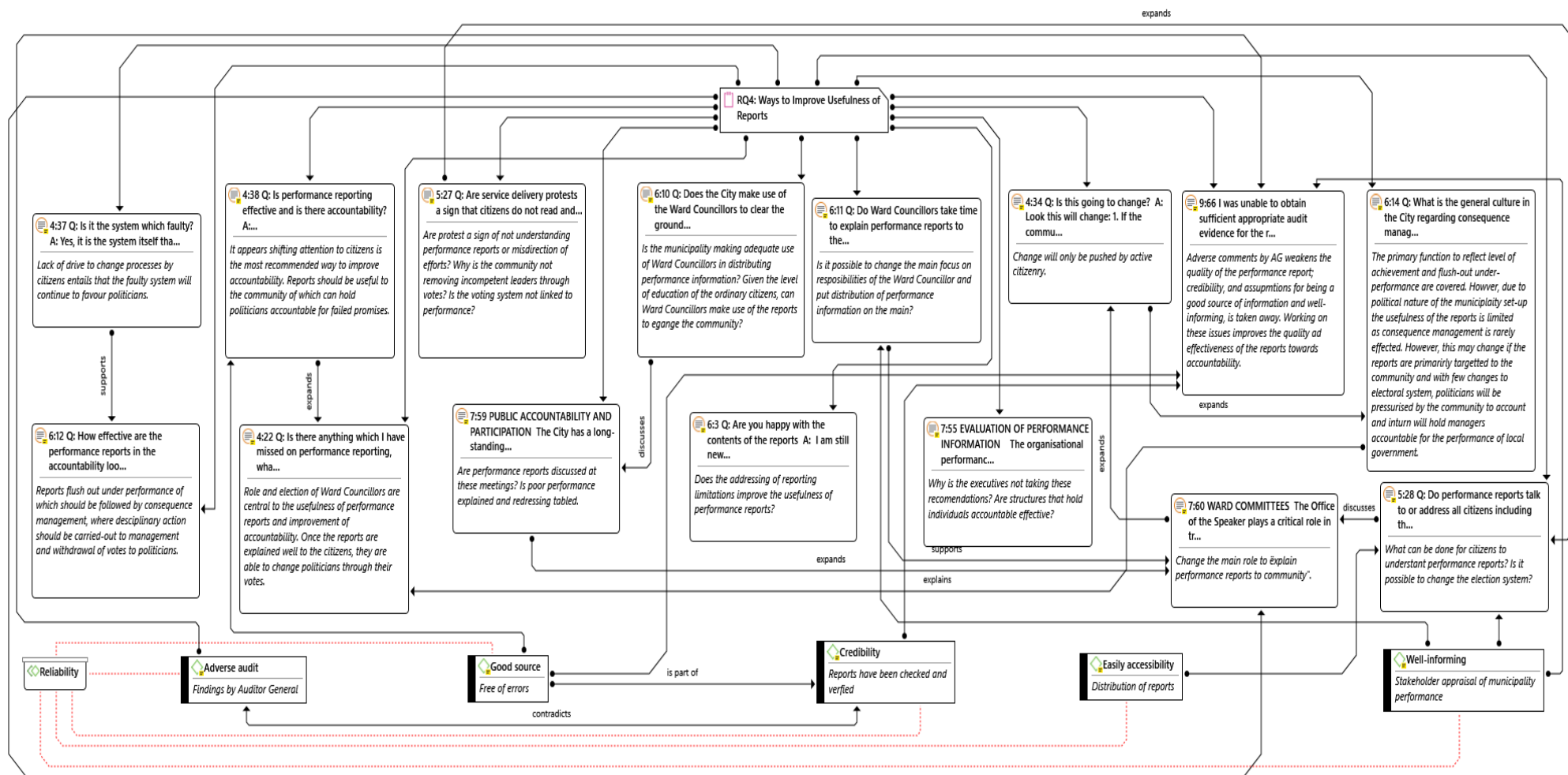
Figure 5.36: COT ways to improve usefulness linked to reliability

Source: Atlas.ti Ver 8

5.3 RESEARCH FINDINGS

This section presents the main findings for all three case studies of the Cities and is followed by discussions under the respective objectives of the study and its conclusion.

As recommended by Piekkari and Welch (2018), the findings on all three cities were combined for comparative purposes to establish trends and common positions. In general, codes, themes, and circumstances are not independent but connected, and understanding the reason particular outcomes occur requires taking a full set of relevant conditions (Piekkari & Welch, 2018). The process allowed logical deductions as to 'how' and 'why' common issues were encountered within the three municipal settings. The aim was to provide a coherent and compelling interpretation, grounded in data (Braun et al., 2019).

5.3.1 Main Findings

The main findings are discussed below followed by the summary shown in Table 5.1. These were derived from results reported and presented in Figs 5.2 to 5.36 above. The main findings are that all three cities shared common challenges on the quality and relevance of performance reports in terms of the accountability of the public managers. These challenges are described below under the respective relevant category.

Readability: the high-level reporting of performance information (summarised version) in the reports, tended to distort the real cause of failure and instead shifted attention to mitigation plans. This was mostly experienced in COJ, see Fig 5.18, 5.23, and 5.24. "The annual reports are quite at high-level, far too high...you will realise that there was a misrepresentation in terms of what has been contained in the report...the size of the City makes it difficult to provide fine details for every department...there are claims of omissions and misrepresentation of information...departments want more coverage, detailed information".

The other sub-categories under readability had no issues. The reports used simple English language with technical terms well-defined. However, for ordinary citizens without the knowledge of municipality operations would still need clarity for them to understand.

Disclosure: the omission of information due to poor data management systems and the perceived political sensitivity of performance data weakened the authenticity of the reports. This was common in all the three cities, Fig 5.13 "There was a lack of proper records management system that could support the information reported in the financial statements, and as a result material errors and omissions were identified during the audit process." Fig 5.19 "Contrary to this advice, comments from Oversight Committees indicate the omission of information due to poor data capture at source, hence recommendations to automate the process." Fig 5.23 and 5.24 "Politics within the City influence the drawing of reports, the omission of information regarded as sensitive, why?"

Presentation: performance reports in municipalities are designed mainly for an internal audience and, therefore, an external audience would find them difficult to understand. As such, the performance trends were confounding and incomprehensible and therefore could not be easily followed. This then means that ordinary taxpayers can put no pressure on politicians to be accountable for poor performance. In all three municipalities, Ward Committees and Councillors have been tasked to assist in engaging citizens. Fig 5.31 "Change the role for Ward Committees to explain performance reports to communities". The drive to change presentation and direct focus to the community is to improve accountability. Fig 5.23 "reports directed to politicians will not be effective because they cannot expose their system. As such, active citizenry is the solution to hold politicians accountable".

The other sub-categories under presentation had no issues. Appropriate visual elements were used for clarity, the table of contents was informative, and the logic flaw was all good. However, ordinary citizens without the knowledge of municipality operations would still need an explanation for them to understand.

Reliability: external auditors' findings (particularly, errors and lack of supporting evidence) reduced the reliability of the reported information. Fig 5.24 "Highlights are that the performance reports lack credibility and reliability of the information.." Fig 5.30 and 5.36 "Apart from verifying claims made with supporting documents, (internal) Auditors are supposed to pick errors to ensure reports read well".

Drivers of accountability: the reports reflected an absence of a relationship between performance and accountability due to passive citizen response and uncaring political leadership. Besides, there appeared to be no effective accountability drivers from the overseers to enforce performance. This lack of consequence management on poor performance was evident in all three city managements. Fig 5.33 "The absence of a drive to implement consequence management raises questions as to whether politicians are willing to hold administrators accountable". "Politicians take advantage of the passive citizens, no one takes them to task for failed promises".

A summary of these findings follows in Table 5.1 below:

Table 5.1 Data analysis summary

Theme	Findings	Metropolitan City	Ways to Improve Usefulness
Disclosure	1. High level presentation of information, sometimes lead to misrepresentation.	**COJ**	1. Provide detailed information on under-performance to expose the real causes of failure.
	2. Exclusion of important items due to; a)sensitivity of the matter b) poor data management system.	**COE, COJ, COT**	2. Improve data capture and management, preferably set-up a realtime system for performance management.
Regulatory Compliant	None	N/A	None
Presentation & Readability	1. Reports are designed for internal people and are difficult for the ordinary citizen who does not understand the municipal set-up.	**COE, COJ, COT**	Ward Councillors and Ward Committees to explain performance as part of feedback process on IDP milestones.
Reliability	AG findings and Oversight Commities remarks: errors and lack of supporting evidence on reported performance information.	**COJ, COT**	Implement effective management controls and ensure internal auditors are efficient in their duties.
Drivers of Accountability	Leadership's failure to enforce disciplinary action to non-performing senior managers. Complex governance system. Ineffective electoral system.	**COE, COJ, COT**	Effect consequence management.

5.4   DISCUSSION

This section discusses the research findings to verify the achievement of objectives in this study. Performance management systems encompass processes of assessing the differences between desired and actual outcomes. This, therefore, can identify and flag critical differences and allow the application of necessary corrective measures (Melnyk et al., 2014). The concept of performance regimes in public sector management should improve performance, hence the organisation's management of performance information is important to test the relevance of performance reports for accountability in municipalities (Charbonneau et al., 2015; Onesti et al., 2016).

5.4.1 Research Objective 1

The first objective was to explore the reporting process of performance information in all three municipalities in terms of accountability. The Municipal Systems Act 7 of 2011 reinforces the need for communication by stipulating performance reporting as a legislative requirement to provide useful information for citizens on the use of public resources. Thus, municipalities are required to publish development and service delivery objectives, targets, and also report on this achievement (South Africa, Public Service Commission, 2012).

This study investigated how performance reports were compiled and discovered that municipalities followed a highly regulated and defined process. However, controls were lacking in all municipalities. Performance reports were generated, checked, and verified by internal auditors, audited by AGSA, evaluated by oversight committees, and then submitted to the City Council for decision making. The checks and controls by internal auditors reflected weakness to perform their duty effectively.

In terms of regulatory compliance, the findings show all three cities' reports matched the required codes under the regulatory general compliance theme. The highly regulated process gave direction to the production of performance reports in line with the relevant statutes under Municipal Systems Act 7 of 2011 and Municipal Planning and Performance Management Act 32 of 2000. The systematic and uniform approach advocated by Adi and others (2016) ensured that compliance facilitated the submission of relevant performance information to the leadership for management and direction.

The compliance should have then been complemented by more quality and the follow-up of the reported information to complete the accountability loop. However, bureaucratic thinking has negated the usefulness of compliance by a misconception of its purpose. Solomons (2016), has stated in a study in the Western Cape, that the priority for municipalities is to comply with the law by submitting a report, rather than by considering its content and acting on the usefulness of its findings.

This study's analysis also reveals that the three metropolitan municipalities rated compliance and submission more important than the contents and usefulness of reports. This also confirms the contribution made by Moynihan and Pandey (2010) that organisations like municipalities could end up using performance measurement as a form of window-dressing to avoid the negative impact of its real failures on politicians. In fact, this study's interviews with senior managements in all three cities revealed that the weak management controls and complex governance arrangements limited the effectiveness of performance reports and all three city managements struggled to link performance to accountability.

5.4.2   Research Objective 2

The second objective discussed the concept and reporting practice of performance reports. According to the Public Service Commission Report (2012), the purpose of performance reporting is to clearly state the goals and objectives, present information at different levels of detail, and focus on relevant measures of performance. This study, therefore, looked at the quality of reports and their relevance to accountability. It confirmed Asmah-Andoh's (2015) observation that most municipalities in South Africa face challenges in presenting authentic and quality information.

This study reveals that all three cities had challenges on disclosure, readability, presentation, and reliability due to the weaknesses posed by poor administration and unaccountable political leadership. These challenges are described as follows:

- **Disclosure**: This analysis revealed that the annual reports had adequate coverage in the sense that results against targets were highlighted together with reasons for failure including mitigation plans. However, the main issue identified in disclosure was omission of information. This analysis highlighted two types of omissions as follows: 1) non-financial items and performance information on incomplete projects including perceived sensitive data. 2)The auditor's findings in the period covered by this study (2016 - 19) also highlighted the exclusion of items in financial statements.

- The omissions on non-financial information were for incomplete projects due to data management challenges and incomplete reporting; accounting for less than what was done. This was due to weak internal controls that failed to stop the trend despite the auditor's repeated findings and continuous observations by Oversight Committees. In the same way, the highly political environment and complex arrangements in municipalities allowed for the exclusion of what they termed 'sensitive data'. During interviews, one manager stated that: "Some managers in strategic positions withhold information. The withheld information was considered politically sensitive and was protected and excluded in the reports."

- **Readability**: the high-level reporting of information (summarised version) in the reports, tended to distort the real cause of failure and instead shifted attention to mitigation plans.

The reason for a summarised version was explained as due to the size of municipalities. For example, COJ has 26 reporting units; 14 departments and 12 entities. Thus, each department/unit's report is highly summarised due to the limited space in the annual report. Consequently, some managers felt that the real cause of failure might not have been well explained thereby leading to misrepresentation.

The low-quality of information also might be taken as a way of 'protecting' the poor performers (Adi et al., 2016), which is common in a municipal setting with a highly political environment where leaders are more interested in the mitigation plans (for an example, the tender agenda to follow) than the cause of failure and therefore no one is held accountable.

The above findings confirm Goh's sentiments that common challenges faced by metropolitan municipalities are lack of ownership and accountability by political leadership together with the public manager's dysfunctional behaviour that excludes other values (Goh, 2012). This was particularly prevalent in COJ where top management is known to complain about 'over-reporting'. Therefore, this indicates that omissions on non-financial information lead to no evaluation being made on performance assessment, whereas in the real world, the absence of information should have been taken as a lack of performance and triggered the manager to give an account for failure.

All three cities were more interested in bureaucratic compliance rather than benefitting from a well-defined and regulated system. This is evidenced by poor internal controls that weakened the credibility of reported information. It is also contrary, therefore, to the promise of maintaining the principles of Batho Pele, "we will provide accurate and timeous information about services" (Gauteng Provincial Government, 2018).

- **Presentation**: the reports matched all other codes of presentation except comprehension by the major stakeholders; the taxpaying citizens. Van der Walle and Cornelissen (2014) have advocated that performance reporting should be based on the usefulness of a reporting model that can be relevant and better understood by citizens rather than based on useless statistics. They maintain that the focus of performance reports ought to be focused on the community (the audience outside the municipality structures) (Van de Walle & Cornelissen, 2014).

On the contrary, in this study all three city reports focused on the audience within the municipality with no regard for comprehension by the man in the street, hence they put reliance on Ward Committees to engage citizens as part of the feedback process. Indeed, many external users, unfamiliar with the municipality business might be at loss to read the report. This also tends to confirm the misconception that local government's performance reports are meant for the sole readership of the few 'enlightened'.

Most importantly, if ordinary people find it difficult to understand and follow the performance discourse, they will lose interest (Asmah-Andoh, 2015). As such, any loss of interest might limit citizens from getting involved in municipal affairs. Consequently, this testifies to the need for more simplified versions of reports or a process of decoding performance information to citizens to get everyone on board. The performance reports, therefore, need to be presented in a manner and language easily understood by all citizens (Van de Walle & Cornelissen, 2014).

This analysis also reveals the importance of communicating performance information to citizens at local government level, as highlighted by Hall (2017) in his study for challenges confronting local governments in performance management. In this context, the study shows that reports would be more relevant and useful to citizens and could be translated into positive votes if the demand for accountability is met.

This shift could overcome the restraints and apparent disregard for quality and comprehension of performance information by the metro management (Chouinard, 2013). In this respect, municipalities need to be reminded that an active citizenry is key to this process and fits well with the principles of Batho Pele which promotes citizens' rights "so that they may hold us accountable for the quality of service we deliver" (Gauteng Provincial Government, 2018). This principle allows for citizens to be empowered, to elect councillors of their choice and be able to recall them when they fail.

- **Reliability**: this study's analysis also reveals that all three cities had ineffective internal controls that allowed errors in the reports and lacked supporting documents in some achieved targets. Thus, errors and faulty findings by the auditor general weakened the credibility of the reports. Two of the fundamental qualitative characteristics required for assessing stewardship, responsibility, and accountability (CGMA, 2015) are reliability and verification and these were found wanting.

Despite the well-defined and highly regulated process with checks and verifications in place, all three municipalities struggled to produce error-free reports. This indicated weak internal controls and ineffective internal auditors who failed to execute their duties.

However, only the City of Ekurhuleni (COE) managed to address the reliability problem in their 2018 Annual Report that showed great improvement with no audit findings. Once again, this tended to reflect the general misconception in municipalities of doing things for the sake of compliance only.

The purpose of the annual performance report is meant to provide a record of activities that is reliable to facilitate accountability. In this respect, findings by AGSA on the usefulness of performance information weakened the credibility of reports whereby users would have struggled to place reliance on the reported information. This is contrary to the conceptual framework for public reporting for which annual reports are regarded as key documents in discharging accountability to external users (Chang, 2015).

5.4.3 Research Objective 3

The third objective analysed the relationship between performance and accountability in municipalities. According to Van de Walle and Cornelissen (2014), performance information takes a central role in public sector reforms and from a principal-agent perspective, it is seen as a tool to assist politicians and governing boards to hold public managers to account. Their stance was that performance information is presented to citizens as a tool to assist them to make informed sector choices between public services and thereby hold public workers and politicians accountable (Van de Walle & Cornelissen, 2014).

This study's analysis in all three metros pointed out to the following contributors to lack of accountability:
- a poorly organised performance and mitigation culture in local government;
- the complexity of the centres of governance; and
- the ignorance of citizenry about performance reports.

Action to mitigate poor performance:
Firstly, the reports reflected challenges in all three cities that reported negative results on service delivery targets persisted without any action taken by the leadership. The trend of poor results did not trigger the leadership to act towards non-performance. Baker and Schneider (2015) refer to accountability as a relationship whereby one party demands reasons for conduct from another party whose obligation is to present an account and answer for the execution of delegated duties.

This study's analysis, however, reveals that there were no confrontations and consequences for non-performers at senior management level despite an on-going trend of poor results and service delivery protests in all three cities. The lack of concern from leadership following a series of reports on under-performance strongly indicates there is no relationship between performance and accountability in these metros. It would be fair to say the councillors should have dismissed at least one senior manager, even the City Manager for failing to uphold controls.

Chang (2015) describes managerial accountability as the process of monitoring output/results and holding those with delegated authority accountable for failing to carry out tasks according to the agreed performance criteria. The Oversight Committees and the Council observed in this study, therefore, should have demanded change from the Executive and Administration to correct the poor results reflected in the performance reports.

Indeed, performance reports should have driven changes in municipalities, instead, this study shows leaders appeared to be content with lack of accountability contrary to the common view that their support and commitment are central to effective performance management . Without their input, certainly, performance measurement is not taken seriously within any organization (Hall, 2017). Instead, the shifting of attention to clean-up corrupt activities in local government appears to have resulted in the neglect of gross incompetence. As a result, disciplinary action is only applied to fraud and corruption and it appears, therefore, that poor performance is accepted in municipal settings.

Two centres of government:
Secondly, the complex arrangement for two centres of governance namely the councillors who plays the oversight role and heads of department/units who are in charge of service delivery. The system has enabled politicians to delegate the administrative duties to the heads of department (people of their choice) irrespective of their capabilities.

The complexity was exposed by the recent VBS saga wherein senior managers illegally invested municipal funds. An interview with one manager on the effectiveness of structures in holding senior managers to account; " the problem with the political system sometimes is expediency, they use convenience...we become softer on your performance and tend to accept whatever excuse for non-performance. It could be a political thing to say this is our person...takes instruction without questioning, whether it is legal or not." It can be inferred that senior managers who are well connected and who play 'dirty' for councillors are protected even if they fail to meet their primary objectives.

Ignorance of citizens:
Lastly, the absence of a direct link between the citizens and politicians support and secures public managers to remain unaccountable. The perceived ignorance comes from the background that most citizens are not aware of the need to request politicians to account for their obligations to the electorate. This is shown by the repeated re-election of the same party (in municipal elections) despite service delivery protests.

In the real world, councillors are voted in office and they delegate some of their duties by to professionals to run the administration including service delivery under their watch. In the event of failure, consequence management is applied, and senior managers are replaced by competent people. Failure to oversee the administration function, (apply consequence management) will be seen as incompetence on the part of councillors who should then account to the citizens (face the risk of being voted out of office).

During the interviews, most managers advocated for a change, to educate and empower citizens. Once citizens have been made aware of the performance requirement for politicians, then they would see the need to measure their performance and request performance information. This empowerment of citizens could keep politicians on their toes and drive them to delegate the administration duties wisely (Demİrbaş & Eroglu, 2016). In that scenario, the relationship between performance and accountability would be strengthened because non-performers could be recalled and replaced anytime.

5.4.4   Research Objective 4

The last objective was to ascertain ways to increase the usefulness of performance reports on accountability. According to management accounting conceptual frameworks the main purpose of external reporting is to provide information that is useful in assessing stewardship responsibility and accountability with qualitative characteristics that include relevance, faithful representation, reliability, understandability, comparability, timeliness, and verifiability (CGMA, 2015; IASB, 2015).

The study looked at all the challenges and problems with performance reports and learnt from comments by AGSA, Oversight Committees, and interviewed managers. The accounting profession embraces the idea of non-financial information; notably operational and service performance as a necessary ingredient in accounting for an entity's financial position and results of its operations (GASB, 2009) It was noted that correction of technical issues; disclosure, readability, presentation, and reliability of reports have little impact on accountability because once results have been highlighted, leaders could still have requested public managers to give an account on failures if the drivers were in existence.

The administrative accountability in all three metros understudy was heavily influenced by politics. This is attributed to constitution requirements for voters to elect a political party which then delegates authority to the cabinet and local government appointees. This disconnection between the voters and elected officials as noted by Askim et al., (2015), favours politicians who are not accountable to the citizens. It appears to encourage unaccountability when there is no concern and care taken when delegating administrative duties to party officials to run local government.

In these circumstances, the findings show that the effective way to improve the usefulness of reports is to fix the relationship between performance and accountability in a municipality. As suggested earlier, a change to the electoral voting system that could empower the community is considered key to this new process. Once citizens have been made aware of the performance requirement for politicians, then they would see the need to measure their performance and request performance information. Some researchers have pointed out that the normative theory of reporting calls for public managers to contribute to an informed citizenry by submitting regular informative reports as a key component of public accountability (Hudaya et al., 2015).

According to Demirbas and Eroglu (2016) empowerment works. In their study for the evaluation of municipal reports, these researchers state that in Turkey the rejection of an annual report by three quarters of the council members was a valid reason to dismiss the mayor from office. Most importantly when active citizens have been empowered, politicians would start to care (Demİrbaş & Eroglu, 2016) and they are then likely to apply the people first principles; "to care, inspire, support and promote a culture of excellence" (Gauteng Provincial Government, 2018).

Their conclusion is that delegation of administration duties would no longer be carelessly done as this could impact on their accountability to citizens. Performance reports would be viewed as the most useful tool to address accountability as empowered voters could easily recall non-performing leaders and replace them.

5.5   CHAPTER CONCLUSION

In this chapter research results from data collected from documents and interviews were presented, and the analysis of data and findings discussed.

The analysis shows that performance reports in metropolitan municipalities follow a highly regulated and well-defined process. However, as noted by Adi et al., (2016) the need for disclosure of performance information is based on the existence of incentives for the preparation of the reports and the ability for users to process the information.

The technical issues that are identified namely, disclosure, readability, presentation, and reliability were due to the challenges in the administrative and political arrangements. Despite these challenges, the reports could still be considered useful if the drivers of accountability are fixed.

The study reveals that the real challenge in all three municipal settings is to adjust the dysfunctional relationship between performance and accountability. Complex and problematic governance arrangements between the offices of mayor and the legislator with its unfathomable communication, as well as uncaring politicians and passive citizenry were major contributors to the absence of accountability. In other words, the drivers of accountability could be restored by adjusting the focus, empower citizens who can call for change in leadership when addressing service delivery issues.

The next chapter (Chapter 6) will present conclusions, recommendations, and areas for future research.

CHAPTER 6

THE CONCLUSION

6.1 INTRODUCTION

The broad aim of this study was to assess and determine the usefulness of performance reports in local government concerning the accountability of public managers. The study was motivated by the lack of research on the relevance of performance reports in South African local governments which appear to be submitted just as a compliance exercise rather than for monitoring performance on service delivery. It is suggested that such reports would effect a change of behaviour for councillors and public managers in local government and improve the relationship between performance and accountability by enforcing the sense of Batho Pele (care for people) on politicians for the citizens who voted them into office. The ultimate objective of this study was to establish whether politicians make use of the performance information contained in the annual reports of local government.

To achieve the above, content and thematic analysis were conducted on the municipal annual reports of three metros over the period 2016 to 2018 together with performance documents, interviews, and data from senior managers. This study concludes that, to a certain extent, the reports are useful for making relevant information available in terms of:

- the primary purpose of commanding activities;
- keeping track of policies;
- maintaining programmes on target; and
- developing solutions (Goh, 2012).

The reports also facilitate raising questions on under-performance as well as some issues of quality that need improvement. However, the serving politicians (the councillors) failed to make use of the reported performance information contained in annual reports to change the behaviour of senior pubic managers.

Most importantly, it appears that the accountability process is not completed in the municipality due to the disconnect with the public. This is owing, for the most part, to the reluctance of councillors to regulate and redress their under-performing senior public managers with the consequences of accountability and performance measurement. Both aspects of references are inextricably linked whereby analysis of performance requires accountability as its reference (Ali et al., 2014). Besides, the great number of relationships; namely, between councillors and public managers, citizens, and councillors complicate the accountability process.

This chapter presents the summaries of all chapters and findings, the conclusion of the study and suggested further research. The overall view of the chapter is presented by the structure below.

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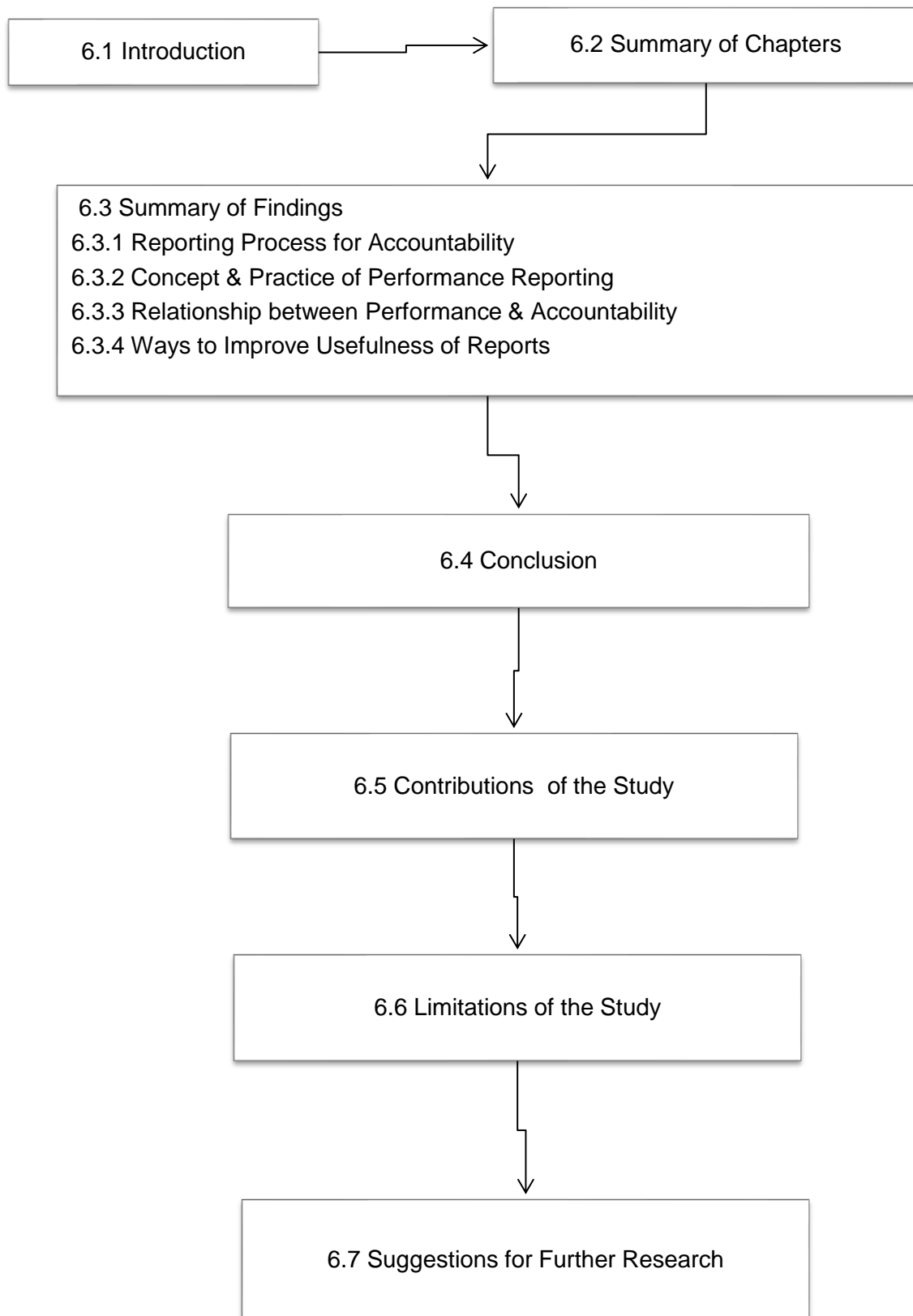
Figure 6.1: Chapter 6 design structure

6.2   SUMMARY OF CHAPTERS

Chapter 1 introduces the research topic, provides the background, and outlines the research problem. The main problem identified is a lack of performance management to change behaviour of public managers resulting in improved service delivery. Most importantly, the challenge is to have performance measurement reports of good quality that would improve the relationship between performance and accountability, to enhance a sense of caring by councillors for citizens who voted them into power. The chapter then proceeds with the study's objectives, an overview of the methodology, the significance, and delineations of the study.

Chapter 2 examines the theoretical perspectives that evaluate performance measurement and reporting to enhance accountability. In line with the Contingency Theory of Management Accounting, the behavioural accounting research (BAR) approach was chosen to assess the views of the decision-makers in their evaluation of the performance reports of metropolitan municipalities for accountability.

The chosen approach assumes that users themselves were in the best place to decide the type of information that influenced their decision-making actions or behaviour. The argument is that the only way to discover the information needs of users is to enquire directly from them which can be done under the BAR approach. The BAR views, and insights made from users about the content of accounting reports allowed for meaningful and useful performance reports to be identified and tested for accountability.

Chapter 3 presented the legislation and literature review on effective performance reporting. The review was conducted under the background of the requirements of current legislation to facilitate the assessment of service delivery and accountability. The literature review reveals that disclosure of performance information is hinged on the existence of incentives for the preparation of the report and the ability for users to process the information.

The common challenges found were poor data quality and the reliability of reported information. The review also reflected that poor quality can be deliberate; used as a ploy to cover-up issues that might be viewed as sensitive to the public (citizens, media). Also, in terms of reliability, there is always the possibility of bias in the false presentation of data that is considered more acceptable to the public. This then requires verification by the use of external auditors.

Chapter 4 discusses the philosophy of the world-view, research design, and strategies used in collecting, analysing, and interpreting data to address this study's objectives. The detailed steps carried out were discussed in line with the research paradigm. In this respect, the framework under the chosen paradigm affected the methodology and dictated the way research questions were addressed.

The lens of Critical Realism was chosen to understand the underlying mechanisms and structures that are present. The objective was to enable the researcher to justify the study and to build on important insights for in-depth research. This approach adopts a wider scope for adequate causal explanations that require the discovery of regular relations between phenomena and mechanisms that link them. As a result, beliefs, values, and assumptions of Critical Realism were applied for this qualitative study, particularly in the data collection process and analysis. For the results, content and thematic analysis were applied to the collected data from documents and interviews.

Chapter 5 presents the results, analysis, and discussions. While there were some technical challenges in the quality of the reports, the performance information contained in the annual reports is considered useful for holding public managers accountable. However, despite the well-designed reporting structures and the availability of performance information from annual reports, councillors (politicians) have failed to complete the accountability process. As a result, in all three metros, there was no link between performance and accountability. The detailed summaries of findings are covered in section 6.3 below.

6.3 SUMMARY OF FINDINGS

This section summarises the research findings according to this study's objectives. The municipal performance reporting was found to be highly regulated under the governance of the legislator and the executive. It is expected, therefore, that the City executes its administrative function through the leadership of the Executive Mayor while the legislator, through Oversight Committees, oversees and monitors the performance of the executive and city's departments/entities. The accountability checks by internal auditors under Group Audit Risk are to check and verify the accuracy of the reported information. This is followed by another verification by external auditors (Auditor-General) before evaluation by Oversight Committees and then the Council itself.

6.3.1 Objective 1: Reporting Process for Accountability

Although the municipality reporting process for performance is well-defined, the culture and internal perception of rating compliance as an end in itself need to change. In the bureaucratic culture of the metros, the compliance action appears to be more important than the contents of the report. This outlook by municipal employees has resulted in poor quality reports that were riddled with errors and which were not matched to supporting documents. The drive to comply is not therefore applied to the quality of reports. Such bureaucratic thinking needs to change along with the widely held misconception that merely necessitates the completion of compliance as an exercise.

Although the current perception in all three cities is to normalise management back to producing quality reports, the recent lack of due care in submitting data could be interpreted as a deliberate attempt to undermine accountability. In this respect, given that the reports contained errors, public managers were likely to get away with poor performance because such a status quo could raise the argument in their defence that failing to reach targets is due to unclear information and mismatching supporting documents. As a result, little or no effort has been made to correct the situation because the reports are not reliable. In short, errors in reports can be seen as an aid to corrupt management.

In an ideal world, municipalities should move away from the current ethos of 'window dressing' reports and provide meaningful content for accountability. According to Management Accounting principles, the most relevant information should be identified, collected, analysed, and reported (CGMA, 2015). It can be inferred, therefore, that weak management controls and the lack of interrelationship between centres of governance have limited the effectiveness of the reporting process.

6.3.2 Objective 2: Concept and Practice of Performance Reporting

The failing technical issues were identified; namely, disclosure, readability, presentation and reliability. These require reform before the quality of reports can be improved.

Currently, performance reports only focus on the internal audience in the metro departments. This view needs to adjust for transparency and accountability, to accommodate public scrutiny and accept input from ordinary citizens (South Africa, Public Service Commission, 2012; Gauteng Provincial Government, 2018).

As a rule, it is still important to resolve technical issues on reports to ensure that the quality of reported information fits well in the accountability loop. However, it is equally important that the intended purpose of reporting remains to ensure that all drivers of accountability are kept in place. Effective management controls should ensure that checks and verifications of reported information by internal auditors add value to the accountability process.

Similarly, findings by the Auditor General should be been taken seriously together with evaluation reports by Oversight Committees. The recommendations should be considered and implemented timeously if it is to lead to a change of behaviour of councillors and managers. Instead, councillors appear to function in an ethos that indicates a lack of care. It follows, then, that the absence of consequences for poor performance indicates that certain managers are kept in positions by councillors for other reasons than their intended administrative functions.

In the same way, the non-existence pressure to look after the electorate results in apathy, lack of interest, and carelessness in running their public offices. Again, the status quo appears to favour both public managers and councillors, if there is no effort made to change. It remains in the public interest, therefore, that municipalities make use of the reported performance information to correct service delivery shortfalls and become more accountable to citizens.

The major recommendation in this study, therefore, is that local government shifts the focus of performance reporting to the external audience (taxpayers and citizens). However, this still needs to be tested in a formal study. In this way, municipalities could better apply their constitutional and ethical Batho Pele principles to fulfil their duties of transparency, good governance, and accountability. This would imply meeting the needs and conforming to the reporting requirements of ordinary citizens. It would also lead to public scrutiny and follow-up questions and therefore the more effective constitutional use of citizens' votes to recall non-performers. The constitution intends that the public pressure from citizens should lead to the change of irresponsible behaviour of councillors and public managers. This then results in the proper performance of oversight duties whereby only competent managers are retained to run service delivery.

6.3.3 Objective 3: Relationship between Performance and Accountability

The absence of a relationship between performance and accountability in all three metropolitan municipalities requires correction. Again, the trend could be viewed to mean that both councillors and senior public managers stand to benefit in some way outside of their duties, hence no effort is made to change. Certainly, in a normal setting, the history of poor results should have been accompanied by consequences, and repeated offenders dealt with accordingly. The failure to use performance information means there is a weak performance management system.

According to management accounting studies, accountability has strong links with performance reporting (Harrison, Rouse & De Villiers, 2012), thus, the evaluation process should have called for full accountability from non-performers and consequence management applied to correct the situation.

In the current environment, it appears the party with majority representation can overlook under-performance as long as their stay in-office is not threatened. In this scenario, incompetent public managers are supported and protected.

Such uncaring leaders can, therefore, thrive due to the undemocratic disconnection of the public office to the electorate. In this respect, it may be seen that lack of pressure from a poorly informed electorate can give rise to uncaring behaviour from political leadership, who can in turn, overlook poor performance from the managers running the municipalities. As highlighted earlier, the solution could be to empower citizens by making politicians directly accountable to the communities they serve, rather than their political parties (Kloviene & Valanciene, 2013; Saliterer & Korac, 2013).

6.3.4 Objective 4: Ways to Improve Usefulness of Reports

Recommendations to improve reports are twofold; firstly, the correction of the technical issue of data quality is important and as such management controls need to be strengthened and the role of AGSA taken seriously. Secondly, the notion of prioritising compliance over content excellence needs to be addressed. It is recommended that the accountability processes are reviewed in local government and the culture of compliance without the reality of purpose should be corrected for performance reports to be more meaningful.

In a broader perspective, reporting performance becomes fruitless if the information is not utilised. The enthusiasm of meeting targets is lost with time if there are no consequences for the failure to keep to schedule. In that scenario, reports become meaningless as the entire process becomes a political exercise, 'just to be seen as transparent and accountable'. Instead, the usefulness of reports should be seen in the demand and use of information by stakeholders. Political leadership, however, should not benefit from lack of action, but it will do so if both managers and councillors have no will to perform due to the current political protection they are given.

Above all, the most important issue is to align accountability to performance by making politicians report directly to citizens. However, as highlighted earlier, this still needs to be tested in a formal study. Empowered citizens in communities could use their votes to control behaviour of councillors by recalling under-performers (Chen, 2013). Pressure from citizens in a democracy should force politicians to delegate administration duties wisely and in-turn demand accountability from public managers.

6.4 CONCLUSION

Performance reports are intended to be important tools available for municipalities to reflect transparency and accountability to the public at large. However, the study revealed that performance reports do not necessarily address the accountability problem in local government due to uncaring political leadership and complex governance system.

Although performance measurement can be used to encourage better performance through the setting of the good targets and ideal indicators (Goh, 2012), much depends on leadership's use of such vital information. In the period under study, performance reports reflected a trend of poor results on service delivery without any drastic measures taken by the custodians. As a result, it could be inferred that leadership failed to take corrective measures at the management level. The absence of consequence management on poor performers made the entire reporting process meaningless and reduced reports to a mere exercise in compliance.

The complex governance in local governments where public managers report to political leadership appointed by political parties has been seen to dilute the accountability process to the public. As a result of poor reporting, the citizenry is passive, ignorant, and reluctant to apply pressure on politicians as a consequence of mismanagement. This tends to make performance reporting a futile exercise.

The study recommends that political leadership in municipalities is made more accountable to the communities for the improvement of service delivery and good governance. The pressure from communities should be strengthened as their democratic right to enforce consequences on under-performing public managers. In sum:

- Firstly, internal reporting structures need to be meaningful for the effective monitoring of departmental/entity performance.
- Secondly, the leadership needs to be directly accountable to citizens, not political parties of which the public at large could monitor performance and exert pressure on service delivery.

6.5 CONTRIBUTIONS OF THE STUDY

The study aimed to assess the effectiveness of performance reports in addressing accountability was intended to benefit the public and contribute to the academic literature. Previous academic research shows the need to critically analyse the effectiveness of common processes and structures to add value in organisations. In the public sector, however, this study revealed the negative complexity of two centres of governance, identified new relationships, promoted meaningful councillor-citizen engagement, and facilitated wider stakeholder assessment on resource use.

The Critical Realist approach was applied to the study and revealed that passive citizenry and lack of interest in management of municipalities contributed to the uncaring behaviour by councillors who are benefiting from the status quo. As such, the change and effectiveness of performance reports should enable citizens to demand answers and thus use their democratic rights wisely.

The following groups should benefit from this study:
- Taxpayers, as key stakeholders for the accountability of municipalities, should be active and aware of how the resources are used. The nub of understanding performance reports results in the raising of questions for under-delivery of service and exerts pressure on councillors to perform. The effectiveness of performance

reports occurs when tax-payers request councillors (and in-turn public managers) to account for poor results and to replace repeated offenders.

- According to the findings, public managers should be judged on merit for competence rather than political affiliations with councillors. A change in behaviour is required to moderate activities and political interference is, therefore, considered a negative influence on performance. It should be replaced by increased pressure from reformed councillors that gives rise to non-performers exiting the public office to improve service delivery.

- The study suggests that reformed councillors will not struggle to justify their continued stay in office when performance reports are effective. In that scenario, competent public managers will support their vision and enhance their direct accountability to communities. Useful and transparent performance information will keep the public at large well-informed and the councillors' responsiveness to constituencies will be known.

- Based on the findings, the relationship between local government and its citizens will improve with the recommended change of presentation of accurate data to communities. The knowledge empowerment of citizens is needed to give pressure to the elected officials to care and perform, thereby executing the oversight roles effectively. As a result, empowered citizens will interact more with their local government and use their votes wisely. In the same way, they can be able to compare councillors' competency regarding the performance of their local city and benchmark its service delivery with other local governments.

6.6   LIMITATIONS OF THE STUDY

The study was confined to the three metropolitan municipalities of Gauteng (cities of Ekurhuleni, Johannesburg, and Tshwane) due to time and budget constraints. The selection of participants for interviews from key departments was based on their management role and availability. More participants would have been preferred but it was practically impossible due to limited time.

The city of Johannesburg used four, whilst the City of Tshwane used three due to the non-availability and tight time schedules of other senior managers. However, this number was considered adequate since most of the participants gave similar views and covered the objectives of the study.

Politics played a large role with the City of Ekurhuleni's refusal of access to its senior managers for interviews. As a result, only document analysis was conducted on this municipality and this limited the examination of underlying evidence behind the poor performance reports in Ekurhuleni from the management's perception. However, this research can be generalised from the other two cities (Johannesburg & Tshwane).

Lastly, most participants failed to return the transcripts sent for confirmation with only two out of seven (one per each municipality) confirmed. This appeared to be owing to political interference although the reason given was due to alleged tight schedules. This could limit the construct of credibility in the results.

6.7   SUGGESTIONS FOR FURTHER RESEARCH

The effectiveness of performance reports requires municipal leadership to be directly accountable to citizens. This requires change and the delivery of more empowerment to communities who elect individual leaders (councillors) of their choice. In this respect, further studies can be conducted on empowering communities and accountability of councillors to citizens.

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APPENDIX A

UNISA COLLEGE OF ACCOUNTING SCIENCES ETHICS REVIEW COMMITTEE

Date 2017-08-02	**ERC Reference:** 2017 CAS 030 Name : Mr N Mahuni Student/ Staff 58530851

Dear Mr N Mahuni

Decision: Ethics Approval from 2017-08-02 to 2020-08-01

Main researcher: Mr N Mahuni
                        58530851@mylife.unisa.ac.za

Working title of research:
Do performance reports address the problem of accountability in the public sector? A case of Gauteng municipalities.

Qualification: Master's degree

Thank you for the application for research ethics clearance by the Unisa College of Accounting Sciences Research Ethics Review Committee for the above mentioned research. Ethics approval is granted for three years.

> The application was reviewed by the College of Accounting Sciences Research Ethics Review Committee on 25 July 2017 in compliance with the Unisa Policy on Research Ethics and the
>
> Standard Operating Procedure on Research Ethics Risk Assessment, and approved.
>
> The proposed research may now commence with the provisions that:
>
> 1. The researcher(s) will ensure that the research project adheres to the values and principles expressed jn the UNISA Policy on Research Ethics.
> 2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Accounting Sciences Research Ethics Review Committee.
> 3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.

4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.

5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following

    South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.

6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.

7. No field work activities may continue after the expiry date of this certificate.

Note:

The reference number of this certificate should be clearly indicated on al/ forms of communication with the intended research participants, as well as with the Committee.

Prof E Sadler, Executive Dean: College of Accounting Sciences
Telephone: +27 1 2 429 4432 Facstmile: 086
510 8807 www.unisa.ac.za

Yours sincerely,

Ms L Grebe
Chair of CAS RERC

Prof   E Sadler
Executive   Dean
CAS

E-mail: grebel@unisa.ac.za
Tel: 012 429 4994

APPENDIX B

Request for permission to conduct research at --------------------- Metropolitan Municipality
"Do Performance Measurement Reports Address the Problem of Accountability in the Public Sector? A Case of Gauteng Municipalities"

10 April 2018

Deputy Information Officer

Dear Sir/Madam,

I, Netsiwell Mahuni, doing research with Stephen Ndlovu, (supervisor) a senior lecturer in the Department of Management Accounting, towards a Master of Philosophy in Accounting Science degree at the University of South Africa (UNISA). We are requesting permission to conduct qualitative interviews with senior administrative managers in a study entitled "Do performance measurement reports address the problem of accountability in the public sector? A case of Gauteng municipalities".

The purpose of this study is to evaluate the usefulness of performance reports in assessing accountability of public managers in local government.

We are requesting participation of senior administrative managers because they are generally regarded as competent, knowledgeable and best positioned to provide credible information on performance measurement and reporting. The targeted departments are Group Audit Risk, Governance and Support Services, Office of the Speaker, Quality Assurance and Group Financial Services. This information will advance our knowledge on performance reporting in municipalities and will also be useful in evaluating performance reports as regards to accountability.

The study will be confined to information regarding quality: disclosure, readability and presentation of performance reports, and also the drivers of accountability in your municipality. The study will entail analysis of documentary evidence accessed on-line and qualitative interviews with senior managers. The findings will be used to evaluate performance reports in assessing accountability of public managers. These findings will be used for academic purpose only.

This study has received written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish. The benefits include: giving new meaning to performance reporting

in the academia and professional arena. It will identify new relationships, promotes meaningful citizen engagement and facilitates stakeholder assessment on resource utilisation.

Yours sincerely

Netsiwell Mahuni

Student M.Phil. Acc Sci
University of South Africa
58530851@mylife.unisa.ac.za

APPENDIX C

28 August 2018

DO PERFORMANCE MEASUREMENT REPORTS ADDRESS THE PROBLEM OF ACCOUNTABILITY IN THE PUBLIC SECTOR? A CASE OF GAUTENG MUNICIPALITIES.

Dear Prospective Participant

My name is Netsiwell Mahuni and I am doing research with Stephen Ndlovu, (my supervisor) a senior lecturer in the Department of Management Accounting, towards a Master of Philosophy in Accounting Science degree at the University of South Africa.

WHAT IS THE PURPOSE OF THE STUDY?
The purpose of this study is to evaluate the usefulness of performance reports in assessing accountability of public managers in local government.

The study will provide information on the quality and relevance of performance reports, and the drivers of accountability in your municipality. The findings will be used to evaluate performance reports in assessing accountability of public managers in local government. These findings will be used for academic purpose only. Your participation in this study will be strictly confidential and there will be no link to your name at all.

WHY AM I BEING INVITED TO PARTICIPATE?
As a senior administrative manager, you are generally regarded as competent, knowledgeable and well positioned to provide credible information on performance measurement. This information will advance our knowledge on performance reporting in municipalities and will be useful in evaluating performance reports as regards to accountability.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY / WHAT DOES THE RESEARCH INVOLVE?
The study will involve qualitative (in-depth) interviews with questions directed on the quality of performance reports: disclosure, readability, presentation and on the drivers of accountability. The interview will take approximately 30 to 45 minutes

CAN I WITHDRAW FROM THIS STUDY?
Being in this study is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?
The benefits of this study are: giving meaning to performance reporting, promoting significant citizen engagement and facilitating stakeholder assessment on the use of resources.

WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

Apart from the time spent during the interview, there are no other anticipated inconveniences/discomfort to the participant.

WILL WHAT I SAY BE KEPT CONFIDENTIAL?

The researcher will keep the data strictly confidential. Your name will not be recorded anywhere, and no one will be able to connect you to the answers you give. Your answers will be given a fictitious code number, or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings.

The researcher and a limited number of university staff members will have access to the data. Your answers may be reviewed by people responsible for making sure that research is done properly, including the transcriber, external coder, and members of the Research Ethics Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

However, the data can be used for future studies, research report, journal articles, conference presentation (etc), still privacy will be protected in any publication of the information. A report of this study may be submitted for publication, but individual participants will not be identifiable in such a report.

HOW WILL INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked filing cabinet for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After the expiry of the retention period the data will be destroyed.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

There is no payment or reward offered for participation.

HAS THE STUDY RECEIVED ETHICAL APPROVAL?

This study has received written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.
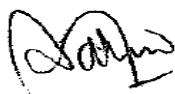
HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS?

If you would like to be informed of the final research findings, please contact Netsiwell Mahuni on 078 058 2728 or website www.unisa.ac.za. The findings are accessible for 3 years.

Should you require any further information or want to contact the researcher about any aspect of this study, please contact me on 078 058 2728 or email, 58530851@mylife.unisa.ac.za. Should you have concerns about the way in which the research has been conducted, you may contact my supervisor, Steven Ndlovu on 072 425 0470 or email ndlovs@unisa.ac.za.

Thank you for taking time to read this information sheet and for participating in this study.

Thanks

Netsiwell Mahuni
Student MPhil Acc Sci
58530851@mylife.unisa.ac.za

APPENDIX D

CONSENT TO PARTICIPATE IN THIS STUDY

I, ... (participant name), research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be anonymously processed into a research report, journal publications and/or conference proceedings.

I agree to the recording of the interview.

I have received a signed copy of the informed consent agreement.

Participant name & surname……………………………………… (please print)

Participant signature………………………………………………..Date…………………

Researcher's name & surname   **Netsiwell Mahuni**

Researcher's signature…………………………………………..Date…………………

Witness name & surname...(please print)

Witness's signature…………………………………….................Date….......................

APPENDIX E

INTERVIEW PROTOCOL

a) Disclosure – Please walk me through, how performance information is disclosed in the annual reports (concept & practice).

- Performance results:
    - Do you think performance results are reported well?
    - Is all relevant information reported?
    - Are the needs of external users met?
    - What are the reasons for the present reporting style?
    - What can be done to improve?

- Links to budgets and IDP:
    - Is success or failure clearly shown in performance reports?
    - Are you able to compare results against budgets and IDP?
    - What are the likely reasons for this type of reporting?
    - Do reports and plans (budgets) talk to each other?
    - What can be done to improve?

- Comparative:
    - Are comparisons possible?
    - Can one able to check progress on service delivery?
    - Is there consistency in performance reporting?
    - Any reasons for this type of reporting?

- Explanation:
    - Do performance reports cover failed service delivery?
    - Is there any explanation for poor quality of service reported?
    - How do you compare this to 'REDRESS' in Batho Pele principles?

b) Readability - what is your opinion regarding the readability of performance information in the annual reports?

- Plain language:
    - Is appropriate language being used in reports?
    - Are the numbers well explained to make sense?
    - Any special reasons for the present language?

- Definition of technical terms:
    - Are technical terms used in reports well defined?
    - Can ordinary citizen follow the service delivery story easily?

- Easy to understand:
    - Do you think stakeholders can easily understand the current performance reports?
    - What can be improved to ease comprehension?

c) Presentation - what are your views regarding the general presentation of performance information in annual reports?

➢ Visual elements:
   o Are there adequate visual elements in the reports?
   o What effects do these have to stakeholders (ordinary citizen) when reading the reports?

➢ Logical:
   o In your opinion, are performance reports logically presented?
   o Any suggestion to improve?

➢ Table of contents:
   o Do you think the table of contents is detailed enough to guide readers?
   o Are the common areas of interest covered in the table of contents?

➢ Accessibility:
   o Where can readers get hold of performance reports?
   o Any suggestion to improve access?

d) Accountability – in your own opinion, how is accountability viewed and what are the drivers in this municipality?

➢ Are there structures that hold managers accountable?
   o Is evaluations of reports by Oversight committees satisfactory?
   o Does the Council take recommendations seriously?
   o Is consequence management being applied on poor performers?
   o In your opinion, are the politicians supporting performance management in municipalities?

➢ Organisational culture:
   o What is the current organisational culture as regards to accountability?
   o What can be done to enhance accountability?

➢ Goal clarity:
   o Are most employees clear of the tasks they are expected to perform?
   o Has the organisation had clearly defined goals?
   o Is there any drive to hold individuals accountable to the achievement of set objectives?

➢ External demand for performance:
   o Are communities consulted on service delivery?
   o Is there any formal demand for performance on service delivery from citizens?
   o How are these demands being addressed?

➢ Accountability for performance information:
   o Do you think proper scrutiny and credibility is applied?

- o Is the reporting of performance protecting public interest?
- o Is there any one responsible for checking the impact of performance reports?
- o How feedback is handled?

Is there anything else you can tell me about performance reports?

Thank you for your time.