THE STATE OF PERFORMANCE MANAGEMENT

IN THE PUBLIC SERVICE

Employment Practice Unit

31 May 2001

Report on the assessment of the state of readiness of departments to implement performance management and development systems for staff on levels 1 to 12, as at 31 May 2001

1   Introduction

The Public Service has a legacy of poor performance management practice. At policy level, a uniform set of rules and forms for staff at different levels existed.   These procedures did not allow a link to be made between the assessment process and the strategic objectives of departments nor did it take into account that the contexts of departments differed.

Because of the multitude of performance assessment instruments for staff at different levels and for different rewards/incentives, managers and supervisors had to spend much of their time in filling out forms, writing up reports and attending assessment meetings. As a result, many departments have built up considerable backlogs in their assessments and some have become embroiled in protracted labour disputes.

The new management framework that was implemented on 1 July 1999, gave recognition to the integrated nature of departmental planning processes and to the link between planning and performance management. It also acknowledged that each department is unique and that a uniform performance system for the Public Service as a whole is not desirable. It consequently required of departments to develop their own performance management and development systems.   The initial target for the implementation of departmental performance management systems was 1 January 2001 (i.e. one and a half year after implementation of the new Regulations). This target date was later postponed to 1 April 2001.

Hence for a long time prior to 1 April 2001, this requirement was known, documented, published and otherwise communicated. In some instances, implementation did commence on that date, and even prior to that date, in one case as far back as 1999[1]. By and large, however, departments were not able to meet the regulatory requirements.

Attempts to get systems in place were, to a large extent, a race against time. Most departments were aware of the race; some were also aware of where the finish line was; in a minority of cases it appeared as if there wasn't even a realisation that a race was on, due to what was often blamed on "*organisational fatigue, overload and stress*".

At the end of March 2001, the DPSA conducted a survey of the progress and problems encountered by departments. Based on this survey, an Interim Report[2] was compiled on the perceived status quo. That report focused primarily on compliance issues, and the updated findings of that survey are summarised in this Report. At this stage indications are that nine national departments and one province have commenced with implementation. All other departments and provincial administrations are at different stages in developing and piloting their systems, but have not yet commenced with implementation.

As the DPSA, subsequent to the initial assessment and the Interim Report based on that assessment, started engaging departments and provinces more fundamentally on specific issues on other levels, it became clear that the preliminary assessment reflected only a fragmented view of the reasons and realities for non-compliance.

2   Unpacking the information

During the course of research, review and analysis, there was a realisation that:

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[1]   The Department of Land Affairs (national).

[2]   DPSA. 31 March 2001. *Interim Report on the readiness of departments to implement new performance management systems by 1 April 2001*; and *Summary of Interim Report*, **April 2001**.

- generalisations on the issues that came to the fore, would lead nowhere as there existed critical differences among departments, and between national departments and departments in the provinces[3];
- focusing on compliance issues only, and even on system-content issues in isolation, was inadequate for the purpose of identifying areas of assistance[4], best practices, and remedial action, or to clarify the role of the DPSA on the way forward; and
- more emphasis needs to be placed on the linkage between organisational and individual (and team) performance

These issues needed to be engaged fundamentally. The interaction with departments and provinces continued during April and May 2001. In the process, a number of broad questions came into focus. These concerned both the development and the state of readiness to implement new systems, best practices, and questions that could lead the DPSA towards a more comprehensive understanding of the state of performance and performance management in the Public Service:

- What went right, where and why?
- What went wrong, where and why?
- What needs to be done and what assistance is required?
- What role can the DPSA play to improve the overall situation, in terms of regulatory compliance, but even more important, to improve performance and service delivery?

An assessment, based on visits to departments and provinces, workshops and other forms of communication during May 2001, brought forth evidence, indicating that a wide range of factors on different levels impacted on the questions and the answers.

These varied from a level very specific to the development, content and implementation of systems, to a broader level of organisational issues, and an even broader level of environmental issues. For purpose of analysis and understanding, the three levels of

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3   The Department of Land Affairs started implementation in 1999, while the Department of Provincial and Local Government started the process of development after 1 April 2001. The Free State was ready for implementation on 1 April 2001, while the Northern Cape has still not started the process of developing a uniform system.

issues, and the main elements may be categorised as follows (recognising the overlapping nature of many of these issues, their placement and categorisation):

Level	Description	Categories of issues
Level 1	Performance management specific	• System development issues • System content issues • System implementation issues
Level 2	Organisational	• Resource and capacity issues • Managerial issues • Broader systemic issues • Broader organisational issues
Level 3	Environmental	• Change management & transformation issues • Policy and sequencing issues • Leadership issues (political & administrative) • Interface issues (political & administrative)

Naturally, all the issues raised by departments on the three levels (negatively or positively) are not to the same extent applicable to every department. In those cases where departments/provinces have completed their systems and started implementation, very few of the issues were raised.

The Report unpacks and details the multitude of issues in these categories. These questions, a survey of the evidence, and an attempt to answer the questions - what went right and why, and what went wrong and why, constitute a major part of the Report.

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4 Where the building blocks required for the implementation of a PMDS are absent, e.g. a strategic plan, completed restructuring, SMS performance agreements, approved workplans, the PMDS would merely be a document of doubtful worth.

3   Best practices

The state of performance management in the Public Service does not only reflect bad news. It has also brought to light numerous examples of forethought and thorough planning in the developmental phase, initiative and creativity. These relate to the drafting of systems, piloting and implementation, a growing understanding of the complexities of performance and performance management and how to deal with these in practice. These best practices are highlighted in the Report.

4   Areas of assistance

As the DPSA engaged departments, numerous requests for assistance were received. These ranged from the system specific issues (development, contents and implementation), through organisational and systemic, to broad environmental and policy issues. There was a realisation, in many cases, that where things went right with performance management, other systems and policies were also in place. Similarly, where things went wrong, they often went wrong not only with regard to performance management, but also with other policy areas and systems as well[5]. The specific areas of assistance identified in the Report, deal mainly with performance management, but it would be short-sighed for the DPSA to ignore major challenges that may lie hidden in some departments.

5   What role for the DPSA?

The greatest challenge to the DPSA, along with facilitating policy implementation, is to guide departments towards improved organisational performance. By its very nature and by virtue of its mandates, the DPSA is not in an ideal position and does not have the internal capacity to render full assistance in all departments and provinces where specific needs for assistance were identified. This ranges from direct assistance by DPSA staff members, a networking and facilitating role for the DPSA, and an intermediary role, for

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[5]   In the Northern Cape, e.g. the absence of a uniform PMDS for the province seems to be the result of a weakening of the centre. What happened to the PMDS, may perhaps also befall other systems and policies.

example by extending the IPSP to other provinces. Possible areas of direct and indirect assistance and facilitation by the DPSA are identified in the Report, on the basis of identified needs, problems, challenges and best practices that have been identified in those departments that have successfully started implementing new systems.

6   Conclusion

Departments were required to implement new performance management systems by 1 April 2001. Although this regulatory requirement was fully met by only a few departments and provinces, the past three years have seen a remarkable growth in the understanding of the new paradigm of performance management and development that needs to be instilled in the Public Service.

At the same time, the quest for new systems, and the widespread failure to fully succeed, has highlighted a number of fundamental issues that have to be addressed from the centre - whether the DPSA, the National Treasury, the Presidency, or a combined, targeted approach. The same principle applies to the provinces.

These issues include, apart from performance and performance management systems, also the improvement of organisational performance and assessment, the conceptualisation of transformation and change management, the sequencing of policy reform, greater attention to organisational and managerial matters, the resourcing of change, stronger emphasis on integrated human resource management, and a full commitment to the training and motivation of staff.

These matters require serious and immediate attention. Not only for the purpose of improved performance management and human resource management generally, but in fact for all aspects of public management in order to improve the performance of the Public Service as a collective, and to improve the Government's ability to deliver on its promise of improved service delivery to all the citizens of South Africa.

TABLE OF CONTENTS

Report on the assessment of the state of readiness of departments to implement new performance management and development systems for staff on levels 1 to 12, as at 31 May 2001

1   INTRODUCTION

Service delivery imperatives and the quest for improved performance in the Public Service led to the requirement that departments in the national and provincial spheres of government had to have new performance management and development systems (PMDS[6]) in place by 1 April 2001. Another factor that impacted on performance management in the Public Service was the development of proposals for a new pay progression system, a system that is intended to be based partly on performance.

A thorough assessment by the Department of Public Service and Administration (DPSA) spanning the period March to May 2001 indicated that, by and large, departments were unable to meet the regulatory requirements by the required date. Nine national departments and one province have started implementing their new systems. Even in those cases where implementation is taking place, it is too soon to tell to what extent these systems have actually resulted in improved individual, team and organisational performance.

Despite the above, and what appears to reflect a negative scenario of performance management in the Public Service, the past three years have nevertheless seen a remarkable growth in the understanding of the new paradigm of performance management and development that needs to be instilled in the Public Service. This is highlighted by the fact that only three national departments and two provincial administrations have not made significant progress towards the development of new systems. The way forward requires the identification of those departments that most need capacitation and assistance, and determining the appropriate remedial action.

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[6] The terminology used to describe performance management systems in departments varies. The Regulations refer to a "performance management and development system", abbreviated to PMDS. The DPSA has started to use the acronym PMDS to refer to performance management systems in the Public Service, wherever they are and whatever they are called.

2 METHODOLOGY

This Report is an output of an internal project of the Employment Practice Unit in DPSA. The methodology included research and analysis by various means. In December 2000 interaction commenced with departments and provinces. During the period February to May 2001, performance management workshops were held in all the provinces except the Northern Province, but staff from this province attended two workshops on the issue in Pretoria, where the required information was submitted. Following the establishment of a "performance management learning network" for departments in the Public Service, a national workshop on performance management was held in Pretoria on 21 May 2001, where all but three national departments and six of the nine provinces were represented, and information was shared on progress, challenges and the way forward. (See page 49 on the PMDS learning network.)

A major survey was also conducted by means of a questionnaire sent to all departments. The results of the information that came out of the completed questionnaires were analysed in two reports, submitted in March and April 2001.[7] Before and after the questionnaire, departments were visited, and consultation and verification was done by telephone and e-mail communication.

The methodology in the unit also involves research. Research is being conducted both pro-actively and re-actively. The pro-active research involves issues that are deemed to be of importance, and include focal areas that have up to now not received sufficient attention in the Public Service. These include issues such as performance management benchmarks, and the measuring and rewarding of team performance. The re-active research focuses on specific issues that have been identified by both the DPSA and external clients in the process of developing their departmental systems. Included in this category are issues such as the drafting of performance standards and indicators, approaches to the granting of performance related financial and non-financial incentives, and the linking of performance to pay systems. As part of the process presentations were made to a number of departments.

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[7] DPSA. 31 March 2001. *Interim Report on the readiness of departments to implement new performance management systems by 1 April 2001*; and the updated *Summary of Interim Report,* **April 2001**.

3   CURRENT STATUS OF PMDS IN THE PUBLIC SERVICE

3.1   Mandates and regulatory framework for performance management

The authorisation for and general contents and thrust of departmental performance management systems derive in varying degrees from the following sources:

Acts of Parliament	The Constitution, 1996 The Public Service Act, 1994 The Labour Relations Act, 1995 Skills Development Act, 1998 Basic Conditions of Employment Act, 1997 Employment Equity Act, 1998
White Papers	Human Resource Management, 1997 Transforming Public Service Delivery, 1997 (*Batho Pele*) Public Service Training and Education, 1998 Transformation of the Public Service, 1995 Affirmative Action in the Public Service, 1998
Regulations	Public Service Regulations, 2001 Treasury Regulations, 2000
Collective Agreements	PSCBC Resolution 13 of 1998 (performance agreements) PSCBC Resolution 3 of 1999 (financial rewards and incentives) PSCBC Resolution 7 of 2000 (rank/leg promotions & pay progression system

Part VIII of Chapter I of the Public Service Regulations, 2001, serves as the primary guide to departments in developing and implementing their departmental performance management systems. As such, the Regulations contain only a minimum of guidelines for departments. In so far as principles are concerned, the Regulations require that departments should manage performance in a consultative, supportive and non-discriminatory manner in order to enhance organisational efficiency and effectiveness, accountability and the achievement of results. Consistent with these principles, each executing authority must determine a system for performance management and development for employees in the department who are not members of the SMS. The thrust of performance management should be developmental.

With regard to assessment, an executing authority may establish separate performance assessment instruments for different occupational categories or levels of work; but when assessing an individual employee, a single assessment instrument should be used in order to assist in deciding on probation, rewards, promotion and skills development of the employee. Two important regulatory requirements are the following:

Before utilising a performance management system, an executing authority should:

- **pilot** the system on groups of employees in all occupational categories sufficient to enable reasonable validity; and
- **consult** with employee organisations in the department.

The Regulations provide that, if the departmental budget and the medium-term expenditure framework provide adequate funds, a head of department may establish a <u>financial incentive scheme</u> for employees or any category of those employees. The Regulations also provide that, if an employee makes a suggestion, improvement or invention of exceptional value to the department or the Public Service as a whole, the State has the right of use of any such suggestion, improvement or invention; and the executing authority may reward the employee through any non-monetary reward; and/or a non-pensionable cash award.

One of the major issues confronting departments in the development and finalisation of their performance management systems, was the impact of PSCBC Resolution 3 of 1999 on the development of departmental financial incentive schemes, and on notch increments and merit awards. Resolution 3 of 1999 determined in paragraph XXXV that the "*<u>current dispensation</u> on merit bonuses and other forms of recognition of outstanding performance, innovations or <u>achievements shall remain in force until the parties negotiate</u>, in line with the requirements of the Labour Relations Act, 1995, <u>a new agreement</u> on the topic.*" Another collective agreement, Resolution 7 of 2000 determined that the *"present rank and leg promotion system shall be terminated by 1st July 2001 or earlier if a new **pay progression system** is agreed to before that date.*"

These collective agreements had a restrictive effect on the development of departmental performance management systems[8]. The Regulations vested the authority for the adoption and implementation of a new departmental system in each executing authority. On the other hand, however, integral elements of the new systems relating to the granting of benefits and awards were subject to collective agreement.

In a **General Circular** the DPSA interpreted the above resolutions and once again encouraged all departments to develop their own systems and assessment instruments. Should a new system impact on existing benefits, then this may not be implemented before a suitable collective agreement has been entered into, since awards/benefits are issues of mutual interest and hence subject to negotiation with labour.

3.2 Assessing the state of readiness to implement new systems

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[8] This issue is discussed in greater detail in the *Interim Report on the readiness of departments to implement new performance management systems, 31 March 2001*; and the updated *Summary of Interim Report*, **April 2001**.

Assessing the readiness of departments to implement new systems may be contentious. Nevertheless, an attempt was made to identify critical issues and elements against which departmental progress could be benchmarked. These included the stage of development, approval of the policy, consultation with employee organisations, readiness to implement the system, elements of the (draft) policies and systems, the developmental focus of the system, the development of performance measures, standards and indicators, the recognition of team work (and its assessment), and recognising the importance of assessing organisational performance and effectiveness.

Linked to the assessment, a ten-point scoring system was applied for the purpose of illustration and comparison. If a department had commenced implementation, a mark of ten was awarded, without pre-empting an assessment of the functioning of the system, which can only be done with a measure of accuracy after one full twelve-month cycle.

Assessment	Points
Not yet started	1 - 2
Research phase	3 - 4
Consultation phase	5 - 6
Pilot phase	7 - 8
Implementation phase	9 - 10

3.2.1   The national departments

On the basis of the assessment, the **national departments** were scored as follows:

3	4	5	6
Communications Prov. & Local Gov.	Arts, Culture, Sc & Tech	Justice Sport & Recreation Office of the PSC SAMDI	Home Affairs

7	8	9	10
Env. Affairs & Tourism Health Public Works	SANDF GCIS Housing SAPS/Safety & Security The Presidency Trade and Industry Water Affairs & Forestry	Agriculture Foreign Affairs Indep. Complaints Dir. Public Enterprises Statistics SA	Correctional Services[9] Education Labour Land Affairs Minerals & Energy National Treasury Public Service & Admin. Social Development Transport

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[9]   On 28 February 2001 the DCS agreed with its employee organisations to hold in abeyance the implementation of their new performance management system, pending the outcome of arbitration proceedings on contested aspects of the system. Discussions to settle the dispute are currently under way.

Chart 1 and Chart 2 on the following pages illustrate in a comparative perspective, the position with regard to the **national departments.** Following the charts, a brief summary is provided of the situation in each department.

Chart 1:   **National departments** (bar chart view)

NATIONAL DEPARTMENTS: STATE OF READINESS
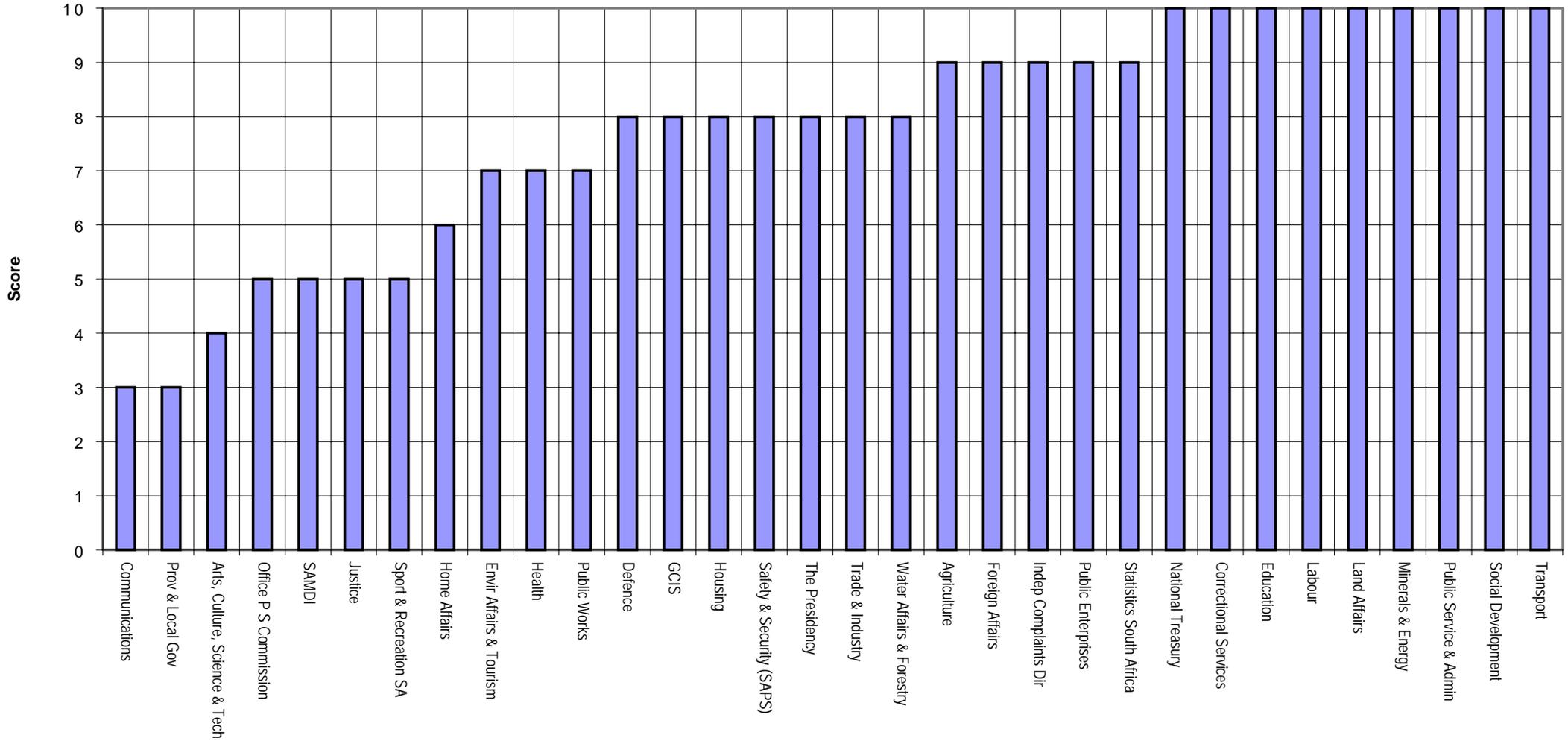
Progress in the national departments

The following is a brief summary of the latest situation in the national departments, in alphabetical order.

Department of Agriculture (rating = 9)

The department started developing a new system in 1999 and has gone through a process of training, while piloting yet has to take place. The Minister for Agriculture approved the system in April 2001. Although the system was not yet consulted in the departmental bargaining council, the unions were involved in the developmental phases. Formal consultation will take place in the June 2001 meeting of the Bargaining Council. The department reported that they would soon commence with implementation on a trial basis.

Department of Arts, Culture, Science & Technology (rating = 4)

This department is still using the old system. Staff members have started working on a draft that will form the basis of a new system and the assistance of consultants is being considered.

Department of Communications (rating = 3)

The department is in the early stages of developing a new system, but little progress has been reported beyond some research into the matter.

Department of Correctional Services (rating = 10)

The DCS completed the development of their new system in 2000, and in November 2000 announced their readiness to implement by 1 January 2001. Implementation did commence, especially with regard to the appraisal of staff. Progress has, however, been interrupted due to a court interdict and a subsequent arbitration process. On 28 February 2001 the DCS agreed with their employee organisations to hold in abeyance the implementation of their new system, pending the outcome of the arbitration.

On 21 June 2001, before the arbitration was completed, the DCS management met with their unions where agreement was reached in principle on a number of issues, to be ratified before the end of June 2001. This included the approval of the new performance management and appraisal system to be implemented with the starting date of 1 April 2001, and that the previous assessment instrument would be used to deal with backlogs up to 30 March 2001. These matters still need to be formally agreed to by all parties.

SA National Defence Force (SANDF) (rating = 8)

The SANDF faces the challenge of having substantial numbers of both Defence Act and Public Service Act staff, and they are developing a system that will accommodate both groups of employees. The intention is to commence with implementation on 1 July 2001.

Department of Education (rating = 10)

This national department started developing a new system in 1999 and have already commenced with implementation. The system covers all staff employed in the department who are appointed in terms of the Public Service Act and the Employment of Educators Act.

Department of Environmental Affairs and Tourism (rating = 7)

The process of developing a departmental system started in June 2000 and the intention is to implement elements of the system on a piloting basis during July to September 2001, followed by a planned six-month implementation phase from October 2001 to March 2002. The system has been consulted with labour, and will be submitted to the Minister and DG by the end of June 2001. One of the reported problems inhibiting progress has been the high turnover rate of senior managers, especially the head of department.

Department of Foreign Affairs (rating = 9)

The department started developing a new system in 1999, cascading the principle of performance agreements from the level of the SMS downwards to all staff. The alignment of these performance agreements with the department's strategic objectives is almost completed and training is taking place, even though this is complicated by having staff distributed in embassies all over the world.

GCIS (rating = 8)

This institution has developed a system that was approved in December 2000. Elements of the system are still being refined and it has not yet been piloted. It is the intention to start implementation on 1 July 2001.

Department of Health (rating = 7)

The development of the departmental system is almost completed. Consultation has taken place and the refinement of the system is continuing. A number of meetings between Health and the DPSA have taken place during the process of completing the system.

Department of Home Affairs (rating = 6)

Many processes, including the development of a new performance management system, have been somewhat delayed due to the major restructuring of the department during the past two years. The development of the new system started in 1999 and consultation with the unions has taken place. Performance agreements for senior managers are in place and it is the intention to cascade this approach down to the other levels. It was reported that the department might be ready to start with implementation on 1 July 2001.

Department of Housing (rating = 8)

The development of a new system for the department started in 2000 and is based on job descriptions developed by a consultant. Good progress has been reported, although the proposed system has not been consulted with the unions yet.

Independent Complaints Directorate (rating = 9)

The ICD started developing their system in 1999 and completed a draft during 2000. It has been piloted but not yet consulted with the unions. Due to continuous restructuring the development of job descriptions has not been completed. The ICD reported that they are on the verge of implementation.

Department of Justice (rating = 5)

Problems in the administration of the department resulted in slow progress with the development of new systems, including the performance management system. The development of the system only commenced after 1 April 2001, but some progress has been reported. They do not believe they will be in a position to start implementation during the current financial year.

Department of Labour (rating = 10)

The Department of Labour has been one of the exemplary departments in so far as the development of a performance management system is concerned. Development started in 1998 and the system was approved in April 2000, where after implementation commenced.

Department of Land Affairs (rating = 10)

This department is, along with Labour, rated as the best department in the Public Service in terms of performance management. Implementation started in July 1999, and the system has been substantially reviewed on the basis of experience gained during the first phases of implementation. A second review is currently envisaged, in order to further fine-tune the system.

Department of Minerals and Energy (rating = 10)

The department awarded a tender in November 1999 and a draft system was completed by April 2000. The developed system was approved in August 2000. Consultation and piloting were done and implementation started on 1 April 2001.

National Treasury (rating = 10)

Despite problems around amalgamation and restructuring, the National Treasury still managed to complete the development of their performance management system. This department has commenced implementing the new system.

Office of the Public Service Commission (rating = 5)

The OPSC has expressed a wish to have the date of implementation extended, as a lack of capacity has prevented them from completing the development of a new system in time for implementation on 1 April 2001. The OPSC has reported progress with the development of the system, but they are unsure whether to have separate systems or an integrated system for staff in the SMS and those on levels below that.

Department of Provincial and Local Government (rating = 3)

A Task Team was appointed on management level in 1999 to lead the process of developing a new PMDS, but after two years, no progress had been made. In April 2001 the task was transferred to another team, while consideration is being given to outsourcing the development of the system to consultants.

Department of Public Enterprises (rating = 9)

The department, with the assistance of consultants, developed a new system during 2000. While the department is close to implementation, outstanding decisions around piloting are hampering final implementation.

Department of Public Service and Administration (rating = 10)

Following the appointment of a Task team in 2000, a new system was developed and piloted during September 2000. Implementation of the system, based on the integration of outputs and competencies in performance agreements for all staff members, commenced on 1 April 2001.

Department of Public Works (rating = 7)

The department reported major difficulties in developing a new system. The process started in 1999, died down, and was resuscitated in 2000. The draft system has been workshopped and training has started, but no clear mechanisms for implementation are yet in place. Although the department indicated that they would not be ready for implementation on 1 April, it is not clear when that would be possible.

Department of Safety & Security (SAPS) (rating = 8)

A new performance management system has been developed and piloted, and the intention is to start implementation in July 2001.

SAMDI (rating = 5)

After a relatively late start due to its restructuring, this department is now at the draft stage of developing a new system. Stakeholders are presently being consulted on the draft and the Minister is expected to be approached for approval of the system in July 2001.

Department of Social Development (rating = 10)

The department has finalised the new system, which is based on the cascading of performance agreements throughout the department. Implementation started on 1 April 2001, but they have a problem with a proper linkage between their strategic plan and the detail of the performance management system.

Sport & Recreation SA (rating = 5)

A new system was developed, based on that of the Department of Labour. The system is currently being finalised and consultation still has to take place. The department believes that implementation is not too far off.

Statistics South Africa (rating = 9)

The development of a system posed major challenges for SSA. The process started in 1999, and after the draft system has been re-drafted three times, they are now on the verge of implementing a system based on workplans and job descriptions.

The Presidency (rating = 8)

An off-the-shelf performance management system, Performance Dimension Software, was adopted as the basis of the departmental system. The approach is labelled as "performance enhancement", and while they indicated they will not be ready on 1 April, they now believe implementation to be imminent.

Department of Trade & Industry (rating = 8)

The department has completed the development of the new system, it was piloted and consulted with the unions, and implementation is reported to be imminent.

Department of Transport (rating = 10)

The NDOT has completed the development and piloting of a new performance management system. The system was developed in June 2000 and was subsequently extensively consulted. The departmental bargaining chamber adopted the system, and implementation commenced in March 2001.

Department of Water Affairs & Forestry (rating = 8)

DWAF has completed the development of their new policy, drafted training material and a guide to the system, trained the departmental "champions", and has developed a guide to the policy. Although they are close to implementation, they are still busy finalising the assessment instruments and have therefore not completed their piloting.

3.2.2 The Provinces

On the basis of the assessment outlined above with regard to the national departments, the **provinces** were also scored. In eight of the nine provinces, Gauteng being the exception, a decision was taken to develop a uniform system that could be used by all departments in the province. Of those eight provinces, in only the Western Cape are all departments going to adopt the uniform system as their departmental systems. In the other seven provinces, some departments (usually Education and Health, but also others) decided to adopt different systems, or adapt the uniform provincial system.

The assessment of the provinces therefore reflects the general state of readiness to implement the uniform system. In so far as Gauteng is concerned, the Gauteng Office of the Premier provided inputs on which the scoring of the average was based.

With the above qualifications in mind, the scoring of the provinces is as follows:

Assessment	Points
Not yet started	1 - 2
Research phase	3 - 4
Consultation phase	5 - 6
Pilot phase	7 - 8
Implementation phase	9 - 10

1	2	3	4	5
Northern Cape		Mpumalanga		Gauteng

6	7	8	9	10
		Eastern Cape KwaZulu-Natal Northern Province	North West Western Cape	Free State

Chart 3 on the following page illustrates in a comparative perspective, the position with regard to the **provinces,** with departments in each province viewed collectively. Following the chart, a brief summary is provided of the situation in each province.

Chart 3:   The provinces

PROVINCES: AVERAGE STATE OF READINESS
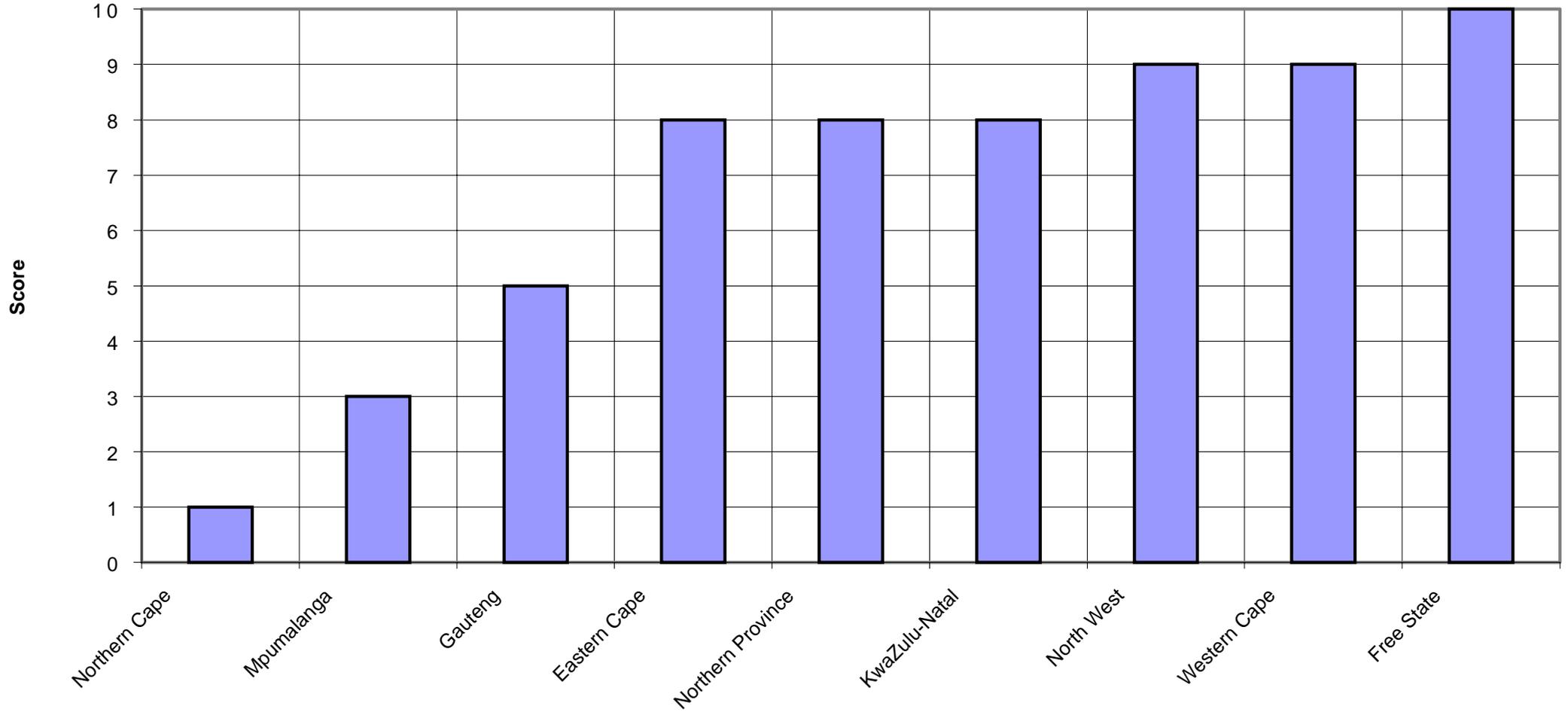
Progress in the provinces

Eastern Cape (rating = 8)

In the Eastern Cape, one of the projects of the Integrated Provincial Support Programme (IPSP) is to have **performance management systems implemented in all departments in the Province.** In 2000 a contract was awarded to the Simeka Group in association with Project Evaluation and Research Services (PEARS Eastern Cape) and CIETafrica to develop a uniform system for all departments in the province. These groups initiated a process and set up a Task Team for the purpose of developing a policy and a framework, Information Handbook as well as a Training Manual. First drafts of the system were completed by November 2000, and a review process was initiated. The piloting phase and departmental workshops commenced in January 2001 and ran until 17 April 2001. Departments in the province are now, under the guidance of the Office of the Premier, individually planning the implementation of their new system, and various levels of progress have been reported in the different departments.

Free State (rating = 10)

The Free State Executive Committee in 1999 decided that there should be a uniform system for all departments in the province. The Office of the Premier initiated a process and a Task Team was established for the purpose of developing a policy and a framework. A project action plan was developed to assist with development, piloting and implementation. In November 2000 the Free State Executive Council was informed of the proposed system and its piloting, and approved that it be consulted with employee organisations at the Provincial Bargaining Council, and that all departments in the Free State implement the uniform system from 1 April 2001. The Free State Executive Committee approved that the system would be implemented and it has been confirmed that departments in the Free State started implementing the new system on 1 April 2001.

Gauteng (average rating = 5)

In 1997 an attempt was made to implement, for limited piloting purposes, the so-called PPMS in all Gauteng departments.
After one year this process came to a halt, and the Gauteng Provincial Government adopted the approach that each department should develop its own performance management system. Due to the non-involvement of the Office of the Premier in co-ordination, departmental progress in terms of performance management was also slack. Departments in Gauteng were generally also slack to respond to both the questionnaire and telephonic surveys. The Gauteng

Department of Transport seems to have gone quite some way in developing a draft system, but implementation does not seem imminent. Following the completion of this Report, individual departments in Gauteng will be engaged in order to further verify information and determine the latest state of affairs in each department.

KwaZulu-Natal (rating = 8)

A task team led by staff in the Office of the Premier designed a uniform draft system in accordance with the management-by-objectives methodology and some elements of the Balanced Scorecard. The system is at present being piloted in the provincial Department of Public Works. The intention is that all departments should use the system, but the provincial Department of Education developed their own system (Health), while the Department of Traditional Affairs and Local Government have adapted the provincial system to their own requirements. These two departments seem to be ready to commence with implementation, while the rest of departments will follow after the completion of the pilot in Public Works.

Mpumalanga (rating = 3)

Since the middle of 2000 some individual departments in Mpumalanga communicated their concern to the DPSA that little had been done in the province with regard to new performance management systems. The provincial HR Forum had apparently been tasked with the responsibility of developing a uniform system for use by all departments, but failed to make any progress in this regard. At a relatively early stage the provincial Department of Health decided to go their own way, and has started implementing their own system. Similarly, in the latter half of 2000 the provincial Department of Education decided to link up with the national Department of Education to develop their own departmental system for both educators and Public Service Act personnel.

At the request of the provincial DG, the DPSA facilitated a provincial workshop in February 2001 to assist with progress. During the workshop a process was adopted to set up a provincial task team to develop a system for provincial departments. The workshop proposals were adopted by the provincial Executive Council and a task team started functioning in May. A consultant has been appointed with the assistance of GTZ, and has started developing a policy framework for performance management. It is apparent that a new provincial performance management system will not be in place for quite some time to come. According to the latest information, the Department of Health has commenced with the implementation of their departmental system.

Northern Cape (rating = 1)

Due to major restructuring and personnel changes in the Office of the Premier, it seems as if little of significance has happened in this province with regard to performance management. DPSA has since February 2001 offered to assist with a provincial workshop to start the process, but this has not yet been possible due to some reluctance in the Office of the Premier. Some departments, such as Social Services and Population Development, started to develop an own system, but are also waiting for an initiative by the Office of the Premier. In May 2001 the DPSA facilitated a workshop at the regional office of the Public Service Commission in Kimberley with representatives of the larger departments in the province. The Office of the Premier was invited but did not attend. The feeling from delegates at that workshop was that DPSA facilitation and assistance were needed in order to expedite matters.

Northern Province (rating = 8)

Through the IPSP process, the Simeka Consultancy group was appointed in November 2000 to develop a system for departments in the province. Simeka built on the experience already gained in the Eastern Cape, established a task team which revised the initial system based on the Balanced Scorecard approach. A similar process as the one adopted in the Eastern Cape was followed in the Northern Province. Tools for managing the performance of HoDs and the rest of the SMS will take into account the framework of the system, and will align the performance agreements with departmental business plans. The province has now started piloting the system in the departments of Health and Welfare, the Office of the Premier, and Finance and Economic Affairs.

North West (rating = 9)

The North West Province in 1996 started with an initiative to develop a performance management system for the province and to train staff. In a more recent development, the Corporate management unit facilitated the development of a uniform system that could be used by all departments. The proposed system was recently amended for approval, where after implementation should commence. All departments in the province will not necessarily use the uniform system. The provincial Department of Education, assisted by the national Department of Education, recently awarded a tender for the development and implementation of their own system. Piloting was done in five departments and the commencement of implementation seems imminent.

Western Cape (rating = 9)

The Western Cape Province has developed a uniform performance management system that will apply in all their provincial departments. The system also provides for the integration of the SMS and system of performance agreements with the system for staff below the SMS. It has been approved by the Provincial Management Committee, and has again been referred to consultation with unions on 20 June 2001. Departments will start with a phased piloting/implementing process during which the system will initially be implemented from the SMS level down to the level of Assistant Director, and in a next phase down to all the other levels. The Western Cape has been responsible for coining the phrase: "*Implementation on the basis of phased piloting, and piloting on the basis of phased implementation.*"

4   THE CHALLENGES

4.1   Overview

For the purpose of this Report, a serious attempt was made to determine what the main challenges and problems were. As the DPSA engaged departments and provinces more fundamentally on specific issues on other levels, it became clear that the preliminary assessment reflected only a fragmented view of the reasons and realities for non-compliance. During the course of review and analysis, there was a realisation that:

- generalisations on the issues that came to the fore, would lead nowhere as there existed critical differences between departments, and in particular between national departments and departments in the provinces[10]; and

- focusing on compliance issues only, and even on system-content issues in isolation, was inadequate for the purpose of identifying areas of assistance[11], best practices, and remedial action, or to clarify the role of the DPSA on the way forward.

- More emphasis needs to be placed on the linkage between organisational and individual (and team) performance

These issues needed to be engaged fundamentally. The research and analysis brought forth evidence, indicating that a wide range of factors on different levels, from a level very specific to the development, content and implementation of systems, to a broader level relating to "organisational" issues, and an even broader level of "environmental" issues, impacted on the questions and the answers.

For purpose of analysis and understanding, the three levels of issues and areas of challenges, and the main elements may be categorised as follows (recognising the overlapping nature of many of these issues, their placement and categorisation):

Level	Description	Categories of issues
Level 1	Performance management	• System development issues

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[10] The Department of Land Affairs started implementation in 1999, while the Department of Provincial and Local Government started the process of development after 1 April 2001. The Free State was ready for implementation on 1 April 2001, while the Northern Cape has still not started the process of developing a uniform system.

[11] Where the building blocks required for the implementation of a PMDS are absent, e.g. a strategic plan, completed restructuring, SMS performance agreements, approved workplans, the PMDS would merely be a document of doubtful worth.

	specific	• System content issues
		• System implementation issues
Level 2	Organisational	• Resource and capacity issues
		• Managerial issues
		• Broader systemic issues
		• Broader organisational issues
Level 3	Environmental	• Change management & transformation issues
		• Policy and sequencing issues
		• Leadership issues (political & administrative)
		• Interface issues (political & administrative)

A compendium of all issues and challenges that were raised by departments is contained in the following pages. Naturally, all the issues raised on the three levels (negatively or positively) are not to the same extent applicable to every department. In those cases where departments/provinces have completed their systems and started implementation, very few of the issues were raised as "problems", except with regard to performance management issues where specific problems had been encountered.

4.2 Issues generic to national and provincial departments

Those issues that are generic to departments in both the national and provincial spheres of government will be listed first. Thereafter, those issues that are unique to provinces and departments in the provinces will be categorised.

4.2 ISSUES GENERIC TO NATIONAL AND PROVINCIAL DEPARTMENTS

Issues on level 1

Level	Description	Categories of issues	Sub-issues on level 1
1	**Performance management specific**	1.1 System development issues	Sequencing of Public Service transformation & reform (what comes first - see level 3) Poor alignment between strategic planning and performance management Personnel practitioners expected to become HR practitioners & PMDS specialists Lack of interest from top management to kick-start development of system System development "dumped" on junior staff administering day-to-day HR HR practitioners have insufficient power/authority in department Time frames for developing performance management system Time frames for developing systems other than performance management system Absence of building blocks required for development of system (see level 2) Absence of timely pre-planning by top management Uncertainty about transitional arrangements for financial incentive and reward system Perceptions around performance management - equals rewards and money Consultants and the development of PMDS: • Consultants not understanding the Public Service • Complicated systems proposed by consultants (e.g. Balanced Scorecard) • Must consultants develop and implement system? • Lack of skills transfer from consultants to departmental staff • Cost of consultants

Issues on level 1

Level	Description	Categories of issues	Sub-issues on level 1
1	**Performance management specific**	1.2 System content issues	HR staff not sufficiently knowledgeable about new PMDS content issues
			Development of performance measurements: standards and indicators
			Development of assessment instruments in general
			Development of reward and incentive system:
			* kept on hold by Resolution 3/1999
			* desirability of financial rewards
			* what kinds of non-monetary rewards
			* how can outstanding performers be effectively rewarded
			* way forward with existing system of merit awards
			* Perceptions that performance management equals financial rewards
			What to assess: results/outputs/outcomes/process/inputs (e.g. competencies)
			How to assess: the weighing and balance of assessment criteria
			Measuring service delivery elements - linkage with service standards
			Team assessment: how to do this effectively
			Organisational assessment (poor organisation perf, but staff get rewards)
			Incorporating 360 degree assessment (can this work in Public Service culture?)
			Aligning the old assessment system with the new performance management system
			How to assess/reward staff in acting capacity
			How to assess staff appointed for potential (probationary assessment)
			How to assess front-line staff, counter staff, illiterate staff
			Uncertainty about requirements to be set by new pay progression system
			Linkage between performance assessment and incapacity procedures

Issues on level 1

Level	Description	Categories of issues	Sub-issues on level 1
1	**Performance management specific**	1.3 System implementation issues	Piloting: How wide the scope of piloting How long the duration of piloting (one full cycle?) When and how do we know that piloting proved validity of system? How is implementation actually done? How to move from theory and paper policy framework to implementation? How to assess PMDS as an effective and working system? How to determine whether PMDS improves individual performance? How to determine whether PMDS improves team/unit performance? How to determine whether PMDS improves organisational performance? Transitional arrangements: how to run one system and implement another?

Issues on level 2

Level	Description	Categories of issues	Sub-issues on level 2
2	**Organisational**	2.1 Resources and capacity	HR resources: capacity; from practitioner to PMDS specialist to policy specialist
			Financial resources: research, development, training, publications
			Physical resources: offices, equipment, computers, IT support

Level	Description	Categories of issues	Sub-issues on level 2
		2.2 Managerial issues	Lack of pre-emptive planning by top management
			Top management not serious about Human Resource Management
			Top management not empowering HR section sufficiently
			Management not following holistic/integrated approach to HR policies and systems
			Lack of commitment and buy-in from managers for system below SMS level
			Nobody specific tasked to develop PMDS
			System development left to junior staff, with little top support
			Managers expect HR practitioners to do day-to-day work and development work
			Line managers unwilling to be involved with HR issues
			Managers attitude: compliance for the sake of compliance

Issues on level 2

Level	Description	Categories of issues	Sub-issues on level 2
		2.3 Broader systemic issues	Absence of building blocs required for development of performance mgt. System: • Strategic plans and derived workplans not finalised • Organisational structure • Service delivery improvement programme • Human resource plans • Skills development plans • Performance agreements • Job evaluation and job descriptions • Competencies Need for a reliable human resource management information system Integration with other policies/systems (e.g. recruitment, selection, training) Integration with Service Delivery Improvement Programme & service standard Badly handled labour relations/grievance cases negatively impacts on PMDS

Level	Description	Categories of issues	Sub-issues on level 2
		2.4 Broader organisational issues	Organisational culture not conducive to improved performance/perf. Management Individual assessment and reward not linked to organisational performance On-going merging, splitting and restructuring of departments Changes in regional and district offices and reporting lines Continuous shifting of staff (components and locality) Inconsistency/incoherence in departmental strategic planning (shifting goal posts) New EAs and HoDs changing core business of department

Issues on level 3

Level	Description	Categories of issues	Sub-issues on level 3
3	**Environmental**	3.1 Change management and transformation	Change management did not receive timely priority
			Sequencing of transformation and reform and aligning with policy development
			Organisation fatigue and overload
			Staff not ready for dramatic change
			Staff resistance to change
			Staff not absorbed into posts (staff in excess of operational requirements)
			Staff in acting capacities - uncertain about position and way forward
		3.2 Policy issues	Too many new policies at the same time (when many experienced staff were leaving)
			Incorrect sequencing in adoption and implementation of policies and systems
			Integration between policies (Batho Pele and PMDS - focus on outputs/results)
			Policy changes did not properly foresee multitude of implementation difficulties
			Was WPHRM correct in devolving so many HR responsibilities to departments?
			Was it the correct approach to allow each department to implement own PMDS?
			Policy development in PS was not accompanied by staffing of policy analysts
			Still no time for staff to train and grow in policy analysis and policy development
		3.3 Leadership issues	Too frequent changes in political and administrative leadership
			Heads of department changed or on disciplinary charges
		3.4 Interface issues	Executing Authority and head of department with mutual lack of trust
			Political and personal differences between Executing Authority & HoD

4.3   ISSUES UNIQUE TO PROVINCES AND PROVINCIAL DEPARTMENTS

Issues on level 1 (unique to provinces)

Level	Description	Categories of issues	Sub-issues on level 1
1	**Performance management specific**	1.1 System development issues	Who should have taken the lead? Office of the Premier or departments?
			Lack of timely executive decision on uniform provincial system or not
			Provincial departments did not have competent staff to start developing system
			Some departments (Education, Health) started developing own systems
			(for others refer to list of generic issues)

Level	Description	Categories of issues	Sub-issues on level 1
		1.2 System content issues	Inadequate linkage to other provincial systems & policies, including HR policies
			(for others refer to list of generic issues)

Level	Description	Categories of issues	Sub-issues on level 1
		1.3 System implementation issues	Uniform system developed for province, but who drives and monitors implementation?
			Absence of consultants during the implementation phase
			(for others refer to list of generic issues)

Issues on level 2 (unique to provinces)

Level	Description	Categories of issues	Sub-issues on level 2
2	**Organisational**	2.1 Resources and capacity	Provincial departments struggling in isolation from other departments/provinces
			HR staff transfer from centre to departments only in 1999
			General lack of financial resources in provincial departments
			(for others refer to list of generic issues)
		2.2 Managerial issues	Provincial departments waiting for the Office of the Premier to start development
			Provincial departmental structures/functions not settled
			Provincial departments under capacitated in HR, esp. performance management
			Departmental slackness to take initiative in developing systems
			Some departments started out on their own
			Some departments plan to adapt uniform system
			Managers overwhelmed by too many concurrent priorities
			(for others refer to list of generic issues)
		2.3 Broader systemic issues	Absence/lack of clarity on provincial policies and strategy
			Lack of integration between departmental and provincial strategies
		2.4 Broader organisational issues	Role of the centre (Office of the Premier, Provincial Treasury)
			Split administration (e.g. debate over capital in KZN)
			Lack of support from the centre
			Provincial co-ordinating role of Office of the Premier
			Disintegrating capability at the centre (Northern Cape)
			Donor and consultant co-ordination (Office of Premier)
			On-going debate over regions and districts in some provinces (esp. Eastern Cape)

Issues on level 3 (unique to provinces)

Level	Description	Categories of issues	Sub-issues on level 3
3	**Environmental**	3.1 Change management and transformation	Regional dynamics (e.g. Eastern Cape) Political dynamics (e.g. KZN and Western Cape) Unsettling debate over provincial capital (e.g. KZN) Determination of regions/districts not completed (e.g. Eastern Cape)
		3.2 Policy issues	Changing provincial strategies versus departmental strategies Are "national" policies necessarily appropriate for all provinces? Policy co-ordination and integration in provincial context (role of the centre) Role of policy unit in the Office of the Premier
		3.3 Leadership issues	MEC's shifting in portfolios Merging and splitting of MEC portfolios Acting MEC's Acting heads of department Heads of department frequently on disciplinary charges
		3.4 Interface issues	Premier versus MEC versus head of department versus top management Lack of trust between political and administrative levels Split political loyalties Split regional loyalties Frequent problems in the political/administrative interface

5 BEST PRACTICES

The problems and challenges were identified on three levels. Similarly, best practices, the flip side of the coin, were also identified on the same three levels. The following is a compendium of best practices compiled from the responses of those departments and provinces that had done well in the development and implementation of their systems. As with the problems and challenges, not all of these best practices were present in all departments, but the list does indicate the kind of organisational set-up and planning required for effective and efficient governance in the widest sense.

These best practices also contextualise the extent of the areas of assistance identified in departments and provinces that have not made satisfactory progress in developing their systems. By implication, these best practices indicate the kind of environment required for the development and implementation of departmental systems.

Included among the best practices, is the following example of a project plan for the development, piloting and implementation of the PMDS and the training of staff: [12]

IMPLEMENTATION BENCHMARKS

EA decision	1 month	Month 1
Start task team	1 month	Month 2
Draft policy/system	5 months	Month 7
Consult unions	1 month	Month 8
Develop manual	5 months	Month 13
Identify pilot areas	1 month	Month 14
Train for piloting	2 months	Month 16
Pilot system	6 months	Month 22
Review system	1 month	Month 23
Approve system	1 month	Month 24
Implementation	→	

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[12] Office of the Premier, Free State Province.

5 BEST PRACTICES: NATIONAL AND PROVINCIAL DEPARTMENTS

Best practices - level one

Level	Description	Categories of issues	Best practices on level 1
1	**Performance management specific**	1.1 System development issues	Managerial pre-planning done timely on the basis of mandates
			Proper alignment between strategic planning and performance management
			Systemic building blocks in place for PMDS to be developed
			PMDS Task Team appointed in good time for completion of development
			HR practitioners empowered and supported to develop PMDS
			Conducive departmental environment
			Did not need assistance from consultants - in-house development
		1.2 System content issues	Strong component of HR practitioners, with experience of assessment
			Knowledgeable HR practitioners willing to become PMDS specialists
			HR practitioners able to conduct research on PMDS
			Staff able to bridge transition between old and new systems
		1.3 System implementation issues	Timely planning for piloting and training of staff
			(Implementation on basis of phased piloting; piloting on basis of phased implementation)
			Training aligned with provisions of SAQA Act
			Nomination of PMDS "champions" to popularise new system and train others
			Planned extensive communication strategy for familiarisation with new PMDS
			Planned awards for organisational performance
			Performance agreements for SMS factored into PMDS for staff on levels 1-12

Best practices - level two

Level	Description	Categories of issues	Best practices on level 2
2	**Organisational**	2.1 Resources and capacity	Availability of competent HRM staff
			Financial resources for development and training budgeted and available
			Support from IT component
		2.2 Managerial issues	Buy-in and commitment from political head and top management
			Top management support for HRM
			Departmental planning done in time
			System development driven by top management
			Management nominated specific HR staff and given time to develop PMDS
			Line managers accepting new role in HRM matters
			Top Management committed to improve organisational performance and service del.
		2.3 Broader systemic issues	Other policies and support systems in place in time (e.g. strategic plans)
			Reliable HR Information management system
			PMDS integrated with HRD, training and skills development (ABET)
			PMDS linked to Service Delivery Improvement Programme & service standards
			Labour relations on a sound basis
			Timely consultation with and involvement of employee organisations
			Integration of cross-cutting policies into one user-friendly policy document (E Cape)
			Updating and cleaning up of personnel data ("get record straight" project in E Cape)
		2.4 Broader organisational issues	Organisational culture conducive to staff motivation and performance
			Organisational structure and placement of staff relatively stable and settled
			Clarity and consistency on departmental core business and strategic plan

Best practices - level three

Level	Description	Categories of issues	Best practices on level 3
3	Environmental	3.1 Change management and transformation	Change management strategy and processes in place Minimum of staff in acting positions Staff aware of changes and reasons for changes
		3.2 Policy issues	Timely policy development in all HRM and related fields Sequencing of policy implementation done on a logical and correct basis Appointment of staff for policy analysis and development
		3.3 Leadership issues	Stable top management with element of trust and co-operation Political stability Head of department with relatively long-term tenure
		3.4 Interface issues	Sound management of the political/administrative interface Stronger leadership from the centre (esp. in some provinces)

6   AREAS OF ASSISTANCE

The areas of assistance that have been identified, logically dovetailed with the problems and challenges that were identified on the three levels. The following national departments, generally speaking, seem to be in the greatest need for assistance over a wide spectrum of issues:

3/10	4/10	5/10
Communications Provincial & Local Government	Arts, Culture, Science & Techn.	Justice Sport & Recreation Office of the Public Service Com. SAMDI

The following provinces seem to be the first priorities in terms of assistance:

1/10	3/10	5/10
Northern Cape	Mpumalanga	Gauteng (some departments)

It must be noted that many of the identified problems have been dealt with by the DPSA at the time when these were registered at the department. This has resulted in direct assistance and advice to a large number of departments, and "assistance workshops" in the Free State, Mpumalanga and the Eastern Cape, as well as "information sharing workshops" in these and other provinces. (This issue is discussed in the following section.)

The following is a compilation of all the areas of assistance that have been identified through all the various forms of interaction between the DPSA and departments:

6 AREAS OF ASSISTANCE: NATIONAL AND PROVINCIAL DEPARTMENTS

Areas of assistance - level one

Level	Description	Categories of issues	Areas of assistance on level 1	Possible provider of assistance
1	**Performance management specific**	1.1 System development issues	Sensitisation of top management on HRM	DPSA/SAMDI/external provider
			Top management and Strategic Planning	DPSA/SAMDI/external provider
			Aligning Strat Plan with performance management	DPSA
			Clarity on dept financial reward system	DPSA
			How to contract and handle consultants	DPSA
		1.2 System content issues	Training of HR practitioners on PMDS	DPSA/SAMDI/external provider
			Development of assessment instruments	DPSA/SAMDI/external provider
			Development of performance standards/indicators	DPSA/SAMDI/external provider
			How to conduct team assessment	DPSA/SAMDI/external provider
			How to conduct organisational assessment	DPSA/SAMDI/external provider
			Assessing various categories of staff	DPSA/SAMDI/external provider
			How to accommodate pay progression system	DPSA
			How to link performance management with incapacity procedures	DPSA
		1.3 System implementation issues	Sharing of best practices with departments	DPSA/best departments
			Advice & assistance on piloting	DPSA/best departments
			Advice & assistance with actual implementation	DPSA/best departments
			Transition from old to new system	DPSA/best departments

Areas of assistance - level two

Level	Description	Categories of issues		Areas of assistance on level 2	Possible provider of assistance
2	**Organisational**	2.1	Resources and capacity	Scarcity of financial resources	National or provincial treasuries
				Scarcity/competence of HR practitioners	DPSA/SAMDI/external provider
		2.2	Managerial issues	Managerial competence in planning	DPSA/SAMDI/external provider
				Managerial involvement with HRM issues	DPSA/SAMDI/external provider
		2.3	Broader systemic issues	Policy & system development & integration	DPSA/SAMDI/external provider
				Integration of different HRM policies	DPSA
				Reliable HR information management system	National Treasury/DPSA
				Integrating HRM with HRD	DPSA/SAMDI/external provider
				Integrating PMDS with SDIP	DPSA/SAMDI/external provider
		2.4	Broader organisational issues	Organisational development & culture	DPSA/SAMDI/external provider
				Departmental restructuring	DPSA
				Focusing departmental strategic planning	DPSA/SAMDI/external provider

Areas of assistance - level three

Level	Description	Categories of issues	Areas of assistance on level 3	Possible provider of assistance
3	**Environmental**	3.1 Change management and transformation	Instilling a sense of pro-active change management Proper sequencing of reform/transformation	DPSA/SAMDI/external provider DPSA/National Treasury
		3.2 Policy issues	Sequencing of policy implementation Integrating all HRM policies & processes Training/development/appointment of policy developers and policy analysts	DPSA/best departments DPSA/best departments DPSA/SAMDI/external provider
		3.3 Leadership issues	Frequent changes in executing authority Frequent changes in HoD	The Presidency/Office of the Premier The Presidency/DPSA/Office of the Premier
		3.4 Interface issues	Friction between the EA and HoD Lack of trust between the EA and the HoD	The Presidency/DPSA The Presidency/DPSA

7 THE ROLE OF THE DPSA

7.1 Historical

Assisting and advising departments and the provinces on performance management is nothing new to the DPSA. Acknowledging the radical change in the approach to performance management in the Public Service, the DPSA during the time of the drafting of the new Public Service Regulations (first published on 1 July 1999), played a major role to sensitise and alert departments to the fundamentally new approach. This included the requirement that departments had to develop their own new systems.

Guidance given by the DPSA during the period prior to 1 July 1999 included a training module on performance management, which explained the new approach and departmental responsibilities. In June 1999, the *Baseline Implementation Guide* was issued to all departments by the DPSA, which included a chapter on *Developing a Performance Management System*. In December 1998, a consultant was contracted to draft a guide on performance management, and this was completed in 1999. After editing, it was in August 2000 published as *a Public Service Handbook on Performance Management and Development*.

With a view to the implementation of the new Regulations, much work was done by the DPSA and SAMDI to guide and train staff in departments. During the time of the drafting of the new Public Service Regulations, during 1997 and 1998, the DPSA conducted *"Baseline Implementation Training"* on the then draft version of the Regulations. Various other training and advocacy interventions also took place during the time leading up to 1 April 2001. This included the country-wide baseline training during 1997 and 1998, as well as advocacy and sensitisation visits that were in 1999 and 2000 undertaken by staff of the D: MPA, and at times with the SMS team. During February and March 2001 presentations were also made at national departments and provinces.

The D: MPA also in 1999 linked up with SAMDI for the purpose of developing a **training** module on performance management and performance agreements for departments. Training by SAMDI started in February 2000, and was conducted both on request of departments and provinces, and on the initiative of SAMDI. The training was conducted by SAMDI and consulting agencies.

During 2000 a total of 34 training courses were presented to 733 officials in all nine provinces. So far in 2001, seven courses have been presented to 180 officials in North West, while further courses have been scheduled for presentation in the rest of 2001.

7.2   The way forward

An analysis of the areas of assistance identified in paragraph 6 above, indicates that much more than performance management is involved as far as problems and challenges are concerned. Performance management issues were primarily raised in terms of level-one issues. Level two and three issues require intervention and assistance on much broader organisational, systemic and policy levels.

7.2.1   Performance management

The Employment Practice Unit in the DPSA can provide assistance or facilitate assistance in the following areas directly linked to performance management:

Issues	Areas of assistance	Provider of assistance
System development	Sensitisation of top management on HRM	DPSA/SAMDI/external provider
	Top management and Strategic Planning	DPSA/SAMDI/external provider
	Aligning Strat Plan with performance management	DPSA
	Clarity on dept financial reward system	DPSA
	How to contract and handle consultants	DPSA
System content	Training of HR practitioners on PMDS	SAMDI/external provider
	Development of assessment instruments	DPSA/SAMDI/external provider
	Development of performance standards/indicators	DPSA/SAMDI/external provider
	How to conduct team assessment	DPSA/SAMDI/external provider
	How to conduct organisational assessment	DPSA/SAMDI/external provider
	Assessing various categories of staff	DPSA/SAMDI/external provider
	How to accommodate pay progression system	DPSA
	How to link performance management with incapacity procedures	DPSA (Labour Relations)
Implementation	Sharing of best practices with departments	DPSA/best departments
	Advice & assistance on piloting	DPSA/best departments
	Advice & assistance with actual implementation	DPSA/best departments
	Transition from old to new system	DPSA/best departments

7.2.2   Organisational issues

In the following broad organisational areas, components other than the Employment Practice Unit in the DPSA can render assistance or facilitate assistance through e.g. SAMDI, the National Treasury or external providers, or by extending the IPSP:

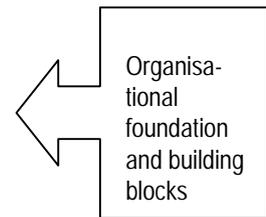| Issues	Areas of assistance	Provider of assistance
Resources/capacity	Scarcity of financial resources Scarcity/competence of HR practitioners	National or provincial treasuries DPSA/SAMDI/external provider
Managerial	Managerial competence in planning Managerial involvement with HRM issues	DPSA/SAMDI/external provider DPSA/SAMDI/external provider
Systemic	Systems development & integration Integration of different HRM policies Reliable HRM information system Integrating HRM with HRD Integrating PMDS with SDIP	DPSA/SAMDI/external provider DPSA National Treasury/DPSA DPSA/SAMDI/external provider DPSA/SAMDI/external provider
Organisational	Organisational performance assessment and improvement Organisational development & culture Departmental restructuring Departmental strategic planning	DPSA/SAMDI/external provider DPSA DPSA/SAMDI/external provider DPSA/SAMDI/external provider

7.2.3 Environmental and change management issues

Categories of issues	Areas of assistance	Provider of assistance
Change management and transformation	Instilling pro-active change management Proper sequencing of reform/transformation	DPSA/SAMDI/external provider DPSA/National Treasury
Policy issues	Sequencing of policy implementation Integrating all HRM policies & processes Training/development/appointment of policy developers and policy analysts	DPSA/best departments DPSA/best departments DPSA/SAMDI/external provider
Leadership issues	Frequent changes in executing authority Frequent changes in HoD	The Presidency The Presidency/DPSA
Interface issues	Friction between the EA and HoD Lack of trust between the EA and the HoD	The Presidency/DPSA The Presidency/DPSA

The success of implementing and driving a successful performance management system depends on a number of building blocks or support systems being in place.

If the above organisational and environmental challenges are not met, performance management systems, even if they are developed, will remain little more than paper exercises. This can be illustrated in the following way:

BUILDING BLOCKS FOR A PERFORMANCE MANAGEMENT SYSTEM

Perf. management policy	Link performance to strategic plan	Organisational & team performance	
Cycle of Performance	Personal development plan	Job descriptions and job profile	Elements of performance management system
Performance assessment	Competency profiling	Performance planning	
Assessment instruments	Managing good & non performance	Reward system	

If the building blocks and support systems below the line are absent or incomplete, the systems, structures and processes above the line will suffer, and performance and performance management will suffer. This can also be illustrated in the following way:
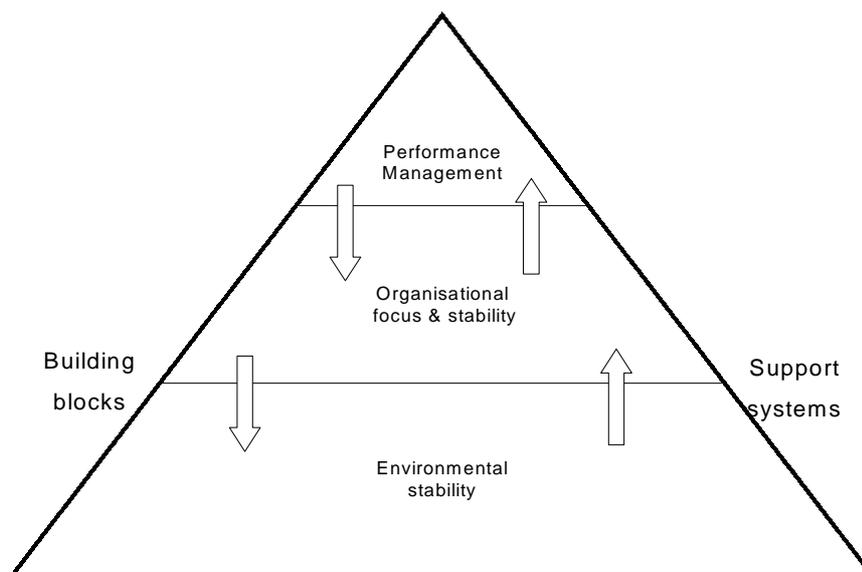
7.2.4 Action plan

The table on the following page outlines the performance management component's planned activities for the period June 2001 to March 2002, with possible dates:

Performance Management: Projected activities and possible time frames for period June 2001 to March 2002[13]

ACTIVITY	MONTH									
	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02
Assistance										
National departments										
Communications	▮									
Provincial & Local Government		▮								
Arts, Culture, Science & Technology		▮								
Provinces										
Northern Cape	▮							▮		
Mpumalanga			▮						▮	
Gauteng		▮								
Best practices										
National departments										
Land Affairs				▮						
Labour					▮					
Education						▮				
Provinces										
Free State						▮				
Western Cape								▮		
Eastern Cape						▮				
Other activities										
Workshop on organisational performance					▮					
Workshop on performance measures				▮						
Update report on PMDS										▮

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[13]   Please note qualifications on pages 48-50

From a DPSA perspective, the approach to interaction with departments, provinces and provincial departments is on the basis of needs identified by the respective institutions, as well as requests from those institutions for DPSA involvement, advice or assistance. In the case of Mpumalanga for example, the provincial Director General formally approached the DPSA to assist the process of developing a uniform system for the province as a whole. Provincial departments in Gauteng individually approached the DPSA for such assistance. The scope and level of assistance will naturally be determined by the capacity factor within the DPSA.

With regard to capacity, the Employment Practice unit has teamed up with the Learning and Knowledge Management unit in DPSA (L&KM) to increase the capacity to interact with departments and provinces. The L&KM offers a service to support emerging learning networks to promote learning in specific areas in the Public Service. With this in mind, a Performance Management Learning Network was established in May 2001. As a first step, a national workshop on the state of performance management in the Public Service was held on 21 May 2001. This was done with the support of the L&KM unit. Following the workshop, the L&KM unit assisted in establishing a database of contacts dealing with performance management in the departments and provinces.

The workplan proposed above, including the envisaged workshops and other forms of interaction with departments and provinces, will build on this PMDS learning network and the co-operation with the L&KM. Increased co-operation with the IPSP is also envisaged. Discussions have also commenced with the Office of the Public Service Commission with a view to a more systematic approach to the monitoring and evaluation of departmental performance management systems

8   CONCLUSION

While departments were required to have new performance management systems developed, consulted, piloted and implemented by 1 April 2001, few managed to do so. Those that did comply, did so because of a stable organisational environment, stable departmental structures and leadership, committed top management, timely planning, and had the prerequisite building blocks in place. Unique and duplicable best practices were identified in these departments.

Those departments that were unable to comply, provided wide-ranging responses. These varied from system development and content issues, to problems on the organisational and environmental levels. Service delivery imperatives and the quest for improved performance in the Public Service demand that they comply.

Based on the different forms of interaction with departments and provinces by way of the questionnaire, direct contact and the various workshops that were held, the following general and provisional conclusions can be drawn, and some lessons can be highlighted:

- Performance management, and assessment, must be approached holistically
- Changing the performance management system means changing the organisational culture and attitudes, and has to be factored in via change management
- The implementation of a performance management system is not an event, it is a process (and successful implementation can take three years or longer)
- Performance management practically means linking organisational strategic objectives with the actual work done in teams and by individuals
- An autocratic management style inhibits vibrant performance and its management
- A performance management system cannot be implemented successfully if the building blocks or support systems are not all fully in place and operational, including especially the organisational strategic plan and derivated workplans
- Organisational performance and service delivery must also be improved by means of the performance management system; if this does not happen, the effectiveness of the system must be questioned
- Individual desire to perform, i.e. motivation, must be promoted as part of the system
- Departmental systems must be much stronger focused on the development aspect
- Departmental systems must not be so complicated that they cannot be understood, because then they cannot be successfully implemented organisation-wide
- Individual performance rewards should be linked to the level of organisational performance and service delivery (there has to be some correlation)
- The **primary aim** of performance management should be to improve individual and organisational performance, and not merely to assess individual performance
- There should be greater clarity in the Public Service on what should be measured: inputs, process, outputs, outcomes? (Something measured, something improved)
- Those aspects of performance that are measured (for individuals and the organisation) should be as close as possible to the main points of service delivery
- The success of implementation (and of the system) can only be gauged after it has been tried out in practice (perhaps for one full cycle or more)
- Piloting and implementation of a new system can not be separated
- If something goes wrong with performance or performance management in an organisation, do not only blame the system, the problem may lie with its leadership, and/or the environment

- Performance management and knowledge management must be closely linked
- The adequacy of the information environment must be improved

Against this background, the quest to assist and advise departments and provinces is a daunting one. Various areas of assistance have been identified in this Report. Even with its limited capacity, the DPSA can render assistance in many areas related to performance management and wider, and can facilitate assistance and interventions in others. Implementation is a long-term issue; the problems and hence also the solutions, are not of a short-term nature and have to be addressed holistically in a long-term perspective.

It will be a major challenge to assist all departments and provinces to fully comply with all the regulatory requirements. It will be an even greater challenge to ensure that compliance also leads to improved individual, team and organisational performance. In this regard, partnerships within and outside the DPSA are deemed to be of critical importance.

Although the regulatory requirements were fully met by only a few departments and provinces, the past three years have seen a remarkable growth in the understanding of the new paradigm of performance management and development that needs to be instilled in the Public Service.

At the same time, the quest for new systems, and the widespread failure to succeed, has highlighted a number of fundamental issues that have to be addressed from the centre - whether the DPSA, the National Treasury, the Presidency, Offices of the Premier, or a combined, targeted approach.

These issues include, apart from performance management and integrated human resource management, a commitment to the training and motivation of staff, the development of a pay progression system partly based on performance, improved transformation and change management and the sequencing of policy reform.

These matters require serious and immediate attention. Not only for the purpose of improved performance management, but in fact for all aspects of public management in order to improve the performance of the Public Service as a collective, and to improve the Government's ability to deliver on its promise of improved quality of life and service delivery to all the citizens of South Africa.