

# SOUTH AFRICAN LOCAL GOVERNMENT PERFORMANCE: SATISFACTORY TO BE GLOBALLY COMPETITIVE <sup>1</sup>?

HENDRI KROUKAMP

## ABSTRACT

The changes brought about by global competitiveness place increasing pressure on local government to deliver more and better services to communities. To determine whether South Africa has benefited from globalisation *per se* in terms of improved performance, performance management in the South African local government needs to be investigated through benchmarking the prerequisites for such a system set, and an appraisal of the performance of local government in South Africa since 1994. Strategies for improved performances to be globally competitive will furthermore be advanced.

**Keywords:** Global competitiveness, local government, performance management, strategies for improvement

## 1. INTRODUCTION

Globalisation, with its emphasis on growing interdependence between nations and its economies, is bringing about profound changes in international relations, thereby creating new challenges of governing and governance which seem to be increasingly complex and which place governments in situations that are quite different from those known before. Although it was initially thought that globalisation was to be associated only with the economy, it also has an impact on the political, social and cultural aspects in society being brought about by frequent public sector reorganisation and reforms on all spheres of government.

The performance of local government in South Africa to deliver quality services is often questioned against alleged financial irregularities, maladministration and corruption and mismanagement. Various efforts, such as Project Consolidate, have been initiated by the South African government to assist local authorities with performance problems, but the question remains whether these efforts will be suffice to ensure that local authorities can deliver satisfactory services to be globally competitive. In this article attention will *inter alia* be focused on globalisation, a review be given of local government in South Africa, performance management in local government, performance trends since 1994 and strategies for improved performances to be globally competitive.

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## 2. GLOBALISATION IN CONTEXT

The changing milieu of the public sector has become increasingly complex over the years – bringing varied and growing challenges and unpredictable changes influenced by *inter alia* globalisation. While globalisation means different things to different people, the debate between its advocates and detractors about its significance continues to be emotionally charged and intellectually vigorous. Key characteristics of the era of globalisation include the decentralisation of authority by nation states to regional and local level, with pressure rising for greater public participation in governance (Tiihonen 2003:3). Further characteristics are that national, regional, local and international communities speaking different languages and consisting of different ethnicities and races, professing a number of faiths, exhibiting numerous and competitive cultural, economic, technological and financial systems, are grappling with issues of free trade, movement of labour and capital and with the exchange of goods and services (Jabbara 2007:1).

Globalisation, which is driven mainly by the precepts of the private sector and the tenets of the market economy, engages and at times collides with international, national, regional and local systems of government, with the resultant consequences for an accountable and competent public sector. Under the influence of globalisation, the world economy, politics, culture, science and technology and education have had profound and ongoing changes. As a result, countries and societies are more interconnected and more interdependent. However, the impact on public administration *per se* is the following:

The traditional notion of the nation-state is challenged and weakened by institutions such as the World Bank, the International Monetary Fund (IMF), and the World Trade Organisation (WTO), which increasingly play a role in the world economy;

the means of public administration has become more computer-based, digitalised and networked, thus transforming the traditional administration instruments and methods;

new problems such as environmental pollution, endangered species, desertification, and social aspects such as the increasing gap between rich and poor, financial crisis, the belief on a cultural level that economic interdependence is a subtle form of cultural hegemony and Westernisation, and ethnic and religious conflicts; and

globalisation requires higher qualified civil servants who have an awareness of reform and innovation of traditional institutions and administrative systems (Farazmand 2005: 202; Farazmand *et al.* 2007:556; Samuel 2007: 11).

One of the most common problems confronting most nations has been the diminishing pool of resources and rapidly rising demands from the public for better and new services. This, together with a changed macroeconomic environment and expectations on the part of the citizens has furthermore led to a challenging environment. Jabbara (2007:1) is of the opinion that a country that has an effective and competitive governance system in place is more

likely to benefit from globalisation and global competitiveness because of the pressure on its government to revisit, evaluate and rectify the dysfunctional forces that threaten its ability to build an effective public sector, cut unnecessary costs and eliminate budget deficits. For this, however, certain preconditions should be met. A stable environment conducive to economic growth needs to be provided. This requires sound macro-economic policies, characterised by fiscal balance, monetary discipline and proper incentives to attract investors on a long-term basis. Globalisation and market-orientated policies furthermore impose demands at the micro-economic level. In order to be able to take full advantage of the benefits of integration and internalisation, markets need to work effectively and without distortions. The price mechanism should reflect the relative scarcity of resources, but an adequate regulatory framework is also required to induce efficiency and prevent anti-competitive practices, i.e. the design and implementation of privatisation processes, the adequate regulation of the financial sector, and the adoption of competition policies (Kroukamp 2000:264).

Farazmand *et al.* (2007:9) are, however, of the opinion that given the competitive nature of globalisation, it had not envisaged the transformational impact and it did not lead to the building of effective governance systems, with competent bureaucracies concerned mainly with how they can most effectively serve citizens, promote the common good, and be accountable for the policy choices made. Globalisation has also seen a declining faith in state and public administration with management being regarded as the key to improved public administration. Private sector management is seen as the inspiration for improved public management, in the context of a shift in focus from administration to delivery. Under conditions of globalisation, the values of good governance have also seen changes in emphasis. Loyalty has largely been displaced by state values such as accountability and transparency, entrepreneurship, performance, service delivery, customer orientation and contract work (Kroukamp 2006:207).

As a result of these trends, the options open to governments are narrowing at a time when the pressures to be internationally competitive intensify. Although states retain their sovereignty, their governments continue to suffer an erosion of their authority, being less able to control the movement of money, information and people. Governments now have to deal with the pressures of globalisation at one level or other, and the demands of grassroots movements such as labour market policies and practices. It is therefore important to determine whether the reforms and paradigm shifts that were caused by globalisation, benefited local government in South Africa in terms of global competitiveness.

### **3. A REVIEW OF LOCAL GOVERNMENT IN SOUTH AFRICA**

The constitutional change that paved the way for a democratic dispensation in South Africa directly impacted upon the public sector which was and still is undergoing major structural changes to undo and unlearn the aberrations of the past. Over a period of 13 years the government has attempted through numerous pieces of legislation and regulations to create a policy environment

which is conducive and supportive to one common goal – the improvement of life for all. Emphasis was put on meeting the basic needs of all citizens by a reduction in unnecessary government consumption and the release of resources for productive investment and the redirection to areas of greatest need. This meant that government institutions had to be re-orientated to optimise access to their services by all citizens, within the context of fiscal constraints and the fulfilment of competing needs (compare Box 1998:24; Wiseman 2006:96). This meant that the government had to revamp its expenditure management system where new initiatives had to be funded by the reallocation of existing resources, a stable fiscal environment had to be provided for longer-term departmental strategic planning, business planning had to be introduced to assist the Department of Finance in developing an overview of strategic planning across government institutions, and emphasis had to be placed on the continuous modernisation of programmes and delivery of services with the available funds. The implications were that firm and binding financial targets had to be established and programmes and activities that were delivered, had to be subjected to tough scrutiny (Arnaboldi & Lapsley 2003: 349). As can be expected, responses to these endeavours varied from highly emotional – sometimes politically driven – and negative comments, to critical but rational analysis of the outcomes.

The commitment of the South African government to adhere to the above-mentioned is reflected *inter alia* by the provision of additional financial resources, further appropriate legislation, and the necessary programmatic interventions from the Department of Provincial and Local Government (DPLG), which is the Department that is responsible for ensuring that local government has the resources and capacity to carry out its mandate ([www.dplg.gov.za](http://www.dplg.gov.za) – accessed 6/6/2007). From 2002 the largest increases in the budget of the national government were in transfers to the local sphere, rising by 18,3% a year from 2001/2002 to 2006/2007. Total allocation rose from R6,6 billion in 2001/2002 to R8,6 billion in 2002/2003, to R9,4 billion in 2003/2004, to R13,1 billion in 2005/2006 and to R18,1 billion in the 2007/2008 financial year. Allocations for local government infrastructure transfers rose from R2,2 billion in 2001 to R3,3 billion in 2002, to R3,9 billion in 2003/2004 and R4,5 billion in 2005/2006. This represents an annual increase of 21,3% in infrastructure funding between 2001 and 2005/2006. The amount announced for the 2007/2008 financial year is R7,9 billion (Manuel 2007:7).

The commitment to assist local government with the provision of free basic services to poor households, was furthermore made clear by substantial increases in the equitable share grant, from R2,6 billion in 2001 to R3,9 billion in 2002, with a further increase to R5 billion in 2003 and R7,7 billion in 2005 (DPLG Budget Vote 2004/2005; Msengana-Ndlela 2005:1). For the 2007/2008 financial year an additional R5 billion has been budgeted (Budget Review 2007:3). Through the Accelerated and Shared Growth Initiative (ASGISA) an amount of R400 billion was furthermore earmarked for three years, *inter alia* to boost economic growth (PSC 2007:20).

Measures to enhance the revenue-raising powers of local government were also introduced. These included legislative measures to improve property tax

administration, clarify municipal tax powers, reform Regional Services Council (RSC) levies (these levies were abolished in July 2006, but the equivalent amounts generated by these levies will be paid to municipalities (Manuel 2006:4)) and the introduction of the *Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004)*. It is also acknowledged that improved billing systems and an enhanced credit control policy are key to sustainability and stability at the local sphere. Measures in the *Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)* addresses the issues. According to Mafela (2006:12) the absence of the necessary measures led to the undermining of the confidence of local communities in municipalities to meet their service needs. The problem of local government debt is attributed *inter alia* to the affordability of rates and tariffs, that is, if rates and tariffs are too high, many inhabitants will be unable to afford them and will simply not pay; the level of services being provided by a local authority must justify the payment of rates; and the administration systems regarding the collection of revenues must be effective to ensure that inhabitants feel compelled to pay.

Financially well-managed municipalities will increasingly be able to capitalise on these improvements in the local environment to borrow or leverage financing and to repay loans from existing revenue streams such as inter-governmental transfers, municipal taxes, or user tariffs. Increased accountability, a crucial aspect for the creation of trust, is also being achieved through the *Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)* and the *Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)*. The latter Act lists changes to the budgetary process, formats and reporting requirements with the aim to create improved and more accountable local environments, with better services distributed across a wider spectrum of the population. This focus thus reflects a commitment on the part of government to improve public services and also a declaration that the core public services are not performing as well as the government believes that they should (Mbeki 2007:8).

The new local government system succeeded in its goal to radically overhaul and transform local government in South Africa, but performances in respect of *inter alia* service delivery remain questionable. This has been attributed to the fact that local authorities had to deal with issues such as the non-payment of services, access to adequate resources and national transfers (Allan 2006:34), although the above-mentioned arrangements suggest that financial means can no longer be used as an excuse for non- or poor performance. To be globally competitive, attention should therefore be given to performance management in local government.

#### **4. PERFORMANCE MANAGEMENT IN LOCAL GOVERNMENT**

There are different approaches to performance management, i.e. *performance management as an individual assessment tool*, where individuals are assessed against generic criteria using different rating scales; *performance management as a development tool*, to determine and address the development needs of an individual; *individual performance management*, where organisational objectives and plans are translated into individual

performance plans; and *organisational performance management*, referring to strategic planning and control and consisting of strategy formulation, performance planning, monitoring and corrective action (Hattingh 2006:10). According to Frolick and Ariyachandra (2006:41), strategic planning is a prerequisite for performance management. Once realistic strategic plans have been developed, one can then develop indicators that reflect those plans. In this regard performance management systems can be seen as participative, problem-solving processes concentrating on both task performance and development. These systems must be designed in such a way that they enhance overall performance and concentrate on the development of potential as opposed to control. Performance can thus furthermore be seen as an integrated, systematic approach to improve organisational performance to achieve organisational strategic aims and promote the organisation's mission, vision and values (Holbeche 2005:243).

In local government, performance management systems should cover the above-mentioned dimensions as, according to Anderson *et al.* (2006:5), an integrated approach to performance management is more effective and powerful to address the demands posed by globalisation. This is best illustrated by examples from abroad, e.g. in the Netherlands, where it appears that the government is highly centralised inasmuch as the central government appoints mayors, provides more than two-thirds of municipal revenues and determines the guidelines and policies for local administrations, although local authorities have considerable autonomy in that own plans and regulations can be prepared following extensive discussions, negotiations and opportunities for objections from citizens (Farazmand *et al.* 2007:236). In Denmark, Salskov-Iverson (2006:674) found that local authorities, through their engagement in transnational networks, were able to be globally competitive insofar as international exposure and access to economic support were concerned, thereby improving local government performance.

One mechanism to ensure the establishment of a performance management system on local government level can be found in the legal obligation of local authorities in South Africa to prepare and implement Integrated Development Plans (IDPs), through the *Systems Act*, 2000 (Act 32 of 2000), section 26, to give effect to a single, inclusive and strategic plan (Kroukamp 2006:24). The performance management system must be commensurated with its resources, best suited to its circumstances, and in line with priorities, objectives, indicators, and targets contained in the IDP (Monare 2002:33). The system must furthermore:

set appropriate key performance indicators that measure the following five aspects:

- its aims and objectives: why the service exists and what it wants to achieve;
- its inputs and outputs: the resources committed to a service and the efficiency with which they are turned into outputs;
- its outcomes: how well the service is being operated;

its quality: to reflect the experience of the users; and  
its accessibility: the ease and equality of access to services  
(Naidoo 2007:60);

set measurable performance targets and target dates with regard to each of the priorities and objectives;

be advised that it may serve as an early warning indicator of under-performance;

provide for steps to improve performance where performance targets are not met; and

establish a process of regular reporting to council, the public and appropriate organs of state (*Systems Act*, 2000, Section 38; Fessha 2006:11).

The question remains as to whether the introduction of performance management systems in local government in South Africa enabled them to be globally competitive. To determine this, benchmarking should be undertaken in order to solicit a satisfactory answer.

#### **4.1 Benchmarking in local government**

The adoption of best practices is known as benchmarking, which, according to Wan *et al.* (2000:798), can be defined as a systematic and continuous process to identify, determine, measure, compare, learn, adopt and implement the best practice obtained through internal and external evaluation of an organisation so that performance of a higher standard can be achieved and improved. Lamming (1993:21) states that benchmarking involves the detailed study of productivity, quality and value in different departments and activities in relation to performance elsewhere. Oakland *et al.* (2006:98) state that there are four basic categories of benchmarking:

*internal* which refers to the best practices of internal operations by comparison;

*functional* where functional best practices outside a particular industry/service provider are sought;

*generic* where comparisons are made of outstanding processes irrespective of function or industry; and

*competitive* where specific competitor to competitor comparisons for a product, service or function are made.

Benchmarking therefore forces organisations to look outward and assists in breaking paradigms by providing a new appreciation of how exemplary organisations conduct their processes. It allows an organisation to set performance targets based on a true assessment of the gap between its own practice and best practices. Naidoo (2007:59), however, states that it is not sufficient simply to identify best practices of other organisations. These practices need to be modified, adapted and improved over time to the own specific situation of the organisation, involving creativity and innovation in applying the best practices from elsewhere. To be successful, benchmark activities rely on:

the support, commitment, understanding and participation of senior management;  
teamwork;  
planning; and  
making benchmarking part of the strategy of the organisation.

As a managed process of change, benchmarking uses a disciplined, structured approach in order to identify what needs to change, how it can be changed and the benefits of the change. Any process or practice that can be defined can be benchmarked, but the focus should be on those which impact on customer satisfaction (Naidoo 2007:59). The process of benchmarking local government can be difficult due to a number of factors, i.e. the indicators to be used; the priorities and needs of the different role-players; the absence of a profit motive which is easy to quantify and measure as opposed to qualitative measures to ensure community upliftment and development; and the non-integration of IDPs, LEDs and the design of the performance management system (Du Plessis 2005:41). Consequently, an appraisal of the performance of local government in South Africa since 1994 will be made.

## **5. SOUTH AFRICAN LOCAL GOVERNMENT PERFORMANCE TRENDS SINCE 1994**

As was earlier alluded to, the current performance management approach of the South African local government is dictated by the provisions in the *Systems Act*, 2000, which evolved around increased productivity, as opposed to outcomes. Where emphasis was put on criteria such as efficiency, effectiveness, equity and economy, Ballard *et al.* (2006:9) are of the opinion that local governments need to

be able to continuously adapt, i.e. to change as a function of external stimuli;  
influence and shape their environment;  
find a new environment or reconfigure themselves morally with their environment;  
make a positive net contribution to the viability and development of the larger environment in which they operate;  
be relevant in respect of satisfying a certain niche or demand; and  
be able to continue with the provision of services without any interruptions.

Of key concern when benchmarking South African local governments is the matter of *capacity* problems, not only to deliver and sustain quality services, but in the ability to spend its revenue. Instead of a general increase in spending, both capital and operational expenditure fluctuated greatly. In the late 1990s to 2001 capital expenditure shrank by 8,5% and 14,6% respectively, while operating expenditure increased with spending on the provision of free basic services such as water and sanitation, but also on the growth in the salary bills of municipalities, causing questions as to why the latter increased at the expense of infrastructure spending (Allan 2006:35).

However, the growth in capital expenditure that was experienced during



2002/2003 (12%) and 2004/2005 (27,5%) hopefully marked a new and consistent trend in this regard.

A major concern that substantiates the position that local authorities have not performed satisfactorily since 1994 is the fact that of the 284 local authorities in South Africa, 136 were classified as 'struggling' by the National Department of Provincial and Local Government and have been earmarked for Project Consolidate (85 of these 'struggling' local authorities have for example failed to prepare Annual Financial Statements since 2004 (Mafumadi 2007a:2)). Project Consolidate, initiated by the National Department, has been designed to assist local authorities to enhance and reinforce municipal performance and service delivery, promote a new culture of performance and accountability, and create a disposition of collective responsibility and accountability for governance and performance (Mufamadi 2007:1). Despite these efforts, protests against local government service delivery have escalated since 2005 due to poor governance, ineffective client interface, poor housing administration and management and the inability of the youth, due to low levels of skills, to participate in the economy (Botes *et al.* 2007:3).

Further indicators of incapacity include the growing utilisation of consultants in local government, unacceptably high levels of underspending in poverty-stricken areas and the increasing number of alternative service providing structures (DPSA 2003:22; De Villiers *et al.* 2006:9). Questions are also posed as to the extent to which policy intentions that are linked to performance, are accomplished, thus the implementation of policies. The mere existence of a policy and its impact is no guarantee that it will be translated into action with the results intended. New and unanticipated problems may be encountered during implementation as few policies stipulate exactly how the implementation should be effected, implying that the content of the policy can be substantially modified, elaborated, or even negated. On the one hand, policies are sometimes, due to a lack of time, interest, information or expertise, framed in general terms and the implementation is left to implementation agencies that might thwart the original intention of the policy. On the other hand, they might embrace so much detail that the actual meaning becomes vague (Anderson 2006:134). Apart from the above-mentioned, policy and planning are often done at top management level without sufficient participation by frontline operational managers resulting in a disjuncture between strategic and operational plans and a gap between policy, planning, budgeting and implementation (Maranya 2006:9). Other reasons for inadequate local government performance are:

*management capacity*: This deals with inadequate or irrelevant training of managers; minimal usage of competency testing in the recruitment of managers; and non-rotation of senior managers to ensure exposure to all facets of service delivery (Mbeki 2007:10);

*human resources and change management*: Reference can be made to unmatched staff to customer ratios; payment of rewards and notch increases that are not performance related; mismanagement of disciplinary issues; and a general lack of service commitment by officials (DPSA

2003:22);

*information*: The quality, nature, availability and accessibility of information provided in service delivery improvement plans and annual reports is generally poor, making it difficult to accurately measure performance. This means that baseline empirical data to monitor performance quantitatively and qualitatively is lacking (Naidoo 2007:60 & PSC 2007:48); and

*adherence to regulatory requirements*: Misconceptions and lack of knowledge regarding the regulatory framework of government exist, leading to cumbersome procedures, delays in turnaround time, lengthy decision-making processes and compromises in the quality of services (Budget Review 2007:9).

Particular strategies to overcome the lack of performance illustrated above, need to be addressed and attention will be focused thereon.

## **6. STRATEGIES FOR IMPROVED PERFORMANCES TO BE GLOBALLY COMPETITIVE**

Strategies to improve performance in local government will, according to Sewell (2003:76), depend on the nature of the role of local government in service delivery, the capacity of the people in local government and the resources available. Emphasis should be placed on what can be done to deliver *more, better and different* performances. This necessitates that cognisance should be taken of what the real causes of the performance problems might be and to choose strategies which will enable one to make a difference. These strategies will depend on changing factors external to the organisation, such as economic conditions or international politics; internal factors such as work environment needs, resources or work systems; and internal people in terms of their competencies, capabilities and motivation. Performance can only be improved through a combination of these external and internal factors (Sewell 2003:77).

Despite the fact that much progress has been made in terms of the mandate of local government in respect of rationalising functions, structures, legislation and resources, emphasis can also be placed on the use of non-financial measures such as product quality and customer satisfaction to ensure better long-term performances by local government as this will assist managers to refocus on the long-term aspects of their actions. Non-financial measures are according to Hattingh (2006:11) significantly associated with future financial performance as they contain additional information not reflected in past financial measures. The use of both financial and non-financial measures for improved performances are therefore proposed (compare Ballard *et al.* 2006:11).

The DPSA (2003:23) proposed a strategy consisting of a two-pronged approach, namely (i) the *institutionalisation* of the monitoring, evaluation and reporting of service delivery performance and (ii) *building the capacity of institutions* to deliver services through direct and indirect support interventions, to provide a focused approach for improved and sustained performance on local government level. Institutional performance needs to be proactively monitored on a regular basis. This is done in order to ensure that predetermined

service delivery standards are met, to improve planning, to facilitate reporting, to predict possible failures and to determine the kind of support that may be required to strengthen institutional capacity. On local government level, the MFMA, 2003, section 53(l)(c)(ii) requires from each local authority classified as High Capacity to compile a Service Delivery and Budget Implementation Plan (SDBIP) for the 2005/2006 financial year, Medium Capacity Municipalities for the 2006/2007 financial year and Low Capacity Municipalities for the 2007/2008 financial year. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, municipal manager, councillors, senior managers and the community with realising the strategic objectives as outlined in the IDP, focusing on both financial and non-financial outcomes in order to ensure effective and efficient performance (Mahlatsi 2005:10; Van Schalkwyk 2006:26).

Direct support interventions to improve institutional capacity and performance will strengthen the most critical competencies of an institution to enhance performance, for example frontline office improvements which will have an impact on improving the service delivery interface of institutions. Indirect interventions refer to systemic issues such as strengthening IGR structures and processes, communication strategies and the development of national service delivery norms and standards (DPSA 2003:24). Mechanisms that can be used in the above-mentioned interventions are:

- the deployment of experts in the short term to conduct assessments in priority institutions and to make incisive proposals to improve poor performance (De Villiers *et al.* 2006:10);
- support teams to assist with the implementation of proposals in the medium and long term as was envisaged with Project Consolidate on local government level;
- secondment of competent staff from other institutions to those in need;
- voluntary and independent peer reviews which are non-threatening and encourage ownership of proposed improvements; and
- mentorships (Naidoo 2007:61).

Prerequisites for the successful implementation of these strategies are that there should be a sound business plan; responsibilities for driving, implementing, maintaining and resourcing the strategy should be allocated; and regular monitoring of its successes should be undertaken.

Additional aspects that should be considered for inclusion in a performance management system on local government level relate to (i) the role of auditing in the performance management system where the functionality of the PM system, the payment of bonuses and the evidence which was supplied as proof of performance, are audited; (ii) the creation of a PM steering committee in terms of the *Systems Act*, 2000 to ensure the development, adherence to and accomplishment of the agreed upon performance management policy framework; (iii) weighting of dimensions on performance agreement to indicate to employees what their key focus areas are; and (iv) developing an appeals mechanism for the performance management process should the findings be unsatisfactory (Hattingh 2006:13). The implementation

of these strategies to improve local government performance will furthermore ensure enhanced economic performance by local authorities to make local authorities globally competitive, as illustrated by the following example. Since 2006 revenue collection in 12 municipalities directed at improving municipal billing systems in South Africa increased by an average of 21,4%, amounting to an increase of R1,6 billion over a period of 12 months. This increase allowed for the provision of new services, improving the reliability of existing services, improving public confidence and the attitude towards paying for municipal services, and improving the ability of the municipalities to predict revenue flows (Mafumadi 2007a:1).

## 7. CONCLUSION

From the discussion it can be deduced that although globalisation was initially thought to be associated with the economy, it also had an impact on the political, social and cultural aspects due to frequent public sector reforms that took place. It brought about particular challenges to be *inter alia* competitive to ensure effective governance and continuous delivery of effective and efficient services.

The challenge facing local government is to find a way to measure organisational excellence that is both understood and accepted nationally and internationally. South African local authorities must have world-class management processes and appropriate leadership. This means utilising and honouring the internal systems to effect unrelenting, continuous improvement throughout the local authority as a whole. This requires the use of internationally recognised benchmarking measures which focus on sustained improvement rather than short term goals. Performance management is about the measurement of the final product/service and not about the activities related to the final product/service.

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