Performance management in the South African Department of Labour

Smoke and Mirrors?

R Cameron
Department of Political Studies
University of Cape Town
South Africa

ABSTRACT

This article examines performance management in the South African Department of Labour looking at the roles of the national office, provincial offices and labour centres. The research objective was to identify the problems and obstacles in implementing both the organisational and individual performance management system. A single case-study method was followed and use was made of a semi-structured questionnaire.

The findings were that, although there are well developed performance management frameworks, they have not really been successfully implemented. There are four categories of impediments affecting the implementation of performance management. The first category is that of problems of measurement and design. The second category is that of the gaming of the system and a lack of compliance in the signing and evaluation of individual performance agreements by senior officials. The third category is lack of capacity which includes inadequate information technology systems and poor quality of staff. The fourth category is that of accountability. There needs to be strong accountability of bureaucracies if performance is to be taken seriously and public bureaucracies are to work effectively.

INTRODUCTION

The newly democratic South Africa adopted New Public Management (NPM) reforms as part of its public service reform programme. Cameron (2009) in a 10-year review of the country's public service reform argues that although there are elements of NPM in the South African government's programme, they have been implemented in a lukewarm fashion. There are nevertheless well developed NPM frameworks, including elaborate organisational and individual performance management systems.

This article examines performance management in the South African Department of Labour (DoL). Policy making resides in a relatively small national government department and implementation is the responsibility of labour centres, which have a certain degree of autonomy in providing certain labour services. There are also provincial offices of the DoL whose function is to support labour centres. The article examines the two main components of the DoL, namely the Public Employment Services (PES) and Inspection Enforcement Services (IES).

The research objective was to identify the problems and obstacles in implementing both the organisational and individual performance management systems.

METHODOLOGY/RESEARCH PROCESS

This article is based on an International Labour Organisation (ILO) project for the South African DoL in 2011/2012. The author of this article was the ILO researcher for this project and conducted all the interviews. A single case-study method was used in the investigation (McNabb 2002). Primary data was gathered through the use of a semi-structured questionnaire, interviews and focus group meetings. A semi-structured questionnaire was used for the case study. The final semi-structured questionnaire was drawn up with the concurrence of both ILO and the DOL.

A non-probability judgement sampling, largely determined by the DoL, was used. Six senior managers from the PES head office were interviewed along with five senior managers from the IES head office. Focus groups were held with representatives from the northern and southern provincial offices of the PES and IES. The northern provincial offices' focus groups consisted of representatives from Gauteng, Limpopo, Mpumalanga and North West, while the southern provincial offices' focus groups were with representatives from the Western Cape, KwaZulu Natal and the Northern Cape. An interview was also held with a Chief Director: Provincial Operations.

A workshop was held in Johannesburg to verify the draft findings. It was attended by officials from both the national DoL and various provincial DoL offices. The draft report was amended in light of the comments received at the workshop.

The research was supplemented by secondary data obtained from the DoL, as well as performance management publications by the Presidency, the National Treasury and DPSA. Interviews were also conducted with the then Directors-General of Department of Public Service and Administration (DPSA), the Public Service Commission (PSC) and the former South African Management Development Institute (SAMDI) (now National School of Government).

LITERATURE REVIEW

A major component of NPM is performance management. If managers are to be given greater autonomy, they need to be held accountable through performance standards (Minogue 1998:26; United Nations 2005:55). Hood (1991:4–5) points out that explicit standards and measures of performance require that goals are defined and performance targets are met. This can take the form of using performance indicators and setting targets. Hughes (2003:54–55)

points out that NPM entails moving from inputs to outcomes or outputs. There is a need for a performance appraisal system to measure both individual and organisational performance.

There are a number of arguments in favour of performance management. The most important are: firstly, performance is needed for accountability and transparency. For democratic systems to work citizens need to be given information not just about what is spent on public activities but also what results have been achieved. This improves accountability of results. Secondly, there is performance as customer service. Where there is not a single, monopoly state, citizens and users may be able to make a choice as to which public institutions to utilise. This is justified by the need of citizens to have sufficient information about public institutions' relative performance in order to make choices. Thirdly, there is performance as customer service. This argument posits that public institutions should make clear statements about the level of service they intend to supply, in terms of timeliness, accessibility and quality; and then report on their success against these aims. Fourthly, there is performance as efficiency. This is perhaps the longest running argument in favour of performance management. It is held that performance contracts should be drawn up which specify the resources to be used; the outputs and services to be delivered; the monitoring mechanisms to be used and the reward and sanctions to be delivered. Fifthly, performance measurement may promote learning processes both between and within organisations (Talbot 2005, 2010; De Bruijn 2007).

While performance management has in some cases led to improved service delivery its efficacy has been questioned even in developing countries. Talbot (2005) points out *inter alia* that performance measurement is about trying to put quantitative values onto many aspects of public services which are difficult to quantify; a consequence of the rewards and sanctions, coupled with the problems associated with measuring complex areas of professional practice, may result in changes in behaviour in which performance is not optimised and drawing on Lindblom that public systems are dominated by politics which inevitably leads to instability, incrementalism, muddling through, messy compromises and value judgements which fatally undermine all attempts at rational decision-making.

Hood (2007:100) argues that gaming, namely the deliberate massaging or outright fabrication of numbers collected with the intention of improving the position of an individual or organisation, is widespread in British government. He also states that where performance is accurately reported and organisations are genuinely improving their performance, it can lead to a focus on narrow outcomes or outputs for one agency to the detriment of other wider policy and programme objectives. Bird *et al.* (2005) points out that focusing on indicators rather than the service can result in a type of statistical gaming whereby, instead of improvement in existing services, performance Management leads to service drift so that either individuals are excluded from receiving the service whose attendance would be likely to compromise indicators *or* an institution's range of services is limited in future to those associated with high past performance on measured indicators (also see James 2004).

NPM reforms have spread through many developing countries, including much of Anglophone Africa. The suitability of NPM reforms such as performance management for developing countries is a matter of conjecture. Schick (1988) argues that developing countries are characterised by informality rather than formal bureaucratic rules and contracts. A discussion of performance contracts and decentralised authority is characteristic of a more formal world. He attests that developing countries need old-style public administration

with a framework of rules and a culture of implementing them before NPM reforms can be introduced. Weakening already weak procedures by giving managers *the right to manage* aggravates the various problems that NPM tries to ameliorate (also see McCourt 2013).

Manning (2001) found the impact of NPM in developing countries to be modest. What was lacking was predictable resourcing, credible regulation of staff, credible policy and customer focus. NPM was driven by angry consumers in developed countries. In developing countries public expectations are low with the result that citizens are likely to think that it is not worth the effort to complain.

The literature on the applicability of performance management to developing countries suggests there are obstacles to the successful implementation of performance management. Larbi (1999:26–27), in a review of performance contracting in developing countries, suggests that its successful implementation requires certain preconditions. Capacity issues range from managers' autonomy through to effective management information systems and a well-staffed and well equipped monitoring agency. These factors are not always present in developing countries. Talbot (2004a:312–3) in a review of performance management in Jamaica states that there is a tendency to adopt a *scatter gun* approach, measuring everything and anything that comes into view. Many of the indicators were operational rather than strategic. This was translated into vague and imprecise policy indicators.

Polidano (1999:27) argues that it seems that the effects of managerial autonomy on the performance of public organisations are highly context dependent. It works in some situations but not in others. Similarly McCourt (2013:2) concludes that context is more important than international best practice.

SOUTH AFRICAN PUBLIC SERVICE REFORM

In 1994 South Africa elected its first democratic government. The new African National Congress (ANC) government had two main tasks regarding public administration. *Firstly,* there was a need to move from a public service which provided services mainly to a small white minority to one that provided services to all of the population. *Secondly,* there was a need to modernise the public service, which had become outdated due to international isolation under apartheid (Thornhill 2008). The new democratic South African government subsequently embarked on NPM reforms in the 1990s as part of its public sector reform programme. A number of NPM measures were introduced including decentralisation of authority and responsibility to managers; rightsizing, corporatisation, the introduction of the contract system for heads of departments; the creation of a more flexible human resources system, the introduction of performance management and attempts to improve service delivery (Ncholo 2000; Miller 2005; McLennan 2007; Cameron 2009).

This article focuses specifically on the performance management reforms.

PERFORMANCE MANAGEMENT IN SOUTH AFRICA

There are two main official documents that address organisational performance management. *Firstly,* the National Treasury (2007) has produced a document called *Framework for*

Managing Programme Performance Information. Of importance is its assertion that budgets are developed in relation to inputs, activities and outputs, while the aim of management is towards achieving the outcomes and impacts.

Secondly, the Presidency (2009) issued a report entitled Improving Government Performance, which considers ways of improving government's organisational performance. There is now an emphasis on the outcomes performance-management system. The starting point of this process is the Medium-Term Strategic Framework (MTSF). It is a five-year plan arising from the government's Vision 2025 and other issue-specific policy research. The MTSF is converted into the main outcome indicators, approved by Cabinet. They are a simple and clear way of expressing government's mandate.

The Presidency plays a supporting role in establishing the performance agreements with ministers and in sectoral delivery agreements, focusing on a small set of outcomes and a selected group of outputs. Ministers will cascade results-focused lines of accountability down to senior officials.

The DPSA has produced two main documents dealing with individual performance management. One is the *Senior Management Service (SMS) handbook* (DPSA 2003) and the other is the *Performance Management Development System* (PMDS) document for salary levels 1–12 (DPSA 2006). While the framework for performance management is contained in Chapter 4 of the SMS Handbook, aspects of this PMDS are also applicable to SMS members. The documents are very similar in performance management processes, although the SMS requirements are more specifically linked to competency requirements.

The following five categories of individual performance are used for the purpose of performance rating, review and the annual assessment of employees:
- unacceptable performance (rating 1);
- performance not fully effective (rating 2);
- performance fully effective (rating 3);
- performance significantly above expectations (rating 4); and
- outstanding performance (rating 5).

Performance bonuses and pay progression are given to those who get a 4 or 5 rating. Ratings of 1 and 2 do not get performance bonuses or pay progression. A 3 rating gets a pay progression only.

The Minister of Public Service and Administration has determined that only 1,5% of the departmental remuneration budget can be allocated to performance bonuses.

Studies have shown that there are substantive problems of implementation and compliance in respect of both the signing of individual performance agreements and of evaluation (Maphunye 2001; Miller 2005; Cameron 2009). There were concerns about the low level of compliance in the signing of performance agreements by senior officials (PSC) 2007:45–6). The government releases an annual programme of action which includes a set of top priorities, which it calls *Apex priorities* (now called *Government Programme of Action*). One of the Apex priorities in 2008 was to ensure that all SMS members signed performance agreements timeously (DPSA 2008b). There are proposed regulations to introduce disciplinary action where such agreements have not been signed. Subsequently there has been an increase in the number of managers that have signed performance agreements. As at November 2008, 83% of managers in the public service had done so

(DPSA 2008b). However, in 2010 this dropped to 65%, which was partly due to the fact that the 2009 elections had brought in new ministers who were still familiarising themselves with their new portfolios (PSC 2010:52). The most recent data on the compliance rate for the filing of performance agreements of HODs was 78% for both the national and provincial departments for the 2009/10-2011/12 financial years (PSC 2011:34–35).

Concern has been expressed at the possibility that poorly formulated performance agreements may result in appraisal outcomes that are biased, either towards or against the Head of Department (HoD). These are performance appraisals that fail to show an adequate correlation between the individual performance of the HoD and the overall performance of the department (PSC 2008a:18).

There are a number of reasons for non-compliance with performance management regulations, ranging from unforeseen emergencies, work pressures and restructuring to the frequency of political and administrative leadership changes, which creates organisational instability (DPSA 2008b). The PSC (2011:35) also stated that the filing of performance agreements had been delayed because of new appointments.

The PSC has also raised the problems of performance evaluation in a number of its reports. It pointed out (2004:16, 34) that performance management was a major challenge facing the public service and described compliance with guidelines as erratic and inconsistent. And in 2005/06 it got worse: 50% of HoDs in the national sphere and 44% in the provincial sphere were not evaluated (PSC 2008b:66). More recent research by the PSC (2011:33-34) indicates that during the 2008/09 financial year, of the 31 HoDs in national departments who qualified to be evaluated, only four were in fact evaluated. In the 2009/10 financial year in the national sphere, there were 16 HoDs who qualified to be evaluated. As at end October 2011, only two performance assessments were held for the 2009/10 financial year. The technical brief states that this is the worst non-compliance rate the PSC has ever reported since the inception of the HoD evaluation framework during the 2001/02 financial year. In the provincial sphere 72 HoDs qualified to be evaluated for the 2008/09 financial year of which only twenty nine (40 percent) were evaluated.

A final indicator was whether departments have established performance management systems. The PSC (2011:35–36) found that the overall average performance score obtained by the 51 evaluated departments in the 2009/10 and 2010/11 cycle was 75 percent. Of the 51 departments, 21 (41 percent) obtained an excellent score between 81–100 percent. It has also been noted that 92 percent of departments have put in place performance management systems for all departmental programmes.

The fact that a performance management system is in place does, however, say nothing about the quality of the performance information. The findings of the Attorney-General in this regard were illuminating in that 25 out of 35 national departments' performance information did not comply with regulatory requirements and was not useful or not reliable. The same finding applied to 72 percent of provincial departments.

It can be seen that the signing of performance agreement is less than optimal and performance evaluation was on the low side. A cynical interpretation of this suggests that there is no need to game the system–if the building blocks of the performance management system are not in place it is not necessary to manipulate the numbers!

Furthermore, the quality of performance information is also inadequate. It appears that this NPM-driven reform is only skin deep. The evidence suggests that there is not a substantive

performance culture in the South African public service. These findings are consistent with evidence on performance-related pay in other countries which are inconclusive and ambiguous (United Nations 2005:x; Bourgon 2008:49–50).

DASE STUDY: DEPARTMENT OF LABOUR

The South African Government structure consists of national government, nine provincial governments and 278 separate local governments with concurrent powers and functions laid down in the Constitution.[1] Labour is, however, an exclusive national function with no provincial or local government involvement. The DoL is divided into the head (national) office, based in Pretoria, 10 (now 9) provincial offices and 125 labour centres (ILO 2010:10–12). The national office is the policy-making body. Provincial offices provide technical and administrative support to local labour centres. The *Skills Development Act,* 1998 makes provision for the establishment of labour centres that are responsible for providing employment services for workers, employers and training providers to help promote employment, income generating projects and education and training programmes (ILO 2010:5–6).

The labour centres are *Next Steps* agencies that provide services directly to clients. While their funding comes from the DoL national budget, labour centres have operational autonomy. They are headed by regional managers who report to the Chief Directorate: Provincial Operations.

The two directorates that are analysed in this article are the PES and IES, which are two of the three main functions of labour centres (the other one is beneficiary services). The PES was established in 2009. Its key services include:

- registration of job seekers and placement opportunities and placement of work seekers;
- career information and guidance;
- special labour market programmes;
- regulatory functions including registration and monitoring of private employment agencies.

The main functions of the IES are:

- to conduct workplace inspections and audits of accredited inspection authorities to monitor and enforce compliance with labour legislation;
- to provide advice, technical information and support services to empower workers, employers and stakeholders, and to prevent labour disputes and workplace accidents; and
- to investigate workplace health and safety incidents once reported (DoL 2011a:3).

Department of Labour performance framework

The DoL has its own organisational performance management policy and performance information management process guidelines, which are applicable to all offices of the DoL: the head office, provincial offices and labour centres (DoL 2010).

The DoL policy and guidelines have been put together within the national policy set by Presidency and the Treasury (DoL 2010:12). A diagrammatic representation of how this organisational performance framework cascades down the DoL is as follows:

Figure 1 Organisational performance framework in the DoL
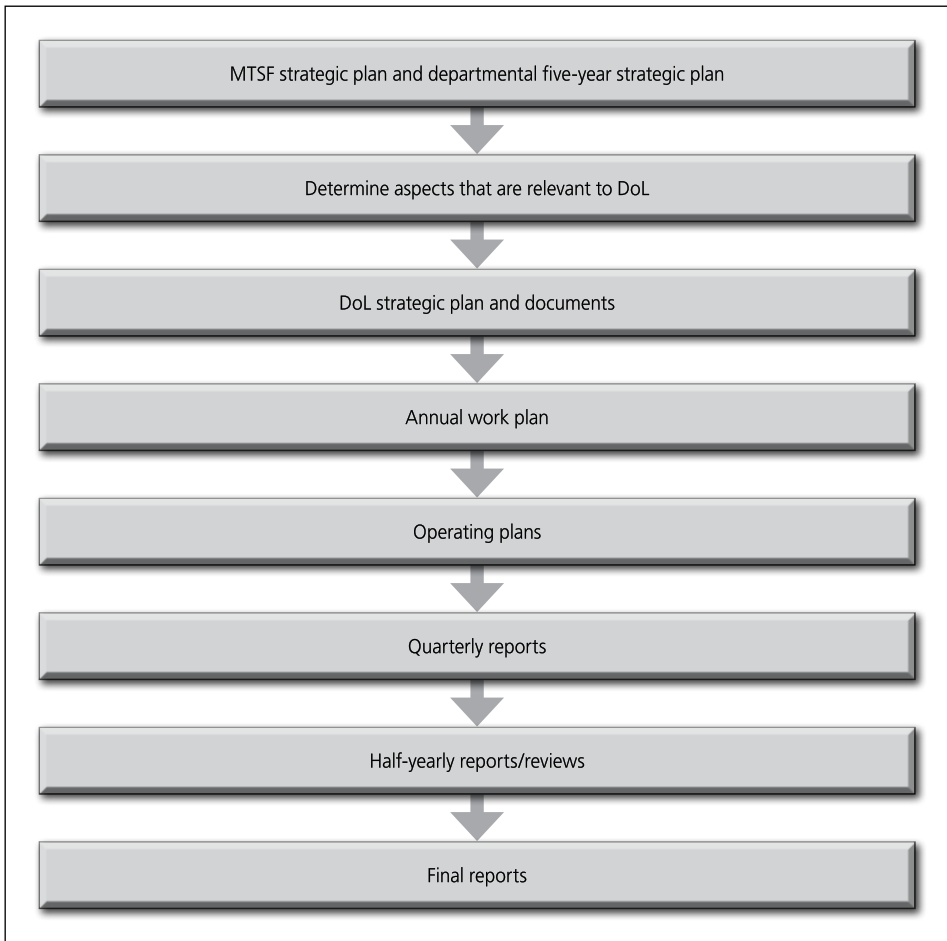
A more detailed account of how performance indicators are established and reviewed is as follows:

The medium-term strategic framework is developed. This is an expression of government's *Programme of Action* in which 10 strategic priority areas were identified. This is followed by the development of 12 key outcomes, with accompanying outputs and strategic activities and metrics. The next step is the development and signing of performance agreements between the President and ministers (EAs), which outline high-level outputs, metrics and key and contributing activities towards each outcome. Then follows the conversion of high-level outputs and metrics into a detailed delivery agreement with key partners who need to work together to achieve the outputs. The negotiated agreement spells out who will do what, by when and with what resources.

The President signs performance agreement with relevant ministers, who are responsible for developing a delivery agreement that refines and provides more detail on the outputs, targets, indicators and key activities for each outcome, and identifies required inputs and clarifies roles.

A five-year strategic plan (2011–2016) was drawn up by the DoL (2011:b) that takes into account the service delivery outcomes of government when drawing up strategic outcomes-oriented goals, objectives, programme performance indicators and targets. Mostly quantitative data is used in indicators. The Presidency and Treasury prefer measurable targets because of the belief that it enhances accountability.

PES and IES national targets are first divided into provincial targets and then into labour centre targets. Provincial and national IES and PES branches meet on a regular basis to discuss performance, including the achievement of performance indicators and targets.

How are targets reviewed? Branches convene a workshop at the beginning of each financial year. The work plan and the targets must be reviewed at the end of each year. Strategic plans, government indicators, data from SA Statistics and the DoL are taken into account, along with the performance reports of the previous year and central data from the *Labour Market Information and Statistics* (LMIS), which is responsible for monitoring the impact of legislation and reporting about trends in the labour market to the DoL. Revised targets have to be sent for discussion and endorsement by Departmental Executive Management Committee (DEXCOM), the Department's senior management structure, and approved by the EA within the DoL.

There are limits on the extent to which targets can be changed because the DoL, as with all government departments, is working in terms of a five-year strategic plan. If there are major changes to the service delivery environment, the targets can be changed. This should be reflected in the annual performance plan which is tabled in Parliament annually in February.

Reporting lines

The DoL (2011b:8) identified the ineffective organisational structure, which is insufficiently flexible to respond to service delivery needs, as a major weakness. This was corroborated during interviews.

The existing organisational structure is based on a decentralised NPM *Next Steps* agency model, with a corporate head office for overall policy and strategy. The execution of this policy and strategy is then delegated to decentralised units that directly serve the community in terms of specific delegated powers. The fact that there are three spheres involved here – national offices, provincial offices and labour centres – makes this NPM split between policy-making and implementation arms more complex.

The interviews established the reporting lines in the DoL (Interviews with senior officials, DoL, May 2011). The head office sets strategy and policy and provides support to provinces and labour centres through, for example, briefing sessions with the Deputy Director-General (DDG): Provincial Operations Officer, regular meetings with Chief Directors: Provincial Operations, meetings with business unit managers and road-show presentations. Provincial offices of the DoL provide support to labour centres, while PES and IES service delivery is performed at labour centres headed by regional managers. These regional managers are normally deputy directors, although assistant directors sometimes perform this function. They are accountable to the Chief Director: Provincial Operations in the respective provinces, who in turn reports to the DDG: Provincial Operations at head office.

The head office provides leadership and focus on strategic issues. Chief directors in the provincial sphere are accountable for the operations of the provincial offices and labour centres are the coalface of service delivery. If need be, they have to account for why they cannot achieve the targets that were allocated to their offices.

The PES and IES have their head offices in Pretoria (the executive capital) and there are branches headed by deputy directors in the respective provinces. They have regular meetings with province. Neither national nor provincial staff can go directly to the labour centres; permission from the Chief Director: Provincial Operations is first required if there are issues that they want to engage with at labour centres.

Both national and provincial PES and IES staff expressed frustration that they do not have a say over the activities over their staff at labour centres. The regional managers have autonomy over human resources at labour centres. The national directorate is ultimately responsible for achieving national targets, but has no direct control over the activities of IES and PES staff at the labour centres. Provincial IES and PES staff expressed similar concerns about provincial targets.

Some provincial PES staff said that they had managed to work their way around this red tape by cultivating informal relationships with regional managers. However, this was not always possible.

Organisational performance

The lines of reporting for organisational performance in the DoL are as follows (Interviews with senior officials, DoL, May 2011). They are the same for both PES and IES staff.

PES/IES staff at the labour centres are required to provide monthly reports to regional managers (also see figure 1). These are then consolidated into quarterly, six-monthly and annual reports. Staff have to point out the extent to which targets have been reached and reasons for non-compliance, as well as remedial action to correct the deviances.

At the behest of the Chief Directorate: Provincial Operations, PES/IES staff in the provinces have to verify the data. It is then sent to the Chief Directorate: Provincial Operations in the head office. A manager in the IES head office responsible for consolidating provincial data into national reports pointed out that there is no centralised electronic system. He has to try and consolidate data manually. The other problem is that data is not standardised and not reliable. He often has to phone provinces in order to obtain clarity.

Neither national nor provincial PES/IES head office staff has any direct say over the performance review of staff at labour centres. The Deputy Director-General (DDG): Public Employment Services and the DDG: Inspection and Enforcement Services have the right to comment on the report of the DDG: Provincial Operations in this regard, but have no authority to bring about any significant changes.

The branches are responsible for consolidating provincial reports into branch reports, which are then submitted to the Chief Directorate: Planning, Monitoring and Evaluation. The reports are subsequently tabled before the Performance Information Management Committee chaired by the Chief Directorate: Planning, Monitoring and Evaluation. From there they are sent to DEXCOM and finally to the Minister of Labour, who signs off the organisational performance reports and sends them to Treasury. It, in turn, sends a copy to the Presidency.

Figure 2 Lines of reporting for organisational performance in the DoL
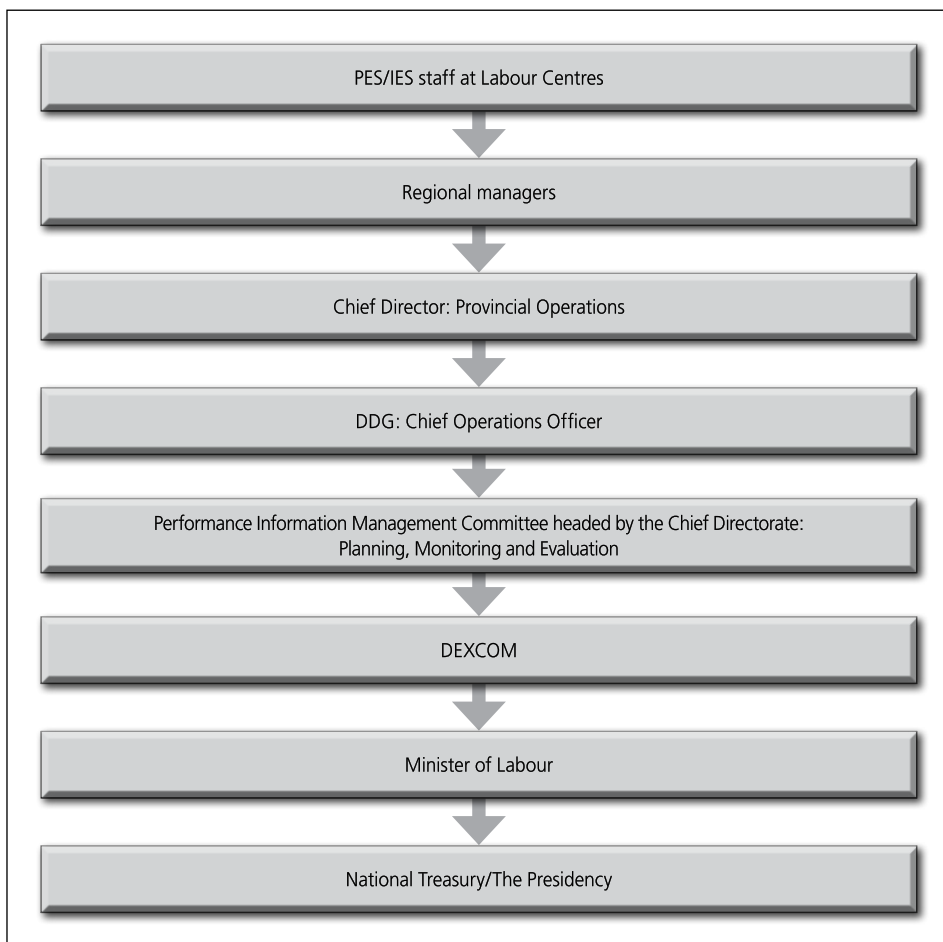
One of the major issues raised by many interviewees is that national PES and IES managers in the DoL are responsible for national targets but are dependent for their implementation on PES/IES staff at labour centres, which are the point of service delivery. As pointed out managers are held accountable for targets over which they have little control. A similar point was made by provincial PES/IES staff. Both national and provincial interviewees felt that the quality of regional managers and PES/IES staff at labour centres varied both between and within provinces. Patronage appointments abounded in some labour centres. One national IES manager complained that 'knitters and bakers were being appointed as labour inspectors'. This contributed to poor service delivery in many labour centres, which made the reaching of targets problematic.

Individual performance

The reporting lines for individual performance management for PES/IES staff at labour centres are as follows (Interviews, senior officials, DoL, May 2011):

Figure 3 Lines of reporting for individual performance in the DoL

```
┌─────────────────────────────────────────────────────────────────────────┐
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │              PES/IES staff at Labour Centres                    │    │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │                      Regional managers                          │    │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │            Chief Director: Provincial Operations                │    │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │  Moderating committee (each branch has its own moderating committee) │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │  Provincial Quality Assurance Board which checks for quality and consistency │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │  Provincial Local Performance Management Review Board (chaired by Chief Director: Operational Services) │
│   └─────────────────────────────────────────────────────────────────┘    │
│                                  ▼                                        │
│   ┌─────────────────────────────────────────────────────────────────┐    │
│   │  National Performance Management Review Board (which falls under the DDG: │
│   │            Corporate Service) for final decisions.              │    │
│   └─────────────────────────────────────────────────────────────────┘    │
└─────────────────────────────────────────────────────────────────────────┘
```

The regional manager does the performance review of the PES/IES staff at the labour centres. He/she sends it to the Chief Director: Provincial Operations, who consolidates the report and sends it to the Moderating Committee and Quality Assurance Board of the province for final approval. It is then send through to the Provincial Local Performance Management Review Board (PLPMRB) and then through to the National Performance Management Performance Review Board (NPMRB). This process is for staff up to deputy director level. The evaluation for SMS staff is done by a departmental committee chaired by the Director-General (DG). The DG's contract derives from the annual work plan and, while it is signed by the minister, it is drawn up by the Chief Directorate: Planning, Monitoring and Evaluation. Individual performance reviews occurs twice a year.

As with organisational performance, neither national nor provincial government PES nor IES staff has any direct say over the respective performance review of PES and IES staff at labour centres. Provincial staff sit on the moderating committees but these committees, along with the quality assurance committees, largely look at consistency rather than conformity or whether the evaluations are too subjective. Neither the quality assurance committees nor the moderating committees link individual and organisational performance in any meaningful way.

ASSESSING THE CONSEQUENCES OF THE PERFORMANCE MANAGEMENT SYSTEM

The research found that there are some positive aspects of the performance management system. It has been extensively developed and is thoroughly thought through. There also appear to be some links between operational plans and government's plan of action.

Most interviewees felt that the introduction of performance management had not fulfilled the intentions of policy-makers. However, there were strong feelings that while performance management has not led to the improvement of services, it is the only benchmark for measuring performance and should be improved.

There are four categories of impediments affecting the implementation of performance management which will be discussed below.

Measurement and Design

The *first* category is that of problems of measurement and design. A number of problems were identified here. Firstly, the government is attempting to move away from the outputs system to an outcomes-orientated approach. In the interviews, it was ascertained that this was difficult to achieve in practice. A major reason has been resistance from managers who prefer the outputs-based approach, which is more difficult to quantify. There is a perception that a more quantifiable outcomes-based approach would make it more difficult to reach individual performance targets and accordingly, to achieve bonuses.

Secondly, there is the problem of too many indicators. An interview with the senior DoL management responsible for performance revealed that the department had too many performance indicators (133) and many of them were operational rather than strategic. This was translated into vague and imprecise policy indicators.

Thirdly, some interviewees said that performance targets need to be clearly defined and measured, which will lead to improved service delivery. Some targets are unrealistic and set too high, and are difficult to attain. Other interviewees said there had to be proper indicators linked to strategic plans and objectives. A few interviewees stated that some staff try to circumvent the performance process, for example, by deliberately keeping performance contracts too vague, which enables staff to reach targets and bonuses more easily.

Fourthly, the lack of alignment between individual and organisational performance management was identified as a major cause for this dysfunctionality by many interviewees. One reason is that new performance agreements are in place before there has been proper evaluation of the performance agreements for the previous cycle. A major challenge is that individual performance agreements must mirror work plans, but in practice, a number of performance agreements are not in alignment with such plans.

Finally, there is the link with coordination. The government is emphasising performance that cuts across departments and within them. It felt that this would help in reaching outcomes rather than outputs. The two branches do undertake some teamwork. However, there was a feeling that the individually-based performance management system is not geared for teamwork, which involves extensive coordination between and within departments.

Gaming and Compliance

The second category is that of the gaming of the performance management and compliance with the system. A number of problems were identified here. *Firstly*, there was a strong view amongst the interviewees that the performance management system was inconsistent, subjective and arbitrary, with undeserving people getting rewards and deserving people not. One interviewee said that, 'in principle, performance bonuses should be for highfliers although in reality it [is] hijacked by other people'.

Secondly, as pointed out, some officials deliberately kept performance contracts too vague, which enabled staff to reach targets and bonuses more easily.

Thirdly, there was a concern raised about managers not making tough decisions in performance ratings. Managers do not want to be unpopular and deal with discontent, and would rather leave it to the moderating committees to sort out. This was particularly frustrating to national and provincial PES managers, who have seen non-performing staff getting bonuses at some labour centres but have no control over this process.

Finally, there is a lack of compliance in the signing and evaluation of individual performance agreements by senior officials in the DoL. In 2010/11, some 89% of the senior managers in the DoL signed performance agreements yet only 62% were evaluated (DoL 2011c). While in some cases evaluation did not occur because managers had not yet been in their post for a year, the compliance rate is still too low.

Lack of Capacity

The next category was lack of capacity where a number of problems were identified. *Firstly,* the DoL's strategic plan (2011b:8) indicated that information technology (IT) systems are not integrated and, in most cases, do not support service delivery needs. There is a new IT system that they cannot use. Most interviewees raised the problem of incompatible IT systems, which makes it very difficult to link job seekers and opportunities. For example, there are separate data bases for the Unemployment Insurance Fund and for employment opportunities. This also contributes to slowness in labour centres when dealing with clients as, instead of having one consolidated data base that is permanently accessible, individual systems have to be repeatedly opened and closed. Furthermore, as the ILO (2010:31) points out, each province has its own inspection manual and IES performance standards, and a common IT system is lacking. This inhibits collaboration and the establishment of a national standard, which in turn inhibits the creation of uniform and reliable data, which are essential for proper performance management.

Secondly, the DoL's strategic plan (2011b:8) pointed to the weak capacity of the labour centres to provide fully-fledged and individualised services to workers, job seekers and employers. This also came up in the interviews. It was pointed out that both PES and IES are chronically understaffed at labour centres. The number of people looking for jobs far exceeds the labour centres' capacity to assist them. This means that existing staff are overstretched and struggle to meet their targets. This is symptomatic of an underfunded budget. Staff could motivate that lack of resources is a reason why they should not be penalised for reaching their individual performance targets, but this of course still means that it will be difficult to reach organisational performance targets.

Finally, the lack of management and leadership skills among some (but not all) regional managers was also identified as a problem by both national and provincial staff. There was also serious concern by both national and provincial IES and PES staff about the quality of some of the staff, who were, in effect, appointed to positions at labour centres by regional managers (although they had to be signed off by the Chief Director: Provincial Operations).

In some cases provincial PES and IES staff sits on selection committees at labour centres as observers, with appointment decisions being made by the relevant regional manager. There was a sense of frustration by these provincial staff over some of these appointments as the best people were not always appointed to the job. As pointed out, evidence suggests that a number of patronage appointments have been made at labour centres.

The Challenge of Accountability

Goetz and Jenkins (2005:58–59) explore accountability mechanisms in developing countries. They characterise the skewed distribution of basic services as a reflection of the lack of influence that poor people exert in determining the types of public services that they receive; a situation which is aggravated by the environment that make it difficult for the poor to access to formal systemic mechanisms for redress. They go on to argue that failures in accountability mechanisms often lead to failures by the state to deliver public basic services, and when this happens it is the poor who are disproportionately affected. By way of example they point out that poor people who have fewer resources to access "exit" options cannot purchase private services when public services fail or perform poorly, while richer citizens can afford to replace public services with private provision.

Levy (2014:137–138) draws on the 1994 World Development Report (World Bank, 1994) which argues that only a small part of the performance gap can be attributed to lack of capacity. The core failure was that of political accountability. A long route of political accountability needs to be put in place if public bureaucracies are to work effectively. A summarised version of this is: political leaders need to ensure that their general vision for the country is translated into a strategy of action; bureaucracies need internal management and control systems to align staff resources and monitor how in fact resources are used and most importantly this needs to be underpinned by elections and other mechanisms that hold political leaders accountable. This includes checks and balances institutions which are able of reigning in powerful political and bureaucratic leaders if they begin to abuse power for private purposes.

Levy (2014:139) along with Booth and Cammack (2013:25) do however suggest that the long route of accountability is too complex. There has been a growth of an alternative model, namely the shorter route of accountability which entails the interactions between providers and their clients. The shorter route potentially can have an impact on performance if the actual recipients of services have leverage over front line behaviour (Levy and Walton 2013:9).

There has neither been sufficient long route nor short route of accountability in this case study. In the former case there is a lack of compliance in getting managers to sign performance agreements and getting those agreements signed–this clearly indicates a lack of political will on behalf of both national and provincial government to systematically implement performance management. In the latter case, the study provided little evidence to suggest that there is accountable client power over the activities of labour centres.

CONCLUSION

To recap: The objective of this article was not to provide a comprehensive overview of the DoL performance management system. Rather the research objective was more modest: to identify the problems and obstacles in implementing both the organisational and individual performance management system. The study found that although there has been some progress in establishing performance management systems, there is not yet a performance culture in the Department. On balance performance management reforms have not been successful.

The study found that there are four categories of impediments affecting the implementation of performance management. The first category is that of problems of measurement and design. The second category is that of the gaming of the system and a lack of compliance in the signing and evaluation of individual performance agreements by senior officials. The third category is lack of capacity which includes inadequate IT systems and poor quality of staff. The fourth category is that of accountability. There needs to be strong accountability of bureaucracies if performance is to be taken seriously and public bureaucracies are to work effectively.

Finally, what are the comparative implications of this article? These findings seemingly confirm the viewpoint that NPM techniques do not travel particularly well to developing countries. While it is true that there is gaming of performance management in developed countries, the problems appear to be more acute in developing countries. This study has pointed to the difficulties of both getting performance agreements signed and evaluated, problems which are unlikely to exist in developed countries to any great degree.

What the literature increasingly suggests is that context matters. Andrews (2013:3, 55) points out that reforms are commonly designed with limited attention to context, involve impressive-looking but hard to reproduce best practice interventions. Such problems are prone to having limited success. One needs a process where reforms are more likely to fit their contexts when crafted as responses to locally defined problems. He goes on to argue that solutions that are politically acceptable and practically possible emerge through a gradual process of step-by-step experimentation to solve such problems. He also introduces the notion of isomorphism where organisations pursue change to get greater legitimacy rather than better performance (pp 68–69). Organisations that do not yield to isomorphic pressures to adopt international best practices face losing legitimacy and international support.

In summary the implementation of performance management in the DoL may merely be 'smoke and mirrors' brought about by isomorphic pressures rather than by any genuine commitment to improve performance.

NOTE

1   The public service consists of national and provincial government. It excludes local government.

REFERENCES

Andrews, M. 2013. *The Limits of Institutional Reform. Changing Roles for Realistic Solutions. Changing Rules for Realistic Solutions*. Cambridge: Cambridge University Press.

Bird, S.M. *et al.* 2005. Performance Indicators, Good, Bad and Ugly. *J. R. Statist. So,* 168(1):1–27.

Booth, D. and Cammack, D. 2013. *Governance for Development in South Africa. Solving Collective Action Problems.* London: Zed Books.

Bourgon, J. 2007. Responsive, responsible and respected government: Towards a new Public Administration theory. *International Review of Administrative Sciences,* 73(1):5–26.

Cameron, R.G. 2009. New Public Management reforms in the South African public service. *Journal of Public Administration*, 44(4:1):910–942.

Department of Labour (DoL). 2010. *Draft PIM policy for the Department of Labour*. Pretoria.

DoL. 2011. *Annual performance plan for the 2011–2012 financial year.* Pretoria*:* Department of Labour.

DoL. 2011b. *Strategic plan: 2011–2016*. Pretoria: DoL.

DoL. 2011c. *SMS performance agreements*. Pretoria*:* DoL.

Department of Public Service and Administration (DPSA). 2003. *Senior Management Service Handbook*. Pretoria.

DPSA. 2006. *Performance Management and Development System for Salary Levels* 1–12. Pretoria.

DPSA. 2008a. *Cabinet Lekgotla report APEX project 15.* Pretoria.

DPSA and National Treasury. 2005. *Policy framework for the governance and administration of public sector institutions*. Pretoria.

Goetz, A.M. and Jenkins R. 2005. *Reinventing accountability*, Hampshire, Palgrave MacMillan.

Hood, C. 1991. A public management for all seasons? *Public Administration,* 69(1): 3–19.

Hood, C. 2007. Public Service Management by Numbers: Why Does it Vary? Where Has it Come From? What Are the Gaps and the Puzzles? *Public Money & Management*, 27(2):95–102.

Hughes, O.E. 2003. *Public management and administration. An introduction.* 3rd edition. New York: MacMillan.

Human Sciences Research Council (HSRC). 2009. Analysing institutional blockages to service delivery in the city of Tshwane. Pretoria, unpublished paper.

International Labour Organisation (ILO). 2010. *Technical memorandum South Africa. Labour administration and inspection programme.* Geneva: ILO.

James, O. 2004. The UK Core Executive's Use of Public Service Agreements as a Tool of Governance. *Public Administration,* 82(2):397-419.

Larbi, A. 1999. *The new public management approach and crisis states.* UNRISD Discussion Paper No. 112. Geneva: United Nations Research Institute for Social Development.

Levy, B. and Walton, M. 2013. *Institutions, Incentives and Service Provision: Bringing Politics Back In,* ESID, University of Manchester, Working Paper No 18.

Levy, B. 2014. *Working with the Grain. Integrating Governance and Growth in Development Strategies*, Oxford: Oxford University Press.

Manning, N. 2001. The legacy of new public management in developing countries. *International Review of Administrative Sciences,* 67(2):298–312.

Maphunye, K.J. 2001. The South African senior public service: Roles and structures in post-1994 departments. *Journal of Public Administration,* 36(4):312–323.

Miller, K. 2005. *Public sector reform governance in South Africa.* Aldershot: Ashgate.

McCourt, W. 2013. *Models of Public Service Reform. A Problem-Solving Approach.* Washington: World Bank, Policy Research Working Paper, 6428.

McLennan, A. 2007. Unmasking delivery: Revealing politics. *Progress in Developmental Studies,* 7(1):5–20.

McNabb, W. 2002. *Research methods in public administration and non-profit management. Quantitative and qualitative methods.* Armonk, New York: M. E. Sharpe.

Minogue, M. 1998. Changing the state: Concepts and practice in the reform of the public sector. in Minogue, M., Polidano, C. and Hume, D. (eds.) *Beyond the new public management. Changing ideas and practices in governance.* Cheltenham: Edward Elgar, 17–37.

National Treasury. 2007. *Improving government performance: Our approach.* Pretoria.

Ncholo, P. 2000. Reforming the public service in South Africa: A policy framework. *Public Administration and Development,* 20(2):87–102.

Polidano, C. 1999. *The new public management in developing countries.* Institute for Developmental Policy and Management (IDPM), University of Manchester, IDPM Public Policy and Management Working Paper No 13.

Public Service Commission. (PSC).. 2004. *State of the public service report.* Pretoria.

PSC. 2007. *State of the public service report.* Pretoria.

PSC. 2008a. *Report on the evaluation of the training needs of senior managers in the public Sector.* Pretoria.

PSC. 2008b. *A report on strategic issues emanating from the evaluation of heads of department.* Pretoria.

PSC 2010. *State of the public service report 2010. Integration, coordination and effective service delivery.* Pretoria.

PSC. 2011. *Fact Sheet on the State of Public Service.* Pretoria.

Schick, A. 1988. Why most developing countries should not try New Zealand reforms. *The World Bank Research Observer,* 13(1):123–131.

Talbot, C. 2004a. The agency ideas: Sometimes old, sometimes new, sometimes borrowed, sometimes untrue. in Pollitt, C. and Talbot, C. (eds.) *Unbundled government. A critical analysis of the global trend to agencies, quangos and contractualisation.* London: Routledge, pp. 3–21.

Talbot, C. 2004b. A radical departure? Executive agencies in Jamaica. In: Pollitt, C. and Talbot, C. (eds.) *Unbundled government. A critical analysis of the global trend to agencies, quangos and contractualisation.* London: Routledge, 297–315.

Talbot, C. 2005. Performance Management. In Ferlie, E., Lynn, L. and Pollitt, C. (eds.) *The Oxford Handbook of Public Management.* Oxford: Oxford University Press, 491–517.

Talbot, C. 2010. *Performance in Government. The Evolving System of Performance and Evaluation, Measurement, Monitoring and Management in the United Kingdom.* Washington: The World Bank, ECD Working Paper Series, 24.

The Presidency. 2009. *Improving Government Performance: Our Approach.* Republic of South Africa, Pretoria.

Thornhill, C. 2008. Research in South Africa: Some South African developments. *Administratio Publica,* 15(2):1–18.

United Nations. 2005. *Unlocking the Human Potential for Public Sector Performance. World Public Sector Report.* New York: Department of Social and Economic Affairs.

World Bank. 2004. *Making Services Work for Poor People.* World Development Report 2004, Washington DC: World Bank.