



**EVALUATING THE IMPACT OF LOCAL GOVERNMENT PERFORMANCE
MANAGEMENT SYSTEMS ON SERVICE DELIVERY**

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DECLARATION

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I declare that **The impact of Local Government Performance Management Systems on service delivery** 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.

June 2012

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ABSTRACT

This research study intended to evaluate the impact of Local Government Performance Management System (PMS) on service delivery using Tshwane's Roads and Stormwater division. The study was conducted by means of a semi structured questionnaire (on a 5 Likert scale) that was completed by operational staff, management and executive personnel. The participants were selected randomly from the employee database using stratified random sampling. Based on the respondents' view, the following positives outcomes were observed;

- ⇒ Roads and Stormwater employees seemed to participate in setting strategic goals of the organization.
- ⇒ Management at Roads and Stormwater are always helpful as they take time to explain strategic goals of Roads and Stormwater division to employees
- ⇒ Key performance measurements that are set for employees at Roads and Stormwater are measurable, specific and time bound.
- ⇒ Line managers at Roads and Stormwater often provide good leadership and they regularly monitor performance of employees against set targets
- ⇒ Performance evaluation at Roads and Stormwater is by enlarge done fairly
- ⇒ Roads and Stormwater employees seem to be generally happy with the performance measurements that are set for them

However, the following negatives were identified;

- ⇒ Employees were of the opinion that key performance measurements that are set for them at Roads and Stormwater are not realistic
- ⇒ Key performance measurements that are set for employees at Roads and Stormwater are often not agreed to between the line manager and the concerned employee.

⇒ Roads and Stormwater seem not to have developmental programs for poor performers to enhance their performance at work

Therefore despite massive reforms on human resources policies and system that were implemented in 1994, this has had no significant effect on the performance of the PMS in Roads and Stormwater division. Consequently, the impact of PMS on service delivery has been the same before and after the reforms.

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CHAPTER 1.INTRODUCTION AND BACKGROUND

1.1 Introduction

Volatile economic environment characterized by phenomena such as globalization and deregulation of markets, changing customer and investor demands and ever increasing product –market competition has become the norm for most organizations. To compete and have a sustainable business, organizations have to continually improve their performance by reducing costs, innovating on products and processes and furthermore improve on product or service quality, speed to market and productivity.

To achieve positive performance results in all the parameters mentioned above, organizations have increasingly recognized that their employees play a very critical role in business and if managed properly can be a source of competitive advantage (Pfeffer, 2004). Creating competitive advantage through people requires careful attention to the practices that best leverage these assets. The use of formal performance measures based on explicit and objectively defined criteria and metrics is a fundamental component of both public and private incentive systems. These performance measurement systems must promote careful analysis of workers' efforts, tasks, work arrangements and output, establishing work procedures according to a technical logic and setting standards and production controls to maximize efficiency (Radin, 2006).

The basic assumption underlying compensation models is that employees perform better when their compensation is more tightly linked to their effort or output (Rothstein, 2008). Further to this, organizations are expected to perform well and achieve their broad objectives on condition that their employees are motivated. It is therefore paramount for organizations to use performance management systems (PMS) that are fair and compensate employees accurately. However, reality with PMS in most private and public sectors typically involve a lot of challenges such as political and

environmental influences and non standardized outputs which makes the accurate measurement of performance and construction of performance benchmarks difficult and costly at times (Dixit,2002). Against a complex background, organizations still put lots of effort and commit a lot of resources to design and implement performance management systems that suit their employee expectations in order to motivate them. This is based on the belief that if employees are motivated to work, it is more likely that the organization can perform well too.

In the year 1999, there were major reforms in Local Government in South Africa. New management framework was developed which allowed different departments to formulate their own Human Resources policies and systems as long as these conformed to a framework of uniform norms and standard. This research study therefore intends to focus on evaluating the impact of Local Government Performance Management System (PMS) on productivity and or service delivery, evaluate strengths and weaknesses of this system and hence make recommendations on how to make improvements. Roads and Stormwater division within the Public Works and Infrastructure Development in City of Tshwane will be used as a case in this research study.

1.2 Service Delivery

Customer service can be defined as the organization's ability to supply their customers' needs. Intrinsic in this definition is the idea of service excellence and consistence in meeting or exceeding the customers' expectations (Fitzsimmons and Fitzsimmons, 2001). Before a service can be delivered, various activities or processes and systems such as Performance Management have to be in place. The local Government's responsible would have to plan and budget for the service, have an action plan and supply this service where it is required in good time.

If an organization is going to consistently exceed customers' expectations, it must recognize that every aspect of business particularly employee welfare has an impact on customer service, not just those aspects of business that involve face-to-face customer contact. Improving service delivery involves making a commitment to learning what customers needs are and hence develop action plans that implement customer centric or friendly systems. One of the most critical aspects or tools that assist in delivering a good service is the Performance Management System (PMS). A good PMS ensures that employees are remunerated fairly and are motivated to deliver on their mandate. Therefore Local Governments need to adopt PMS that are effective, fair and objective to aid in delivering a quality service to the community.

1.3 City Of Tshwane

City of Tshwane was established in the year 2000 through the integration of various municipalities and councils that had previously served the greater Pretoria regime and its surrounding areas. This incorporation is in line with Gauteng Global City Region strategy of reducing the number of municipality by year 2016.

The new City Of Tshwane has a Mayoral Executive System combined with a Ward Participatory System. The city has 105 wards and is divided into seven regions. It is the administrative seat of the Government and hosts a number of embassies. The city envisages developing Tshwane into a leading city where residents can enjoy a good quality of life. It has five strategic objectives. These are;

- ⇒ To provide access to quality basic services and infrastructure through out the city and accelerate shared and higher local economic growth and development.
- ⇒ Fight poverty and ensure clean, healthy, safe, secure and sustainable community
- ⇒ Foster participatory democracy and apply the *Batho Pele* (people first) principles through a caring, accessible and accountable services; and

- ⇒ Ensure good governance and financial viability, building institutional capacity and optimising transformation in order to execute the Municipality's mandate.

There are generally so many factors that affect the way the City provides its services to the Tshwane community at large. Some of these factors may include lack of financial resources, politics, corruption, lack of technical skills among others. This research study intends to look at the impact of PMS on productivity and ultimately on service delivery. However, the study is only going to focus on one of Tshwane divisions – Roads and Stormwater.

1.3.1 Roads and Stormwater

Roads and Stormwater is part of Public Works and Infrastructure Development. It adds value to healthy living in Tshwane through the provision of sustainable roads and storm water services of high quality. The goals of this division are;

- ⇒ Ensure safe stormwater and drainage environment;
- ⇒ To provide stormwater infrastructure development and maintenance

Roads and Stormwater is responsible for planning, providing and maintaining the roads and stormwater infrastructure of Tshwane to facilitate economic growth and social development. It is also responsible to promote traffic safety, improve traffic flow and alleviate congestion.

1.4 Rationale of the research study

This research study will help the City Of Tshwane particularly, Roads and Stormwater division to identify weak areas of its PMS in use now and hence develop ways to make improvements. Improved PMS may boost the morale of the employees at the workplace

and this has positive implications on the overall performance of the organisation including productivity and service delivery to the clients or community at large.

1.5 Delimitations of the study

This research study therefore intends to focus on evaluating the impact of Local Government Performance Management Systems on productivity and or service delivery, evaluate strengths and weaknesses of these systems and hence make recommendations on how to make improvements.

The following delimitations will be applicable to the study;

- ⇒ Roads and Stormwater division within the Public Works and Infrastructure Development in the City of Tshwane will be used in this research study

- ⇒ Operational staff, managers and executive personnel within Roads and Stormwater division (City Of Tshwane) who are deemed to be knowledgeable in this domain are going to be the subject of the study

1.6 Statement of the problem

It has been observed that over the past few years South Africa has experienced an upsurge in the number of protests. A number of reasons have been given for these protests. However, the main reason appears to be linked to poor service delivery of basic community services such as running water and sanitation, electricity, roads, housing and schools. It must be stressed here that protests are just symptoms of a real problem. The main problem in this case could be poor performance of the Local Government structures due to numerous reasons. One of the reasons can be poor Performance Management Systems, which do not fairly recognize and remunerate productive employees leading to low morale at the workplace and consequently poor service delivery or productivity.

This research study therefore intends to focus on evaluating the impact of Local Government Performance Management Systems on productivity and or service delivery, evaluate strengths and weaknesses of these systems and hence make recommendations on how to make improvements. Roads and Stormwater division within the Public Works and Infrastructure Development in City of Tshwane will be used in this research study.

1.7 Research objectives

The broad objectives of the study are as follows;

- ⇒ Evaluate the effectiveness of the current PMS used at Roads and Stormwater division to meet its intended goals.
- ⇒ Establish the association between PMS (used in Roads and Stormwater) performance, productivity and service delivery.
- ⇒ Evaluate whether service delivery is influenced by PMS and productivity.
- ⇒ Compare the impact of PMS on service delivery before and after reforms implementation
- ⇒ Identify strengths and weaknesses of the current PMS that is used by the City Of Tshwane's Roads and Stormwater division
- ⇒ Establish ways to improve on the current PMS that is used by Roads and Stormwater division of the City Of Tshwane

1.8 Research questions

- ⇒ Are employees involved in setting strategic goals of organisations?
- ⇒ Are strategic goals of Roads and Stormwater division explained to employees?
- ⇒ Are key performance measurements set for employees specific, measurable, attainable, realistic and time bound?
- ⇒ Does the current PMS recognise individuals who are managing to meet their targets at the workplace?

- ⇒ Are the performing employees remunerated fairly using the current PMS?
- ⇒ Does the current PMS in force delight employees?
- ⇒ Is there any association between PMS (used in Roads and Stormwater) performance and productivity / service delivery.
- ⇒ Is service delivery depended on the performance of PMS? (Or is service delivery influenced by the performance of PMS?)
- ⇒ What are the strengths and weaknesses of the current PMS that is used by City Of Tshwane's Roads and Stormwater division?
- ⇒ How can the current PMS used by City Of Tshwane's Roads and Stormwater division be improved?

1.9 Hypothesis testing

The following hypotheses are going to be tested;

Hypothesis 1

H₀: Service delivery is not influenced by performance of PMS and productivity

H₁ Service delivery is influenced by performance of PMS and productivity

Hypothesis 2

H₀: The impact of PMS on service delivery is the same before and after the implementation

H₁ The impact of PMS on service delivery is not the same before and after the implementation

Hypothesis 3

H₀: There is no association between the performance of PMS and service delivery

H₃: There is an association between the performance of PMS and service delivery

CHAPTER 2: THEORETICAL FOUNDATION OF THE STUDY

2.1 Introduction

Performance Management is a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. This system ensures that all the leaders, managers and individuals in the organization are held accountable for their actions which should bring about improved service delivery and value for money.

In addressing the objectives of this study, this chapter attempts to conceptualize the factors that are critical in the formulation of an effective Performance Management model that supports the vision and mission of an organization.

2.2 Conceptual framework

In recent years, a number of studies have attempted to develop Performance Management frameworks that can effectively support the strategic goals of an organization and at the same time ensuring that the expectations of the employees are also met.

Middlebrook (1996) first developed a PMS framework that had only five interconnected elements, namely situation, performer, response, consequences and feedback. These elements are discussed below.

Situation in Middlebrook's model emphasizes that the work environment is a critical success factor for a project. If the business and the activity process are in conflict with the objectives of the project, then the team performance will be poor. Management must streamline these processes to allow for the quicker execution of critical processes affecting project. Management needs to ensure that the performance measurement

system allows for the goals identified to be discussed and agreed upon by the project team.

Performer entails that the capability of the project team member must be able to meet the performance expectations of the project. Training and career development plays an important role in ensuring that the required capabilities are made available to the project.

The **response** involves the measurement phase and comparing performance against the set target. Meeting or not meeting the expectations has **consequences** in the future. It is realized that if expectations are set to high, there might be a need to adjust these expectations to reasonable levels downwards. The opposite is also true whereby the expectations may be raised as growth and development of the team takes place.

In his framework, Middlebrook (1996) stressed that it is crucial that **feedback** be given in the performance management system as it influences future performance. If the project team is informed as to areas which require improvement, they stand in a better position to take corrective action and improve their performance. Feedback when expectations have been met also serves as a motivational tool.

However, by assessing only 5 interconnected elements, Middlebrook(1996) model, lacked a focus on the strategic goals of the organisation as it only concentrated on the functional level. It is again not clear if the model is a bottom-up approach or top-down approach. However, Otley (1999) suggested that when designing PMS framework or model, an organisation need to address five set of questions in a normative tone and continuously develop new answers. His model covered issues such as key objectives that are central to the organisation's future, organisational strategies and plans, setting appropriate performance targets, reward system and communication flow.

There are a variety of PMS models that have been developed over time as alluded above. However, the latest Performance Management framework developed by Aldonio

Ferreira and David Otley's in conjunction with Siddiqi and Malik's Performance Management System Model are going to be used as a basis in this research study. Aldonio Ferreira and David Otley's framework takes into account factors that are critical in PMS formulation while Siddiqi and Malik's model focuses on how to manage effective deployment of PMS in an organization.

2.2.1 Aldonio Ferreira and David Otley's Performance Management system Framework

Figure 2.1 below provides a broad overview of elements that are critical when formulating an effective PMS framework. The key elements that are discussed in detail below include vision and mission, key success factors, strategies and plans, key performance measures, target setting, performance evaluation and reward system.

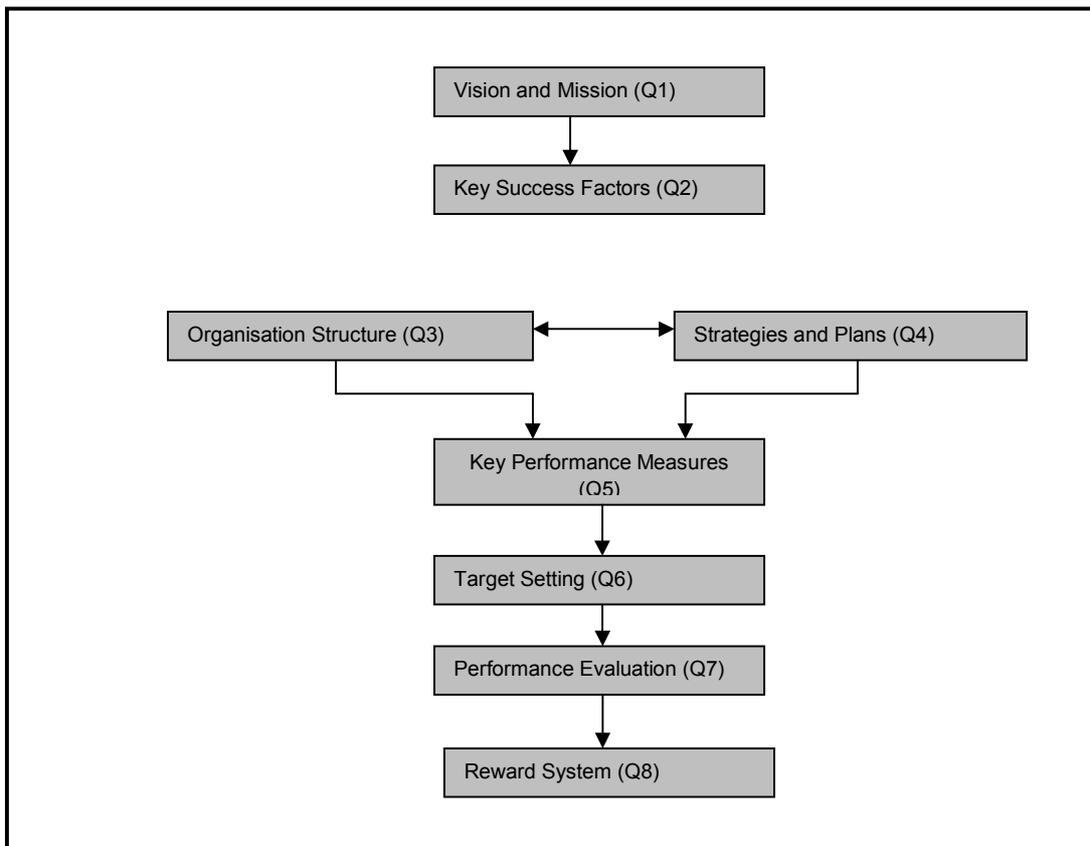


Figure 2.1: The Performance Management Framework (Ferreira and Otley 2009:268)

a) Vision and mission

Ferreira and Otley (2009) asserted that in order to have an effective PMS, it must be linked to the organisational strategy during strategy planning and design. In order to implement the strategy or performance management system, an organisation needs to ensure that it has drawn up its vision, mission, goals and supporting objectives. Ferreira and Otley (2009:267) state that performance management begins with its purposes and objectives.

A successful organisation has to meet the objectives which are mostly set by the senior managers to meet the key stakeholder expectations (Otley 2008:229). Ferrera and Otley, as quoted by Johnson et al (2005:13) stated that the mission and vision outlines the direction and purpose of the organisation in line with the values and expectations of the stakeholders. Therefore, Project Team members or employees of the organization are responsible to translate the mission statement and vision into measurable objective. Accordingly a PMS framework must be directly linked to the vision and mission of the organization in order for it to serve its purpose effectively.

b) Key success factors

According to Ferreira and Otley (2009:268) the Key Success Factors are those activities, attributes, competencies, and capabilities that are seen as critical pre-requisites for the success of an organisation in its industry. However, in order to achieve them, an organisation still needs to pursue its vision and mission. Thompson and Strickland (2003:108) describe the Key Success Factors as elements that are alleged to be important by the managers in an organisation rather than representing any objective or the external point of view. Consequently, key success factors needs to be taken into account in formulating PMS.

c) Organisational structure

According to Lee and Yang (2011), the role of Performance Management System can be seen as allocating responsibilities and decision rights, setting performance targets and rewarding outcomes. These roles are said to be consistent with aspects of organisation structure, which is a formal control framework that includes reporting relationships, interactions between employees, information flows and the authority distribution with regard to the carrying out activities within the organisation.

Ferreira and Otley (2009:269) further suggest that the organisations structures are formed as a means of establishing formally the specification of individual roles and tasks to be carried out. However, Steyn et al., (2008) argues that there is no best organisation structure. He states that senior managers of an organisation should be responsible to select the organisational structure that they feel will support the strategic goals of their organisations. Consequently, the organisational structure is crucial in PMS formulation to ensure that there is effective communication flow between supervisors and employees of the organisation. Organisation structure also ensures that processes and reporting are clear.

d) Strategies and Plans

The focus here is on the actions that top management has identified as being necessary for the successful development of the organisation. Ferreira and Otley (2009:270) state that the emphasis must be on the actions that are likely to achieve outcomes (i.e. relationships between means and ends). Ferreira and Otley (2009:270) suggest that an organisation must have clear goals and objectives that are expressed in the mission and vision as discussed above.

e) Key performances measures

Key performance measures are financial or non-financial performance measures or metrics, that are used at different levels in the organisation to evaluate the success of the organisation in achieving its objectives (Azofra et al 2003:366, Chenhall and Smith 2007: 266), and hence satisfy all its stakeholders (Ferreira and Otley 2009:271). The

Project Team members or individual employees ought to know how their personal or team objectives are related to the objectives and goals of the whole company. Over and above this, key performance measures need to be communicated to employees. Based on the above information, it is observed that key performance measures are crucial and must be taken into consideration when formulating PMS.

f) Target setting

According Ferreira and Otley (2009), target setting is described as a critical aspect of performance management. Prior to working on any assignment in a work environment, individuals or Teams must have targets that are clear, measurable, accurate and time bound. Furthermore, these targets must be feasible, well communicated and agreed on. It is also advisable to have inputs from employees in target setting.

g) Performance evaluation

The area of performance evaluation is very critical in an organisation. Depending on the type of PMS tools that an organisation selected to use, this stage is mostly done at the end of the project where the Project Team members or individuals need to provide feedback of the tasks that were given to them. Performance evaluation is a continuous process where individual employees or Teams' performances is verified against the set targets to identify any gaps and hence institute corrective action where necessary.

According to Ferreira and Otley (2009:272), performance evaluation can be objective, subjective or both. Under subjective, it specific weightings placed on the on the various dimensions of performance are unknown to the evaluatee and determined subjectively by the evaluator. Under objective performance evaluation, there is no scope for uncertainty in the weightings. Assessment is based on the actual results, and they do not allow for adjustments to the agreed standards of performance nor to their weightings. Performance evaluation must be based on the agreed targets and should be as objective as is possible. Failure to evaluate individuals accurately may be a

source of lack of motivation in the workplace. Performance evaluation must therefore be one of the pillars of PMS.

h) Reward system

For individuals or Teams that are meeting their targets, financial or non financial rewards should be offered to them as incentives for job well done. This intends to encourage and persuade employees to consistently work hard in order to achieve both individual and organisational objectives.

If the Performance Management System of an organisation is well formulated, implemented and managed appropriately going forward as illustrated in Figure 2.1 above, this is more likely to translate to improved productivity and service delivery that meet or exceed customer expectations (Ferreira and Otley, 2009).

2.2.2 Siddiqi and Malik Framework

After formulating PMS it is also crucial to manage its deployment in order to realise substantial benefits. Siddiqi and Malik (Figure 2.2) complement Aldonio Ferreira and David Otley's Performance Management system Framework but have an external emphasis where they (Siddiqi and Malik, 2009) mostly concentrate on how to deploy PMS effectively.

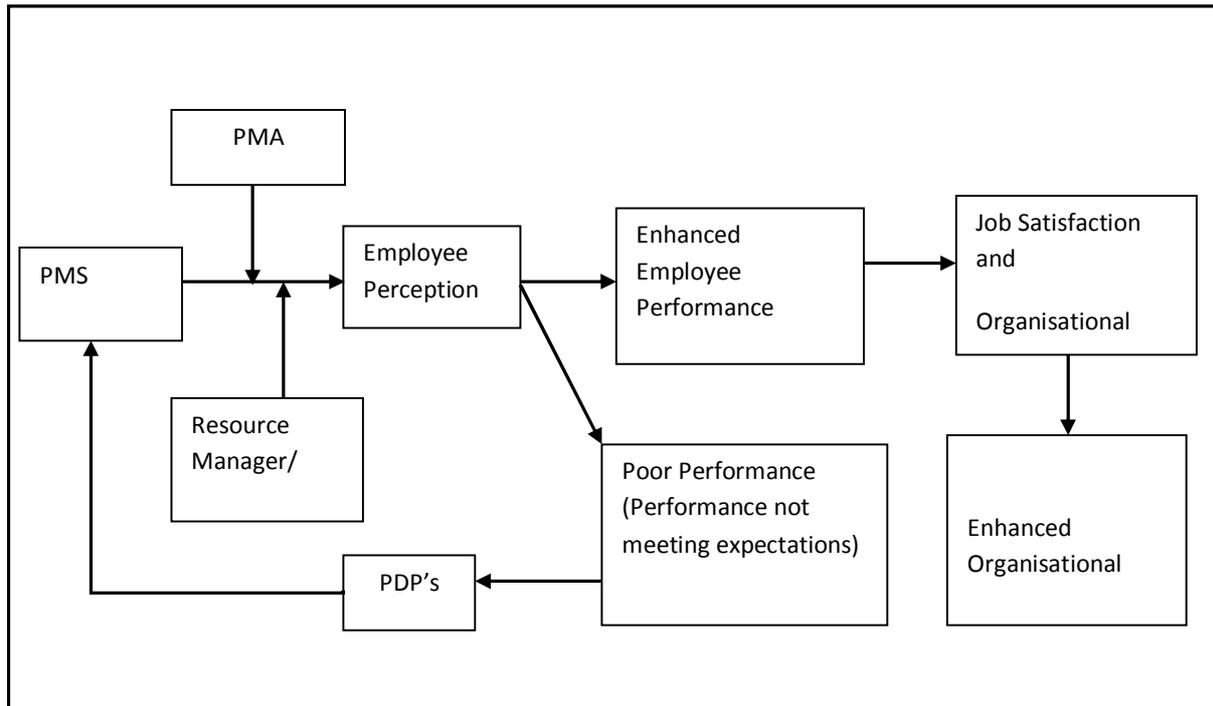


Figure 2.2 Performance Management System Model (Siddiqi and Malik, 2009)

Siddiqi and Malik PMS framework as illustrated in Figure 2.2, consists of four variables that are taken into account. These are independent variable, intervening variable, dependent variable and the mediating variable. Additionally, the outcome is also taken into account in this model. These are discussed in depth below.

Independent variable: Siddiqi and Malik PMS framework, assumes that PMS is positively related to enhanced employee performance through performance management agreement and ongoing coaching and feedback of line managers. Therefore PMS is a tool that can be utilised by an organisation in order to enhance the performance of its employees by communicating them the expectations to attain organisational goals effectively. These targets have to be agreed between line managers and employees (Siddiqi and Malik, 2009).

Intervening variable: PMS can manage poor performers by having personal development plans to assist such employees. However, it is the duty of the line manager to provide coaching and feedback (**mediate**) pertaining to their performance and help them to identify their areas of strengths and weaknesses and also obtaining their willingness to improve their performance by developing Personal Development Plans.

The performance of employees is highly **dependent** on how they perceive the organisation. If the employees are not happy with conditions at work they are likely to perform poorly and vice versa.

Enhanced employee performance is positively related to employee job satisfaction and hence organisational commitment. It is believed that when employee performance is enhanced in PMS, then it will compensate them with financial and non financial rewards. This will bring in more job satisfaction as employees will believe that they are solely appraised on the basis of their performance. They are more likely to show willingness to work for the fate of the organisation by showing commitment (Siddiqi and Malik, 2009).

Greater level of satisfaction and organisational commitment tends to improve the effectiveness of the organisation by increasing productivity as employees at various levels show their utmost contribution in achieving strategic organisational goals.

2.3 Conclusion

The conceptual framework covered in this chapter can be used to incorporate all those factors and their relationships that are crucial in PMS. Furthermore, the PMS frameworks covered in this section provide a good basis that assist to undertake this study (i.e. evaluating the impact of Local Government Performance Management Systems on productivity and or service delivery and hence devise ways to improve on it). The framework also provides a good basis to formulate strategies that enhance PMS

which ultimately improves service delivery of an organization. This spruce up the public image of an organization and brings in with it a lot of other benefits.

CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

Every year, national Governments allocate a lot of money to Local Governments or municipalities for much needed social development projects. However, most of these projects fail dismally to achieve their targets for numerous reasons. Some of these are lack of requisite skills and experience, politics, governance challenges just to but a few. One of the critical issues that have a significant effect on the performance of an organization is the Performance Management System (PMS). A well designed PMS incorporates critical factors that enhance the performances of employees, remunerate them fairly. In such cases, employees are likely to derive greater job satisfaction and organizational commitment, which tends to increase productivity as employees at various levels show their utmost contribution in achieving strategic organizational goals.

This research study therefore attempts to evaluate the impact of Local Government Performance Management Systems (PMS) on productivity and or service delivery. The study also attempts to evaluate the strengths and weaknesses of Roads and Stormwater division's PMS and hence recommend on how to make improvements. This chapter is therefore devoted in providing a detailed critical literature review that serves as the basis for developing effective Performance Management System.

3.2 A background to Performance Management System

Performance management involves thinking through various facets of performance, identifying, critical dimensions of performance, planning, reviewing developing and enhancing performance and related competencies (Rao, 2004). Performance management includes the whole cycle of agreeing goals and objectives, providing feedback, offering advice and motivating employees to perform at high levels (Storey, 2005). Additionally, Performance management is a planned and systematic approach to managing the performance of individuals and teams in order to achieve higher levels of

organisational performance (Armstrong and Baron, 2004) and ensuring that their personal development and contribution towards the organisational goals are realised. It (PMS) is a strategic and integrated process that delivers sustained success to the organisation by improving the performance of the employees and their capabilities. Performance management should also aim for enabling an organisation for continuous communication and commitment building process that provides scope for employee and organisational development. Therefore for an organisation to effectively deliver on its promises and grow, it is pertinent for it to provide a model for the effective management of employee performance.

3.3 The Role of Performance Management in an Organization

Performance management is a discipline that assists an organisation in establishing, monitoring and achieving individual, team, departmental and organisational goals (Bruden, 2010). This author identifies the following advantages of Performance Management in an organisation if it is implemented properly;

- ⇒ It plays the role of supporting the processes of strategic decision making, planning and control (Busco et al., 2008). Within these processes, performance measurement is able to provide resource managers or programme managers with a common language informed by accounting and non-accounting measures and information that is spread across the different parts of the business units in the organisation.
- ⇒ It is a continuously cyclic process of performance plans, performance evaluation, performance evaluation results application and performance target improvement for the managers and the staff to achieve the organisation's objectives. It is seen as a process in an organisation rather than just a once-off event (Guanying et al., 2010).
- ⇒ It can be used as a strategic and integrated approach in improving the performance of the employees by developing the capabilities of PT members and

ultimately leading to a sustained success of the organisation (Gliddon 2004). It is also used to control the behaviour of the PT (Broadbent, 2009), which include:

- Planning work and setting expectations,
 - Continually monitoring performance,
 - Developing the capacity to perform,
 - Periodically rating performance in a summary fashion and
 - Rewarding good performance
- ⇒ Managers are responsible for effectively developing individuals and teams that can work together towards a common objective to complete the project tasks and contribute towards the goal of the projects.
- ⇒ PMS identifies major or systematic blockages and guides future planning and developmental objectives and resource utilization in the organisation
- ⇒ PMS provides a mechanism for managing expectations and ensuring increased accountability
- ⇒ PMS provides early warning signals to identify problems in meeting the organisational strategies

The role played by performance management in the modern organisation have been addressed in most of the management accounting literature which include such functional roles as monitoring performance of the team members, identifying the areas in attention, supporting strategic decision making, enabling management by objectives, enhancing motivation and improving communication. The above discussions focused on defining PMS as a process, system and a cyclic or continuous process (Busco et al 2008).

Despite numerous merits that performance measurement system offers, it has its own down side. The following are challenges of performance management in an organisation;

- ⇒ Failure to manage and improve Performance Management System can lead to a decrease in performance and a higher rate of dissatisfaction among employees which can result in an organisation not meeting its strategic goals. These problems can be overcome by having a system in an organisation that can not only enhance the performance of the employees but also the productivity of the organisation as a whole.
- ⇒ PMS is an important aspect of business and people management in an organisation but making it effective is a seemingly a constant challenge that organisation faces. It includes but not limited to annual performance rating that managers conduct on the Project Team and individual employees. It also affects most other people-management processes which include base pay, promotions, transfers, goal setting, training and development.
- ⇒ In other organisations such as the banking sector, performance management is still a challenge in terms of monitoring and improving the performance of their Project Team so as to improve the organisation as a whole and gain a competitive edge which ultimately increases productivity and improve service delivery (Siddiqi, 2009). The main challenge here involves formulation of an effective Performance Management System whose elements are well aligned to the broad strategic objectives of the organisation.

However, various approaches have defined the role of Performance Management System slightly different. Siddiqi and Malik, 2009 review performance management as a system, rather than purely set for performance evaluation, that can be used to enhance the performance of the employees but also the productivity of the organisation as a whole. They (Siddiqi and Malik) further suggest that it is a means of getting better

results not only from the organisations but also from Teams and individual employees by managing and monitoring the performance within an agreed framework of planned goals, objectives, performance standards and competence requirements. Performance management can therefore be viewed as an integral management responsibility to manage subordinates or the Project Team performance which entails planning for the performance, facilitating the achievement of work-related goals, and reviewing performance as a way of motivating employees to achieve their full potential in line with the organisation's objectives (Scheinier et al., 2001). In order to achieve that performance management can be seen in three interrelated ways (Gordan, 2002);

- The first one is that managers at all levels need to understand both the drivers and results of their activities.
- Secondly, there is a need to also understand the interlinking cause and effects relationship between the drivers and the results of performance management and
- Thirdly, performance management measures included in performance management agreement should support the strategy intentions of an organisation.

Kaichao et al., 2010 argue that the target of performance management should be linked with the organisation strategy and objectives through continuous improvement of individuals, Project Teams or departmental and the organisational performance to improve the enterprise management, operational performance and finally to achieve the overall strategy and organisational target. Therefore, performance management purpose is to achieve success for both the employee and the organisation through a process that provides clear, supportive feedback and recognition to all contributors (Weiss and Hartle, 1997).

The role of Teams and individuals in an organisation depends on the effectiveness of Performance Management System. The team must have a good knowledge about their job in order to perform their tasks and fulfil their targets (Shah, 2009). The developmental elements are used in organisations to inform the Team members or individual employees what they need to perform and how well they need to perform their tasks.

3.4 Systems model Performance Management

Dumond (2004) contends that managing employees' performance requires managerial skill and professionalism. He further argues that suitable planning, implementation, monitoring, rewarding and performance feedback are to be considered for its effective management and to ensure that organisations achieve their strategic goals.

Employees are expected to perform better when their expectations or goals are aligned to with organisational goals. If this occurs, the results are more likely to be favourable for both parties (Dumond, 2004). However, this does not happen most of the times due to faulty systems, technical problems or personal incompetence. In such cases, it is essential for the management to formulate a suitable system ensuring identification of the problems at various levels and taking informed decisions with the involvement of line managers.

It is equally important to select and implement an appropriate appraisal method and frequency and periodicity. It is also crucial for the management to decide on the reward for the high achievers. In case of poor performers management should provide suitable counselling for employee improvement. A lot of organisations follow systems model and strive to achieve their strategic goals through improving the performance of their employees.

3.5 Common practice for performance management

Every organisation needs to assess its position and should strive for improvement to attain its competitiveness in the market. In the changing business environment, organisations should be dynamic to survive. Consequently, organisations need well designed and effective PMS frameworks, which have been proven to be positive and highly correlated to productivity and improved service delivery abilities (Rao, 2004). Critical issues such as market share, analysis of domestic and global market opportunities have to be taken into consideration when formulating PMS framework which is made at strategic level.

In view of the organisational strategy, assessment of performance needs is essential for attaining organisational objectives. At this stage, many issues like identification of competencies, gathering information regarding future performance needs, prioritizing improvement measures, setting performance expectations and above all aligning employee performance with the organisational goals are taken into consideration. In practice organisations follow six stages in order to manage employee performance. These are performance planning, mid-term review, annual assessment, finalisation of performance rating, performance counselling and Human Resource actions. PMS can fulfil different functions depending on the context, culture and managerial intentions of the organisation (Dumond, 2004). Some organisations have electronic performance management system which they could have designed on their own. More often, organisations hire external experts to design and implement PMS as per their specifications.

3.6 Performance Management System and service delivery

Performance Management is defined as a strategic approach to management, which equips leaders, managers, employees and stakeholders at different levels with a set of

tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. Performance Management System therefore ensures that all the leaders, managers and individuals in the organization are held accountable for their actions, which should bring about improved service delivery and value for money (Fleming et al., 2009).

Li and Zhang (2009) further assert that a valuable Performance Management System ensures that the broad objectives of the organization are satisfied. This inherently entail that employees as part of the system are able to meet their targets per any given unit time. Consequently, there is a high positive correlation between the PMS performance and organizational productivity or service delivery ability (Li and Zhang, 2009). It is therefore mandatory for Local Governments or municipalities to design effective Performance Management Systems that conform to the expectations of the communities that it serves.

3.7 Performance Management Evaluation Tools

There are various methods of Performance Management Systems that are used in different organisations to evaluate the performance of the organisation, individuals and teams (Du and Zhu 2010). These tools include Key Performance Indicators, 360 degrees, Management by Objectives and Balance Score Card. The details of each of these techniques follow below.

3.7.1 Key Performance Indicators

Key Performance Indicator can be used as a tool to measure the effectiveness and efficiency of a project and individual employees. According to Alwaer (2010), an indicator system should provide a measure of current performance, a clear statement of what might be achieved in terms of future performance targets and a yardstick for

measurement of performance along the way. However, the performance measurement criteria vary from project to project.

3.7.2 360 Degrees Evaluation Tool

This is the most common performance evaluation tool used in most organizations. It is one of the most significant trends in the leadership field over the past 20 years (Chappelow 2004:58). It is also known as the Multi-Source Feedback or the Comprehensive evaluation system. It is a rating system that gives feedback from multi sources which includes the ratee (person being assessed) the manager or leader, peers or colleagues and direct report subordinates, clients and experts.

360 degree evaluation tool consists of planning, implementation, feedback and review. These phases are detailed below (Figure 3.1).

- ⇒ Planning: This phase requires the organization to establish the purpose, process and resources for 360 degree evaluation to base on.
- ⇒ Implementation: This involves deployment of the tool across the entire organization. However, its deployment and purpose should be clearly communicated to all employees.
- ⇒ Feedback: Supervisors or line manager should provide feedback to the employees with regards to their performance.
- ⇒ Review: This process involves assessing to check whether the whole purpose of the 360 degrees tool have has met its intended purpose.



Figure 3.1 360 Degree Feedback: Best Practice Guidelines 2002:04 Gray et al

3.7.3 Management By Objectives

Management By Objectives is a tool used to align the goals of an employee with the goals of an organisation (McConkey, 1999). This ensures that every employee is clear with what they are supposed to do and how it is beneficial to the organisation. It is therefore achieved through applying the five step Management By Objectives process as detailed below.

- **Step 1: Organizational objectives-** the first step is to set the strategic organizational objectives. This gives direction to where the organization is going in the long run.
- **Step 2: Cascade objectives down to the employees-** In order to support the mission, the organization needs to set clear objectives which can be cascaded down from one organizational level until it reaches the employee functional level. Objective goals setting have to be SMART implying that these goals must be:
 - ✓ Specific
 - ✓ Measurable
 - ✓ Agreed

- ✓ Realistic and
- ✓ Time related

- **Step 3: Encourage participation in goal setting-** this step encourages every employee to understand how his or her personal goals and objectives fit to the entire organisation. This can be achieved through goal setting and objective setting and have discussions with employees so that they can be able to align their goals and objectives to fit with the organisations goals. This increases ownership from the employees rather than by following and taking orders from their managers and supervisors.
- **Step 4: Monitor-** the organization needs to set a monitoring system to monitor the performance of the employees. This monitoring system can be timely so that problems that could threaten the goals and objectives can be dealt at an early stage.
- **Step 5: Evaluate Performance and Reward Performance:** Management By Objectives is designed to improve performance at all levels in an organization. In order to achieve this, the organization needs to put a comprehensive evaluation system in place. Employees should be given feedback on their own goals as well as the organizational goals.

In conclusion, it is realised that Management By Objectives emphasizes on setting clear objectives, building on action plan and measuring the progress. The supervisor and the employee are responsible to jointly plan and set the objectives and goals.

3.8 Problems in Performance Management System

No Performance Management System is absolutely error free. Effort must be taken at strategic, tactical and operational levels to minimise these errors. The common problems that are encountered in practice are as follows (Armstrong and Baron, 2004);

- ⇒ Poor judgement by the appraiser
- ⇒ Lack of performance feedback
- ⇒ Inadequate resources
- ⇒ Unrealistic expectations
- ⇒ Failure to communicate performance expectations
- ⇒ Harassment
- ⇒ Biasness in ratings
- ⇒ Unfair treatment of employee
- ⇒ Lack of management commitment

3.9 Conclusion

It is critical for an organisation to have an effective Performance Management System in order to motivate employees and improve productivity. This can provide the organisation with some spin-offs such as improved revenue performance, improved service delivery and better customer satisfaction.

The literature survey detailed in this chapter indicates that a list of studies on effective Performance Management System formulation has been done across Europe, America and Asia. However there has not been much effort done yet to make similar publications in Africa particularly South Africa. For this reason, this research study therefore intends to focus on evaluating the impact of Local Government Performance Management System (PMS) on productivity and or service delivery, evaluate strengths and weaknesses of this system and hence make recommendations on how to make improvements. Roads and Stormwater division within the Public Works and

Infrastructure Development in City of Tshwane in South Africa will be used as a case in this research study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter provides details on the research methodology that the researcher will use. Subtopics that are covered in this chapter include design, population and sampling, data collection techniques that will be applied and data analysis method.

4.2 Research design

The strength of the study's findings is based on the methodology, the instrument and the approach used. The research design provides the overall structure for the procedures the researcher follows, the data to be collected and the analysis the researcher conducts (Leedy and Ormrod, 2005). This current research study will be based on a questionnaire survey design in addressing the defined research objectives. Survey research involves obtaining information from one or more groups of people using their opinions, attitudes or previous experiences (Leedy and Ormrod, 2005). Survey research design has the advantage of being able to generalize findings from a large number of respondents, is generally inexpensive and can be administered from remote stations using email, mail and telephone.

The study will particularly be conducted by means of a survey that will make use of semi structured questionnaire (Appendix A) which will be completed by operational staff, managers and executive personnel within Roads and Stormwater division (City Of Tshwane) who are deemed to be knowledgeable in this domain. According to Zikmund (2003), the merits of using survey are as follows:

- ⇒ Many questions can be asked about a given topic giving considerable flexibility to the analysis.
- ⇒ There is flexibility at the creation phase in deciding how the questions will be administered whether it is face-to-face interviews, by telephone, as group administered written or oral survey, or by electronic means.

- ⇒ Usually, high reliability is easy to obtain by presenting all subjects with a standardized stimulus, observer subjectivity is greatly eliminated.
- ⇒ Very large samples are feasible, making the results statistically significant even when analyzing multiple variables.

However, according to Zikmund (2003), survey methods have the following demerits;

- ⇒ It may be hard for participants to recall information or to tell the truth about a controversial question.
- ⇒ Surveys are inflexible in that they require the initial study design (the tool and administration of the tool) to remain unchanged throughout the data collection.
- ⇒ A methodology relying on standardization forces the researcher to develop questions general enough to be minimally appropriate for all respondents, possibly missing what is most appropriate to many respondents.

4.3 Population and sampling

In this research study, the population will consist of all operational staff, managers and executive personnel within Roads and Stormwater division (City Of Tshwane) who are deemed to be well-informed in this domain. However, due to financial and time constraints to complete this study, a sample of at least 100 respondents (at least 30 in each group defined above) will be sourced randomly from Roads and Stormwater division employee database.

Stratified random sampling will be applied here to ensure that the final sample fairly represents all the employee categories (i.e. operational staff, managers and executive personnel). Questionnaires will be distributed to this audience by either email or fax.

4.4 Data collection

A survey questionnaire will be used as data gathering instruments in this study. Details of this data collection instrument are given as follows;

A semi-structured questionnaire will be developed as a measurement instrument to capture views of Roads and Stormwater division employees on the impact of PMS on service delivery. The researcher will make some effort to ensure that the questionnaire is constructed using simple language to the benefit of respondents. Effort will also be made to ensure that the questionnaire is clear without any ambiguity. A five point likert scale will be used in the questionnaire.

A questionnaire is chosen as one of the methods to collect data in this research study for the following reasons in agreement to Lee (2002);

- ⇒ Questionnaires are easy to analyze, and most statistical analysis software can easily process them. They are cost effective when compared to face-to-face interviews, mostly because of the costs associated with travel time.
- ⇒ Questionnaires are familiar to most people. Nearly everyone has had some experience completing questionnaires and they generally do not make people apprehensive.
- ⇒ They are less intrusive than telephone or face-to-face surveys. When respondents receive a questionnaire in the mail, they are free to complete it on their own time-table. Unlike other research methods, the respondent is not interrupted by the research instrument.
- ⇒ Written questionnaires reduce *interviewer bias* because there is uniform question presentation. Unlike in-person interviewing, there are no verbal or visual clues to influence a respondent to answer in a particular way. Many investigators have reported that interviewer voice inflections and mannerisms can bias responses. Written surveys are not subject to this bias because there is no interviewer.

Nonetheless, questionnaires have the following demerits;

- ⇒ Structured questionnaires often lose the "flavour of the response", because respondents often want to qualify their answers.
- ⇒ A common criticism of questionnaires is that they often have low response rates which are a curse to statistical analysis.

4.5 Reliability and Validity

Questionnaires tend to be weak on validity and strong on reliability. The artificiality of the survey format puts a strain on validity. Since people's real feelings are hard to grasp in terms of such contrasts as "agree / disagree", which are only approximate indicators of what we have in mind when creating questions. Reliability on the other hand is a clearer matter. Survey research presents all subjects with a standardized stimulus, and so goes a long way towards eliminating unreliability in the researcher's observations.

In order to ensure that the questionnaire is consistent, an initial draft will be tested to selected respondents within Roads and Stormwater division in order to establish the level and content of the questions. To further improve the effectiveness of the questionnaire, (and hence improve its reliability) as a collection tool, the questionnaire will be carefully worded using simple language with no ambiguities.

4.6 Data Analysis

Since this study is a mix of both qualitative and quantitative, the details of analysis process that will be used in analyzing the questionnaire are as follows:

- ⇒ The first part of analysis involved ensuring that all responses are received in good content quality.
- ⇒ The second part will entail cleansing exercise to ensure the correctness of the data.

- ⇒ Data will then be captured on a spreadsheet in readiness for analysis.
- ⇒ Data will be comprehensively analyzed using SPSS to assist in answering research objectives in Chapter 1. The detailed statistical analysis that will be used is as shown in Table 4.1 below.

Table 4.1: Statistical analyses procedures to be used in the study

Sub-problem	Statistical procedure
Evaluate whether the current PMS recognises and remunerates Roads and Stormwater division employees fairly.	Descriptive statistics, frequency tables, bar, pie
Identify strengths and weaknesses of the current PMS that is used by the City Of Tshwane's Roads and Stormwater division	Numerical description, cross tabulation, Descriptive statistics
Establish the association between PMS (used in Roads and Stormwater) performance and productivity / service delivery.	Correlation analysis
Evaluate the impact of PMS on productivity / service delivery.	Regression analysis
Compare the impact of PMS on productivity / service delivery before and after reforms implementation	T-test
The four hypothesis defined in chapter 1	Hypothesis testing using

4.7 Ethical Considerations

Ethics in research refers to the social code that conveys moral integrity and adherence to widely acceptable values in the research fraternity. Ethical considerations for the empirical section of this research include individual and professional codes of conduct during the development and conduct of the research. General ethical standards for research that are taken into account are commitment to honesty, an avoidance of plagiarism and respect for the dignity and privacy (or confidentiality) of the respondents. Steps to ensure adherence to research ethical standards include inter alia the following:

Permission- Permission from potential respondents through their respective organisations will be sought first before the questionnaire is emailed or faxed for completion.

Recruitment Procedures or Voluntarily Participation - All efforts will be made in advance to communicate and inform potential respondents that taking part in this exercise is voluntary and that there are no potential consequences for those who choose not to participate. All e-mails related to the survey will carry a clear narrative description of the purpose of the study, as well as a guarantee that the information provided would only be used for scholastic purposes.

Risk of Harm - in this study, the researcher will ensure that respondents are not vulnerable to any form of physical and or psychological harm. This research will make it a point that it does not touch on personal issues that could compromise respondents' values, morals and beliefs.

Confidentiality and Anonymity - steps will be taken to safeguard the confidentiality of records and any potential identifying information of the respondents. The questionnaire will be designed such that no names or any form of identity of the respondents will be revealed. All communication with respondents will be treated in the strictest confidence and participation (or non-participation) of respondents will not be revealed to any external parties.

CHAPTER 5: RESEARCH RESULTS AND DISCUSSION

5.1 Introduction

In this chapter, the data on the evaluation of the impact of Local Government Performance Management System (PMS) on productivity and or service delivery is analyzed, interpreted in detail and discussed. To have an easy understanding of the dataset, data is summarized using appropriate charts and tables. The main aim of the analysis process here it to discover trends and relations according to the objectives of the research study defined in the first chapter.

The results are presented in this chapter forms the basis for the next section that deals with conclusion and recommendations.

5.2. Demographics

Before a detailed analysis of the data on the impact of Local Government Performance Management System (PMS) on productivity and or service delivery was done, basic distributions according to gender, academic qualification, position at work and experience levels was initially performed.

Out of a total of 125 questionnaires that were dispatched to Roads and Stormwater divisional employees which included operational employees and managers, 97 responded. This gives a response rate of 77.6%.

5.2.1 Distribution of respondents by gender

Figure 5.1 below shows the distribution of respondents by gender. It is observed from this figure that the majority of the respondents were males who contributed about 68% to the total.

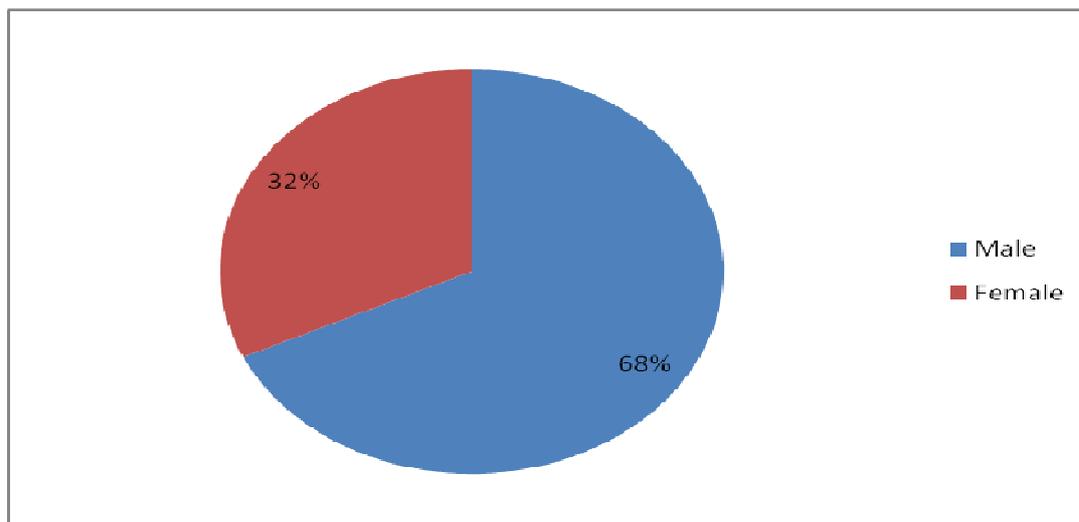


Figure 5.1: Distribution of respondents by gender

5.2.2 Distribution of respondents by academic qualification

Distribution of respondents by academic qualification is shown in Table 5.1 below. It is interesting to note that only degree and postgraduate degree holders took part in this exercise.

Table 5.1: Distribution of respondents by academic qualification

Qualification	Number	% Contribution
Matriculation	0	0
Tertiary	0	0
Degree	48	49
Postgraduate	49	51
Doctorate	0	0
Total	97	100

Table 5.2 below shows the distribution of respondents by position at work. The table indicates that the respondents were almost uniformly distributed across all positions,

although senior consultants and consultants were marginal above the rest contributing about 26.8% and 28.9% respectively.

Table 5.2: Distribution of respondents by position at work

Position	Number	% Contribution
Executive	23	23.7
Manager	20	20.6
Senior consultant	26	26.8
Consultant	28	28.9
Total	97	100

Table 5.3 below demonstrates the distribution of respondents by work experience. Most of the respondents indicated that they have been working for at least 4 years. A significant 92.8% of the respondents indicated that they have work experience of more than 5 years.

Table 5.3: Distribution of respondents by experience levels

Experience	Number	% Contribution
Less than 2 years	0	0
2 to 3 years	0	0
4 to 5 years	7	7.2
More than 5 years	90	92.8
Total	97	100

5.3 Results for objective 1: Evaluate the effectiveness of the current PMS used at Roads and Stormwater division to meet its intended goals.

Perceptions of respondents on whether they participate in setting strategic goals of the organisation (Roads and Stormwater) are illustrated in Table 5.4 below. A majority (about 57.8%) of the respondents suggested that they do take part in setting strategic goals of the organisation. A paltry 11.3% of the respondents suggested otherwise. This

outcome is supported by Ferreira and Otley (2009) theory where they suggested that target setting is such a critical stage that needs inputs from both management as well as employees. This is based on the notion that if employees participate in target setting they will feel that they are part of the whole and will be motivated to apply themselves at work.

Table 5.4: Perceptions of respondents on whether they participate in setting strategic goals of the organisation (Roads and Stormwater)

Response	Number	% Contribution
Strongly disagree	0	0.0
Disagree	11	11.3
Not sure	30	30.9
Agree	32	33.0
Strongly agree	24	24.8
Total	97	100

Perceptions of respondents on whether the strategic goals of Roads and Stormwater are explained clearly to them are illustrated in Table 5.5. About 53% of the respondents were of the view that strategic goals of Roads and Stormwater division are clearly explained to them by the management. However, about 45% of the respondents suggested opposing views to this. This outcome is in line with Siddiqi and Malik (2009) conjecture where they stressed that in order to enhance the performance of its employees and hence accomplish organisational objectives, strategic goals need to be explained and communicated to them.

Table 5.5: Perceptions of respondents on whether the strategic goals of Roads and Stormwater are explained clearly to them

Response	Number	% Contribution
Strongly disagree	7	7.2
Disagree	37	38.1
Not sure	2	2.1
Agree	51	52.6
Strongly agree	0	0
Total	97	100

Perceptions of respondents on whether the key performance measurements that are set for employees are realistic are shown in Table 5.6 below. Approximately 47% of the respondents were of the view that key performance measurements that are set for them are not realistic. However, a meagre 13% of the respondents suggested an opposing view to this. This result is in stark contrast to McConkey's(1999) management by objective theory. In his theory McConkey(1999) emphasized that in order to support the mission of the organization it needs to set clear objectives that are specific, measurable, agreed, realistic and time bound.

Table 5.6: Perceptions of respondents on whether key performance measurements that are set for them are realistic

Response	Number	% Contribution
Strongly disagree	17	17.5
Disagree	29	29.9
Not sure	38	39.2
Agree	13	13.4
Strongly agree	0	0
Total	97	100

Perceptions of respondents on whether key performance measurements that are set for employees are measurable are shown in Table 5.7 below. A significant 76.3% of the respondents were of the opinion that key performance measurements that are set for

them are measurable while a paltry 11.3% had opposing view to this. This result tallies well with Ferrera and Otley assertion that for an organization to be successful, it has to meet its objectives which are mostly set by senior managers. However, senior employees of an organization are responsible to translate the mission statement and vision into measurable objectives in order to serve its purpose effectively.

Table 5.7: Perceptions of respondents on whether key performance measurements that are set for employees are measurable

Response	Number	% Contribution
Strongly disagree	7	7.2
Disagree	4	4.1
Not sure	12	12.4
Agree	57	58.8
Strongly agree	17	17.5
Total	97	100

Perceptions of respondents on whether key performance measurements that are set for employees at Roads and Stormwater are specific are shown in Table 5.8 below. A remarkable 64% of the respondents were of the opinion that key performance measurements that are set for employees at Roads and Stormwater are specific. Only about 19% of the respondents had an opposing view to this. This result is again in line with McConkey(1999) theory which emphasized the need to set clear objectives that are specific, measurable, agreeable, realistic and time bound in an endeavor to achieve broad organizational objectives.

Table 5.8: Perceptions of respondents on whether key performance measurements that are set for employees are specific

Response	Number	% Contribution
Strongly disagree	2	2.1
Disagree	17	17.5
Not sure	16	16.5
Agree	62	63.9
Strongly agree	0	0
Total	97	100

Perceptions of respondents on whether key performance measurements that are set for employees at Roads and Stormwater are time bound is illustrated in Table 5.9 below. A significant 58.8% of the responded were of the opinion that key performance measurements that are set for employees at Roads and Stormwater are time bound. This outcome is supported by McConkey(1999) theory which lay emphasis on the need to set clear objectives that are specific, measurable, agreeable, realistic and time bound in an attempt to accomplish broad organizational strategic objectives.

However, only about 18% of the respondents expressed disappointment on the failure of the organization to put time limit on the key performance measurements.

Table 5.9: Perceptions of respondents on whether key performance measurements set for employees at Roads and Stormwater are time bound

Response	Number	% Contribution
Strongly disagree	0	0.0
Disagree	17	17.5
Not sure	23	23.7
Agree	57	58.5
Strongly agree	0	0.0
Total	97	100

Perceptions of respondents on whether key performance measurements are well communicated to them are illustrated in Table 5.10 below. The table indicates that about 37% of the respondents were happy with the communication pertaining to performance measurements. However, 30% of the respondents were not satisfied with the communication lines on key performance measurements. The overall positive outcome here is supported by Armstrong and Baron (2004) theory where they emphasized that in order for a Performance Management System (PMS) to deliver sustained success to the organisation, employee capabilities must be continuously improved. They also stressed that PMS should also enable an organisation to continuously communicate key performance measurements to employees so as to provide scope for employee and organisational development.

Table 5.10: Perceptions of respondents on whether key performance measurements are well communicated to employees

Response	Number	% Contribution
Strongly disagree	11	11.3
Disagree	18	18.6
Not sure	32	33.0
Agree	36	37.1
Strongly agree	0	0.0
Total	97	100

Perceptions of respondents on whether key performance measurements are agreed upon between line manager and the concerned employee are shown in table 5.11 below. A remarkable 52.6% of the respondents were of the view that key performance measurements that are set for employees are often not agreed upon between the line manager and employees. About 24% of the respondents had opposing views to this. This is in stark contrast to the theory (Storey, 2005) which emphasises the need for performance management system to include the whole cycle of agreeing goals and key

performance measurements between employees and their respective line managers. Over and above this, Storey (2005) argues that PMS should also include agreeing on broad objectives, providing feedback, offering advice and motivating employees to perform at high levels.

Table 5.11: Perceptions of respondents on whether key performance measurements are agreed upon between line manager and employees

Response	Number	% Contribution
Strongly disagree	11	11.3
Disagree	40	41.3
Not sure	23	23.7
Agree	23	23.7
Strongly agree	0	0.0
Total	97	100

Perceptions of respondents on whether they are happy with the key performance measurements that are set for them are shown in Table 5.12 below. The majority (50.5%) of the respondents suggested that they are delighted with the performance measurements that are set for them. This is in line with Ferreira and Otley (2009) theory where they suggested that employees should provide inputs on target setting and should also be involved in setting their own key performance measurements in agreement with their respective line managers. This is set to motivate employees and it is not possible for them not to be delighted with such key performance measurements where they took part in crafting. However, about 17.5% of the respondents indicated that they are not happy with their key performance measurements.

Table 5.12: Perceptions of respondents on whether they are happy with the key performance measurements

Response	Number	% Contribution
Strongly disagree	2	2.1
Disagree	15	15.5
Not sure	31	32.0
Agree	41	42.3
Strongly agree	8	8.2
Total	97	100

Perceptions of respondents on whether line managers at Roads and Stormwater regularly monitor performance of employees are shown in Table 5.13 below. The majority (44.3%) of the respondents suggested that line managers at Roads and Stormwater often monitor employee performance against set targets. This tallies well with Siddiqi and Malik (2009) conjecture where they defined PMS as a system that can be used to enhance the performance of the employees. They (Siddiqi and Malik) further suggest that it is a means of getting better results not only from the organisations but also from Teams and individual employees by putting emphasis on managing and monitoring the performance of individual employees within an agreed framework of planned goals, objectives, and performance standards. However, about 26% of the respondents expressed opposing views to this.

Table 5.13: Perceptions of respondents on whether line managers at Roads and Stormwater regularly monitor performance of employees

Response	Number	% Contribution
Strongly disagree	9	9.3
Disagree	16	16.5
Not sure	29	29.8
Agree	41	42.3
Strongly agree	2	2.1
Total	97	100

Perceptions of respondents on whether Roads and Stormwater offers effective developmental programmes for poor performers to enhance their performance at work are illustrated in Table 5.14 below. About 44% of the respondents suggested that Roads and Stormwater have regular developmental programmes that are targeted at poor performers. This matches with Siddiqi and Malik(2009) theory which emphasise that a good PMS should be able to manage poor performers by having personal development plans to assist such employees. However, it is the duty of the line manager to provide coaching and feedback pertaining to their performance and help them to identify their areas of strengths and weaknesses and also obtain their willingness to improve their performance by developing Personal Development Plans. However, an equally significant 37% of the respondents are not aware of existence of any developmental programs meant for poor performers at Roads and Stormwater.

Table 5.14: Perceptions of respondents on whether Roads and Stormwater offers effective developmental programmes for poor performers

Response	Number	% Contribution
Strongly disagree	13	13.4
Disagree	23	23.7
Not sure	18	18.6
Agree	29	29.9
Strongly agree	14	14.4
Total	97	100

Perceptions of respondents on whether employees' performance at Roads and Stormwater is evaluated fairly are shown in Table 5.15 below. A remarkable 62.9% of the respondents were of the view that performance evaluation at Roads and Stormwater is fairly done. It is interesting to note that none of the respondents suggested an opposing view to this. This outcome is supported by Siddiqi and Malik(2009) theory which stresses that a well designed PMS should incorporate critical factors that enhance the performances of employees. Some of these factors include fair

performance evaluation and fair remuneration to deserving employees. In such a fair environment, employees are likely to fully apply themselves and derive greater job satisfaction and organizational commitment. This tends to increase productivity as employees at various levels show their utmost contribution in achieving strategic organizational goals.

Table 5.15: Perceptions of respondents on whether employees’ performance at Roads and Stormwater is evaluated fairly

Response	Number	% Contribution
Strongly disagree	0	0
Disagree	0	0
Not sure	36	37.1
Agree	61	62.9
Strongly agree	0	0
Total	97	100

Views of respondents on whether Roads and Stormwater offers rewards to employees who meet their set targets are shown in Table 5.16 below. About 37% of the respondents were of the opinion that Roads and Stormwater offers deserving employees rewards for achieving their set targets. In line with the outcome obtained here, Otley (1999) suggested that when designing PMS framework, an organization needs to ensure that it covers issues such as key objectives that are central to the organization’s future, organizational strategies and plans, setting appropriate performance targets and appropriate reward system. This is also supported by Lee and Yang (2011).

On the contrary, about 28% of the respondents suggested that rewards are not attached to good performance at Roads and Stormwater.

Table 5.16: Perceptions of respondents on whether Roads and Stormwater offers rewards to employees who meet their set targets

Response	Number	% Contribution
Strongly disagree	15	15.5
Disagree	12	12.4
Not sure	34	35.1
Agree	16	16.5
Strongly agree	20	20.6
Total	97	100

Table 5.17 below indicates how the respondents rated the effectiveness of PMS for Roads and Stormwater before the major reforms in human resources policies and systems in 1994. A significant 70% of the respondents rated the effectiveness of PMS before the major reforms in human resources policies and systems in 1994 as average while 18.6% and 11.3% of the respondents rated it as good and poor respectively. This gives a weighted mean rating of 3.04 (using a scale of 1 to 5, where 1 is very poor and 5 is very good) which indicates that the overall effectiveness of PMS for Roads and Stormwater before the major reforms in human resources policies and systems in 1994 was average based on the respondents' point of view and it is assumed that respondents were objective in their assessment.

Table 5.17: How the respondents rated the effectiveness of PMS for Roads and Stormwater before the major reforms in human resources policies and systems in 1994

Response	Number	% Contribution	Mean
Very poor	11	11.3	3.04
Poor	0	0	
Average	68	70.1	
Good	10	10.3	
Very good	8	8.2	
Total	97	100	

Table 5.18 below indicates how the respondents rated the effectiveness of the current PMS for Roads and Stormwater. About 44% of the respondents rated the effectiveness of the current PMS for Roads and Stormwater as good while about 30% gave it a poor rating. However, the weighted mean is 3.3(using a scale of 1 to 5, where 1 is very poor and 5 is very good), indicating that the current effectiveness of the PMS for Roads and Stormwater is average based on the view of the respondents.

Table 5.18: How the respondents rated the effectiveness of the current PMS for Roads and Stormwater

Response	Number	% Contribution	Mean
Very poor	11	11.3	3.3
Poor	18	18.6	
Average	25	25.8	
Good	21	21.6	
Very good	22	22.7	
Total	97	100	

5.4 Results for objective 2: Establish the association between PMS (used in Roads and Stormwater) performance, productivity and service delivery.

Table 5.19 below shows the association between PMS, productivity and service delivery performance using correlation analysis. It is observed from Table 5.19 that all the correlation coefficient values are positive and greater than the 0.5 threshold. This indicates a strong linear association between PMS, productivity and service delivery. Consequently, Roads and Stormwater needs to formulate and implement good Performance Management Systems that perform well so as to improve on its productivity and service delivery.

Table 5.19 Measure of association between PMS, productivity and service delivery using correlation analysis

	<i>Service delivery</i>	<i>PMS</i>	<i>Productivity</i>
<i>Service delivery</i>	1		
<i>PMS</i>	0.74	1	
<i>Productivity</i>	0.68	0.79	1

5.5 Results for objective 3: Evaluate whether service delivery is influenced by the performance of PMS and productivity.

Dependability of service delivery on PMS and productivity is tested using hypothesis testing. The null and alternate hypothesis statements are defined as follows;

H_0 : Service delivery is not influenced by performance of PMS and productivity

H_1 Service delivery is influenced by performance of PMS and productivity

Table 5.20 below shows multiple linear regression which indicates a relationship amongst service delivery, PMS and productivity. In this case, service delivery is the dependent variable while PMS and productivity are independent variables. Since the p-values for both PMS and productivity coefficients are less than the 5% threshold. H_0 is rejected at 5% level of significance and hence it can be concluded that service delivery is influenced by performance of PMS and productivity. In order for Roads and Stormwater to improve on its service delivery, it needs to design PMS that suit their environment and perform well up to the expectation among other factors. Good PMS naturally motivate employees to fully apply themselves at work and this has a positive impact on productivity of the company.

Table 5.20: Multiple linear regression analysis to test whether service delivery is influenced by PMS and productivity

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	1.637	0.237	6.893	0.000	1.165	2.108
PMS	0.347	0.069	5.032	0.000	0.210	0.484
Productivity	0.233	0.109	2.140	0.035	0.017	0.450

5.6 Results for objective 4: Compare the impact of PMS on service delivery before and after reforms implementation

To compare the impact of PMS on service delivery before and after reforms implementation, a pair wise t-test is used. A t-test is a statistical procedure that tests whether there are any differences in means between two samples or treatments. Before a t-test can be applied a researcher needs to define the null and alternate hypothesis. In this case, the hypothesis statement is defined as follows;

H_0 : The impact of PMS on service delivery is the same before and after the implementation

H_1 The impact of PMS on service delivery is not the same before and after the implementation

Since the p- value (13.9%) for the paired two sample t-test in Table 5.21 is greater than the 5% threshold, we fail to refute the null hypothesis, H_0 and conclude that the impact of PMS on service delivery is the same before and after the implementation of the reforms. Therefore despite massive reforms on human resources policies and system that were done, this has had no significant impact on the performance of the PMS in Roads and Stormwater division.

Table 5.21 Testing whether there are any differences in the impact of PMS on productivity before and after 1994 reforms

	<i>Service before 1994</i>	<i>Current Service delivery</i>
Mean	3.206	3.340
Variance	0.165	0.685
Observations	97.000	97
Pearson Correlation	0.099	
Hypothesized Mean Difference	0.000	
df	96	
t Stat	-1.491	
P(T<=t) two-tail	0.139	
t Critical two-tail	1.985	

5.7 Results for objective 5: Determine the strengths and weaknesses of the current PMS that is used by the Roads and Stormwater division

Based on the information provided by the respondents, the following are the strengths related to the current PMS that is used by the Roads and Stormwater division;

- ⇒ Employees seem to participate in setting strategic goals of the organization. This motivates them to fully apply themselves at work.
- ⇒ Management at Roads and Stormwater often take time to clearly explain strategic goals of Roads and Stormwater division to employees
- ⇒ Key performance measurements that are set for employees are measurable, specific and time bound.
- ⇒ Line managers at Roads and Stormwater often provide good leadership and they regularly monitor performance of employees against set targets
- ⇒ Performance evaluation at Roads and Stormwater is by enlarge done fairly
- ⇒ Roads and Stormwater employees seem to be generally happy with the performance measurements that are set for them

The following weaknesses were identified;

- ⇒ Employees are of the opinion that key performance measurements that are set for them at Roads and Stormwater are not realistic
- ⇒ key performance measurements that are set for employees at Roads and Stormwater are often not agreed to between the line manager and the concerned employee.
- ⇒ Roads and Stormwater seem not to have developmental programs for poor performers to enhance their performance at work
- ⇒ Roads and Stormwater does not seem to offer rewards for hard work.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The broad objectives of this study are as follows;

- ⇒ Evaluate the effectiveness of the current PMS used at Roads and Stormwater division to meet its intended goals.
- ⇒ Establish the association between PMS (used in Roads and Stormwater) performance, productivity and service delivery.
- ⇒ Evaluate whether service delivery is influenced by PMS and productivity.
- ⇒ Compare the impact of PMS on productivity before and after reforms implementation
- ⇒ Identify strengths and weaknesses of the current PMS that is used by the City Of Tshwane's Roads and Stormwater division

A semi structured questionnaire was used as a data collection tool targeting operational staff, management and executives at Tshwane's Roads and Stormwater division. In this chapter, limitations, conclusions and recommendations are presented in line with the main research objectives mentioned above.

6.2 Limitations

The following limitations are applicable in this research study;

- ⇒ Due to time and financial resources constraints to do this study, only a limited number of respondents were considered.
- ⇒ Lack of support from potential participants because of their tight work schedules
- ⇒ Distribution of respondents was unfairly balanced in favour of degree and postgraduate degree holders

- ⇒ The study was confined to operational staff, managers and executive personnel within Roads and Stormwater division (City Of Tshwane) who are deemed to be well-informed in this domain.

6.3 Conclusion

Based on the information obtained from respondents from in this research study, it can be concluded that

- ⇒ Employees seem to participate in setting strategic goals of the organization. This motivates them to fully apply themselves at work.
- ⇒ Management at Roads and Stormwater often take time to clearly explain strategic goals of Roads and Stormwater division to employees
- ⇒ Key performance measurements that are set for employees are measurable, specific and time bound.
- ⇒ Line managers at Roads and Stormwater often provide good leadership and they regularly monitor performance of employees against set targets
- ⇒ Performance evaluation at Roads and Stormwater is by enlarge done fairly
- ⇒ Roads and Stormwater employees seem to be generally happy with the performance measurements that are set for them

However, the following negatives were identified;

- ⇒ Employees are of the opinion that key performance measurements that are set for them at Roads and Stormwater are not realistic
- ⇒ Key performance measurements that are set for employees at Roads and Stormwater are often not agreed to between the line manager and the concerned employee.
- ⇒ Roads and Stormwater seem not to have developmental programs for poor performers to enhance their performance at work

- ⇒ Roads and Stormwater does not seem to offer rewards for hard work.

Therefore despite massive reforms on human resources policies and system that were implemented in 1994, this has had no significant effect on the performance of the PMS in Roads and Stormwater division. Consequently, the impact of PMS on service delivery has been the same before and after the reforms.

6.4 Recommendations

The following recommendations can be considered by Roads and Stormwater division;

- ⇒ Line managers should involve employees in every aspect concerning key performance measurements. This might help to set realistic performance measurements.
- ⇒ All key performance measurements should be agreed between line manager and the employee concerned.
- ⇒ Poor performers at work should be identified and appropriate developmental programs must be offer in order that they can improve and assist the organisation to meet its broad objectives
- ⇒ Roads and Stormwater should have a consistent reward system that recognises and remunerates good work.

6.5 Suggestions for Further Research

The following are suggested research studies that can be pursued further;

- ⇒ A similar study can be undertaken but this time including more respondents for credible results
- ⇒ A study can be done to assess other factors that can affect the performance of PMS and its effect on business performance
- ⇒ A study can be done to assess the effect of rewarding performing employees on overall productivity and teamwork.

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APPENDIX A

RESEARCH QUESTIONNAIRE

UNISA



**Master of Business Administration
(MBA)**

This questionnaires Constitute Part of the survey for a Treatise to be written as Partial fulfillment of the Program of MBA

TOPIC OF STUDY

***EVALUATING THE IMPACT OF LOCAL GOVERNMENT PERFORMANCE
MANAGEMENT SYSTEMS ON SERVICE DELIVERY***

Please indicate your preferred answer with an X in the appropriate box.

SECTION A: BACKGROUND INFORMATION

1. Gender

Male	
Female	

2. Highest academic level you achieved

Matriculation	
Tertiary	
Degree	
Postgraduate	
Doctorate	

3. Your position at work

Executive	
Manager	
Senior consultant	
Consultant	

4. Your working experience in years

Less than 2 years	
2 to 3years	
4 to 5 years	
More than 5 years	

SECTION B: ORGANIZATIONAL STRATEGIC GOALS

5. Strategic goals of the Public Works and infrastructure Development's Roads and Stormwater division are explained to employees

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

6. Roads and Stormwater division's employees participate in setting strategic goals of the organization.

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

7. Public Works and infrastructure Development's Roads and Stormwater division vision and mission are aligned with the employee performance measurements.

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	

I strongly agree	
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8. Roads and Stormwater division employees understand the broad objectives of the Public Works and infrastructure Development

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

9. Roads and Stormwater division employees are aware of the future success factors of the Public Works and infrastructure Development

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

10. Future success factors of the Public Works and infrastructure Development are well communicated to Roads and Stormwater division's employees

Very good	
Good	

Satisfactory	
Poor	
Very poor	

SECTION C: PLANNING AND MONITORING

11. Roads and Stormwater division’s key performance measurements that are set for employees are realistic

Very good	
Good	
Satisfactory	
Poor	
Very poor	

12. Roads and Stormwater division’s key performance measurements that are set for employees are measurable

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

13. Roads and Stormwater division’s key performance measurements that are set for employees are attainable

I strongly disagree	
I disagree	

Neither agree nor disagree	
I agree	
I strongly agree	

14. Roads and Stormwater division's key performance measurements that are set for employees are specific.

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

15. Roads and Stormwater division's key performance measurements that are set for employees are time bound

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

16. At Roads and Stormwater division, key performance measurements are well communicated to employees

I strongly disagree	
I disagree	

Neither agree nor disagree	
I agree	
I strongly agree	

17. At Roads and Stormwater division, key performance measurements that are set for employees are agreed upon between line manager and the concerned employee

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

18. As an employee at Roads and Stormwater division, I am happy with key performance measurement set

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

19. The line manager at Roads and Stormwater division continuously monitors the performance of the employees against set targets

I strongly disagree	
I disagree	
Neither agree nor disagree	

I agree	
I strongly agree	

20. Roads and Stormwater division offers effective developmental programmes for poor performers to enhance their performance at work.

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

SECTION D: EVALUATION AND FEEDBACK

21. At Roads and Stormwater division, every employee's performance is evaluated regularly

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

22. At Roads and Stormwater division, employees are evaluated fairly without any bias

I strongly disagree	
I disagree	

Neither agree nor disagree	
I agree	
I strongly agree	

23. As an employee at Roads and Stormwater division, I am happy with my evaluation performance rating

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

24. Roads and Stormwater division offer rewards to employees who meet their set goals to motivate them.

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

25. As an employee at Roads and Stormwater division, I am happy with the rewards given to me for my good performance at work

I strongly disagree	
I disagree	
Neither agree nor disagree	
I agree	
I strongly agree	

SECTION E: PERFORMANCE MANAGEMENT SYSTEM (PMS) AND SERVICE DELIVERY

26. How do you rate the effectiveness of PMS for the Roads and Stormwater division **before** major reforms in human resources policies and systems in **1994**?

Very poor	
Poor	
Average	
Good	
Very Good	

27. How do you rate the effectiveness of the **current** PMS for Roads and Stormwater division?

Very poor	
Poor	
Average	
Good	

Very Good	
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28. How do you rate the service delivery of Roads and Stormwater Division before the major reforms in human resources policies and systems in **1994**?

Very poor	
Poor	
Average	
Good	
Very Good	

29. How do you rate the **current** service delivery abilities of Roads and Stormwater Division?

Very poor	
Poor	
Average	
Good	
Very Good	

30. How do you rate Roads and Stormwater Division's **productivity levels** before the 1994 major reforms in human resources policies and systems?

Very low	
Low	
Average	
High	
Very high	

31. How do you rate the **current** Roads and Stormwater Division's **productivity levels**?

Very low	
Low	
Average	
High	
Very high	

Thank you for your participation and time