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# EDITORIAL

## JUST A THOUGHT

Mashupye H Maserumule  
Chief Editor

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As I indicated in my editorial of September 2016 titled, *Descending from the Ivory Towers*, an impressive body of literature on the science and praxis of governance is surging. This Edition adds to this. It is a compendium of perspectives on various aspects that are critically important to optimise the local sphere of government. But, where does the value of good ideas lie, and what can be done to ensure their translation into practice? These are important questions that speak to the utilitarian value of knowledge, for consideration by professional associations such as the South African Association of Public Administration and Management (SAAPAM), to avoid the possibility of scholarship singing to its own ears. I am talking about "a clear epistemology [of the administration of the state] underpinned by a value-set attached to such notions as integrity, objectivity and neutrality" (Richards & Smith, 2000:56). The evolution of good society is the function of these.

### **POST-APARTHEID STATE AND EVOLUTION OF SOCIETY**

"Society is a process which is in perpetual evolution, constructed historically by indi-

viduals who are themselves constructed by the history of that society". This characterises aptly the evolution of the post-apartheid state. Much is still being done to influence the outcome of the process of becoming, which ought to be a good society – anything that belies this pursuit is an affront to democracy. An important feature of democracy is the protection of the socio-economic rights in the *Constitution*, which are realisable by providing public services. This is the function of government. The purpose is to promote the welfare of the citizens. Because of its proximity to the citizens, the local sphere of government is strategically positioned to play a central role in this regard. It represents the coalface of the business of government – service delivery. Since 1994, significant strides were made to better the lives of the citizens. This signifies a commitment to a pledge made to create a good society, which among its members are "people of good will" in the service of the state (Sharlow, 2008).

In his *Manifesto of the Good Society*, Mark Sharlow makes a very important point: "if we want to create a good society, a better model would be the great democratic revolutions and struggles for independence"

(Sharlow, 2008:01). In South Africa, this is a *post factum* lesson. For, its democratic change is one the greatest in the world history, with its *Constitution* being regarded as one of the best. The former Deputy Chief Justice of the Constitutional Court, Dikgang Moseneke, cogently illustrated this in his keynote address at the MISTRA-TMALI-UNISA Conference, by looking at the 20 Years of Democracy in South Africa. He said the *Constitution* of the Republic of South Africa is one of the four constitutions which David Law and Mila Versteeg, in their article titled *The Declining Influence of the United States Constitution*, found to be an "influential benchmark for modern constitution-making" (Moseneke, 2014:03). This means we have managed to establish a strong constitutional foundation for a good society.

In this regard, the *Twenty Year Review South Africa* points to a myriad of achievements since 1994 (The Presidency, 2014). This is corroborated by empirical evidence in independent scholarly studies. Contrary to what some wanted us to believe, a "good story narrative" is not far-fetched. However, this does not mean that the post-1994 South Africa is a faultless society. An important lesson in Sharlow's thesis of a good society is that democratic changes do not create an ideal society. In this, a distinction between a good society and an ideal society is made. A good society, as I pointed out earlier, is a "process which is in perpetual evolution", whereas an ideal society is utopia – an illusion that Immanuel Kant characterised as an "overheated mind". If democratic changes create ideal societies, history would have long ended. A good society is not faultless;

it creates opportunities for its corrections as we go along. This is how history makes itself. There is no change that created a faultless society.

## PAST, NEW AND FUTURE FAULTS

In most instances, the faults that predate democratic changes afflict the new societies. When old faults combine with the new ones a need for strategic intervention to avoid disruptions in the processes of governance becomes paramount. Evolution is a function of being in contiguity with the past, the present and the future. The National Development Plan (NDP) points out that, despite significant achievements of the post-apartheid state to create a good society, access to quality basic services is uneven. It locates the reason for this in "apartheid spatial and governance systems", with "institutional weakness in some provinces and municipalities" exacerbating the disparities. As argued in the NDP, "unevenness" in the capacity of the state spawns "uneven performance" of the state in the pursuit of the public good, with the following added as the major causes: tensions in the political administrative interface, instability of administrative leadership, skills deficits, insufficient attention to the role of the state in reproducing the skills it needs, weaknesses in organisational design, low staff morale, lack of a culture of continuous improvement, insufficient attention to operational management and a lack of management accountability" (National Development Plan 2013). These are old faults, and the new ones (in the evolution of society) require strategic ingenuity to obviate their potential of disrupting the business of government, which can



disturb the logic of the future. For, as Alfred Marshall put it, "no care can be too great to be spent on enabling [government] to do its work in the best way" (Downs & Larkey, 1986:213).

## **PROFESSIONALISING THE STATE**

Against this background, perhaps it is important that, as part of contributing to the creation of good society, an emphasis should be placed on professionalising the administration of the state. The reason for this is simple: To enable government "to do its work in the best way" (Downs & Larkey, 1986:213). Necessarily, it is important to attend to the factors that weaken the capacity of the state, as those identified in the NDP. As a process of socialisation that gives professional status in recognition of the appropriateness of education and scholarly research with utilitarian value to sustain intellectual capital for managing public affairs, professionalization of the administration of the state is about determining public service ethos and normative standards, establishing sets of relationships with other occupational fraternities, and thought leadership.

The public service ethos have always been part of the evolution of public administration as a function of optimising human co-existence, which among others, include "selflessness, integrity, objectivity, accountability, openness, honesty, and [ethical] leadership" (Richards & Smith, 2000:48). These have always been underscored as social constructions that are critically important in the formation of a public service culture normatively embedded in the concept of public interest, which should simply be understood as the commitment to satisfy

all aspects of societal life. A measure of the impact of that commitment is the state of the citizens' happiness.

Louis Gawthrop enunciates the public service ethos more aptly. He said, "to labour in the service of the [state] is to recognise that all of us are called, in varying degrees of responsibility, to be watchmen, sentinels, or prophets for others – any others – as well as for one another, in attempting to attain the common good" (1998, 100). Likewise, Lord Armstrong underscores the significance of public service ethos in explaining what it means to be acting for the good of society, an important normative basis for the professionalization of public administration. He said, "the sense of being in the service of the public, in the service of the state, if you like, of doing things that are worthwhile in that context and being able to make a personal contribution to the well-being of the public interest..., is something of great value in influencing the behaviour of public administration towards the professional norms and standards".

Louis Gawthrop and Lord Armstrong underscore the sacrosanctity of the public service; whose custodians should always pursue the public good. Ian McLean defines the public good as "any good that if supplied to anybody is necessarily supplied to everybody, and from whose benefits it is impossible or impractical to exclude anybody" (McLean, 1996:412). The professional orientation of state officials should exemplify "a deep commitment to public service as an honourable profession", in which its professionalism "allows government to come and go with a minimum of dislocation and a maximum of efficiency" (Richards & Smith, 2000:62).

A state official with a sense of professionalism exemplifies altruism in assuming the role of being the "guardian of the public interest" or the "gate-keeper of the common good" (Richards & Smith, 2000:53,64). This is what professionalization of public administration should achieve – altruism in the service of the state.

### **POLITICAL ADMINISTRATIVE INTERFACE AND THOUGHT LEADERSHIP**

Among the many challenges of the post-apartheid state, a nagging question relates to the point of intersection between politics and administration. Because of this, a reflection about it is important, especially insofar as the extent of its implication of senior management is concerned. Senior managers are inevitably policy advisors. In this regard, the former permanent Secretary of State for the Department of Trade and Industry in Britain explained the role of a senior civil servant and clearly illustrated its strategic significance, which exceeds its conception in a strict managerial sense. In an interview for an article on *The Public Service Ethos and the Role of the British Service*, the former permanent Secretary, Tony Benn, said:

The most important part of a senior civil servants work is the policy advice. I mean it stands to reason if you think of it. If you get your policy wrong, the cost to the country is infinitely greater than if you get the management function wrong. The managerial function was given, perhaps, too much weight in that we were coming

to it as though it was a primary function, but it is not. The function is to make sure that the government is as good as possible. Managerialism cannot be let to take over. (Richards & Smith, 2000:56)

This is an important insight into the nature of the role that the senior civil servants play, which goes beyond managerialism and permeates the realm of public policy. However, the puzzle in this has always been how this role could effectively be played to optimise the state. This is largely because of the fact that in most instances the senior management's involvement in policy formation assumes a conspicuous cerebral posture rather than a managerial character. I understand that sometimes this is inevitable because of low level intellectual capacity for policy formation in the political realm, especially in the local sphere of government. But, it needs to be clearly understood that the politics of public policy belongs to the political realm of the state and the role of senior management is to provide policy advice (Richards & Smith, 2000:55).

Another important aspect of professionalization is thought leadership, which should be understood as a commitment to always be at the cutting edge of ideas or zenith of professional competence. In other words, state officials should always ensure that they are as knowledgeable as possible in their professional fields. For this purpose, most professional associations started scientific publications where researched articles are published and disseminated to share the latest knowledge in the discipline. In a Foucaultian sense, knowledge is power.

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# CONTROL, ETHICS AND ACCOUNTABILITY IN THE FINANCIAL MANAGEMENT PERFORMANCE OF EASTERN CAPE MUNICIPALITIES

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## ABSTRACT

This article analyses the General Report on local government audit outcomes of the Eastern Cape Province 2013/2014 and reflects on the financial control and ethics as critical measures for enhancing sound municipal financial management, accountability and clean audits. With reports and details of material misstatements, unauthorised expenditure, fruitless, wasteful and irregular expenditure, including the material underspending of budgets and unspent government grants by municipalities and municipal entities, actions to seriously tighten financial control and monitor ethical behaviour and accountability cannot be overemphasised. Section 195(1)(f) of the *Constitution of the Republic of South Africa* (1996), as well as Chapter 6 of the *Public Administration Act* (No. 11 of 2014), provide for control, ethics and accountability in the management of public finances. Sections 165 and 166 of the *Municipal Finance Management Act* (No. 56 of 2003) compel municipalities to establish Internal Audit Units and Audit Committees, respectively. Municipal Public Accounts Committees (MPACs) are further provided for and established in terms of section 79 of

the *Local Government: Municipal Structures Act* (No. 117 of 1998) to perform an oversight function on behalf of the municipal council. However, despite all of this, recent audit outcomes continue to reflect poor financial performance, a lack of effective control application, a pervasive culture of unethical conduct and a lack of accountability in many Eastern Cape municipalities. Consequently, movements in audit outcomes of the Eastern Cape municipalities indicate that the majority of municipalities still fail to address audit findings. This has resulted in the trend of improvements being negated by regressions and the failure to manage public finances in most municipalities. This article recommends an institutionalised framework and a pervasive culture of financial control application, which is buttressed by transparent financial reporting and recording. It argues for public financial control to be conceptualised and framed as a subsystem of a broader financial control environment, which is firmly embedded in an ethical value system, to enhance accountability in the use of municipal resources.

**Keywords:** Control, ethics, accountability, clean audit, municipalities, non-compliance.

## **INTRODUCTION**

The continuous assessment of performance is a central component of modern public sector governance activities. Financial reports are considered important managerial tools for accounting in the public sector. Evolving from increased emphasis on accounting and control methods, attention is also being focused on accountability. Sound financial management in the public sector supports management in the allocation of limited resources. The allocation of resources to acquire public goods and services is a critically important role of the state. The efficient and effective use of public resources is a key determinant towards the achievement of public policy outcomes. Effective public sector governance and accountability relies on sound control systems, since forces in the external environment demand enhanced service delivery. Accountability also demands an effective and efficient control system, as determined by various pieces of public finance legislation. In South Africa, the main objective for municipalities is to render efficient and effective delivery of services to the public. Various parties may, thus, be interested in the financial performance of local governments. Political and administrative leadership is, therefore, obligated to ensure that municipal finances are appropriately utilised in order to achieve service delivery objectives and targets. Local government plays a significant role in ensuring access to basic services for previously marginalised communities. Conducting oversight effectively assists local governments in the determination of trends in the various ratios that might highlight areas of concern. Citizens may also be very interested in evaluating the performance of elected public officials.

The state of local government finances has significant influence on voting decisions and will be of interest to holders of political office, both incumbents and hopefuls. Appointed officials use measures of financial performance for a variety of managerial purposes including evaluating, controlling, budgeting, motivating, celebrating, learning and improving. Thus, measuring the financial performance of municipalities is essential not only to ensure that citizens enjoy quality service, but also to give assurances that the public receives value for money.

The oversight role of elected public officials in municipal finance can, thus, not be overemphasised. Control is a dynamic process and can be seen as having an action-facilitating role in achieving clean audits in local government. It is, thus, critically important that local government continuously enhances the councillors' understanding of the roles and responsibilities of Internal Audit Units, Audit Committees as well as Municipal Public Accounts Committees (MPACs). The commitment to support municipalities that are struggling to improve their audit outcomes should, among other things, focus on building capacity in political oversight, compliance with laws and regulations, reporting against predetermined objectives, credit control and debt collection, revenue enhancement and tariff setting. The small number of clean, qualified audits from the Auditor-General may be suggestive of the existence of pervasive, weak, institutional control systems and cultures for tracking financial performance in many municipalities.

Against this background, this article analyses the General Report on the local government audit outcomes of the Eastern Cape Province

2013/2014, and reflects on control, ethics and accountability mechanisms for enhancing sound municipal financial management in municipalities. Firstly, this article contextualises municipal finance within the broader South African public financial management system and legislative framework. Secondly, it locates municipal financial management within a control and ethical value system and posits that to secure accountability in municipal finance, effective control and ethical value systems must be institutionalised. Thirdly, it critically reflects on the audit outcomes of the Eastern Cape Province, 2013-14, and their implications for achieving clean audits. Lastly, this article argues for the institutionalisation of an accountability culture in municipalities that is embedded within a value-based culture of effective control, ethical financial management that complies with laws, control practices and ethical codes. This article proposes the institutionalisation of a pervasive culture of financial control, which is buttressed by transparent reporting and recording and firmly embedded in an ethical value system, to enhance accountability in the use of municipal finance. It contends that laxity in control measures, ethical norms and standards, and accountability, as reported by the Auditor-General's audit reports, continue to weigh down the intended policy outcomes and performance of most Eastern Cape municipalities.

## **MUNICIPAL FINANCIAL MANAGEMENT**

Financial management focuses on developing indicators from the point of view of the resource controller. The wise and prudent use of public money means that traditional measures of probity and expenditure are needed,

together with the efficient and cost-effective use of resources. Public financial management is, thus, a process whereby a public institution employs the means to obtain and allocate resources and/or money based on articulated priorities, and then utilises methods and controls to effectively achieve publicly determined needs (McKinney, in Visser & Erasmus, 2010:8). It comprises all the decision-making and other functional activities performed by public officials in particular, to determine the optimum utilisation of scarce resources in order to achieve political objectives effectively and efficiently (Visser & Erasmus, 2010:9). Municipal councils, as the custodians of public money must, therefore, be held accountable by the electorate. It, therefore, becomes imperative that control and accountability be maintained by all public entities (Visser & Erasmus, 2010:11).

As such, sound municipal financial performance emphasises the need to have financial management and control systems that show people how the municipality is performing. The budget, as a key public policy document, sets out the government's intentions to raise revenue and utilise the allocated resources during a financial year (Fourie, 2007:734). An annual Service Delivery and Budget Implementation Plan (SDBIP) further provides information on the progress regarding the budget implementation on a quarterly basis. Thus, the SDBIP serves as a regular update on the progress with the Integrated Development Plan (IDP), which covers a period of five years (Thornhill & Cloete, 2014:128).

Zhou (2012:152) is of the view that sound public financial management is the bedrock

of socio-economic development. This is so, given that the development efforts of government are directly linked to the availability and efficient utilisation of its financial resources (Zhou, 2012:152). Public financial management deals with the integral relationship between revenue and the expenditure of public money in a manner that most closely reflects the public interest (Fourie, 2007:734). Fourie (2007:735) further contends that the broad objectives of public financial management are to achieve overall fiscal discipline, the allocation of resources to priority needs, and the effective and efficient delivery of public services. As such, a sound public financial management system supports aggregate control, prioritisation, accountability and efficiency in the collection, safeguarding and spending of public resources for the delivery of services, which are critical in the achievement of public policy objectives (Fourie, 2007:735).

As was noted by Fourie (2007:735), a public financial management system refers to the structures and procedures through which decisions are made and implemented regarding the allocation and management of public resources. The core of public financial management is comprised of budget planning and preparation, appropriation, budget execution, accounting and financial reporting, as well as audit and evaluation (Pauw, Woods, Van der Linde, Fourie & Visser, 2009:92-96). Coe (in Fourie, 2007:735) adds that the public financial management system includes statutory arrangements and processes such as forecasting revenues and expenditures; formulating Medium Term Expenditure Frameworks (MTEF); linking the budget to policymaking; preparing the execution of the budget; managing cash

and monitoring expenditure; performing internal controls and audits; accounting and reporting; procuring public goods and services and managing assets (Supply Chain Management (SCM)); as well as conducting external audits and ensuring oversight. Public financial management places an emphasis on accountability for results and locates budgeting and financial management within a performance management framework. Financial management is, thus, a critical component of public administration (Cloete, 1998:45). The financial system is supported by national and provincial Treasury guidelines, Generally Recognised Accounting Practices (GRAP), performance auditing and accounting procedures, and functions of the Auditor-General (Van der Waldt, 2016:299).

In local government, the Municipal Public Accounts Committees (MPAC), Internal Audit, Audit and Risk Committees as well as permanent appointments, such as that of the Chief Financial Officer (CFO) further provide a monitoring and oversight function over municipal finances (Van der Waldt, 2016:299). To achieve sound municipal financial management, Sections 165 and 166 of the MFMA compel municipalities to establish Internal Audit Units and Audit Committees, respectively. MPACs must also be established in terms of Section 79 of the *Local Government: Municipal Structures Act* (No. 117 of 1998) to perform an oversight function on behalf of the municipal council.

Various pieces of legislation (Van der Waldt, 2016:299) provide a comprehensive statutory framework for financial management in the South African public sector. Section 216(1) of the *Constitution of the Republic*

*of South Africa* provides that there will be a National Treasury to prescribe measures to ensure proper expenditure control in each of the three spheres of government. The contents of Section 195 of the *Constitution* have critically important implications for sound public financial management. Section 195(1) explicitly provides that public administration, in all spheres of government, must promote efficient, economic and effective use of public resources and that it should be held accountable. Financial control measures for enhancing sound financial management in the public sector, therefore, need to focus on the prudent use of available resources, which, among others, include human and financial resources (Smit & Cronje, 1992:433).

The *Municipal Finance Management Act* (No. 56 of 2003) (MFMA) emphasises the economy and efficiency in the delivery of outputs required to achieve the desired outcomes that serve the needs of society. In terms of Sections 83(1) and 107, the MFMA requires the accounting officer, senior managers, the Chief Financial Officer (CFO) and other officials to meet certain competency levels. This requirement is in tandem with a Treasury circular on Municipal Regulations on Minimum Competency Levels, which was issued in April 2012 and came into force in January 2013. It states that "no municipality or municipal entity may employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of the regulations" (South African Local Government Research Centre, 2012:11; Thornhill & Cloete, 2014:115). It seems that this is mainly aimed at remodelling and reforming public financial management practices in South Africa with the main

goals of, firstly, making local government financially sustainable through the practice of best financial management principles and, secondly, providing support for the practical implementation of the constitutional imperative of cooperative government. Financial management can, thus, be viewed as a pivot on which the control process hinges. Sound municipal financial management is also inextricably linked to an efficient and effective control process, ethics and financial accountability. Heintzman (in MacCarthaigh, 2008:58) is of the view that effective controls are arguably the dominant factor in ensuring high levels of values and ethics performance in public organisations.

## **MUNICIPAL FINANCIAL CONTROL SYSTEM AND ENVIRONMENT**

The daily activities of financial management include credit management, inventory, control and the receipt and disbursement of funds (Block & Hirt, 1992:11). Financial control involves such matters as the monitoring and control of investments, stock, debtors, creditors and liquidity (Maclean, 2014:88). The financial control phase in financial management is that phase where the municipality is concerned with implementing the financial plans or forecasts, and dealing with the feedback and adjustment process that is necessary to ensure that the goals of the institution are pursued appropriately. Controls include clear policies, procedures and reporting; separation of duties and oversight; effective monitoring, auditing and reporting; clear mechanisms for reporting malfeasant behaviour and wrongdoing, and effective and transparent action when wrongdoing is discovered (Heintzman, in MacCarthaigh, 2008:58).



Key elements of the control environment consist of the effectiveness of the organisational structure; the role of the Audit Committee and Internal Audit Unit; reasonableness of budgets and management plans (service delivery plans); relevance and reliability of management information (reporting systems and record management); the existence of adequate policies and procedures for controlling expenditure and the effectiveness of management controls. The effective and efficient application of public financial controls ensures that spending is incurred in line with predetermined plans or budgeted items, while spending complies with the stipulated rules, regulations, manuals, directives and relevant enabling and guiding pieces of legislation (Ntonzima, 2011:1011). The ultimate goal of financial control application on public spending is to ensure that there is reasonable transparency and accountability on how public finances are generated, managed and spent for the good of society (Ntonzima, 2011:1017). Government accountability, which covers financial management and spending, is a fiduciary duty owed to the governed by the government (Dlamini, 1999:1). A financial management system (FMS), thus, basically consists of different integrated main systems, the most significant of which are planning systems, budget systems, accounting systems, financial control systems and allocation systems (Van der Waldt, 2016:301).

Nzomo (1999:1) is of the view that financial controls are a subsystem of a standard system from a broader public financial management system. From an accounting perspective, the concept of a "system" when used to understand public financial controls can be perceived as consisting of three

elements: firstly, records, memos, receipts, invoices, contracts, journals, ledgers and so on; secondly, a system can be perceived as consisting of procedures for data capturing and processing, journalising and posting; and thirdly, personnel numbers, the calibre and technical competence of public officials, and professional ethics. The critical importance of the control environment as the key for the effective application of financial controls or financial management control subsystems, in any government sphere, is often emphasised (The Department of State Expenditure (DSE), 1998:20-24; Ntonzima, 2011:1018). To be effective, it is generally accepted that this control environment should contain aspects such as sound management characteristics (effective financial controls; compliance with financial control policies; eliminating deficiencies in controls application so that officials may not attempt to take advantage of them); efficient organisational structures; an effective internal audit function and acceptable human resources policies (where employees are competent and trustworthy and reliable financial control and financial information is obtained); and written procedures (to reduce the possibility of fraud, procedures should be simple and user-friendly). Thus, with recurring audit reports of material losses, unauthorised expenditure, fruitless, wasteful and irregular expenditure, including material underspending of budgets and unspent government grants by municipalities and municipal entities, acts to seriously tighten financial controls application cannot be overemphasised (Auditor-General, 2010:9).

For a municipality to function effectively, an Internal Audit Unit and an Audit Committee are essential. Internal audit is embedded in

the theoretical foundation of governance (Christopher, 2015:955). Good governance and accountability are paramount to sound municipal financial controls and performance. As postulated by the agency theory, which is the underpinning theory of governance, the interests of management and stakeholders are often at odds, but can be brought into alignment through a series of controls that are developed, implemented and monitored (Christopher, 2015:955). In executive institutions, financial reporting is probably the most important means of determining the extent to which public officials fulfil their responsibilities of accountability (Van der Walddt, 2016:301).

An effective financial management information system is a basis for proper management and reporting. A number of principles of such a system can be discerned, including the audit and security principle, which ensures that the system can be audited and provides the necessary controls and audit tools (Boot, 1989:39-52, in Van der Walddt, 2016:303). The internal audit function essentially provides assurance as to the effectiveness and compliance of agency-oriented controls through the Audit Committee (Christopher, 2015:956). To exercise effective financial control, a municipality or a municipal entity has to establish an Internal Audit Unit (Thornhill & Cloete, 2014:125; South African Local Government Association, 2012:4). Audit processes must also be accountable and transparent and municipalities must always strive to achieve clean audit opinions.

Section 165 of the MFMA requires each municipality to have an Internal Audit Unit. The Internal Audit Unit prepares a risk-based audit plan and an internal audit programme

for each financial year (South African Local Government Association, 2012:4). It also advises the accounting officer and reports to the Audit Committee on the implementation of the internal audit plan and matters relating to: internal audit; internal controls; accounting procedures and practices; risk and risk management; performance management; loss control and compliance with the MFMA, the Division of Revenue Act (DORA) and other applicable legislation (South African Local Government Association, 2012:4). It further performs any other duties as may be assigned to it by the accounting officer. The Internal Audit Unit reports to the Audit Committee on the implementation of its plan and programme, but only makes recommendations to the municipal council as there is no enforcement mechanism. In addition, internal audit should also ensure that the King III Report, to the extent that it relates to local government, is implemented in a municipality or municipal entity (South African Local Government Association, 2012:4).

Nzomo (1999:1) views financial controls as subsystems of a standard system from a broader public financial management system. For Nzomo (1999:1-2), the concept of a system in public financial control can be perceived in three aspects as: (i) records, memos, receipts, contracts, journals, ledgers and so on; (ii) procedures for data capturing and processing, journalising, posting, casting and so on; and (iii) personnel numbers, calibre, technical competence, professional ethics and so on. The municipal control system, therefore, hinges on sound expenditure management, effective external control, an embedded culture of sound public finance and effective management information systems (Abedian, 2000:8-9). As such,

the Internal Audit Unit plays a key role in verifying the completeness and accuracy of assets and inventories. A risk-based internal audit plan has to be approved by the Audit Committee and, subsequently, implemented (Department of Cooperative Governance and Traditional Affairs, 2014:129). The internal audit function forms part of the framework of control and supports accountability and good governance. As part of the control system, it assists the accounting officer to maintain efficient and effective control by evaluating those controls to determine their effectiveness and efficiency, and develop recommendations for enhancement or improvement (Fourie, 2007:740). The internal audit function, thus, audits various control systems to ensure that fraud and losses are minimised.

In terms of Section 166 of the MFMA, each municipality and municipal entity is also required to establish an Audit Committee. The Audit Committee is a committee of the municipal council, as contemplated in Section 79 of the *Local Government: Municipal Structures Act*, (No. 117 of 1998), but none of its members are councillors, which is contrary to the normal nature of a Section 79 committee. An Audit Committee advises council, the political office-bearers, the accounting officer and the management of the municipality or municipal entity on matters relating to: internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; compliance with the MFMA, DORA and other applicable legislation; performance evaluation and any other issues referred to it by the municipality

or municipal entity (South African Local Government Association, 2012:5; Thornhill & Cloete, 2014:125).

The committee reviews the annual statements to allow the municipal council to form an authoritative view of the financial matters. Furthermore, it responds to issues raised by the Auditor-General and carries out related functions as may be prescribed to the committee. The municipal manager is the accounting officer in terms of the MFMA, who is responsible for internal control, as is necessary, to enable the preparation of public financial statements that are free from material misstatement, whether it is due to fraud or error (Department of Cooperative Governance and Traditional Affairs, 2014:180). Furthermore, the municipal manager is responsible for auditees' internal controls, including leadership, planning, risk management, oversight and monitoring (Auditor-General, 2015a:51). It is, however, acknowledged that the municipal manager cannot exercise all of the financial management duties assigned to him/her as required by the MFMA. There is, therefore, provision for the municipal manager to develop a system of delegation to maximise administrative and operational efficiency and provide adequate checks and balances. However, a municipal manager may not delegate financial or other responsibilities to a political structure (Thornhill & Cloete, 2014:114).

It should also be noted that while the municipal manager depends on senior management for designing and implementing the required financial and performance management controls, they should create an environment that helps to improve such controls

(Auditor-General, 2015a:51). Senior management, which includes the chief financial officer and the head of the Supply Chain Management (SCM) unit, provides assurance by implementing basic financial and performance controls. Such controls include ensuring proper record-keeping so that complete, relevant and accurate information is accessible and available to support financial and performance reporting. These controls include implementing controls over daily and monthly processing and reconciling transactions (Auditor-General, 2015(a):51). It is, therefore, only when the municipal manager enforces accountability and ensures timely, credible and transparent records and reports that the municipal council can effectively enhance its oversight functions.

It is also imperative that municipal managers implement consequence management to ensure accountability. As with the municipal manager, the chief executive officer of a municipal entity is appointed as accounting officer in terms of the *Municipal Systems Act* (No. 32 of 2000). In a similar manner to the municipal manager, the chief executive officer of a municipal entity renders account for an entity's financial management. As such, Thornhill and Cloete (2014:117) write that, in general terms, the chief executive officer's duties, in relation to a municipal entity, closely mirror those of a municipal manager. The chief financial officer (CFO), in an administrative capacity, is in charge of the budget and treasury office in a municipality. He/she, thus, performs budgeting, accounting, analysis, financial reporting, cash management, debt management, financial management, review and other functions as may be delegated to the CFO by the municipal manager (Thornhill & Cloete, 2014:114).

The CFO accounts to the municipal manager for the performance of the functions that are assigned to him/her. Ethical behaviour is one of the principal means by which accountability is maintained in the public sector (O'Faircheallaigh, Wanna & Pellar, 1999:225).

## **ETHICS IN PUBLIC FINANCIAL MANAGEMENT**

An ethical framework flows from public service values, obligations and standards which are, in turn, derived from legislation, policy and accepted public service conventions. The etymology of the word "ethics" is derived from the Greek word *ethikos*, which means custom. This Greek word has a Latin synonym or equivalent *mors*, which translates to custom or more. Early Greek philosophers, Plato and Aristotle (Fatile, 2013:134), conceptualised "ethics" as "what we ought to do". Aristotle viewed ethics as moral virtue, which could be instilled in individuals through practice and learning (Grind, 2007:238). Ikeanyibe (2009:194) writes that ethics is that branch of philosophy that deals with the analysis and evaluation of human conduct to determine the fundamental principle that makes it good or bad, right or wrong. Mbatha (2005:16) conceptualises ethics as a science of morals (*metaethics*) and as a system of morals that defines or states the code or set of principles by which men live. Ethics requires judgement and reasoning in decision-making that raise questions regarding what is right, wrong, good or bad conduct, fair or just (Fatile, 2013:134).

Ethics is a normative science that aims at stating the way human beings ought to behave, rather than an empirical science that

attempts to describe the way things are (and the way things behave (Ikeanyibe, 2009:194-195). Ethics essentially intersects with moral values and laws (Gawthrop, 1984:137-62; Frederickson & Hart, 1985:547-53; Jennings, 1991:165; Denhardt, 1991 (a):92; Guy, 1991:193-200). Ethics can, thus, be holistically understood against a set of values (core beliefs) or desires that guide or motivate attitudes and action. Normatively, ethics can be grouped into two major theories: teleological and deontological theories. The former is derived from the Greek word *telos*, which connotes purpose or end. This theory is based on the philosophical ideas of John Stuart Mill, Jeremy Bentham, Aristotle and Thomas Aquinas. Teleological thinkers claim that the moral character of actions depends on the simple, practical matter of the extent to which actions actually help or hurt people. Actions that produce more benefits than harm are "right"; those that do not, are "wrong". This outlook is best represented by utilitarianism, which is a school of thought that originated from the British philosopher, Jeremy Bentham (1748-1832) and was refined by John Stuart Mill (1806-1873), and also often referred to as the "principle of utility" or the "greatest happiness principle". This school of thought assumes that an action is right to the extent that it increases the total happiness of the affected parties. Happiness has many definitions, such as advantage, benefit, good, pleasure or satisfaction.

The second theory is also premised on the Greek word *deon*, which means duty. A renowned scholar who is associated with this theory is Immanuel Kant. Kant assesses the moral character of actions by focusing on the internal, particularly the rational, aspect of

human conduct. He claims that the only thing inherently good is a good will; that is, one that follows reason's guidance and acts from a sense of duty. Actions, thus, have intrinsic moral value. Some actions are considered inherently good (accountability, trustworthiness, prudence, responsibility for practices, conformity to legality), while others are bad (dishonesty, conflict of interest, wasteful and fruitless expenditure, embezzlement, manipulation). Fatile (2013:137-38) is, thus, of the view that no matter how much "good" comes from conflict of interest, for example, a deontological thinker argues that the action will never be right. Kantian ethical theories, like utilitarian theories, revolve around an interpretation of fairness or, more correctly, the concept of "duty" (Kinchin, 2007:112).

Denhardt (1991 (b):274) views ethics as the vigorous pursuit of principles such as justice, fairness, individual rights, due process, equity, respect for human dignity and pursuit of the common good. O'Keefe (1996:4-5) refers to "the seven principles of public life" document that was produced by the United Kingdom Committee on Standards in Public Life. Out of these values, O'Keefe cites selflessness as the most important value for a public official. As with the Kantian utilitarian theory, he stresses duty before self, and then the remaining principles flow from the adoption of that personal value. According to Cloete (1998:29), in the realm of good governance and public administration, ethics could be regarded as the collection of values, obligations, moral principles, attitudes and norms and standards that serve as conduct and behavioural rules, which must be observed by public representatives and public officials to ensure that their actions are constantly focused on the promotion,

achievement, maintenance and enhancement of the general welfare of society at large. Ethical behaviour is, therefore, a critical component of sound public financial management, as it fosters public accountability. As such, Van der Waldt (2016:40) views ethics as the norms, values and standards that guide the behaviour and actions of people.

In terms of Chapter 6 of the *Public Administration Act* (No. 11 of 2014), ethics, integrity and discipline are integral to the public sector. Section 15(1) of the Act provides for the establishment of the Public Administration Ethics, Integrity and Disciplinary Technical Assistance Unit and Section 15(4)(a-f) provides for the functions of the Unit (South African Republic, 2014:18). With regard to local government, Section 15(7)(c) of the Act provides that the Unit may perform its functions as provided in subsection (4) in respect of a municipality with the concurrence of the Municipal Council or upon the request of the relevant Municipal Council, or upon the request of the relevant Member of the Executive Council, in respect of an investigation contemplated in Section 106(5) of the *Municipal Systems Act* (No. 32 of 2000). Chapter 8, Section 17(1) of the *Public Administration Act* (No. 11 of 2014) also provides for the establishment of the Office of Standards and Compliance.

In terms of Section 17(6)(a), the objectives of the Office are to ensure compliance with the minimum norms and standards as set by the Minister in terms of Section 16, while taking into account that the spheres of government are distinctive, interdependent and interrelated, by monitoring the compliance of institutions with the minimum norms and standards in public administration, (South

African Republic, 2014:18). Unethical practices, in both the financial and performance areas, have been identified as key factors contributing to the poor performance of municipalities (Department of Cooperative Governance and Traditional Affairs, 2009:55). The antithesis of good governance in public financial management is corruption, which manifests itself in a number of ways: bribery, embezzlement, fraud, extortion, abuse of power, conflict of interest, favouritism and nepotism. Corruption results in public funds being misused, applied to benefit a select individual or entity, or results in potential public funds being diverted from government revenue to private income (Fourie, 2007:741). As was further noted by Fourie (2006:437), nepotism, favouritism, abuse of power and insider trading are contrary to good governance in public financial management, as is embezzlement and extortion. Unethical behaviour is also mainly attributed to non-compliance with laws and regulations (Public Service Commission, 2010:13). This creates opportunities for favouritism and nepotism to influence appointments (Public Service Commission, 2011:13).

The absence of adequate internal controls within the financial management systems of municipalities, certainly contributes towards increasing incidents of fraud and corruption in municipalities (Department of Cooperative Governance and Traditional Affairs, 2009:54). This, obviously, compromises the achievement of objectives by municipalities, as public funds get illegally diverted from their intended use to further the perpetrators' personal gain (Department of Cooperative Governance and Traditional Affairs, 2009). A lack of accountability and the absence of effective disciplinary systems

contribute to the failure of municipalities to perform. The absence of consequences for unethical behaviour and poor performance also contribute to senior management's lack of commitment to improve compliance and performance (Ramutsheli & Janse van Rensburg, 2015:110).

As such, Treasury Regulations 16A of 2005 provide guidelines on how to manage conflict of interest and ensure proper declarations by all Supply Chain Management Practitioners and other role players in supply chain management processes (Department of Cooperative Governance and Traditional Affairs, 2014:124). Bid Committee Members are, thus, required to disclose their business interests every year as well as to sign the Code of Conduct in terms of National Treasury Practice Number 4 of 2003 and 7 of 2009/2010. Bid Committee members are to disclose the interest of each bid/tender that they deal with and the record should be kept for audit purposes (Department of Cooperative Governance and Traditional Affairs, 2014:124). Schedule 1 of the Municipal Systems Act (No. 32 of 2000) provides for the code of conduct for councillors and municipal staff members. In other words, it guides the conduct of elected and appointed municipal officials. In order to ensure effective and efficient expenditure, accountability is a key component of public financial management.

## **MUNICIPAL FINANCIAL ACCOUNTABILITY**

Accountability, as a concept in ethics, has several meanings (Day & Rudolf, 1987:33). Usually, it is used together with concepts such as responsibility, answerability, enforcement,

blameworthiness, liability and other terminology which relates to the expectation of giving an account (Huddleston, 1982:320). Responsibility and accountability are intimately related principles, which oblige public officials to be answerable for their policies, actions and use of public funds. Accountable and predictable public financial management is a prerequisite for sustainable development, reduction of poverty and the effective use of scarce resources. Accountability is an obligation to expose, explain and justify action (Khalo, 2013:581). Financial accountability implies an obligation on the part of the person(s) handling resources, or holding public office or any other position of trust, to report on the intended and actual use of the resources (Fourie, 2007:741).

Two other dimensions are closely related to financial accountability: political accountability and administrative accountability (Du Preez, 2000, in Fourie, 2007:741). Political accountability relates to regular and transparent methods of sanctioning or rewarding those who hold positions of public trust through a system of checks and balances. Administrative accountability, on the other hand, implies systems of control, which are internal to government and include public service norms and standards, incentives, ethical codes and administrative reviews (Fourie, 2007:742). Financial accountability in the management of public funds are thus at the core of western democratic intellectual, constitutional and legal heritage. Democratic theory emphasises the role of values and accountability in public affairs. Locke's theory of the superiority of representational democracy is built on the notion that accountability is only possible when the governed are separated from the

governors (Locke, in Lindberg, 2013:203). Jeremy Bentham's principle that "...the more we are watched, the better we behave..." best captures the need for accountability (Hood *et al.*, in Lindberg, 2013:203). Accountability is associated with the act of discretionary governing and is, typically, understood as the authoritative allocation of resources and exercising control and coordination.

This, in turn, points to the critical need for an identifiable locus of authority. Within this context, Mill (1964[1861]:332) famously argued that "...responsibility is null and void when nobody knows who is responsible.... there must be one person who receives the whole praise of what is well done and the whole blame of what is ill". Ola and Effiong (in Adejuwon, 2012:27) refer to accountability as the ability to furnish a satisfactory analysis and explanation of one's actions in the process of discharging one's responsibilities at all levels whether technical, administrative, political, financial or otherwise. In Hondenghem's (1998:7) view, accountability rests on both giving an account and on being held to account. Accountability, thus, denotes responsibility, integrity, democracy, fairness and justice (Blind, 2011:8).

Adejuwon (2012:28) postulates that the concept of accountability involves distinct stages; answerability and enforcement. Answerability is the obligation to provide information about decisions and actions and to justify to the public and to institutions of oversight. On the other hand, enforcement denotes the notion that the public, or institution responsible for accountability, can sanction the offending party or remedy the contravening behaviour (Adejuwon,

2012:28). Accountability is, therefore, a key determinant of the state of governance, as it promotes good governance in public affairs and sound municipal financial management (Polidano & Hulme, 1997:68). Adejuwon (2012:27) posits that accountability has to be concerned with ensuring that those who wield power exercise it responsibly, so that they can be held accountable for their actions or inactions. Thus, the demand in democracies is that there must be the responsible use of power and authority and a clear means of administrative accountability. Within this context, accountability and good governance can, thus, be viewed as flip sides of the same coin (Carrington *et al.*, 2008:35). Accountability, therefore, fosters sound financial management and ethical governance (Adejuwon, 2012:34). In this sense, accountability determines who is liable for what and what kind of conduct is illegal. An official's ethical conduct must, therefore, be above reproach, so that it will be accountable to the public (Fourie, 2007:742). As such, Fourie (2007:742) posits that to secure accountability for sound public financial management, it is imperative that effective control systems be established. He contends that it is also important to present timely, objective, understandable and balanced reports to the relevant stakeholders. Furthermore, it is critically important that proper records and accounts be kept and an effective system of financial control maintained (Fourie, 2007:742; Ngoepe & Ngulube, 2015:9).

Accountability and oversight are most effective if they are recognised by those in power as promoting accountability and oversight (South African Local Government Association, 2012:15). The key functions of accountability



and oversight in municipal financial management are to improve performance and service delivery, safeguard against unethical practices and the mismanagement of resources and abuse of power, as well as improve integrity and trust in local government (Khalo, 2013:589). Municipalities are, thus, expected to establish Municipal Public Accounts Committees (MPACs). The MPAC is appointed in accordance with Section 79 of the Municipal Structures Act. The MPAC reports directly to the municipal council and the chairperson of the MPAC liaises directly with the speaker on the inclusion of reports from the MPAC. The purpose of the MPAC is to exercise oversight over the executive functionaries of council and ensure good governance in the municipality (South African Local Government Association, 2012:8). Functions of the MPAC should, however, be formally delegated in accordance with the provisions of Section 59 of the *Municipal Systems Act* (No. 32 of 2000).

The delegations must be included as the System of Delegations of the Municipality. The MPAC interrogates the following aspects as addressed in the MFMA: unforeseen and unavoidable expenditure (Section 29); unauthorised, irregular or fruitless and wasteful expenditure (Section 32); the quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality/SDBIP (Section 52(d)); monthly budget statements (Section 71); mid-year budget and performance assessment (Section 72); mid-year budget and performance assessment of municipal entities (Section 88); disclosures concerning councillors, directors and officials (Section 124); submission and auditing of annual financial statements (Section 126); issues

raised by the Auditor-General in audit reports (Section 131); audit committee (Section 166); disciplinary action instituted in terms of the MFMA; and monitoring that all declaration of interest forms are completed by councillors on an annual basis (Section 54, as read with Item 7 of Schedule 1) (South African Local Government Association, 2012:10-15). Municipal Public Accounts Committees (MPAC) are, thus, critically important for enhancing good governance and the performance of municipalities, as they provide much needed oversight.

### **AUDITOR-GENERAL AND THE EXTERNAL AUDIT FUNCTION**

In order to ensure excellence in the public sector, specific measures should be taken to eliminate unethical conduct. The recognition and acceptance of public accountability, by laying public financial matters before the Auditor-General, is a distinctive principle in public administration (Van der Waldt, 2016:163). In municipal finance, one such measure is appealing to the Auditor-General (performance auditing and accounting) (Van der Waldt, 2016:53). Section 188(1) of the *Constitution of the Republic of South Africa* provides for the Auditor-General, who must audit and report on the accounts, financial statements and financial management of all national and provincial state departments and administrations and all municipalities. Each year, the Auditor-General tables reports on the accounts and financial management of government departments and state institutions (Van der Waldt, 2016:299).

The Auditor-General expresses an opinion on public financial statements which are based on an audit, in accordance with the

*Public Audit Act* (No. 25 of 2004) (PAA), the General Notice issued in terms thereof and the International Standards on Auditing. The standards require that the Auditor-General complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether financial statements are free from material misstatement (Department of Cooperative Governance and Traditional Affairs, 2014:180). An audit, thus, involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. Selected procedures largely depend on the auditor's judgement, including the assessment of the risk of material misstatement of financial statements, whether it is due to fraud or error. The auditor considers internal control that is relevant to the entity's preparation of the fair representation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control (Department of Cooperative Governance and Traditional Affairs, 2014:180). An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

A reflection and analysis of the Auditor-General's audit outcomes for local government, in the 2012-13 and 2013-14 financial years, indicate a worrying trend. The root causes of the failure of municipalities to achieve clean audits are not addressed year in and year out. This has been attributed to weaknesses in the drivers of internal control, such as financial and performance management, weak political leadership, non-compliance

with laws and regulations, especially on supply chain management (SCM) and weak financial governance structures, including internal audit functions (Auditor-General, 2014b; Auditor-General, 2015b). This is worrying, since internal control forms a critical component for establishing probity and accountability in the use of public money.

### **ANALYSING AUDIT OUTCOMES OF EASTERN CAPE MUNICIPALITIES – 2013/14**

The Department of Cooperative Governance and Traditional Affairs (CoGTA) has the important responsibility, as expressed in the National Development Plan (NDP), of ensuring that local government is capable and able to contribute towards the developmental state (Department of Cooperative Governance and Traditional Affairs, 2014:9). In 2010, the government introduced its approach to produce results by identifying twelve outcomes. Each Ministry and Department was mandated to be responsible for a specific outcome through a performance agreement, which became known as a Delivery Agreement. The Department of Cooperative Governance and Traditional Affairs (CoGTA) is responsible for the Delivery Agreement on Outcome 9, which seeks to achieve a responsive, accountable, effective and efficient local government system. To achieve the vision of an integrated, responsive and highly effective governance system, the Department of Cooperative Governance (DCoG) identified eleven strategic goals. Strategic goal 5 seeks to enhance the administrative and financial capabilities of municipalities.

Strategic goal 5 closely relates to Strategic goal 6, which seeks to strengthen cooperative

governance and provide oversight and support to provincial and local government. Strategic goals 5 and 6 also closely aligned with Strategic goal 11, which sought to strengthen measures to fight corruption and unethical conduct. This aligns with, and complements, the strategic priorities that were set in the Strategic Plan 2009-14, which, among other things, include strengthening accountability and clean government, by achieving clean audits (Department of Cooperative Governance and Traditional Affairs, 2014:42). In 2009, CoGTA assessed all 283 (now 278) municipalities (Department of Cooperative Governance and Traditional Affairs, 2009:3). The results indicated that municipalities were in distress as a result of wide-ranging systemic challenges. Such challenges included serious service delivery backlogs, a breakdown in governance systems, unethical conduct and wildcat service delivery protests (Powell, O'Donovan, Ayele & Chigwata, 2014:5-6).

CoGTA came up with a Local Government Turnaround Strategy (LGTAS) where one of the strategy's objectives is to achieve clean audits on financial statements, as well as further maintain systems for sustaining quality financial statements and management information (Department of Cooperative Governance and Traditional Affairs, 2009:21; SALGA, 2012:3). Similarly, following the State President's State of the Nation Address (SONA) which was delivered on 17 June 2014, CoGTA has since been pursuing the back-to-basics approach to address the challenges faced by local government. At a basic level, municipalities are, among other things, expected to ensure that they are well governed by demonstrating good governance and administration, cutting wastage,

spending public funds prudently, hiring competent staff and ensuring transparency and accountability. The back-to-basics approach also expects municipalities to ensure sound financial management and accounting, and prudently manage resources to sustainably deliver services and bring development to communities (Auditor-General, 2015b:11).

In tandem with the objectives of CoGTA, one of the objectives of the Eastern Cape Department of Local Government and Traditional Affairs (EC DLGTA) is to support the achievement of clean audits and to implement a monitoring and evaluation service in the forty-five (45) municipalities (Eastern Cape Department of Local Government and Traditional Affairs, 2013:10). This is consistent with Section 155 of the *Constitution of the Republic of South Africa*, which provides for provincial government to monitor and support local government in the province and the development of local government capacity to enable municipalities to perform their functions and manage their affairs. The EC DLGTA also aims to support municipalities in achieving clean audits. This aligns with Section 41 of the *Municipal Systems Act* (No. 32 of 2000), which requires a municipality to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives as set out in its Integrated Development Plan (IDP).

However, the Auditor-General (2014a:8) laments that "considering the five-year trend in audit outcomes, it is evident that progress has been slow" with respect to improvement towards clean administration in the Eastern Cape municipalities. The 2010-11

Consolidated Municipal Audit Report indicates that only thirteen (13) municipalities received clean audit opinions nationally, and none of these were in the Eastern Cape Province (Auditor-General, 2012/13:17-18). The general report on the audit outcomes of the Eastern Cape municipalities (2010-11) further showed that while thirteen (13) municipalities received unqualified opinions, another thirteen (13) received qualified opinions. It indicates that two (2) municipalities received adverse audit opinions and seventeen (17) received disclaimers. In the 2011-2012 financial year, the Auditor-General's report on local government audit outcomes raised concern, indicating that overall municipal audit outcomes had regressed with only forty-seven percent (47%) being able to obtain financially unqualified audit opinions (Department of Cooperative Governance and Traditional Affairs, 2014:36). While movements in local government audit outcomes for 2012-2013 (Department of Cooperative Governance and Traditional Affairs, 2014:9) showed some improvements in municipal financial and administrative management, the National Treasury's analysis of the state of local government finances (30 June 2013) noted, with concern, that ninety-five (95) out of the current two hundred and seventy-eight (278) municipalities were in financial distress (Department of Cooperative Governance and Traditional Affairs, 2014:36).

Yearly audit reports, which are issued by the Auditor-General of South Africa, continue to point to a worrying trend of poor record-keeping as one of the contributing factors to disclaimer audit opinions in state institutions. State institutions, thus, are disclaimed due to a lack of supporting

documentation. The Auditor-General, in such instances, is often not able to express an opinion on the financial statements of many state institutions, which is primarily due to insufficient records (Ngoepe & Ngulube, 2015:1). Municipalities receiving disclaimer opinions face consequential implications, such as a lack of interest from investors, loss of credibility, impatience from communities for better service delivery, investigations into maladministration or an unexpected change of leadership without succession planning. The Auditor-General, thus, regards disclaimer opinions as one of the two worst case opinions – the other being an adverse opinion where auditors fundamentally disagree with the financial management representations that are being made (Ngoepe & Ngulube, 2015:1).

In the Eastern Cape, the persistent negative reports of the Auditor-General are out of step with the strategic objectives of the five-year strategic plan of the Eastern Cape Department of Local Government and Traditional Affairs (EC DLGTA), which are meant to ensure improved management that should impact positively on audit outcomes and, consequently, on service delivery (Ngcobo & Mdani, 2015:114). One of the EC DLGTA's strategic objectives, which aligns with the focus of this article, is to support the achievement of a clean audit (Eastern Cape Department of Local Government and Traditional Affairs, 2013:10). A comparison of the 2012-13 audit outcomes report with those of the 2008-9 report indicates that ten (10) outcomes regressed over the same period (Auditor-General, 2014a:15). Of concern to the Auditor-General was that municipalities in the Eastern Cape appeared not to address the root causes highlighted

in previous yearly audit reports, but rather inappropriately focused on symptoms of the findings. A further, persistent, major concern to the Auditor-General has been that a culture of good governance and accountability was not being embedded in all municipalities, as there were also no consequences for poor performance.

While the Auditor-General noted some positive movements in audit outcomes, concerns were raised as to the sustainability of such improvements, given that such improvements did not appear to be embedded in the daily financial and performance management practices. Thus, a worrying finding in the audit outcomes was that municipal leadership, in the form of councils, was to blame for the increasing trend in irregular expenditure, as it failed to implement adequate controls after the previous audit reports (Auditor-General, 2014a:16-17). Furthermore, the general report on the audit outcomes of the Eastern Cape municipalities for 2013-14 indicates that, while there was an encouraging net improvement in five audit outcomes from the previous year, this net improvement was made up of eleven (11) improvements, some of which were negated by six (6) regressions (Auditor-General, 2015a:27).

The 2013-14 audit outcomes indicated that while thirty-three percent (33%) of the audit outcomes were unmodified (clean/unqualified opinions with findings on compliance or performance reporting), the fact that modified outcomes (qualified/adverse/disclaimed) still represented sixty-seven percent (67%) of the outcomes was a major concern (Auditor-General, 2014a:27). Consistent with the poor performance of the previous years, the Auditor-General further notes

that nine (9) municipalities maintained an unqualified opinion, with limited findings on compliance and performance reporting, for a number of consecutive years. This is attributed to complacency by the municipalities concerned. After having attained an unqualified audit opinion, and despite the real danger of regressions, such municipalities continually failed to respond to previous audit findings. Eleven municipalities stagnated on qualified opinions. Of concern, and included in this eleven (11), were the two metropolitan municipalities that administer a combined budget of R15 billion (Auditor-General, 2015a:28).

Municipalities, in this category, mostly failed to provide supporting documentation for a significant number of transactions and balances in their financial statements, thereby creating an environment inimical to accountability and leaving the municipality susceptible to loss through fraudulent transactions. Despite endeavours to reach the goal of sound financial management and accountability, six (6) municipalities regressed in their audit outcomes (Auditor-General, 2015a:28). Such a state of affairs is attributed to a lack of action in addressing the root causes, as was highlighted in the findings and recommendations of the Auditor-General. The root causes needing attention include, firstly, a slow response by management (accounting officers and senior management) as was recorded in sixty-nine percent (69%) of municipalities (Auditor-General, 2015a:49). The repetitive nature of this finding suggests that political leadership and management, in a large number of municipalities in the Eastern Cape, have not delivered on their previous years' commitments. This contravenes

Section 131 of the MFMA, which states that a municipality must address any issues raised by the Auditor-General in an audit report. Secondly, another identified root cause is a lack of consequence, which is prevalent in seventy-six percent (76%) of Eastern Cape municipalities (Auditor-General, 2015a:50). Such an untenable scenario creates platforms for a lack of discipline around financial and performance reporting. Thirdly, the Auditor-General bemoans the slow response by management, accounting officers and senior management. This raises concerns about the disregard of Section 62 of the MFMA, which provides that the accounting officer is responsible for managing the financial administration of the municipality. Fourthly, another recurrent root cause is that of key officials lacking appropriate competencies. The Auditor-General's Report on the audit outcomes of Eastern Cape municipalities puts this root cause at sixty-four percent (64%). This means that staff at sixty-four percent (64%) of the audited municipalities did not possess requisite and appropriate competencies to perform their required roles and responsibilities (Auditor-General, 2015a:50).

It is, therefore, critically important that the provincial executive apply measures which ensure that role players be held accountable for any regressions. Given the state of audit outcomes, the Eastern Cape province will need to enhance its supporting role in the financial management of municipalities to include: a supportive role in financial management; setting examples for accountability and reporting; sharing best practices; ensuring that daily financial and performance management are embedded; improving internal control; governance and accountability;

and assisting municipalities where they lack skills (Auditor-General, 2015a:28).

Figure 1, on the following page, indicates that only two (2) (4%) Eastern Cape municipalities had unqualified audit outcomes with no findings. Thirteen (13) (29%) had unqualified audit outcomes with findings. Seventeen (17) (38%) had qualified audit outcomes with findings. One (1) (2%) municipality had an adverse audit opinion with findings and twelve (12) (27%) municipalities had disclaimed audit outcomes with findings. An analysis of the audit opinions by the Auditor-General (2015a:28) indicated that only two municipalities had clean audits, eleven (11) improved and twenty-eight (28) remained unchanged in terms of the previous year's audit opinion, while six (6) municipalities regressed.

## **IMPLICATIONS FOR MUNICIPAL CLEAN AUDIT OUTCOMES**

Municipalities are expected to deliver services to communities in accordance with legislative prescripts that are applicable to them. Such legislation is based on the principles of good governance, accountability and transparency. It also regulates the stewardship of public resources. The *Municipal Finance Management Act* (MFMA) places a responsibility on accounting officers to take reasonable steps to prevent unauthorised, irregular, fruitless and wasteful expenditure. SCM transgressions, which give rise to irregular expenditure, are mostly driven by conflicts of interest and non-adherence to controls. Conflict of interest, where awards were granted to councillors, employees, their close families and persons employed by the state, amounted to R800 million for the 2013-14

**FIGURE 1: Movements in Eastern Cape municipalities' audit outcomes, 2013-14**

	Outcomes	Improved 11	Unchanged 28	Regressed 6
Unqualified with no findings	4% 2			
Unqualified with findings	29% 13	Sarah Baartman, Senqu	District municipalities Amatole District Joe Gqabi District Local municipalities Elundini, Engcobo, Ingquza Hill, Matatiele, Nyandeni, Tsolwana, Umzimvubu	Amahlati
Qualified with findings	38% 17	Baviaans, Camdeboo, Kouga, Maletswai	Metros Buffalo City Metro, Nelson Mandela Bay Metro District municipalities Chris Hani District Local municipalities Blue Crane, Kou Kamma, Mbhashe, Mnquma, Nkonkobe, Nxuba, Port St. Johns, Sakhisizwe	Inkwanca, Ndlambe, Niabankulu
Adverse with findings	2% 1	Alfred Nzo, Emalahleni, KSD	Local municipalities Mhlontlo	Great Kei, Mbizana
Disclaimed with findings	27% 12	Gariep, Intsika Yethu	District municipalities OR Tambo District Local municipalities Ikwezi, Inxuba Yethemba, Lukhanji, Makana, Ngqushwa, Sundays River	

Source: Auditor-General, 2015a:28

audit year (Auditor-General, 2015a:35), thereby raising serious ethical issues in the management of municipal finances. The Auditor-General's Reports consistently indicate that, in all of the municipalities that were audited, there were material findings related to non-compliance with laws and regulations. The total absence of effective or significant basic internal controls, which are intended to prevent unethical behaviour and address failures to achieve objectives, is often identified as emanating from non-compliance with laws and regulations (root cause) (Auditor-General, 2013:94; Auditor-General, 2014b:19).

The Auditor-General's findings relating to unauthorised, irregular, fruitless and wasteful expenditure, and non-compliance with legislation, were mostly as a result of weak control environments. There appear to be no basic controls to prevent irregular, unauthorised, fruitless and wasteful expenditure from occurring (Auditor-General, 2014b:45). As such, there is a need for a concerted effort to strengthen the control environment (Auditor-General, 2015b:48-51). When there are no consequences for transgressions of laws and regulations, as is often the case as a result of a failure to determine whether

any person was liable or could be held accountable, as required by the *Municipal Finance Management Act* (No. 56 of 2003), a wrong perception is created that such transgressions are acceptable and tolerated (Auditor-General, 2014b:80).

The political and administrative leadership needs to adopt zero tolerance for transgressions of legislation and conflict of interest. Coupled with this effort, the Internal Audit Unit and Audit Committees need to play a more effective role in assisting to identify breaches of financial management legislation. Councils and their MPACs should also play a more effective role in investigating all unauthorised, irregular, fruitless and wasteful expenditure and make sure that actions, as required by Section 32 of the MFMA, are enforced. More significantly, oversight role players, such as the municipal council and MPAC, must hold accounting officers and senior management fully accountable for providing the desired levels of assurance, which will ultimately result in improved audit outcomes (Auditor-General, 2015a:36).

The MFMA requires officials to meet prescribed competency levels in financial management and SCM. The municipal regulations on minimum competency levels also set out the required levels of competency for accounting officers, senior managers, finance officials and other officials responsible for SCM in municipalities. Effective human resource management is, thus, a key driver in building and sustaining a sound financial and performance control environment conducive to oversight and accountability. It can, thus, not be overemphasised that councils should ensure that municipal managers sign performance agreements in which their

performance is regularly monitored. The implementation of performance management should also be in sync with the staff development processes and capacity-building strategies. The Auditor-General, however, consistently expresses concern regarding inadequate management of vacancies within municipalities (Auditor-General, 2013:107; Auditor-General, 2014b:58; Auditor-General, 2015b:77-79).

In the Eastern Cape Audit Report, best practices for clean audits in two (2) municipalities point to positive performance in areas such as compliance with key legislation, good controls, strong monitoring and oversight, and no vacancies in the key positions of municipal manager, chief financial officer and head of the supply chain management unit. An assessment of the competencies of key officials points to the fact that most had already achieved the competency requirements prescribed by the regulations (Auditor-General, 2015a: 16-23). Best practices, in terms of control, indicate that auditees had good controls and oversight (83% of auditees). Senior management ensured that controls were in place for robust financial and performance management reporting systems (90% of auditees). Auditees also focused on governance through risk management activities and effective Internal Audit Units and Audit Committees (100% of the auditees).

The Auditor-General also noted, with satisfaction, that best practices for clean audits continuously focused on basic controls for their success. The municipal leadership also established a culture of ethical behaviour, commitment and good governance (100%). Good human resource practices further



ensured that adequate and sufficiently skilled officials were in place and that their performance was managed effectively (100%). Best practices for clean audits tended to have Audit Action Plans, which were used to address internal control weaknesses. Proper record-keeping ensured that information was accessible and available to support financial and performance reporting. In addition to this, best practices point to the existence of basic discipline and controls, which were put in place for daily and monthly processing and reconciling transactions. As a best practice, mechanisms were in place to identify applicable legislation, changes and processes to ensure and monitor compliance with legislation.

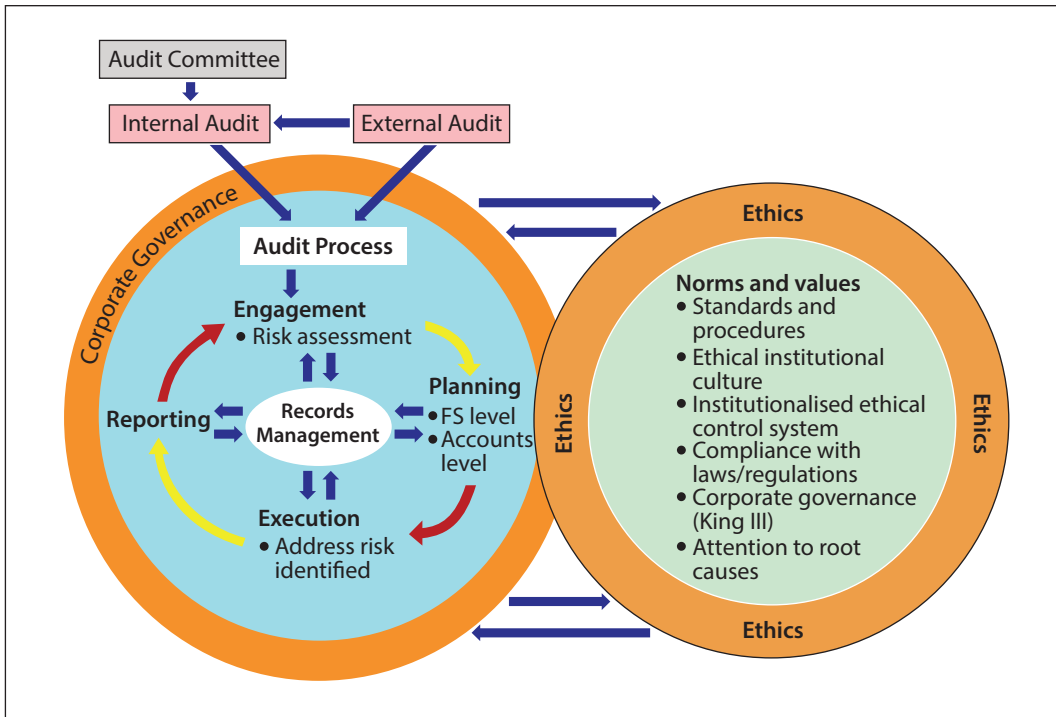
## **INSTITUTIONALISATION OF MUNICIPAL INTEGRITY SYSTEMS**

The institutionalisation of accountability through compliance with laws, control practices and ethical codes is important, but it also needs to be developed in a value-based culture and better contextualised as a framework for designing municipal financial management integrity systems. Integrity system theory emphasises that integrity is the collection of mutually supportive institutions. Thus ethical codes and stated commitments to organisational values may make a difference. Public officials are expected to faithfully express the normative values of the institutions in which they function, since institutions provide the political and professional sanctions that their offices require (Rivera, 2014:341). Institutional norms, values and culture tie together descriptions of social situations and moral pronouncements about what ought to be done in them.

Formal institutional structures arise as reflections of rationalised institutional rules. Institutional rules may also function as myths that institutions incorporate while gaining legitimacy, resources, stability and enhanced, sustainable, survival prospects (Meyer & Rowan, 1977:340). The defining elements shared by institutional theorists are: (a) a rule-like, social fact quality of an organised pattern of action, and (b) an embedding in formal structures. The seminal insights of institutional theory, thus, tap into the enduring systems of beliefs and practices that are associated with diverse functional systems, such as corporate governance systems (King III Report), laws and regulations. The process of determining accountability, effectiveness and integrity in municipalities hinges on an audit trail (Isa, 2009:82). Records play an important role and in this regard they should be kept for the following reasons: Information – to ensure that operations are carried out appropriately and aid decision-making; Evidence – as proof when faced with a lawsuit; and Compliance – as proof that regulations have been observed (Hare & McLeod, 1997:2, in Ngoepe & Ngulube, 2015:8). Inadequate records, for example, limit auditors from expressing an opinion. This has dire consequences for the lives of all citizens, as auditors cannot confirm that money was spent wisely by municipalities (Ngoepe & Ngulube, 2015:9).

Ngoepe and Ngulube (2015:9) propose a useful framework (Figure 2 on the next page) that builds on the auditing process in municipalities. For internal audits, an oversight mechanism is the Audit Committee. Once internal audit has completed its work, external auditors (Auditor-General) can always use the internal audit report as a point

**FIGURE 2: Records management and ethics as integral to municipal financial management and the control process - A framework**



Source: Adapted from Ngoepe and Ngulube (2015:9)

of departure if the information is reliable. Ngoepe and Ngulube (2015:9) argue that the reliability of the internal audit is dependent on the system for managing records. They, however, posit that if information is not reliable, external auditors will kick-start the process through pre-engagement activities and not rely on the report of the internal audit. Fowzia (2010:22) is of the view that cooperation between internal and external auditing helps external auditors to raise the efficiency of the financial statements. On the other hand, from an internal audit perspective, such coordination assures that there is more essential information on the assessment of risk controls. An effective Internal Audit Unit will prompt the Auditor-General

to rely on controls, rather than taking a more substantive route.

What is more, auditors (both internal and external) are (or should be) ultimately concerned about the wise and prudent management of the resources that have been entrusted to a municipality or municipal entity's management. In every step of the auditing process, records are consulted and should, therefore, be managed properly for easy retrieval. At each stage of the auditing process, opportunities exist to introduce and enhance an organisation's records management. Therefore, in the framework, it is suggested that records management is practised in every step of the auditing

process. Embedding records management in municipal financial management ensures that it becomes part of an institutional framework, the core values and accountability principle for effective financial management. The framework proposed by Ngoepe and Ngulube (2015:10) may, thus, be usefully employed to effectively manage records throughout the application of the auditing process at all stages.

## **CONCLUSION**

The repetitive nature of the identified root causes, over the years, indicates that municipalities do not address the root causes as highlighted and recommended by the preceding Auditor-General reports. This is not sustainable, as it underpins regressions over the years. A culture of financial management restraint, accountability and transparency should underpin the planning, mobilisation and utilisation of municipal financial resources. Institutionalising and sustaining a culture of prudence, discipline, efficiency, ethics, control, accountability and transparency should, therefore, be at the centre of municipal financial management. The concern with sound financial management issues is, thus, a quest for excellence and best practices in public administration systems at the local level. There is a dire need to institute effective financial control at local government level.

Audit systems are central mechanisms through which accountability is enforced within local government institutions. Public audits relate to broader issues of corporate governance, such as compliance with extant legislation and sensitivity to their statutory and ethical obligations to the public and

stakeholders. The value for money principle exhorts considerations of economy, efficiency and effectiveness in the use of public resources. The accountability of every officer in the municipality must not only be clear, it must be well understood. The duties, responsibilities and powers of individual officers must be clearly spelt out. Each officer will need to understand the legislation, delegations and performance standards relevant to his or her duties. Thus, the clearest accountability imperative is adherence to the rule of law (including delegated authority). Performance reporting and management is one of the main means of discharging public accountability obligations. Well-documented and reported performance information is, thus, fundamental to public accountability and effective management.

There is also a growing public interest in municipalities' performance beyond their key results to their social and environmental performance. This has led to demands for greater transparency and disclosure with an emphasis on sustainable development and ethical behaviour. Public accountability issues should be centred on whether financial management is in the public interest and offers better value for money or a net benefit. Accountability in the areas of community service obligations, equity in service delivery and a high standard of ethics within a legislative-based values system are, particularly, critical to municipalities working in partnership to deliver joined-up services effectively in SCM. Efficiency and effectiveness, which are terms that represent accountability, for resource management, expenditure of public funds and service quality are, perhaps, the simplest ethical values to quantify. Audit reports will reflect if funds are being spent unwisely.

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# LOCAL GOVERNMENT AND QUALITY SERVICE DELIVERY: AN EVALUATION OF MUNICIPAL SERVICE DELIVERY IN A LOCAL MUNICIPALITY IN LIMPOPO PROVINCE

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## ABSTRACT

Many municipalities in South Africa have experienced difficulties due to poor service delivery. In some instances, poor service delivery has led to violent protests, which has resulted in the destruction of property. The purpose of the study conducted was to investigate service delivery effectiveness in one local municipality in Limpopo in South Africa. The qualitative approach was adopted where a questionnaire with open-ended questions was used to collect data. Purposive sampling was used to select twenty-five (25) participants comprising five municipal personnel and 20 community members. Data was analysed by means of content analysis. The findings reflect that, in the local municipality chosen to study, financial support systems affect the service delivery. Based on the results of this study, the researchers recommend that the municipality create a solid revenue base to avoid depending on grants from national government to provide services to the communities.

**Keywords:** Service delivery, municipality, communities, revenue base, apartheid.

## INTRODUCTION

This study looks at service delivery in one of the local municipalities in Limpopo Province. The name of the municipality is withheld to protect its identity. The paper preambles with a discussion of the local government service delivery context in South Africa through interrogating the concept of service delivery and the rise of service delivery protests. As the paper discusses service delivery in a rural context, the concept of rurality is briefly discussed before a synopsis of service delivery during the apartheid era is given. The next section looks at the legislative framework governing local government service delivery in post-apartheid South Africa. This is followed by the methodology section, which describes how the research was conducted. The results of the study are then presented according to the emerging themes. These

are subsequently discussed in the context of related literature before conclusions are drawn and recommendations given.

## **LOCAL GOVERNMENT SERVICE DELIVERY CONTEXT IN SOUTH AFRICA**

### **Concept of Service Delivery**

Human well-being is about how well the needs of people in a society are met across various domains: the physical, economic, social, environmental, emotional and spiritual, as well as individuals' evaluations of their own lives and the way that their society operates (Jowell & Eva, 2009; Gilbert, Colley & Roberts, 2016). The delivery of such services to citizens is normally the responsibility of governments that collect taxes from business and the working population. Nealer (2014) defines service delivery as the provision of public activities, benefits or satisfactions that includes both the provision of tangible goods and intangible services. Similarly, Fox and Meyer (1995) and Akinboade, Mokwena and Kinfaok (2014) conceptualise public service delivery as the provision of public activities, benefits or satisfactions to citizens.

In the South African local government context, service delivery is used to describe the distribution of basic resources that citizens depend on, such as water, electricity, sanitation, infrastructure, land and housing. The *Constitution of the Republic of South Africa* (1996) defines service delivery as the provision of sustainable services by the municipality to communities. Service delivery is also defined as a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not

provided, would endanger public health or safety or the environment (*Local Government Municipal Systems Act 32 of 2000*). For service delivery to succeed, there is a need for municipalities to develop service delivery frameworks. A service delivery framework is a set of principles, standards, policies and constraints used to guide the design, development, deployment, operation and retirement of services delivered by a service provider with a view to offering a consistent service experience to a specific user community in a specific context (Mugambi, 2014). A service delivery framework is, thus, the translation of the service delivery agenda into a tangible delivery implementation plan.

### **Service Delivery Protests**

Service delivery in developing countries is usually bedevilled with challenges. According to Wild, Chambers, King & Harris (2012), there is growing recognition that, despite significant increases in resourcing, public service delivery is still failing in many developing countries. In the same vein, Kimenyi (2013) argues that making quality social services, such as education, health, water and sanitation, available to the people remains one of the most daunting challenges facing developing countries. The South African local government has not been spared from these challenges. Poor service delivery characterises many municipalities, which produces outcomes such as the frequent and sometimes violent protests by residents calling for better services (Ncube, 2014; Mpofu & Hlatywayo, 2015). According to Koelble and Siddle (2014), hardly a day goes by when the country does not experience a service delivery protest somewhere. National Treasury (2011) attributes the service delivery protest



challenges that are facing local government to the decline in public trust in municipalities and notes that there is growing public frustration with poor governance and corruption, which results in poor service delivery in many municipalities.

One way in which municipal public trust could be developed would be for municipal councils to develop mechanisms to interact with community groups and to identify service needs and priorities, as service delivery is more likely to succeed if there are structured partnerships between council, management, labour and the community (Bekink, 2006). In this regard, the *Local Government Municipal Systems Act* (No. 32 of 2000) Section 16 requires that a municipality develop a culture of municipal governance that complements formal representative government with a system of participatory governance and, for this purpose, must encourage and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its Integrated Development Plan.

## **Rurality**

As this paper discusses service delivery in a rural municipality, a brief synopsis of rurality will help in context setting. The Rural Development Framework (1997), cited by the National Treasury (2011), isolates two main tenets that characterise rurality in South Africa: sparsely populated areas in which people farm or depend on natural resources, including villages and small towns that are dispersed through these areas; and areas that include large settlements in the former homelands, which depend

on migratory labour and remittances as well as government social grants for their survival, and typically have traditional land tenure systems.

Gilbert, Colley and Roberts (2016) argue that, in particular, rural areas tend to have lower incomes and fewer employment opportunities, more limited education and training opportunities, and poorer access to public transport and health services. Rurality, in this context, is conceptualised and formulated in comparison to the urban with strong assumptions of difference and deficit underpinning this binary (Welch, Helme & Lamb, 2007; Masinire, Maringe & Nkambule, 2014). For instance, even though there is poverty in the urban context, the fact is that there is better support and infrastructure and a better chance of obtaining assistance in the form of social services than in rural areas (Ndebele, Muhuro & Nkonki, 2016). Such support is often either absent or inaccessible in rural areas (Human Sciences Research Council, 2005). According to the Department of Education (2013), the notion of rurality in South Africa is closely associated with the apartheid history and structures that created conditions and circumstances of oppression, deprivation, disadvantage and deficit among social groups and where resources were inadequately provided. As the HSRC (2005) notes, the remnants of apartheid are still evident and people's experiences in rural communities are undesirable, because of isolation, neglect and poor resource provisioning.

## **Apartheid and Service Delivery**

The post-apartheid service delivery framework in South Africa cannot be divorced

from the apartheid legacy. Apartheid municipalities played a critical role in enforcing segregation and dispossessing and impoverishing the black masses. A number of local authorities countrywide delivered services based on a system of preferential treatment with white local authorities being the most favourably endowed in terms of resource allocation, which was unacceptable to the disenfranchised communities (Smith, 2005). According to the White Paper on Local Government (1998), under apartheid there was systematic under-investment in municipal infrastructure in black areas. This under-investment deprived millions of people of access to basic services including roads, water, sanitation and refuse collection (White Paper on Local Government, 1998; Joseph, 2002). This unequal distribution of resources created an enormous infrastructure backlog for the vast majority of the population (Joseph, 2002). As the White Paper on Local Government (1998) correctly argues, transformation in post-apartheid South Africa requires an understanding of the historical role of local government in creating and perpetuating local separation and inequity, as well as the impact of apartheid on municipal institutions.

### **LEGAL FRAMEWORK GOVERNING SERVICE DELIVERY IN POST-APARTHEID SOUTH AFRICA**

Post-apartheid South Africa has taken steps to ensure that access to effective public services is no longer seen as an advantage enjoyed by only a privileged few in the community, but as a legitimate right of all residents, particularly those who were previously disadvantaged (Pretorius & Schurink, 2007). Various pieces of legislation and

guidelines have been promulgated since 1994 to give direction to local government municipalities that are responsible for transforming service delivery in the country, among them are the *Constitution of the Republic of South Africa* (1996), the White Paper on Transforming Public Service Delivery (1997), the White Paper on Local Government (1998), *Municipal Structures Act of 2000* and *Local Government Municipal Systems Act No. 32 of 2000* as amended.

#### ***Constitution of the Republic of South Africa, 1996***

The *Constitution of the Republic of South Africa* (1996) mandates local government to provide democratic and accountable government for local communities, which should include community involvement and the promotion of social and economic development. This developmental mandate calls for local government to prioritise the basic needs of the community, have a development orientation, be responsive to people's needs and encourage people to participate in policymaking (Mpofu & Hlatywayo, 2015). The *Constitution* gives municipal councils the obligation to ensure that services are delivered to their municipalities in a sustainable way (Joseph, 2002).

#### **The White Paper on Transforming Public Service Delivery, 1997**

The White Paper on Transforming Public Service Delivery (1997), dubbed *Batho Pele*, proposes creating a framework for the delivery of public services, which treats citizens more like customers and enables citizens to hold public servants to account for the service they receive. The paper isolates eight

principles of *Batho Pele*, which are consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money. Under the principle of consultation, for example, the White Paper mandates that citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered, while under the principle of service standards, citizens should be told what level and quality of public services they will receive, so that they are aware of what to expect. The *Batho Pele* initiative, as Pretorius and Schurink (2007) show, strives towards moving public servants to become service orientated, to pursue excellence in service delivery and to commit themselves to continuously improve service delivery.

### **The White Paper on Local Government, 1998**

The White Paper on Local Government (1998) explores how local government can meet its constitutional obligation to be developmental (Joseph, 2002). Within the framework of the *Constitution*, the White Paper establishes the basis for a new developmental local government system that is committed to working with citizens, groups and communities to create sustainable human settlements that provide for a decent quality of life and meets the social, economic and material needs of communities in a holistic way. The Paper defines developmental local government as local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and

improve the quality of their lives (White Paper on Local Government, 1998). Like its predecessors, the Paper foregrounds the issue of community participation in issues concerning service delivery. The Paper encourages municipalities to develop mechanisms to ensure citizen participation in policy initiation and formulation, as well as the monitoring and evaluation of decision-making and implementation. The Paper mandates that "municipalities must adopt inclusive approaches to fostering community participation, including strategies aimed at removing obstacles to, and actively encouraging, the participation of marginalised groups in the local community" (White Paper on Local Government, 1998:25). As Joseph (2002) correctly observes, the major contribution that local government can make to development is the delivery of basic services to everyone, particularly those who currently have little or no access to services.

The White Paper also introduces Integrated Development Planning (IDP) and describes it as a process through which a municipality can establish a development plan for the short, medium and long-term. The main steps in producing an integrated development plan are given as: first, an assessment of the current social, economic and environmental reality in the municipal area; second, a determination of community needs through close consultation; third, developing a vision for development in the area; fourth, an audit of available resources, skills and capacities; fifth, a prioritisation of these needs in order of urgency and long-term importance; sixth, the development of integrated frameworks and goals to meet these needs; and seventh, the formulation of strategies to achieve the goals within specific time frames.

### ***Local Government Municipal Systems Act No. 32 of 2000***

The *Local Government Municipal Systems Act* (No. 32 of 2000 as amended by Government Notice GN 21 in *Government Gazette* 37245 of 17 January 2014), foregrounds the centrality of community participation in municipal issues. Section 73 of the Act requires a municipality to give priority to the basic needs of the local community, promote the development of the local community and ensure that all members of the local community have access to at least the minimum level of basic municipal services. The rights and duties of members of local communities are outlined in the Act as the right to contribute to the decision-making processes of the municipality and submit written or oral recommendations, representations and complaints to the municipality, to prompt responses to their written or oral communications, including complaints, to the municipal council, to be informed of decisions of the municipal council affecting their rights, property and reasonable expectations, to obtain a regular disclosure of the state of affairs of the municipality, including its finances, and to demand that the proceedings of the municipal council and those of its committees must be open to the public.

### ***Local Government: Municipal Structures Amendment Act No. 1 of 2003***

The *Local Government: Municipal Structures Amendment Act* (No. 1 of 2003 as amended), mandates a municipal council to develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers; to annually review the needs of the community; its

priorities to meet those needs; its processes for involving the community; its organisational and delivery mechanisms for meeting the needs of the community; and its overall performance in meeting the needs. In all the legislation discussed in this section, community consultation and involvement are foregrounded. In this regard, Bekink (2006) argues that without the proper participation of all the role players in local communities, the new local government dispensation is stillborn from the outset and notes that, in general, participation leads to information which, in turn, ensures support.

## **RESEARCH METHODOLOGY**

The present study used the qualitative research design. Welman, Kruger and Mitchell (2005) define a research design as a plan according to which we obtain research participants (subjects) and collect information from them. The research design constitutes the blueprint of the study for the collection, measurement and analysis of data.

### **Population and Sampling**

The population of this study was municipal personnel of the case study municipality, community members in the municipality, ward councillors and ward committee members. The researchers used simple random sampling to select 25 respondents comprising 18 community members, one ward councillor, one ward committee member, four Section 57 managers and one municipal manager. The five municipal officials were coded as 01 to 05, while the community members were coded C1 to C20 to protect their identities.

## **Data Collection**

A questionnaire with open-ended questions was used to collect data. Clapper (2004:3) states that the advantage of using a questionnaire is that it is inexpensive to administer, can be completed anonymously by the respondents, is easy to compare and analyse, more information can be gathered and it can reach a large sample. The questionnaires were hand delivered to the respondents and then collected on an agreed date.

## **Data Analysis**

According to Schumacher and McMillan (2006), data analysis is a process of coding, categorising and interpreting data to provide explanations of a particular area of interest. Content analysis was used to identify emerging themes from the data.

## **RESULTS**

The open-ended questionnaire was divided into two sections: one for municipal officials and one for community members.

### **Results from Municipal Officials' Questionnaire**

#### ***Communication on Service Delivery Between Ward Councillors and the Communities***

There was a question that sought to find out from the five municipal officials if there was effective communication on service delivery between ward councillors and the communities. Four of the participants felt there was communication, while one felt communication did not exist at all as shown in the sample responses in the next column:

Communication between ward councillor and communities is perfect, as service delivery implementation is communicated to the beneficiaries (01).

No, councillors don't communicate with communities (05).

#### ***Accessibility of Roads in the Municipality***

With regards to the state of roads in the municipality, only one official stated that these were adequately accessible. The other four intimated that roads were not conducive to travel and were inaccessible. This was attributed to a shortage of resources. The following are sample responses:

Shortage of resources makes roads inaccessible (01).

Inaccessibility of roads, as roads are broken (04).

The *Constitution of the Republic of South Africa*, Act 108 of 1996, and the Bill of Rights provides that communities have fundamental rights to access social services and have roads accessibility.

#### ***Community Satisfaction with the Provision of Water, Roads and Sanitation***

When probed if they felt the community was satisfied with the provision of water, roads and sanitation, only one official felt there was satisfaction, while four felt there was no satisfaction, as the water supply was poor with people using untreated water from rivers. In addition, sanitation was poor with people still using pit latrines and poor roads caused learners to miss school when it rained, as shown in the following sample responses:

Not totally satisfied, because we still have areas that do not get water daily, have no toilets and use gravel roads, but as a municipality we are working hard to make our communities happy (03).

Communities are not satisfied, as their children don't go to school when it is raining (04).

### ***Satisfaction with the Allocation of Reconstruction and Development Programme (RDP) Houses***

Asked if they were satisfied with the provision of RDP houses to the community, two were positive while three felt there was room for improvement. Housing provision was said to be lower than the demand for housing, resulting in housing backlogs:

Housing provision is lower than communities demand (01).

The backlog on houses is huge and the allocation cannot cover all people and we cannot satisfy all at once (03).

### ***System in Place to Support Personnel in Service Delivery***

On a question of whether the municipality had systems in place to support personnel in service delivery, four participants agreed that systems had been put in place, which included ward committees, internship programmes, deployment of community development workers and budget monitoring. One official, however, felt there were no systems in place:

Yes, there are systems in place, because the municipality has ward committees, Extended Public Works Programmes (EPWP) and Community Development

Workers including internship programmes (01).

No systems in place (02).

### ***System in Place to Ensure Service Delivery***

In addition to systems being in place to support personnel in implementation, there was a question that sought to find out what the municipality had put in place to direct service delivery. The involvement of the community as key stakeholders was mentioned by three of the five respondents, while one felt there was a need to look at the tendering system, as there appeared to be corrupt practices. Another respondent felt the municipality needed to incentivise employees and devise strategies to make communities pay rates, as this would increase revenue, which could then be used for service delivery:

Implementation of strategic plan with the consultation of stakeholders (01).

Communities have to be part of the Integrated Development Plan (IDP) reviews (02).

### ***Municipality Sources of Income***

The municipality generates funds from local communities and central government through provincial government. It was noted that revenue from payment of services was a challenge as some ratepayers were not paying:

Receives money from property rates tax (01).

The municipality is still relying on grant from treasury (05).

### ***Identified Municipal Risks and Monitoring Mechanisms***

Municipal officials were asked if they had identified any municipal risks related to service delivery. Risks had been identified through the internal audit office and these included the development of property rates policies, a lack of strategies to generate income, the poor implementation of community projects and, as to how monitoring was done, municipal management relied on monthly reports on service delivery:

Yes, e.g. property rates policies (01).

A lack of strategies to generate income (02).

### ***Dealing with the Issues of Corruption and Maladministration***

On a question of how corruption and maladministration were managed, holding various implementation managers accountable, investigating suspected corruption cases and taking the necessary disciplinary action, staff training on corruption and awareness campaigns on the dangers of corruption were mentioned:

Investigating and making the workers aware of refraining from corruption (03).

Disciplinary action (04).

Staff members sent to in-service training (05).

### ***Suggestions to the Municipality and Government to Address Service Delivery Challenges***

The municipal personnel were invited to give suggestions to both the municipality and government on how to address service delivery challenges. Suggestions given included the need for meetings with communities to listen

to their views, inviting communities to the integrated development planning process, communicating delivery programmes to the community and the need for government and the municipality to work together.

Meeting with communities to listen to their views (01).

Invite communities to attend the Integrated Development Plan (IDP) meetings (03).

### **Results from Community Members' Questionnaire**

#### ***The State of Water Supply***

As the study's focus was on service delivery with specific reference to water and roads, the first question sought to find out if community members were satisfied with the water supply. All twenty community members lamented the poor water supply situation. Three members of the community indicated that there was no water supply at all. Seventeen out of the twenty members indicated that, while there was a water supply, this was poor as they received water only once in three months. The following are examples of responses in this regard:

Very bad, because it has been supplied once after three months (C1).

There is no water supply, as it took two to three months without getting water. People get dirty water from the streams and it is polluted water (C3).

As a result of the poor water supply situation, community members resorted to fetching dirty unpurified water from rivers. In some

cases, community members had to walk long distances to access the water from the rivers and some even had to hire cars to bring water for them. The untreated water poses a threat to their health, as they run the risk of catching diseases such as diarrhoea:

Shortage of water supply and communities get water from the rivers that are not clean (C9).

Supply of water is very bad; we get unhealthy water from the rivers (C17).

### ***The Condition of Roads in the Area***

Community members were asked to comment on the condition of roads in the area. All twenty complained of unmaintained gravel roads, potholes on roads and inaccessible roads that made it difficult for community members to move from one place to another. The following responses are typical of the responses given:

Roads have potholes (C4).

Extremely bad and never been upgraded for the past 20 years (C16).

Community members also mentioned the presence of chemicals on the roads, which posed a health risk. The chemicals are said to be from the sand sealer used to build roads. The sand sealer was said to be the cause of TB infections in the community.

Gravel roads with chemicals are affecting community's health (C19).

Some of the community members are affected by TB, as they breathe in dust that has chemicals (C15).

### ***Relationship Between Ward Committees and Traditional Leaders***

Local municipalities in rural areas are also co-governed by traditional leaders. Community members were asked if there was any working relationship between ward committees and traditional leaders. All participants agreed that the working relationship was positive, as ward committees consulted traditional leaders before allocating RDP houses, to present reports from the municipality, when there were challenges with support grants and when they needed to hire community members for jobs.

Ward committee members visit traditional leaders when they need to allocate RDP houses to the communities (C7).

They visit traditional leaders regularly when there is a report from the municipality (C17).

### ***Other Service Delivery Challenges Faced***

When asked to mention other service challenges they experienced, health-related issues were mentioned by the majority. They pointed out the need for designated waste dumping areas, as disposable nappies dumped all over were washed away into rivers, which are the sources of their water, during the rainy season. Decent toilet facilities were also given as a challenge as some people were still using pit toilets, and also the need to improve services at the clinic, as it was alleged that there was no medication at the clinics.

No dumping area during rains; the nappies are carried to the rivers, which is the source of water (C3).



No medication provided to the sick people (C7).

Other challenges mentioned included the poor electricity supply, a lack of library facilities, a lack of postal services, poor schools resulting in high failure rates and a lack of finance. Poor communication between ward councillors and communities was also mentioned.

### ***Recommendations from Community Members***

Community members were asked to give suggestions for the improvement of service delivery. Among the recommendations given was for ward councillors and ward committees to meet with communities to listen to their views, close collaboration between local government and local municipalities that communities pay property rates to as well as paying for services rendered by the municipalities, as finances were key to sustaining the municipality:

Ward councillors and ward committees should meet with communities and listen to their views (C7).

The communities should pay for every service they get from their municipality, so that they can get service frequently (C20).

## **DISCUSSION**

### **Communication on Service Delivery Between Ward Councillors and the Communities**

There are ward councillors in the municipalities who are the politicians working closely with the communities. Ward councillors

obtain information from ward committees and send it to the municipalities. The ward committees ensure that communities are consulted before projects are initiated and they inform the communities of council decisions that affect their lives. As shown in the results section, a question that sought to find out from the five municipal officials if there was effective communication on service delivery between ward councillors and the communities showed positive results. Four of the participants felt there was communication, while one felt communication did not exist at all. Contrary to this finding from municipal officials, however, when asked to indicate any challenges faced in service delivery, community members cited poor communication between ward councillors and communities as a challenge. One is tempted to believe the community members, as there would be no motive for them to deny that there was communication if, indeed, it was there. In a study conducted by Akinboade, Mokwena and Kinack (2014) in the Midvaal, Lesedi and Emfuleni municipalities, an overwhelming majority of respondents considered councillors to be unresponsive to their needs, inept and failing to consult with their people. In this regard, the National Treasury (2011) advises mayors, councillors and municipal officials to commit to acting ethically, while always seeking the best interests of the municipality and the community as a whole. This cannot happen if there is poor communication.

### **Relationship Between Ward Committees and Traditional Leaders**

Local municipalities in rural areas fall under traditional tribal authorities and are, thus, also co-governed by traditional leaders. It is pleasing to note that when community

members were asked if there was any working relationship between ward committees and traditional leaders, all agreed that the working relationship was positive, as ward councillors consulted traditional leaders before allocating RDP houses and to present reports from the municipality, when there were challenges with support grants and when they needed to hire community members for jobs. This seems to be in line with the *Municipal Structures Act* (1998) that authorises traditional authorities, which traditionally observe a system of customary law in the area of a municipality, to participate in the proceedings of the council of that municipality as well as attend and participate in any meeting of the council. Similarly, the National Treasury (2011) advises municipalities on the need to find ways of working cooperatively with traditional authorities to facilitate appropriate land use management, the rollout of basic services and the collection of rates from non-poor households and businesses located on traditional land.

### **Accessibility of Roads**

With regard to the state of roads in the municipality, it is worrying to note that only one municipal official stated that these were adequately accessible, while the rest intimated that roads were not conducive for travel and were inaccessible. This was attributed to a shortage of resources and the attitudes of municipal workers, whose focus was on earning salaries rather than serving communities with their basic needs. When asked to comment on the condition of roads, all twenty community members complained of unmaintained gravel roads, potholes on roads and inaccessible roads.

Community members also mentioned the presence of chemicals on the roads, which posed a health risk. The chemicals are said to be from the sand sealer used to build roads. The sand sealer was said to be the cause of TB infections in the community. The responses of community members corroborated those of municipal officials. The issue of poor road maintenance is not peculiar to this municipality. Research conducted by Mathebula (2014) in the Muyexe municipality in South Africa on the state of the roads found that the state of roads was unacceptable. A majority of the respondents (98%) in that study indicated that water and roads in the village were among the worst services they received.

### **The State of Water Supply**

As the study's focus was on service delivery with specific reference to water and roads, in response to a question on water supply, all twenty community members lamented the poor water supply situation, indicating that while sometimes there was water, this was poor as they received water only once in three months. This was confirmed by municipal officials, when they were probed about whether they felt the community was satisfied with the provision of water. Only one official felt there was satisfaction, while four felt there was no satisfaction, as water supply was poor with people getting untreated water from rivers. The issue of water supply is also reported overseas where Breen and Markey (2015) argue that while drinking water systems are critical infrastructure, providing a service that impacts the economy, the environment and quality of life, drinking water systems in British Columbia (BC)

face a range of challenges including aging infrastructure, inadequate treatment infrastructure and a lack of financial resources. In South Africa, Mathebula (2014) reports that South African rural communities do not have access to basic services such as water and electricity, while other areas experience infrequent provision of these municipal services.

### **Systems in Place to Support Personnel in Service Delivery**

For personnel to perform effectively, there is a need for support from municipal management. Asked if the municipality had systems in place to support personnel in service delivery, the results revealed that four participants agreed that systems had been put in place, including ward committees, deployment of community development workers and equipment such as computers. Surprisingly, staff training and development were not mentioned by any of the municipal officials, implying that this was not a priority for the municipality. As Mpofo and Hlatywayo (2015) argue, employee training and development has become one of the key aspects in improving employee performance in organisations, thus, leading to improved organisational performance and growth. The *Local Government Municipal Systems Act* (No. 32 of 2000) mandates that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economic, effective, efficient and accountable way. Similarly, the National Treasury (2011) underscores the importance of the need for municipalities to invest in effective training and development initiatives.

In addition, from a question that sought to find out what the municipality had put in place to direct service delivery, the involvement of the community as key stakeholders was mentioned by the majority of the respondents. The municipality, therefore, seems to be complying with the requirements of the *Local Government Municipal Systems Act* (No. 32 of 2000) Section 16, which mandates a municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance and, for this purpose, must encourage and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its Integrated Development Plan.

### **Identified Municipal Risks and Monitoring Mechanisms**

The results of this study show that one of the main risks relates to the municipality's source of income. Central government funding was the main source of income with very little from property rates and the payment of services. Citing the National Treasury (2008), Klingelhöfer, Erasmus and Mayo (2015) conclude that the financial challenges faced by municipalities in South Africa are due to municipalities' inability to collect revenue, which has resulted in an over-reliance on government grants to cover cash shortfalls. There is a need to devise strategies to make communities pay property rates and for services delivered by the municipality, as this would increase revenue that could then be used for service delivery. Central Government funds alone cannot address all the service delivery pressures that local

government face, as they are intended to supplement the municipalities' own revenues with a particular focus on facilitating the provision of services to poor households and addressing rural infrastructure backlogs (National Treasury, 2011). The high level of grant dependence among rural municipalities reflects the unequal distribution of development across the country. In addition to reliance on government funding, another identified risk was a lack of strategies to generate income resulting in the poor implementation of community projects and, as to how monitoring was done, municipal management relied on monthly reports on service delivery. In this regard, Bull and Bane (1993) conclude that given the lack of rural local government revenues and the limited capacity to generate local charitable contributions, a major challenge facing many rural service providers is simply that of securing adequate matching funds for existing federal and state funds. Finance is the oil that keeps the engine of government running smoothly and, without financial resources, there can be no effective and sustainable provision of municipal services (Bekink, 2006).

On a related question of how corruption and maladministration were managed, holding various implementation managers accountable, investigating suspected corruption cases and taking the necessary disciplinary action, staff training on corruption and awareness campaigns on the dangers of corruption were mentioned. The issue of corruption in municipalities in South Africa is also reported by Akinboade, Mokwena and Kinfack (2014:17), whose findings revealed that "the overwhelming opinion of respondents is that there is corruption in the municipality. 97% of respondents

from Midvaal, 90% from Lesedi and 75% from Emfuleni share this view."

### **Other Service Delivery Challenges Faced**

One other major service delivery challenge that was cited by community members was in relation to health. There is a need for designated waste dumping areas as, during the rainy season, disposable nappies dumped all over were washed away into rivers, which are the sources of water. Decent toilet facilities were also given as a challenge as some people were still using pit latrines, as well as the need to improve services at the clinic, as it was alleged that health personnel took a long time to attend to sick people and there was no medication at the clinics. Other challenges mentioned included poor electricity supply, a lack of library facilities, a lack of postal services, inadequate provision of RDP houses, poor schools resulting in high failure rates and a lack of finance for effective service delivery. From this it can be concluded that, although the study's focus was on the provision of roads and water, community members face an array of other service delivery challenges, in general. This agrees with the findings by Akinboade, Mokwena and Kinfack (2014), who indicated that the ranking of satisfaction with service delivery in the municipality they studied was quite low with citizens being dissatisfied with public service delivery, in general. Brettenny and Sharp (2016) also state that the national government in South Africa has experienced a large degree of negative feedback with respect to the ability of its municipal departments and local governments to provide basic services to the public.

## **Suggestions to the Municipality Under Study and Government to Address Service Delivery Challenges**

Both the community members and the municipal officers were invited to give suggestions to both the municipality and government to address service delivery challenges. Suggestions given included the need for ward councillors and ward committees to meet with communities to listen to their views, to invite communities to the Integrated Development Planning (IDP) meetings, to consider advice from the Municipal Risk Management Committee and communicate service delivery programmes to the community. It is of concern that Powell (2009) estimated that only 3% of the national population had actually participated in IDP processes. According to Akinboade, Mokwena and Kinfack (2014), since it is a requirement that the community be involved in the development of the IDP, municipalities need to better educate residents about the IDP, the budget process and the community participation process in municipalities and find a platform to better communicate with the uneducated and functionally illiterate. Tsatsire (2008) outlines that public participation is both a constitutional and legal requirement, while Bekker (1996:75) states that "citizen participation can serve as a means of converting dependents into independents; that is, converting the poor from the passive consumers of services into the producers of those services, thereby benefitting them both economically and socially by taking part in governing". In addition, the municipality in this study was urged to devise strategies to make communities pay property rates and for services rendered to the communities, and taxes as finance were key to sustaining the municipality. In this regard, the White Paper on Local Government (1998)

urges municipalities to develop mechanisms to interact with community groups to identify community resources that can be unlocked and channelled for development ends.

## **CONCLUSION AND RECOMMENDATIONS**

This study concludes that community members in the case study municipality are not satisfied with service delivery. Water, roads and sanitation were seen to be in a poor state. The study also concludes that resources are a major constraint to service delivery and that the municipality is unable to collect revenue from local communities. A lack of communication between community members and ward councillors is another major finding of this study. In light of the findings and discussion, the following recommendations are made: The municipality should:

- create a solid revenue base to avoid depending on grants from national government. This can be done by devising strategies to make communities pay ascribed rates and taxes as finances are key to sustaining the municipality.
- conduct a needs analysis with community members and involve community members in developing the IDP to meet these.
- attend to the sand sealer that has been affecting health in the community.

While this study makes recommendations drawn from the findings, it is recommended that further in-depth studies be done on the areas identified in the findings to help give impetus to a holistic approach to improve service delivery.

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# CONTEXT, CAUSES AND REALITIES OF COMMUNITY PROTESTS IN PRE-2017 MARULENG: THE OAKS VILLAGE IN RESTROSPECT

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## ABSTRACT

Since the dawn of majority rule in 1994, South Africa has been witnessing a wave of community protests such as never seen before in this country. Some of these protests, including those in areas such as Malamulele (Limpopo Province) and Khutsong (Gauteng Province), have received a considerable amount of attention from scholars, media, opinion-makers and politicians, *inter alia*. Judging from the existing literature, the causes of community protests often range from poor service delivery to municipal inefficiencies and border disputes. Regardless of their scale and duration, the 2015 community protests in Maruleng's Oaks village (Limpopo Province) have received limited media coverage and no scholarly pursuit. The marginalisation of the Oaks community protests within academic and public discourse, has resulted in their being only partially understood and, consequently, disastrous measures to resolve them have been undertaken. Against this background, this article uses Afrocentricity as an alternative paradigm (theoretical lens) to grapple with the following two central questions: (i) What

was the root cause(s) of the 2015 Oaks community protests?; (ii) To what extent was cooperative governance explored to prevent and/or resolve the community protests? This article adopts a source-based and text-interpretive approach to generate data. Apparently, the community protests under review were driven by the chieftaincy dispute between *Ntona* (headman) Lewele and *Kgoši* (chief) Mametja. The conflict between the two traditional leaders was manifested through the contested demarcation of Ward 3 (including Oaks village), which had been geared towards the preparation of the 2016 municipal government elections.

**Keywords:** Afrocentricity, community protests, Maruleng Municipality, Oaks, Willows, ward.

## INTRODUCTION

During the local government term that ended in 2016, Maruleng Municipality was made up of 14 wards and this territorial arrangement largely remains intact. These wards cut across several villages such as Finale, Oaks, Willows, Lorraine and Metz. Depending



on the size of the population of each village, some wards are constituted of two or more villages. For instance, Ward 2 is made up of areas such as Kampersrus and Willows. Equally, Ward 3 covers villages which include the Oaks and Finale. Political representation in the municipality features the ruling African National Congress (ANC) and the opposition, which is duly represented by both the Democratic Alliance (DA) and the Pan Africanist Congress of Azania (PAC). Inasmuch as the Economic Freedom Fighters (EFF) party is the official opposition in Limpopo, it did not have representation within the echelons of Maruleng Municipality. The EFF did not yet exist during the previous cycle of municipal elections. Prior to August 2016, the EFF also took a principled position not to contest by-elections in order to avoid any possible distraction from the preparations for the 2016 local government elections.

In terms of traditional authority and leadership, Maruleng has three recognised chiefs: Letsoalo, Mametja and Mahlo (Sekororo). Each of these chiefs has headmen, who are instrumental in the administration of land and low-level judicial matters. It is important to note that Maruleng is the smallest municipality within the Mopani district in terms of population size and economic strength. Statistics South Africa (2016) estimates that the population of Maruleng is around 95 000. Approximately 13 500 of Maruleng's population are employed, largely in low-cost jobs at the agricultural and construction sectors. Ninety-seven percent of the residents of Maruleng are ruralitarians and farm dwellers, while the remainder are urbanites (Maruleng Municipality, 2016). Geographically, Maruleng is situated in the south-eastern part of Limpopo, South Africa.

During 2015, Maruleng witnessed community protests at various levels, which were mainly linked to border disputes (Myburgh, 2015). Initially, the protests were meant to oppose the de-establishment of Maruleng's Municipality, which was intended to be split and incorporated into Ba-Phalaborwa and Greater Tzaneen Municipalities, respectively. The arch-opponents of this move, which was announced by the Municipal Demarcation Board (MDB) as part of the preparations for the 2016 local government elections, were mainly tenderpreneurs and their political allies who were accustomed to using Maruleng Municipality as a cash cow for their personal benefit (Mahopo, 2016).

Pockets of ordinary people who were deceived by the political and economic elites also opposed the proposed incorporation of Maruleng into Ba-Phalaborwa and Greater Tzaneen Municipalities (Mathebula, 2015). The people were made to believe that the de-establishment of Maruleng Municipality would result in services not being rendered in neighbouring administrative centres such as Hoedspruit (administrative hub of Maruleng Municipality) and Turkey (Thusong Service Centre) (Ndlovu, 2015a). This was not true and it represented cheap politicking at best. Following representation by various stakeholders, the MDB reversed its decision to de-establish Maruleng Municipality and the protests ceased for a while. However, the protests resurfaced in certain parts of the municipality, particularly the Oaks village, where ward demarcation was a contentious issue. During this phase of the protests, schooling was disrupted, roads were closed, road infrastructure was vandalised, passing motorists were robbed of their possessions and cargo trucks were burned (Myburgh, 2015; Ndlovu, 2015b).

The negative impact of the protests was well captured in personal correspondence with Letebele (2015) when he wrote, "How can it be that 21 years into our democracy our people, who lived side by side and in peace, suddenly turn on each other in such a vicious way, with wanton destruction of property, extortion and the blockade of the R36 [road], destroying the valuable and life-time tourism, retail, transport (bus and taxis) and agricultural sectors?" The foregoing quotation demonstrates the extent to which the protesters, at the Oaks village, allowed their short-term anger and dissatisfaction to foreshadow the long-term implications of their criminal and violent actions. Unlike during the apartheid era, the new democratic dispensation has unveiled peaceful avenues for resolving political differences. As such, there is no justification for any person or group of people to use violence as a means to lodge a grievance or to advance a particular agenda (Shai & Mothibi, 2015).

As cited by Maserumule (2016), Robert Sobukwe articulates that "Africans share common bonds and objectives and ...advocate unity to achieve these objectives". To this end, if ward border disputes in the recent past, involving the Oaks and Willows village, are anything to go by, there is no gainsaying that, indeed, money and technological development have eroded the humanist essence of African culture (Ramoso, 2002).

## **LITERATURE SURVEY**

The subject of community protests in South Africa has been much debated, but it remains less understood. Much of the literature in Public Affairs has linked community protests to concerns and demands for better service

delivery (Tsheola, 2012). Gathering from the existing body of literature in this area, it is clear that, in many communities, the relations between the political leadership (including councillors) and the people can best be described as a top-down approach (Mchunu, 2012; Lekaba, 2014; Twala, 2014). If it ever happens at all, there is very little consultation with the communities that the leaders are supposed to serve with distinction. As such, policy initiatives and interventions by the local authorities, and provincial and national governments, which are meant to benefit the local people, tend to become irrelevant or inadequate at most (Shai, 2016). In contrast, struggles to bring a better life to communities are often waged from the grass-roots level (Nleya, 2011; Twala, 2014). There is a strong belief among the masses that the language that is well understood by the current ANC-led government is that of violence. To a certain extent, this belief has proven to be true, especially in areas where the existence and scale of problems was often downplayed or denied by the government until violence was employed by the affected parties to push for adequate attention and intervention (Kros, 2015; Pather, 2015).

The literature accessible to the author of this article has been largely based on Eurocentric research methodologies and theories. As such, this article is an attempt to provide an Afrocentric paradigm to the research theme under consideration (Asante, 1990; Asante, 2003; Alkebulan, 2007). Most of the key issues in this article emerged between the year 2015 and 2016. For this reason, it is instructive for the reader to note that caution has been considered, by this author, to locate arguments that have been overtaken by political developments in a past context.

## **METHODOLOGICAL ORIENTATION**

This study has mainly employed the triangulation of qualitative research methodology and Afrocentric research methodology, because it enables in-depth and detailed analyses within the context of a limited number of persons, but reduces the potential generalisation of the findings (Mafisa & Mtati, 2009:7). However, this study is critical of the mainstream research paradigms in social sciences due to their location within the Western worldview. Inasmuch as the Afrocentric paradigm is generally considered as a re-enforcer of qualitative research methodology, it is introduced in this study as an alternative to the dominant research paradigms (qualitative and quantitative), which are largely rooted within a Euro-American worldview. The competing narratives about the dominance and location of mainstream research paradigms are well captured by Scheurich and Young (1997:9), who correctly assert that "dominant epistemologies are a product of White social history". Nonetheless, the Afrocentric research methodology and qualitative research methodology have shared characteristics in that both of them "assume that people employ interpretive schemes which must be understood and that the character of the local context must be articulated" (Mkabela, 2005:188; Owusu-Ansah & Mji, 2013:3). The foregoing argument is backed up by Mkabela (2005) who notes that the principles underpinning the Afrocentric research methodology and qualitative research methodology are common. However, the Afrocentric research methodology is driven by the ideals, interests and needs of Africa and people of African descent across the globe; but it is colour-blind (Asante, 1990; Welsing, 2015).

Flowing from the above, Mkabela (2005:184) outlines the aims of the Afrocentric paradigm as follows:

- To ensure the development of an African-centred perspective.
- To ensure that ethics are culturally defined and have an indigenous African code.
- To create guidelines and ensure the genuine incorporation of indigenous African views in such documents.
- To ensure research methods and styles are culturally acceptable.

In order to make this study Africa-centred and African in orientation, the researcher switches between the dislocation, location and relocation of his findings from scientific perceptual space to collaborative intellectual immersion between the researcher and the researched (Baugh & Guion, 2016). Contributing to the debate on research paradigms, Holloway (1997:1) writes that qualitative research "is a type of social analysis that looks into how people understand and make sense of their experiences and the world in which they live". This expression is evidence of the complexity of social research and the difficulty of reaching objectivity in a paradigm that puts the empathy of respondents first. Notwithstanding the fact that this study is largely empirical, the researcher takes note of Hall's (2007:93) warning that binary branding of social science methodologies (subjective or objective and empirical or non-empirical) risks the polarisation of "practices of inquiry that share substantive interests, and that may share more common ground methodologically than the distinctions would suggest".

## THE REAL CAUSE OF THE 2015 COMMUNITY PROTESTS AT THE OAKS VILLAGE

There have been competing explanations about the cause and effect of the 2015 Willows/Oaks community protests. These protests were sparked by the proposed restructuring of the ward boundaries between Ward 3 (which mainly includes the Oaks and Finale villages) and Ward 2 (which mainly includes Kampersrus farms and Willows village) (SABC, 2015). Had it taken place, the restructuring of the boundaries between Ward 2 and 3 was going to unfairly favour the former (Ward 2) in terms of territorial extension, population growth and pipeline development projects, such as the shopping complex. The foregoing represents a dominant narrative, which was chiefly advocated by a group of young activists aligned to both the DA and EFF. They saw the MDB's decision to incorporate the Matshelapata section in Ward 3 into Ward 2, during the then forthcoming local government elections, as a move that was meant to divide and weaken the opposition at the Oaks village. They argued that the MDB is sympathetic to the ANC and it did not consider public participation when it arrived at the decision about ward boundaries involving the Oaks and Willows villages (Ndlovu, 2015c). As Tsheola (2012:170) aptly puts it "violent protests assert, therefore, the need for normative, participatory service delivery planning, theoretical transcendence and cultural pluralism".

In response to this ward border dispute, the opposition (dominated by the EFF) then mobilised Lewele traditional authority to defy and reject the proclamation by the MDB. A wrong impression was created that Chief Mametja

had colluded with the leadership of Maruleng Municipality and the MDB to extend her sphere of influence by favouring the Willows village with the piece of land that was historically administered by headman Lewele. It is safe to point out that the two headmen of the Willows (Mmola and Thekwane) have direct links to Chief Mametja. However, in the recent past, the Lewele traditional authority ceased to regard Mametja as its Chief. The loyalists and followers of headman Lewele call him *moetapele* (leader/an equivalent of a Chief) of Bakone Ba Lewele Traditional Authority. They argued that when they were forcefully moved from Strausburg (hillside of Drakensberg Mountains) in 1958, they were rescued and settled by Nelson Mandela (a lawyer) in a trust land (currently known as the Oaks) (Phuthi, 2015). As such, it is their view that there is no sound basis for them to pay homage to Mametja as their chief. For them, their leader is an independent headman. Regardless of the debate for secession by headman Lewele, it is worth noting that, during the apartheid era, the Oaks Trust was administratively incorporated into the Mametja tribal authority. The Native Affairs Department's (NAD) decision to consider this incorporation was based on the fact that the Mametja and Lewele families have partial links which are based on common socio-cultural history (Letebele, 2015). Both families lived in Strausburg before each of them moved to Ga-Mametja (also known as Mabins A village) and Oaks village (also known as Diphuthi/Morathong), respectively. Furthermore, the two families pay reverence to a *phuthi* (duiker) and they consider themselves *Bakone*.

To make matters worse, the radical supporters of headman Lewele contended that the rightful

heir of the land that is currently administered by Mametja was headman Malepe (Shai, 2006; Rapatsa, 2015). Apparently, headman Malepe was the longest serving traditional leader in his area and the surrounding areas that were administered by Chief Mametja. It would appear that, in the past, Mametja took advantage of the illiteracy of Malepe and then registered herself (Mametja) as chief, at the expense of Malepe. It is on the basis of this technical deposition that Mametja was elevated to the status of a chief and Malepe was reduced to a mere headman by the apartheid authorities. This pseudo-historical narrative between Mametja and Malepe continues to be legitimised 23 years into majority rule.

Contextually, the schisms and disputes over the chieftaincy between headman Malepe (and to a larger extent Lewele) and Chief Mametja is well captured by Hay (2014:757) when he asserts that during the white minority rule "in some cases, formerly independent chiefs were placed under the authority of the chiefs they did not recognise". Nevertheless, what can be deduced from the above historic account is that, during 2015, the opposition (led by the EFF) had exploited existing tensions between headman Lewele and Chief Mametja to win the support of the Lewele Tribal Authority and its followers in its political and electoral battles with the ANC.

Secondly, the opposition deliberately created confusion at the Oaks village by declaring that there was an overlap of boundaries between ward and traditional villages. This meant that if the MDB incorporated part of Matshelapata (an area earmarked for the development of the retail complex at the Oaks) into Ward 2, employment opportunities would be directed to the residents of the Willows when the

project kicked off (Chauke, 2015). In relation to this, Mmola (2015) lamented that "people from the Willows are opportunists. Simply because development is coming to the Oaks, you want to set claim to it". Moreover, royalties for building a mall would be given to chief Mametja and her headmen instead of headman Lewele. The above analysis shows the extent to which political henchmen, of the opposition, effectively employed deception or propaganda to win the minds and hearts of the residents of the Oaks. In fact, the people of the Willows had never shown an interest in the piece of land earmarked for development at the Oaks (Lee, 2013). Even if the retail complex was to be built at the Oaks, there was no way in which jobs would be given to Oaks villagers only. Besides this, Lewele was, at the time, not recognised as a chief by the government. To compound matters, Lewele had been legally dislodged from power as the headman under Chief Mametja after he was reported to also be claiming to be a chief. As such, the only chief who could sanction the building of a retail complex at the Oaks was Mametja and, in return, she was entitled to the royalties to be paid by the developer. Mmola's (2015) demonisation of the Willows residents also failed to appreciate the fact that they (Willows villagers) never, in any way, opposed the calls by the Oaks community members for the Maruleng Municipality and the MDB to consult them when making decisions "that affected their area" (Ferrari, 2015; Ndlovu, 2015b). The truth of the matter is that the people of the Willows were only concerned about the reports that "some workers [non-Oaks residents] had lost their jobs due to not being able to arrive at their work on time due to ongoing protests" (Ferrari, 2015). To compound matters in an already bad situation, non-resident pupils from the Willows village

were also threatened and prevented from attending their academic activities (including examinations) at the Oaks-based Maahlamele High School. While the people of the Oaks protested, blockaded and prevented people from the Willows and other villages from using the R36 road to access their working places, most of the villagers from the Oaks continued to report for work wherever they were working within the Maruleng jurisdiction and beyond (Ndlovu, 2015c).

Conversely, Letebele (2015) eloquently affirmed that "the fight of the Oaks and Willows and surroundings over ward demarcation spilling into how people are to be employed if there are governmental projects is unnecessary". For him, ward demarcation in the context of the Willows/Oaks villages was impractical, because it did not "take into account current and historical realities of how the villages evolved around traditional authority and leadership". The people of the villages in question are characterised by inter and intra-family marriages. "It is a historical fact that they once lived together with no boundaries. In fact, their respective populations are growing so fast that they will eventually merge not through the stroke of a pen, but evolvment" (Letebele, 2015). To corroborate the above, Hay (2014:747) observes that "pre-colonial chieftaincies were dynamic. Groups split, splintered, expanded and contracted over time, and moved from one place to another".

### **EFFORTS TO DEAL WITH COMMUNITY PROTESTS AT THE OAKS VILLAGE**

It is the well-considered view of this article that stakeholders such as Chief Mametja,

Ntona Mmola and Thekwane, the leadership of Maruleng Municipality, the MDB, the ANC regional and the sub-regional leadership, civil society and the Willows/Oaks community had undertaken uncoordinated measures to deal with the immediate consequences of the 2015 Oaks protests. Instead of calling for peace to reign in the affected communities, Chief Mametja fuelled tensions when she informed a meeting at Sedawa village that the R36 road served as a village boundary between the Oaks and the Willows. No matter the merits of Chief Mametja's point of information, the reality was that it provided a fertile ground for "black on black violence" (Vuma, 2015), which caused the Willows villagers' attempt to confront the angry community of the Oaks with the intention of opening the R36 road by force. This attempt was then misinterpreted by the Oaks community as Chief Mametja's (in collusion with headmen Mmola and Thekwane) well-calculated strategy and tactic to use the Willows villagers as troops to undermine the traditional authority of headman Lewele, and occupy and seize their territory. These were the circumstances that prevented the traditional leadership from finding an amicable solution to the political impasse at the Oaks. It is also worrisome that amid the dismal failure of the traditional leadership to foster peace and security among their people during the protests, the leadership of the local municipality (represented by the then mayor and councillors of the affected communities) failed hopelessly to give political direction and leadership.

The failure of the municipal leadership to provide clarity and give direction on the concerns and fears of the Oaks community can be understood within the context that they were denied an opportunity to do so by the protesting mob. The political

atmosphere was poisoned by opposition groups with clandestine political motives. An uncondusive environment prevailed that made it difficult for the leadership of ANC-led wards and the local municipality to engage constructively with the concerned parties. This was a deliberate move that was driven by the desperate desire of the opposition to create a leadership vacuum within and between the affected communities in order to score cheap political points. The display of arrogance and anarchy by the opposition was guided by the wish to undermine the legitimacy of the erstwhile incumbent councillors and ruling party, with the aim of reducing their chances of retaining power after the 2016 Local Government Elections.

Following the ANC's fact-finding mission led by Seaparo Sekoati, in consultation with ANC veterans in both villages, it became clear that the social justice struggles of the Oaks residents were hijacked by sinister political forces in order to nourish their narrow and selfish goals (Lewele, 2015). As such, both Farmwatch and various units of the Limpopo provincial police were brought on board and successfully cleared and opened the R36 road through the use of force (Ferrari, 2015). This hard-line stance precipitated a constructive engagement between the MDB and the Oaks community. At least this engagement produced a temporary solution in the form of the reversal of the decision to restructure the boundaries between Wards 2 and 3. Therefore, order and stability was restored within the affected communities. What can be deduced from the above analysis is that the Hoedspruit-based local leadership of the South African Police Services (SAPS) was crippled by the general lack of willingness, or mere incompetence, to enforce the

rule of law and this pitfall eroded confidence in the entire system among the citizenry. In addition, the intelligence division of SAPS had anticipated that, on top of the indefinite closure of the R36 road and the demand for ransom from some of the motorists who used the road, there could be an unfolding violent confrontation between the members of the affected parties. Unsurprisingly, Hoedspruit's SAPS simply turned a blind eye towards the brewing tensions and widespread violence until there was high-level intervention by the provincial government. This meant that during the period under review, there had been minimal desire and will within the SAPS, and government at large, to prevent the Oaks/Willows turmoil from reaching violent proportions. The unwillingness of SAPS to impose the state's will on violent protesters can be explained by the fact that some of the personnel within its ranks live in the village (Oaks) and identified themselves with the cause of the villagers. The sympathy of the Hoedspruit SAPS indirectly favoured the residents of the Oaks at the expense of members of the other communities within their jurisdiction. This sad reality demonstrates the rot and lack of professionalism within the security and justice cluster in South Africa. That being the case, the absence or limited voice of civic/religious leaders before and during crisis situations in Maruleng leaves much to be desired.

While temporary solutions to problems that manifested themselves through ward/municipal border disputes in Maruleng have been found, a search for amicable and irrevocable solutions such as a reversal of the proposed realignment of ward boundaries and the use of lethal force to restore peace, security and order to address the symptoms

of the dilemma facing the Oaks village, other communities in Maruleng and Limpopo, at large, must be pursued. At the root of the violent community protests are the following problems: ignorance, corruption, inequality, joblessness and poverty (Anon, 2013; Magomane, 2016; Mahopo, 2016). These are the painful challenges that need the immediate and collaborative attention of the government, civil society, the private sector and, above all, the communities themselves.

## CONCLUSION

The empirical analysis of this Afrocentric article highlights the poor relations between different stakeholders in Maruleng Municipality. Inevitably, this disappointing situation has prevented the people of the Oaks, Willows and other communities in Maruleng from tapping into the benefits

of cooperative governance. Coupled with the negative levels of development in these communities, opportunistic politicians often exploit pseudo-historic imaginings to rally ordinary people behind the cause of their respective political parties. In this regard, time and energy was incorrectly channelled towards the destruction of road infrastructure and other valuable public and private properties in a quest for different political parties to outsmart one another in development planning and electoral/political processes. In the final analysis, a lack of employment is at the heart of the crisis situation that is facing the Oaks and Maruleng, at large. This setback has been worsened by the fact that Local Economic Development (LED) is in bad shape. It is concluded that a lack of gainful employment in this area has produced many idle minds, which have a potential to be potent and explosive if not managed properly.

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# STAKEHOLDERS' PERCEPTIONS OF THE REPUTATION OF THE FEZILE DABI DISTRICT MUNICIPALITY: RECOMMENDATIONS FOR THE MUNICIPALITY

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## ABSTRACT

For many years now, there have been service delivery protests in the Fezile Dabi District Municipality, formerly known as the Northern Free State District Municipality. This generated ongoing bad publicity in the form of negative media reports, and it became increasingly clear that there was a problem regarding the reputation of the municipality. To help the municipality to manage its reputation, reliable and scientific information was needed about how the municipality was perceived by its stakeholders. In this study, the Harris-Fombrun Reputation Quotient (RQ) was used to investigate the stakeholders' perceived reputation of the municipality. Questionnaires containing items based on the six RQ dimensions were used to investigate the municipality's reputation among samples of the external stakeholders (i.e. community members) and the internal stakeholders (i.e. municipal employees). Among the findings, a lack of information about audit outcomes, a lack of high-quality service and leadership issues were most pronounced between the stakeholder groups and across towns.

Consequently, the community members did not admire or trust the municipality. In their view, the municipality failed in terms of service delivery, suggesting that the district municipality has reputational challenges. What was striking, however, were the employees' repeated references to politicians' interference in the running of these municipalities which leads to problems in administration and the implementation of policies. Based on the findings of this study, recommendations were formulated to help guide the reputation management actions of the Fezile Dabi District Municipality.

**Keywords:** Corporate/institutional reputation, stakeholders perception, municipalities, Reputation Quotient, Social Responsibility.

## INTRODUCTION

The Fezile Dabi District Municipality, formerly known as the Northern Free State District Municipality, consists of four local municipalities, namely the Moqhaka, Ngwathe, Metsimaholo and Mafube local municipalities (The Local Government Handbook, 2017). For many years, the Fezile Dabi District

Municipality has been experiencing stakeholder dissatisfaction, in the form of protest actions emanating from community members, in all four local municipalities. Clearly, there was a reputation problem and, for the district municipality to effectively manage its reputation among its stakeholders, it needed reliable and scientific information on exactly how it was perceived by its various stakeholders (internal and external). In other words, there was a need for an academic study to investigate the reputation of the District Municipality. The current investigation was designed to address this need.

In the academic literature researched, the concept of corporate or institutional reputation is not new. According to Aula and Mantere (2008:23), studies of reputation are popular in organisational research, accounting, economics, marketing and sociology. Organisations have focused on their reputation in order to gain a competitive advantage, increase sales and profits and to improve performance and attract more customers (Rhee & Valdez, 2009:158).

A good reputation was hailed as one of the strategies to draw customers to the company, attract personnel to the company and receive favourable treatment from the media (Fombrun, 1996:72). Most of the earlier studies on corporate reputation were focused on the private sector.

Although earlier corporate reputation research largely focused on reputation in the private sector, this does not mean that the strategies from this research are necessarily inappropriate for the public sector. In today's public-sector environment, where service delivery is a priority and where the public

sector is inundated with bad news associated with service delivery (Van de Walle, 2007:171), a systematic analysis of reputation is warranted. Heightened problems which are associated with unemployment, crime and poverty, are often what citizens complain about. Therefore, the public sector is beginning to understand the role of building a good reputation (Luoma-aho, 2007:126). Bromley (1993:300) is of the opinion that reputation, in the public sector, is formed by citizens or other stakeholders. Fombrun (1996:10) agrees with this notion by noting that, generally, an organisation's reputation is determined by the relationship it has with its stakeholders. Based on studies similar to that of Fombrun (1996), Andreassen (1994:28) concluded that the stakeholders' perception of the public sector's reputation warrants attention, as it is little understood (Luoma-aho, 2007:126).

There is a general observation that some differences exist in the way reputation is formed in the public sector *vis-à-vis* the private sector. Fundamentally, in the public sector, stakeholders' satisfaction or dissatisfaction with service delivery impacts on how they assess the reputation of this sector (Van de Walle, 2007:171). It is against this background that Da Silva and Batista (2007:596) coined the concept of government reputation and referred to it as "stakeholders' images of government over time". Carpenter (2002:491) argues that a strong reputation in the public sector may help generate public support, protect the public institution involved from political attack and recruit the best employees. This led Carpenter (2002:491) to suggest that a strong reputation, especially for public organisations, is regarded as a "political

asset". It is for this reason that Sabrina (2011:657) opined that a good reputation is critical for cultivating stakeholder relationships and for gaining stakeholder trust. Yet, little is known about how to manage reputation in the public sector and what the central building blocks of reputation in such environments are. More importantly, in the research literature, there are only a few scientific studies about how stakeholders perceive the reputation of municipalities, especially in South Africa.

## **CONCEPTUALISATION OF CORPORATE REPUTATION**

The term corporate reputation has been associated with many definitions. In this study, the term is used to define municipal reputation. Brown and Trevino (2006:595) state that, as with many concepts, corporate reputation does not have a universally accepted meaning. Gray and Balmer (1998:695) describe corporate reputation as an ambiguous and unclear construct with different and sometimes conflicting definitions. The search for a universally accepted definition of corporate reputation has grown over the decades and continues to gain interest among academics and practitioners (Ponzi, Fombrun & Gardenberg, 2011:15).

One definition that was found in the literature is that of Rindova, Williamson, Petkova and Server (2005:610), which describes corporate reputation as "stakeholders' perceptions about an organisation's ability to create value relative to competitors". Another definition is that of Fombrun (1996:72), which defines corporate reputation as "a perceptual representation of a company's past actions and future prospects that describe

the firm's overall appeal to all of its key constituents when compared with other leading rivals". Fombrun (1996:72) further notes that corporate reputation is a multidimensional construct involving: (i) perceptions; (ii) attitudes; and (iii) the esteem with which stakeholders hold an organisation. Barnett, Jermier and Lafferty (2006:28) describe Fombrun and Van Riel's (1997:5) integrative perspective of corporate reputation as being widely accepted, but Gotsi and Wilson (2001:29) suggest a revised definition that sees corporate reputation as "a stakeholder's overall evaluation of a company over time".

To measure corporate reputation, academics and practitioners have often used the Harris-Fombrun Reputation Quotient (RQ) (Fombrun & Van Riel, 2004:34). The instrument measures corporate reputation quantitatively on six dimensions, namely emotional appeal, products and services, vision and leadership, workplace environment, social responsibility and financial performance. As the Harris-Fombrun RQ has been shown to be a very reliable tool for assessing corporate reputation (Garberg & Fombrun, 2002:303), it was decided that this instrument would be suitable for the present investigation. The study's research question was therefore: What are the perceptions of (a) the external stakeholders (i.e. community members) and (b) the internal stakeholders (municipal employees) with regard to the reputation of the Fezile Dabi District Municipality as measured in terms of the six dimensions of the Harris-Fombrun Reputation Quotient?

## **RESEARCH METHODOLOGY**

The research problem that was addressed in this study was that there existed a need to

know how the internal and external stakeholders of the Fezile Dabi District Municipality perceived the reputation of this municipality in terms of generally recognised dimensions of corporate reputation. The research objective was, therefore, to conduct surveys in the Fezile Dabi District Municipality in order to ascertain the perceptions of the municipality's stakeholders (internal and external) regarding its reputation and, on the basis of these perceptions, to propose guidelines on how to effectively manage reputation in a local government sphere. The stakeholder perceptions were determined in terms of the six dimensions of the Harris-Fombrun Reputation Quotient (Fombrun & Van Riel, 2004:34), namely emotional appeal, products and services, vision and leadership, workplace environment, social responsibility, and financial performance.

The study consisted of two surveys that were conducted in eight towns (two towns from each of the four local municipalities) in the Fezile Dabi District Municipality, namely Kroonstad, Steynsrus, Heilbron, Parys, Sasolburg, Orangeville, Villiers and Frankfort. The first survey was conducted with a sample of 40 internal stakeholders (municipal employees) who were randomly selected in the offices of the different local municipalities. The second survey was conducted with a sample of 240 external stakeholders (community members) who were obtained by means of a process of convenience sampling, which meant that individuals were selected depending on their availability and willingness to participate in the study during their visits to their local municipality offices.

The self-administered questionnaires that were used consisted largely of twenty items

(positively worded statements) that were based on Fombrun's (1996:14) six RQ dimensions (i.e. three or four items per dimension). The respondents were asked to respond to each item on a five-point Likert scale. More specifically, the respondents had to indicate the degree to which they disagreed or agreed with each item. Their responses were scored as follows: 1 = Disagree completely, 2 = Disagree somewhat, 3 = Not sure, 4 = Agree somewhat, 5 = Agree completely. In some cases, respondents also provided additional qualitative reasons for their choices.

The respondents' quantitative responses to the twenty scale items were found to have high Cronbach alpha reliability scores, namely 0.97 for community members and 0.98 for employees. This means that there was a high level of internal consistency in the RQ scores of both groups of respondents, and that the Harris-Fombrun RQ had proven to be a reliable instrument for measuring the respondents' perceptions of the corporate reputation of the district municipality.

### **REPUTATION QUOTIENT SCORES FOR INTERNAL AND EXTERNAL STAKEHOLDERS**

Table 1, on the following page, contains the RQ scores (with the accompanying standard errors and 95% confidence intervals) that depict how the reputation of the district municipality was perceived by the total sample of external stakeholders (community respondents) and the internal stakeholders (municipal employees). The table shows that the RQ score for the community members was 52.16, while the RQ score for the municipal employees was higher (60.97), which is indicative of a more positive reputation

**TABLE 1: RQ scores for the two stakeholder groups**

Stakeholder group	Mean RQ score	Standard error	95% Confidence interval	
			Lower limit	Upper limit
Community members	52.16	1.457	49.30	55.02
Employees	60.97	3.565	53.98	67.96

Source: Authors

**TABLE 2: RQ scores of external stakeholders (community members) per town**

Town	Mean RQ scores	Standard error	95% Confidence interval	
			Lower limit	Upper limit
Kroonstad	57.30	4.241	48.99	65.61
Steynsrus	37.93	3.513	31.04	44.82
Heilbron	63.83	0.901	62.06	65.60
Parys	54.31	4.952	44.60	64.02
Sasolburg	51.93	5.210	41.72	62.14
Orangeville	43.65	3.687	36.42	50.88
Villiers	64.27	1.160	62.00	66.54
Frankfort	44.93	4.571	35.97	53.89

Source: Authors

**TABLE 3: RQ scores of internal stakeholders (municipal employees) per town**

Town	Mean RQ total scores	Standard error	95% Confidence interval	
			Lower limit	Upper limit
Kroonstad	63.80	8.399	47.34	80.26
Steynsrus	56.00	4.324	47.52	64.48
Heilbron	54.60	12.388	30.32	78.88
Parys	68.00	12.000	44.48	91.52
Sasolburg	77.40	9.988	57.82	96.98
Orangeville	49.80	10.341	29.53	70.07
Villiers	73.00	9.165	55.04	90.96
Frankfort	45.20	9.287	27.00	63.40

Source: Authors

rating. However, because of the overlap in the confidence intervals of the two RQ scores, the difference in the two RQ scores is not necessarily statistically significant.

Table 2, above, describes the mean RQ scores (with the accompanying 95% confidence intervals) for the external stakeholders (community respondents) in each town that was included in the sample, i.e. Kroonstad,

Steynsrus, Heilbron, Parys, Sasolburg, Orangeville, Villiers and Frankfort. The towns with the highest community RQ scores, i.e. the towns where the municipality was rated relatively most positively by the community respondents, were Heilbron and Villiers (with RQ scores of 63.83 and 64.27, respectively). On the other hand, the communities with the lowest RQ scores were Steynsrus and Orangeville (with RQ scores of 37.93

and 43.65, respectively). From the 95% confidence intervals reported in Table 2 on page 371, it can be deduced that the relatively higher RQ scores of Heilbron and Villiers are statistically different (on the 5% level of statistical significance) from the relatively lower RQ scores of Steynsrus and Orangeville (this is because the confidence intervals of the higher scores do not overlap with the confidence intervals of the lower scores). It can, therefore, be concluded that the respondents from Heilbron and Villiers were statistically more positive (or, alternatively formulated, statistically less negative) towards the municipality than were the respondents from Steynsrus and Orangeville.

From Table 3 on the previous page, which describes the mean RQ scores of the internal stakeholders (municipal employees) in each town of the sample, it can be observed that the towns with the highest employee RQ scores, i.e. the towns where the municipality was rated most positively by the employees, were Sasolburg and Villiers (with RQ scores of 77.4 and 73, respectively). On the other hand, the towns with lowest RQ scores were Frankfurt and Orangeville (with RQ scores of 45.2 and 49.8, respectively). From the list of 95% confidence intervals, it can be deduced that the relatively high RQ scores of Sasolburg and Villiers are statistically different (on the 5% level of statistical significance) from the relatively low RQ scores of Frankfurt and Orangeville.

From these findings about the RQ scores in the different towns, it is clear that there are regional differences with regard to the reputation of the Fezile Dabi District Municipality, as seen through the eyes of both the internal and the external stakeholders. In the

next section, more detailed information will be given as to how the two groups of stakeholders perceived the district municipality in terms of the individual items that represented the six dimensions of the Harris-Fombrun RQ (Fombrun & Van Riel, 2004:34).

## **PERCEPTIONS OF STAKEHOLDERS REGARDING THE SIX RQ DIMENSIONS**

Table 4, on the following page, summarises the perceptions of the community respondents (external stakeholders) regarding the issues mentioned in the twenty items depicting the six dimensions of the Harris-Fombrun RQ (Fombrun & Van Riel, 2004:34), while Table 5 on page 374 contains the responses of the internal stakeholders (municipal employees) to the same twenty items. In order to assist with the interpretation of the data in the tables, where it was found that the majority (50% or more) of the respondents had either agreed or disagreed ("somewhat" plus "completely") with a particular item, those table cells (excluding the header) representing such a majority perception are emphasised visually with a grey background. In addition, some qualitative comments that a few of the respondents gave to better explain their choices were used to provide extra perspectives on the reported perceptions.

### **Stakeholders' Perceptions Regarding the Emotional Appeal Dimension**

Regarding the emotional appeal dimension, all stakeholders were asked to respond to three items; that is, they were required to indicate to what extent they had a "good feeling" about the municipality, to what extent they "admired" the municipality, and

to what extent they "trusted" the municipality. According to Fombrun, Gardberg and Sever (2000:241), a good feeling about a company can lead to positive stakeholders' decisions about the company. Similarly, Bartikowski and Walsh (2011:334) state that stakeholders who attribute a good reputation to an organisation are likely to express consistent attitudes of admiration.

Table 4, below, and Table 5, on the next page, show how internal and external stakeholders differed in their responses to the three

emotional appeal items. The majority of the participating municipal employees stated that they admired the municipality, trusted the municipality and that they also had a good feeling about the municipality. In contrast, the majority of the participating community members did not admire or trust the municipality and were divided about whether they had a good feeling about the municipality. These differences between the perceptions of internal and external stakeholders are especially significant in the light of the statement by Fombrun and Van Riel (2004:34)

**TABLE 4: Community responses to items depicting corporate reputation dimensions**

Items Per Dimension	Agree Completely		Agree Somewhat		Not Sure		Disagree Somewhat		Disagree Completely	
	N	%	N	%	N	%	N	%	N	%
<b>Emotional appeal:</b>										
*Good feeling	32	13.3	74	30.8	16	6.7	66	27.5	52	21.7
*Admire	21	8.8	70	29.2	10	4.2	79	32.9	59	24.6
*Trust	26	10.8	71	29.6	7	2.9	75	31.3	61	25.4
<b>Services/products:</b>										
*Stands behind services	17	7.1	68	28.3	18	7.5	75	31.3	62	25.8
*Innovative services	22	9.2	57	23.8	23	9.6	74	30.8	64	26.7
*High-quality	18	7.5	63	26.3	12	5.0	86	35.8	61	25.4
*Value for money	17	7.1	62	25.8	17	7.1	84	35.0	59	24.6
<b>Vision and leadership:</b>										
*It has excellent leadership	23	9.6	56	23.3	24	10.0	73	30.4	64	26.7
*Clear vision	20	8.3	58	24.2	28	11.7	77	32.1	57	23.8
*Recognises market opportunities	16	6.7	50	20.8	37	15.4	73	30.4	64	26.7
<b>Workplace environment:</b>										
*Well managed	30	12.5	56	23.3	26	10.8	64	26.7	64	26.7
*Good company to work for	23	9.6	62	25.8	20	8.3	81	33.8	54	22.5
*Good employees	20	8.3	67	27.9	13	5.4	83	34.6	57	23.8
<b>Social responsibility:</b>										
*Supports good causes	21	8.8	57	23.8	32	13.3	78	32.5	52	21.7
*Environmentally responsible	14	5.8	63	26.3	15	6.3	84	35.0	64	26.7
*High standards in treating community	19	7.9	65	27.1	21	8.8	75	31.3	60	25.0
<b>Financial performance:</b>										
*Clean audit record	16	6.7	52	21.7	46	19.2	67	27.9	59	24.6
*Low-risk investment	15	6.3	63	26.3	32	13.3	65	27.1	65	27.1
*Outperforms others	15	6.3	54	22.5	43	17.9	67	27.9	61	25.4
*Strong prospects for future growth	17	7.1	61	25.4	23	9.6	77	32.1	61	25.4

Source: Authors



**TABLE 5: Employee responses to items depicting corporate reputation dimensions**

Items Per Dimension	Agree Completely		Agree Somewhat		Not Sure		Disagree Somewhat		Disagree Completely	
	N	%	N	%	N	%	N	%	N	%
<b>Emotional appeal:</b>										
*Good feeling	7	17.5	17	42.5	1	2.5	12	30	3	7.5
*Admire	8	20	16	40	0	0	12	30	4	10
*Trust	6	15	15	37.5	2	5	14	35	3	7.5
<b>Services/products:</b>										
*Stands behind services	5	12.5	16	40	1	2.5	15	37.5	3	7.5
*Innovative services	4	10	16	40	3	7.5	12	30	5	12.5
*High-quality	4	10	12	30	3	7.5	17	42.5	4	10
*Value for money	4	10	15	37.5	5	12.5	12	30	4	10
<b>Vision and leadership:</b>										
*It has excellent leadership	5	12.5	14	37.5	2	5	14	35	5	12.5
*Clear vision	4	10	16	40	3	7.5	13	32.5	4	10
*Recognises market opportunities	4	10	15	37.5	3	7.5	14	35	4	10
<b>Workplace environment:</b>										
*Well managed	7	17.5	13	32.5	0	0	14	35	6	15
*Good company to work for	6	15	15	37.5	2	5	12	30	5	12.5
*Good employees	4	10	29	72.5	1	2.5	11	27.5	4	10
<b>Social responsibility:</b>										
*Supports good causes	3	7.5	15	37.5	5	12.5	12	30	4	10
*Environmentally responsible	3	7.5	15	37.5	2	5	15	37.5	5	12.5
*High standards in treating community	4	10	15	37.5	2	5	13	32.5	6	15
<b>Financial performance:</b>										
*Clean audit record	3	7.5	13	32.5	6	15	14	35	4	10
*Low-risk investment	3	7.5	14	35	5	12.5	15	37.5	3	7.5
*Outperforms others	2	5	12	30	8	20	15	37.5	3	7.5
*Strong prospects for future growth	3	7.5	15	37.5	4	10	14	35	4	10

Source: Authors

that emotional appeal is the largest driver of corporate reputation.

### **Stakeholders' Perceptions Regarding the Services and Products Dimension**

Gray and Balmer (1998:79) state that products and services are fundamental components of corporate reputation. Romenti (2010:314) also emphasises that a company's commitment to providing high-quality products and services should remain high at all costs, as this could enhance a good

relationship with stakeholders. The services and products construct included four statements to which respondents were asked to respond, namely the municipality: "stands behind its services", "offers innovative services", "offers quality service" and "offers services that are value for money".

It was found that the majority of the community respondents (see Table 4) were very negative about the municipality's products and services, as they disagreed (either somewhat or completely) with all four statements.

The employees interviewed (see Table 5) were more positive in that the majority of employees agreed (either somewhat or completely) that the municipality stands by its services and offers innovative services. However, as a group, they were divided on the issue of value for money and the majority of employees disagreed that the services were of a high quality, with some commenting that the continual community complaints showed that services need to be improved. It was also mentioned that employees need to be motivated to work harder, and that the head offices' priorities differed for some municipalities.

### **Stakeholders' Perceptions Regarding the Vision and Leadership Dimension**

Davies and Davies (2004:30) describe good leadership as the ability to link organisational activities such as long-range visions and concepts, to daily work. Hogan and Kaiser (2005:170) further state that good leadership promotes effective team and group performance which, in turn, enhances the financial performance of the organisation. In the questionnaire of the current investigation, there were three items that addressed the RQ dimension of vision and leadership. These individual items were: "has excellent leadership", "has clear vision" and "recognises market opportunities".

It was found (see Table 4) that the participating external stakeholders were very negative about the municipality's products and services, as the majority of them disagreed (either somewhat or completely) with all three statements. The internal stakeholders (see Table 5) also disagreed that the

municipality has a clear vision, but they were divided on the issues of the municipality having excellent leadership and recognising market opportunities. An important issue mentioned in the qualitative comments of the respondents was that the leadership potential in municipalities was being negatively influenced by the interference from politicians.

### **Stakeholders' Perceptions Regarding the Workplace Environment Dimension**

The workplace environment dimension was investigated by means of the respondents' responses to three questionnaire items that dealt, respectively, with the municipality being "well managed", being a "good company to work for" and having "good employees". The workplace environment of an organisation is important because, according to Fieldman (2009:233), employees who identify with their organisation are more likely to engage in behaviour that supports the organisation and to act as organisational ambassadors. Similarly, if the workplace environment is not what it should be, for instance if employees are not given sufficient information and work where little or no interaction with fellow employees occurs (Shadur & Rodwell, 1999:479), then it is unlikely that employees would be able to interact positively with the public.

The perceptions of most external stakeholders in the current study were negative about all three workplace environment items (see Table 4). On the other hand, most of the participating employees were positive about their workplace environment (see Table 5) in that they considered the municipality to be a good company to work for, and also as

having good employees. However, there was a 50/50 split among the employees about the issue of the municipality being well managed. Comments were made about problems in administration and implementation, because of political interference.

### **Stakeholders' Perceptions Regarding the Social Responsibility Dimension**

Schnietz and Epstein (2005:327) consider social responsibility to be a key dimension of reputation, which can be used to create or maintain stakeholder relationships. In this study, social responsibility was measured by recording the extent to which respondents agreed or disagreed with three statements, namely that the municipality "supports good causes", is "environmentally friendly", and has "high standards in treating the community".

The majority of community members disagreed (either somewhat or completely) with all three statements (see Table 4). In other words, they did not consider the municipality to be socially responsible. Most of the participating employees (see Table 5) also did not agree that the municipality was "environmentally friendly", but they were divided about the municipality supporting good causes and having high standards in treating the community. Employees commented that there was a need for community members to be better motivated to pay for their services.

### **Stakeholders' Perceptions Regarding the Financial Performance Dimension**

Hammond and Slocum (1996:159) indicate that financial performance is a salient

predictor of a firm's future reputation. Similarly, Craig (2013:25) concludes that the interpretation of financial performance, outperforming competitors and future prospects is rooted in corporate communication and, thus, they are important constructs of corporate reputation. In turn, favourable corporate reputation can generate positive financial performance (Cravens & Oliver, 2006:300).

In order to gauge the financial performance dimension in the current study, the stakeholders were asked to indicate to what extent they agreed or disagreed with the following four items: the municipality has a "clean audit record", was a "low-risk investment", "outperforms others" and has "strong prospects for future growth". It was found (see Tables 4 and 5) that the external stakeholders were negative with regard to all four aspects of financial performance, but the internal stakeholders were divided on all four of these issues. One of the reasons cited for this division of views was that there was a lack of information about audit outcomes.

## **CONCLUDING RECOMMENDATIONS**

Based on the findings of the study, a number of recommendations can be made to guide the reputation management of the Fezile Dabi District Municipality. For example, the RQ scores that were assessed among the internal and external stakeholders, in eight towns of the district, showed that the corporate reputation of the district municipality was significantly lower in some towns than it was in other towns. It is, therefore, recommended that the municipality's reputation management actions should

take these regional differences of perceptions into account.

More specifically, it is suggested that the municipality should fast-track service delivery in those towns where the district municipality's reputation among the community members is poorest, namely Steynsrus and Orangeville. It is further recommended that in those towns where the district municipality's reputation among the municipal employees is poorest (namely in Frankfurt and Orangeville), special attention should be given to discovering and improving inefficient management and administrative procedures in local municipality offices. It would also be useful to obtain information about best practices from the municipal offices where the municipality's reputation among the municipal employees is highest (namely in Sasolburg and Villiers).

Another major recommendation for the district municipality is that its reputation management communications and actions should take into account those issues that the various stakeholders perceive as being the strengths and weaknesses of the district municipality. For example, if it is known that a high percentage of a certain stakeholder group considers the municipality to be trustworthy, but they also perceive the municipality to be environmentally irresponsible, it would make more sense to initiate a plan of action aimed at improving the municipality's environmental responsibility, than it would be to launch a public relations campaign aimed at increasing the municipality's perceived trustworthiness.

In the current study, the two groups of stakeholders were asked to respond to a

list of twenty positively worded statements and, if a majority of respondents agreed that a particular statement applied to the municipality, that issue was categorised as a strength of the municipality. However, if most respondents disagreed that the statement applied to their municipality, that issue was categorised as a weakness. It is therefore recommended that the following perceived strengths and weaknesses (portrayed in Tables 4 and 5 in the non-header cells that are shaded in grey) should be considered when managing the reputation of the Fezile Dabi District Municipality:

- *The strengths of the municipality, as perceived by internal stakeholders (employees):* The employees stated that they have a "good feeling" about the municipality and that they "admire" and "trust" it. They also perceived the municipality to always "stand by its services", to be "innovative", to have "vision", to be a "good employer" and to have "good employees".
- *The weaknesses of the municipality, as perceived by internal stakeholders (employees):* The employees perceived the municipality as "not providing high-quality services" and as "not being environmentally responsible". Fifty percent of the employees also responded that the municipality was "not well managed".
- *The strengths and weaknesses of the municipality, as perceived by external stakeholders (community members):* In the view of the community members, the municipality does not have any strengths. With only one exception (the issue

of having a "good feeling" about the municipality), all twenty items listed in Table 4 were perceived as weaknesses.

The above-mentioned wide range of issues that the external stakeholders consider as being weaknesses of the municipality raises the problem, for the municipality, of what issues a reputation managing campaign should address first. Based on the results of this study, it is recommended that the Fezile Dabi District Municipality should start by addressing those issues that were also considered as negative by the internal stakeholders, namely the quality of the services delivered, being environmentally responsible and the workplace environment being well managed.

With regard to the first of these three priority issues, namely service delivery, it is suggested that the municipality should begin to work towards developing a deeper understanding of what constitutes good service delivery and then to develop strategies that will contribute specifically to the improvement of the conditions of communities, which will later positively influence the communities' perceptions of the reputation of the local government. Management should, therefore, determine what aspects of service delivery are likely to contribute towards satisfaction and dissatisfaction for the communities, and this will enable them to determine the areas that require improvements. It is obviously important for communities to be happy in the areas where they live. Hence, good service delivery should be considered a blueprint for enhancing good local government reputation.

The second issue that was perceived negatively by both groups of stakeholders was the

municipality's environmental responsibility. This points to the need to improve community engagement, which could enhance stakeholder relationships. It is, therefore, suggested that social issues, which require municipality involvement, should be identified. This should enable the municipalities to channel their resources to the right actions. By putting this suggestion into practice, the municipality will be receiving positive publicity which will, in turn, enhance its reputation.

The third issue that needs to be addressed, because it was perceived negatively by both groups of stakeholders, was the management of the workplace environment. From the qualitative comments of the participating stakeholders, it was learned that the employees could not distinguish between the responsibilities of public officials and politicians and that they attributed some of the mismanagement of the workplace environment to the interference by politicians. It is, therefore, recommended that the management in the municipalities should apply the relevant measures to remedy the situation and ensure that there is a clear distinction between the management roles of politicians and officials, so that they do not step on each other's toes.

Finally, it is recommended that the reputation management actions of the district municipality should also focus on the remaining issues that were perceived negatively by the external stakeholders, but on which the internal stakeholders were divided. This includes financial performance issues (such as the municipality's audit record, being a low-risk investment, outperforming other municipalities and taking advantage

of market opportunities), leadership issues and recognising market opportunities, as well as social responsibility issues (such as supporting good causes and exhibiting high standards in treating the community). More

importantly, municipal employees should be taught how to become custodians of social responsibility programmes, which would make them ambassadors of the organisation beyond its borders.

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# CORPORATE REPUTATION MANAGEMENT: A CASE STUDY OF THE EMFULENI LOCAL MUNICIPALITY IN SOUTH AFRICA

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## ABSTRACT

The objective of this study was to explore how corporate reputation is managed at the Emfuleni Local Municipality in the Gauteng province of South Africa. This study employed a qualitative research approach and a case study design. Individual, in-depth, semi-structured interviews were conducted with eight participants until the data was saturated. Thematic analysis was used to analyse the data. The results show that the management of reputation is a multifaceted concept, which includes corporate social responsibility, emotional appeal, financial performance, products and services, vision and leadership and workplace environment. They also show that corporate communication is an essential part of the local municipality, as it serves to align the organisation's vision, culture and image. The study recommends that corporate reputation should be one of the most important objectives of corporate communication departments, meaning that the organisation needs to work harder to build and manage productive relationships with its internal

and external stakeholders. The study further recommends that communication should be dialogic, because it is a tool for negotiating and managing stakeholder relationships.

**Keywords:** Corporate reputation management, local municipality, corporate social responsibility, public relations, communication and stakeholders.

## INTRODUCTION

This study explores how corporate reputation in the Emfuleni Local Municipality (ELM) of Gauteng province is managed. Feldman, Bahamonde and Velasquez-Bellido (2014:55) define corporate reputation as a collective representation of an organisation's past actions and results that is based on its assessment of financial, social and organisational performance and environmental impact by its multiple stakeholders, both internal and external. From a strategic point of view, Feldman *et al.* suggest that corporate reputation is an asset of great value for organisations in their attempts to



differentiate from the rest of the industry and to create potential barriers to the entry of potential competitors. Bechan (2008:2) suggests that reputation management can help to enhance an organisation's objectives by creating stakeholder support for public and policy issues, consumer loyalty and positive shareholder value for investors. Corporate reputation management is, thus, for Luoma-aho (2008), the business of directing all aspects of an organisation's performance. Firestein (2006:25) asserts that reputation is the strongest determinant of any corporation's sustainability. Feldman *et al.* (2014:2) assert that, because corporate reputation is built on external and internal stakeholders' current perceptions, it is possible for it to be either positive or negative. They go on to say that "in this sense, it can be differentiated from concepts such as identity and organisational image, which are conceptualised only from one type of stakeholder (identity for internal stakeholders and image for external ones)".

Numerous studies, with different areas of focus, have been conducted on corporate reputation. Adeosun and Ganiyu (2013:220-223) looked at corporate reputation as a strategic asset in Nigerian hospitals. They found that the hospitals they studied did not give enough attention to issues that could improve corporate reputation for the hospitals' internal stakeholders, such as nurses. Maden, Arikan, Telci and Kantur (2012) found that all stakeholder groups, in their research, perceived good reputation to characterise those firms that focus on social performance. Olmedo-Cifuentes and Martínez-León (2014:223-241) looked at corporate reputation from a management style perspective. Kwatubana (2014:1439-1447)

and Beneke (2011:29-44) focused on corporate reputation in public schools and reputation management in higher education. Tlou and Govender (2015:62-73) investigated common reputation drivers by focusing on financial institutions. Some studies, for example, investigated corporate reputation from the stakeholder, employee and investor perspective (Maden *et al.*, 2012). Although these studies are useful as a framework for this study, there is, however, a gap in research, because they are silent on corporate reputation management in a local municipality in the Vaal Triangle. The purpose of this study is an attempt to address this gap.

## **PROBLEM STATEMENT**

South Africa's local government system has generally been heavily criticised for its poor service delivery, which is a situation that has led to service delivery protests emanating from every corner of the country, particularly among the previously disadvantaged communities (Lekubu, 2015). Fraud, corruption, the mismanagement of public funds and general incompetence by municipal managers and their subordinates have been a challenge that has crippled most of the municipalities (Madonsela, 2010). The lack of an adequate reporting system towards good governance has led to a bad reputation where instances of suspension have resulted. There is, seemingly, a lack of continuous two-way communication between the local government and its community, which results in poor service delivery, a lack of understanding of the concerns of communities and the inadequate dissemination of relevant information to communities (Kanyane,

2014). The local municipalities do not seem to be able to provide services that are essential to uplifting society at large, subject to national and provincial legislation as provided for in the *Constitution of the Republic of South Africa* (Rogerson, 2010:482). The recent outburst by communities due to a lack of these services has a detrimental effect on the corporate reputation of the local municipalities that are supposed to serve them (Hough, 2008). These problems have a strong bearing on how corporate reputation is managed. The research questions are:

- What is the nature of corporate reputation in the Emfuleni local government?
- Why is corporate reputation management important at the local government level?
- What strategies can be employed to enhance corporate reputation management at the Emfuleni local government?

## **PURPOSE OF THE STUDY**

The purpose of this qualitative case study is to examine how the local government manages corporate reputation. The sub-aims are to:

- explore the nature of corporate reputation management.
- understand how reputation is managed at the local government level.
- suggest strategies that can be adopted to enhance corporate reputation management at the Emfuleni Local Municipality.

## **LITERATURE REVIEW**

Zulhamri (2009:171) asserts that corporate reputation, image and identity are interrelated concepts. For Gotsi and Wilson (2001:28), corporate reputation is made up of a cognitive feature of an industry that crystallises a company's perceived ranking in a field of rivals. Fombrun and Van Riel (1997:5) maintain that corporate reputation gauges an organisation's relative standing, both internally with employees and externally with stakeholders, in both its competitive and institutional environments. Gabbioneta, Ravasi and Mazzola (2007:99) suggest that reputations constitute the subjective and collective assessment of the trustworthiness and reliability of organisations. According to Mitnick and Mahon (2007:324), organisations are known by the perceptions they generate through their reputations. These authors further assert that reputation is a directional affect in the form of a perception that is targeted to a focal organisation by several stakeholders, where the perception is derived from or transferred from affective perceptions of performances by the focal actor, or statuses or qualities in the actor.

Ettenson and Knowles (2008) indicate that reputation can be regarded as a precondition for people's willingness to do business with a company. Corporate reputation is a social construction that can be based on the observations of the consequences of actions as well as the observations of the guides used to generate the actions (Helm, Liehr-Gobbers & Storck, 2011:4). Davies, Chun and Kamins (2010) assert that it is important to manage external reputation through internal reputation, which involves staff in the process of building a reputation that resonates within the organisation.

## **CORPORATE IDENTITY AND IMAGE IN REPUTATION MANAGEMENT**

Leiva, Ferrero and Calderón (2014:1) suggest that corporate identity deals with the essence of the organisation and the unique characteristics of its philosophy, values, history, strategy, business scope and communication. Corporate identity is also recognised as a strategic resource and a valuable tool for addressing the needs of the organisation's stakeholders (Feldman *et al.*, 2014). For Zulhamri and Yuhani (2011:171), image is made up of the perception of constituencies on how an organisation presents itself, while corporate identity refers to the self-presentation of an organisation through corporate logo, colour and any signal that can easily be seen by stakeholders. According to Skinner, Von Essen, Mersham and Motau (2010:8), corporate image is the net result of the interaction of all experiences, impressions, beliefs, feelings and knowledge that people have about a company. Botha, Chaka, Du Plessis, Krause, Rawjee, Porthen, Veerasamy and Wright (2007:259) posit that corporate image is the collection of all the perceptions a person has of an organisation. The image belongs to the people who perceive or experience it. These scholars further argue that an organisation cannot change its corporate image at will or have total control over it (Botha *et al.*, 2007:259). They suggest that factors that influence corporate image include the size of the organisation, its buildings or factories, the behaviour of staff, its social involvement and social responsibility, its management style, marketing and advertising practices and its public relations practices.

## **THE MANAGEMENT OF CORPORATE REPUTATION**

Feldman *et al.* (2014:56) suggest that corporate reputation management is the capacity to configure an optimistic strategy for managing corporate reputation. The management of corporate reputation entails everything that an organisation does or does not do to communicate its plans of action that affect both internal and external stakeholders. Reputation management aims to create shared interests with stakeholders (Helm *et al.*, 2011:17). The management of reputational risk is part of corporate reputation management. It consists of providing the procedures and internal alignment necessary for detecting and minimising those gaps that could potentially compromise the fulfilment of strategic goals (Feldman *et al.*, 2014:58). Davies *et al.* (2010) assert that it is important to manage external reputation through internal reputation by involving staff in the process of building a reputation that resonates within the organisation. Theaker (2001:67) suggests that organisations build their reputations by developing practices that integrate economic and social considerations into their competitive strategies. They initiate policies that reflect their core values; that consider the joint welfare of investors, customers and employees; that invoke concern for the development of local communities; and that ensure the quality and environmental soundness of their technologies, products and services.

## **RESEARCH DESIGN AND METHODOLOGY**

The researchers opted for the qualitative approach, because it is naturalistic and

inductive according to Bryman and Bell (2011). A case study design was used, as it was found relevant for investigating the perceptions of the local municipality employees about corporate reputation in a bounded context (Yin, 2014:18). The qualitative approach in this study is relevant, because the researchers wanted to hear how the participants view corporate reputation and what meanings they assign to this understanding (Nieuwenhuis, 2016:53). Their lived experiences helped to make sense of their accounts about how corporate reputation works at the Emfuleni Local Municipality.

## **POPULATION AND SAMPLING**

This study was conducted at the Emfuleni Local Municipality in the Gauteng province. There are 1000 employees at this local municipality. From the population, a sample of eight participants was purposefully selected. It consisted of one communications manager, two assistant managers in media relations and branding, a public relations practitioner, media relations officer, graphic designer, communications practitioner and web master. The participants were selected to reflect the gender balance, thus, four males and four females comprised the sample.

## **METHODS OF ACHIEVING TRUSTWORTHINESS**

The researchers observed a set of standards of credibility, transferability, dependability and conformability to ensure trustworthiness (Toma, 2006:406). To maximise the trustworthiness of the results, the researchers referred the transcribed data back to all informants in the municipality to ensure that the data represented a reasonable account of the

information they provided in the interviews (Daymon & Holloway, 2011:90). To ensure dependability, the researchers made sure that the findings of the study were consistent and accurate by showing how the data was linked to sources of information, so that a reader would be able to establish that the conclusions and interpretations arose directly from the data (Daymon & Holloway, 2011:91).

## **ETHICAL CONSIDERATIONS**

Confidentiality and autonomy of the selected research participants were observed. The welfare of the selected participants was a major concern while conducting interviews and the researchers endeavoured to avoid any harm to them during the interviews. Permission was sought from the municipal manager at the Emfuleni Local Municipality to conduct the interviews. The municipal manager was informed about the nature of the research and that the results would be made available to all participants.

## **DATA COLLECTION**

Individual, in-depth, semi-structured interviews were conducted with eight participants to explore their perceptions about corporate reputation management at Emfuleni Local Municipality. The venue and times for all of the interviews were negotiated with the selected participants. The interviews were conducted until data saturation was reached. The aim was to obtain rich descriptive data that would enable us to understand the participants' construction of knowledge and reality about corporate reputation within their bounded context (Nieuwenhuis, 2016:92). Their responses were tape-recorded with their consent.

## DATA ANALYSIS

The data gathered was transcribed for all eight individual, in-depth, semi-structured interviews. We used thematic analysis to analyse the data that was collected. Through an iterative process, data was systematically searched and analysed to capture the nuances of the participants' descriptions of corporate reputation in the local municipality. Through data reduction, the researchers sorted and organised the data in such a way that final conclusions could be drawn and verified (Miles & Huberman, 1994:11). Thus, the first stage of data analysis involved the process of open coding, whereby each line of the data was considered to identify keywords or phrases to retain the participants' words (Nieuwenhuis, 2016). The second stage involved the sorting and sifting of keywords, searching for types, sequences and patterns, and labelling and categorising to identify themes (Flick, 2011). The next stage of data analysis involved bringing similar categories together, which resulted in four broader themes, namely (i) corporate reputation; (ii) shared responsibility for corporate reputation; (iii) internal stakeholders as custodians of reputation; and (iv) media relations. These themes are discussed below.

### THEME 1: CORPORATE REPUTATION

The participants had different perceptions about what corporate reputation looked like in the municipality. Some of the participants indicated that corporate reputation was at the lowest level in the municipality. For example, one participant said:

In my eyes, corporate reputation in Emfuleni is that we don't deliver service.

Another participant said:

Mainly corruption. That is the opinion of the participants about our municipality. Like, if I'm recently employed by ELM, they think I paid for the job or got the job otherwise.

Another participant expressed the following:

We have a lot of things that people are unhappy about. Now, corporate reputation is the lowest. Internally, employees are kind of demoralised, because we think that the municipality is not doing well. Our reputation is at the lowest even with employees.

From the accounts of these participants, corporate reputation is associated with poor service delivery within the different departments of the Emfuleni Local Municipality. Theron-Wepener (2015:1) indicates that "over the last decades, the business world has been characterised by financial disruption, unethical and fraudulent practices, negative publicity and cracks in the foundations of capitalism to name a few. People have lost their trust in organisations and a climate of anti-business activism, scepticism, pessimism, blame and cynicism has emerged". Harrison (2013:1) corroborates the participants' views and shows that "corporate reputation is a 'soft' concept, therefore, many organisations put the importance of a good reputation to the back of their minds while they attend to more hard-edged, day-to-day urgencies". The accounts of these participants are corroborated by the Reputation Institute UK, which studied 88 Senior Reputation Leaders from 79 leading UK companies. The study found that many organisations ignore corporate

reputation, which focuses on what people expect from a company. It looks beyond products and services into areas such as open and honest communication, playing an active role in society on issues that matter to people, leadership and governance and strong performance. This sheds light on why some of the participants feel despondent about the reality of corporate reputation at the local municipality.

## **THEME 2: SHARED RESPONSIBILITY FOR ENHANCING CORPORATE REPUTATION**

The data reveals that the participants believe that the building of reputation is everyone's responsibility and, more importantly, that of the municipal manager as the senior employee.

One participant noted:

I think all the employees of Emfuleni, but now going through the hierarchy of politicians, it's very important for them to work on the reputation of the institution. It's everybody's responsibility within the institution to try and address the issue of reputation.

Another participant said:

I would say no, we don't have, but I will believe, because we are in a political office. One of the things that we should do is that we should have systems in place like your ward committees which are currently taking place; those are the people who are supporting structures to councillors. And remember, we are dealing with council so we are responsible for the councillors,

so protest or anything that has to do with service delivery or anything that affects the community it always comes to us and we communicate with the Mayor's office. We have systems like ward committees.

Another participant noted:

We are as communication. We are the custodians. That's why, if there is anything that has to go internally or externally, we have our own systems or standard operating procedures that we have to check first.

Men (2013:1) corroborates the participants' perceptions and suggests that "not only does a favourable internal reputation reinforce employee identification with corporate mission, values and beliefs, and fuel employee loyalty, motivation and engagement, more importantly, an organisation's reputation image or brand, which ultimately drives the organisation's performance and success, is built from the inside out". Gatti, Caruana and Snehota (2012:1) indicate that "claims have been made that both corporate social responsibility (CSR) and corporate reputation can provide a competitive advantage and influence performance within the organisation".

## **THEME 3: INTERNAL STAKEHOLDERS AS CUSTODIANS OF REPUTATION**

Most of the employees stated that they are the custodians of the reputation of the municipality that employs them. They indicated that their actions outside the organisation would have a negative impact on the reputation of the municipality. For example, one participant said:

If you're a supervisor working with this category, try to workshop the people, show them the importance of the reputation of the municipality so, in that forum, he tries to touch base on issues that affect the reputation of the municipality.

**Another participant indicated:**

The office of the Speaker, which I'm currently in, mainly deals with stakeholder engagement, among others. We make sure that all kinds of stakeholders are brought on board, we all engage in trying to make sure that they understand what this organisation is doing for them, also to ensure that they assist in ensuring a strong relationship.

Most participants felt that the workplace environment is crucial to create stakeholder support for reputation. Zulhamri and Yuhanis (2011:299), in their study on managing corporate reputation, stakeholder relations and corporate social responsibility in Malaysia, found that despite the significant alignment and integration between corporate reputation, stakeholder relations and corporate social responsibility in their practice, they have all been managed as business duties (regulated) and not genuinely for the substantial contribution to a larger social community and environment (self-regulated).

#### **THEME 4: MEDIA RELATIONS**

Most of the participants believe that the relationship that ELM has with the media is good. However, some indicated that only certain persons are responsible for liaising with the media.

**One participant said:**

I would say the relationship that we have with media people, locally we have a very good relationship with our local media. We try always to respond to them, timeously, when they have media enquiries and we try to inform them always that we are not only relying on positive things even negative things we inform them.

**Another participant said:**

We will ensure that we don't run away from our issues. With national media, we do have a relationship but it's not the same as local media. When we have things, we invite them, like your Sowetan so we do have a good relationship with media people.

**Another participant said:**

Our relationship with national media is just a cold neglected kind of a relationship unless we are doing advertising with them. With the local media, with print media locally we don't have quality writing, quality newspaper, quality reporting. I would say if it's according to me I would advise to close shop and forget.

In line with the above, Owusu and Poku (2013:12) indicate that "media relations is a core activity among the corporate organisations and the media. Media relations have, over the years, become an increasingly significant profile and this has added value to the business bottom line". Men (2013:1) suggests that "most essentially, strategic communication efforts improve the organisation's media

and market presence, which is a prerequisite for reputation, because it builds quality stakeholder relationships that eventually contribute to a favourable organisational reputation". Whereas Cabral (2016:735) argues that "the dynamics of firm reputation are highly asymmetric: slow increases in reputation are followed by sudden drops". He points out that more endogenous media coverage implies greater dispersion of firm performance. Revis (2012:1) suggests that "it is essential to establish a crisis communications response team to drive the messaging and response and that organisations should further use listening platforms, monitor sentiment and establish a dedicated team to inform and advise internal and external stakeholders of issues and responses".

## **RESULTS AND DISCUSSION**

The results reveal that the management of corporate reputation is a multifaceted concept and consists of numerous subcategories that include corporate social responsibility, effective communication, quality performance and services to the public. The study also found that the participants perceive corporate reputation to be part of the image and identity of the municipality. Corporate communication was found to be the "glue" that holds internal stakeholders together, because it serves to align the organisation's vision, culture and image that people hold about the municipality. The results reveal that reputation management is a strategy that could provide public relations with an opportunity to prove and confirm its value to an organisation (Rensburg & Cant, 2009:99).

With regard to shared responsibility for enhancing corporate reputation, the results

reveal that some of the previous studies focused primarily on how corporate communication can support corporate reputation, enabling stakeholders to know and appropriate the organisation's activities (Floreddu & Cabiddu, 2016:490). This, in turn, will have an impact on service delivery to communities in ELM. We also found that building relationships with the surrounding external institutions plays a major role in ensuring that ELM sustains itself as a corporate citizen. The study further reveals that the internal stakeholders are custodians of reputation with corporate communication acting as the "glue" that holds them together. We also found that effective corporate communication enables mutual understanding among employees, influences people in a positive manner and serves to facilitate dialogue between them.

Regarding media relations, the results of the relationship between communication and corporate reputation reveal that social media is important for communicating corporate reputation, because it can reach large numbers of stakeholders within a short space of time. Within the Emfuleni Local Municipality, policies are in place to manage a social media platform. The results also show that it is necessary for managers to respond in a rapid and accurate way, especially where disseminated information could harm the image and reputation of the local municipality. The results show that the local municipality is political, entrenches hierarchical structures and is, subsequently, inclined to a uniform response that is directed from the political head. This was seen by the participants as "unnecessary red tape" that serves to delay responses.



## CONCLUSION

What corporate reputation is and how it is perceived by employees in the Emfuleni Local Municipality (ELM) of Gauteng province has been discussed. The literature revealed that corporate reputation is a collective representation of an organisation's past actions and results that is based on its assessment of financial, social and organisational

performance and environmental impact by its multiple stakeholders, both internal and external. Corporate reputation is also seen as an asset of great value for organisations that attempt to differentiate themselves from the rest of the industry. Reputation is, thus, the strongest determinant of any corporation's sustainability. Effective management of corporate reputation is an essential strategy to spawn superior organisational performance.

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# NORMATIVE MODEL FOR ENHANCED IMPLEMENTATION OF THE LOCAL GOVERNMENT BUDGETARY REFORMS

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## ABSTRACT

In this article, a normative model to improve the implementation of the local government budgetary reforms by municipalities in South Africa is presented and discussed. The model is based on empirical findings from a study that incorporated a mixed methods research methodology approach. It is proposed, by the authors, that municipalities could use this model to improve the manner in which their budgets are formulated and administered. It is envisaged that this model could also render an improved and enhanced approach to budgeting and improved service delivery by the local sphere of government.

The model further attempts to establish a set of combined fundamental points with the normative framework philosophy, which can assist when used to enhance the implementation of the local government budgetary reforms by municipalities. The proposed model can also be used for further research by government to establish whether the intended purposes of the budgetary reforms have, indeed, met their desired objectives in terms of enhancing basic service delivery to communities. The components of model construction are reviewed in the article with

an emphasis on the proposed normative model for enhanced implementation of the local government budgetary reforms.

**Keywords:** Normative model, budgetary reforms, local government, implementation, financial management, budget methodology.

## INTRODUCTION

The evolution of local government, in South Africa, has brought about a new shape and direction to how this sphere of government is expected to operate, as well as to its areas of focus. As the sphere of government closest to communities, its accountability, efficiency and effectiveness has become the central focus for many communities. These issues of accountability, efficiency and effectiveness have served to sharpen the debate on enhanced service delivery. Local government is no longer just another sphere of government, but a sphere with the necessary powers to govern its own affairs (*Constitution of the Republic of South Africa, 1996*). As a sphere of government closest to communities, it must strive to work for communities in identifying ways to meet their social and economic development. This will require closer and more inclusive

planning with the communities that the municipalities serve.

Accordingly, in terms of Section 153 of the 1996 *Constitution*, a municipality has developmental duties and it must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of that community. Consequently, the status of local government has changed significantly in terms of the new democratic order. This has resulted in the executive authority (of local government) governing its own affairs. This significant change brings about more responsibility and this requires municipalities to operate differently, and not just to deliver quality services, but also to promote a developmental agenda.

According to Mazibuko and Fourie (2013:131), local government finance deals with municipal government's revenue and expenditure decisions; and municipalities cannot deliver services to communities without sufficient finances. It is, therefore, proposed that in an effort to further achieve the aims and objectives of "developmental" local government, the *Local Government: Municipal Finance Management Act* 56 of 2003 (hereafter referred to as the MFMA) requires secure, sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing the norms and standards, and other requirements for:

(a) ensuring transparency, accountability and the appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities.

(b) the management of their revenues, expenditures, assets and liabilities as well as the handling of their financial dealings.

(c) budgetary and financial planning processes and the coordination of those processes with the organs of State in other spheres of government.

(d) borrowing.

(e) the handling of financial problems in municipalities.

(f) supply-chain management.

(g) other financial matters.

In terms of the prescriptions contained in the MFMA, the Act aims to modernise budget and financial management practices in municipalities in order to maximise the capacity of municipalities to deliver services to their residents, customers and users. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the executive mayor or committee, non-executive councillors and officials.

Financial management is, therefore, a cornerstone of good governance in any public organisation and, as such, the MFMA's objective is to promote sound financial management and, consequently, the budgetary reforms were implemented according to this Act. The MFMA further prescribes the aims of the local government budget reforms as to: (a) ensure that municipal budgets and financial management processes are transparent, aligned to the accountability cycle and that they facilitate democratic

governance accountable to local communities; (b) ensure municipal budgets generally support the provision of basic services to communities in order to facilitate social and economic development, and to promote a safe and healthy environment in a manner that is sustainable; (c) ensure that the budget and financial information is reliable and timely and consistent across municipalities, and that municipalities, provinces and national government use it in management and policy decision-making; (d) the medium-term aim is to ensure that each municipality produces a budget document that is aligned with the Integrated Development Plan (IDP) that passes the funding compliance test and that contains accurate financial information backed up by useful, informative narratives (MFMA, 2003). The budget document must be user-friendly and facilitate engagements with communities and informed decision-making by Council; and (e) improve financial governance by clarifying and separating the roles and responsibilities of mayors, executive and non-executive councillors *vis-à-vis* those of municipal officials (Municipal Budget and Reporting Regulations, 2009).

Given the fundamental objectives of the budgetary reforms, in terms of the 1996 *Constitution*, municipalities still have an obligation to render and provide services to their communities. The provision of these services must be sustainable in order to better the community's lives. Furthermore, the 1996 *Constitution* stipulates that a municipality must strive, within its financial and administrative capacity, to achieve the objectives set out in Section 152(1)(a-e) of the 1996 *Constitution*. This would, in turn, enable municipalities to plan and execute both their administrative and financial goals. Meeting

community needs is the result of proper planning that is aligned to the financial resource of municipalities.

In an effort to render sustainable services to communities, financial planning and the affairs of municipalities must be in good health. In the South African context, and given its history of huge gaps in equality and separation in governance, it is, therefore, evidently clear that municipalities in South Africa must plan and manage their finances to ensure better service delivery for all, irrespective of colour, gender, or geographical area. In doing so, the issues of sound financial management, financial stability, financial governance and commitment must receive priority status (Hanabe, 2016:45). This would ensure the development of strategies in the implementation of the government's policies and laws. To this end, it is worth noting that communities have experienced a greater emphasis on good governance, clean administration and enhanced compliance with the South African laws that govern municipalities for some time. This has resulted in an unintended shift for the local sphere of government from its main and core business of service delivery to a more compliant drive in its operations (Hanabe, 2016:47).

Consequently, the implementation of the introduced MFMA budgetary reforms to local government has encountered a number of challenges. These challenges, *inter alia*, include the complexity and high cost of these reforms. Consequently, they have, in the process, undermined the primary objectives of the budgetary reforms and, as such, these reforms have not yet produced the intended or envisaged results for local government. It

is against this background that the normative model is proposed and it is discussed, hereunder, to assist municipalities in South Africa to effectively implement the local government budgetary reforms.

### **Model Explained**

The word model has its etymology from both the French *modèle* and the Italian *modello*, which can respectively mean a form or a measure (Maphazi, 2012:264). A model is a schematic description of a system, theory or phenomenon that accounts for its known or inferred properties, and it may be used for the further study of its characteristics (Maphazi, 2012:264). Hanekom (1998:46) suggests that models are simplified representations of a real world, and they are used in order to interpret situations and to assist in explaining and predicting the outcome of a specific choice. In summary, the proposed model, for purposes of this article, should enable the production of factors that play an important pivotal role in promoting a meaningful implementation of budgetary reforms with specific reference to local government in South Africa.

In this regard, the term normative model has specialised meanings in several academic disciplines. Firstly, there is the prescriptive model, which evaluates alternative solutions (Hanabe, 2016:228). A model, therefore, assists the end user to obtain greater clarity on the issues at hand. Furthermore, models play a vital role in matters of service delivery, governance, financial discipline and development, and they do so by simplifying and explaining key phenomena.

The proposed model, for purposes of this article, is derived from and based on the logic

of the systems model, and it is adopted from the systems model of Easton. David Easton's system theory proposes an understanding of various political systems and their system of steps based on the idea that all political systems have precise boundaries, yet they are fluid in their activity (Hanabe, 2016:229). According to Van Niekerk, Van der Waldt and Jonker (2001:98), as cited by Tsatsire (2008:313), a system can be defined as any physical or conceptual entity composed of interrelated parts.

In agreement with these authors, Hanekom and Thornhill (1983:99) assert that the systems approach views institutions as open systems that are continuously interacting with the external environment, on which they are dependent for inputs, and these are subsequently converted into outputs. The proposed normative model has many facets ranging from environments, inputs, processing, outputs and feedback.

The environment is the total setting within which the government operates, and the municipality, as a public institution, is a subsystem of the larger governmental system of a country, and it operates within a space where government functions. Accordingly, Van Niekerk *et al.* (2001:98) state that an environment generates needs or problems, such as unemployment and inflation, which have to be addressed by a public institution such as a municipality. This environment can either be political, economic or social.

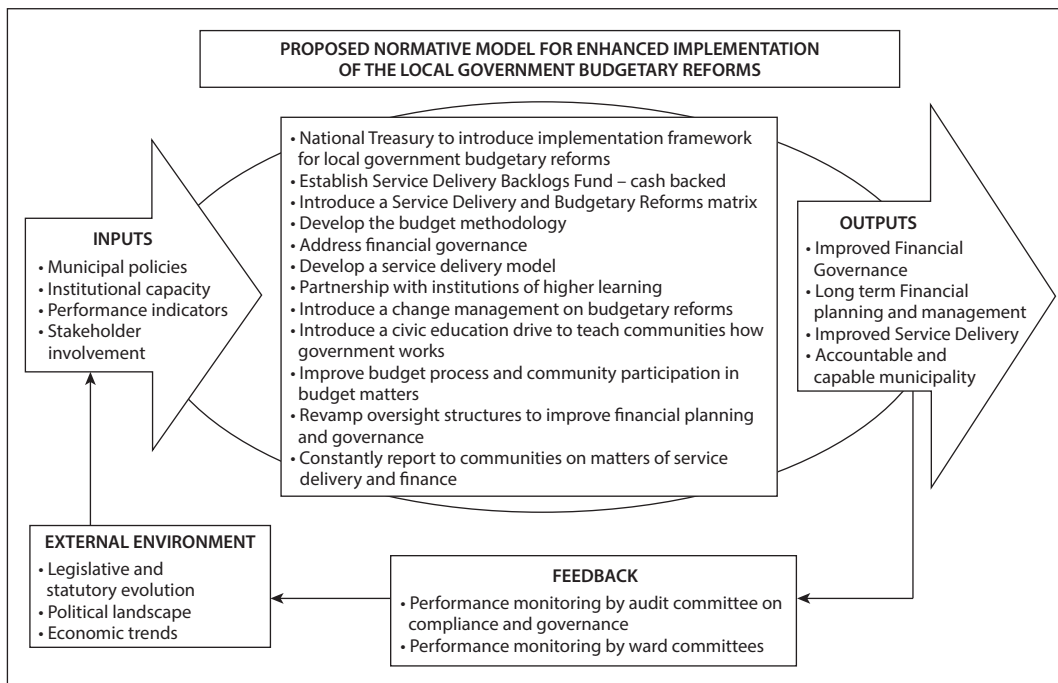
In a system model philosophy, systems require resource inputs from the environment (Tsatsire, 2008:313). The environment, therefore, generates both needs and the resources to satisfy those needs. These

resources can be either financial resources, human resources, information or infrastructural resources. Fox, Schwella and Wissink (1991:32) describe processing in the public sector as policy conversion, which entails the conversion of policy inputs by a political system. This process digests and converts inputs into meaningful outputs. In any system, an output is the product of the system itself. In the case of public institutions, outputs are actions taken by a municipality in response to community needs via a policy statement.

All the actions taken are the manifestation of policy decisions, or the physical implementation of such policy provisions. These can relate to the money spent on a particular project in a financial year, human capital

acquired through recruitment or interventions as policy deliverables. According to Fox *et al.* (1991:32), as cited by Tsatsire (2008), outputs involve the production of policies in the form of formal legislation, administrative rules and regulations, judicial interpretation, policy statements and legal interpretations. The output process, as the component of the system, requires feedback on how to improve. Feedback is, therefore, the information that the system receives on its actions (Tsatsire, 2008:315). Feedback, therefore, serves as a monitoring tool to ascertain whether the intended output from the process has been achieved, and it can also assist the system in improving its nature and processes. An overview of the proposed normative model (Hanabe, 2016) to enhance

**FIGURE 1: Overview of external environments, inputs, processing, output and feedback in relation to the proposed model**



Source: Authors



the implementation of the local government budgetary reforms is discussed hereunder.

According to Dye (1995:38), the forces generated in the environment that affect the political system (municipal council) are generally viewed as inputs. Various perspectives could be considered as comprising the external environment.

## **THE EXTERNAL ENVIRONMENT**

Organisations operate within a particular environment and, as such, there is no organisation that can exist in a vacuum. The concept of the external environment is an important consideration for the future growth of an organisation. The analysis of this environment is a meaningful step taken in order to understand the outside forces that can help in shaping the organisation to meet its predetermined objectives and, in this case, it can influence the organisational performance as well. Accordingly, Fox *et al.* (1991:2) affirm that public administration operates within a particular environment of a society. For the purpose of the proposed normative model, this external environment includes the following:

### **(a) Legislative and Statutory Evolution**

Legislation is passed in order to improve governance and to provide better service delivery, particularly in the space of local government. South Africa, as a developmental state, has a direct impact on how the local sphere is governed, particularly in matters of service delivery and financial management, to meet the objectives of developmental local government, as expressed in the White

Paper on Local Government, 1998. To this end, change in legislation and its evolution needs to be considered as a direct impact in the affairs of local government and, as such, acquaintance by local government or municipalities with the ever-growing and evolving laws in South Africa should ensure sound governance and efficient financial management. An example of this direct impact is the evolution of the local government budgetary reforms in South Africa.

### **(b) The Political Landscape**

According to Craythorne (2006:335), a municipality is: (i) an organ of State within the local sphere of government, exercising legislative and executive authority within an area determined in terms of the *Local Government: Municipal Demarcation Act*, 1998; and (ii) it consists of the political structures and administration of the municipality and the community of the municipality. To this end, the political landscape has a direct impact on how a municipality is governed, and that includes programmes and needs prioritisation by communities as well as the funding choices thereof. Any change in the political landscape influences municipal governance and, as a result, different political philosophies contribute to the general direction of a municipality.

### **(c) Economic Trends**

In terms of the *Constitution of the Republic of South Africa*, 1996, a municipality has the responsibility to promote social and economic development and to encourage the involvement of local communities and community organisations in the matters of local government. In doing so, it is important

to follow the economic trends in the country and, from the global perspective, for proper financial planning and management. Furthermore, municipalities must create this environment for better economic spin-offs for the community as a vehicle in their day-to-day lives. A more meaningful, sound legislative framework and statutory reforms, together with a stable political and economic environment, should enhance effective and efficient financial governance and management.

## **INPUTS**

### **Municipal Policies**

The external environment has a direct influence on the objectives of organisations. In terms of both legislative and statutory evolution, the political landscape, together with national, local and economic trends, directly influences the policies of a municipality. Policy development, shape and review must always be formed in consultation with the economic trends and the political landscapes of the country, as well as those of global practice. Consequently, these factors must be taken into account (Hanabe, 2016).

### **Institutional Capacity**

As an input, institutional capacity is the key to achieving the municipal mandate and its objectives. Both financial and non-financial resources, including human resources, should be made available.

### **Performance Indicators**

Clear objectives, priorities and targets must be set when using the SMART approach and

these should be spelt out as part of input to create better output in the system. The setting of these objectives should ensure clear performance indicators that are achievable and reliable (Hanabe, 2016).

## **Stakeholder Involvement**

Local government promotes inclusive governance and, as such, stakeholder involvement and management are crucial and these issues must be addressed. The 1996 *Constitution* promotes accountable local government and this accountability is to the public, to whom such services are rendered. A progressive government, therefore, is a government that includes all of the participants in the issues of governance or in those of service delivery.

## **THE CONVERSION PROCESS**

### **A Change-Management Concept Document on Budgetary Reforms**

The introduction of budgetary reforms requires that municipalities conduct their own financial and budgetary business in a more friendly and revised manner. This calls for a more "business-like" process, rather than a transactional service. This implies that these reforms form part of the overhaul of the financial systems in local government, as envisaged by the White Paper on Local Government, 1998. In local government, therefore, the budgetary reforms are part of the *Local Government: Municipal Finance Management Act's* reforms to promote sound financial management practices that are essential for the long-term sustainability of municipalities (Local Government Budgets and Expenditure Review, 2011:73).

Prior to the introduction of the MFMA, and budgetary reforms in municipal finance, practices were not rooted in a culture of performance and regular reporting. Reports were often irregular or inaccurate, or they contained too much data and too little useful information. Frequently, municipalities did not publish annual reports, and neither did they submit their financial statements for auditing on time or at all (Local Government Budgets and Expenditure Review, 2011:74).

The introduction of the new budgetary reforms, therefore, means that the entire business process in municipalities should be overhauled for better results. To this end, it is worth noting that in any organisation, the introduction of "business-like" processes requires a change-management approach and awareness to prepare the way for compliance and the implementation of the new approach.

Most municipalities are faced with numerous challenges in the implementation of the MFMA budgetary reforms. Underpinning these challenges are the following issues (Hanabe, 2016):

- The introduction of these reforms was never given adequate attention and no training or skills were transferred to the relevant role players.
- There was no deep understanding or knowledge of the budgetary reforms themselves.
- There was no decisive leadership role in driving the process of awareness of the budgetary reforms.

- Not being institutionalised, this is seen as a financial issue rather than a business process.
- There is no vigorous campaign internally.

Based on the above, and in order for the implementation of the budgetary reforms to yield the intended results, change management in the budgetary reforms and the implementation should, therefore, be undertaken by municipalities. This should include a clear indication of the roles and responsibilities in the implementation thereof, together with a clear plan of implementation. The appointment of change agents should be undertaken by both the political and administrative leadership.

### **Establish a Service Delivery Backlog Fund**

When addressing issues of service delivery, backlog and issues of finance are important. Accordingly, Meiring (2001:47) states that no activity can be carried out, or services delivered, in the public sector without the provision of money. Most municipalities are grant-dependent and, as a result, are unable to fund service delivery from their own revenue. This challenge confronts municipalities when addressing their service delivery and, in turn, this denies communities quality services and does not address the imbalances of the past. Although it appears that National Government transfers significant sums of money to municipalities to address backlogs in their areas, this is not sufficient to address all of the challenges.

Furthermore, grant transfers are programme- and project-specific with conditions attached.

As a result, these funds cannot be used for anything other than their intended use. In this case, the normative model proposed in this article recommends that municipalities establish a Service Delivery Backlog Fund that is cash-backed. This must be distinguished from their other incomes and, if it is cash-backed from services rendered, this cash should form part of the municipal budget and must be transferred as a part of the money received.

### **Introducing a Service Delivery and a Budgetary Reform Matrix**

Discussions on the introduction of a service delivery and budgetary reform matrix must be addressed at the municipal level. The matrix is an assurance that both the issues of service delivery and budgetary reforms are attended to. It can, therefore, be said that when the budget is not reflective of the IDP, it can be deduced that it is not a performing budget. To curb the negative results when testing the full implementation of the budgetary reforms objectives, and the development of the service delivery and budgetary reforms matrix, it is essential to enhance the fundamental objectives of the reforms. This would, in turn, assist in identifying any gaps in the implementation of the budgetary reforms by municipalities – particularly in meeting the service delivery enhancement objective (Hanabe, 2016).

### **Development of a Budget Methodology**

In terms of the MFMA, the council of a municipality must approve an annual report for each financial year. In doing so, the mayor of a municipality must table the annual budget at a council meeting at least 90 days

before the start of the new financial year (*Municipal Finance Management Act*, 56 of 2003). Furthermore, the Act prescribes that the annual budget of a municipality must be in a prescribed format, setting out realistically anticipated revenue for the budget year from each revenue source; appropriating expenditure for the budget year under the different votes of the municipality; setting out indicative revenue per revenue source and projected expenditure by the vote for the two financial years following the budget year by setting out:

- (a) an estimated revenue and expenditure by vote for the current year.
- (b) the actual revenue and expenditure by vote for the financial year preceding a statement containing any other information required by Section 215(3) of the *Constitution*, or such as may be prescribed.

In order for each municipality to achieve this obligation, a framework, as a plan, should be developed that is based on the steps of the budget preparation. In terms of the MFMA, there are six steps in the budget-preparation process, namely planning, strategising, preparing, tabling, approving and finalising (*Municipal Finance Management Act*, circular 10).

All municipalities require a methodology that clearly states, step-by-step, how the budget is prepared and the science or philosophy behind the figure that the output has reached. This should assist in testing whether the approved and implemented budget achieves the predetermined objectives as stated in the IDP (Hanabe, 2016).

A methodology is a set of methods, rules or ideas that are important in a science or art, as well as a particular procedure or set of procedures (Hanabe, 2016:253). In a nutshell, it is a system comprising the methods used in a particular area of study or activity when trying to achieve a predetermined objective.

Although the Municipal Budget and Reporting Regulations were introduced to curb the annual budgeting by municipalities, it appears that most municipalities only focus on a single financial year's budgeting process. This is contrary to the requirements of the Medium-Term Revenue and Expenditure Framework that was introduced by the National Treasury as a guide for all municipalities. This, by no means, suggests that municipalities do not follow the Medium-Term Revenue and Expenditure Framework process, but rather that, in each year, they start the budgeting process as if there was no budget approved in the previous year with indicative figures and, as a result, they generally ignore the MTREF indicative figures approved in the previous financial year. This has shown not to assist municipalities and, therefore, on the basis of the above discussions, it is recommended that a budget methodology be developed, which takes into account the services rendered and the MTREF principles (Hanabe, 2016).

### **Introducing a Performance Management System with Clear Targets for Portfolio Heads and Executive Mayors**

In terms of the *Local Government: Municipal Systems Act*, 32 of 2000, a municipality, through appropriate mechanisms, processes and procedures, must involve the

local community in the development, implementation and review of the municipality's performance management system and, in particular, it should allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality. It is generally known, or accepted, that municipalities have developed their performance management system in accordance with the requirements of law. It appears that there is little evidence of sound and visible monitoring and evaluation of the projects implemented by municipalities (Hanabe, 2016). Projects in communities comprise the visible vehicle of service delivery and weak monitoring of the implementation thereof would compromise the quality of the service rendered, as well as the value-for-money principle. In view of this discussion and its relevance to the objectives of the MFMA budgetary reforms, it is recommended that:

- a performance management system be reviewed and implemented.
- this should include the executive mayor or mayor signing a performance agreement with the portfolio heads of all departments.
- clear targets of politicians should be set and, with the use of the performance management system, responsible politicians should be evaluated by the executive mayor and council (Hanabe, 2016).

The introduction of this politically aligned PMS would ensure timely and quality service delivery to communities. This system of commitment and accountability would

go a long way in addressing community concerns with regard to the state of service delivery. It would also ensure that community involvement, when setting targets for the municipality, is not neglected.

### **Addressing Financial Governance**

Promoting sound financial governance is one of the aims of the Local Government Budgetary Reforms. Financial governance is further encouraged by the MFMA as an assurance of better services to communities. These budgetary reforms were developed to ensure that municipal budgets and financial management processes are transparent, aligned to the accountability cycle, that they facilitate democratic governance that is accountable to local communities, and to improve financial governance by clarifying and separating the roles and responsibilities of mayors and councillors *vis-à-vis* those of municipal officials (Local Government Budgets and Expenditure Review, 2011:159).

In light of this obligation and the objectives of budgetary reforms, the normative model proposes a process and recommends that municipalities implement this process as follows (Hanabe, 2016):

- An internal Audit Committee should develop an intervention plan to deal with the root causes of poor financial governance with clear time frames and responsible individuals from both the political role players and management.
- A compliance checklist, with evidence in respect of the legislation that governs municipal finance, should be submitted to council, preferably by the Audit Committee,

as an independent body, and not to the executive mayor, but to the chairperson of the Audit Committee who reports to council, preferably on a quarterly basis.

- The delegation framework should be revised to include an MFMA financial delegation matrix.
- The executive management committee should enforce a quarterly preparation of financial statements.
- Municipalities, as a matter of principle, should adopt and improve on the National Treasury's accountability cycle.

### **Introducing a Civic Education Drive to Capacitate Communities on How Government Works**

In terms of the White Paper on Local Government, 1998, developmental local government promotes a system that centres on working with local communities to find sustainable ways to meet their needs and to improve the quality of their lives. Further to this provision, the *Local Government Municipal Structures Act 117 of 1998*, as amended, stipulates that municipalities:

- develop mechanisms for the participation of the local communities and community organisations in the performance of their functions and in exercising their powers.
- annually review the needs of the community and municipal priorities, as well as strategies for meeting those needs and involving the community in municipal processes (SALGA and German Agency for Technical Cooperation, 2006:116).

Community participation is a concept that focuses on the idea that involving stakeholders in the decision-making processes regarding their communities, and broader social issues, is of particular importance.

Deepening democracy, therefore, ensures the accountability of government, and it promotes honesty and trust among community and civil society organisations whereby municipalities would be better able to deliver, given the opportunity of inclusive governance. Representative government is complemented by the right of communities to participate in the decisions that affect development in their areas, and a corresponding duty rests on municipalities to encourage community participation in matters of local governance (Report on the State of Local Government in South Africa, 2009).

The above-mentioned views support the provisions of the 1996 *Constitution*, in Section 152(a) and (e), which stipulate that the objectives of local governments are to:

- (a) provide democratic and accountable government to local communities
- (b) encourage the involvement of communities and community organisations in the matters of local government.

Furthermore, a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and, for this purpose, must:

- (a) encourage and create conditions for the local community to participate in the affairs of the municipality.

- (b) prepare, implement and review its Integrated Development Plan.
- (c) establish, implement and review its performance management system.
- (d) monitor and review its performance, including the outcomes and impact of such performance.
- (e) prepare its budget (*Municipal Systems Act*, 32 of 2000, as amended).

A number of municipalities in South Africa only involve their communities in their affairs with regard to planning, but not in financial matters, while the *Municipal Systems Act* requires local government to involve communities in the budget preparation too. As a result of this, issues of budgetary process are not "watertight" and, in the process, sound public engagement on budgetary matters appears to be weak (Hanabe, 2016).

The 1996 *Constitution*, the *Municipal Systems Act* and the *Municipal Finance Management Act* require municipalities to include community members in matters of municipal planning, service delivery, performance and budgets. It appears that in most cases, and as highlighted by the number of public protests throughout the country, communities hold a different view to that of the legal obligation imposed on municipalities. It also appears that communities do not have much knowledge about how government works, particularly in terms of budgetary matters. As a result, communities are generally not involved in such matters. The normative model proposes a process, as well as the introduction of civic

education on how government works, in order to close this gap. If this gap is not closed, public protest action will more than likely increase in the future.

Capacity development, at grass-roots level, should go a long way in addressing the lack of public participation strategies expressed by many communities throughout the country, and it would further improve the budgetary process with enhanced community participation (Hanabe, 2016).

### **Revamp Oversight Structures to Improve Financial Planning and Governance**

There appears to be a challenge facing most municipalities with regard to the oversight function on financial matters and service delivery. This is confirmed by the consistent findings of the Auditor-General in South Africa. In most cases, the Auditor-General has found that oversight is lacking, particularly in terms of financial matters. This does not suggest that municipal councils are not performing their primary mandate, but the effectiveness of these structures on oversight functions does not appear to yield the desired results. It is, therefore, envisaged that if oversight structures could deal adequately with the matters of governance and leadership, the implementation of the local government budgetary reforms would yield improved results as intended by prescriptions contained in the MFMA.

In the normative model, it is proposed that by revamping oversight structures on matters of service delivery, financial planning and governance, a situation of improved accountability could result.

## **OUTPUTS**

In the systems model, monitoring is crucial in determining the planned outputs. Outputs are regarded as results in terms of products, goods and services that result from the development and implementation of an intervention to an identified problem. In this article, and for the purpose of the enhanced implementation of the local government budgetary reforms, the following outputs are proposed, provided the model is adhered to (Hanabe, 2016):

- Improved financial governance.
- Long-term financial planning and management.
- Improved service delivery.
- An accountable and capable municipality.

## **FEEDBACK**

In the normative model, a feedback process is proposed, noting the importance of an Audit Committee and community involvement. According to the MFMA circular No. 65, part of the responsibilities of the Audit Committee include the review of performance management. The involvement of the Audit Committee in matters of performance would result in positive feedback on the proposed structure of the normative model. To this end, it is worth noting that performance on issues of financial governance would be fed back from the proposed system and, as such, it would ensure unbiased feedback to the system if it was monitored by the Audit Committee as an independent structure.



Furthermore, the model proposes enhanced monitoring by communities on matters of service delivery and public participation. It is important that the community participate throughout the monitoring and evaluation process, as part of the normative model feedback. In this instance, and as part of effective public participation, the community should take part and participate from the planning stages of community projects by municipalities, since this would ensure effective evaluation and monitoring. Accordingly, the *Local Government: Municipal Systems Act*, No. 32 of 2000, as amended, specifies that communities must participate in the matters of the municipality in the community-based planning, IDP and the formulation of reviews as part of performance management.

Enhanced community involvement is of particular importance in terms of improving the feedback process of the proposed normative model.

## CONCLUSION

In this article, a normative model for the implementation of enhanced budgetary reforms in municipalities, in South Africa, was developed and presented. The proposed model is based on an empirical study that incorporated a mixed methods research methodology. Furthermore, the relevant

components of the proposed model were explained to provide more meaningful clarity on how the model works and how it would function, if introduced. In order to ensure that service delivery is not compromised, financial governance, sound and meaningful planning and oversight functions are of particular importance. This, therefore, calls for a more involved and inclusive participatory process in the implementation of these reforms by municipalities which includes both the administration and political leadership. This would go a long way towards improving financial governance and service delivery, since the introduction of these reforms is based on a "business-like" approach. Furthermore, budgetary reforms are not an act but an overhaul of financial systems in local government. Consequently, it should form a greater part of the organisational culture than merely being a "by-the-way" process.

The enhanced implementation of these processes would, therefore, render and play a more meaningful role in local government in the direction of improving basic service delivery while, in turn, building community confidence in municipalities. It is, therefore, in this light that the proposed normative model for the enhanced implementation of the local government budgetary reforms, as reviewed in this article, is presented.

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# ASSESSMENT OF THE ROLE OF LEADERSHIP IN THE SUCCESSFUL IMPLEMENTATION OF PERFORMANCE MANAGEMENT: THE CASE OF MUNICIPALITIES IN THE EASTERN CAPE

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## ABSTRACT

Leadership and performance management, although commonly assumed to be associated, are rarely studied together. This silo approach sadly deprives research of a deeper understanding of the link between the two constructs. It also results in the pursuance of a perspective of performance management that often does not factor in leadership influence. A challenge for contemporary researchers, therefore, is to isolate and determine the relative importance of leadership, for the successful implementation of performance management and, ultimately, organisational outcomes.

At the core of this study was the quest to understand the role leaders played in the successful implementation of performance management in the Eastern Cape Municipalities. Among the triggers for the study was the Auditor-General's year-on-year lamentation that leaders did not set the correct tone by implementing sound performance management processes, and evaluating and monitoring performance in

the South African municipalities. He attributed this failure, *inter alia*, to the lack of employee and leadership commitment to the sound implementation of performance management. In an attempt to gain a deeper understanding and possibly respond to the Auditor-General's concern, the researcher sought to assess the role of leadership and ascertain the extent to which the identified leadership roles were demonstrated in the successful implementation of performance management in the Eastern Cape District Municipalities.

**Keywords:** Leadership, performance management, municipalities, behavioural complexity, socio-economic dynamics, Quinn's Model.

## INTRODUCTION

The implementation of performance management must be supported by leadership in order to be successful. Leaders must be committed and should be encouraged to develop their own capacity to mentor and support staff during the implementation process. Municipalities have an obligation

to deliver quality service to their communities. Consequently, they must place a high premium on the management of performance. Managing the implementation of performance management in organisations is critical, as it facilitates, *inter alia*, organisational goal attainment and the identification of areas to further develop employees. Quinn (1988), Bartlett, Kotrlik & Higgins (2001) and Campbell-Evans, Gray & Leggett (2014) agree that the role that leaders must play in this regard is pivotal. The role of leadership in coaching employees has been frequently cited as a critical tool that benefits organisations, not only in the improvement of employee performance, but in promoting success in discharging a variety of other leadership roles such as succession planning, strategising, knowledge and change management, which have a direct link to the successful implementation of performance management (Kim, Egan & Moon, 2013).

While several studies support the notion that failed implementation of performance management can be attributed to poorly designed performance management systems, training and communication that is not adequately done to support the implementation (Watkins & Leigh, 2012; Taylor, 2014), other studies argue that most critical performance management failures are as a result of poor leadership engagement. Since the implementation of performance management is a major organisational intervention, it requires not only leadership buy-in, but unequivocal support, which is complemented by an adjustment in the leaders' activities, behaviour and practices. Whether or not leadership plays a primary or secondary role in organisational performance, there is consensus among scholars that while the

contextual dynamics have influenced early research studies, leadership and the strategic choices that leaders make immensely impact organisational performance and the successful implementation of performance management (Selden & Sowa, 2015; Carter & Greer, 2013).

This study assessed the role that leadership plays in the successful implementation of performance management in the Eastern Cape Municipalities.

## **PROBLEM STATEMENT**

What triggered this study was a combination of academic considerations, practicability and the accessibility of research data. Of concern was the role that leadership played in the implementation of performance management, which has not been empirically investigated in the municipalities in the Eastern Cape. This was notwithstanding the general problem that, in the last few financial years (2011/2012, 2012/2013, 2013/2014), the Auditor-General had lamented that the poor implementation of performance management should be blamed partly on leadership "... not setting the correct tone by implementing sound performance management processes, evaluation and monitoring performance, and consistently demonstrating that poor performance has consequences and that good performance is rewarded" (Auditor-General, 2012-2014).

The Auditor-General had bemoaned that while there was an expectation of improvement in the administration of the municipalities, progress had been less than acceptable in that it had become difficult, if not impossible, to

appreciate the gains made. He attributed this failure, *inter alia*, to the lack of employees' and leaders' commitment, and the municipalities' failure to implement basic financial and performance management discipline. Among the findings that he cited, three years in a row, were non-specific performance indicators, indicators and measures not well-defined and measures to improve performance shortfalls not always being disclosed (Auditor-General, 2012-2014).

Due to the broad nature of the general problem presented, the researcher, in an attempt to address the study objectives, narrowed the general problem to the following specific problem statement:

To assess the role of leadership and ascertain the extent to which the identified leadership roles are demonstrated in the successful implementation of performance management in the Eastern Cape district municipalities.

Bless and Higson-Smith (2000) and Bless, Higson-Smith and Sithole (2013) caution that inexperienced researchers make the common mistake of underestimating the extent of a research problem. They advise that research topics and problem statements should be kept as short and as simple as is practicable and, hence, the narrowing of the problem statement for this study.

## **STUDY OBJECTIVES**

This study is exploratory, descriptive and explanatory. It sought to assess the role of leaders in the successful implementation of performance management in the district municipalities of the Eastern Cape Province

in South Africa. In order to achieve the said purpose, the following research objectives were formulated and formed the basis for the study:

- To assess the role of leadership in the successful implementation of performance management in the selected Eastern Cape District Municipalities.
- To ascertain to what extent the identified leadership roles were demonstrated by leaders in the successful implementation of performance management in the Eastern Cape District Municipalities.
- To propose mechanisms to improve the role played by leadership in the successful implementation of performance management in the Eastern Cape District Municipalities.

## **LITERATURE REVIEW AND THEORY DISCUSSION**

### **Performance Management Concept**

As a preamble to this study, it is imperative that differentiation is made between performance management, performance measurement and performance management systems. The literature reviewed suggested, notwithstanding the erroneous interchangeable use of the concepts, that the analysis of performance measurement is more complex and extensive than performance management. In practice, though, reference is often made to either concept as if they were one and the same, without a proper contextualisation. Williams (1998), Taylor (2014) and Ayers (2015) agree that the need to manage performance, whether individual

or organisational, is well documented and has long been acknowledged.

Numerous scholars concur and further add that people are at the heart of organisational goal achievement and, as such, the performance of an organisation depends on the sum total of the performance contributions made by its individual employees. Against the foregoing, the success of an organisation inevitably depends on its ability to plan, monitor, measure and provide feedback on the performance of its employees. Performance information gathered must be optimally utilised as a resource for critical and vital leadership decision-making (Toppo & Prusty, 2012). This hardly ever takes place in the municipalities being studied, as once performance evaluations have been concluded, documentation containing vital performance information is filed away and archived.

Prasad (2005, in Toppo & Prusty, 2012) advances the argument that, given the foregoing account, performance refers to the outcomes produced during an employee's performance cycle and does not refer to the employee's personal attributes or competencies, but rather to the employee's work outputs. Biswajeet (2009, in Toppo & Prusty, 2012) also argues that one of the essential roles of leadership is to plan, monitor and provide feedback on the results of employees' actions, since it is through this regular feedback, they add, that employees learn to correct their mistakes. An observation with municipalities in the Eastern Cape was that the indicators, which had not been fully achieved in the current performance cycle, were not always followed on in the next cycle, but new ones were included in

the managers' performance agreements and only by sheer luck, or where funds had been rolled over, were they included in the following performance cycle.

In recent years, there has been a noticeable realisation that it is critical to emphasise the definition, planning and management of performance, instead of merely appraising performance (Pareek & Rao, 2006; Bowers, 2015). Both Dessler (2008) and Ammons and Roenigk (2015) differentiate between performance appraisal and performance management when they explain performance appraisal as meaning the evaluation of an employee's performance against predetermined performance standards. In contrast, they explain performance management as referring to a process that entails goal setting, performance measurement and the development of a system that ensures that employee contributions are aligned with the institution's strategic aims. While it is performance management that was at the core of this study, the role that leaders must play in its successful implementation continues to elude the Eastern Cape Municipalities and, hence, the attempt to assess the relationship between leadership and performance management, in general, and assess the role that leaders play in its successful implementation, in particular.

### **The Leadership Concept and Behavioural Complexity**

Primarily, this study sought to understand what role leaders played in the successful implementation of performance management. The two key concepts of leadership and performance management are discussed and delineated in this section of the article.

There is a growing variety of theories and many perspectives from which leadership is explained and practised. While there are dominant and more recognisable theories of leadership, there are many more that are either less grounded or perceived as derivatives of the better understood ones. It is not the intention in this article to engage in an elaborate discussion of leadership, as the focus of the study was on the role of leadership in the implementation of performance management. In this synthesis of the better-known leadership theories, the researcher cites and highlights a few theories on which the discussion is anchored, namely the great man, participative, traits, contingency, situational, behavioural, management and relationship theories (Malos, 2010; Lee, Martin, Thomas, Guillaume & Maio, 2015).

Malos (2010) and Lee *et al.* (2015) argue that in order for leaders to practise leadership effectively and efficiently, it is important for them to know what theory their practice is based on. The order in which the theories evolved is crucial for understanding the time connectedness of the theories, as one theory evolved into the other over a period of time. Landis, Hill and Harvey (2014) support this argument when they caution that for leaders to be effective, they must understand how leadership has evolved over time and how imperative it is for them to focus on the many various theories of leadership that have been employed throughout history. This is particularly important during the current information age where environments shift, which requires leaders to be flexible, agile and quick-thinking. Municipal leaders must take cognisance of these environmental changes and acquire the requisite competences that enable them

to devise sophisticated solutions for the complex and growing demands advanced by the communities.

In order for employee performance to be understood, leadership and leadership behaviour must be understood, since there is a general assumption that it is the leaders' behaviour that determines how followers react to leaders (Lee *et al.*, 2015). The fact that the concept of leadership perception is poorly understood in most studies enhanced the envisaged value of this study, as it sought to unbundle the role of leadership in the successful implementation of performance management, as perceived by employees in the selected municipalities. The political context within which these leaders must operate further complicates their work, as the political influence does not make things any easier.

In the context of this study, leadership was delineated to refer only to those persons who entered into written performance agreements with municipal employees. They represented the municipality in this relationship. There are two categories of leaders in municipalities – political and administrative leaders. The dichotomy model, which was popularised by the 28<sup>th</sup> President of the United States, Woodrow Wilson (1856-1924), advanced the view that politics must operate outside of the administration and vice versa (Maserumule, 2007; Mafunisa, 2010). Montjoy and Watson (1995) suggest a similar but stricter version of the politics-administration dichotomy doctrine, which reinforces the legislative supremacy of the municipal councils while allowing the municipal managers some policymaking latitude.

In the implementation of performance management, though, both political and administrative leaders play significant, but differing roles. Municipal managers, for instance, report directly to the mayors. Mayors are, therefore, as a result of this overlap, included in the leadership grouping to be studied. The mayors are included solely because they directly supervise and enter into performance agreements with municipal managers. Leadership, therefore, for the purpose of this study, incorporates the mayor, the municipal manager and managers who report directly to the municipal managers.

With the rising sophistication of communities and the increase in the diversification of their needs, the world is becoming increasingly more complex and much more difficult to understand. Leadership problems are becoming more divergent and ambiguous, making it extremely difficult to completely solve them. Leaders must accept that the straightforward and orderly view they held of the world is now being challenged by the shift from the mechanistic worldview to the acceptance that the world has become dynamic, indeterminate and unpredictable. It is for this reason that, instead of adopting a purely theoretical approach to leadership, leaders must develop an appetite for a deeper understanding of the "anatomy and physiology" of the new indeterminate world and complex thinking, and use this understanding to shape their leadership styles. The scarcity and, at times, the perceived stagnation of research on the complexity theory of leadership is not making it any easier for leaders to understand the complex environments within which they have to exercise leadership. This situation, unfortunately, characterises the municipal environment where leaders are

not doing much to gain the competencies to lead and guide their sometimes sophisticated subordinates (Raisio & Lundstrom, 2015).

Leaders, with complex behaviour, understand the high degree of connectivity and interdependence of the roles of various players within organisations, the dimensions of organisational systems and the interaction between the actors, the systems and the organisational environment. Fundamentally, leaders' complex behaviour allows for the understanding of why things are the way they are and how the various elements within the environment interact. This is the ability of the leader to operate "... between order and chaos – where non-linearity and sensitivity to initial conditions are explicit" (Raisio & Lundstrom, 2015:4-5).

In an effort to build comprehensive talent management systems, validate leadership competency models and develop leadership development programmes, municipalities are advised to seek a deeper understanding of how behavioural complexity, among their leaders, can be nurtured to enhance employee engagement and leverage people analytics. In this way, group cohesion will be enhanced and the leaders' ability to broker links between the various employee clusters, by providing connectors from one cluster to the next, is nurtured. The complexity of the leaders' behaviour is, in this sense, demonstrated in the leaders' ability to understand the interplay between cohesion and brokerage as, on the one hand, they understand the need for members within their clusters to stick together while, on the other hand, they appreciate the need for clusters to interconnect for the good of the organisation. This paradox is at the core of the successful



implementation of performance management in municipalities where one organisational unit may depend on the input of another to be able to fulfil its performance obligations. Leadership frameworks, therefore, need to shift from linear thinking towards the social capital emphasis where the focus is on the facilitation of the movement of ideas across systems through bridging and brokering (Mehra, Kilduff & Brass, 2001; Burt, 2005; Fleming, Mingo & Chen, 2007; Arena & Uhl-Bien, 2016).

When organisations operate within multi-cultural societies, as is the case with the South African municipalities, organisational adaptation and the need to increase the relational abilities of leaders becomes a dire necessity. Organisations must consider the cultural factors that influence the types of interpersonal interactions that are desired, expected and most likely expressed by leaders. Notwithstanding, leaders in municipalities may still not be able to express these preferred and expected leadership behaviours due to such limiting contextual pressures as political allegiance and work pressure. Deinert, Homan, Boer, Voelpel and Gutermann (2015) assert that, despite the many leadership theories and approaches, there is strong evidence that transformational leadership is still the most effective of the leadership styles (Judge & Picollo, 2004; Wang, Oh, Courtright & Colbert, 2011).

Bass (1990:37, in Landis, Hill and Harvey (2014), argues that "if a theory of leadership is to be used... it must be theory-grounded in the concepts and assumptions that are acceptable to and used by managers, officials and emergent leaders". He asserts that, when attempting to extract an appropriate

theory of leadership to be applied in a work setting, the pertinent components of the leadership theory and the implications surrounding them must be reviewed. Leaders, he suggests, should possess qualities that are evident in the eyes of those around them. While situational theorists argue that it is circumstances and time that determine leaders, according to the person-situation leadership theories, the traits and motives of the leader as a person, the features and motives of those who select him, the features of the role that the leader is expected to play and the organisational context within which the leader is expected to lead must all be understood (Landis *et al.*, 2014). Political leaders, for instance, lead with a mandate from those who put them in office. The political pressure that is put on them to deliver on their mandates may compromise the innate leadership capabilities that they may possess.

The strength of the leader-role theory, like the contingency theory, lies in the recognition that situations and individuals combine in an interactive way to bring about the emergence of leaders. Landis *et al.* (2014) argue that leaders characteristically perform in ways as expected by their roles, the circumstances within which such roles are played and the specifics of the context of operation, their past experience, the prevailing operating environment and the planned goals of their organisations. Notwithstanding the numerous studies conducted on the relationship between leadership and performance, major discrepancies still exist in the understanding of the leadership-performance link. Jing and Avery (2008) contend that the prominent reason for the interest in the study of the relationship could be attributed to the

widespread belief that leadership does affect employee and organisational performance. There is also consensus among scholars that the style of leadership adopted is of particular importance to the link (Conger, 1999; Zacharatos, Barling & Kelloway, 2000; Awamleh & Evans, 2005; Jing & Avery, 2008). In the following section, the link between leadership and performance is discussed and linked back to leadership and performance within the South African municipalities.

### **The Leadership-Performance Management Link**

Consensus that effective leaders do more of everything seems to have invigorated the debate on the leadership-performance link. It would seem that, in the face of the debate, the heroic role that leadership has always been assumed to play, in the implementation of performance management, no longer enjoys unanimous support and is prompting many researchers to investigate the effects of leadership on performance and its management. While there is consensus among theorists that organisational outcomes may be attributable to some leadership factors, there is not much consensus on which specific factors impact performance and performance management (Meindl & Ehrlich, 1987; Bronkhorst, Steijn & Vermeeren, 2015).

An interesting paradox surfaces when researchers attempt to understand the leadership-performance link in a broader context of organisational analysis (Meindl & Ehrlich, 1987; Pace, 2011). Against this perceived contradiction, a further argument arises as to whether leadership should be understood as an external or internal force, influencing performance and its management. The

criticism levelled against the external control models is that, while organisations and their leadership are impacted by external factors, they themselves are inherently internal (Meindl & Ehrlich, 1987; Bronkhorst, Steijn & Vermeeren, 2015). While there may be an eagerness in this study to differentiate and determine which of the views would best fit with the Eastern Cape municipal context, a theory on leadership roles, which was formulated by Quinn (1984; 1988), summarises the role of leaders into eight distinctive roles. His theory does not only incorporate many of the roles suggested by previous authors such as Bass (1981), Mintzberg (1975) and Yukl (1981), but also successfully counters the polarised external versus internal view of leadership roles in organisations (Vandenabeele, 2014).

The essence of Quinn's theory views leadership as a leader's ability to simultaneously undertake possibly ambiguous roles and behaviours in response to conflicting environmental demands. This view implies that if these contradictions prevail in the organisational environment, a concomitant behavioural adjustment must be demonstrated by the leader. The leader must have the ability to respond to the complex, ambiguous and indeterminate circumstances imposed by the organisational environmental context (Yukl, 1989; Phillip & Lopez, 2013).

The danger of the internal view of the role played by leaders in organisations is the manner in which it diminishes the impact and significance of the external environment on organisational performance. The literature reviewed supports the view that leadership is not only a driving force for improving organisational performance, but

also a commanding source of management development, continuous improvement and the organisation's sustained competitive advantage. In the same breath, there is consensus, notwithstanding the pivotal role that leadership plays in shaping collective norms, that leadership must also help their teams to cope with their environment (Avolio, 1999; Lado, Boyd & Wright, 1992; Rowe, 2001; Zhu & Cheung, 2014).

While it is not the purpose of this study to resolve the impasse between these differing views, the foregoing exposition is imperative to balance the study. Regardless of what view the researcher in this study may hold, the study sought to assess the role played by leadership in the implementation of performance management in the three selected district municipalities in the Eastern Cape. What may be learnt from the foregoing debate, though, is that it would be naïve to assume leadership as the sole determinant in the successful implementation of performance management in these municipalities. Leadership must be located within the omnipresent environmental factors that have implications for the success of leadership in discharging their performance management and other duties.

## **THEORETICAL FRAMEWORK**

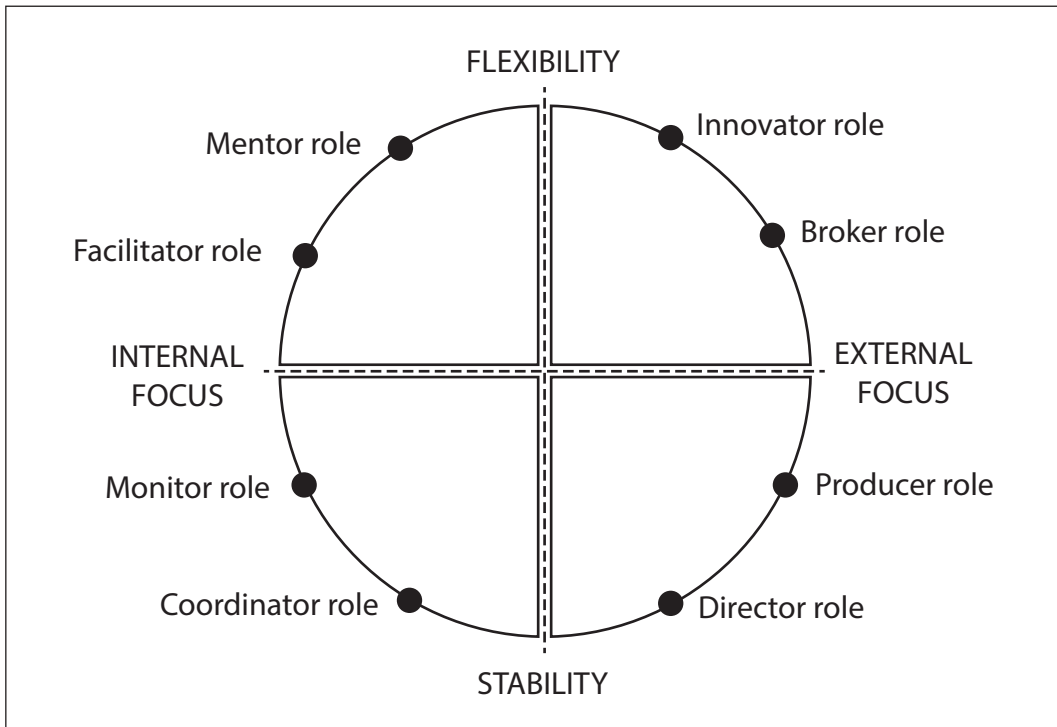
Quinn's model, which draws from the behaviourist, cognitive and socio-cultural schools of thought, introduces an important theoretical dimension to this study; that effective leaders must have the capability to balance and simultaneously master seemingly contradictory circumstances. It presents effective leadership as the capability of a leader to respond to the complexities of a paradoxical

organisational environment that does not present itself as dichotomous. The adapted version of Quinn's model, see Figure 1 on the next page, proposes eight roles that leaders must play in the management of performance in their organisations which are presented as a circular pattern in the adapted model (Quinn, 1988).

Quinn's leadership role model examines two aspects of the leadership-performance relationship. Firstly, it examines the link itself and, secondly, the specific aspects of leadership behaviour that impact performance. He terms this behavioural complexity. Quinn's behavioural complexity is characterised by its paradoxical nature where effective leadership behaviour is not viewed as either/or but the ability of the leader to examine and understand how well people function at the margins of life, where divergent ways and opinions on being and believing run into each other (Goldsmith, Greenberg, Robertson & Hu-Chan, 2003). His theory sharply contradicts the traditional dichotomous leadership theories, similar to McGregor's Theory X and Y, autocratic versus democratic, directive versus participative and task-oriented versus relations-oriented to mention but a few (Offermann, Kennedy & Wirtz, 1994; Stewart, 2010; Mohamed & Nor, 2013).

The model groups two leadership roles that leaders must play within each of the four quadrants. Firstly, he asserts that the roles in the upper-right quadrant link leadership behaviour to the organisation's external environment, exerting pressure on the leader to adapt his/her behaviour to the external environmental demands. In this quadrant, Quinn identifies two distinct roles, the innovator role and the broker role. He explains further

FIGURE 1: Adapted Quinn's Model



Source: Quinn, 1988

that in the innovator role the leader is creative and imaginative, inspires and facilitates change while, in the broker role, the leader is politically perceptive, facilitates the acquisition of resources and maintains the unit's external legitimacy through the development, scanning and maintenance of a network of external relations (Yukl, 1981; Phillip & Lopez, 2013). The capability of municipal leaders to play both the innovator and broker roles would go a long way towards facilitating the implementation of performance management in the selected municipalities.

The lower-right quadrant, which Quinn (1988) refers to as the rational goal model in his framework, outlines two leadership roles, namely the producer and director roles.

Quinn argues that these two roles emphasise the leader's pursuit of goals, which are external to the unit, and that the leader defines and motivates the achievement of those goals. In the producer role, the leader is both task-oriented as well as work-focused. He/she strives for the completion of tasks and motivates those behaviours that will lead to the completion of the team's task while, in the director role, the leader engages in goal setting and role clarification, setting objectives and establishing clear expectations (Quinn, 1988; Reuveni & Vashdi, 2015; Li, Zhao & Begley, 2015). The relevance of the director role to municipalities is in the setting of performance goals that are linked to the needs of the community, while the producer role enables the municipal leaders to drive

performance and execute mechanisms that motivate employees to achieve the set goals.

Quinn (1984; 1988) refers to the lower-left quadrant as the internal process model in that it emphasises internal control and stability. In this quadrant, he identifies two distinct roles: namely the coordinator and monitor roles. In the coordinator role, the leader maintains structure, schedules work, coordinates, facilitates problem solving and monitors the adherence to standards and rules. As a monitor, the leader gathers and disseminates information, follows up on performance and provides a sense of continuity and stability (Quinn & Rohrbaugh, 1983; Boehm, Dwertmann, Bruch & Shamir, 2015; Qu, Janssen & Shi, 2015; Deichmann & Stam, 2015). This is of the essence to municipalities, as at the core of performance implementation failure is the inability of municipal leadership to create the necessary structure, schedule work, monitor adherence to standards and provide constructive feedback to employees.

Quinn refers to the upper-left quadrant as the human relations quadrant, as it places primary emphasis on human interactions and processes. The leadership roles suggested in this quadrant are the facilitator and the mentor roles. He argues that, as a facilitator, the leader creates a conducive environment for employees to voice their opinions, facilitates accord and negotiates compromise, while in the mentor role the leader takes time to understand follower needs, listens actively, practises fairness, creates space for genuine requests and ensures that competencies are imparted to develop employees (Quinn, 1984; Reuveni & Vashdi, 2015; Li, Zhao & Begley, 2015). Unless municipal

leaders possess some technical skills that are relevant to the work of their subordinates, mentorship may become impossible. This is an area that requires attention if municipal leaders are to successfully play their mentorship roles. Finally, due to the fact that municipal employees and leaders function within a politically-charged environment, it becomes difficult for leaders to create an environment where the municipal officials have the freedom to express their opinions. Despite this constraint, municipal leaders must, as much as this is practicable, stimulate employees to express opinions, especially on those aspects of their work where decision-making is crucial.

The approach followed used the assumptions that were hypothesised in Quinn's model as a basis for the convergence between Quinn's leadership roles and the assessed roles played by municipal leaders in this study.

## **RESEARCH DESIGN AND METHODOLOGY**

### **Research Procedure**

Researchers have an obligation, when designing research methods, to clearly outline the analytical path to be followed and the methodological direction, which is informed by the objectives of the study, as well as the research paradigm and the approach to be followed. The preliminary stage of the analytical path for this study entailed the review of literature with the aim of understanding the nature and meaning of the performance management concept, and the role played by the leadership in its successful implementation. The researcher used, as a theoretical framework, Quinn's Leadership Role Theory

to identify the key roles that leaders must play in the successful implementation of performance management in the selected municipalities. Quinn's theory identifies eight leadership roles that were considered as the key to the successful implementation of performance management in the selected municipalities. The suggested roles include that of being a facilitator, mentor, broker, innovator, director, producer, monitor and coordinator. The theory hypothesises that leaders who demonstrate more complex, contradictory and paradoxical behaviour, which is demanded in these roles, are likely to be more successful and effective in managing performance than their counterparts who do not demonstrate such behavioural complexity (Quinn, 1984; 1988).

This study was exploratory in that the researcher sought to gain insight into the role played by leadership in the implementation of performance management in the selected district municipalities. It was also descriptive and explanatory in that the gained insight assisted in describing the current situation relating to the role of leadership in the implementation of performance management in the selected district municipalities (Bless & Higson-Smith, 1995; Bless *et al.*, 2013). This study incorporated open-ended questions that required qualitative analysis to make sense of it, while utilising a quantitative Likert scale questionnaire to gather the data.

A mixed-methods research approach was followed in order to consolidate existing knowledge into the role of leadership in the successful implementation of performance management and then expand upon that knowledge. This approach was preferred

due to the lack of documented knowledge in the role that leadership plays in the successful implementation of performance management in the Eastern Cape District Municipalities. A challenge to the mixed-methods approach, which the researcher was cognisant of throughout the study, was the tension between the methodological distinctions of the two paradigms. To mitigate the impasse, the researcher used the two approaches collaboratively as opposed to one paradigm competing against the other. The collaborative approach was considered the most appropriate for this study, as the researcher studied phenomena that are essentially qualitative. As such, the researcher had to opt for the collaborative research strategy that simultaneously attended to these diverse methodological challenges (Archibald, 2015).

In order to gather the data for this study, the researcher developed and administered a Likert scale which was anchored on Quinn's (1988) Leadership Role Theory. The Likert-based questionnaire was pre-tested to determine the feasibility of the research project, the practicality of carrying it out, the appropriateness of the concepts used and the adequacy of the methodology and instruments of measurement (Solomon, 1993).

## **Sampling**

Bless and Higson-Smith (2000) and Bless *et al.* (2013) refer to a well-defined sample as a set of elements that the researcher focuses on and, that in cases where quantitative research had been undertaken, the findings obtained following the testing of the sample are generalisable to the entire population, while in the case of qualitative research, the

findings may not always be generalisable. Polit, Beck and Hungler (2001) provide a more complete definition when they refer to a research population as the totality of all the subjects or members that meet the set of research eligibility criteria. The target population in this study was selected due to their known insight into the implementation of performance management, comparatively higher literacy levels, and proximity to, and regular involvement with, the process of performance management. The target population comprised all 317 employees in the four categories of top management, senior management, middle management, professionally qualified and experienced specialists, and professionals or practitioners across the three district municipalities.

The sample frame for this study was developed from the workforce profile of each of the selected three district municipalities. To ensure that the workforce profiles were up to date, the municipalities were requested to provide their latest workforce profile that was used for the submission of their Employment Equity reports for the current year. To ensure the representativeness of the sample, each category of employees within the population was proportionately calculated. Although the researcher followed a purposive sampling approach in

this study, due to the fact that the population had multiple categories of employees, the researcher simultaneously ensured that the various employee strata were proportionately represented within the sample (Reynolds, Simintiras & Diamantopoulos, 2003). The rationale for following this sampling strategy was to ensure that, while the approach was purposive, the pertinent characteristics of the population and its strata were transferred to the sample.

The minimum sample size drawn from the target population was interpolated from the values suggested by Saunders, Lewis and Thornhill (1997; 2012) and supported by Bartlett, Kotrlik and Higgins (2001), wherein they suggest that a sample of 178 respondents would be adequate for the target population of 317 at a 95% confidence level or a 5% margin of error. The researcher sampled 179 respondents as, according to Polit *et al.* (2001), researchers using or incorporating the quantitative research methodology in their studies are advised to use a slightly larger sample where possible, as the larger the sample the more representative the research is likely to be. To ensure proportionate representation of all the respondents' strata, the 179 sampled employees were distributed as shown in Table 1 below.

**TABLE 1: Sample distribution**

Occupational Level	Amathole	Sarah Baartman	Joe Gqabi	TOTAL
Top management	4	3	4	11
Senior management	37	7	11	55
Professionally qualified, experienced specialist and mid-management	26	6	13	45
Professional	39	7	22	68
<b>TOTAL</b>	<b>106</b>	<b>23</b>	<b>50</b>	<b>179</b>

Source: Author

## **Questionnaire Distribution and Return**

While the researcher had distributed the questionnaires using email, some respondents printed the questionnaire out and completed the hard copies before returning them to the researcher. Of the 179 distributed questionnaires, 116 were returned and certified as valid and usable. The 64.8% response rate yielded by the study is considered good since, according to Babbie and Mouton (2005), a response rate of 50% is considered adequate, while that of 60% is good and a response of 70% and above is very good.

## **Data Analysis and Interpretation**

In keeping with the mixed-methods approach followed in this study, both the quantitative and qualitative data analyses were followed. The Statistical Package for Social Sciences (SPSS) was used for the quantitative analysis, while a thematic analysis was used to analyse the qualitative data.

### ***Quantitative Analysis***

The quantitative approach that was followed when analysing data in this study added immense value to the researcher's attempt to make sense of the extensive body of data. While the researcher opted for a quantitative data collection and analysis approach in the study, the nature of the data collected was, in essence, qualitative as it elicited employee perceptions of the role played by leaders in the successful implementation of performance management. The use of quantitative data analysis in analysing the qualitative data gathered in this study was valuable, because it unbundled and demystified the enormous and confusing qualitative

data collected and exposed the factors that often hide the main qualitative findings.

Although the descriptive statistics in this study do not provide reasons for the variations or correlations, they do, however, lay the foundation for the inferential statistics where deductions and conclusions are drawn. The segmentation, using district, occupation, experience, department, age and gender categories, was considered necessary to provide perspectives from which the quantitative data could be understood. The advantage of segmenting the population was that it enabled the researcher to summarise the vast sums of data from the three district municipalities, which would not have been possible without the descriptive statistics. The fairly straightforward procedure followed in computing frequency distributions, percentages, ranges and standard deviations provided a necessary primer to prepare the researcher for the more complex inferential statistics.

### ***Descriptive Statistics***

The purposive sample was drawn from the district in proportion to the size of the individual municipalities with 42% of the returned questionnaires from Amathole, 38% from Joe Gqabi and 23% from Sarah Baartman. Of the 116 respondents, 8.6% were returned by top management, 36.2% by senior management, 21.6% by specialists and middle managers, while 33.6% were returned by professionals and practitioners. More than 34% of the respondents had 10 years or more of experience with the municipality, while nearly 40% of the respondents had 6-10 years' experience with the municipality. Twenty-five percent (25%) had 1-5 years' experience, while only a negligible 0.9% had experience of less than



a year. The respondents were evenly distributed with all of the municipal departments being represented in the returned questionnaires. Studies have established that there are value differences between age and gender groups and, hence, the inclusion of both age and gender as differentiating variables in this study. Although there was a 48.3% (male) /51.7% (female) split of the returned questionnaires, neither the respondents' age nor gender had any significance in how they responded to the questionnaire items.

The 22 items that were included in the questionnaire were categorised and coded as follows:

#### Leadership Involvement

Item L1.1 – *Leaders are fully involved in the implementation of performance management.*

Item L1.2 – *Leaders demonstrate a clear understanding of the role that they are expected to play in the implementation of performance management.*

Item L2.1 – *Leaders take leadership in the implementation of performance management.*

Item L2.2 – *Leaders demonstrate adequate capacity in the implementation of performance management.*

#### Innovator Role

Item I1.1 – *Leaders are creative and visionary.*

Item I1.2 – *Leaders encourage and facilitate change.*

#### Broker Role

Item B2.1 – *Leaders are politically aware and perceptive.*

Item B2.2 – *Leaders play the broker role by acquiring and providing the requisite resources for their employees to achieve goals.*

Item B2.3 – *Leaders maintain the municipality's legitimacy through developing, scanning and maintaining a network of external contacts.*

#### Producer Role

Item P3.1 – *Leaders are task-oriented and seek closure to tasks.*

Item P3.2 – *Leaders possess the capability to motivate behaviours that contribute and lead to the completion of tasks.*

#### Director Role

Item D4.1 – *Leaders engage in goal setting, clarify roles, set objectives and establish clear expectations.*

#### Coordinator Role

Item C5.1 – *Leaders maintain structure, and schedule and coordinate tasks.*

Item C5.2 – *Leaders facilitate the solving of problems and see to it that rules and standards are met.*

#### Monitor Role

Item MO6.1 – *Leaders collect and provide information essential for task performance and task completion.*

Item MO6.2 – *Leaders monitor performance and provide feedback, a sense of continuity and stability.*

#### Facilitator Role

Item F7.1 – *Leaders promote and encourage*

*expression of performer opinions/views regarding the job.*

Item F7.2 – *Leaders seek consensus and negotiate compromise.*

Item F7.3 – *Leaders facilitate the removal or mitigation of barriers to enable task completion.*

### Mentor Role

Item ME8.1 – *Leaders are aware of individual needs, listen actively, are fair and support genuine requests.*

Item ME8.2 – *Leaders facilitate the development of the individuals.*

Item ME8.3 – *Leaders provide guidance and hands-on assistance to their subordinates, where and when it is needed.*

There was a resounding affirmation in this study that leaders were involved in the implementation of performance management, took leadership and were perceived to be playing the leadership roles of innovator, broker, producer, director, coordinator, monitor, facilitator and mentor in the selected municipalities.

### ***Inferential Statistics***

Since the data was highly favourable for the KMO and Bartlett's tests, exploratory factor analysis was considered sufficient for the study and, as such, it was not necessary to conduct confirmatory factor analysis. The Principal Axis Factor method and oblique promax rotation were used in this study, based on its strength, to minimise factors that had loadings on each factor. The results were based on the factor analysis and revealed

a three-dimensional structure with 12 of the 22 items resulting in Factor 1, while 10 resulted in Factor 2 and only 5 resulted in Factor 3, as shown in Table 2 on the next page.

Under heterogeneous weighting, the respective reliability coefficients for each factor were 0.8664, 0.5138 and 0.6050, with the first factor appearing to describe the leadership position, because of the negative way it affected the responses to most of the questions.

Uniqueness in all of the factors was low. Values of more than 0.6 are regarded as high, therefore, a high uniqueness suggests that the variable is not well explained by the factors. In this study, therefore, variables measured what they were intended to measure. The Kaiser-Meyer-Olkin (KMO) Test was also conducted as a measure of sample adequacy. The measure of sample adequacy ranges between 0 and 1. While a value of 0.6 is proposed as a minimum, the values that are closest to 1 are considered better. In this study, the range of the measures of sample adequacy were 0.835-0.935 and are considered good, as they indicate that the data was sufficient and the sample adequate. These values suggest that the variables measured a common factor (i.e. the role of leadership).

Bartlett's test of sphericity was used to test the null hypothesis that the correlation matrix was an identity matrix. It calculated the determinant of the matrix of sums of products and cross-products from which the intercorrelation matrix was derived. The determinant of the matrix was converted to a Chi-square statistic and tested

**TABLE 2: Rotated factor loading (pattern matrix) and unique variances**

Variable	Factor 1	Factor 2	Factor 3	Uniqueness
L1.1			0.8237	0.2752
L1.2			0.8593	0.2044
L2.1			0.8652	0.2295
L2.2			0.8691	0.0964
I1.1			0.8691	0.0964
I1.2	0.4317	0.3316		0.4026
B2.1	-0.3012	0.7072		0.4640
B2.2		0.7029		0.3518
B2.3		0.6365		0.4880
P3.1		0.6775		0.3794
P3.2		0.6699		0.2556
D4.1	0.5986			0.4499
C5.1		0.6947		0.2308
C5.2	0.3247	0.6504		0.3646
MO6.1	0.5539	0.4089		0.3011
MO6.2	0.6548			0.3067
F7.1	0.7316			0.3060
F7.2	0.7925			0.2313
F7.3	0.5361	0.4579		0.2969
ME8.1	0.9340			0.2346
ME8.2	0.7231			0.3837
ME8.3	0.7744			0.2711

Source: Author

**TABLE 3: Factor rotation matrix**

	Factor 1	Factor 2	Factor 3
Factor 1	0.8664	0.8579	0.7746
Factor 2	-0.2923	0.5138	-0.1843
Factor 3	-0.4049	-0.0079	0.6050

Source: Author

for significance. The test sought to reject the null hypothesis that the variables were non-colinear. Bartlett's test of sphericity was statistically significant at a P-value of <0.001 (0.000) and showed that the relationships between items were patterned. The null hypothesis that the variables were non-colinear was, therefore, rejected. This indicated that the variables (items) in the sample were linearly related (colinear).

The Cronbach's Alpha, based on standardised items, was 0.9622 for this study. Cronbach's Alpha is a measure of reliability. When the average inter-item correlation increases, there is a concomitant increase in the Cronbach's Alpha values. The theory on which the Cronbach's Alpha is founded is that the observed score is equal to the true score plus the measurement error. It is assumed, in the face thereof, that a reliable

test should reduce the measurement error, so that the error is not highly correlated with the true score. The relationship between the true score and the observed score should, therefore, be strong. It is also hypothesised that the mean of the measurement error should be zero.

Notwithstanding the fact that there is not a commonly agreed upon norm, the test is considered to be more reliable the higher the Cronbach's Alpha values. Babbie and Mouton (2001) also argue that high Cronbach's Alpha values are indicative of a high internal consistency reliability, suggesting how well the items in the questionnaire measure the same construct. The Cronbach's Alpha value of 0.9622 overall suggested very high internal reliability for this study. In order to strike a balance in the factor analysis in this study, the minimum requirements of Eigen values  $\Rightarrow 1$ , cut off points  $\Rightarrow 0.40$ , cross loadings  $\Rightarrow 0.20$  and Cronbach's Alpha  $\Rightarrow 0.70$  were followed. As can be observed in Table 4 on the following page, Cronbach's Alpha if item deleted is outlined for each item.

Babbie (2007) describes correlation as a bivariate analysis that measures the strength of association between two variables. There are three common types of correlation used in statistics: the Spearman, Kendall rank and Pearson correlation. The value of correlation in statistics varies between +1 and -1. The correlation between two variables is regarded as perfect when its value is  $\pm 1$ , while the correlation is considered weaker as its value gravitates towards zero. The Spearman's rho correlation was used for this study. The Spearman's rho is a non-parametric test of correlation. Its values are expressed as  $r$ , where  $r = 1$  represents a

perfect positive correlation and that of  $r = -1$  represents a perfect negative correlation.

In this study, items were correlated. The items flexibility, external focus and stability are aligned with Quinn's Leadership Role Model. Correlations among the variables under leadership involvement ranged from  $r = 0.693$  to  $r = 0.787$ . These correlations are all strong, positive and significant at 0.01 level (2-tailed). Correlations among the variable clustered under flexibility ranged from  $r = 0.408$  (moderate) to 0.683 (strong) and positive. Notwithstanding the variation, all the correlations were found to be significant at the 0.01 level (2-tailed). With the exception of the correlation between Item P3.1 (leaders are task-oriented and seek closure of tasks) and Item P3.2 (leaders motivate behaviours that contribute and lead to the completion of tasks), which is strong at  $r = 0.784$ , the rest of the correlations were found to be moderate, positive and significant at the 0.01 level (2-tailed).

Correlations among the items grouped under stability were found to be strong and positive, ranging from  $r = 0.610$  to  $r = 0.752$ . Not only were these correlations strong and positive, but also significant at the 0.01 level (2-tailed). The last correlation undertaken was that of the items that are grouped under facilitator and mentoring. The correlations among the items clustered under the facilitator and mentoring role ranged from moderate ( $r = 0.556$ ) to strong ( $r = 0.733$ ) and are positive. The correlations were also found to be significant at the 0.01 level (2-tailed). The strongest correlation ( $r = 0.733$ ) is between Item F7.1 (leaders promote and encourage expression of performer opinion) and Item F7.3 (leaders facilitate the removal of

**TABLE 4: Item total statistics**

Item	Scale mean if item deleted	Scale variance if item deleted	Corrected item total correlation	Cronbach's Alpha if item deleted
L1.1	75.96	255.763	.638	.961
L1.2	76.22	252.158	.707	.961
L2.1	76.21	253.644	.678	.961
L2.2	76.34	248.889	.781	.960
I1.2	76.71	251.392	.750	.960
B2.1	75.99	261.365	.531	.962
B2.2	76.61	254.987	.721	.960
B2.3	76.47	257.504	.628	.961
P3.1	76.41	253.862	.705	.961
P3.2	76.69	249.120	.788	.960
D4.1	76.44	255.188	.684	.961
C5.1	76.47	251.486	.800	.960
C5.2	76.41	257.497	.682	.961
MO6.1	76.59	254.521	.770	.960
MO6.2	76.51	252.269	.777	.960
F7.1	76.78	254.297	.751	.960
F7.2	76.84	255.697	.744	.960
F7.3	76.77	251.815	.760	.960
ME8.1	76.80	253.743	.678	.961
ME8.2	76.78	255.236	.690	.961
ME8.3	76.90	251.120	.760	.960

Source: Author

barriers to enable task completion), while the moderate correlation ( $r = 0.556$ ) is between Item ME8.2 (leaders facilitate the development of individuals) and Item F7.2 (Leaders seek consensus and negotiate compromise). When the value of the Sig. is equal to or less than .05 (at a 95% level of confidence or a 5% standard deviation), the correlation is considered to be statistically significant. This then results in the null hypothesis being rejected. In all of the correlations for this study, the Sig. (2-tailed) values are all <.05 at .000.

Since many statistical inferences require that the data be normally distributed, it becomes necessary to measure the data collected for

normality. Skewness and kurtosis are used to measure data for normality. Skewness is described as a measure of data symmetry or a lack thereof. This can be visually detected where data looks the same on both sides of the centre point, while kurtosis is a measure of the "peakedness" of the data, relative to a normal distribution. Where data are normally distributed, skewness and kurtosis are expected to have a value of 0. If the value of skewness is positive, this suggests that the data is positively skewed and if the value is negative, then the data is negatively skewed.

If the skewness is 0, the data is perfectly symmetrical. The values of skewness and kurtosis for this study were largely negative,

suggesting that the data was moderately skewed. Notwithstanding, Bulmer (1979) cautions that, while the normal skewness value is = 0, the skewness of exactly 0 is quite unlikely for data collected in the real world. Since the data for this study is only one sample drawn from the population, Bulmer's assumption is applicable. He adds that, while the sample may be moderately skewed, this does not necessarily mean that the population is also skewed. The population may still be symmetrical.

The skewness and kurtosis values in this study were close to zero, which suggests that these values may be considered approximately symmetrical. The researcher based this on an example presented by Bulmer (1979), wherein he suggests that a skewness of -0.1098 may be considered approximately symmetrical for sample data on the heights of students in a school.

Finally, a three-way cross tabulation was done on the variables of age, district and occupation. While the cross tabulation revealed that 60% of the age group between 23-30 years in Amathole District Municipality were in the practitioner or professional occupation sector, in Joe Gqabi District Municipality, only 80% were in the specialist management profession. However, there were no respondents in the Sarah Baartman district who were aged between 23-30 years.

A Chi-squared test, which is also represented by the symbol  $\chi^2$  is a statistical hypothesis test wherein the sampling distribution of the test statistic is a Chi-squared distribution when the null hypothesis is true. The Chi-squared test is also accepted as short for Pearson's Chi-squared test. While

researchers may choose any of  $p=0.01$ ,  $p=0.05$  or  $p=0.10$  significance levels, the significance level chosen for this study was  $p=0.05$ . The test was undertaken to determine whether observed sample frequencies differed significantly from expected frequencies specified in the null hypothesis. The age group of 23-30 years was found not to be statistically significant (over  $p=0.05$ ), demonstrating that the occupation of the respondents did not matter in how they responded to the questionnaire items.

When a similar triangulation was conducted on the variables of experience, gender and department, all the categories were found not to be statistically significant as they were all  $> p = 0.05$ . While the Chi-square ( $\chi^2$ ) test results were largely insignificant, the reader must be cautioned that the tested relationships are only hypothesised. Unless both the test for statistical significance and a test that measures the degree of association are administered, it is always risky to draw conclusions about the relationship. Although the test for statistical significance (Chi-square ( $\chi^2$ ) test) addressed the question about the probability of a relationship does not give the assurance that the relationship did not occur by chance. While the significance, which was either established or not established in the sample variables, may also be shared by the population from which the sample was drawn, the researcher cannot be completely certain that the relationship, indeed, exists between the variables, as tests of statistical significance only estimate the probability of a relationship.

The implications for this study, where the Chi-square ( $\chi^2$ ) test revealed no statistical

significance, was that the respondents' age, gender, organisation, department or occupational category had no implications on how the respondents responded to the questionnaire items. Even in instances where there was statistical significance, these differences were not large enough for the researcher to be concerned about.

***Quantitative Analysis***

Because the questionnaire had open-ended questions, wherein the respondents were requested to express their qualitative opinions on what they perceived to be the barriers to leaders playing the desired role in the successful implementation of performance management, the researcher analysed these responses qualitatively. The researcher followed a thematic analysis approach, combined with useful extracts from the collected data, to analyse the data. The responses were to the following questions, which were included in the Likert scale:

- What do you perceive to be the barrier(s) to leaders playing the role of innovator, broker, producer, director, coordinator, monitor, facilitator and mentor in your municipality?
- What do you propose should be done to mitigate the barriers, so that leaders are able to play the identified roles?
- In analysing the data collected, the following themes were developed and are shown in Table 5 below.

**Summary of Findings**

In discussing the major findings, the researcher summarises the findings from the literature reviewed, the empirical study, the input and suggestions given by the respondents.

***Findings from the Literature Reviewed***

The researcher found the existing literature

**TABLE 5: Themes Developed**

Pre-existing coding frame	Coding description
<i>Innovator role</i>	The leader is creative and imaginative, inspires and facilitates change.
<i>Broker role</i>	The leader is politically perceptive, facilitates the acquisition of resources and maintains the unit's external legitimacy through the development, scanning and maintenance of a network of external relations.
<i>Producer role</i>	The leader is both task-oriented as well as work-focused. He/she strives for the completion of tasks and motivates those behaviours that will lead to the completion of the team's task.
<i>Director role</i>	The leader engages in goal setting and role clarification, setting objectives and establishing clear expectations.
<i>Coordinator role</i>	The leader maintains structure, schedules work, coordinates, facilitates problem solving and monitors adherence to rules and standards.
<i>Monitor role</i>	The leader collects and distributes information, follows up on performance and provides a sense of continuity and stability.
<i>Facilitator role</i>	The leader encourages the expression of opinion, seeks consensus and negotiates compromise.
<i>Mentor role</i>	The leader is aware of individual needs, listens actively, is fair, supports genuine requests and attempts to facilitate the development of individuals.

Source: Author

to be both fragmented and lacking in uniformity in defining the concept of performance management. The inability to separate performance management from performance measurement, performance management systems and the integrated quality management system continues to muddle the performance management conceptualisation.

Managers, in the municipalities, were found to be caught in a dilemma and the strain of implementing performance management in a highly politicised environment where arguments and the ultimate choices made were, more often than not, political.

While there seems to be a widespread belief that leadership impacts performance at both the organisational and individual levels, when examining the assumed relationship between leadership and performance, the reviewed literature seemed to be focusing largely on a restricted number of leadership styles and paradigms. This limited and fragmented approach, while criticised by many scholars, was found to have implications for the leadership-performance debate. Notwithstanding, leadership was found to be fundamental to the successful implementation of performance management.

By outlining and describing the eight roles of innovator, broker, producer, director, coordinator, monitor, facilitator and mentor, Quinn's leadership role model was found to assist in dealing with the elusive question of what leaders were really expected to do. This is notwithstanding the fact that it does not provide an exhaustive inventory of roles.

### ***Findings from the Empirical Study***

The Kaiser-Meyer-Olkin measures of 0.835

to 0.935 indicated the adequacy of the sample used in the study. When the reliability of this study was measured using Cronbach's Alpha, the values for this study ranged from 0.960 to 0.961, suggesting high validity, reliability and internal consistency.

Correlation in this study was found to range from moderate to strong, and was significant at the 0.01 level (2-tailed). The correlation exercise was found to add value to this study, namely that while correlation in this study may not imply causation, causation does imply correlation. Put differently, therefore, there can be no causation without correlation. Since a correlation score on one measure is known, a reasonably accurate prediction of another measure, which is highly related to it, can be made. The stronger the relationship, the more accurate the prediction. The correlation findings in this study can be used, should the need arise, as a stepping stone towards the more powerful tests of causation and, thus, allow for causal inferences.

When the Chi-squared ( $\chi^2$ ) test was conducted in this study, it revealed no statistical significance. This meant that the respondents' age, gender, organisation, department or occupational category had no implications on how the respondents responded to the items. Even in instances where there was statistical significance, these differences were not large enough for the researcher to be concerned about.

### ***Findings from the Qualitative Analysis***

Flowing from the open-ended questions and the thematic analysis undertaken, the following findings were made. The research revealed that:



- there was wide discontent about leadership incompetence where leaders were perceived not to understand what was expected of them and, even when they did, they did not have the requisite competencies to execute the tasks.
- political leaders were not required to possess entry educational qualifications in order to be elected to political offices. This posed a problem when they were expected to perform such sophisticated tasks as driving performance management, infrastructure development, economic development and other service delivery imperatives.
- there was a general feeling, among the respondents, that the successful implementation of performance management did not only depend on the competence of the performer or leader, but also on the timely availability of resources to give effect to the resolutions taken by Council. The respondents were largely of the view that municipalities did not always have these requisite resources to facilitate goal attainment.
- the cadre deployment practice currently practised by the ruling party appeared to be a barrier to the successful implementation of performance management in the Eastern Cape Municipalities. There was a strong view that leaders, especially councillors and top managers, who are more often than not political deployees, came into their positions with clear mandates from their political masters. Regardless of what role they were expected to play in their positions, the mandates given to them always took precedence.
- leaders were perceived to not always be there to participate in all of the critical stages of performance management, such as planning, monitoring, feedback, rewarding and evaluation. The respondents were of the view that it does not help for leaders to be there when goals are set, but abandon the team and the process when the actual performance takes place.

## **CONCLUSION AND RECOMMENDATIONS**

The role of leadership in the implementation of performance management in the Eastern Cape Municipalities and beyond cannot be studied in isolation. The introduction of the concept of leadership and behavioural complexity by Quinn (1988), supported by Malos (2010) and Lee *et al.* (2015), sets the cat among the pigeons, so to speak. That leaders must acquire cognitive complexity to enable them to lead in dynamic, indeterminate and paradoxical environmental circumstances must pose an enormous challenge to the municipal leaders whose elementary understanding of the implementation of performance management is still suspect. Notwithstanding, the researcher, informed by the findings in this study, advances some suggestions to moderate the challenges.

### **The Topic**

While the purpose of this study was to assess the role of leaders in the implementation of performance management in the Eastern Cape Municipalities, the introduction of the need for leaders to possess cognitive complexity requires the leaders to understand

how leadership has evolved over the years, the many various theories that have influenced and continue to influence the study of leadership, and how organisational environments have shifted, calling for leaders to adapt accordingly. Municipal leaders in the Eastern Cape Municipalities and beyond must, likewise, take cognisance of these environmental dynamics and acquire the requisite competencies that will enable them to devise sophisticated solutions for the complex problems and the growing demands that are advanced by their communities. They must fully understand the link between leadership and performance management and specifically be able to isolate those aspects of leadership behaviour that are essential for the successful implementation of performance management.

## **The Objectives**

While this study merely covered the identification of the roles that leaders must play, and how those roles are perceived to be demonstrated by the leaders in the selected municipalities, more work must still be undertaken to give effect, especially to the third objective of this study:

To propose mechanisms to improve the role played by leadership in the successful implementation of performance management in the Eastern Cape District Municipalities.

Specific interventions are proposed under the specific section interventions that were suggested. The foregoing must, however, under no circumstances be misconstrued to underplay the significance and the length to which the researcher went to achieve

the other two objectives of this study. The fact that the researcher has succeeded in assessing the role leaders played in the successful implementation of performance management in the selected Eastern Cape Municipalities, namely "... to assess the role of leadership in the successful implementation of performance management in the selected Eastern Cape District Municipalities", may be utilised as a building block by other municipalities in the Eastern Cape and beyond to validate the roles that their leaders are currently playing and what competencies they must possess to successfully play those roles.

This study may have identified the roles played by leaders, but there may be many more models and theories that are applicable to studying the roles that leaders must play in driving effective municipalities. Research suggests a link between a leader's behavioural complexity and effective organisational performance. Behavioural complexity is, in this regard, the person's ability to do "both-and" thinking, which is essential for leadership in the dynamic and indeterminate municipal environments. Finally, a link must be established between "... the ascertaining of the extent to which the identified leadership roles are demonstrated by leaders in the successful implementation of performance management in the Eastern Cape District Municipalities" and the municipalities' performance outcomes. This will ensure that the leaders playing these roles translate into service delivery. It is also imperative that the link is not only identified, but that a conducive environment is created where behavioural complexity is nurtured in leaders, as suggested by Quinn (1988).

## **Specific Interventions Suggested**

Municipalities have been in a continuous state of transformation. On the leadership front, a myriad of innovations and new institutional guiding regulations have been introduced in response to the ever-changing socio-economic dynamics of communities. The fact that communities are demanding more and better services poses a new and challenging dynamic to municipal leaders.

In order for the Eastern Cape, in particular, and the broader municipal leadership to be able to confront these challenges head-on, numerous interventions, which are informed by the study findings and the recommendations, and drawn from the qualitative suggestions of the respondents, are advanced for consideration. These are recommended for application to the selected municipalities in this study, and cautiously generalised to other Eastern Cape Municipalities and beyond.

## **Development of a Competency Framework**

While leadership competencies and leadership development were cited by many respondents as an area that requires special focus, adopting a pure competency approach to ensure that the leaders were able to fulfil their roles has its shortcomings. Lester (1994), Brundrett (2000) and Bell, Taylor and Thorpe (2002) caution that the competence approach tends to be overly reductionist and universalist. They criticise it for reinforcing, rather than challenging, the traditional ways of thinking about management and leadership. They also argue that, because of its mechanistic

view of leadership development, it falls victim to the limitation of excluding the more subtle behaviours, interactions and situational factors.

Notwithstanding, targeted leadership development must be recommended for these municipalities if the issue of competency deficiency, as cited by the respondents, is to be addressed. An approach would be, as was defined by Quinn, Faeman, Thompson and McGrath (1996), inclusive of not only the skills, but knowledge and behaviour. In their definition of competency, Quinn *et al.* (1996) incorporate the element of cognitive complexity wherein the leader acquires the ability to act out strategically and cognitively. This entails the leader's ability to play multiple and even competing roles in a highly integrated and complementary manner. The foregoing should constitute the fundamental features of the competency framework, which the researcher is proposing as a basis for competency-gap identification and the development of a new leadership development paradigm for the selected municipality and beyond.

While the eight roles identified by Quinn (1988) should be incorporated into the leadership development framework, leaders must be cognisant of the fact that these roles may not suffice to provide for all the dimensionalities and facets of leadership. Notwithstanding, programme designers should take heed of the suggestion made by Quinn *et al.* (1996) that a complete framework must provide for skills, knowledge and the requisite behaviour in a contextualised approach that takes into account the environmental dynamics of the municipal environment.

## **Screening of New Entrants**

While the competency framework is proposed as a fundamental tool for leadership development in the foregoing passage, the fundamental competencies identified in the competency framework are also useful for assessing the level of competence of new recruits in these municipalities. The competency gaps, which are identified during recruitment, would assist the selected municipalities to estimate how long the newly appointed leaders are likely to take before they are up and running in their new leadership positions. The identification of competency gaps in recruitment may also help the municipalities to develop and manage the employee's probationary period.

Cognisance must be taken of the need that may arise, following the adaptation of the existing competency frameworks, to have to adapt the municipalities' existing recruitment policies and procedures. Recruitment practitioners may also need to be retrained according to the new framework. Having observed that the Certificate in Management Development for Municipal Finance (CPMD) has now become a compulsory requirement for managers, and it is also recommended that councillors enrol in it and complete it, the incorporation of the competencies that are aligned with Quinn's (1988) roles could be vital in ensuring that, once the managers and/or councillors have acquired the CPMD qualification, they would have been exposed to the roles and acquired the requisite competencies.

Behavioural assessment, as a component of the screening process, must include those behaviours that would make the leaders

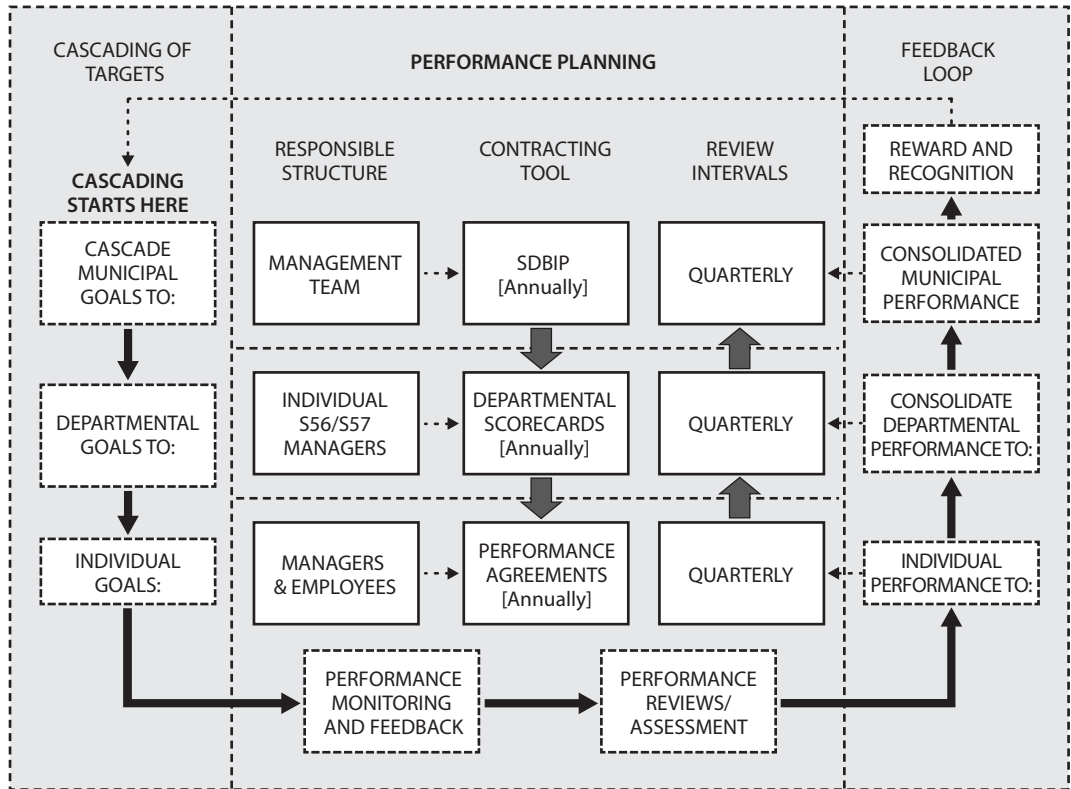
more predisposed to the roles that they are expected to play, not only in the implementation of performance management in the selected municipalities, but also those other facets of leadership responsibility that would render them effective as leaders.

## **Specific Performance Management Training**

Performance management is one of the vital instruments that leadership has at its disposal. It provides a window through which leaders see what is happening throughout the municipality. The ability of leadership to enjoy and put these benefits to use depends on their in-depth knowledge of the elements of the performance management process, how municipal goals are cascaded down to departmental goals and, ultimately, to individual targets. In the following diagram, the researcher proposes a flow chart that depicts the process and who is involved at what point.

As can be observed in Figure 2 on the following page, municipal goals are cascaded down to departmental goals and then to individual goals. This is part of the performance planning process. The management team is responsible for cascading the municipal goals to departmental goals, while the individual senior managers must work with their subordinates to formulate individual performance agreements. The performance of the employees must be monitored, reviewed and assessed. Unless leaders possess the competencies to participate in each of these stages, the success of the implementation of performance management is unlikely. The sum total of all the performance contributions of the individual employees and

**FIGURE 2: Goal-cascading and performance management processes**



Source: Author

departments must add up to the overall municipal performance before the employees are considered for performance incentives.

### Performance Management Introduction Legacy

While both management and non-managerial employees may have demonstrated sufficient insight into the elements of performance management, the researcher is of the view that performance, as a major intervention in the municipal environment, needed to be carefully introduced to address the challenges

normally encountered when new interventions are introduced in organisations. The research revealed that a common hurdle in the successful implementation of performance management was the lack of commitment on the part of the leaders and poor adjustment by employees. In the face of the foregoing, there might still be a need for these and other municipalities to implement change alongside the implementation of performance management, influence municipal culture and ensure that employees adjust to the new performance culture that is generally lacking in municipalities.

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# A SCENARIO-BASED INFORMATION TECHNOLOGY RISK-ASSESSMENT FOR THE MUNICIPALITIES

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## ABSTRACT

Information Technology (IT) has become an integral function of doing business in the information age of today. Organisations, including local government, make use of IT to ensure that their business objectives are met. The effective use of IT, within the context of local government, can enhance the way in which service delivery is administered. However, the use of IT within local government presents a number of significant risks. Thus, it is of paramount importance to ensure that IT is governed and managed accordingly. At the core to the governance of IT is the process of managing IT risks. To achieve effective risk-management, an adequate risk-assessment must be conducted within the given context. The Auditor-General of South Africa has identified the lack of adequate risk-assessment within local government. The aim of this research paper is, consequently, to present a scenario-based IT risk-assessment that is scalable to the local government environment; usable in the sense that it considers the skills of local government personnel, efficient in that it successfully caters to the needs of local government and adds quality value to the risk-management activities within local government.

**Keywords:** Risk assessment, scenario-based information technology, municipalities, sound governance, Auditor-General, SALGA, IT governance.

## INTRODUCTION

Information Technology (IT) has irrefutably become an integral part of conducting business in the information age of today (IT Governance Institute, 2003). Organisations utilise IT to manage information and the knowledge necessary for the daily running of an organisation (Whitman & Mattord, 2010). The local government is no exception; the use of IT is fundamental to the support, sustainability and growth of any organisation, including local government (IT Governance Institute, 2003). Moreover, the use of IT within the context of local government can positively impact the way in which service delivery is administered by local government (South African Local Government Association, 2012). The growing dependence on the use of IT offers organisations, such as local government, a number of benefits. However, IT also exposes the organisation to a set of IT risks (Information Systems Audit and Control Association, 2009). Thus, the sound governance and management of

this environment is of significantly high importance to ensure that IT supports the organisation's objectives (Coertze & Von Solms, 2013).

In principle, the sound governance of IT is concerned with ensuring that IT investment is utilised appropriately, that the IT goals are aligned with those of organisational objectives, and that IT risks are better recognised and managed (IT Governance Institute, 2008). Best practices encourage organisations, including local government, to have sound risk-management activities in place. These risk-management activities play a noticeably important role in the overall governance of the IT environment in local government (PriceWaterhouseCoopers, 2009). A core activity of managing IT risk, as stipulated by the literature, is risk-assessment (ISO/IEC 27005, 2008).

The activity of risk-assessment is the primary means whereby organisations, such as local government, can identify, estimate and evaluate all potential risks that could harm the IT environment (ISO/IEC 27005, 2008). The literature is rich with a range of documents and methodologies from different sectors that aim at guiding organisations in establishing proper risk-management, including risk-assessment. However, adopting one of these existing risk-management methodologies and risk-assessment methods can be quite an expensive exercise (Webb, Ahmad, Maynard & Shanks, 2014). Furthermore, the literature reveals that the diffusion of these methodologies has been very limited due to the lack of awareness, the high cost, the need for expertise and the long process (Saleh & Alfantookh, 2011).

Although there is a range of documents available for assisting organisations with sound risk-management activities, some of which have been developed by reputable industrial organisations, and some proposed in research (Cherdantseva, Y., Burnap, P., Blyth, A., Eden, P., Jones, K., Soulsby, H. & Stoddart, K., 2015), there is still a lack of risk-management activities within the local government context. As previously stated, this can be attributed to a number of factors, including the issues highlighted by the Auditor-General of South Africa (AGSA) in his most recent audit reports.

Chapter 9, section 188 of the *Constitution* recognises the AGSA as a State institution that supports constitutional democracy (*Constitution of South Africa*, 1996). One of the functions of the Auditor-General in local government is to audit and report on all accounts, financial statements and the financial management of municipalities, all national and provincial state departments, including any other institution required by law to be audited by the AGSA. The Auditor-General conducts annual audits of, among others, local government.

Based on the most recent audit outcomes of the AGSA, IT controls, which include IT governance, are still considered to be a risk area that requires attention (Auditor-General of South Africa, 2014). Furthermore, the AGSA states that IT controls within local government are developed without considering IT risks, and they are not informed by threats and weakness assessments (Auditor-General of South Africa, 2014). In trying to address the issues identified by the Auditor-General in regard to sound IT governance, various municipal frameworks for sound

governance of IT have been developed (South African Local Government Association, 2012). However, during the implementation of the aforementioned frameworks, risk-management remains an issue, as these frameworks frequently fail to address how risk-management activities, particularly risk-assessment, can be achieved in local government (Auditor-General of South Africa, 2014).

Following the above discussion, this research study proposes a scenario-based IT risk-assessment approach for local government that is informed by the capacity issues of a typical South African local government. To achieve the above-mentioned, the rest of the paper is structured in a way that first presents the research design followed by the study. Thereafter, a discussion on the state of local government regarding IT risk-assessment is provided. Following that, there is a discussion on the limitations of existing risk-management and risk-assessment methods. A discussion on the capacity issues faced in local government is provided, which also looks at a possible solution for IT risk-assessment in local government. Finally, this paper presents a discussion on the scenario-based IT risk-assessment, which is the proposed solution, and this discussion is then followed by the conclusion.

## **RESEARCH DESIGN**

This research study was conducted within the problem-solving paradigm, particularly within the IT domain and it, thus, followed a design-oriented information systems (IS) research approach. Design-oriented (IS) research, as stipulated by Osterle, H., Becker, J., Ulrich, F., Dimitris, K., Loos, P., Mertens, P.

& Sinz, E. (2011) consists of three entities, namely: (1) people; (2) information and communication technology; and (3) the relationships between these entities. Following an iterative cyclic process, and by making use of other research methods from other disciplines, the design-oriented (IS) research approach aims at producing refined artefacts and instructions for implementation that would benefit the stakeholders of the organisation. Moreover, the design-oriented (IS) research follows a cyclic refinement process for the developed artefact.

In following the cyclic nature of the above-mentioned research design, the proposed scenario-based IT risk-assessment was developed and refined through four cycles. Cycle 1 comprised a literature review, which was conducted to gain a better understanding of the local government environment and the situation with regard to IT risk-management and risk-assessment in local government. A series of documents, ranging from constitutional documents, audit reports, and standards and best practices, were studied and reviewed. Subsequently, these were used as input for the development of the initial draft of this artefact. Moreover, the information obtained from the literature review provided the motivation for this study. Accordingly, once the initial draft of the scenario-based IT risk-assessment was developed, cycle 2 commenced by conducting recurring semi-structured interviews with IT officials, as well as a risk officer, from a large district municipality in South Africa. The semi-structured interviews were used as a platform for refining the artefact, which is the scenario-based IT risk-assessment. Feedback from these interviews was used as input for refining the artefact during cycles

3 and 4. The final artefact was presented at a workshop with 22 participants from local municipalities around the Eastern Cape. Furthermore, the workshop was used as a means of testing whether the scenario-based IT assessment had met the set of predefined criteria.

## **INFORMATION TECHNOLOGY (IT) RISK-MANAGEMENT – A PROBLEM IN LOCAL GOVERNMENT**

In addressing the lack of sound risk-assessment in local government, it is imperative for this research study to assess and identify the difficulties that local government is experiencing with managing IT risk.

The *Constitution of South Africa*, 1996, is said to be one of the most progressive constitutions in the world; and it is the supreme law by which the country should be governed (*Constitution of South Africa*, 1996). It is stated within the *Constitution* that South Africa is governed by three spheres of government. These are the national, provincial and local spheres of government. These spheres of government are distinctive, interdependent and interrelated, meaning that they function independently. Nonetheless, they rely on each other to achieve the common goal of service excellence by delivering quality and sustainable services in an economic manner (*Constitution of South Africa*, 1996).

The local sphere of government, as stated by the *Constitution of South Africa*, consists of municipalities that are established throughout the country. Each municipality has the right to govern – in its own

capacity – the local government affairs of its own community in accordance with the national and provincial legislation (South African Local Government Association, 2012). Moreover, these municipalities are categorised according to their financial management capacity as low, medium and high-capacity municipalities. Some of these municipalities are established in rural and urban settings across local, district and metropolitan municipalities (South African Local Government Association, 2012). Another element that is considered in the categorisation of municipalities is the resource availability, within the given area, in which the municipality is established. Each municipality falls into one of three categories: poor, adequate and resource-rich. When combined with the financial-management capacity, a municipality can be established as: rich in resources and high-capacity; adequate resources and medium-capacity; poor resources and medium-capacity; and, finally, poor resources and low-capacity. Unfortunately, about 30% of municipalities in South Africa fall within the poor resources and low-capacity category (South African Local Government Association, 2012). This means that municipalities in this category have limited financial resources and insufficient human resources, including a lack of notable IT personnel skills.

The goal of local government, in accordance with the requirements of the *Constitution*, can be summarised as follows: to provide service delivery to the communities while promoting socio-economic development and growth (South African Local Government Association, 2012; PriceWaterhouseCoopers, 2009; *Constitution of South Africa*, 1996). Organisations in the digital and information

age make use of IT to ensure that their business objectives are attained (Information Systems Audit and Control Association, 2009). Local government is no exception, since the protection of IT within local government ensures that the confidentiality, integrity and availability of state information is preserved and can continue to enable service delivery (Auditor-General South Africa, 2014). It is, therefore, essential for IT to be effectively governed and managed in order to promote security within the IT environment in local government (Auditor-General of South Africa, 2014).

Effective governance of IT includes adequate management of the risks within the given context in local government (The Institute of Directors in Southern Africa, 2009). Best practices, such as the KING III code for corporate governance, stipulate the importance of regular IT risk-management activities within the corporate governance of IT. These activities, when conducted adequately, can positively impact the decision-making process within government institutions (PriceWaterhouseCoopers, 2009).

Successful risk-management depends on an accurate risk-assessment of the overall IT environment, thereby rendering risk-assessment a key activity within the process of managing risks. In principle, IT risk-assessment is an approach that organisations can employ to identify and rank IT-related risks within their environment. This activity ensures that appropriate controls and measures are put in place to safeguard the IT environment, and that IT risks are prioritised according to their significance (Information Systems Audit and Control Association, 2009).

In recent audit reports produced by the AGSA, it was established that local government is struggling with the implementation of sound techniques for managing IT risks. As was mentioned before, one of the functions of the AGSA is to audit and report on all accounts, financial statements and the financial management of municipalities, provincial and national state departments, which are required to be audited by law (Auditor-General of South Africa, 2014). In fulfilling the aforementioned function, the AGSA conducts annual audits of, among others, local government. Based on the outcomes of the most recent audit reports, IT controls form some of the key aspects that the AGSA describes as key risk areas that need to be addressed in local government to achieve sustainable clean audits. The audit of IT controls performed by the AGSA includes assessment in the areas of IT governance, security management, user-access management and IT service continuity (Auditor-General of South Africa, 2014).

Based on the findings reported by the Auditor-General, and his recommendations to improve the status of IT controls as an identified risk area, a set of documents and guidelines has been put in place to provide guidance for better governance of IT. Such documents include the Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF), (South African Local Government Association, 2012), which has recently been amended to the Municipal Corporate Governance of Information Communication Technology Policy (MCGICTP) (South African Local Government Association, 2012).

These documents aim to provide local government with a solution for better IT governance

in local government. However, recent audit findings report a low adoption rate of the aforementioned guidelines in local government. Based on the outcome of discussions, which were conducted with local government officials during the course of this study, the reluctance to adopt and implement these guidelines can be attributed to issues such as the level of complexity (these guidelines are difficult to understand and implement) as well as scalability (they do not cater for all the different types of municipalities, especially the poor resources and low-capacity municipalities) and usability. Furthermore, they are not easy to use as they require a certain level of skill. Thus, they are failing to add value to the local government.

Even with guidelines such as the MCGICTP being put in place, IT controls in the area of IT governance are still considered a risk area by the Auditor-General. This, by default, impacts the status of IT risk-management activities within local government, since one of the essential functions of IT governance is risk-management (Saleh & Alfantookh, 2011). Moreover, the AGSA, in regard to the issue of managing IT risks in local government, suggests recommendations that, along with the establishment of an IT governance framework that supports the objectives of local government, should be an implementation of appropriate risk-management activities to ensure regular risk-assessments.

The Auditor-General further states that the risk-assessments should include the consideration of IT risks (Auditor-General of South Africa, 2014). It is evident from the above discussion that local governments, like any other organisation, should perform sound risk-management activities that would

ensure that local government preserves its IT environment and resources (ISO/IEC 27005, 2008). Risk-management is a core process that is necessary for the implementation of the sound governance of IT (The Institute of Directors in Southern Africa, 2009). When this process is implemented adequately, a number of benefits are likely to follow. Moreover, if local government can address their risk-management activities successfully, this, as a consequence, may assist in addressing the issues identified by the AGSA as key risk areas regarding IT controls.

A variety of risk-management methodologies exist in the literature and organisations, which make use of IT, may adopt these measures to safeguard their IT environments (Saleh & Alfantookh, 2011). These methodologies will be discussed further in the following section while identifying the constraints of each methodology.

## **CONSTRAINTS WITH IT RISK-MANAGEMENT METHODOLOGIES**

It was established, in the previous section of this study, that risk-management is a core process within the sound governance of IT. Best practices, such as the KING III code, also echo the importance of this process and the role that it plays in ensuring the safety of the IT environment in any organisation. Currently, the literature is rich with a range of different IT risk-management methodologies and IT risk-assessment methods that exist (Papadaki & Polemi, 2007). Some of these are established by national and international organisations, while some are developed by professional institutions (Cherdantseva *et al.*, 2015). These frameworks, although they differ in some aspects, all share common

objectives which are to: (1) identify a risk; (2) estimate a risk value; and (3) prioritise the risk and provide the most suitable controls to reduce the risk to an acceptable level (Saleh & Alfantookh, 2011).

IT risk-management can be described as the primary means whereby organisations aim to preserve the confidentiality, integrity and availability of their information resources (Webb *et al.*, 2014). A definition of this process, as adopted in ISO 27005 (ISO/IEC 27005, 2008) is: "coordinated activities to direct and control an organisation with regard to risk" (ISO/IEC 27005, 2008). This process encompasses other significant activities, however, and it relies largely on the IT risk-assessment activity. The IT risk-assessment activity, according to ISO 27005 (ISO/IEC 27005, 2008), consists of two primary activities, namely risk analysis and risk evaluation.

Risk analysis deals with the identification of a risk and the estimation of its size, while the latter deals with the evaluation of the risk based on evaluation criteria. A suitable definition for this activity is the "overall process of risk identification, risk analysis and risk evaluation". The value of this activity lies in the fact that it follows an iterative approach that allows for emerging risks to be identified. This iterative approach makes it easy to balance the amount of time and effort spent on identifying suitable controls and adequately prioritising risk (ISO/IEC 27005, 2008).

As important as it is to perform a risk assessment, it is also important to note that this can be a very expensive activity to undertake (Saleh & Alfantookh, 2011). In spite of

all the risk-management frameworks and standards that exist in the literature, and which are being adopted or partially adopted, research indicates that the practice of the current risk-management methods within organisations, such as local government, has been very limited (Saleh & Alfantookh, 2011). This can be attributed to a number of reasons, such as: (1) the lack of awareness; (2) the high implementation cost; (3) the high need for expertise; and (4) the level of complexity associated with these methods (Saleh & Alfantookh, 2011).

Thus, local government in South Africa is not thoroughly equipped with the essential skills and the resources necessary for the adoption of the above-discussed risk-management and risk-assessment methods (South African Local Government Association, 2012). Consequently, a risk-assessment method that fits the contexts and meets the capacity of local government could be the solution to address the issues identified by the AGSA in regard to the risk-management process.

## **AN IT RISK-ASSESSMENT METHOD TO MEET THE CAPACITY OF LOCAL GOVERNMENT**

The previous section highlighted a number of risk-management methodologies and risk-assessment methods that exist. These provide organisations with a means for addressing risk-management. However, as was previously stated, the lack of capacity of the South African local government prevents the adoption of these. An alternative approach for local government in its IT risk assessment is proposed in this section. The proposed approach aims to satisfy the level of capacity of local government in South Africa.

It has been established, in previous sections, that municipalities in South Africa are categorised on the basis of their financial management capacity. The categorisation of municipalities ranges from low-capacity to medium-capacity and, finally, to high-capacity (South African Local Government Association, 2012). Low-capacity municipalities are those municipalities that experience challenges with the financial management of their municipalities (Department of Cooperative Governance and Traditional Affairs, 2009). Capacity, in the context of local government, refers to the "availability of, and access to, physical resources such as human, financial, material and technological resources, and having the requisite knowledge to implement policies and service delivery" (Department of Cooperative Governance and Traditional Affairs, 2009). Moreover, capacity likewise refers to intangible resources such as commitment to, and leadership in, the implementation of policies (Koma, 2010).

The report on the State of Local Government in South Africa, issued in 2009 by the Department of Cooperative Governance and Traditional Affairs (COGTA), provides an evaluation of the state of local government in regard to, among other things, the capacity of local government where financial management is concerned. Furthermore, the report reviews the level of skills development and expertise within the local government. The report states that a large number of municipalities, in South Africa, struggle to obtain and retain skilled managers, professionals and technicians (Department of Cooperative Governance and Traditional Affairs, 2009).

In the same vein, a report published by the South African Local Government Association

(SALGA) confirms that there is a noticeable skills gap in local government where IT expertise is concerned. A majority of professionals in local government are under-qualified for their positions and their level of skills and expertise cannot manage a real-life IT crisis (South African Local Government Association, 2012). Additionally, municipalities are in financial distress, because of their inability to implement effective financial management on their own initiative (Department of Cooperative Governance and Traditional Affairs, 2009).

Based on the above discussion, it is impossible for local government to effectively adopt a comprehensive IT risk-management framework that includes a detailed risk assessment, as this is an expensive exercise (Webb *et al.*, 2014).

One of the challenges with the adoption of a comprehensive best practice framework, such as an IT governance framework or a risk-management framework such as CRAMM, is that it requires awareness, education and training and these do not occur easily. Furthermore, the training of professional staff from different backgrounds can be expensive and time-consuming (Saleh & Alfantookh, 2011). Considering the fact that local government staff is comprised of professionals who are under-qualified for their position and lack the relevant IT skills, local government is constrained from adopting these comprehensive risk-management and risk-assessment methods (Department of Cooperative Governance and Traditional Affairs, 2009).

One may argue that research indicates that risk-management methodologies, such as



CRAMM, were developed specifically for local governments (Webb *et al.*, 2014) and, therefore, they should be implemented easily in the local government sphere. However, that is not the case. The lack of capacity of local government in South Africa prevents the adoption of these sophisticated methods.

The Auditor-General's audit outcomes report a lack of adequate risk assessments in South African local government – even with the implementation of frameworks that have been developed specifically for local government. The diffusion of the existing risk-management frameworks in local government is quite limited. This research study has attempted to further investigate what could be preventing local government from adopting these already existing, comprehensive risk-management and risk-assessment methodologies. Based on the semi-structured interviews conducted with local government IT officials from a district municipality in South Africa, the following constraints were discovered: methods such as CRAMM, COBIT 5 framework and the like are perceived in local government to be very complex. Additionally, they are not usable within the context of local government due to the lack of adequate financial management and skills capacity in local government, as was previously explained. Lastly, these methods are not relevant to the context of local government and they are not scalable, meaning that these methods do not cater entirely for the different municipalities that exist in South Africa. The local government officials also attest that a typical South African local government in the category of poor resources and low-capacity cannot afford to adopt these methods.

It is imperative to note that the importance of regular IT risk assessment is well understood within the context of local government (South African Local Government Association, 2012). Furthermore, the implementation of regular IT risk-assessment activities, within local government, is in line with the recommendations that are provided by the AGSA (Auditor-General of South Africa, 2014). However, it is evident that local government is in need of an alternative method to approach their IT risk-assessment activity for improved IT risk-management.

In order for local government to improve its state in regard to risk-assessment activities, it needs a risk-assessment approach that is in line with the capacity of local government. This method needs to take into consideration the capacity of local government in regard to its financial, technological and human resources, and the skills gap in local government. In doing so, the method, therefore, should meet the criteria as set out below:

- Scalability – accessible to a South African local government.
- Usability – consider the skills and expertise in a South African local government and be usable in that regard.
- Efficacy – useful and able to cater for the needs of a South African local government.
- Quality – to be able to provide value in a South African local government context.

This article proposes a scenario-based IT risk assessment as an approach that would aid local government with their IT risk-assessment activity and, thus, improve the

process of managing IT risks within this context. The development of this approach is informed by the capacity issues identified in local government and, as a consequence, the scenario-based risk assessment will be supported by a spreadsheet tool to enhance usability and efficacy.

## **A SCENARIO-BASED IT RISK ASSESSMENT FOR LOCAL GOVERNMENT**

The previous section discussed how capacity issues, within local government, constrain the implementation of traditional risk-assessment methods. The need for a more local government-friendly method was realised. Thus, this section aims to propose a scenario-based IT risk-assessment approach for local government to implement towards better IT risk-assessment.

IT risk, whether recognised or unrecognised by an organisation, is always present if the organisation has embraced IT (Information Systems Audit and Control Association, 2009). According to the Information Systems Audit and Control Association (ISACA), IT risk can be categorised into three categories (Information Systems Audit and Control Association, 2009), namely:

- IT value or benefit – which addresses the failure of an organisation to utilise IT for new business opportunities, or to improve the efficiency and effectiveness of business processes.
- IT programme and project delivery – which addresses the failure to ensure that IT contributes to improving business solutions.

- IT service operations and service delivery – which is associated with the performance of IT systems and services to ensure the sustainability of value in an organisation.

For this reason, it is critical that organisations identify emerging IT risks and manage them according to their significance. As for local government, if they fail to successfully identify any emerging IT risks and to manage them, the manner in which service delivery is administered can only be negatively affected.

One of the most challenging issues of risk-management is identifying and appropriately prioritising risks within the IT environment, so that the outcome of this activity can help with the employment of appropriate control measures for the IT risk identified (Information Systems Audit and Control Association, 2009; Syalim, Hori & Sakurai, 2009). As overwhelming as it may be, risk assessment is an important activity that needs to be conducted by any organisation concerned with preserving the health of its IT environment (Whitman & Mattord, 2010).

This process provides a means whereby an organisation can identify and prioritise its IT risks (ISO/IEC 27005, 2008). One of the ways to overcome the challenge of conducting an adequate risk assessment, which meets the requirements of one's environment, is by making use of IT risk scenarios (Information Systems Audit and Control Association, 2009). Such a technique brings a sense of "realism, insight, organisational engagement, improved analysis and structure to the complex matter of IT risk" (Information Systems Audit and Control Association, 2009). IT risk scenarios originate from the COBIT 5 publication for

Risk IT, where an IT risk scenario is defined as "a description of an IT-related event that can lead to a business impact, when and if it should occur" (Information Systems Audit and Control Association, 2009).

The COBIT 5 (COBIT for Risk) framework requires the development of the IT risk scenarios to be a combination of two approaches. These are described as the bottom-up and top-down approach. The bottom-up approach applies a set of generic scenarios defined and customised for a specific environment. The top-down approach, on the other hand, applies the use of the organisation's objectives to determine IT risk scenarios that are likely to impact the business or organisation. Both of these approaches have a significant role to play in the development of IT risk scenarios. Therefore, they must be used simultaneously (Information Systems Audit and Control Association, 2009). Moreover, an IT risk scenario must be relevant to a real risk.

The proposed scenario-based IT risk-assessment in this article utilises the development of IT risk scenarios as adopted from the COBIT 5 for Risk framework. The COBIT 5 for Risk provides 36 high-level IT risk scenarios that can be used as a basis for the development of more IT risk scenarios (Information Systems Audit and Control Association, 2009). Additionally, the scenario-based IT risk-assessment, in developing the IT risk scenarios, makes use of the threat list provided by the ISO 27005 (ISO/IEC 27005, 2008) standard to inform the IT risk scenarios. Subsequently, the criteria for estimating the size of a risk are adopted from the ISO 27005 (ISO/IEC 27005, 2008).

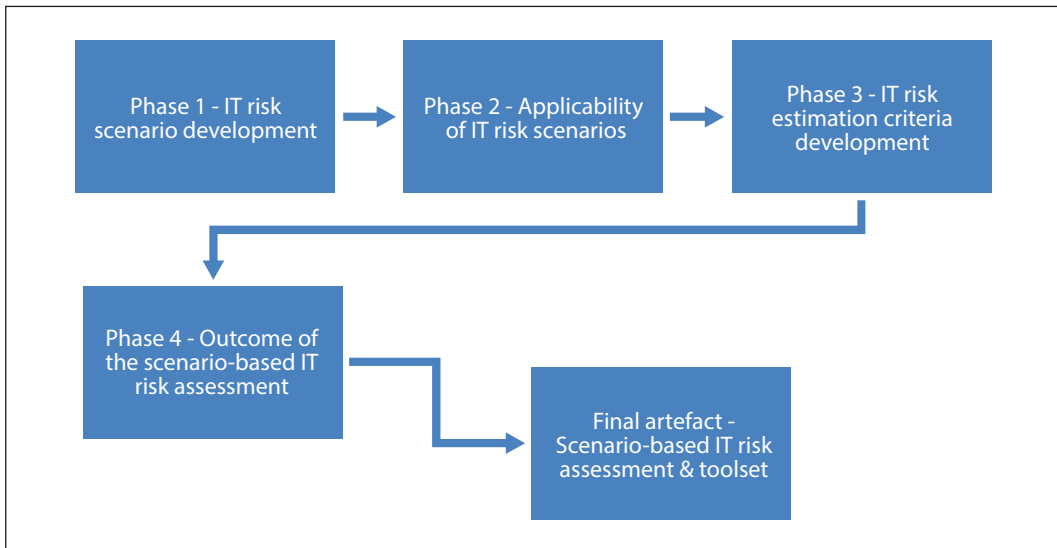
In essence, the foundation of the scenario-based IT risk-assessment is a combination of

best practices, such as the COBIT 5 for Risk framework, and standards, such as the ISO 27005 standard. Further details regarding what constitutes the development of the IT risk scenarios for the scenario-based IT risk-assessment will be provided in the latter parts of this section. To ensure that the proposed scenario-based IT risk-assessment satisfies the criteria listed in Section 5 of this study, the following process model, as depicted in Figure 1 on the following page, was derived. Each phase of the process model will be discussed further.

**Phase 1** of the process model concerns the development of the IT risk scenarios that are relevant to the context of local government. As was previously stated, the IT risk scenarios were developed by using a top-down and bottom-up approach. Both of these approaches were defined at the beginning of this section. In producing IT risk scenarios using the top-down approach, a variety of documents were reviewed; these included the *Constitution of South Africa*, the municipal Integrated Development Plan (IDP), a risk register from a large district municipality in the Western Cape and the MCGICTP. The reason for reviewing these documents was to determine the goals that local government has, and to ensure that the IT risk scenarios support these goals. Furthermore, the exercise of reviewing these documents gave insight into the typical IT risks to which a municipality in South Africa may be exposed. Essentially, this exercise enabled the development of municipal IT risk scenarios.

The bottom-down approach, as was mentioned, was also applied and the generic IT risk scenarios provided within the COBIT 5 for Risk framework were customised for

**FIGURE 1: Scenario-based IT risk-assessment process model**



Source: Author

the context of local government. Once the scenarios were developed, phase 2 of the process model commenced.

**Phase 2** of the process model concerns testing the applicability and the relevance of the developed municipal IT risk scenarios. As was mentioned, this research study followed a design-oriented Information Systems (IS) research design. Therefore, once the IT risk scenarios were developed, they were tested for applicability and relevance through semi-structured interviews that were conducted with local government officials. Phase 2 formed part of the cyclic refinement process of the scenario-based IT risk-assessment. The feedback from the semi-structured interviews was used to further refine and municipalise the IT risk scenarios in order to meet the context of local government. This would ensure that, when local government officials made use of the scenario-based IT risk-assessment, they would understand clearly what

each IT risk scenario implies. Thereby, they were making sure that the scenario-based IT risk-assessment was usable. The relevancy of the IT risk scenarios would ensure that the scenario-based IT risk-assessment was understood, making the scenario-based IT risk-assessment a quality tool that adds value to local government. Consequently, through testing the applicability and the relevance of the IT risk scenarios, it was easy to establish whether the IT risk scenarios applied to all types of municipalities, especially those in the poor resources, low-capacity category. In other words, the scalability of the scenario-based IT risk-assessment was tested.

**Phase 3** of the process commenced immediately after the applicability and the relevance of the IT risk scenarios had been confirmed by the local government officials during the cyclic refinement process. The objective of phase 3 was to determine the estimation criteria for each risk identified through the IT

risk scenarios. The criteria that were chosen for estimating the risk size were adopted from the ISO 27005 standard. Once the criteria were established, the calculation of the risk size was included in the toolset for the scenario-based IT risk-assessment. At the end of phase 3, the scenario-based IT risk-assessment was composed of the following: IT risk scenarios, the applicability of scenarios, and the calculation for the size of the underlying IT risk identified with each applicable IT risk scenario.

**Phase 4** of the process model presented the artefact, which was composed of the prioritised list of all identified IT risks in local government, based on the scenario-based IT risk-assessment. The final artefact is the automated scenario-based IT risk-assessment in the form of the toolset. Essentially, the goal of this scenario-based IT risk-assessment exercise is to help the local government to identify the IT risks within their context, and to help them implement the appropriate control measures in a proactive manner in order to address the IT risks. This scenario-based risk-assessment aims to achieve this by ensuring that it is scalable to local government and especially to resource-restricted municipalities within the poor resources and low-capacity category. Moreover, usability, efficiency and quality play an important role if this scenario-based IT risk-assessment is to add value to the local government.

During the development of the IT risk scenarios, each was tested to see whether they met and satisfied the capacity and the context of local government. Consequently, the automated scenario-based IT risk-assessment was further developed to meet the set criteria in Section 5. To validate whether the

scenario-based IT risk-assessment met the criteria, it was first validated with local government officials.

## **Validation**

This research study established a scenario-based IT risk-assessment for local government. The previous section described the phases of development of the scenario-based risk-assessment by means of a process model composed of four phases. This section aims to describe how the scenario-based IT risk-assessment was validated to ensure that it satisfied the criteria defined in Section 5 of this study.

The criteria set for the scenario-based IT risk-assessment in Section 5, of this study, state that scenario-based IT risk-assessment should be scalable, usable and provide efficacy and quality. The scenario-based IT risk-assessment had to satisfy these criteria in order for it to be adoptable and implementable in local government.

To test the validity of the above-mentioned criteria, the scenario-based IT risk-assessment was presented in a workshop. The workshop was attended by 22 local government officials from local municipalities around the Eastern Cape. The participants were from different departments within their municipalities, such as the IT department and the finance department although the majority of them were from the IT department. These participants were presented with the scenario-based IT risk-assessment by means of an MS Excel spreadsheet toolset, and they were required to perform a risk-assessment exercise. No detailed instructions were given to them as to how they should perform the risk-assessment

exercise by using the scenario-based IT risk-assessment toolset.

Once they had completed the risk-assessment exercise, a feedback survey, in the form of a questionnaire, was distributed to them so they could complete it and respond to it.

## **Validation Results**

Based on the data gathered from the feedback survey form that was distributed at the workshop, a majority of the participants agreed that the scenario-based IT risk-assessment had addressed the issues of scalability, usability, efficacy and quality. The participants' feedback stipulates that the scenario-based IT risk-assessment must meet the predefined criteria in Section 5 of this paper. However, the feedback did provide other elements which could be applied to refine the scenario-based IT risk-assessment. These included developing the scenarios to be more specific and easier to understand. The feedback would be taken into consideration and applied to the scenario-based IT risk-assessment.

## **CONCLUSION**

IT has pervasively become an important aspect of conducting business within organisations. Its use guarantees a number of benefits and, in the case of local government, it enhances the manner in which service delivery is administered. It cannot be denied that IT is an important asset within organisations, including local government. However, the use of IT also presents significant risks to the organisation. These can be managed through effective risk-management methods. Risk-management is one of the key focuses of IT governance. When implemented

appropriately, the risk-management process can help organisations to reduce the impact of IT risk and to bring it down to acceptably low levels.

An important activity within the risk-management process is that of risk-assessment. Risk-assessment enables organisations to identify, evaluate and estimate the risks associated with the use of IT. Organisations, including local government, are encouraged (by best practices such as KING III) to implement sound risk-management activities, including risk-assessment. This would provide them with the opportunity to protect and preserve their IT environment.

The literature is rich with methodologies and frameworks for risk-management and risk-assessment. These aim to provide guidance to organisations on how they can implement successful risk-management and risk-assessment activities. However, the implementation of the existing methodologies and frameworks for risk-management and risk-assessment is a challenge for local government. Implementing any of the existing risk-management and risk-assessment methodologies and frameworks requires a high level of expertise and solid financial resources. Local government in South Africa lacks highly skilled IT personnel and it struggles with financial management. The capacity of local government, where financial resources and IT skills are concerned, prohibits the successful use and implementation of the existing risk-management and risk-assessment frameworks. In order to successfully conduct adequate risk-assessment activities, local government is in need of a risk-assessment approach that meets the capacity issues of local government.

Thus, the purpose of this article was to propose a scenario-based IT risk-assessment that is informed by the capacity issues in local government. The scenario-based IT risk-assessment is a self-implementable toolset that local government may make

use of to enhance its risk-assessment activity and, thus, improve the risk-assessment results. Having better informed risk-assessment results would positively influence the decisions on how IT risks can be managed within local government.

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# DETERMINANTS OF RECYCLING BEHAVIOUR IN RURAL TOWNS OF SOUTH AFRICA: THE CASE OF ALICE

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## ABSTRACT

Waste not only poses a threat to the ecology but also to human life. One major way of addressing the threats posed by waste is through recycling, not only to create a clean environment, but also to provide socio-economic benefits for recyclers. While the South African government has made commitments to ensure sustainable waste management programmes, feasibility studies conducted in Alice indicate the town is currently facing environmental and health hazards as a result of the build-up of waste and clandestine disposal sites. The article focuses on understanding what influences recycling and contributes to increased recycling activities in the town. Given the nature of the populace in Alice, illegal dumping and low recycling activities are prevalent. A number of socio-economic factors, including perceptions and attitudes, significantly influence participation in recycling in small towns of South Africa. The study, therefore, recommends programmes on public awareness or enlightenment on environmental and health education, and the enforcement of

environmental and waste disposal protection. Stakeholder collaboration of both government and private agencies and community ownership will go a long way in promoting recycling programmes.

**Keywords:** Determinant, recycling, waste, management.

## INTRODUCTION AND BACKGROUND

Globally, waste is viewed as both an environmental challenge and a potential contributor to sustainable development (Simelane & Mohee, 2012). The United Nations Environment Programme (UNEP, 2013) report highlights that the simultaneous increase in resource scarcity and growth in waste market and technological advancement has caused people to view waste as a resource. In the Rio+20 conference held in Brazil, in 2012, an international sustainable environmental governance framework that promotes economic, social and other environmental needs was reaffirmed (United Nations Conference on Sustainable Development, 2012). The secretary of the

United Nations stressed international multilateralism in contributing to the implementation of the resolutions of the Rio+20 conference (UNCSD, 2012). In light of this, Simelane and Mohee (2012) point out that in the context of integrated environmental management, Third World nations, without the exception of South Africa, also have a role to play in contributing to human development through the implementation of sustainable integrated waste management strategies.

The commitment to a clean and safer environment by South Africa, which was a signatory to the Rio+20 conference resolutions held in Brazil, in 2012, was reinforced by the signing of the Polokwane Declaration of 2000, which emphasised a zero waste management framework (Department of Environmental Affairs and Tourism, 2012). This was necessitated by the fact that developing countries have experienced unprecedented levels of littering of solid waste in both urban and rural areas (Davey, 2012; Feng & Reisner, 2011). Human health and ecology is under threat due to the illegal dumping of solid waste (Kofoworola, 2007). Recycling has, therefore, been recognised globally as a mechanism to reduce littering and illegal dumping (Scharfe, 2010) and as a resource recovery mechanism (Julen, Ana & Azucena, 2015).

In Alice, the municipality has made serious commitments in implementing integrated sustainable solid waste management to address solid waste management problems. Notwithstanding this, littering has been very prevalent in Alice, indicating that the recycling of solid waste, as a mechanism to curb littering, is problematic. The high-level feasibility study conducted in Alice by APSIRE (2010) indicates that litter is a

major problem and that, until this waste has a value attributed to it through recycling programmes, there is little hope that litter will be eradicated in Alice. Alice has a small general waste site, which services both Alice and Fort Beaufort. Although the waste site holds a permit, its operation does not adhere to the license conditions. Critical permit violations are:

- There is no access control at the waste site.
- Refuse is dumped all over the site, which shortens the lifespan of the site.
- Waste is burnt, which is an environmental hazard.
- There is no equipment or machinery for the daily operation of the site, nor is there any material covering the daily waste.
- The guard house is burnt and there is no security or personnel on site to manage the dumping.
- Scavengers (people and animals) are feeding on the dumped refuse.
- No recycling activities or initiatives are taking place.
- Since waste is not checked as it enters the site, the possibility of hazardous waste entering the site and leachate ending up in the landfill, without precautionary measures, is a serious concern.

It is, therefore, crucial to understand the determinants of recycling behaviour in communities in order to make solid waste recycling

sustainable and effective as emphasised by Botetzagias, Malesios and Chrisovaladis (2015).

## **LITERATURE REVIEW: WASTE MANAGEMENT AND RECYCLING**

European countries have tried to improve their recycling rate, reaching an average of 24%, with Germany reaching a maximum recycling rate of 45% and Ireland 33% as of 2011 (Byrne & O'Regan, 2014). The accuracy of recycling statistics in Africa remains a challenge, as most of the recycling is done informally and lacks documentation. In 2001, only 1.5% of the waste generated in urban cities of Africa was formally recycled and 3.7% was recycled for all the developing countries (Global Urban Observatory GUO, n.d.). This is despite the socio-economic and environmental benefits associated with waste management and recycling.

In Latin America, recycling cooperatives have proved to be helpful to the municipalities in solving the waste burden and raising income from waste picking (Medina, 2008). While waste picker cooperatives in Jakarta have reduced waste volumes by 30%, the number of waste picker cooperatives in Brazil has reached 500 with a total membership of 60 000 as at 2008 (Medina, 2008). In Nigeria, recycling has been prioritised, but most of it is still informal (Kofoworola, 2007).

South Africa, like other developing countries, is faced with the challenge of waste minimisation where the rate of recycling of solid waste still remains low (Matete & Trois, 2008). While waste collection by the municipalities is still low in South Africa, with a national average of 66% collection, this percentage

does not imply an increase in the recycling levels from a household level (Statistics SA, 2013). The *National Environmental Management Waste Act* (NEMWA) of 2009 specifies that waste must be recycled to the extent that harmful environmental impacts are significantly reduced before the waste is disposed (*National Environmental Management Waste Act*, 2009). In 2001, the Polokwane Declaration on waste management targeted a 50% reduction in landfills and an increase by 30% in recycling by 2012, and to zero waste by 2022. This shows how the government of South Africa has been determined to recycle waste within urban municipalities.

In 2013, recycling continued to increase among different waste material (paper, plastic, metal and glass). However, this does not necessarily imply that the change in the figures is an indication that household recycling behaviour has improved in South Africa. Advancements in waste information systems can have a direct, significant bearing on the waste data figures of any municipality (Godfrey, 2008). However, the waste recycling rate can be scaled up if household level and individual participation in recycling of waste can be encouraged. This can be promoted upon understanding various determinants of recycling behaviour in small towns of South Africa.

Nevertheless, care should be taken when considering the determinants of recycling, as some of the factors are contextual in nature (Corral-Verdugo, 2003; Saphores, Ogunseitán & Shapiro, 2012). One determinant of recycling behaviour cannot be generalised to other geographical contexts. Establishing the determinants of recycling

behaviour in people can provide a solution in environmental protection by gravitating strategies and practices that can appeal to a particular situation. On the other hand, individuals also participate in recycling activities if they derive utility maximisation from engaging in such. This paper, therefore, derives its argument from the utility maximisation theory, as is discussed in the conceptual framework below.

### **CONCEPTUAL FRAMEWORK: UTILITY MAXIMISATION**

The study is premised on the utility maximisation theory for understanding the determinants of the recycling behavioural patterns of the community under investigation. Utility maximisation theory is applicable, since the community has alternative choices in the generation and disposal of solid waste and recycling. Decisions on recycling are made based on the potential of reducing costs and maximising the benefits in the disposal of solid waste (Sidique, Lupi & Joshi, 2013). Utility maximisation, at a household level, suggests that the costs of goods consumed, the pricing of waste material against the difficulty involved in the collection of the materials and the user fees for waste disposal affect the behaviour and demand of solid waste services (Sidique, Joshi & Lupi, 2010a). Where the costs of collection of a particular waste material exceed the marginal benefit, the people's drive to recycle is reduced.

While the types and quantities of solid waste are derived from the consumption of goods, recycling patterns are also determined by the benefits derived from the materials recycled (Sidique, Joshi & Lupi, 2010a).

When waste materials, which are generated as by-products of consumption, have a low utility, individuals are not motivated to participate in recycling, thus, this leads to rampant littering and environmental and health hazards. To fully understand the determinants of recycling in Alice, and as premised in the above framework, the section below presents the methodology employed in the study.

### **STUDY AREA AND METHODOLOGY**

A fieldwork survey was conducted in the five Alice town locations: Gaga, Mavuso, Ntselamanzi, Golf Course and Alice Central Business District. A structured questionnaire was used and data was solicited on demographic, socio-economic and community perceptions and attitudes towards recycling. The sampling unit was 200 households and the respondents were subjected to systematic random sampling.

### **Modelling the Determinants of Recycling Behaviour**

Based on the utility maximisation theory, individuals will participate in recycling if they derive satisfaction in doing so; thus, a respondent will either be willing or not willing to participate in recycling. The probability outcome is represented by  $1$  and  $0$ , where  $1$  represents the willingness to participate in recycling and  $0$  the opposite. Since the choice of recycling is based on utility maximisation, the Logit regression model was used for this study. The discussion of results is based on the assumption that the participants are willing to recycle ( $1$ ) or otherwise ( $0$ ).

The regression model takes the following form as shown in *Equation 1* below:

$$Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \dots + \beta_n X_n + \mu_i$$

where  $Z_i$  is the dependent variable (participate in recycling). The estimates ( $\beta_1 \dots \beta_n$ ) provide information on the nature of the relationship between the dependent variable and explanatory variables, where the dependent variable is on the Logit scale. These coefficient values ( $\beta$ ) measure the expected change in the Logit for a unit change in each independent variable, *ceteris paribus* (Gujarati, 1992). The sign of the coefficient shows the direction of influence of the variable on the Logit and it follows that positive values indicate an increase in the likelihood that an individual will participate in recycling. On the other hand, a negative value shows that it is less likely that a household or individual will consider the alternative of participating in recycling activities.

The explanatory variables considered in this study are described in Table 1 on page 462.

## **RESULTS AND DISCUSSION: DESCRIPTIVE STATISTICS**

### **Age of Respondent**

The results show that the average age of the respondents is 59 years. The findings of other studies (Wang, Zhang, Yin & Zhang, 2011; Sidique, Joshi & Lupi, 2010a) show the significance of age in recycling behaviour where the elderly tend to recycle more than the youth; hence, it is expected that the elderly in Alice participate more in recycling than the youth. Similarly, empirical evidence from other studies on the relationship

between age and recycling show that more middle-aged and older people tend to recycle than the youth (Saphores, Ogunseitan & Shapiro, 2012). Elderly respondents are willing to participate in recycling, because their perception of recycling activities are pro-environmental and display a culture of environmental responsibility. Yet, other studies in Shaanxi, China show that age does not affect behaviour towards recycling (Tonglet, Phillips & Read, 2004; Feng & Reisner, 2011).

### **Gender of Respondent**

The results show that 87% of the respondents were female, while 13% were male. The trends, therefore, depict that females are more likely to participate in recycling than men. Some empirical evidence from other scholars depicts women as having more pro-environmental behaviour than men (Torgler, García-Valiñas & Macintyre, 2008; Yin, Gao & Xu, 2014). This could be due to the roles that women play in households, which include handling and managing the day-to-day goods and the disposal of the packaging materials. However, some scholars (Guagnano, Stern & Dietz, 1995) show that gender is not a significant factor influencing recycling behaviour because of the lack of clearly defined family roles as in the case of Third World countries (Davey, 2012).

### **Marital Status**

The results show that 62% of the respondents were married, suggesting an increased participation in recycling as the couple share knowledge on waste management and recycling. Married couples generate more solid waste than other individuals and this

can increase their propensity to recycle. Evidence from previous studies (Torgler, García-Valiñas & Macintyre, 2008; Sidique, Lupi & Joshi, 2010b) also shows that married individuals have a higher probability of participating in recycling activities. On the other hand, a study in the United States revealed an insignificant relationship between marital status and recycling behaviour (Saphores, Ogunseitan & Shapiro, 2012).

### **Education Level of Respondent**

The results depict that only 23% of respondents received a formal education, while 77% did not have access to formal education. This has negative consequences with regard to participation in recycling, as low levels of education suggest low literacy, despite the importance of environmental education in influencing recycling behaviour in communities (Yin, Gao & Xu, 2014). Environmental education instils moral responsibility towards environmental protection (Pakpour, Zeidi, Emamjomeh, Asefzadeh & Pearson, 2014).

### **Employment Status of Respondent**

In poor communities, recycling can encourage the unemployed to participate (Corral-Verdugo, 2003). In South Africa, community-based organisations (CBOs) encourage the unemployed poor to participate in recycling and waste separation activities as a way of alleviating poverty and cleaning the environment (Karani & Jewasikiewitz, 2006). The results reveal that a total of 80% of the population is unemployed, which suggests that more individuals could participate in recycling as a source of income. In as much as the effect

of employment may be considered to be the same as increasing recycling behaviour for income (Ramos, Labandeira & Löschel, 2016), employment status, in fact, has an influence on the time at disposal for engaging in recycling activities (Sidique, Lupi & Joshi, 2013). Contrary to this, other studies on the influence of employment status have shown that employment status, in itself, does not influence recycling behaviour (Minton, Kahle & Kim, 2015; Ramos, Labandeira & Löschel, 2016).

### **Income Level of Respondent**

Although the average monthly household income in South African black communities, such as Alice, is benchmarked at US\$498 (Statistics SA, 2012), the average income in Alice remains low at US\$257, which suggests that engaging in recycling can supplement these low income levels in Alice. Low income levels push people to participate in income-generating recycling projects, particularly in Third World countries (Medina, 2008). In addition, people with low incomes tend to extend the life of materials compared to those with high incomes, implying that income has a significant role in influencing recycling behaviour (Darby & Obara, 2005). Based on Medina's (2008) finding, one expects, therefore, to witness an increased recycling rate in Alice. Conversely, a study, in Mexicalli City, Mexico, shows that household income does not have any influence on recycling behaviour (Márquez, Ojeda & Hidalgo, 2008). This could be because poor people, who lack the means of transport to get to the recycling facilities, also tend to be discouraged from recycling. This suggests that distance and convenience to the recycling centres are important determinants

in recycling behaviour (Wang, Zhang, Yin & Zhang, 2011).

### **Recycling Facilities**

The results showed that 95% of the participants expressed concerns about the convenience of the recycling facilities of the municipality. Alice completely lacks recycling facilities and, as a result, the town is heavily littered with solid waste. The distance and availability of recycling facilities and waste disposal points (bins and dump sites) has an influence on recycling behaviour (Davey, 2012; Suttibak & Nitivattananon, 2008). The convenience of recycling facilities positively influences the participation in recycling among residents (Wang, Zhang, Yin & Zhang, 2011). Nonetheless, coupled with the long distances to the recycling facilities, the nature of the materials also further complicates the recycling behaviour of the households concerned (Sidique, Lupi & Joshi, 2010b).

### **Recycling Incentives**

While 80% of the participants were willing to recycle if there were financial incentives offered for recycling a particular waste product, only 20% were willing to recycle without the financial incentives. Financial incentives motivate participation in pro-environmental behaviour (Musa, Hayes, Bradley, Clayson & Gillibrand, 2013). The government of South Africa has realised the need to enact incentive policies in order to encourage the re-use and recycling of waste (Ginindza, 2012). However, financial incentives have limits in cases where an individual is prepared to forgo the incentive for not making an effort to recycle (Ankinée, 2015). This happens

where the cost of recycling exceeds the monetary incentives; thus, participants are demotivated to continue the recycling operation regardless of how small the activity is (Department of Environmental Affairs and Tourism, 2005).

### **Perceptions and Attitudes of Respondents**

When the perception of people is positive towards environmental protection, they are likely to participate in recycling programmes (Suttibak & Nitivattananon, 2008; Musa, Hayes, Bradley, Clayson & Gillibrand, 2013). The results depict that only 14% of the respondents had a positive perception of environmental protection and human health, suggesting that the respondents' need to participate in recycling is not guaranteed. Perceptions toward environmental protection influence recycling behaviour (Saphores, Ogunseitan & Shapiro, 2012). It has been found that self-perception in pro-environmental values can be instilled in communities to improve their participation in environmental conservation activities (Whitmarsh & O'Neill, 2010).

Positive or negative social pressure can influence recycling behaviour in people (Byrne & O'Regan, 2014). However, caution has to be taken when instilling positive attitudes towards recycling behaviour. Communities need to have positive normative influences towards the moral duty of their environment instilled in them as opposed to money incentives (Halvorsen, 2012). Byrne and O'Regan, (2014) show that in Limerick, Ireland, attitudes and motivation towards recycling is biased towards individuals, rather than being a whole community initiative.

While the above discussion has presented the general direction with regard to what determines participation in recycling, the discussion that follows presents and discusses the nature of the relationship that exists between participation in recycling (dependent) and the determinants of recycling (explanatory variables).

### **Results and Discussion: Logistic Regression Model**

The goodness-of-fit test for a logistic regression model measures the suitability of the model to a given data set. The -2log likelihood is a test value used to determine whether the independent variable has an effect on the dependent variable. It measures the goodness of model employed in the study. The results for the goodness-of-fit test, as shown in Table 1 on the next page, indicate that the model fits the data well. Thus, the results for the Hosmer and Lemeshow Test show that the binary logistic regression model is well suited to predict the influence of the independent variable on the dependent variable. The results of the logistic model are also presented in Table 1.

#### **Age of Respondent**

At the 10% significance level, the analyses show that the age of the respondent is significant to influence the participation of respondents in recycling activities. *Ceteris paribus*, a unit increase in age by one year, results in a 0.944 times decrease in the log-odds of participation in recycling. The negative relationship suggests that the younger the individual is, the higher the probability of participating in recycling activities. Yet, the average age of the respondents was

59 years. This could explain why recycling is low in Alice. Given the nature of work associated with recycling, the youth would have a higher opportunity of cost of labour (Hoag, Ascough & Frasier, 1999) and would not participate in recycling, as they would rather migrate to bigger cities in search of employment.

#### **Marital Status**

Marital status is a significant influence of participation in recycling at the 10% significance level (Sidique, Lupi & Joshi, 2010b). This implies that a unit increase in couples leads to an increased probability of participation in recycling by 1.222 times. Married couples are more motivated to recycle than single people (Halvorsen, 2012) and this could be attributed to the need for more income to supplement family income. However, the results of the study indicate that there were more married couples in Alice and, thus, one would expect increased recycling in Alice.

#### **Education Level**

The level of education has been found to significantly influence participation in recycling at the 1% significance level (Sidique, Lupi & Joshi, 2010b). Accordingly, a one unit increase in the level of formal education increases the probability of recycling by 5.835 times. This, therefore, reveals the importance of educational and awareness programmes regarding recycling.

#### **Employment Status**

A one unit increase in access to employment decreases the probability of recycling



**TABLE 1: Parameter estimates of the logistic regression model**

Variable	Type of measure	$\beta$	S.E.	Sig.	Exp (B)
Age	Actual age of respondent in years	-0.067	0.031	0.091*	0.944
Gender	1=male; 2=female	0.244	0.421	0.530	1.323
Marital status	Dummy (1=married; 0=otherwise)	0.262	0.113	0.080*	1.222
Education level	Dummy (1=formal; 0=otherwise)	1.737	0.627	0.008***	5.835
Employment	Dummy (1=employed; 0=otherwise)	-0.839	0.328	0.002***	3.441
Income	Actual income (Rand)	0.681	0.974	0.563	1.860
Facilities	Dummy (1=access; 0=otherwise)	1.204	0.830	0.345	0.447
Monetary incentives	Dummy (1=access; 0=otherwise)	2.042	0.695	0.003***	8.031
Perceptions <sup>1</sup>	Dummy (1=positive; 0=otherwise)	1.352	0.749	0.072*	3.720
Attitude <sup>2</sup>	Dummy (1=positive; 0=otherwise)	1.646	0.771	0.021**	5.200
Constant		-13.615	3.270	0.000	0.000

\* Significance at 10%; \*\* Significance at 5%; \*\*\* Significance at 1%

<sup>1</sup>This was measured by assessing whether the respondents had positive or negative perception towards recycling

<sup>2</sup>This was also measured on whether the respondents had a positive or negative attitude towards recycling.

Hosmer & Lemeshow Test		
Chi square	df	Sig
5.338	8	0.721
-2log likelihood		82.573
Nagelkerke R2		0.835

Source: Author

by 3.441 times. Unemployed individuals have more discretionary time to engage in recycling activities than the employed (Karani & Jewasikewitz, 2006). Given that unemployment is high in Alice, one would expect a higher probability of participation in recycling. A negative coefficient implies that we would expect more participation in recycling activities by 0.839 times, as a result of a unit decrease in unemployment in Alice.

### Monetary Incentive

With a unit increase in providing an enabling environment to access the monetary incentives to recycle, we would expect the probability of participation in recycling to increase by 8.031 times. Some studies

show that out of the many other forms of incentives, monetary incentives have a significant relationship with recycling behaviour among poor households (Timlett & Williams, 2008). Most poor households in Alice lack formal employment to help them to increase their income and, therefore, they can supplement their income by participating in recycling.

### Perceptions of Respondents

An individual who has positive perceptions towards recycling is expected to participate more in recycling, which suggests a positive relationship between recycling and perceptions. In this study, recycling increases by 3.720 if there is a positive unitary increase in respondent perceptions

towards recycling. Positive perceptions towards environmental protection increase the likelihood of participation in protection programmes (Suttibak & Nitivattananon, 2008; Musa, Hayes, Bradley, Clayson & Gillibrand, 2013) and in recycling.

### **Attitudes of Respondents**

Similar to the perceptions of respondents towards recycling, their positive attitudes also increase the probability of participation in recycling. From the results of this study, a unitary increase in positive attitude increases the probability of participation in recycling by 5.200 times. Communities need to have positive attitudes towards the moral duty of their environment instilled (Halvorsen, 2012), so as to increase their probability of participating in recycling.

### **CONCLUSION AND RECOMMENDATION**

The focus of this article centred on understanding what influences respondents to participate in recycling solid waste in Alice, which will curb rampant, illegal dumping that threatens human life and the environment. Establishing the determinants of recycling behaviour in people can provide a solution to environmental protection by gravitating strategies and practices that can appeal to a particular situation. This article, therefore, recommends public awareness or enlightenment on environmental and health education, and the enforcement of environmental and waste disposal protection. Stakeholder collaboration of both government and private agencies and community ownership will go a long way towards the success of recycling programmes in the study area.

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# THE ROLE OF LOCAL ECONOMIC DEVELOPMENT (LED): SOME EMPIRICAL FINDINGS ON THE SMALL MEDIUM AND MICRO ENTERPRISE (SMMEs)

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## ABSTRACT

This paper examines the role of the Small, Medium and Micro Enterprises (SMMEs) as a driver for Local Economic Development (LED). In view of the fact that South Africa is still experiencing high levels of poverty and unemployment, LED is seen as a contemporary approach in the local government development process. In connection to this, Statistics South Africa has recently indicated that South Africa had an average unemployment rate of 25.31 percent from 2000 to 2016. This figure serves to qualify the fact that the country has slightly decreased its unemployment rate by 1.6 percent from 26.7 to 25.1 percent in the June quarter of 2016.

The promotion of the SMMEs remains an important priority for the South African Government. This paper argues that the government is committed to ensuring that small businesses contribute to the growth and development of the South African economy. Existing research confirms that the SMMEs are essential in creating employment opportunities.

The research design used in this study was a mixed approach, namely qualitative and quantitative. In the qualitative method, data was collected by means of an extensive review of government and public documents, academic books and articles. In terms of the quantitative method, self-administered questionnaires were completed by SMME entrepreneurs in the former Umjindi Local Municipality, Mpumalanga Province.

The outcomes point to the fact that LED can only contribute positively towards the growth of the economy of the country if the environment, in which SMMEs operate, is favourable for the SMMEs to prosper.

**Keywords:** Local Economic Development, Small, Medium and Micro Enterprises, local government.

## INTRODUCTION

The promotion of Small, Medium and Micro Enterprises (SMMEs) remains an important priority for the government of the Republic of

South Africa. There are positive perceptions about the SMMEs' viability in the context of Local Economic Development (LED), especially where there is a high unemployment rate in the country. The SMME sector can also be recognised for attending to the social challenges of poverty, economic deprivation and household reliance on social security grants. Over-reliance on government social assistance is a challenge to many low income households who do not have any other mechanism to support their families. Since 1994, the South African Government has made strides to overcome these challenges, which are largely attributed to a lack of economic opportunities and skills development (Mavi, 2012). Thus, it becomes important that the government creates a favourable environment that will ensure that this sector is able to flourish. This paper aims to assess the role of SMMEs as a driver for LED. The paper initiates its discussion by presenting definitions of SMME and LED. Secondly, an exploratory discussion of the LED legislative framework will be discussed. Thirdly, the research methodology used in this paper will be explained briefly. Finally, the paper concludes by presenting the findings and reflections on the experience of SMMEs in the former Umjindi Local Municipality (merged with Mbombela Local Municipality after the 3 August 2016 local government municipal elections) (*Local Government: Municipal Demarcation Act*, 1998).

## **DEFINITION OF LED**

The *National Small Business Act* (No. 102 of 1996a) gave formal acknowledgment to the existence of SMMEs in South Africa. The Act defines SMMEs as "a separate and distinct business entity, including cooperative

enterprises and non-governmental organisations managed by one owner or more individuals which, including its branches or subsidiaries, if any, is predominantly carried out in any sector or sub-sector of the economy". Thus, according to the Act, SMMEs are classified into five categories, namely: survivalist enterprises, micro enterprises, very small enterprises, small enterprises and medium enterprises. SMMEs are usually classified in terms of their employee criteria. Enterprises are normally classified as SMMEs when they have less than two hundred and fifty (250) employees. These kinds of enterprises represent assorted groups with variances relating to the economic sectors such as mining, construction, manufacturing, tourism, agriculture, trade, retail and services (Ndabeni, 2006). SMMEs are found in both the formal and informal sectors of the economy. Dockel (2005) points out that SMMEs are defined for two main reasons: statistical and policy purposes. Apart from these reasons, however, organising economic entities in such a manner is beneficial for attaining information on the size of each class and its contribution to the local economy, and for taking better focused development measures (Maloka, 2015).

The World Bank (2014) defines the concept of LED as a process that offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. LED encompasses a range of disciplines including physical planning, economics and marketing. It also incorporates many local government and private sector functions including environmental

planning, business development, infrastructure provision, real estate development and finance. Blakely (1994, in Nel, 2001:1005) defines LED as the process in which local governments or community-based organisations engage to stimulate or maintain business activity and/or employment. The principal goal of LED is to stimulate local employment opportunities in sectors that improve the community by using existing human, natural and institutional resources. Koma (2012), on the other hand, argues that LED is intended to empower the most vulnerable, marginalised and poor sections of local communities to be able to raise sufficient income to meet their basic needs and aspirations. LED cannot be separated from poverty alleviation projects and programmes that are initiated and implemented in the local government sphere (Mokoena, 2015).

It can be argued that LED is process-orientated requiring, *inter alia*, the formation of new institutions, the development of alternative industries, the improvement of the capacity of existing employers to improve quality, the identification of new markets, the transfer of knowledge and the nurturing of new enterprises. Irrespective of what form it takes globally, LED has one primary goal, which is to increase the number and variety of job opportunities available to the local communities. However, in order to facilitate these activities, municipalities and community groups must take initiative rather than play a passive role (Giloith & Meire, 1989, in Koma, 2012:128). A number of deductions can be made about the nature of LED, based on the above definitions. LED is a local government initiative aimed at stimulating business activity in a locality, creating employment and alleviating poverty.

## **LEGISLATIVE FRAMEWORK**

LED, in South Africa, does not have a specific piece of legislation dedicated to it, but it is contained in, influenced by and derives its legitimacy from a number of legislative documents and policies. The following outlines the pieces of legislation and policies that give legitimacy to LED.

### ***Constitution of the Republic of South Africa, 1996***

Section 152 (1)(c) of the *Constitution of the Republic of South Africa*, 1996 states that the objectives of a municipality are to promote social and economic development and further states, in Section 152 (2), that a municipality must strive within its financial and administrative capacity to achieve the objectives set out in subsection (1). Section 153(a) of the *Constitution* further states that a municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and also to promote the social and economic development of the community.

In as much as the *Constitution* states that municipalities should promote the social and economic development of communities, it does not explicitly point to LED as the vehicle through which this should be achieved; hence Rogerson (2010) purports that LED has been viewed by others as an unfunded mandate for municipalities. However, the then Department of Provincial and Local Government (DPLG, 2005:9) states that there is a clear implication that LED is not an unfunded mandate, given the juxtaposition of the *Constitution* and its schedule that municipalities have a key role in creating

a conducive environment for investment through the provision of infrastructure and quality services, rather than by developing programmes and attempting to create jobs.

### **White Paper on Local Government, 1998**

The White Paper on Local Government, 1998 provides for developmental local government where local government is committed to working with citizens and groups, within the community, to find sustainable ways to meet their social, economic and material needs and to improve their quality of life. The White Paper outlines four interrelated developmental characteristics, namely maximising social development and economic growth; integrating and coordinating; democratising; and leading and learning.

The White Paper states that municipalities need to have a clear vision for the local economy, and work in partnership with local business to maximise job creation and investment. It is further stated that local government is not directly responsible for creating jobs. Rather it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities. The White Paper advocates for the provision of basic household infrastructure as the central contribution made by local government to social and economic development. It further states that local government can play an important role in promoting job creation and boosting the local economy by investing in the basics, providing good quality, cost-effective services and making the local areas a pleasant place to live and work.

### **Local Government: Municipal Systems Act (No. 32 of 2000)**

The *Local Government Municipal Systems Act* (No. 32 of 2000) makes it compulsory for every municipality to have an Integrated Development Plan (IDP). Section 25(1) of the *Local Government Municipal Systems Act* (No. 32 of 2000) states that each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality. According to the *Local Government Municipal Systems Act* (No. 32 of 2000), a municipality's IDP must reflect, among others, the council's development priorities and objectives for its elected term, including its LED aims and its internal transformation needs; the council's development strategies, which must be aligned with any national or provincial sectoral plans and requirements that are binding on the municipality in terms of legislation; and a spatial development framework that must include the provision of basic guidelines for the land use management system for the municipality.

This piece of legislation points out a number of factors that are vital to LED. LED strategies should be embedded in the municipalities' Integrated Development Plans and some level of coordination between local, provincial and national plans should be achieved. There should be efforts to ensure that the municipal IDPs and their LED strategies, the Provincial Growth Development Strategy (PGDS) and the National Social Development Plan (NSDP) are harmonised. To reinforce this assertion, Koma (2012:131) argues that harmony and alignment among the NSDP, the PGDS and the municipal IDPs ought to exist with a view to ensure an integrated approach to development



planning among the three spheres of government. Koma (2012:131), with a specific focus on LED, argues that LED policy planners have to acquaint themselves with the NSDP in order to understand and locate the potential economic growth points for local areas.

### **The National Framework for LED in South Africa (2006-2011)**

Although not termed a national policy as such, this document is *de facto* a national policy framework with official sanction (Nel & Rogerson, 2007:3-4). These authors argue that after years of LED being a requirement (based on the constitutional mandate) through the National Framework for LED in South Africa (2006-2011), government has finally put a statement of its understanding and goals for LED on the table, and local authorities now have a more defined document to guide them in their activities. The National Framework for Local Economic Development in South Africa (2006-2011) presented a turning point for LED in South Africa, as will be highlighted in the paragraphs that follow. The framework promotes a strategic approach to the development of local economies and a shift away from narrow municipal interests that are only focused on government inputs in ad hoc projects (DPLG, 2005:3).

The framework consists of the following ten principles and an additional seven objectives for supporting the strategic agenda for local government and LED:

- Through a developmental approach, government has a decisive and unapologetic role to play in shaping the economic destiny of our country.
- Creating an environment in which the overall economic and social conditions of the locality are conducive to the creation of employment opportunities is the responsibility of local government.
- Local Economic Development is an outcome of actions and interventions resulting from good local governance and the constant improvement and integration of national priorities and programmes in local spaces.
- Inward investment from the state or private sector will only be effective where the potential and competitive advantages of each area are known and exploited.
- Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government, centred on the application and localisation of the principles espoused in the National Spatial Development Perspective (NSDP).
- Locally-owned, appropriate solutions and strategies must emerge to support national frameworks in both rural and urban local spaces and should promote sustainable development and sustainable human settlements.
- South Africa competes in a global and increasingly integrated world economy whose threats must be minimised and whose opportunities must be exploited.
- Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial

role to play as partnerships with public and community role players who will ultimately stimulate robust and inclusive local economies.

- People are the single greatest resource and including all citizens in development and increasing their skills leads to increased opportunities for stimulating local economies.
- Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies and will shape local spaces.

The objectives are as follows:

- To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities, themselves, try to manage a litany of non-viable projects or start-ups.
- To support local economies in realising their optimal potential and make local communities active participants in the economy of the country.
- To elevate the importance and centrality of effectively functioning local economies in growing the national economy.
- To wage the national fight against poverty more effectively through local level debates, strategies and actions.
- To improve community access to economic initiatives, support programmes and information.

- To improve the coordination of economic development planning and implementation across government and between government and non-governmental actors.
- To build greater awareness of the importance and role of localities and regions, which are playing an increasingly significant role globally, as points of investment that are facilitated by supportive national policies.

It is evident that the above policy framework supports the notion of local competitive advantage. Rogerson (2010:483) argues that the 2006 framework embodies an implied rejection of the community economic development approach in many respects, and it represents an unsatisfactory compromise that offers local government elements of both the competitive and the welfare approaches to LED. It is further argued that, although the current approach makes it clear that LED is not about projects, the majority of the LED strategies contained in IDPs from small local municipalities are almost entirely project focused (Mokoena, 2015).

## **RESEARCH METHODOLOGY**

A sample of 30 questionnaires from a population of approximately 120 was distributed to SMMEs operating within the former Umjindi Local Municipality geographic area during the first term of the year 2016. The sample was not manipulated; that is, it used variables such as years in business, gender, age and qualification. A purposive sampling design (known as non-probability sampling) was adopted and used for the survey. Hanyane (2015) argues that

researchers who purposely select research subjects based on their discretion (judgement; hence this sampling method is also known as judgemental sampling) and the principles of fitness and appropriateness to a relevant research project, apply a purposive sampling research design. The researcher adopted the same design for this paper. In this instance, only SMMEs who had registered with the municipality participated in this research project. Below is the summary of the data that emanated from the empirical survey. Statistics were used to analyse the data with a specific focus on the basic descriptive frequencies and percentages of the responses to the various questions in the questionnaire.

## **FINDINGS AND REFLECTION**

Below is the summary of the findings from the SMME survey, which was conducted in the former Umjindi Local Municipality

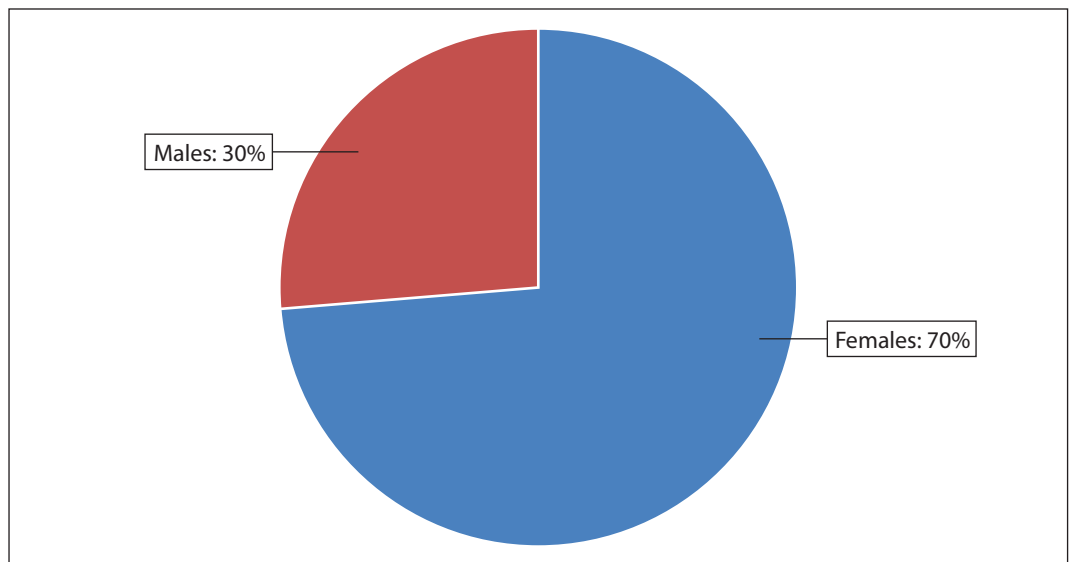
during the first quarter of 2016. Each graph presented is complemented with a short narrative of the respective finding.

According to the survey results and given the sample size, 70% of the respondents were female SMMEs with 30% being male. This finding is important in view of the increasing number of female SMMEs in the business sector. It shows that female SMMEs do play a significant role in the LED.

Figure 2 on the following page presents the age group categories. It was surprising to observe that the youth do not participate as a majority in the SMME initiatives to create job opportunities, while they make up to 66% of the South African population and 53% of the unemployed (Statistics South Africa, 2011).

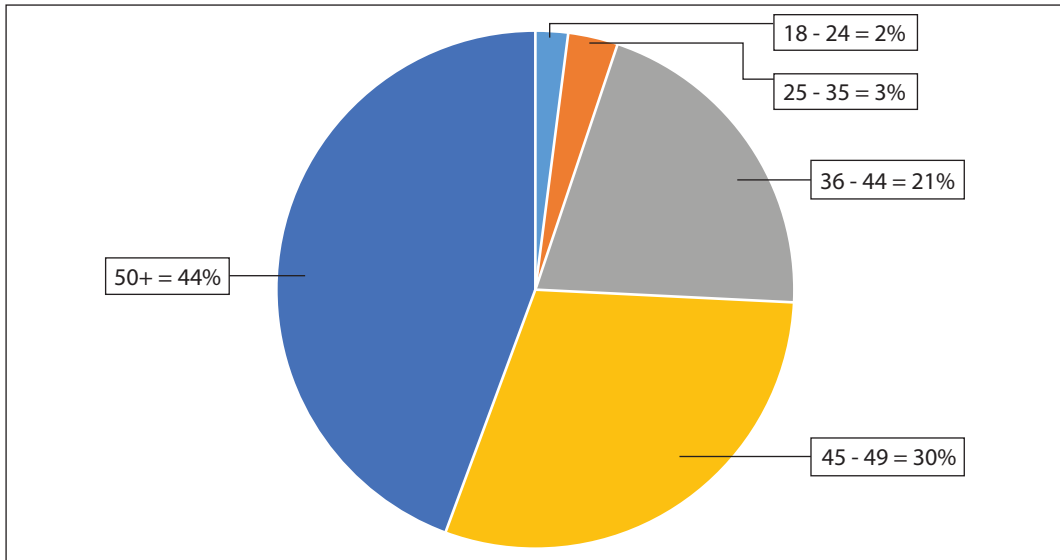
Figure 3, shown on page 473, illustrates the respondent's categories in terms of youth,

**FIGURE 1: Gender composition of the respondents**



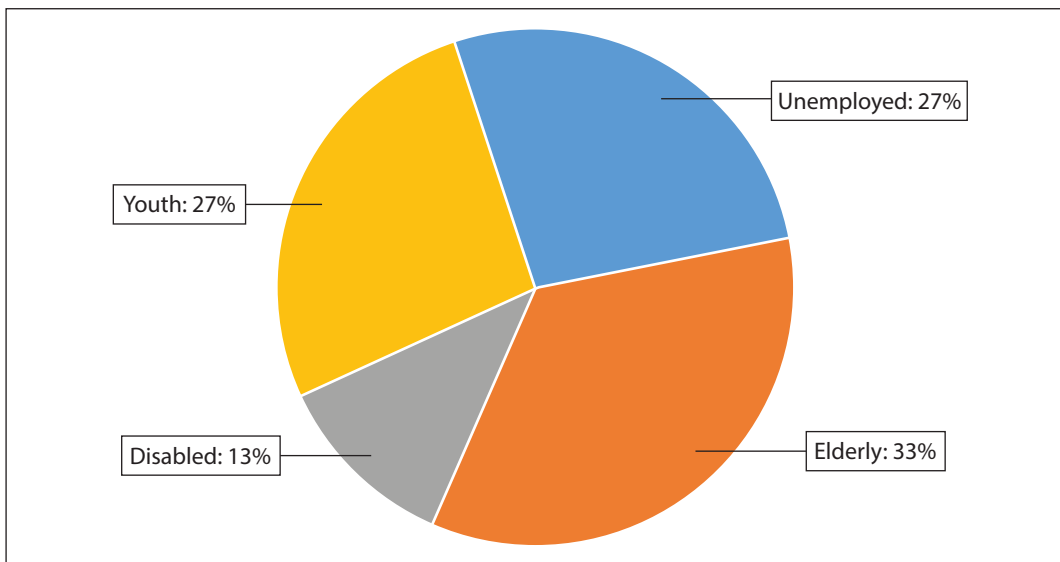
Source: Author

**FIGURE 2: Age of the respondents**



Source: Author

**FIGURE 3: Categories of respondents**



Source: Author

the elderly, the disabled or unemployed. The questionnaire had a category for "other" as well; however, not even a single participant ticked that box. This means that

these categories were able to cater for all participants in this case study. However, as already alluded to above, the youth were not in a majority in SMME initiatives in this

research project with only 27% of the youth being active in SMMEs, which is equivalent to the unemployed community members. The highest active category is the elderly (which includes pensioners) with 33%. It was good to observe that disabled people do participate in SMME initiatives in the former Umjindi Local Municipality at 13%.

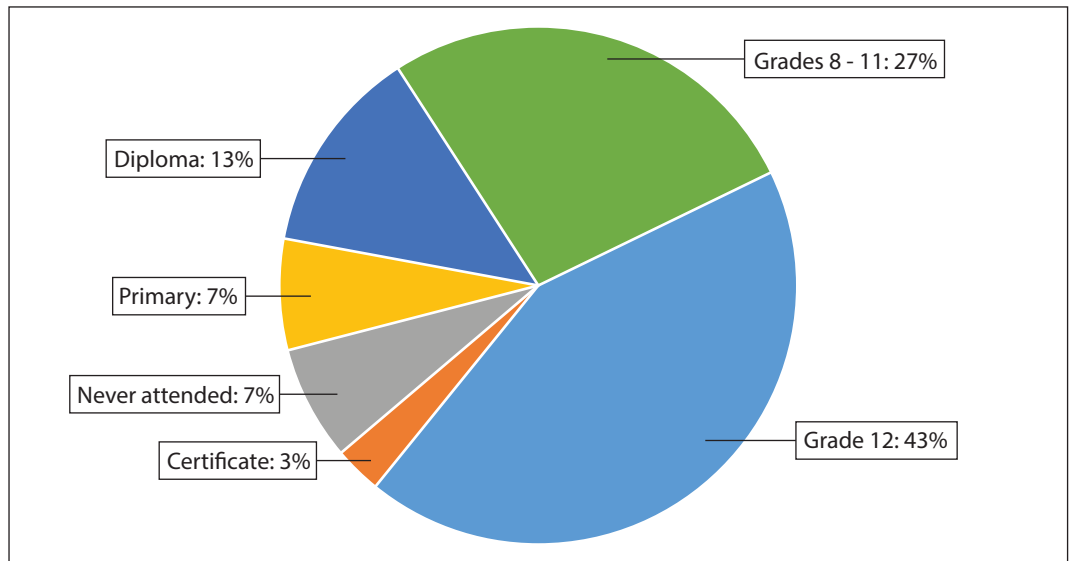
Figure 4 below shows that the SMMEs demonstrate a certain level of skills and understanding as many of them had obtained Grade 12 qualifications and others had qualified with certificates and diplomas. The owner's skills and expertise are vital for the success of any business and SMMEs are no different, because if they know their environment, they can take opportunities as they arise.

Figure 5, on the next page, serves to indicate the types of residence that the participants live in. All of these participants reside in

the low income households of the former Umjindi Local Municipality. Some of these living patterns are government support model programmes, especially low income households. Some of these households are used as the participants' business operations.

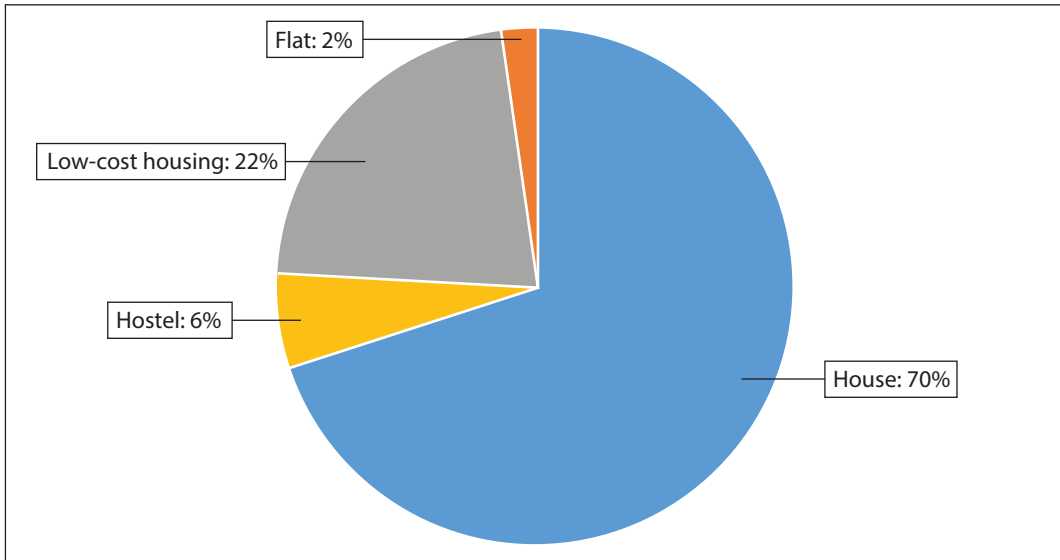
Figure 6, on page 475, shows that 33% of SMME owners, who were consulted in the article, have more than ten years in business and are still going strong. Moreover, 27% have between 6 and 9 years' experience, while the other 20% have been in business for two to three years. Furthermore, 13% of these SMMEs were established less than a year before and only 7% had 4 to 5 years' experience. It can be argued that it can be very difficult to start a business, but it can be even harder to maintain it and keep a business successful. Most of these businesses started on street corners and backyards as opposed to shopping complexes and established business locations.

**FIGURE 4: Educational qualification**



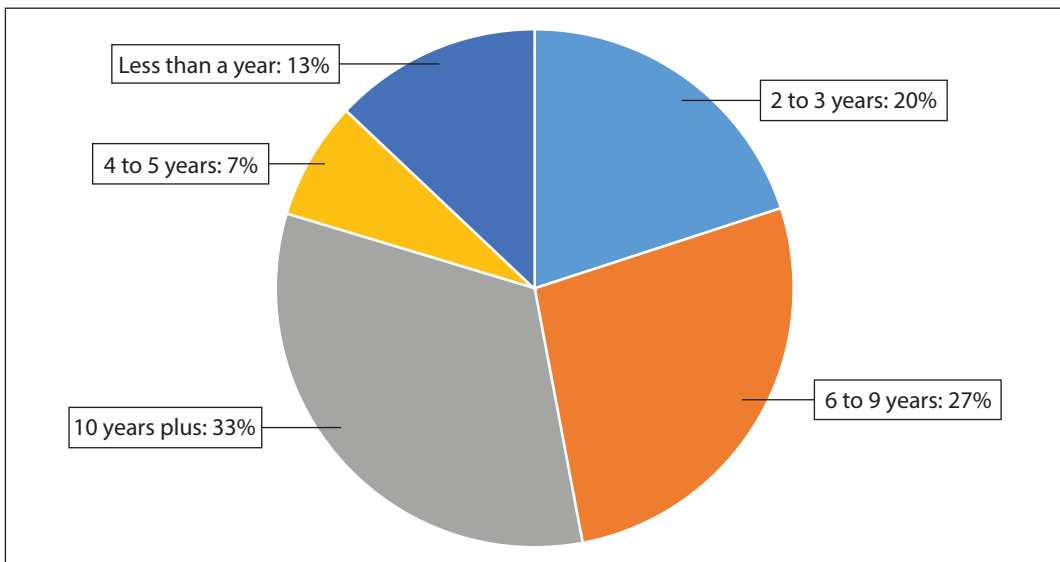
Source: Author

**FIGURE 5: Type of residence**



Source: Author

**FIGURE 6: Number of years in business**

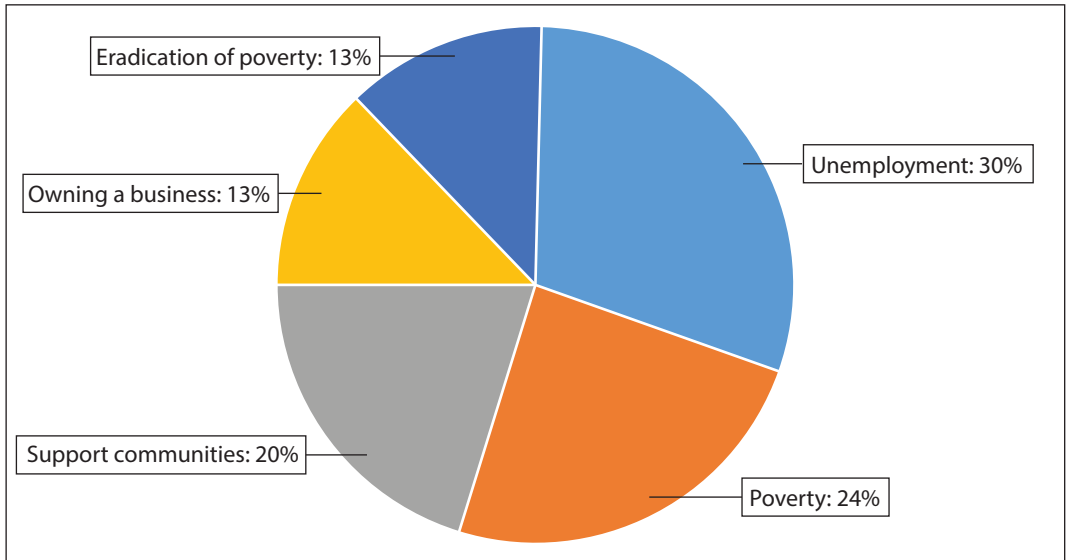


Source: Author

Figure 7, on the following page, provides the reasons why the participants decided to establish their businesses. Out of all 30 participants, 30% cited unemployment as

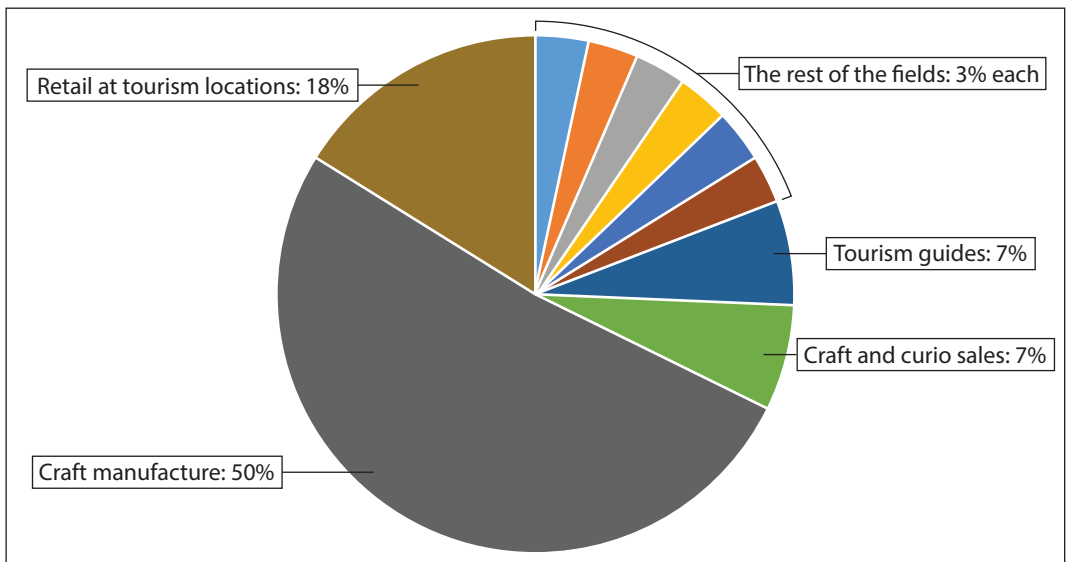
the main reason for establishing a business, 24% cited poverty and 20% felt that there is a need to support communities. It is interesting to observe that 13% were of

**FIGURE 7: Reasons for establishing business**



Source: Author

**FIGURE 8: SMME fields**



Source: Author

the view that their businesses were established because of poverty and were due to the dire need to cope, while the other 13% pointed to reasons such as being their

own boss. However, it should be noted that businesses are passion- and commitment-driven; hence, such opportunities require skills in order to be sustained.

Figure 8, on the previous page, shows SMME fields that participated in this research project. It should be noted that there are many fields of SMMEs. The leading field is craft manufacture and sales with 50%, followed by retail at tourism locations with 18%. Both tourist guides and craft and curio sales came in next with 7% each. The rest, namely entertainment, sports venues and performances, guest houses, taverns/shebeens and other accommodation, had 3% each. It was evident from this research project that, as much as diversity of SMMEs was vital, craft manufacture and sales is popular and very dominant in this part of the country.

Figure 9, on the following page, demonstrates that 60% of SMME owners reported that their source of funding to start their businesses was their own funds or savings. It is interesting to note that only 3% got funding from commercial banks. The respondents expressed their frustrations with the commercial banks and the government agencies. The main frustrating issue about the banks is that they want documentation that the participants do not have and, as far as the development agencies are concerned, the paper work that they needed to fill in is not user-friendly and is very fragmented.

Figure 10, on the next page, shows that 57% of the businesses operated from homes/residential areas, followed by 23% that were located in the designated areas by the local municipality, while 7% of the businesses were operated on street corners and in a mobile format such as door to door, taxis and buses. It should be noted that 3% of the businesses were located in a shopping complex and the other 3% represented other locations.

The questionnaire had an open-ended section with only two questions. It gave SMME owners an opportunity to raise the challenges they face on a daily basis and give suggestions on how to improve their working environment. Below is the summary of the responses by SMMEs to these questions:

### **SMME Improvement**

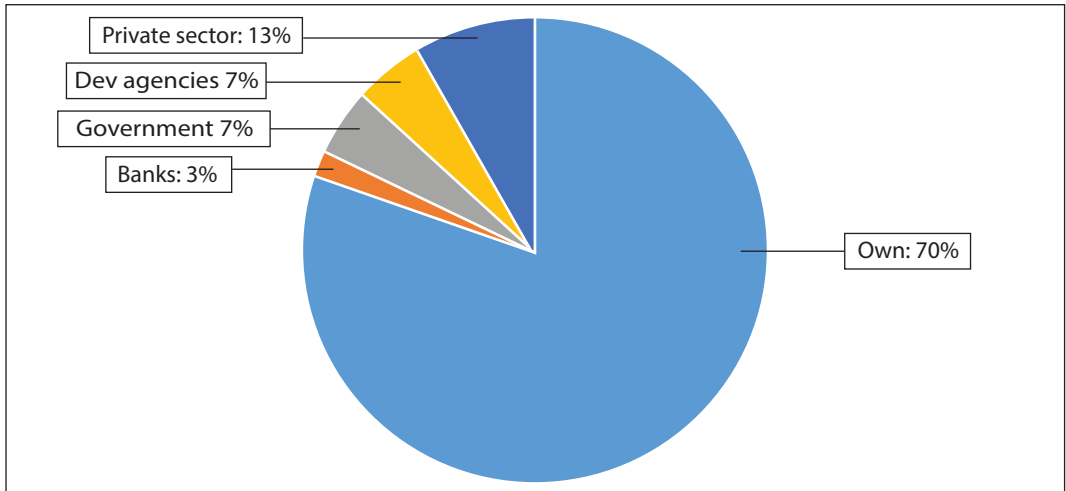
Thirty percent of the participants pointed to bad weather conditions as the main challenge in running their businesses, while 13% indicated the lack of basic services as a challenge confronting them on a daily basis. Furthermore, 7% identified a lack of stalls and shelter, while another 7% reflected on the non-payment by customers. The rest of the 47% identified various issues ranging from inadequate materials and equipment, salons next door giving them problems especially on windy days, inconsistent market prices, interference by municipalities, criminals, a lack of finance to expand businesses and a lack of diversity in products and services sold as well as the local municipality not consulting SMMEs on decisions that affect them (SMMEs).

### **Suggestions for Improved Service Delivery**

The participants in this research project have made many suggestions that reflect that the SMME owners know their environment and would like this sector to be a vibrant sector of the economy. On the one hand, the SMME owners suggested that the local municipality should consult with them on matters that will affect them. On the other hand, the SMME owners must unite, so that they can speak with one voice to government. Secondly, the local

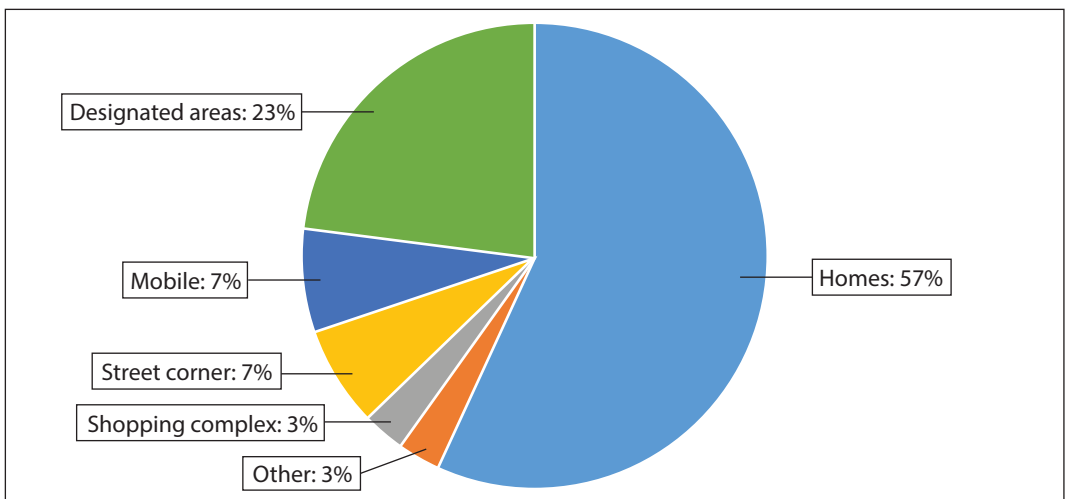


**FIGURE 9: Sources of funding**



Source: Author

**FIGURE 10: Business location**



Source: Author

municipality should make the environment conducive for SMMEs to operate, for example, they should provide infrastructure, basic services (water, sanitation, etc.), and proper stalls, and monitor them to avoid free trading. Thirdly, there should be continuous business management courses and workshops to help SMMEs with the running and management of

their businesses. Fourthly, the SMME owners suggested that the local municipality should engage commercial banks, so as to be accommodated when applying for funding to expand their businesses. Lastly, the SMMEs want the local municipality to provide aftercare services as a monitoring plan on all initiatives that commence.

## CONCLUSION

The findings reflected in this research project yielded interesting results as shown in the discussion above. As much as the SMMEs do their business under difficult circumstances, it can be argued that to them it seems that

all is well. Irrespective of the challenges that they raised above, they are absorbed by the situation. The results of this research project reveal that if the working environment of SMMEs can be improved, LED can contribute massively towards the growth of the economy.

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# CONSEQUENCES OF WANING ACCOUNTABILITY? PUBLIC DISAFFECTIONS, DISPUTES AND BOUNDARY DEMARCATION IN SOUTH AFRICA: THE CASE OF MOUTSE WARDS 5 AND 6, 2013-2016

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## ABSTRACT

What happens when the local communities' patience runs out with what they perceive as unaccountable local authorities? To what extent do South Africa's public representatives seek to fulfil the public service mandates and leadership roles for which they were elected in regular five-yearly elections? How effective are current forms of public participation and consultation in addressing local communities' concerns on local democracy and governance issues? Twenty-three years into a democratic political order, South Africa continually experiences bouts of public disaffections through "service delivery" public protests that essentially question the accountability of public representatives to local communities. This paper examines the challenges of public accountability as identified by local communities in the Moutse area of the Ephraim Mogale Local Municipality (2013-2016). Relying on data from the community election dispute resolution research, which was conducted by the author and a group of researchers from Unisa, this article also uses material from the literature and theoretical

reflection to examine public accountability challenges in this community. From what the residents described in community meetings, some of these challenges suggest the waning accountability of local authorities. Subsequently, Moutse experienced election disputes and boundary demarcation conflicts, which inevitably fuelled traditional public disaffections in the villages of Wards 5 and 6. This article will conclude that (a lack of) public accountability at the local levels continually presents specific dilemmas for local authorities and largely threatens to paralyse governance and fledgling local democracy in areas such as Moutse.

**Keywords:** Public accountability, election disputes, boundary demarcation, local authorities, elections, service delivery, political parties, South Africa.

## INTRODUCTION

Twenty-three years into democracy, since the country's citizens overwhelmingly voted for a democratic system of government on 27 April 1994, South Africa has just

celebrated a key milestone that warrants some introspection. Its constitutional provisions legitimise the functions and structures of its internationally renowned democratic governance. Before 1994, not all South Africans expected the government to be accountable to all its citizens, as its system of apartheid was based on an unjust, racial and oppressive political system that was condemned by the United Nations as a crime against humanity (UN Convention, 1973, Article 1.1). In particular, the racial allocation of the country's resources parcelled the country into virtually unequal pieces of land, or territories, that were denied or allocated public funding based solely on race. Accordingly, and in order or hierarchy, whites enjoyed all of the privileges, whereas blacks (including Indians and Coloureds) were relegated to the periphery as part of the government's then policy of separate development. Thus, even the delivery of public services was determined by public policies that discriminated according to the country's racial classification system.

To this extent, blacks have continued to challenge the system since the segregationist period of the Union of South Africa (1910) and during the apartheid era, which culminated in the advent of democracy in 1994. Admittedly, the euphoria of freedom and post-apartheid democratisation brought with it very high expectations from promises that were made by the incoming administration of Nelson Mandela under the African National Congress (ANC). Numerous needs were identified and prioritised by the ANC government. Among others were housing, water and sanitation, roads, public transport, health, public service, energy and electricity, social welfare and care of the elderly,

the youth and persons with disabilities, unemployment, sport and recreation, the fair distribution of land, and the powers and functions of the traditional leaders.

To some extent, especially in many black areas, this seemed like a daunting task and some of the newly-elected public representatives, including local government councillors, made promises that they could not fulfil in some communities; at least not in the immediate short-term period of their terms of office. In fact, perhaps owing to the different problems facing urban and rural areas then, rural dwellers increasingly experienced lower quality of service delivery and less attention compared to their urban counterparts. To add to their challenges, many of the backlogs of roads, housing, water and sanitation, health services, jobs, infrastructure and others, which rural communities were denied during the apartheid era, continue to pester them even more now that the country is governed by a democratic government. However, many communities initially remained patient as they acknowledged the myriad of challenges facing the newly-installed government that would eventually address their problems. Understandably, many wanted to give their government, at national, provincial and local levels, some space to deal with the above backlogs; their hope was that this would ensure that the benefits of the country's new-found freedom would cascade to the lowest levels of society and ordinary members of communities.

Yet, it was just after the country's celebration of its first decade of democracy (April 2004) that some communities began experiencing public remonstrations that were initially dubbed "service delivery protests", as they

ostensibly reflected public disaffections with the lack of services or low quality of services in their areas.

Most of the grievances raised by communities during such protests, indeed, focused on a lack of water, roads, clinics, sanitation, housing, jobs, electricity and similar necessities. Many public representatives and government leaders found it ironic that in typical South African public protests, the common tendency of strikers in some areas was to burn a school, clinic, community hall or public library, while demanding the above services. While such tendencies were condemned by government and local leaders, members of communities persisted in their demands, arguing that government did not appreciate and listen to peaceful protests; and that if people relied merely on peaceful protests, they would not be listened to or taken seriously (community comments in the different villages).

However, careful and preliminary analyses of the ensuing public protests in many communities have revealed that there are numerous other dynamics, such as inter-party political rivalries, intra-party tensions and conflict, and misunderstanding or ignorance of the country's electoral system, including the lawful demarcation of municipal boundaries. These are the issues that informed the community-based research in the Moutse village of the Ephraim Mogale Local (formerly Greater Marble Hall) Municipality of Limpopo.

## **APPROACH AND RESEARCH METHODOLOGY**

The research evidence that informs this paper emanates from a community-based

participatory action research that was undertaken by a team of researchers from the University of South Africa (Unisa), between 2013 and 2016. The study was a community-based participatory action research that was conducted in the then volatile Moutse village, Wards 5 and 6, in the Ephraim Mogale Local Municipality of Limpopo, Sekhukhune District. Participatory action research is a type of research method that emphasises the role that ordinary people play in a social setting. According to those who have used this method, "at its heart is a participatory worldview"; furthermore, "[a]ction research is a way of knowing [that is] rooted in engagement. This engagement derives from diverse forms of relationships, including relationships between people, and between people and things" (Steier, Brown & Da Silva, 2015:211). The study adopted a case study approach, meaning that the research team only focused on the relevant election-related disputes, conflict and public disaffections in the areas falling under Wards 5 and 6 of Moutse village. The café conversation or participatory action research also relies on "...an appreciation of local knowledge" (Greenwood & Levin, 2007, in Steier *et al.*, 2015:212), which enables researchers to adopt a top-down, "we know it all" approach whenever they conduct research in rural communities such as Moutse. The findings of this study are, therefore, unique to the area and may not be applied or compared to similar situations countrywide.

The main research team from Unisa were from three institutions, namely the Institute for Dispute Resolution in Africa (IDRA), the Institute for African Renaissance Studies (IARS) and the WIPHOLD-Brigalia Bam Chair in Electoral Democracy in Africa, which all

deal with disputes, African renaissance, and elections and democracy-related issues in their work. Usually, the team comprised anything from 3 to 15 members whose task was mainly to contact the communities concerned and sit in on the many community dialogues that were held in all four villages. In addition, the team identified, through community members, two community representatives who later comprised a Community Representative Committee (CRC) for each village. Members of these CRCs were, in turn, trained by the main Unisa research team on basic social science research methods, how to contact communities, convene community meetings and facilitate community dialogues. In general, the CRC members coordinated, organised and prepared the groundwork and logistics for the research to be conducted. They also worked as note-takers who assisted the main research team to capture the comments, questions and responses of community members during the dialogues.

The study undertaken was based on Unisa's rigorous ethical guidelines and clearance. Thus, each community member had to agree to participate in the study by signing a consent form that confirmed their agreement to participate. This form also afforded all community members an opportunity to withdraw from the study and any community dialogues, or to refuse to divulge their names and other details at anytime during the study. Each CRC member advised the main research team of the different dynamics at play in each of their villages and, therefore, played an invaluable role towards the convening of successful community dialogues in all villages. The CRC also played a critical

part in assuring community members that the study was not being conducted for any partisan or government purposes under the guise of "research", which dissolved initial community fears that the study probably had ulterior motives linked to the area's political situation. Furthermore, all of the communities in which the study was undertaken were thoroughly briefed about the objectives of the research and how the findings would be disseminated on completion of the study.

The research method utilised during this study was the "café conversations", which was borrowed from Reason and Bradbury's (2001) idea of action research, based on the conduct of a series of community-based "dialogues" or discussions within the four villages of Moutse Wards 5 and 6 namely, Ga Matlala-Ramoshebo, Mamaneng-Matatadibeng<sup>1</sup>, Mokgwaneng and Tshikanosi. These villages are part of the "...605 villages which are generally sparsely populated and dispersed throughout the [Sekhukhune] District" of almost 1 million people according to Statistics South Africa (StatsSA, 2011; Ephraim Mogale Local Municipality, 2017b). The main method of the study required the research team to make contact with the community, identify their leaders and convene the dialogues in each village to determine their views on election-related disputes, demarcation issues, public accountability and levels of services provided by their local authorities, including any other issue that the community members deemed relevant to raise. In addition, the researchers and the CRC members had to identify the community "knowledge holders" or those members of the community who had

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<sup>1</sup>Also known as Mamaneng.

invaluable information and knowledge to share on the nature, history, role players and duration of the election-related disputes and other relevant dynamics in the area.

In a typical community dialogue session there would be someone introducing the issue/s to be discussed, usually a CRC member from the relevant community accompanied by two or more members of the main research team. They normally explained how the topic or issue would be tackled and the manner in which community members would participate in the discussions. The CRC and main research team negotiated with the community members to be allowed to record the proceedings.

In addition, to avoid the tendency by some community leaders, and some village elites, to dominate the discussions, a "talking object" was used by the facilitators to regulate discussions. This object could be anything from a small bottle, pen, cellphone or any other small item that a speaker could easily hold in their hand while speaking. Once someone had this "talking object", it symbolised permission to speak and no one (including the facilitator) could interrupt them until they had finished talking. Thereafter, they handed the object to someone else in the group who had never spoken previously. If that person chose not to say anything, the object was then given to the facilitator to continue directing the discussions. The use of this object reminded speakers to be sensitive to the needs of other community members who equally wanted to make a point and, therefore, discussions in the different dialogues were often conducted fairly efficiently and offered virtually all community members an opportunity to express themselves in the

dialogues. Moreover, no one was allowed to attack anyone present or absent in the meeting; and participants were reminded to respect all participants and avoid using language that was offensive to other participants. Since the languages used in the area were predominantly Sepedi and Sesotho sa Leboa, many community dialogues employed these languages, although IsiNdebele, IsiZulu and IsiSwati occasionally featured whenever a speaker used one of these languages to express themselves as well.

The following are the main questions that offered specific context and guidelines to the community participants in the ensuing discussions:

1. What mechanisms, traditional or formal, are used to resolve community disputes in Wards 5 and 6 (Moutse)?
2. Where, when and how often do community members converge to address election-related disputes?
3. Who is responsible for community disputes, conflict negotiation and mediation during elections in Wards 5 and 6?
4. What steps ought to be taken to resolve election-related conflicts in Wards 5 and 6 (Moutse)?

These questions were not asked in any specific order and community members often began discussions in a large group first to ask questions and understand the aims and objectives of the community dialogues, but later dispersed into a few smaller "break-away" discussion groups to tackle specific questions related to their own villages.

However, the above questions were complemented by others that sought to assess the communities' views regarding lessons learnt during the recent (May 2014) elections in terms of conflict in their area; steps that could be taken to prevent or alleviate conflict before the impending (2016) elections; whether community members knew about the election-related disputes in Wards 5 and 6, and who the main stakeholders were in such disputes; and, finally, their views and experiences on the effects of election-related disputes on social cohesion in the area.

The advantages of using the "café conversations" as a method for tackling the above questions was that it is a qualitative research tool that easily enabled the research team to understand the communities' views and concerns around election-related conflicts, disputes, demarcation issues<sup>2</sup> and certain service delivery grievances. No one was prevented from stating their own views on any related matter and community members were informed that there were no "right" or "wrong" answers to the issues discussed in the meeting. This enabled the community dialogue participants to freely raise issues, challenge what they viewed as controversial or disagreeable issues that they felt needed to be raised with their local authorities, and to offer their own solutions to the problems they identified in each meeting.

In addition, the paper also relied on the relevant literature, views of the knowledge holders in Wards 5 and 6, journal articles and

books, media and other reports on elections, municipal boundary demarcations, public disaffections and election-related disputes and conflicts in other parts of the country and elsewhere in Africa. Theoretically, the study also falls within the realm of theories of democracy and the democratic participation of communities and individuals in societies that practise liberal democracy (Held, 1993). Such a system is underpinned by, among others, the holding of regular, democratic elections that relatively reflect the wishes of the electorate, the multi-party system of government, the political tolerance of the opposition, and the recognition of a symbiotic relationship between elected public representatives and those who voted them into power to whom they have to account.

### **Assumptions and Rationale for the Study**

A few years before this study was conducted, "hot-spots" or "no-go areas" were increasingly mushrooming countrywide, especially in places such as Merafong (West Rand), Matatiele (KwaZulu-Natal (KZN)/ Eastern Cape provincial boundary) and the KwaMashu Hostel (KZN). As their collective terms suggest, such areas were unstable and usually prone to violence, intimidation, sporadic attacks and the overall prevention of normal community life, especially during elections. Given the constitutional imperative of conducting free and fair elections that reflect the wishes of the electorate, as well as ensuring the good governance expectation

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<sup>2</sup>The area of Moutse also experienced demarcation problems during the apartheid era when attempts were made to incorporate it into the former KwaNdebele homeland (Ephraim Mogale Local Municipality, 2017b), which was opting for bogus independence in line with the then government's "separate development" policy.



that public representatives should regularly consult their constituencies, Moutse village was chosen for this research. Furthermore, the idea was to probe the causes, consequences and possible solutions to community election-related disputes and conflicts.

The main assumptions pertaining to the study were that the targeted research areas were rural-based and would, therefore, enable the research team to better understand the causes and consequences of community protests or disaffections, which would enable the researchers to obtain first-hand information and the justification of socio-economic and political instability in the communities concerned. The four villages chosen above were assumed to be the most volatile. Much of the violence (and the pre- and post-election violence) had taken place here since the 2009 national and provincial elections. At that time, the communities disrupted any government work, and prevented electioneering and normal community life until their main grievances were resolved. Apparently, according to the community, the villagers concerned were all moved to Limpopo without consultation. Subsequently, when they complained, a referendum (in the public view) was held in the area in 2009 (News24.com, 2009) after which the community expected to be relocated to Mpumalanga where they longed to reside. Subsequent meetings with the Electoral Commission officials revealed that there was never a "referendum" in the area except what they described as a "public consultation" process, which the authorities did not regard as having any legal and other force. Apparently, this consultative process emanated from government's attempts (under the then Minister of Cooperative Governance, Mr Sicelo Shiceka) to placate the community

and urge them to participate in the 2009 elections that they had threatened to boycott or disrupt "...demanding to be reincorporated into Mpumalanga from Limpopo province" (News24.com). This would probably explain the loss of the community's legal challenge to the demarcation move at the country's highest court. Still, the community of Moutse remain steadfast and unflinching in their response to the newly-demarcated villages' plight, although their other challenge is that demarcation issues are handled by the Municipal Demarcation Board (MDB) and not the IEC, as many in the community meetings had initially thought.

Discussions with community members in 2013, and throughout the research period, revealed that they detested living under the Limpopo provincial administration for three reasons that they articulated clearly to the team:

1. The level and quality of services offered by the Limpopo administration are unsatisfactory compared to those of the neighbouring Mpumalanga Province.
2. Their villages are too far from Limpopo's capital, Polokwane (about 200km), making it difficult for the aggrieved community members to travel this distance merely to lodge grievances.
3. The Limpopo administration's response to the community's requests for an audience with them was poor and unresponsive, as they could not even be reached easily by telephone.

A related assumption was that the researchers should not descend into the research

sites with preconceived ideas about the community protests, their causes and possible solutions. In fact, the team relied on the relevant methodology used to tap into community sources of knowledge as the harbingers and holders of knowledge, without the researchers offering their own (value-laden) views of what needed to be done in the conflict-ridden villages.

### **About the Ephraim Mogale Local Municipality**

According to the web page of this municipality (LIM471):

The Ephraim Mogale Local Municipality is a Category B municipality situated within the Sekhukhune District in the Limpopo Province. It is the smallest of the four municipalities in the district. It was established after the 2000 local elections, with the amalgamation of Marble Hall, part of Moutse (West) Transitional Local Council (TLC), Leeufontein, a portion of Hlogotlou/Lepelle Transitional Rural Council (TRC), Greater Nebo North TRC, a portion of Naboomspruit/Roedtan Thusang TLC, and Springbokvlakte TLC.

The municipality was a cross-border between the Limpopo and Mpumalanga Provinces. After the 2006 municipal elections, the municipality was incorporated into the Limpopo Province. The municipality is at the border of the two above-mentioned provinces. It is about 160km from Pretoria and about 190km from Polokwane (previously Pietersburg). The amalgamation of parts of eight former TLCs also resulted in the establishment of

the Ephraim Mogale Local Municipality, with 14 wards, which was increased to 16 wards during the 2011 local government elections. It has one town and two R293 towns, and 75 villages. (<https://www.localgovernment.co.za/locals/view/123/Ephraim-Mogale-Local-Municipality>).

Under the Sekhukhune District, which provides services such as water and electricity (in collaboration with Eskom, the national electricity provider), the municipality was established after the 2000 local elections following the restructuring of local government in the country (Ephraim Mogale Local Municipality, 2010). The new municipality developed from the post-apartheid government's attempts to rearrange local government in what became known as transformation which, among others, entailed the merging of some smaller municipalities with bigger ones, redrawing municipal boundaries to erase apartheid or racial spatial settlement and residential patterns. The Sekhukhune District Municipality (SDM) was established in December 2000. It consists of five local municipalities, namely Elias Motsoaledi, Ephraim Mogale, Greater Tubatse, Fetakgomo and Makhuduthamaga (Ephraim Mogale, 2017a).

Subsequently, reference to the incorporation of the municipality into the Limpopo Province, after the 2006 municipal elections, became one of the thorniest issues between the municipal authorities and the local communities of Wards 5 and 6 of Moutse village. Such incorporation also became a divisive issue owing to the fact that an overwhelming majority of community members apparently resisted the incorporation, whereas only a few agreed with it.

What follows are the selected comments and views expressed by community members during a series of community dialogues (discussions and debates) in all four villages of Moutse Wards 5 and 6:

### **Accountability Challenges Consistently Mentioned by Communities**

- Mamaneng-Matatadibeng community argued strongly that they wanted to have their own councillor, alleging that the current one (who was being shared with a neighbouring ward) was withholding information or not giving it to the people of Mamaneng (18 October 2014).
- Some villagers claimed that the government (local government) usually promised more, but delivered less. However, this also applied to all political parties as "they make empty promises and we don't know which party to vote for". They were also adamant that "the municipality must assist people [with relevant services] before and after each election" (Ephraim Mogale, 2017a).
- One key challenge was that "people don't attend [community] meetings unless these are organised by a certain political party" (Ephraim Mogale, 2017a). This alludes to the governing ANC, but could equally apply to another party as the regional Mpumalanga Party was also active in the area at the time when the community meetings were held.
- One community member stated that some community members "are only interested in their own political parties"

(i.e. they shied away from impartial community gatherings), adding that: "We only see councillors and other local representatives of political parties during elections; after the elections we do not see them. They don't even report back after elections" (18 October 2014).

- Some villagers of Mamaneng stated that the local councillor "is not accessible" (19 October 2014).
- Furthermore, some community members emphasised that the IEC must inform them or consult them when recruiting IEC staff who will work in their areas. This pointed to accountability issues that the communities were unhappy about in terms of elections.

### **Examples of Public Disaffections in Moutse Wards 5 and 6**

- In reply to the question "What methods do the local communities use to resolve conflicts and disputes in Moutse?" the common response was that they preferred the formal [Western] methods and system. "The traditional system is not preferred in Mamaneng, because its processes are too long and usually delay [action]" (18 October 2014). This sentiment was shared by the people of Mokgwaneng, who said that they met in a local community hall every Wednesday to discuss community issues, although they said that no one was responsible for resolving disputes in their village (25 October 2014).
- Some meetings are always held in Ga-Matlala (a village under traditional authority, which members of some

communities, under a local councillor, felt was a disadvantage to them, as it was too far from their own villages). They also complained that communities are often not given advance warnings of such meetings.

- Some public disaffections were clearly related to demarcation issues.
- Service delivery (or a lack of services) remained one of the biggest causes of public disaffections in Moutse, according to many community members (Mamaneng, 18-19 October 2014).
- In Mokgwaneng, several service delivery issues were registered, which included the following (25 October 2014):
  - Houses were allegedly built "only for people from Ga-Matlala-Ramoshebo and Tshikanosi".
  - Toilets being built in neighbouring villages and not being built in Mokgwaneng.
  - Mokgwaneng experiencing health-related problems owing to the nearest clinic (Witfontein) not yet being rebuilt.
  - The South African Police Service (SAPS) "taking sides during elections and supporting the ruling party". This included the local Matlerekeng Police Station being "poorly resourced".
  - A lack of jobs and job opportunities in Wards 5 and 6.

### **Election-Related Disputes and Other Concerns on Voting and Elections in Moutse**

- Commenting on demarcation-related issues in Mamaneng, one villager said that "demarcation is a big problem in Mamaneng" (18 October 2014). In Mokgwaneng, community members said that the incorporation of Moutse into Limpopo Province "was done without consultation" with the communities (25 October 2014). They also felt that demarcation issues "should be determined by the [village] people, not by the Demarcation Board and the IEC" (25 October 2014). Clearly, this raises legality and jurisdiction-related issues about the mandate of the two public bodies.
- Many concerns were raised in the different community dialogues regarding the processes followed to appoint IEC officials (presiding and voting station officials), as some community members maintained that they were unfair and often biased in favour of some political parties (18 October 2014).
- One community member stated that "people have lost interest in the voting system, but government must encourage people to vote by providing better services to communities" (18 October 2014).
- In Mokgwaneng, some community members complained that they were discouraged from voting, "because some IEC officials ... telling us which party to vote for during previous elections" (25 October 2014).

- Some stated that a lack of knowledge (of electoral processes, systems and laws) resulted in disputes in the area (Moutse), adding that the IEC must appoint community leaders to monitor election processes to ensure free and fair election outcomes (18 October 2014).

### **IMPLICATIONS OF CONTINUED PUBLIC DISAFFECTIONS ON SOUTH AFRICA'S IMAGE**

As South Africa marks twenty-three years since its first democratic elections, one would have thought that the country's democracy has matured to the extent that fewer public disaffections would continue to be a characteristic feature of its democratic dispensation. This includes public demonstrations and riots (in some instances), which one would assume would be minimised as citizens increasingly utilised formal mechanisms of expressing their dissatisfaction with officialdom, as provided for in the country's *Constitution*. However, the spate of continued public demonstrations against one thing or another, under the South African sun, has had positive and negative implications for the image and international reputation of the country.

On the positive side, public displays of anger or dissatisfaction clearly show that the country's constitutional provisions of freedom of expression, assembly, demonstration, picket and petition, including political rights under the Bill of Rights, sections 16-19 (*Constitution of South Africa*, 1996), are being exercised to benefit all South Africans. However, this would be even more effective if such activities were peaceful and did not hinder other members of society

from equally exercising their rights not to partake in the demonstrations or other activities. Another positive factor is also that, unlike during the apartheid era (and except for the highly publicised Marikana tragedy and the sad Andries Tatane incident) (Andries Tatane, 2011, Death), South Africans generally do not expect to be killed, tortured or jailed for participating in some demonstration, picket or political gathering against the government or some authority figures at local, provincial and national levels. One of the main reasons for this is the new constitutional order that prevails in the country since the adoption of the democratic *Constitution* in 1996. Furthermore, public displays of dissatisfaction and anger may also be viewed as a Litmus test for assessing the extent of tolerance by the political system towards opposition to public policies and other government-related issues. Such demonstrations can also give the outside world an impression of South Africa as an African country that continues to practice its own brand of liberal democracy, despite its many post-apartheid challenges. To this extent, this may inspire other leaders within the country's neighbourhood, as well as in other parts of Africa, to continue practising tolerance towards their citizens and political opponents. But, how far this effect could emanate merely from tolerance by South African authorities towards their own citizens could, arguably, be difficult to assess.

On the negative side, the continual and incessant public demonstrations and displays of anger and disaffection in South Africa may eventually undermine the country's political stability, especially if such activities result in violence and destruction, and public and

personal protests. Apart from undermining economic stability and growth, such destruction is often counterproductive as was recently seen in the case of Vhuwani, a small village in Limpopo, where several schools were torched by angry communities who demanded to be relocated to another municipality in 2016. This scenario has been repeated in other places such as in the North West Province (Merafong), and recently at several South African universities, including in many urban areas. All these incidents of violence, intimidation and public displays of anger suggest that South Africa is a violent society. They also suggest that the country's residents not only do not trust their elected and other public representatives to resolve their grievances, but also that they see violence and the use of violent force as the only solution towards resolving disputes.

To this effect, the public disaffections in Moutse should be seen within this context even though the study's findings cannot be generalised to other areas that have experienced election-related and other political disputes and conflict, as the research was a case study.

### **PUBLIC ACCOUNTABILITY DEFICIT: ACHILLES' HEEL OF SOUTH AFRICA'S DEMOCRACY?**

To a large extent, blacks have continually challenged the system since the segregationist period of the Union of South Africa (1910) and during the apartheid era. But the key question is whether, and how far, the system has been accountable and responsive to the needs of the electorate who pinned their hopes on the power of the ballot.

Furthermore, recent evidence refers to the need for "community-driven development and decentralisation" and "local government and community-driven development" (World Bank, 2011:109; 112). The fact that others demanded to be relocated to another municipality also suggests that:

The South African development experience with services for the poor, since 1994, resembles that of many other countries: despite a strong commitment to decentralisation, and citizen participation, many programmes became increasingly centralised and sector-driven with decision-making moving away from communities and local governments (World Bank, 2011:109; 112).

It is probably the level of centralisation from the national and provincial levels that has also accounted for the country's waning levels of public accountability. Furthermore, the World Bank report assessed South Africa's prospects for a local and community-driven development and cites Everatt and Gwagwa (2005), who found in their study that:

Promising community-driven development initiatives, during the 1990s, such as by Mvula Trust in water provision, have been abandoned. Where South Africa employs participatory approaches, community consultation and facilitation models are used rather than the community empowerment model that characterises community-driven development (Everatt & Gwagwa, 2005).

The villages covered by this study's community dialogues or discussions in Moutse, and that of other villages in the Limpopo

and Mpumalanga provinces, might also be experiencing similar challenges of accountability and public participation, given that members of local communities in these and other provinces continually mount public demonstrations on one or other service delivery or election-related grievance.

## **FINDINGS OF THE RESEARCH**

The findings of the research, which was conducted in the four villages in Moutse, suggest that community members are affected by several issues that have undermined their trust in their local public representatives and traditional leaders (in areas that are governed by such leaders). Since 2006, such issues have led to the eruption of sporadic and other bouts of conflict, disputes and public disaffections in these villages. From the many community meetings that were held in the area, the following are the issues (not in any specific order) that undermine political stability, peace, socio-economic development and overall improvements in Moutse. Some of the community comments are as follows:

- Councillors were "swapped" around for Wards 5 and 6.
- The demarcation of the villages under these wards, which resulted in their relocation to a different municipality and subsequently another province whose services are said to be dissimilar by the residents.
- Politicised response to the consequences of the demarcation.
- Community anger over the perceived

government non-response to the results of their "referendum" over the relocation from Mpumalanga to Limpopo Province. Some community members of Mokgwaneng felt that such an exercise "was a waste of taxpayers' money and the entire Moutse, and other affected areas, are angry about this" (25 October 2014).

- Community perceptions that services in Limpopo Province are "substandard".
- Complaints of inequitable service delivery levels in villages of Wards 5 and 6.
- Absentee councillors or councillors who do not account to the communities.
- Malfunctioning or unresponsive municipal officials and other service providers.
- Community allegations of irregular election practices (e.g. bribery with food and other incentives) during elections in Moutse.
- Politicised (i.e. partisan) traditional leaders.
- Presiding officers (IEC) who are alleged to be biased during elections.
- Election functionaries who are never changed for any election.

The last five bulleted points refer to specific community complaints on election-related matters that have led to disputes, tensions and conflicts in Moutse, as were raised in the community dialogues.

## **ANALYSIS OF THE RESEARCH FINDINGS**

Service delivery complaints and criticisms were among the most frequently mentioned issues in the community meetings. However, a recent study suggests that "*quality* of services rather than *access* to services" remains a big problem in many rural South African municipalities (World Bank, 2011:68, emphasis in original). However, in the case of Moutse, the situation seems different, because the community members complained about a lack of access to services owing to their relocation to another municipality and province (Limpopo).

Furthermore, despite vehement community disaffections in many municipalities, including numerous criticisms even during the Moutse community dialogues, recent evidence suggests that South African politicians "do not, on average, believe that there are major problems with accountability between service providers and communities" (World Bank, 2011:70). Yet, this research also found that "Politicians' views of political accountability to citizens vary greatly across municipalities: politicians see no political accountability problems..." in some municipalities; such as Bela-Bela, Sol Plaatje, Naledi, Maluti-A-Phofung, Mangaung and Tzaneen (World Bank, 2011). Only two municipalities cited here are in the same province as Ephraim Mogale, i.e. Bela-Bela and Tzaneen, but it is arguable whether their problems pertaining to public accountability and service delivery challenges can be compared with those in Moutse.

Reflecting on the development of local government since its transition in 2000,

Councillor Thaba Manyoni, South African Local Government Association (SALGA) Chairperson, commented that:

15 years after formally establishing democratic, people-centred, local government, we must acknowledge that the local government experience in South Africa is a complex one and democratising local government to represent and service all has been extremely challenging. In that time, we have had some significant achievements in deepening democracy and development, while our challenges have grown ever more in complexity and urgency (SALGA, 2016 Report:7).

This suggests that the complexity of the country's democratisation has to be acknowledged. However, this does not mean that creeping lethargy, corruption and even forms of maladministration and mismanagement should not be equally exposed. This also applies to a lack of accountability as was explicitly stated by the communities in the numerous community dialogues that we held in each of the four Moutse villages.

In terms of the findings of this research, there were clear instances in which the communities felt that their local authorities were not accountable to them. Yet, this matter was complicated as there were concealed issues of accountability (or a lack of it) among the communities themselves, between the community of two villages and their councillor, and between the ward councillor and traditional or community authorities in one village; all of which not only affected public accountability in the area, but also fuelled tensions leading to conflict and public disaffections in Moutse. It was only through the



use of the café conversation or participatory action research method that the researchers were able to understand the deep-seated nature of the conflict and community disaffections that took place in the area.

## **PUBLIC ACCOUNTABILITY AT THE LOCAL GOVERNMENT LEVEL**

At the local levels, public accountability is one of the cornerstones of a democratic system. If local authorities do not account to anyone, they may well be perceived as being above the governance, legal and due process prerequisites that serve as the checks and balances against the abuse of power at the lowest government levels. Yet, since 2000, local government in South Africa has slowly established roots in an attempt to comply with Chapter 7 of the *Constitution* (sections 151-164). However, one of the difficulties facing the development of integrated local government structures has been the separation of formal local government (municipalities) from traditional leaders (sections 211-212) in the *Constitution*, which gives an impression that traditional authorities are unrelated to local government. In fact, some argue that traditional authorities were "neglected by the South African government" (Picard & Mogale, 2015:234) during the Government of National Unity (GNU) era, but many traditional leaders continue to complain about such treatment even in the contemporary era. However, it is unclear as to whether the neglect or marginalisation of traditional authorities can be compared to that of the apartheid era, as there have been changes that include the establishment of Houses of Traditional Leaders in some provinces. The extent to which they influence power and have a meaningful role in

the policymaking process remains debatable and contentious and part of what some term the "rural governance problem" (Picard & Mogale, 2015:234; Fine, 1998).

## **LIMITATIONS OF THE RESEARCH**

The following limitations pertain to the research outlined in this study. Firstly, the study did not rely on the use of in-depth interviews, questionnaires and surveys, which are traditionally used in case studies of this nature. Secondly, the study is a case study limited only to one village in a local municipality, which itself is part of a district with other municipalities. However, the study's findings cannot be generalised to other villages. Moreover, it did not cover other wards within the same Ephraim Mogale Local Municipality where the community meetings were convened. Thirdly, owing to the multiplicity of the relevant stakeholders or concerned parties, it has not been possible to obtain a response from all of the individuals and affected parties, as doing so would have delayed analysing the findings and presenting them in this article. Fourthly, the outsider/insider effect of the community's fear of strangers coming into their villages and convening meetings might also have, initially, affected some villagers. In fact, some of them at first mistook the researchers for government officials or governing party members who wanted to obtain their views under the guise of "research", and they were reluctant to openly share their experiences. However, it may never be possible for the researchers to know the extent to which this hampered the research, as the community members were generally relaxed and cooperative in subsequent meetings when they fully understood the aims of the study.

However, the study approach relied on a bottom-up approach, which enabled the researchers to gain the confidence of the community members and, thus, obtain valuable inputs from them on the causes and consequences of conflicts and community disaffections in their villages. This may not have been possible in a study relying on traditional methods such as a survey, interviews or questionnaires without any input from the community's knowledge holders.

## **CONCLUSION AND RECOMMENDATIONS**

To conclude, this study has found that the four villages of Wards 5 and 6 in Moutse, Ephraim Mogale Local Municipality were affected by public disaffections and election-related conflicts that generally undermined socio-economic livelihoods and political stability in the area. However, through the numerous community meetings that the research team convened in Moutse, between 2013 and 2016, the study found that these public disaffections were caused by several, if conflicting, other dynamics ranging from a lack of accountability by local councillors in the areas, traditional leaders who are alleged to be partisan, irregular and outright illegal election practices and the poor delivery of services.

Election-related disputes and public disaffections were also said to have a deleterious effect on the community's participation in elections conducted by the country's election body. They, therefore, undermined the legitimacy of local councillors and community leaders and the authority of the IEC, as some community members alleged that the election body was not impartial in its running

of elections in Moutse, citing allegedly partisan presiding officers at voting stations. Among other dynamics that complicate the resolution of the problems highlighted by many community members in Moutse are the following: many community members are poor and unemployed, semi-literate and generally affected by the popular sociological "urban bias" hypothesis, which suggests that most developments are generally channelled to urban areas, leaving the rural areas marginalised (Bradshaw, 1987). While this was not possible to substantiate in the community meetings, there, nevertheless, seemed to be some political unwillingness to approach the affected communities and resolve their disaffection, possibly because some of their problems had deep historical origins.

To this effect, it is recommended that further research be undertaken on the issues raised by the communities in this study. Furthermore, it is recommended that the relevant local government authorities, which have a mandate to serve these communities, should revisit the area and seek to address the sources of their disaffections. This specifically refers to the Ephraim Mogale Local Municipality and its Mpumalanga counterpart or neighbouring municipalities. Finally, since some of the problems raised by the community members are election related, it is recommended that the Electoral Commission of South Africa should address the issues pertaining to the recruitment, conduct, behaviour and practices of the election officials who operate in the voting stations in the area during elections. Many of the election-related complaints or grievances that the communities raised generally suggested that communities were less informed about the processes followed by the IEC to

recruit, appoint and deploy election officials at election time. In particular, some misunderstood electoral laws, the *Constitution* and its relevant clauses (including their implications for local level democracy), legal practice, the role of bodies such as the MDB and the relevant regulations or laws governing their conduct. Ironically, however, several of the community concerns could easily be addressed through systematic, focused and uninterrupted civic and voter education in the villages mentioned in this study. Moreover, if the different role players constantly engaged with the communities, this would significantly reduce the anger, frustration and disagreements in these villages. There should, thus, be sustained and uninterrupted civic and voter education for the communities in Moutse and neighbouring villages; not just at election times or whenever by-elections were held in these areas. Finally, related structures such as the Department of Cooperative Governance and Traditional Affairs, SA Local Government Association, the Demarcation Board and the

local municipality need to also do their part in resolving the communities' plight.

## Acknowledgements

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# REPORT REVIEW

## THE MOGALAKWENA LOCAL MUNICIPALITY IN SOUTH AFRICA: AN INSTITUTIONAL CASE STUDY CONDUCTED BY THE PUBLIC AFFAIRS RESEARCH INSTITUTE (PARI)

46 pages – 2017

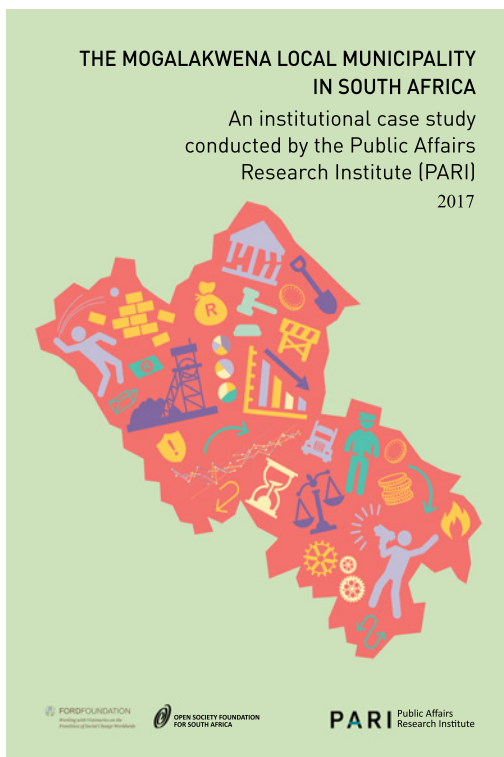
Public Affairs Research Institute (PARI)

Mosa Phadi and Joel Pearsons

Reviewed by Rasodi K Manyaka

Tshwane University of Technology

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This is the research report of the Public Affairs Research Institute (PARI), compiled by Mosa Phadi and Joel Pearsons. PARI is a Johannesburg-based organisation that studies the effectiveness of state institutions in the delivery of services and infrastructure. The said report forms part of PARI's ongoing research that seeks to investigate the governance of municipalities in mineral extractive areas. In this report, Mogalakwena local municipality is used as a case study. A case study research is crucial in that it enables an in-depth study of a phenomenon. But why did the authors choose Mogalakwena local municipality as a case study? In order to understand this, one needs to read the background of the study (see p.7-9). To give a much wider perspective of the reasons proffered, it is important for one to also zoom into Mogalakwena as a mineral extraction area. This will enable a much more comprehensive understanding of the

issues unfolding in this municipality. But, first, it is important to ask: "what constitutes a mineral extraction area"? This question is asked, because it is municipalities in these areas that attract research interests.

A mineral extraction area is an area out of which minerals can be extracted. In short, it's a mining area. As the Report indicates, Mogalakwena local municipality "bears the visible markers of a steadily accelerating mining boom", particularly in its major town of Mokopane. It is because of this that "the town [and by extension the municipality] is on the verge of a significant expansion [and], yet, it is also the sight of growing political turmoil" (p.8). To grasp this, one needs to read an article titled *Mokopane: Tail of a Town on the Brink* written by Davis, Nicolson and Similane, which was published in the *Daily Maverick* in 2015. In this article, the authors describe Mokopane not only as "a town on the brink of a complete political meltdown", but also as "a town that could be on the brink of a new-found prosperity". These authors argue that "a major mine is being built on the outskirts of the town on land previously used [by the local community members] for small-scale subsistence farming" (Davis *et al.*, 2015). Because of this, some local community members are concerned that "they weren't consulted properly, while mine bosses insist [that] they must get on board or be left behind" (Ibid). These tensions, according to Davis *et al* (2015), are "emblematic of much wider social and political fraying points". But there is an economic dimension as well. At issue here is that local, regional and provincial leaders of the governing party see the opportunity to 'eat on behalf of the masses'. This is evident in that the

economic opportunities that come with the major mine, which is being built, are too shiny to be ignored. The construction of the Platreef mine has already begun and it has already been described as "the biggest platinum mine in the world" (Davis *et al.*, 2015). This view is affirmed in this Report. In November 2014, the government granted a mining licence to a Canadian company's local subsidiary, Ivanplats (Davis *et al.*, 2015). The granting of the licence and the start of the construction of the mine has created tensions between community members and mining bosses. Such tensions arise, because the mine is purportedly being built in close proximity to a gravesite, which is something community members do not appear to be taking lightly. One of the community members, as interviewed by Davis *et al.* (2015), summarised the community's voices and frustrations as follows:

"There should be no noise at all at the gravesite, because we can't connect spiritually with our ancestors. Why are these people ignoring our traditional beliefs? Is it because it is easy for them to use their bagful of cash to silence our voices" (Davis *et al.*, 2015).

If this is anything to go by, it is clear that there are "ongoing concerns within the community that the "mining company is using money as a tool to silence... and.. buy influence from local leaders"; hence, there have been voices within the community that suggested that "the arrival of the mine in the municipality is creating the political chaos" (Davis *et al.*, 2015). This is affirmed in the Report, where the authors argue that "the internal conflicts of the municipality are intertwined with the community at large" (p.9).

The major contention of this Report is that Mogalakwena local municipality "has for many years remained in the grip of perpetual instability", which has had far-reaching repercussions for the realisation of the developmental mandate, essentially because such instability has contributed to "the weakening of institutional processes" in the municipality. The weakening of municipal institutional processes is directly linked to the "recurrent factionalism underpinned by the weakening of central political structures of the governing party, the African National Congress (ANC)" (p.8). Because of the worsening intra-organisational conflicts, the ANC "has struggled to gain control over the battles which have taken place between the competing networks" in the battle for control of state resources.

The Report is organised into two parts. Part one locates the politics-administrative events that unfolded at Mogalakwena local municipality within the wider ongoing debates on the subject. The purpose of this is to bring home the argument that "local government reflects and is embedded in [the] broader conflicts which have permeated state institutions" (p.9). The central question that the authors interrogate in this section is: What fuels perpetual instability? In answering this question, the authors analyse the literature on this subject.

They attribute this to the changes in the political leadership at both regional and provincial levels and, to a certain extent, at national level. In their own words, the authors argue that "the events that occurred in Mogalakwena were fuelled by the conflictual relations that emerged in Limpopo between different levels of the [governing] party" (p.14). The changes fuel tensions between the political head and

administrative head of the municipality, especially when a new faction takes over power. For Maserumule (2007:174), the conflict between the political head and administrative head is "a chronic phenomenon" at the intersection of politics and administration with the "potential to thwart public service delivery". It is, perhaps, important to explain that Maserumule made these remarks when he was examining the phenomenon from the context of the public service and not from the local government perspective. Nevertheless, his contribution remains relevant to the subject of this Report, which stands out because it examines the phenomenon from a local government context as the phenomenon plays itself out far more forcefully. The chances are that the new leadership is more likely to purge those who are seen to be aligned with the losing faction. This has been happening throughout many municipalities in South Africa because of the nature and extent of politicisation in the appointment of the administrative staff.

Part two of the report ponders on the effects of these ongoing conflicts between political office bearers and senior officials on the administration of the municipality. To achieve this objective, the authors examine some of the key departments within the municipality to understand 'how they are affected by the [political] turmoil' and also 'how they continue to function in [this] extremely factionalised environment'. Such departments include offices of the Municipal Manager (MM), Chief Operating Officer (COO) and Corporate Support Services to mention just a few. As the Report indicates, the office of the MM is instrumental in the functioning of a municipality. This is because the MM "provides a final signature on most processes"

(p.24) within the municipality. The MM is also crucial because he has to hold other Section 57 managers accountable for the performance of their functions. From this, it is clear that stability in this position is significant if the municipality is to effectively undertake its responsibilities. Unfortunately, as the Report elucidates, the position of the MM has been undertaken by officials in acting capacities following the removal of the MM for factional purposes. Interestingly, the authors argue that "these officials have frequently acted as proxies for provincial factions" (p.25) in the battle for the control of State resources.

Often times, the provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) had to intervene. Unfortunately, such an "intervention exacerbated existing tensions within the local ANC and shaped an environment of perpetual politics" (p.14). This is understandable, because, as the authors explain, the Department's intervention was not free from the influence of factional politics. In fact, the ANC leadership, at a provincial level, "intervened directly to shape unfolding events in Mogalakwena...through the government machinery under their control" (Ibid). The provincial department of CoGHSTA provides them with the opportunity to do this. This is largely because the Department is empowered to intervene in municipalities whenever they fail to undertake their constitutional obligation. But this must be done in good faith and should not be influenced by factional politics. Sadly, in Mogalakwena, this is not the case.

Interestingly, it is not only the MM who has been in an acting position. As the Report

shows, several other Section 57 managers, who account directly to the MM, have been acting as well, since those positions have been vacant for over two years. The divisional head of human resources, who was one of the respondents in this study, pointed out a bleak picture of the implications of this situation when he lamented that this situation "creates burdens of workload, induces lower moral and results in a loss of institutional knowledge". All of these, and many other issues outlined in the report, have brought about great disruptions to the functionality of the municipality (p.23).

The Report is instructive, because it provides an in-depth analysis of the impact of factional politics on the governance of municipalities in South Africa. The contributions of these authors builds on the work that other scholars have done in this similar, but not the same area (see Maserumule, 2007; Surty, 2010; Ndletyana, Makhalemele and Mathekga, 2013). They need to be commended, because they looked at this phenomenon from a perspective that most scholars in the discipline are yet to consider. Their focus on the governance of municipalities within mineral extractive areas is quite interesting and illuminating, because it brings a new dimension into the discourse – the influence of business interests on the behaviour of political office-bearers.

In conclusion, it is worth mentioning that the research report is significantly important for anyone who has an interest in the governance of municipalities in South Africa. It contains evidence that "provide indications of the potentially destructive consequences of institutionalised factionalism embedded in the ANC" politics. Mashele and Qobo (2014)



predicted that such factionalism will lead to the destruction, and the ultimate death, of the ANC as we know it. The Report shows quite glaringly that the ANC is at war with itself. This is evident in that there are competing factions within the ANC that have "turned state institutions into battlegrounds" for the control of state resources. Because of this, state institutions, especially municipalities, are politicised as a means for dispensing patronage. This battle for resources has the potential to paralyse the administration of government institutions, thereby impacting negatively on service delivery. When this happens, leaders will be alienating

themselves from the people who put them in power.

As it goes into National congress, in December 2017, the governing party needs to take out lessons from this Report. Perhaps, it may self-correct. As the Report offers valuable lessons for understanding the complex issues that fuel the tensions between political and administrative heads of government institutions, particularly in the municipalities.

Municipalities are at the coalface of service delivery. Their functionality is very crucial in undertaking their developmental mandate.

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The *Journal* is intended to provide the widest possible coverage of the various aspects of the comprehensive field of Public Administration and Management. Public officials of all grades and specialities, academics, as well as others, are invited to submit articles for publication to the Chief Editor.

A variety of contributions may be made to the *Journal*. These include full articles, review articles, viewpoints, and research results. It should be noted, however, that these articles are weighed differently for the purposes of publication.

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## COMMENTS

Comments on the *Journal* are invited from readers who may address these to the Chief Editor or to the office of SAAPAM at the same address.

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