Performance Management Implementation in Local Government: Lessons from Recent International Literature

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Abstract
There is an increased focus on employee performance management by employers, as a tool of improving efficiency of resource allocation and usage in local governments around the world. In an era of instant communication and widely available information, communities demand quality service delivery and they are quick to show their frustrations if their expectations are not met. Performance management has also been shown to increase local government accountability and transparency. The purpose of this article was to review and analyze relevant recent international academic literature to uncover themes and lessons in performance management implementation. A document review, was conducted to determine which studies to include in the literature survey by identifying (1) those published in an English peer reviewed journals on Google Scholar, and (2) those focused on performance management (PM) from an international/global perspective. The literature was classified into themes. In addition to classifying the articles, the paper summarizes the major findings of literature. This study finds that there are many challenges experienced in the implementation of performance management and there tends to be a mismatch of expectations of what performance management means to employees and employers. Also, Politicians dominate the administrative/bureaucratic arm of local government, frustrating the purpose of performance management. This article also provides recommendations on how to improve the nature of performance management implementation.

Keywords: Performance Management; Local Government; Municipalities; South Africa

INTRODUCTION

In an effort to improve organizational and individual accountability, local governments are adopting performance management practices more commonly seen in the private sector (Christensen et al., 2022; Kim, 2022). The origins of performance management can be traced back to human resources, where an individual's impact on the organization's success is evaluated. The performance of an employee is evaluated on a regular basis by assessing how well they have planned, managed, reviewed, and monitored their efforts in relation to the organization's goals. Performance management goes beyond performance appraisal. In the latter, previous performance is assessed periodically (usually bi-annually or annually) to determine if any bonuses will be awarded or if corrective is required; performance management is “more fluid… and provides more frequent and developmental feedback” (Gowan et al., 2022).

Municipalities are tasked with involving residents in decision-making at the local level by providing accountable governance, sustainable service delivery, economic and social development, a healthy and safe environment, and community participation (Fourie & Van der Waldt, 2021). Communities today want their local governments to be transparent, accountable, and efficient (Armstrong & Li, 2022). This means that performance management is essential for improving employee performance in local government (Lučěk & Ganobčík, 2022).

Since the emergence of the New Public Management (NPM) rhetoric in the 1980s in the UK (Elliott et al., 2022), performance management has become ingrained in the local government paradigm. To ensure effectiveness, local governments have adopted a commercial mindset according to New Public Management. (Pilcher, 2014) and (Khunoethe et al., 2021) identify accountability, performance measurement, strategic planning, budgeting, public participation, the community member as a customer of the municipality, and the separation of political and administrative functions as central tenets of new public management. However, performance management has been singled out as a defining feature of NPM (Khunoethe et al., 2021).

By reviewing relevant scholarly literature, this article attempts to shed light on the state of performance management implementation in the world’s local government sector. (Bjurstrøm, 2020) notes that research on the application and results of performance management is still in its infancy, especially in less developed nations. This literature analysis will shed light on worldwide performance best practices that can be implemented in African nations.

DISCUSSION

Understanding Performance Management In Local Government

The local level of government is the most accessible for the people it serves. It is the branch of government responsible for meeting the needs of its constituents (Pandeya & Oyama, 2019; Tarjo et al., 2022). Citizens are given a voice in the planning and design of public areas through this branch of government (Pandeya & Oyama, 2019).

Performance management is a component of a larger conversation about improving accountability, openness, and efficiency in local government (Beeri et al., 2019). Performance management (PM) is iterative, with stages including goal-setting (Bjurstrøm, 2020), objective-setting (Beeri et al., 2019), and strategy-decision-making (Van Dooren et al., 2015 in Bouhazzama & Mssassi, 2020). Delivering on a government agency’s stated goals is one definition of performance management (Trivedi, 2017).
Performance management implemented at the municipal level is a reformist ideal (Bjurstrøm, 2020). If local governments don’t use performance data to boost service quality, it suggests they are actively working against the goals of performance management. There is scant data on whether performance management has improved local government work, despite the fact that the aforementioned literature promotes it as a reformist ideal. (Gerrish, 2016) counters that success with performance management has been more common when established best practices for implementing performance management have been used as a basis for creating performance management systems.

a. Characteristics of Performance Management in Local Government

There is a clear distinction between organizational and individual employee performance, as evidenced by the Philippine example of performance management implementation (Torneo & Mojica, 2020). However, individual employee performance has a direct impact on organizational performance. Thus, it is critical for businesses to outline the connection between employee efforts and overall company success (Varma, 1982).

A well-trained and motivated staff is the foundation of performance management (Dahiya & Rath, 2021; Hirschi & Spurk, 2021). Alignment between the performance management system and the internal development strategy of the local government; leadership as a top priority; a mechanism to improve the performance of the local government entity (Johnsson et al., 2021; Lye et al., 2021). Participation by all relevant parties in the decision-making process; and continuous monitoring, evaluation, and feedback to further enhance performance are all hallmarks of effective performance management (Abane & Brenya, 2021). Furthermore, performance management is seen as a human resources technique used to cultivate and evaluate workers while guaranteeing that their work contributes to the overall success of the business (Torneo & Mojica, 2020).

1. Emerging Themes In Performance Management Implementation

This study uncovered various topical areas that are either a result of or connected to the local government level adoption of performance management. These facets shed light on the diverse local government settings around the world and their approaches to performance management.

a. Performance Measurement in Performance Management

The phrases performance measurement and performance management are sometimes used interchangeably, yet there is a significant difference between the two (DeNisi & Murphy, 2020). Performance assessment focuses on the past, whereas performance management looks ahead (Lussier & Hendon, 2017; Pulakos et al., 2019).

Measuring performance yields information that feeds into a performance management system, which in turn informs strategic planning (Bianchi, 2022). Quantifying performance is at the heart of performance measurement, and this information is fed into the performance management system. This approach offers a comprehensive management tool that should point the way toward the adjustments that are necessary to boost productivity (Giacomelli et al., 2019).

There are four main actions conducted throughout the performance management phase (Fryer et al, 2009); these are, what will be measured, how, what will be done with the data after it’s collected, and how will the findings be shared all fall under this umbrella. What’s lacking from this illustration is a plan for incorporating lessons learned from
Performance assessment into efforts to refine and enhance the performance management infrastructure and drive greater efficiency and effectiveness.

The question of whether or not local government is measuring the necessary aspects remains unanswered, despite the fact that the difference between performance management and measurement has been made clear. Is the government simply measuring the things that are most readily apparent? Now is the time for local governments to seriously consider the benefits of performance management. Do organizations in this sector really need to use performance management in order to boost their service delivery, or is this just a necessary compliance exercise? It would appear that accountability is the driving force for the implementation of performance management as both a tool and a process (Grossi et al., 2020). One difficulty in the performance assessment discussion is deciding what to measure (Putri & Aswar, 2020). Performance assessment and accountability are a natural fit and the implementation of a performance monitoring system creates the impression that government organizations are more accountable (Beshi & Kaur, 2020; Choi & Moynihan, 2019).

(Gerrish, 2016) contends that performance management needs to be regulated in order to incorporate performance measurement data into the process at the local government level. Efforts to enhance governance and transparency are only part of what performance management entails. Instead, performance analysis and feedback are crucial to the success of performance management, and without them, local governments would not be able to use performance measurement data to improve performance management processes and produce better performance outcomes. Performance measurement data should be integrated into institutional procedures to enhance accountability and guide the formulation of policy (Giacomelli et al., 2019). In addition, the data on performance is used to increase responsibility and quality across the board (Giacomelli et al., 2019).

b. Accountability an Outcome of Performance Management Implementation

Accountability is both a means and an end result of implementing performance management in municipal governments (Giacomelli et al., 2019; Torneo & Mojica, 2020). One of the primary goals of the reformist objectives of NPM is accountability (Ji, 2022). Accountability means that the government is open and honest with the people it serves about its administration and can provide enough justification for its acts (Putri & Aswar, 2020). Since accountability is an integral part of the NPM framework, it follows that the goal of implementing NPM principles at the municipal level is to instill a sense of responsibility (Hall, 2017). In addition, citizens are putting significant pressure on their municipal governments to improve the openness of their service systems. As a result of taking on this responsibility, local governments are discovering that they must supply services while having insufficient funds to do so (Nistor et al., 2017). As the needs of the community grow, performance management becomes increasingly important as a means of holding organizations to account (Bouhazzama & Mssassi, 2020; Park & Krause, 2021).

Communities are co-owners of public infrastructure and have a right to know the specifics of local government performance, hence (Beeri et al., 2019) argue that local government is accountable to communities. Despite skepticism over PMS implementation, there is a growing trend in local government to seek performance management as a means of bolstering the sector's commitment to
transparency and holding its actors to account (Sosu, 2019).

c. The Link between Service Delivery and Performance Management in Local Government

Performance of local government is judged vital because of its central role in providing essential services (such as water, sanitation, power, and trash collection) (Engdaw, 2022; Osborne, 2020). In recent years, citizens have demanded greater openness from governments about the management of administrations and the spending of public revenues (He & Ma, 2021; Maher et al., 2020). Therefore, the local government sector employs performance assessment as a tool to evaluate results and promote a culture of accountability. While PM is used as a strategic tool by local governments, more attention needs to be paid to how performance measurement data may be used to enhance service delivery (Kroll, 2015).

d. Strategic Planning and Performance Management Implementation

Strategic planning and performance management appear to go hand in hand (Ahenkan et al., 2018). Companies can organize their future by using strategic planning to determine their goals and other important directions (Bolisani & Bratianu, 2017). The strategic management task of identifying goals contributes to the establishment of the KPIs that form the basis of the performance management framework. NPM serves as the basis for both strategic planning and performance management. (Sosu, 2019) describes the connection between strategy and performance management as one in which the strategy is used to inform the creation of a performance management system (PMS), which in turn is utilized to implement the plan's objectives. The government of Indonesia has issued a directive requiring all government agencies to align their performance contracts with the country's strategic plan (Putri & Aswar, 2020).

e. The Politics of Performance Management

Since local governments are tasked with providing essential services to their constituents, performance management is seen as a contractual arrangement in which the principal relies on the services of the agent to fulfill predetermined obligations (Bjurstrøm, 2020). The quality of service delivery to communities is determined by the quality of the interaction between the political and administrative arm (Haidar & Spooner, 2017). Politics has an effect on the breadth and quality of service delivery, but (Haidar & Spooner, 2017) do not prove that a poor working relationship between the two will result in lower service levels.

Navigating this 'political-bureaucratic dilemma' is the toughest problem for local government administrators (Beeri et al., 2019). It appears that in this local government nexus, there are two sets of goals: one for the administrators and one for the legislators (Beeri et al., 2019). According to the Israeli viewpoint (Beeri et al., 2019) on the subject of performance management implementation, politicians often usurp authority in the realm of local government in order to further their own goals. (Poister, 2010) elaborates on the connection between politics and performance management by arguing that when performance management fails, it is due to a lack of political will. This suggests that the political branch of the municipality is necessary for the success of performance management implementation. Rewriting the same problem in different versions without having solved the first problem is a concern that has been identified in this political aspect of performance management implementation (Poister, 2010).
Municipal officials might use performance statistics to their advantage when advocating for new initiatives (Choi & Moynihan, 2019) political support is a driving force behind performance management at the local government level (Van Dooren et al., 2015). This means that when performance management intervention is pursued at the local government level with the backing of political counterparts, it helps to ensure the successful implementation of performance management.

Where politics takes precedence in local government, citizens’ trust of officials declines, and performance management suffers (Beeri et al., 2019). The authors believe that trust is just one of several benefits of performance management implementation, along with responsibility, efficiency, and effectiveness. Once local officials are elected, they enter into a contractual relationship with their communities (Hu et al., 2020). When an official is chosen to represent their town, they enter into a contract with their constituents to upkeep public buildings and provide essential services.

f. Organizational Culture and Performance Management

The term ‘organization culture’ is used to describe a company whose leaders value the collection, analysis, and application of performance metrics. The learning of an organization’s culture could begin with the collection of performance statistics. The availability of data and an ingrained culture of learning are necessary for municipal workers to benefit from performance data collecting and use it to enhance their work (Moynihan, 2005). The extent to which an individual’s culture, socialization, routines, and habits can affect the overall implementation of a performance management system is not mentioned, despite Heinrich’s (2002) assertion that every public organization is more than likely to have different experience in doing so. More study is required in this specific area. This view is shared by (Ahmad, 2012), who argues that western philosophies on the application of performance management have often been forced on developing countries without taking into account the cultural sensitivities of those places.

If more performance is needed from the worker, the company must have the ability to favorably impact the worker’s behavior (Bakti & Hartono, 2022). In the Ghanaian local government context, employees felt the performance management system should do more than just manage the performance of the organization and should look at developing the employees to do better (Ahenkan, et al., 2016). The company’s culture should encourage employees to take initiative and contribute to group efforts (Subramanian & Suresh, 2022).

When performance management initiatives fail to produce the desired results, it’s important to look into the company’s traditions and culture to see why the changes weren’t successful. This will help establish if there are any obstacles to involving actors in the performance management procedure. To fully comprehend an actor, it’s also important to consider their aptitude for learning and their exposure to different cultures. Creating dialogue and platforms for dialogue is essential to understanding and building an organizational culture that is conducive to organizational learning and development because it allows for introspection on both the individual and organizational levels (Varma, et al., 2023). Establishing such forums of discussion with educational goals in mind will become standard practice throughout the company.

2. CHALLENGES IN PERFORMANCE MANAGEMENT IMPLEMENTATION IN LOCAL GOVERNMENT

(Bjurstrøm, 2020) states that there is limited knowledge on the impact of
performance management as the effectiveness of the tool cannot be fully determined. (Tran & Dollery, 2021) also warn against using a one-size fit all approach as local government authorities face mounting pressure to re-engineer and streamline local government operations to be financially sustainable. Additional challenges are discussed in detail below.

a. Performance Management as a Compliance Exercise

Local governments run the risk of performance management being a compliance exercise, as evidenced by the Indonesian experience of PM implementation (Jurnali & Siti-Nabiba, 2015), when they implement a PMS that is linked to a national policy directive without taking into account much of the local dynamics at play. Instead of being a management tool that can be used to boost the efficiency of local government, the PM implementation becomes a compliance exercise due to this approach. Similar performance management compliance implementation may be seen in the Ghanaian example, where annual evaluations are conducted as a requirement of the implementation process (Ahenkan et al., 2018).

b. Lack of a Reward System

Performance management implementation ties in with a reward system. Failure to conceptualize and draft a rewards system will render PM implementation a challenge where employees will not see the benefit of the PMS implementation (Jurnali & Siti-Nabiba, 2015). (Ahenkan et al., 2018) have indicated that PM when there is a lack of reward, the PMS is rendered to be ineffective as employees have an expectation of being rewarded for performance. (Biyana, 2021) argues that a performance rewards system that is developed and implemented has the potential to attract and retain high caliber employees thus performance rewards are an essential component of the performance management implementation system.

c. Poor Implementation of Performance Management

Fryer et al. (2009) claim that sometimes performance management is just utilized for monitoring and assessment, rather than incorporating the findings of performance measurement into an improved system and so increasing productivity. (Ahenkan et al., 2018) document a similar situation in Ghana, where they discover weak PMS implementation at the municipal level. The performance review is the only time local government workers in Ghana undergo performance management (Ahenkan et al., 2018).

Employees in local governments aren’t getting the training they need to properly apply performance management, which contributes to PM’s poor implementation (Kravariti et al., 2022). (Sosu, 2019) revealed the difficulty of PM capacity building in their depiction of PM implementation in Ghana. Because of a lack of familiarity, workers are not making the most of the PMS. Lack of communication during the performance management implementation process has been identified as a barrier to implementation (Varma, 1982), adding to the existing problems with poor implementation.

d. Using Strategic Planning to Inform Performance Management

Strategic planning and performance management are inextricably linked (Aguinis, 2019; George, 2021). Strategic planning provides direction to performance management and offers a methodical way of thinking about the local government area and how it should work (Hristov et al., 2022). More accountability can be achieved through the municipality’s performance management system if its vision, goals, and objectives are adequately
The two processes, performance management and strategic planning, appear to be intertwined and iterative. The performance management system of the government agency at the local level should be informed by strategic planning. Following the planning process, local government officials' performance management agreements should reflect the newly revealed vision, goals, objectives, and strategies.

A key element to the strategic planning process and PM, is the monitoring and evaluation (M&E) of performance data. M&E in the process of PM, allows local government to use PM information to strengthen the delivery of services (De Vries & Ile, 2021). Challenges can be identified earlier in the project phase and adjustments can be made to ensure successful delivery of projects (Poister, 2010). This practice also relates to the project budgeting, wherein budgets can be redirected to other areas of service delivery if the scope of a project has changed. (Poister, 2010) also suggests that when M&E is used in PM, capacity building can also take place to correct any performance challenge that might be encountered.

e. Performance Management as a Process

Implementation of PM in both Israel and Indonesia provides evidence that PM at the level of local government is complex. The PMS that is actually put into place is determined by the political and bureaucratic climate. Instead of focusing on easy victories, local governments should think about performance management as a whole, including how it will be implemented, what indicators will be used, who will be managed, how results will be measured, and whether or not the process will be iterative. As a result, local governments will be able to take lessons from the process and make the appropriate adjustments that will lead to higher overall production (Beeri et al., 2019).

The ability of an organization to instill a culture of performance management, whereby performance management and the use of the performance management data become routine exercises, is mentioned by Moynihan and Lavertu (2012) despite the widespread acceptance of performance management as a process. However, if the acquired performance data is not analyzed and used to improve performance and procedures over time, the routine nature of performance management can also be perceived as compliance.

f. Consequence Management in PM implementation

The Indonesian case study (Jurnali & Siti-Nabiha, 2015) shows that in addition to a rewards system for PM implementation, a well-defined and organized consequence management policy enacted by local government is essential. Employees must be recognized in accordance with the local government entity's decided upon performance management policy if their performance satisfies a pre-defined and agreed upon standard of achievement. There needs to be a clear understanding of what constitutes subpar performance and what actions will result from it. The local government should create a policy for handling the effects of their actions that is tailored to the specifics of the area (Beeri et al., 2019). According to the Indonesian case study (Jurnali & Siti-Nabiha, 2015), PM implementation will fail if a policy for dealing with unintended consequences is not created and put into effect.

g. Transparency in Performance Management

Implementing a PMS still relies heavily on the transparency in PM implementation that the new paradigm of NPM provides. Problems may arise if the PM process is not open to public scrutiny (Atmaja, et al., 2023) so that the community may evaluate
the organization's performance and that of its personnel. The public should have access to all PM-related documents so that citizens can evaluate the effectiveness of their government, the efficiency with which services are provided, and the resources at their disposal. This method, as argued by (Jurnali & Siti-Nabiha, 2015), will prevent communities from having unrealistic expectations of their municipal governments.

h. Performance Management Commitment

Managers must be fully invested in the performance management system in order for it to succeed (Ammons, 2015). This dedication requires hard work and bold leadership. It appears that leveraging performance management data to support better processes is successful when there is senior leadership commitment from the organization (Ashari et al., 2021; Asif & Rathore, 2021; Haque et al., 2021). Instead of going for extended stretches during which performance management might be failing but no changes could have been made due to irregular engagements and time lag between meetings, problems can be identified and fixed through regular dialogues covering the full PM system. Managers, as noted by (Ahenkan et al., 2018), need to be able to convey the company's goal to staff and motivate them to contribute to that vision via the performance management framework.

i. The Right Person for the Job

Human capital at the municipality is the one factor that is rarely considered while analyzing performance management. Local governments must to ask themselves if they now employ sufficient personnel to carry out service delivery duties. The following are some questions that must be thought about: Are municipal workers equipped with the right set of skills for the job? Do municipal workers undergo regular training and education? Are residents of these municipalities encouraged to think creatively and critically? Is this type of creativity recognized? Recognizing and rewarding innovation is crucial to achieving the municipal aim of efficient and effective service delivery (Kuo et al., 2023; Satoła & Milewska, 2022).

CONCLUSION

It appears that there is great variation in the way performance management is put into practice on a global scale. Despite the attention paid to performance management, additional reforms, such as co-production and arm’s-length bodies, have been introduced at the municipal level. To date, it is unclear whether or whether local government accountability, efficiency, and effectiveness have improved as a result of performance management implementation.

While performance management has been hailed as a savior for improving local government efficiency, skepticism has surrounded its implementation (Sosu, 2019). So while adopting performance management as a reformist ideal for local government may appear as decisive leadership, the real test will be in its implementation. It is clear that performance management has assumed central importance, to ensure efficiency, effectiveness, and accountability in the face of mounting pressure to provide essential services to communities while simultaneously reducing costs (Sosu, 2020).

RECOMMENDATIONS

To better serve their constituents, local governments should:

a) Local governments need to pay greater attention to the performance contracts of municipal employees as municipal employees are central to the delivery of services to communities.

b) Following the adoption of a performance management system by a
municipality or local government authority, the next priority will be to aid municipal employees, who are seen as the organizations’ actors, in creating performance management contracts. The organization’s mission and values should inform the terms of these agreements. The PM contracts will specify the full scope and depth of work required to achieve the organization’s objectives.

c) The PMS procedure should be streamlined and made intuitive, user-friendly, and accessible.

d) Since better service delivery results from higher-performing staff, local governments should keep investing in their administrative cadre.

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