

**EVALUATING THE IMPACT OF POOR-QUALITY GOVERNANCE IN MANGAUNG  
METROPOLITAN MUNICIPALITY IN THE FREE STATE PROVINCE**

Submitted by

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## **DECLARATION**

I, ....., hereby declare that the mini dissertation that I herewith submit for the Master of Arts in Governance and Political Transformation at the University of the Free State, is my independent work, and that I have not previously submitted it for a qualification at another institution of higher education. I also declare that all reference materials used for this study have been properly acknowledged.

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## **ABSTRACT**

In South Africa, Local Government was established as the third sphere of government with a mandated function of administering and providing basic services to all citizens, governed by specific legislative frameworks and regulations designed to ensure good governance practices. Despite these prescripts and guidelines, it was noted that the widespread occurrence of poor governance practices within Local Government had significantly hindered the ability to function effectively, leading to negative consequences for Local Government, citizens and the country.

Therefore, the purpose of this study was to evaluate the impact of poor-quality governance within the Mangaung Metropolitan Municipality (MMM) in the Free State Province of South Africa. The literature review examined the factors and challenges that contribute to poor governance and its implications for MMM and the provision of service delivery.

In addition, the study concentrated on a desk-based research method that utilised qualitative and quantitative secondary data. MMM has encountered substantial governance challenges marked by leadership instability, rapid urbanisation, corruption, inefficiency and lack of transparency. These challenges have resulted in inadequate service delivery, financial instability within the Municipality, and widespread distrust among citizens toward municipal authorities.

The analysis revealed a direct correlation between the quality of governance and the quality of the output, which is service delivery. The findings presented a concerning view of an organisation that is not fully functional and fails to comply with the key principles of good governance, as outlined by the legal framework for Local Government and good governance metrics. The findings of the study revealed that poor governance practices in MMM have led to ineffective policy implementation, financial instability, the absence of performance management systems, unethical behaviour, institutional inefficiencies, and inadequate cooperative governance. Additionally, the study emphasised the lack of community participation, which has caused growing dissatisfaction and a loss of faith in municipal governance. This erosion of trust is reflected in the increase in protests.

The findings of the study further revealed that the impact of poor governance extends beyond MMM to affect the entire country. Poor governance has left MMM in a fragile financial state, resulting in an unstable liquidity position that prompted Moody's to downgrade MMM's rating in August 2019. MMM is also grappling to fulfil its short-term obligations and manage the expenses associated with the delivery of service. Additionally, poor governance has resulted in a decline in municipal revenue collection, rising debt levels, and unsatisfactory audit outcomes.

Considering the findings, the researcher recommended strategic actions to improve governance within MMM. These encompass the professionalising of Local Government, implementing robust anti-corruption measures, strengthening financial oversight and sustainability, increasing community involvement in decision-making, conducting capacity-building initiatives for municipal staff, and leadership evolution to effectively implement good governance practices.

The study concluded by suggesting that addressing the factors and challenges leading to poor governance in MMM could pave the way for implementing good governance, restoring public confidence, improving service delivery, and promoting sustainable economic growth in Mangaung. Furthermore, good governance could contribute to sustainable development by aligning with the NDP 2030 goals, positioning South Africa to become a capable and developmental state.

**Keywords:** governance, good governance, poor governance, evaluation, impact, quality

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## LIST OF ACRONYMS

<b>4IR</b>	Fourth Industrial Revolution
<b>ANC</b>	African National Congress
<b>AU</b>	African Union
<b>AGSA</b>	Auditor-General South Africa
<b>CBD</b>	Central Business District
<b>CFO</b>	Chief Financial Officer
<b>COGTA</b>	Cooperative Governance and Traditional Affairs
<b>DA</b>	Democratic Alliance
<b>DDM</b>	District Development Model
<b>DESTEA</b>	Department of Economic, Small Business Development, Tourism and Environmental Affairs
<b>DoRA</b>	Division of Revenue Act
<b>DoRAA</b>	Division of Revenue Amendment Act
<b>DRC</b>	Democratic Republic of Congo
<b>FMPPI</b>	National Treasury Framework for Managing Programme Information
<b>FSPT</b>	Free State Provincial Treasury
<b>FRP</b>	Financial Recovery Plan
<b>GDP</b>	Gross Domestic Product
<b>GPI</b>	Governance Performance Index
<b>HOD</b>	Head of Department
<b>HR</b>	Human Resources
<b>HSP</b>	Housing Sector Plan
<b>HSRC</b>	Human Science Research Council
<b>IDP</b>	Integrated Development Plan
<b>IFRA</b>	Intergovernmental Fiscal Relations Act
<b>IGR</b>	Intergovernmental Relations
<b>IGRFA</b>	Intergovernmental Relations Framework Act
<b>IIAG</b>	Ibrahim Index of African Governance
<b>ISS</b>	Institute for Security Studies

<b>LGTAS</b>	Local Government Turn-Around Strategy
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>MDB</b>	Municipal Demarcation Board
<b>MDTG</b>	Municipal Demarcation Transitional Grant
<b>MFIP</b>	Municipal Finance Improvement Programme
<b>MFMA</b>	Municipal Finance Management Act (Act 56 of 2003)
<b>MFSI</b>	Municipal Financial Sustainability Index
<b>MMM</b>	Mangaung Metropolitan Municipality
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MPPMR</b>	Municipal Planning and Performance Management Regulations, 2001
<b>MSA</b>	Municipal Structures Act (Act 117 of 1998)
<b>MSA</b>	Municipal Systems Act (Act 32 of 2000)
<b>NDP</b>	National Development Plan
<b>NPM</b>	New Public Management
<b>NRF</b>	National Revenue Fund
<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999)
<b>PMS</b>	Performance Management System
<b>SALGA</b>	South African Local Government Association
<b>SABC</b>	South African Broadcasting Corporation
<b>SA-csi</b>	South African Citizen Satisfaction Index
<b>SCM</b>	Supply Chain Management
<b>SMART</b>	Specific, Measurable, Achievable, Relevant and Time-bound
<b>SMME</b>	Small and Medium-Sized Enterprises
<b>SOP</b>	Standard Operating Procedures
<b>TICPI</b>	Transparency International's Corruption Perception Index
<b>UIF&amp;W</b>	Unauthorised, Irregular, Fruitless, and Wasteful (UIF&W) expenditure
<b>UNDP</b>	United Nations Development Programme

**UNESCAP**

United Nations Economic and Social Commission for Asia and the Pacific

**WSP**

Workplace Skills Plan

# **CHAPTER 1:**

## **INTRODUCTION AND BACKGROUND OF THE STUDY**

### 1.1 Introduction

Local Government is the third sphere of government, which is at the coalface of service delivery. The impact of Local Government is experienced directly by citizens, making it a critical level of governance in promoting positive change and development at grassroots level. Therefore, upholding the quality of governance is essential, as it serves as a benchmark for evaluating the effectiveness of government. According to Miao, Gillani, Abbas and Zhan (2023:1), public institutions serve as the primary embodiment of any government, providing a platform for government to demonstrate its capabilities. The analysis of governance processes within these institutions helps gauge the effectiveness of the government and how these processes influence the overall quality of governance. The evaluation of the quality of governance in these institutions is determined by various factors, including the workforce, governing rules, the corporate environment, financial resources, and performance accountability, which could lead to either positive or negative quality.

The state of local governance in South Africa is facing an exceptional crisis, exacerbated by rapid globalisation, socio-economic turbulence, political instability, malfeasance, technology advancement, lack of accountability, and the mismanagement of resources. The manifestation of poor governance becomes evident in Local Government demonstrated by a lack of stability, and a lack of services delivery, which could have far-reaching detrimental effects on the society and the Free State Province as a collective. In his State of the Nation Address 2023, President Cyril Ramaphosa stated that a considerable number of municipalities, 163 out of 257, were in distress; this was attributed to poor governance, weak financial and administrative oversight and corruption, which contributed to poor service delivery. The President further stated that steps were being taken by the state to address governance challenges at Local Government level (State of the Nation Address, 2023:19).

Several stakeholders, including the South African Local Government Association (SALGA), the National Treasury, the Free State Provincial Treasury (FSPT), and the National and Provincial Departments of Cooperative Governance and Traditional Affairs (COGTA), have expressed concern, urging local governance to enhance municipal governance. Xolile

George, the former Chief Executive Officer of SALGA, acknowledged that declining municipal governance negatively impacts service delivery and transformation in Local Government (SALGA, 2022:8). This analysis clearly indicates that the primary issue in South Africa pertaining to Local Government is the escalating crisis of governance, particularly at the Local Government level, with such a substantial number of municipalities in distress.

The cost of poor governance seems to be an invincible obstacle and too great for any government to bear. It has the potential to affect the state and its function in building a more efficient state that provides better services to its people, creating a cascading impact that could severely undermine any government's ability to deliver impactful development and progress. According to Akanbi, Gueorguiev, Honda, Mehta, Moriyama, Primus and Sy (2021:7), states are classified as fragile when their limited institutional capacity, political instability, and weak governance significantly hinder their ability to ensure the security of their citizens and provide essential public services. Dan-Woniowe (2020:698) accentuates the fact that poor governance represents a severe situation of failure and the demise of a state's institutional configuration.

Changing the direction of governance in Local Government is of utmost importance; hence, urgent action is required to address the challenges and to implement lasting, sustainable solutions that can restore the trajectory of good governance. According to the Local Government Turn-Around Strategy (LGTAS) of 2009, it is acknowledged that poor governance is an obstacle that municipalities must overcome (Kraai, 2018:4).

This study will focus on evaluating the impact of poor-quality governance in Mangaung Metropolitan Municipality (MMM) in the Free State Province by drawing on a diverse selection of literature and empirical data to support the study and draw conclusions thereof. Thus, this study aims to undertake a comprehensive evaluation of the diverse implications arising from poor-quality governance and the effects thereof. The study will furthermore explore the underlying factors that contribute to poor governance. The anticipated findings and recommendations will provide a foundation for addressing poor governance, not only in MMM but also in other municipalities. Moreover, the study will provide a basis on which effective strategies and reforms could be designed to alleviate and address poor governance. The study will also be of value to academics, various organisations, political parties, concerned citizens, and in global dialogues.

## 1.2 Background and rationale of the study

The success of municipalities depends largely on stable political leadership and good governance. Governance finds application in various domains, including global governance, corporate governance, regional governance, and municipal governance (Prinsloo, 2013:3). The landscape of municipalities in South Africa has however become notorious for poor governance.

The implications of poor governance can be extensive and have a lasting impact on aspects such as public trust in government, economic growth, political stability, social security, human rights, international and intergovernmental relations, and democracy. According to Dan-Woniwei (2020:698-703), poor governance can result in significant detrimental effects on the security of the state, economic development and wealth, and it consequently impedes growth and development in most African countries. The issue is particularly acute in African countries where poor governance has been identified as the primary factor responsible for the poor state of the region's economic health (Fosu, 2018:2).

This research seeks to assess the effects of poor governance in MMM and to provide potential recommendations to improve the quality of governance. It is imperative to take cognisance of the fact that MMM has been the focus of scrutiny by the Departments of National Treasury, the FSPT and COGTA due to poor service delivery, financial instability, political volatility and overall poor performance, which resulted in the government placing MMM under intervention in December 2019. According to the National Treasury (2019:1), MMM is associated with governance failures such as weak oversight, lack of governance controls, unstable leadership, dysfunctional governance structures, political unrest, factionalism in the municipal council, high vacancy rates, low staff morale, lack of ethical conduct and professionalism, and lengthy disciplinary processes.

The failures in governance mentioned earlier have had a negative impact on MMM's ability to fulfill its mandate and operate efficiently. Against the backdrop of the aforementioned, the MMM voluntarily entered into a Financial Recovery Plan (FRP) for the financial year 2017/18. However, in December 2019, the Free State Provincial Government intervened on the basis that there was no progress in implementing the FRP; thus, the Mangaung State of the Cities Report (2021:9). According to *Daily Maverick* (10 April 2022:3), Cabinet

approved a more stringent intervention under Section 139(7) of the Constitution of the Republic of South Africa (Act 108 of 1996), which took effect in April 2022, after MMM failed to implement the previous FRP. In July 2022, Cabinet further approved the appointment of Ntiyiso Consulting and the National Intervention Team to assist MMM in addressing its governance issues (*SANews* 22 July 2022:1).

According to *Step Up SA News* (28 February 2023:1), the performance and governance of MMM had deteriorated further following the interventions. The financial and service delivery challenges faced by the Municipality had worsened despite promises by the MMM Council and Administration to conduct a forensic audit and improve service delivery. *Polity* (2 February 2023:1) stated that the National Intervention Team, which was deployed in April 2022, had failed to address the previous governance failures in MMM. As a result, governance challenges had worsened to the extent that MMM had violated Section 127 of the Municipal Finance Management Act (MFMA) (Act 56 of 2003) by failing to submit its annual report and its report to the Auditor-General South Africa (AGSA) on time.

The audit outcomes of MMM have been inconsistent over the past five financial years, with no signs of improvement. The South African Broadcasting Corporation (*SABC News* 19 February 2023:1) reported that AGSA noted a regression in MMM's audit opinion from unqualified in the 2020/21 financial year to qualified in 2021/22. The FSPT (2023:6) cited MMM's governance challenges as the reason for the qualified opinion, including instability in the Municipal Council, weak governance oversight structures that manifest in non-functional and ineffective Executive Mayor's structures, the Municipal Public Accounts Committee (MPAC), the executive management structures, and the Audit Committee and the Internal Audit Committee.

The establishment of Metropolitan cities was intended to drive the economy and was also in accordance with the government's National Development Plan (NDP) objectives. According to the Sedibeng District Municipality's Integrated Development Plan (IDP) (2015:221), the Local Government Municipal Structures Act (MSA) (Act 117 of 1998) highlights that Metropolitan cities are utilised for conurbations that promote economic activity due to their strong and interdependent spatial, social, political, and economic connections within the Metropolitan system of governance. Therefore, the collapse of MMM, resulting from poor governance, will not only contribute to governance failure in the country from an economic

perspective, but it will also have adverse effects on the ongoing NDP goals of building a capable developmental state.

The MMM Council faced calls for its disbandment due to a lack of confidence from various organisation, such as Mangaung Ratepayers' Association, and residents. Masuku (2019:123) suggests that there is increasing evidence in South Africa of a loss of confidence in the current national leadership due to the failure to fulfil promises. This has resulted in service delivery protests such as experienced in the shutdown of Mangaung from 17 to 18 May 2021 (*The South African* 18 May 2021:1).

This study holds significance for a variety of reasons. Firstly, MMM plays (or should play) a central function in driving economic growth and supporting government initiatives in the Free State Province. As stated by Ramadhan (2019:2597), firstly, the quality and performance of government institutions have a direct impact on economic growth. Secondly, to find viable solutions to improve governance for the Municipality to fulfil its constitutional and legislative mandate and support developmental goals for a capable developmental state. Thirdly, insights gained could inform future policies and decision-making processes. Fourth, the findings and recommendations could be useful to Local Government institutions experiencing similar governance challenges. Furthermore, the study could add value to the existing discipline in the field of governance, serving as a valuable reference for researchers and students, and potentially leading to new research focus and insights.

Studies on evaluating the impact of poor governance might appear to have been adequately researched. However, this study comes in the aftermath of the intervention by the National Government and the appointment of a professional intervention team to rectify governance issues in MMM.

### 1.3 Problem statement

Despite the solid regulatory framework, the state of governance in Local Government has deteriorated shockingly, with personal interests and financial gain taking precedence over good governance and resulting in significant negative consequences for the nation (*Mail & Guardian* 2 March 2018:1). The challenges facing governance in South Africa are widely acknowledged, including malfeasance, political meddling, financial mismanagement, and

the absence of ethical conduct in leadership. In respect of the aforementioned, MMM is no exception. According to Masuku (2019:117), poor governance has increasingly affected all levels of government. The South African Human Rights Commission (2022:1) further emphasises the severity by stating that poor governance is now the most prevalent injustice against human rights.

In 2011, MMM was established with the goal of improving the administrative capacity of the Municipality, promoting coordination and planning within the Province to improve service delivery, and stimulating economic growth. However, as noted by Subramanyam and Marais (2022:2896), the adoption of metropolitanisation was not a guaranteed solution for addressing Mangaung's historical governance challenges. Instead, this change exacerbated the pre-existing challenges. Dube and Radikonyana (2020:85) assert that re-determinations leading to metropolitanisation, on its own, cannot solve the dysfunctional state of a municipality. These challenges have negatively impacted the MMM's financial health, sustainability, performance, political stability, and service delivery.

In a media statement, the then serving Deputy Minister of the Department of Finance, David Masondo, emphasised the decline of MMM's finances in the 2018/19 financial year, which led to the implementation of the FRP by the Department of COGTA and the National Treasury (National Treasury, 2020:1). Factors such as an inadequate budget, attributed to poor financial management, resulted in the failure of the FRP to execute its mandate.

Despite efforts, the term of the intervention team ended on 28 February 2023 without achieving the intended turnaround outcomes. On the contrary, the governance challenges worsened under the guidance of professional advisors, leading to further non-compliance with the MFMA and obtaining a qualified audit opinion for the 2021/22 financial year (*Step Up SA News* 28 February 2023:1).

The severity of poor governance in the Municipality is apparent in the hindrances it places in the way of its day-to-day operations and its service delivery. According to Hanson-Agumbah (2022:1), those who exercise authority are responsible for poor governance outcomes, which can negatively impact the community. If these issues are not addressed, it would indicate that the government has failed to fulfil its obligation of providing effective governance, resulting in a failed state that undermines the Constitution (1996), the people

of the Free State, and South Africa. The Institute for Security Studies (ISS), as stated by the Peace and Security Council (2021:1), states that unresolved governance challenges weaken the state and its institutions, leading to a failure in providing basic services.

From the preceding discussions, it is evident that poor governance has had significant cost implications for South Africa and MMM, in particular. Therefore, it is crucial to assess the extent to which poor governance has impacted MMM and to identify the contributing factors to improve and strengthen governance. The problem statement, therefore, seeks to evaluate the factors causing and contributing to poor governance at MMM and to provide appropriate recommendations to enhance the quality of governance practices.

This study will benefit MMM in fulfilling its governance mandate, meeting the needs of its citizens, and achieving the goals of the state. As highlighted by Schoeberlein (2020:1), good governance is vital for achieving sustainable growth, advancing government accountability to citizens, and curbing governance-related challenges. MMM also recognises the need to strengthen and improve the administration's functioning, as stated in the Municipality's Annual Report (2018:6).

The ISS, as stated by the Peace and Security Council (2021:6), emphasises the importance of changing the direction of governance in Africa. Schoeberlein (2020:1) argues that while South Africa has made commendable strides in transforming its governance system, the state's responsibility for good governance transformation remains vital for improving performance in the public service. The NDP 2030 also underscores the country's obligation to bolster governance (Schoeberlein, 2020:13). According to Prinsloo (2013:14), it is no longer acceptable to use past irregularities and self-pity as excuses for poor government performance and this mentality needs to be eradicated.

Given the prioritisation of good governance in South Africa's transformation agenda, the study holds potential significance in promoting good governance, not just in MMM, but throughout the public sector. Hence, the evaluation of the impact of poor-quality governance in MMM.

#### 1.4 Aim of the study

The study aims to assess the effects of poor governance and challenges in MMM. The study will also provide recommendations to enhance governance practices and processes in the Municipality under study.

#### 1.5 Objectives of the study

The main objectives of the proposed study are:

- Objective 1:** to explore the factors that contribute to poor governance at MMM;
- Objective 2:** to evaluate the existing governance challenges faced by MMM; and
- Objective 3:** to provide effective and efficient measures that can be implemented to improve the quality of good governance at MMM.

#### 1.6 Research questions

According to Ratan, Anand and Ratan (2019:1), the main objective of a research question is to probe into an unresolved matter within a particular area of interest, indicating the necessity for thorough investigation. Bouchrika (2024:1) concurs, defining a research question as the questions posed within a study, with the intent to offer a solution to it. Therefore, a research question is a question that the researcher poses in an endeavour to find answers to the research topic. Thus, the research questions posed in this study seeks to offer a resolution to the challenges of poor-quality governance in MMM.

To fulfil the aims of this study, the following three research questions are put forth:

- What are the factors contributing to poor governance in MMM?
- What are the governance-related challenges faced by MMM?
- How can the Council of MMM be advised to address the current governance challenges through recommendations?

## 1.7 Research design

Research design involves constructing a framework or blueprint for a research study, known as research approaches (Leavy, 2023:9). According to Sileyew (2019:2), the purpose of research design is to establish a suitable and relevant structure that the study will follow. One of the critical decisions within the research design process is selecting the research approach, as it dictates the method through which pertinent information for the study will be acquired.

Thus, research design is the basis that defines the shape of the study, outlining and specifying the research approach to be pursued and the methods for sourcing, interpreting, and analysing information. Therefore, the research design for this study delineates the structure that guided the methodological approach, the data collection, and the analysis processes.

### 1.7.1 Research methodology

Al Kilani and Kobziev (2016:1) define research methodology as a procedure of data gathering and examination that aligns with the research problem to obtain accurate and realistic results. Additionally, the methodology helps to clarify and specify the purpose of the research and determines the necessary steps to fulfil the study's requirements. According to Wahyuni (2012:72), research methodology is a framework for executing research aligned to a specific model, whereas method refers to a collection of distinct techniques, tools, and procedures used to gather and analyse data. Therefore, research methodology is a process which defines how data will be collected is a study to realise accurate findings.

According to Taherdoost (2022a:53-54), research is categorised into various types and employed in studies to investigate and explain the study and its outcomes, dependent upon the sought information. Research approaches can be delineated into three categories: qualitative, quantitative, and mixed methods. The qualitative approach focuses on the inherent qualities of experiences and the significance attributed to phenomena. Additionally, it provides the researcher with the chance to comprehend the "why", "what" and "how" of the subject matter (Du Plooy-Cilliers, Davis and Bezuidenhout, 2014:173). According to Taherdoost (2022a:54), the quantitative approach utilises statistical or mathematical values

to represent the observations and findings of the study. This kind of approach uses empirical methods to describe the significance of the study. Taherdoost (2022a:55) explains that the mixed-method approach integrates both qualitative and quantitative approaches, with the option to apply them equally or emphasise one over the other.

In view of the aforementioned discussion on research approaches, this study predominantly adopted the desk-based research approach, which is also known as secondary data collection. According to Bassot (2022:3, 7), desk-based research is characterised as an empirical inquiry method wherein data is collected indirectly. It encompasses a wide range of strategies aimed at conducting thorough investigations by collecting data from existing sources. Owa (2023:2-3) delineates two primary categories of desk-based research into qualitative and quantitative. The qualitative approach involves descriptive data sources like books, journals and reports, while the quantitative approach focuses on evaluating statistical data such as graphs, diagrams, or tables.

The sources can be categorized into primary, secondary, and tertiary sources. According to Jain (2021:541), primary data involves a variety of approaches such as observations, experiments, surveys, interviews, case studies, and diary logs. Bassot (2022:7) underscores the authenticity of primary data. Secondary data, as defined by Bassot (2022:7-8), comprises materials like textbooks, dictionaries, encyclopaedias, academic journals, blogs, and other written materials that analyses and assesses primary or original sources, whilst tertiary sources involve the arrangement of secondary sources for easy and convenient access in databases such as libraries, EBSCO, Google Scholar, and similar platforms.

The researcher opted for a desk-based approach as the best and most practical research method for this study to leverage on pre-existing data related to the study on MMM. The objective is to augment the value of this research by leveraging on established data and theories. This method will aid in uncovering patterns, trends, and crucial data necessary for evaluating factors contributing to poor governance at MMM. Additionally, it will streamline the process of formulating recommendations to enhance governance quality. Furthermore, employing this method will help mitigate ethical risks linked to data collection and ethical considerations. According to Bassot (2022:10), conducting a desk-based study offers opportunities to investigate specific areas that might otherwise be unachievable. It facilitates

comparisons at the domestic and the global level and entails minimal risk as secondary data is collected and it does not require human participation.

### 1.7.2 Data collection sources

Collecting data is crucial in research. According to Taherdoost (2022b:10), data gathering embraces the process of acquiring information to gain comprehensive insights into the research subject and to address pertinent research questions. Sileyew (2019:2) suggests that literature reviews can be approached methodologically, incorporating document analysis, and with a mixture of quantitative and qualitative elements. Therefore, data collection sources imply the various means through which the researcher collects data for the purposes of his/her study.

To fulfil the study's objectives and respond to the research questions, the researcher opted for extensive desk-based analysis as the preferred method for data collection from various secondary sources. These sources included audit reports, annual reports, scholarly journal articles, published and unpublished academic papers, websites, newspapers, as well as policies and regulations.

A review of the literature is crucial in the data collection phase. According to Chigbu, Atiku and Du Plessis (2023:6), it enables the researcher to undertake an organised search for trustworthy and credible sources that are linked to the subject at hand. The search can be carried out in a library, with the help of a knowledgeable librarian, or online using the internet. Atkinson and Ciprian (2018:81) further states that the calibre of the material chosen by the literature search heavily influences the conclusions that a researcher reaches. Hofstee (2018:100) asserts that there is a strong correlation between the effectiveness of the literature review and the findings of the study.

### 1.7.3 Data analysis

This study will use secondary data analysis, which, according to Johnston (2013: 619-620), is a structured research method. It involves an empirical approach, applying the same fundamental norms as primary data studies, and follows specific steps like any other research approach. Secondary data analysis examines data collected by others for different

objectives, including reviewing previously gathered data in the relevant field. Content analysis was employed as a method of data analysis. According to Bowen (2009:32-33), content analysis involves structuring information into categories aligned with the research question and distinguishing pertinent information from irrelevant data. The researcher, acting as a content analyst, is tasked with determining the relevance of documents to the research problem and objectives.

Thus, it can be said that content analysis refers to the stage where the researcher analyses data obtained through data collection to determine its relevance and how it relates to current research to assist in providing solutions. Thus, for the specific purpose of this study, the researcher adopted content analysis by gathering data from desk-based sources and then conducted an analysis to interpret the data in a manner that added value to the study.

## 1.8 Literature review

The key aspects to be studied in investigating the reasons behind poor governance in MMM will be predetermined features encompassing the following factors, namely; implementation of sound policies, financial status and sustainability, performance management, unethical conduct, institutional inefficiencies, cooperative governance, political stability, and community participation. Several studies with similar objectives and characteristics to this study have been conducted in various contexts both in South Africa and globally, with regards to evaluating the impact of poor-quality governance. These studies can be aligned with the current study on MMM and will be utilised to provide new insights to enhance good governance in MMM.

The study will be conducted using, among others, desktop analysis, which is also referred to as secondary data or document analysis inclusive of journals, books, physical and digital reports, minutes of meetings, newspaper reports, and public reports. Secondary data refers to previously collected data which is used to offer solutions to new and current research (Martins, Da Cunha and Serra, 2018:2). This following section presents some of the significant literature that will also be utilised in this study although it does not serve to provide a final and exhaustive list.

According to Du Plooy-Cilliers *et al.* (2014:101), the purpose of conducting a literature review is to establish the context for the current research by examining previous scholarly research on a similar topic and identifying the relevant models and theories. Arshed and Danson (2015:32-33) suggest that a literature review is a methodology used to answer specific research questions, allowing the rationale or purpose of the current study to emerge. Thus, a literature review is the process of going through existing similar research, in an endeavour to respond to current research questions.

Kaufmann, Kraay and Zoido-Lobaton's (1999:1-58) working paper on governance matters is considered a crucial source for the proposed study, with the study by Cloete (2005:1-24) on the quality of governance being regarded as significant.

According to a study conducted by Mbulawa (2019:1), the financial sustainability of South African municipalities has been of great concern, with many struggling with poor financial governance. In addition, the South African Cities Network (2022:2-105) report assesses important developments and patterns that have impacted Local Government over the last 10 years.

Apart from the literature outlined in the preceding paragraphs, the study on Managing Local Government Performance by Van der Waldt (2006:1-3), as well as Shava and Mazenda's (2021:1-16) study on ethics in South African public administration, will be utilised. The research will include the Human Science Research Council (HSRC) study conducted by Davids (2022:3-100), which is an essential component of this investigation. The study revealed that lack of capacity hindered performance, which resulted in poor governance, impeding the state's ability to establish a progressive developmental state.

Based on the preceding discussions, it can be inferred that incorporating the literature proposed above, among other sources, into the research can provide valuable insights to address the governance challenges encountered by MMM. This would reinforce the notion of good governance, resulting in the transformation of MMM into a more progressive organisation.

## 1.9 Legislative framework regulating Local Government

### 1.9.1 Constitution of the Republic of South Africa (Act 108 of 1996)

According to Mathenjwa (2018:5), Section 152, in conjunction with Part B of Schedules 4 and 5 of the Constitution (1996), bestows Local Government with the authority and duty of governance. Mbecke (2014:101) states that this responsibility encompasses the planning, prioritization, and implementation of service delivery, including the administration, budgeting, and financial management. Therefore, in accordance with Mathenjwa (2018:9), the Constitution (1996) directs Local Government to exercise delegated powers within specified limitations and processes, consistent with the principles outlined in the Constitution (1996).

### 1.9.2 White Paper on Local Government, 1998

The publication of the White Paper on Local Government, 1998 aimed to establish Local Government as a vehicle for planning, coordination and mobilization, particularly emphasising integrated planning. It also promotes a systematic approach to municipal transformation (Kraai, 2018:1). Additionally, the White Paper on Local Government explores the attributes of developmental and transformational Local Government, outlines various development goals, and suggests tools to aid municipalities in achieving developmental status (Ndevu and Muller, 2018:182). Kraai (2018:70-71) further states that the White Paper on Local Government delineates the frameworks regarding Municipal Committees and systems.

### 1.9.3 Local Government Municipal Systems Act, 2000 (Act 32 of 2000)

According to the Parliamentary Monitoring Group (2021a:1-2), the Municipal Systems Act (MSA) (Act 32 of 2000) has several functions in Local Government and they are outlined as follows:

- Specifies the legal status of Local Government within a framework of cooperative governance;
- Elucidates the responsibilities and obligations of the municipal council and administration, and local communities;

- Describes Local Government structures, political leadership, and administration officials of Local Government. It further clarifies the rights and obligations of various stakeholders which is crucial for enhancing the democratic framework at the grassroots level; and
- Oversees the procedure for allocating powers and duties in Local Government.

#### 1.9.4 Local Government Municipal Finance Management Act (Act 56 of 2003)

Hanabe, Taylor and Raga (2017:120) state that the MFMA (Act 56 of 2003) aims to ensure the protected, comprehensive, and sustainable administration of financial related issues within Local Government by setting forth rules and principles. These are specifically for the following:

- guaranteeing openness, accountability, and the delineation of responsibilities relating to the financial issues of Local Government;
- the administration of their revenue, spending, assets and debts, as well as the management of their financial transactions;
- the processes of budgeting and financial planning, along with coordinating these processes;
- lending;
- the management of financial challenges within Local Government; and
- the administration and control of supply chain management matters.

#### 1.9.5 Local Government Municipal Structures Act (Act 117 of 1998)

The Municipal Structures Act (Act 117 of 1998) lays the foundation for creating Local Government structures by defining the criteria for different categories within Local Government. Additionally, it offers guidance on collaborative governance and mutual assistance between district and local municipalities. The Act also outlines the allocation of powers and duties between district and local municipalities, including the appointment of councillors to represent local municipalities in the district council, ensuring that key issues concerning the Local Municipality are addressed by the District Municipality (Magagula, Mukonza, Manyaka and Moeti, 2019:4).

### 1.9.6 Implications of contravening constitutional and legal requirements

Given the rigorous governance requirements outlined in these regulations, any violation can lead to poor governance and provincial government taking over the municipality. According to Makoti and Odeku (2018:68), when the Local Government fails to fulfil its constitutional duties and role, the Provincial Government is authorised by law to intervene. These interventions may take different forms, including providing support, monitoring, or taking over the administration. Steytler, Mettler and De Visser (1999:1) state that if a municipality fails to fulfil its obligation, the provincial authorities can utilise Sections 139(1), (4) and (5) of the Constitution (1996) to step in.

According to COGTA (2023:1), Section 139 of the Constitution (1996) is also applied on MFMA (Act 56 of 2003) related matters, such failure to approve a budget or necessary revenue-raising measures to implement the budget. Additionally, intervention is warranted if the municipality faces a financial crisis, consistently breaches its obligations to provide essential services or to meet financial commitments or acknowledges its inability to fulfil its obligations or financial commitments.

### 1.10 Ethical considerations

As the study relied on secondary data, it was not required to fulfil the ethical review processes of the University of the Free State. All secondary sources applied in the study were duly acknowledged and referenced accordingly.

### 1.11 Limitations of the study

Miles (2019:2) characterises limitations as the potential boundaries placed on a study and it highlights potential weaknesses in the employed research approach and design. The study must acknowledge a range of challenges that presented limitations. It is crucial to stress that despite the limitations, the study provides invaluable insights and constructive recommendations to address the issues of poor-quality governance in MMM. The following were identified as limitations:

- Access to municipal documents, which are not in the public domain; and

- In terms of geographical scope, the study focuses on MMM within the Free State Province. However, the utilisation of secondary data collection methods might result in insufficient data specifically pertaining to MMM.

## 1.12 Conceptual framework

Belcher and Halliwell (2021:1) emphasise the importance of starting any effort to comprehend, evaluate, and improve the influence of research with precisely defined concepts and definitions. In this section, the focus is on discussing and establishing clear definitions for the key concepts used throughout the study, aiming to create a shared understanding for this research. The accuracy and reliability of the responses to the research problem, questions, and objectives greatly depend on the exact definition of these fundamental concepts.

The subsequent concepts are elaborated upon below: governance, good governance, poor governance, evaluation, impact, and quality. This methodological approach is adopted in this study to foster a cohesive comprehension, prevent misinterpretation, and enhance the overall credibility of the research.

### 1.12.1 Governance

According to Dan-Woniowei (2020:699), governance pertains to the decision-making process involved in either implementing or rejecting those decisions. Fukuyama (2013:3), on the other hand, defines governance as the government's capacity to establish and enforce regulations while providing essential services. Keping (2017:2), in contrast, views governance as a system of institutions and actors that extend beyond the government. In the South African context, governance refers to the way government interacts with civil society and encompasses the internal processes adopted by the government. Additionally, it involves the conversion of resource inputs into government outputs and outcomes, which are crucial metrics for measuring service delivery, as described by Cloete (2005:2). Kraai (2018:4) asserts that good governance manifests in effective task execution, competent and skilful management, strong accountability, and tangible results in service delivery.

Governance entails the effective and lawful administration and management of affairs, prioritising the welfare of the public. It involves establishing, adhering to, and enforcing governing rules, processes, decision-making, implementation, and performance within an organisation.

Governance can further be defined as either good governance or poor governance in relation to quality. To distinguish between good and poor governance, both terms will be defined.

### 1.12.2 Good governance

According to Gisselquist (2012:6), the United Nations Development Programme (UNDP) defines good governance as governing systems that exhibit capability, responsiveness, inclusivity, and transparency. It involves substantial and comprehensive political engagement for all. Gisselquist (2012:6) further states that the World Bank views good governance as a fusion of transparent and responsible institutions with robust skills and expertise, and a principal commitment to good ethical conduct. These elements empower a government to efficiently provide services to its citizens.

Srivastava (2010:2) posits that good governance is linked to competent and capable administration within a democratic context. It is synonymous with being goal-oriented and concerned with prioritising the development of the administration and enhancing the quality of life of citizens. This concept correlates with an advanced degree of administrative efficiency and relates to the ability of the political and administrative centre of power to address emerging social challenges. It involves the adoption of new governance values to enhance efficiency, legitimacy, and credibility within the system. Good governance, therefore, hinges on the promotion of positive administrative virtues and the eradication of dysfunctionalities. In essence, it should embody the characteristics of an effective, credible, and legitimate administrative system that is citizen-friendly, values-driven, and promotes equitable sharing among the populace.

Thus, good governance revolves around managing an effective and proficient administration that prioritizes adherence to high ethical standards and is dedicated to enhancing the well-

being of its citizens. A lack of good governance in an organisation results in poor governance, whereas good governance builds efficiencies that promote governance.

### 1.12.3 Poor governance

In Dan-Woniowei's (2020:699) view, the terms 'poor and bad governance' or 'good governance' serve as a mere description of the quality and attributes associated with the concept of governance. Poor governance can be defined as the quality and attributes of governance that depict a situation in which the government lacks the capacity and effectiveness to address challenges facing society, such as poverty, infrastructure development, and unethical behaviour. This can be viewed as a severe state of failure and the breakdown of government, as explained by Dan-Woniowei (2020:698). Letawana (2017:22) states that poor governance is exemplified by ineffective financial management, unwise appointments, and misplaced patriotism in service delivery, leading to a rise in civil unrest, the non-payment of municipal services, and a deterioration in the quality of services provided. For instance, the lack of clean audits in MMM could be attributed to poor governance, as reported by the AGSA in its audit reports (*SABC News* 19 February 2023:1).

Thus, poor governance can be understood as governance of inferior quality that fails to uphold and enforce governing rules and ethical standards. It disregards the importance of delivering services effectively, adhering to ethical conduct, and conforming to principles and systems essential for effective governance. This can also be perceived as a failure of government leadership.

### 1.12.4 Evaluation

According to Wanzer (2021:30), evaluation represents a systematic process or methodical inquiry applied to processes, systems, or organisations to determine their value and impact. It addresses critical questions relevant to decision-making, such as "What are the reasons behind its effectiveness?"; "For whom does it yield the best results?"; "Under what conditions does it demonstrate its efficacy?"; and "How can we enhance it?". Chetty and Mokwele (2020:2) define evaluation as an information-gathering process aimed at determining the worth of a programme and assessing it for the purpose of improvement. According to Imperial (2022:n.p.), evaluation serves to evaluate performance and provides essential

insights for policymaking. It also helps in uncovering existing or past concerns and forms the foundation for decision-making; thus, leading to the enhancement of the organization.

Hence, evaluation focuses on appraising effectiveness and quality, investigating the factors contributing to successful or unsuccessful outcomes, identifying the beneficiaries of the results, and suggesting methods to enhance efficiency for improved performance and decision-making. Furthermore, it plays a crucial role in facilitating the process of proposing the necessary changes.

In the context of this study, the application of evaluation as a concept will aid in assessing MMM's governance framework and systems. It aims to determine their efficiency, effectiveness, and areas of weakness, with the goal of preserving and enhancing the positive aspects while addressing and closing any identified gaps and weaknesses.

#### 1.12.5 Impact

According to Hearn and Buffardi (2016:10-11), impact is often used interchangeably with terms like result, outcome, effect, and difference. Belcher and Palenberg (2018:481-484) define impact as the "effects" that arise directly or indirectly from an intervention, whether intended or unintended. These effects can be either positive or negative. Impact focuses on the changes or differences realised through the implementation of a specific programme. The outcomes or results are tangible and measurable, carrying significant weight in terms of making a difference. For instance, if service delivery is the outcome, the impact of service delivery on governance can be examined to determine its extent and significance.

Hence, impact in this context refers to the degree or scale of the outcomes resulting from a particular action or situation, whether those outcomes are substantial or lacking when subjected to scrutiny. It gauges whether a significant distinction or failure is evident. In this study, impact will be employed to assess the extent to which the implementation of governance in MMM yields positive and negative outcomes in terms of institutional governance, highlighting the consequences of ineffective governance on MMM. It also evaluates whether the existing governance system produces favourable results or necessitates implementing changes for enhancement.

### 1.12.6 Quality

Smith (2023:236-237) defines quality as "goodness" or "excellence", which is evaluated based on acceptable standards of merit, specific to that thing, and in consideration of the interests and needs of users and other stakeholders. Quality represents a property or attribute, referring to a characteristic of an entity. It is relational in nature, as it applies to an entity in relation to something else, typically an evaluative standard or criterion. Quality is inherently connected to an object or process and cannot be understood independently of its associated object. It can be quantified through measurements of its various attributes.

Backholer (2014:25) classifies quality into two categories: objective and subjective. Objective quality pertains to the extent to which a process or outcome aligns with predefined criteria. On the other hand, subjective quality focuses on the perceived value or level of satisfaction. Quality assesses the excellence of something, where superior quality is considered good, while negative or mediocre quality is considered poor.

Thus, quality entails evaluating something based on predetermined standards, attributes, or characteristics to determine its level of goodness or inferiority, which is objective quality. Quality cannot exist independently; it must be linked to a process or level of client satisfaction. In the context of this study, the concept of quality pertains to measuring the excellence of institutional governance at MMM using the specific pre-defined characteristics. The aim is to assess the repercussions of poor governance quality at MMM and to work towards enhancing the overall standard of governance.

### 1.13 Layout of the research report

The research will be divided into five chapters. In the section below each chapter is outlined, also explaining how they will contribute towards the research.

#### 1.13.1 Chapter 1: Introduction and background of the study

An overarching view and contextual theoretical framework of the research study is provided in this chapter. Its primary objective is to introduce the problem statement, aims and objectives, research questions, as well as the methodology to be employed. Additionally,

this chapter will delineate the legal framework that governs Local Government operations to fulfil its constitutional and legal mandate. It is essential to provide concept clarification to give context to concepts utilised in the study to ensure a clear and common understanding of the specific connotation of concepts within this study. Moreover, the section will outline the layout of the research report.

#### 1.13.2 Chapter 2: Exploring governance dynamics in different perspectives

In this chapter, an exploratory perspective will be adopted to examine the characteristics of good governance, the challenges it faces, and its impact on governance quality. The discussion focuses on Local Government governance challenges globally, in African countries, in South Africa, and specifically in Metropolitan Municipalities. Furthermore, the chapter will also discuss interventions in municipalities faced with governance challenges and relevant governance.

#### 1.13.3 Chapter 3: Evaluating governance factors and challenges in MMM

The Chapter will centre around the aims and research questions, with a particular focus on evaluating the factors that contribute to poor governance in MMM. To achieve this objective, the study will examine pertinent literature in the form of desk-based methodology to gain an understanding of these factors and the impact thereof. The primary areas of focus for evaluating the factors that contribute to poor governance will be pre-defined on the premise that such an approach will allow the researcher to explore the governance challenges and the magnitude aimed at developing a comprehensive understanding.

#### 1.13.4 Chapter 4: Evaluation and assessment

Chapter 4 will concentrate on analysing, evaluating, and interpreting the data gathered in Chapter 3. The main objective is to determine whether these methodologies have provided sufficient clarity to support the problem statement, the research objectives, and the research questions outlined. This chapter will delve deeper into the key findings of the study, assess MMM's adherence to good governance indicators, offer a comparative analysis of MMM to other Metropolitan Municipalities, conduct an impact assessment on poor governance, and evaluate the effectiveness of the intervention applied in MMM.

### 1.13.5 Chapter 5: Recommendations and conclusions

Chapter 5 will conclude the study by providing recommendations aimed at improving the quality of governance in MMM. Additionally, this section will emphasise the benefits and value of the study. Moreover, a determination of the accomplishment of the study will be discussed, followed by the conclusion.

### 1.14 Conclusion

The quality of governance in Local Government serves as a yardstick for evaluating overall government performance. As such, maintaining good governance is of utmost importance for Local Government.

The current state of governance within MMM indicates a challenging and critical phase. Multiple stakeholders have raised concerns, including President Cyril Ramaphosa, regarding the poor governance in municipalities, particularly MMM. The urgency to address these challenges and restore a trajectory of good governance cannot be overstated. Failure to rectify the governance issues within MMM could have severe consequences, where it might lead to the classification of the government as fragile and a failed developmental state. Therefore, taking prompt and effective measures to address the governance concerns is vital to prevent such outcomes.

It was mentioned previously that although the study's topic to evaluate the impact of poor governance might appear to have been extensively researched, it is worth stating that this study was prompted by the Cabinet's deployment of a professional intervention team to resolve MMM's governance challenges. Despite these efforts, concerns persist, particularly regarding the instability observed within the MMM Council.

Chapter 1 serves as the foundation of this study, laying out the contextual and theoretical framework that underpins the research. It provided a comprehensive explanation of the background of the study and the rationale, introducing the problem statement, aims, objectives, research questions, and chosen methodology. Additionally, the legal framework governing Local Government operations, to fulfil its constitutional and legal responsibilities, was outlined. Furthermore, Chapter 1 offers a summary of the literature that was reviewed,

addresses ethical considerations, and identifies the potential limitations of the study. To ensure a shared understanding and consistent application of concepts, key terms were defined and clarified. Moreover, the Chapter outlines the arrangement and content of subsequent chapters within the research report.

## **CHAPTER 2:**

# **EXPLORING GOVERNANCE DYNAMICS: A FOCUS ON CHARACTERISTICS, LEADERSHIP MODELS, CHALLENGES, INTERVENTIONS AND THEORIES**

### 2.1 Introduction

Governance can be referred to as all the processes of governing an organisation's processes and practices in which mutual matters are regulated. Therefore, this chapter provides insights into governance from diverse perspectives, and offers valuable understanding of how governance is understood globally and domestically; moreover, it provides information of the different players and their experiences. This broad view illuminates what constitutes good governance, the encountered challenges and their effects on governance quality, with the aim of presenting a comprehensive understanding of governance.

There are substantial variations amongst developed and developing countries in their advancement and application of principles of good governance. Additionally, the quality of governance indicators varies across countries, determining the leading contenders in terms of governance competitiveness. Furthermore, this chapter provides insights on governance challenges, globally, but particularly at the local level. It is crucial to identify best practices, as well as weaknesses. This approach will not only highlight areas needing improvement but also offers insights into strategies employed by countries to enhance governance quality in those regions that are falling behind.

The aforementioned approach was adopted due to the challenges that vary significantly and are influenced by factors such as the governing structures within each country, the level of maturity of governance styles (such as democratic, federal, monarch, and authoritarian), including political affiliations, cultural and socio-economic backgrounds, and governance theories. While certain countries possess the capability to evolve and enhance their quality of governance, leading to positive economic growth, increased investment, political stability, sustainable development and improved public services, others face greater hurdles in achieving these outcomes.

Hence, Chapter 2 examines the characteristics of good governance, and explores governance within the global, African, and South African Local Government contexts, with specific focus on Metropolitan Municipalities. It also analyses Local Government governance leadership models, Local Government challenges, interventions, and relevant governance theories.

## 2.2 General characteristics of good governance in Local Government

According to Arsad (2023:1252), good governance is essential for achieving positive outcomes. It facilitates the required efficacy using inadequate resources, streamlines administrative processes, and enhances quality-of-service delivery. Moreover, good governance fosters transparency and accountability, which is crucial for sound decision-making. Additionally, good governance includes community involvement in governance structures, it builds community trust, and it fosters sustainable and all-encompassing growth.

According to Jeffrey, Christopher and Nnamdi (2019:119-122), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) presented the following as the core characteristics of good governance:

- a. Participation: good governance relies on the participation of the populace in decision making. This participation should be an informed but also a coordinated activity, at least in part via direct involvement and/or via legitimate and trusted intermediary bodies or representatives.
- b. Rule of law: decisions must be based on valid law and must be applied equally as valid. Laws must be fair and equitably enforced and human rights must be protected.
- c. Transparency: requires compliance with policies in ways that can be observed and understood, with the necessary information available and presented in an open and accessible way, allowing for the coherence of legislative mandates.
- d. Responsiveness: institutions and processes should endeavour to provide for as much of the needs of all citizen stakeholders as possible, as soon as possible. The government should always respond to the needs of all members of the community, while also responding to competing forces.
- e. Consensus oriented: good governance involves reaching agreement among the different interests of society about what is good for the polity and how to achieve it.

This emerges from a deep knowledge of the appropriate historical, cultural, and social settings.

- f. **Equity and Inclusiveness:** the capacity of government to deliver welfare should be safeguarded for members of the society so that they feel that they are valued. It is critical to make sure that all human beings, particularly the vulnerable, are supported.
- g. **Effectiveness and Efficiency:** good governance entails ensuring that processes and institutions produce results that efficiently meet societal needs, utilizing the available resources optimally. Decisions should be executed and followed through to utilize the most suitable resources, resulting in effective outcomes for society.
- h. **Accountable:** accountability is one of the most important check and balances for good governance. All institutions, public and private, should be held accountable to society because society is the primary stakeholder, and it is most likely to be affected by the actions taken by institutions.
- i. **Strategic Vision:** the government and its people need to set a long-term strategic vision for developing sounder governance and improving human capital capacity. Knowing the history, culture and society in which this strategic vision is rooted is important.

Based on the above, it can be argued that the characteristics of good governance promote collaboration between the government and citizens, ensuring equality in decision making and under the law. Additionally, it aims to cultivate discipline in the prudent utilisation of scarce resources to enhance service delivery and well-being for everyone. These characteristics of good governance are forward-looking, necessitating leaders to strategise for the future with a long-term vision. According to Coetzee (2017:159), the existence of powerful civil society is crucial for ensuring good governance, marked by freedom of association, freedom of speech, and the respect for diverse public and political rights. Section 2.3 below discusses good governance in an international landscape in Local Government.

### 2.3 Good Governance in Local Government in an international landscape

Various countries around the world have a Local Government sphere established in accordance with their unique legislative framework. Acharya (2018:37) states that these institutions are established through various means, such as national constitutions (e.g.,

Brazil, Denmark, France, India, Italy, Japan, Sweden), state constitutions (e.g., Australia, the United States), legislation enacted by higher levels of central government (e.g., New Zealand, the United Kingdom, and most other countries), provincial or state legislation (e.g., Canada, Pakistan), or through executive orders.

Rotberg (2003:3) posits that countries are meant to serve as decentralised mechanisms for delivering services to citizens residing within defined boundaries. Currently, some countries strive to prioritise and respond to the concerns and needs of their citizens. For example, as noted by Antonson and Levin (2018:1), Sweden is renowned for its commitment to providing robust welfare standards that address citizen needs. Sweden's transformation from one of Europe's poorest nations in the 1870s to one of the wealthiest by the 1970s is remarkable. Another example is Norway, where the welfare state's foundation is rooted in principles of solidarity and community needs (Hellman, 2021:160).

In contrast, as stated by Olum (2014:23), decentralisation has been widely attempted in many developing countries but with limited success. Englebert and Mungongo (2016:5-6) provide an example of this phenomenon in the case of the Democratic Republic of Congo (DRC). Despite initiating decentralization reforms in 2006 with the aim of enhancing governance, accountability, and reducing corruption and autocratic rule, the DRC's decentralization efforts resulted in a notable deterioration in the quality of governance. Rotberg (2003:3) asserts that countries are supposed to coordinate and direct the needs of their populace, typically but not exclusively, in alignment with national objectives and principles. Nation states shield against or manipulate external pressures and influences, advocate for the specific interests of their citizens, and navigate between the constraints and complexities of the global stage and the dynamics of their internal economic, political, and social landscape.

Various countries struggle with governance challenges encompassing inadequate service provision, violence, economic stagnation, corruption, and the detrimental effects of natural resources. Addressing these challenges necessitates a re-evaluation of how governmental and non-governmental stakeholders collaborate to formulate and execute policies for governance and to improve the quality of governance (World Development Report, 2017:2).

Therefore, it is imperative for every government to develop effective policies and initiatives that align with good governance to ensure that the needs of citizens are met; thus, ensuring that a society remains manageable and governable (Acharya, 2018:38). The World Development Report (2017:5 -8) states that in various countries, the ability to make flexible policy decisions and build state capacity, leading to economic success, has been influenced by significant changes in the mechanisms of accountability and collective leadership. For example, while Somalia remains in state of fragility, Somaliland has shown significant advancements. According to Hersi (2018:4-8), numerous international efforts to secure Somalia and institute a robust centralised government have largely failed, resulting in Somalia being categorised as a failed state. On the contrary, Somaliland's administration has effectively delivered peace, security, and public service delivery. Through a society-driven strategy, Somaliland facilitated extensive involvement and grassroots democratisation, establishing government institutions tailored to local needs. This approach has fostered strong societal unity and legitimised the state to a considerable extent.

Australia provides another instance where the government has implemented various strategies aimed at enhancing the effectiveness of the provision service. These include initiatives such as resource sharing, competitive tendering and contracting, and the incorporation of Local Governments. These efforts have fostered widespread community involvement and facilitated the decentralisation of public services from centralized government systems to Local Government (Acharya, 2018:40).

Certain countries demonstrate effective governance practices. According to Jha (2021:2-7), the Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, situated in Northern Europe stand out for their robust local governance systems. These countries are widely recognized for their decentralised governance approach, which contributes to improved quality of decision-making. For instance, Finnish municipalities possess considerable autonomy in both fiscal and legal aspects. In Finland, Local Government expenditure stands at 23.9 percent of the Gross Domestic Product (GDP) or percent of total public spending. Statistics reveal that slightly more than half of the municipal revenue in 2014 was derived from taxes, with the majority (86 percent) coming from income tax. Finland, alongside Sweden, grants municipalities the authority to determine their own basic income tax rate for citizens.

What is notable from the preceding discourse is the significant trust that Nordic countries place in Local Government when it comes to providing crucial services that sustain the daily lives of their citizens. Further, they experience a considerable level of empowerment and autonomy. Most importantly, they adamantly oppose the notion of unfunded mandates (Jha, 2021:7).

Certainly, there are countries facing governance challenges, one such example being India. Despite experiencing economic growth, Pandey (in *Mongabay* 26 October 2023:1), highlights that India's municipal governance is ill-equipped to address the complexities of urbanisation. Issues such as the absence of comprehensive master plans, and the lack of policy implementation and transparency are prevalent in India's municipal governance landscape. Another example is that of Nigeria. According to Mohammed (in *The Guardian* 09 November 2021:1), despite Nigeria's abundant resources, it remains classified within the lower-middle-income bracket. As the largest oil producer in Africa and the sixth-largest global exporter, Nigeria retains the tenth-largest proven oil reserve worldwide. Nonetheless, ineffective state institutions and inadequate governance in managing its considerable revenues have prevented the country from fully realizing its potential, exemplifying what academics refer to as the "resource curse".

It is, therefore, clear that developed nations are more advanced in prioritizing good governance, leading to robust economic growth and efficient service delivery. Conversely, developing countries like India and Nigeria struggle with governance issues. Achieving a balance between economic progress and effective governance is crucial for their development.

Section 2.4 below discusses good governance in Local Government in African countries.

## 2.4 Good governance in Local Government in African Countries

According to Kgobe and Mamokhere (2023:138), since the democratic transition in Africa, there has been a notable increase in public dialogue surrounding poor governance, ineffective administration, and widespread corruption. These challenges have become substantial features impeding progress towards an improved quality of life across the continent. Instances of fraud and corruption are pervasive within public sector institutions,

permeating performance. Kgobe and Mamokhere (2023:141-142) state that, based on the ISS study conducted in 2021 on the Peace and Security Council, it is posited that Africa faces significant challenges, particularly in governance related to elections, the renewal of third terms, centralised power, as well as social and economic governance.

Viewed from an African standpoint, governance structures in African countries are significantly influenced by African values and norms. It can be argued that Africa has encountered and continues to face numerous challenges, many of which stem from the colonial period. This era entrenched specific governance practices on the continent, including the following: limited public involvement, lack of accountability, poor relations between the government and populace, leadership giving themselves the power to implement rules and regulations and put in place structures that do not adhere to local control, the establishment of constrained structures, the dismantling of traditional institutions and administrations, and the establishment of centralized government and not allowing genuine representation within the government (Coetzee, 2017:163-164).

According to Jeffrey *et al.* (2019:122), any discussion regarding good governance remains incomplete without acknowledging culture. The cultural theory of governance stands out as a significant approach to assessing governance in developing or underdeveloped countries compared to the theory of good governance. This cultural theory highlights the reverence for customary beliefs and practices, discouragement of individualism, preference for authority based on lineage rather than merit, and reliance on customary rather than contractual relationships. Coetzee (2017:168) argues that cultural interests, individual allegiance and service are evident and significant in Africa's governance approach. The incorporation of cultural theory into governance could enhance the principles of good governance. As stated by Igbokwe-Ibeto, Ewuim and Agbodike (2015:83), culture has the potential to facilitate integration within modern systems like district councils and mayoral structures; thereby fostering effective communication between representatives and constituents, reminiscent of traditional societal norms. Additionally, cultural awareness can sensitise governing executives to the concerns and grievances of the populace, enabling proactive measures to address issues and prevent crises and instability.

On the other hand, the theory of good governance establishes fundamental principles for the operation of governments. These principles encompass accountability, control,

responsiveness, transparency, public participation, economy and efficiency, as previously discussed in Paragraph 2.2. Hence, leaders must be urged to move away from relying solely on traditional cultural methods in governance, which might carry negative connotations, and instead incorporate cultural theory to strengthen the principles of good governance. This integration aims to enhance the quality of governance and promote the well-being of citizens. According to Igbokwe-Ibeto *et al.* (2015:74), there is an intrinsic relationship between culture, democracy, and good governance. Through entirely embracing and integrating these elements into the political and socio-economic life of African societies, they could potentially achieve the long-sought-after peace, stability, and development on the continent.

For several years, the African Union (AU) has maintained a steadfast focus on promoting good governance, prominently featured in its Agenda 2063 and aligned with the UN's Sustainable Development Goals. The objective is to drive Africa into becoming a leading global entity, with a strong emphasis on fostering good governance (Rubidge, 2023:2). There appears to be noticeable progress in the state of governance over the past decade, as noted by Rubidge (2023:3-4), citing the Ibrahim Index of African Governance (IIAG) report, which indicates that more than half of Africa's population resides in countries where overall governance has shown improvements between 2012 and 2021. This demonstrates a decade of upward momentum in terms of the advancement of good governance in Africa.

Many countries suffer from pervasive issues of poor governance. This has come under scrutiny by several authors, reports and analysts. Mbaku (2020:24) notes that countries like the Central African Republic, Eritrea, Somalia, and South Sudan grapple with dysfunctional governance structures. According to the IIAG report (2022:2), the continent's progress has been hindered by troubling deterioration in good governance in terms of the rule of law, and participation, rights and inclusion, with the rate of decline escalating since 2017. Additionally, the IIAG report (2022:15) highlights alarming concerns that eight countries – Burkina Faso, Eswatini, Guinea, Guinea-Bissau, Liberia, Madagascar, Namibia, and Rwanda – have regressed to a negative trajectory or completely stalled progress, signalling cautionary signs. The Global Corruption Barometer Africa (2019:9) confirms that a sizeable portion, represented by 55 percent of Africa's populace, is of the view that corruption has escalated in their country over the past 12 months, while 23 percent believes that there is a decline.

Out of 22 of the 35 countries surveyed, the majority reported a surge in corruption, with the DRC where 85% of citizens perceived a rise in corruption.

Poor governance significantly hampers governmental efforts to intervene effectively, particularly in maintaining peace and security, fostering economic growth, and generating the resources necessary to address poverty and enhance human development. Coetzee (2017:165-166) highlights the DRC as a prime example. Despite its potential wealth, it remains fraught with investment risks due to poor governance. Niger exemplifies another instance of governance challenges. Additionally, countries like Libya, Egypt, Tunisia, Uganda, and Senegal have poor governance challenges, which resulted in the uprisings against their leadership. Concerns about corruption persist in Zimbabwe and Kenya, while Mauritania, Guinea, Niger, and Madagascar are experiencing instability attributed to poor governance (Coetzee, 2017:166).

However, there are instances in which African countries excel in implementing governance improvements. For instance, as stated by Mbaku (2020:23), Ghana has made remarkable strides in governance transformation. The country has diligently pursued restructuring, such as crafting and adopting a new democratic constitution, which prioritises the separation of powers and incorporates checks and balances to reshape its political landscape. Ghana's success serves as a model for institutionalising democratic governance, exemplified by President John D. Mahama's graceful acceptance of loss in the elections in 2016. Furthermore, over the previous decade, countries like Kenya, Morocco, and Côte d'Ivoire have emerged as leaders in good governance. Mbaku (2020:23) further cites the IIAG report, that the mentioned countries experienced noteworthy progress in overall governance indicators between 2008 and 2017, with Côte d'Ivoire recording the most significant progress.

According to Coetzee (2017:165-166), Botswana also stands out for its low levels of corruption, political stability and political diversity, all contributing to its exemplary governance. Botswana is widely regarded as a beacon of good governance in Africa. The country has built a notable reputation for accountability, stability, absence of violence, efficient governance, consistent elections, a clear separation of powers between the legislative, executive and judicial, and respect for the rule of law.

Therefore, it can be said that some African countries require significant transformation. Strategies focused on transformation, such as governance theory and the complete adoption of good governance principles, should be prioritised in governance frameworks to enhance the quality of governance; thereby promoting the welfare of citizens, fostering economic growth and sustainability, attaining Agenda 2063 and the Sustainable Development Goals, and empowering these countries to compete effectively at a global level in terms of governance excellence. Section 2.5 below discusses good governance in the context of South African municipalities.

## 2.5 Good governance in the context of South African municipalities

When discussing the state of governance in South Africa, it prompts an inquiry into the country's capacity to effectively govern. According to Ramphela (2008:145), South Africa boasts the most robust institutional framework, as outlined in the Constitution (1996), along with a well-established legal and judicial framework. Additionally, South Africa operates under a proportional representation governance system, employing a three-tiered co-governance model involving National, Provincial, and Local Governments. The government is also commended for its establishment and enforcement of independent Chapter 9 institutions, tasked with safeguarding the foundational principles of the nation's democracy and holding public officials accountable.

Municipal governance significantly influences the overall quality of governance within a country. Bontempo (2022:1) argues that the quality of institutional governance plays a pivotal role in determining countries' competitiveness. Brand (2019:2) states that South Africa's performance in the global governance context has ranked lower, ranking 73<sup>rd</sup> out of 180 countries in Transparency International's Corruption Perception Index (TICPI) report, with a score of 43 percent. Additionally, the 2022 IIAG report (2022:12-18) states that South Africa's overall governance score is 67.7 percent, placing it sixth out of 54 African countries. Over the past decade, regression was observed in the categories of security and rule of law, as well as anti-corruption.

The above situation is attributed to the poor governance in some municipalities, such as Mangaung and the City of Tshwane, exhibiting weak governance systems, leading to service delivery challenges. For instance, these municipalities fell short of their planned targets,

resulting in poor service provision. Mangaung, for instance, only reached 13 percent of its intended targets for key performance areas related to basic service delivery. It reported zero achievement for seven performance indicators concerning water and sanitation provision. Among these indicators was the percentage of unused wastewater treatment capacity, indicating dysfunctional wastewater treatment works due to insufficient and poorly maintained infrastructure. Similarly, the City of Tshwane Metro in Gauteng reported zero progress in providing basic refuse removal services to households. Furthermore, the Metro failed to meet its predetermined targets for Key Performance Indicators concerning the delivery of water, sanitation, and electricity services (AGSA, 2023:59).

However, specific municipalities such as the City of Cape Town, the City of Ekurhuleni, and the Midvaal Local Municipality are recognized for their impressive performance and the attainment of a clean audit status. This highlights noteworthy areas of improvement and sustained excellence, serving as indicators of good governance.

#### 2.5.1 The City of Cape Town – Western Cape

The City of Cape Town stands out as a beacon of good governance among South African municipalities. According to AGSA (2023:14), the Western Cape maintained its lead with the highest number of municipalities receiving clean audit opinions. The City of Cape Town demonstrated good governance by consistently implementing and upholding effective controls through a skilled and capable workforce. The City also proactively enforced accountability measures with a strict zero-tolerance policy towards non-compliance, instigating disciplinary proceedings against accountable officials. Additionally, they fortified controls to prevent financial losses and pursued legal action against contractors to recover losses. More importantly, they adhered to legislative deadlines by promptly submitting their financial statement (AGSA, 2023:133-134).

#### 2.5.2 The City of Ekurhuleni - Gauteng

According to AGSA (2023:61), the City of Ekurhuleni obtained a clean audit for the third consecutive year while successfully meeting 77 percent of its basic service delivery objectives. The Metro places a strong emphasis on addressing challenges identified during public participation initiatives. For instance, in direct response to community challenges

regarding flooding due to deteriorating infrastructure, the Metro incorporated this concern into its performance plan and achieved what it had committed to. The successes of the City of Ekurhuleni, as highlighted by AGSA (2023:114), are credited to its ongoing commitment to discipline and good governance, resulting in a positive impact on service delivery.

### 2.5.3 Sedibeng District – Midvaal Local Municipality

According to AGSA (2023:61), Midvaal Local Municipality in Gauteng maintained a clean audit record for the ninth year running and successfully met 89 % of its basic service delivery objectives. This achievement was due to firmly established good governance systems, such as robust internal controls linked to effective financial and operational practices to continually enhance service delivery. Moreover, the Municipality prioritises public participation and actively involves the community in the formulation of performance plans, ensuring that the needs of the citizens are considered. The Municipality's funds are allocated effectively due to sound budgeting practices, ensuring that essential service delivery goals are achieved. In terms of infrastructure, the Municipality boasts well-kept roads, neat sidewalks, and secure pathways, along with a pristine community pool and properly maintained water and sanitation systems within its jurisdiction. Additionally, the Municipality excels in collecting consumer debt, as residents willingly settle their municipal bills in acknowledgment of the quality services they receive.

The aforementioned demonstrates that municipalities characterised by good governance strictly adhere to established policy frameworks. It also highlights that while South African municipalities are often associated with poor governance, there are instances of excellence that can serve as models for others. This provides the reassurance that good governance practices are within reach and achievable. Section 2.6 below discusses governance in Local Government.

## 2.6 Governance in Local Government

According to Koma (2010:113), the preamble of the Local Government MSA (Act 32 of 2000) outlines a vision of democratic and developmental local governance. This vision emphasises the responsibility of municipalities to fulfil constitutional duties by providing sustainable, effective, and efficient municipal services. It also underscores the promotion of social and

economic development, fostering safe and healthy environments through collaboration with communities to create living spaces where all citizens can enjoy dignified lives. Additionally, Local Government is constitutionally mandated and obligated to facilitate the development of integrated, and economically and socially resilient communities. Therefore, local governance operates within the framework of an integrated development approach, as highlighted by Mashamaite and Lethoko (2018:119).

Local Government bears the responsibility of improving the financial performance of municipalities, strengthening human resource capacity, and fostering the overall institutional strength of municipalities. The White Paper on Local Government, 1998, similarly delineates municipalities' role in structuring and overseeing their administrative, budgetary, and planning procedures to prioritise the fundamental needs of their communities. These mandates are firmly entrenched in the Constitution (1996) and are reinforced by various municipal Acts (Koma, 2010:11), which according to Ngumbela (2023:360), identifies three categories of municipalities, namely, Metropolitan, Local and District. South Africa has 278 municipalities, comprising of 226 local municipalities, 44 district municipalities, and eight metropolitan municipalities.

### 2.6.1 Governance in Metropolitan Municipalities

According to Mbanyele and Desai (2021:1), South Africa has eight Category A municipalities, namely, Buffalo City, City of Cape Town, Ekurhuleni Metropolitan Municipality, City of eThekweni, City of Johannesburg, Mangaung Metropolitan Municipality, Nelson Mandela Metropolitan Municipality, and City of Tshwane, in accordance with the categorisation outlined by the MSA. These metros operate according to the roles prescribed in Chapter 7 of the Constitution (1996), tasked with the responsibility of service delivery, the building and maintaining of infrastructure, and planning.

Metropolitan municipalities are considered prime economic hubs as they are found in large areas with strong and diverse economies. While certain metropolitan areas, like the City of Cape Town (as described in Paragraph 2.5.1), are effectively fulfilling their constitutional mandate to deliver services to communities in an efficient and sustainable manner, other metropolitan municipalities, such as MMM, encounter various challenges. According to the South African Cities Network (2020:4), some cities are finding it difficult to raise sufficient

revenue to cover their mandates, due to structural issues within the Local Government fiscal framework and the deteriorating macro-economic environment in which they operate – both matters over which cities have little control. This was exacerbated by the COVID-19 pandemic in 2020, which had a negative impact on economic growth.

According to Mbanyele and Desai (2021:3), metropolitan municipalities underwent assessment based on the Governance Performance Index (GPI), utilising data from 20 indicators categorised into four governance areas: administration, service delivery, planning and monitoring, and development. The data utilised in this evaluation was sourced from reports by Statistics South Africa, AGSA, the MFMA and National Treasury reports. In 2021, the City of Cape Town scored highest on the service delivery and planning and monitoring category. The City of Johannesburg was strong in the categories of planning and monitoring and administration, while weaker on service delivery. The four municipalities that performed the poorest were Mangaung, Buffalo City, the City of Ekurhuleni, and eThekweni. Their low scores were primarily attributed to their performance in the administration category.

The GPI (2024:14) reflected that the City of Cape Town obtained the highest score in service delivery, followed by the City of Ekurhuleni in the category of leadership and management. The worst four municipalities, which performed poor in other categories, especially the category of service delivery was the City of Johannesburg, Buffalo City, City of Tshwane and Mangaung.

#### 2.6.2 Local Government governance leadership model

Ndletyana (*Mail & Guardian* 28 August 2022:1) states that the Local Government leadership model offers a choice between the Executive Committee and Mayoral Committee models, allowing municipal councils to select the most suitable governance approach for their specific municipality. Under the executive model, authority is shared equally among executive members, requiring a quorum for decision-making. In contrast, the Mayoral Committee model vests decision-making power with the Mayor, who then delegates execution to members of the Committee.

De Visser (2018:12) stated that the collective leadership model (executive model) was designed with the intention of promoting collaboration among political factions, encouraging

them to work together for the improvement of service delivery. In contrast, the Mayoral Committee model grants the Mayor the authority to choose Councillors from the same party or coalition as the Executive Mayor to form a committee.

According to Ndletyana (*Mail & Guardian* 28 August 2022:3), while the Mayoral Committee facilitated swift and decisive decision-making, it however also opened the door to the potential abuse of power, potentially shielding instances of corruption. On the other hand, the collective leadership model strengthened partnerships and ensured accountability, and enhanced effectiveness.

This segment examined the Local Government's role and governance structure and highlighted the segregation of control of the municipal sector, in terms of metropolitan municipalities, and district and local municipalities. It also briefly addressed the importance of selecting an appropriate leadership model in Local Government for effective governance. Section 2.7 below discusses Local Government governance challenges.

## 2.7 Local Government governance challenges

According to Mbandlwa, Dorasamy and Fagbadebo (2020:1642), Local Government faces many challenges. A major challenge, which has an impact on the delivery of service, is the absence of ethical leadership. Ngumbela (2023:364) validates this assertion, noting that corruption within Local Government has escalated significantly due to inadequate accountability measures. Tshishonga (2019:161) notes, among others, the following governance challenges within Local Government as exacerbating factors for poor governance:

- Inadequate execution of policies,
- Insufficient administrative capability and coordination, combined with inadequately trained personnel,
- Failure to foster democracy and development at the local level through citizen engagement,
- Nepotism and the deployment of unqualified individuals based on political affiliations,
- Corruption and misappropriation of funds, and
- Inadequate financial management and an inability to generate their own revenue.

Local Government challenges are delineated as follows:

### 2.7.1 Audit outcomes

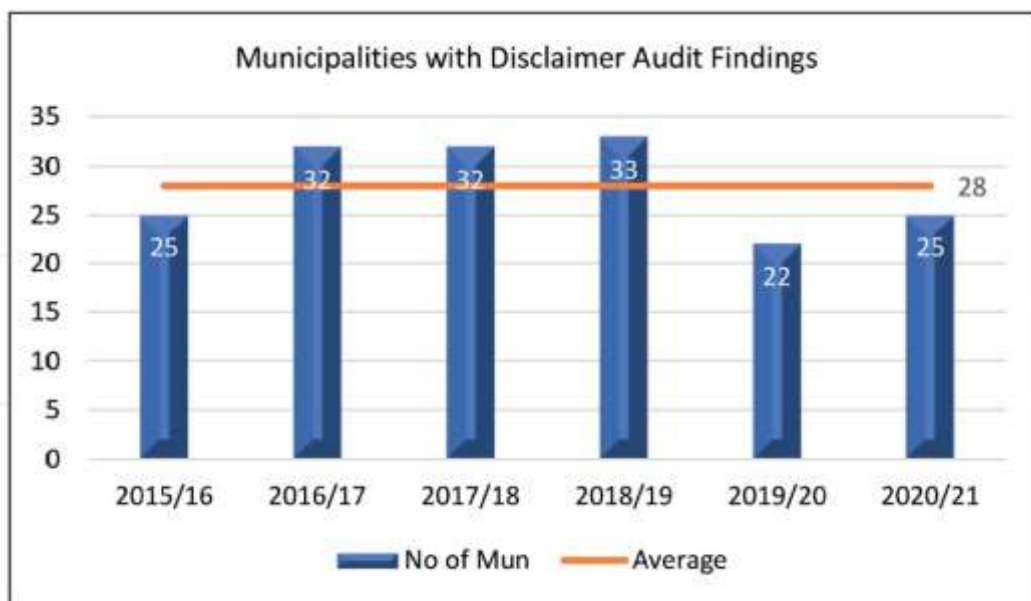
According to Ngumbela (2023:360), despite 21 years of an emphasis on developmental local governance, only 41 out of 257 municipalities, thus 15 percent, have achieved a clean audit, as reported by AGSA in 2022. This fully illustrates a significant oversight failure within Local Government. Furthermore, these failures are intensified by growing instances of corruption and lack of accountability.

As a result, citizens perceive local government as ineffective in addressing service delivery challenges. When governments perform poorly, negative perceptions are formed by the public (Shinohara, 2023:723); thus, this leads to public protests. Additionally, other government spheres tasked with oversight over local government, such as the National Treasury, COGTA, the FSPT and AGSA, also view local government performance as inadequate. This perspective is reflected in interventions and reports recommending corrective measures, as seen in reports such as the FRP's and AGSA's audit reports.

According to AGSA (2023:14), the audit outcomes were unfavourable at the conclusion of the prior administration's tenure, and this situation persisted throughout the 2021/22 financial year. In summary, 33 municipalities enhanced their audit results compared to 2020/21, while 29 municipalities experienced a decline. There was a slight decrease in the total count of municipalities receiving clean audit opinions. These setbacks could be attributed to instability, insufficient monitoring, and inadequate review of compliance controls.

According to Fourie and Malan (2022:6), an examination of AGSA reports on municipal performance spanning from 2015/16 to 2020/21 indicates a persistent lack of progress in reducing the number of municipalities receiving a disclaimer audit opinion. Local Governments have been slow to act on the recommendations outlined in various AGSA reports, particularly those aimed at addressing internal control weaknesses. This slow response in bolstering crucial internal controls is indicated as a major factor contributing to the failure to attain a clean audit. The data illustrates this, with 77.2 percent (122) of local municipalities and 68.6 percent (24) of district municipalities falling short. Local Government

is failing to ensure effective monitoring and evaluation processes, robust internal control measures, and prompt corrective actions.



**Figure 1:** Municipalities with Disclaimer Audit Findings 2015/16-2020/21

Source: Adapted from Fourie and Malan (2022:7)

### 2.7.2 Financial management

According to the National Treasury's report on the budget review (2023a:77), the 2022 State of Local Government Finances report indicated that at the end of 2021/2022, 169 municipalities were facing financial hardships. The report highlighted a concerning trend of municipalities' financial situation deteriorating, with 66 out of 257 identified to have been in monetary distress by the end of 2010/11. The primary contributor was identified as revenue mismanagement.

According to Claassen and Kocks (2021:1), the municipal sector's aggregate cash shortfall stood at R50.7 billion in 2021, from R32.9 billion in 2019, with a culmination in huge working capital (liquidity) shortfalls for most, amounting to R51 billion for the sector. The situation has worsened; meaning the state of finances has deteriorated. Claassen and Kocks (2021:1) further stated that the Municipal Financial Sustainability Index (MFSI) indicated that two factors drive a municipality's financial sustainability: the generation of operating surpluses, and positive working capital (liquidity or cash) balances. However, most

municipalities (113) are operating at an aggregate deficit amounting to R26,8 billion. This means that operating revenue and expenditures are not evenly matched, resulting in relatively large operating deficits.

According to Fourie, Opperman, Scott and Kumar (2011:238), all municipalities in South Africa faced a critical risk in terms of their inability to collect revenue due to them for services rendered to the communities they serve. Debt in Local Government has grown and impacted heavily on the management of municipalities and service delivery and backlogs. According to the National Treasury (2023b:3), the combined municipal consumer debts reached R313.2 billion, compared to R255.4 billion recorded in the fourth quarter of 2021/22. Government debt comprised 5.6 percent, totalling R17.6 billion (compared to R17.1 billion in the fourth quarter of 2021/22), of the total outstanding debtors. Reflecting trends from previous fiscal years, households continued to constitute the largest portion of debt owed to municipalities, accounting for 73.6 percent or R230.5 billion (compared to 71.2 percent or R181.8 billion in the fourth quarter of the previous financial year).

Certain municipalities lack sufficient expertise in financial management, leading to weaknesses in budgeting, accounting, credit control, and financial reporting systems. Consequently, approximately 60 percent of the 283 municipalities struggle to provide documentation to justify the revenue they have collected (Koma, 2010:114). For example, between June 2020 and July 2021, the Buffalo City Metro in the Eastern Cape failed to calculate revenue for refuse removal services for numerous properties that should have been invoiced, potentially resulting in a financial loss of R23.73 million (AGSA, 2023:41).

### 2.7.3 Implementation of policies

According to Khan (2016:3-4), policy implementation entails converting the goals and objectives of a policy into actionable steps. Implementation can be conceptualized as a multifaceted process, encompassing both the actions taken and the results achieved. It engages various actors, organizations and methods of regulation. Additionally, the execution of a specific policy is heavily contingent upon contextual factors, such as political, social, economic, organizational and attitudinal elements, which determine the effectiveness or ineffectiveness of policy or programme implementation.

Munzhedzi (2020:95-101) asserts that most municipalities face obstacles, which prevent the implementation of their policies. These obstacles include insufficient resources, limited capacity, lack of political will, and commitment. Consequently, policies are not implemented, leading to an increase in service delivery protests, a regression in audit opinions, and substantial backlogs in service provision. Moreover, many municipalities lack adequate monitoring and evaluation mechanisms for service delivery projects. Fourie and Malan (2022:6) affirm the preceding assertion by highlighting that leadership and municipal employees, either intentionally or unintentionally, neglect their responsibilities or disregard legislation. This issue is also not adequately addressed through mechanisms aimed at enforcing consequences management.

Seopetsa (2020:141-165) suggests that the failure to execute policies stems from a range of factors, including the government's inability to engage the public in policy planning, formulation, and execution. Additionally, poor policy implementation is attributed to non-compliance with established policies, disregard for cultural and value systems, lack of trust in leadership, insufficient capacity, bureaucratic obstacles, the establishment of impractical objectives, and corruption. Importantly, the poor implementation of policies has significantly hindered South Africans' access to socioeconomic rights. An illustration of the government's poor execution of policies is evident in the Public Protector's report on investigations into claims of poor service delivery and maladministration in municipalities, which have triggered community protests.

Moreover, the problem of policy implementation is exacerbated by the lack of consistency within and between national and provincial governments, placing a burden on municipalities. For instance, in 2007, the National Treasury established minimum competencies and qualifications for senior Local Government officials. Equally, in 2014, COGTA introduced its own set of minimum competencies and qualifications, largely targeting the same senior Local Government officials. Municipalities find themselves caught between these two overlapping regulations, compelled to adhere to both and navigate the confusion (De Visser, 2018:12-13).

#### 2.7.4 Corruption and misappropriation of funds

According to *Mail & Guardian* (26 October 2018:1), the then Minister of Finance, Tito Mboweni, highlighted that while certain municipalities faced capacity challenges hindering their ability to fulfil obligations, a substantial portion of the difficulties stemmed from poor governance, fraud, and corruption. The Minister pointed to incidents like the loss of funds by municipalities due to the failure of VBS Mutual Bank as a clear illustration of how greediness and corruption impede progress toward developmental goals.

Mbanyele (2021b:2) states that AGSA has expressed concerns regarding the widespread mismanagement of public funds, leading to operational and service delivery challenges across municipalities nationwide. Governance issues, such as poor financial management and capacity, inadequate internal controls, weak leadership, and political interference, create conducive environments for embezzlement in municipalities. For instance, the Dr Ruth Segomotsi Mompati District Municipality in the North-West obtained a disclaimer finding from AGSA due to its failure to account for R582 million of the R697 million held in its bank accounts. This municipality is infamous for such occurrences. One specific transaction, marred by financial irregularities and fraud, involved an advance payment of R16.1 million to a supplier on 15 December 2020, despite no work being completed.

#### 2.7.5 Political stability

Makinana (*Sowetan Live* 10 September 2020:1) stated that political instability and interference were significant factors contributing to the inability of municipalities to fulfil their responsibilities. Mbanyele and Desai (2021:8) further asserted that political instability within councils undermined administrative effectiveness, coherence, and the general operational effectiveness of municipalities. Makinana (*Sowetan Live* 10 September 2020:1) referenced the statement of the MEC for COGTA in the Eastern Cape Province who highlighted that certain provinces were previously considered strong performers, boasting healthy reserves in their accounts. However, these municipalities were facing challenges in meeting their salary obligations. The MEC attributed these difficulties to factors, such as political instability, which he described as the prominent issue impacting on governance.

Makinana (*Sowetan Live* 10 September 2020:2) further referred to the remarks of the MEC for COGTA in the Free State Province, highlighting that due to political instability three municipalities, Mangaung, Maluti-a-Phofung and Metsimaholo, were under administration for reasons related to political instability. In Maluti-a-Phofung, there was significant political turmoil, characterised by the Mayor facing votes of no confidence on numerous occasions, resulting in his/her resignation. This led to fiercely contested by-elections accompanied by heightened tension. In Metsimaholo, a municipality in a state of deadlock with no definite victor, political instability dominated the landscape. For an entire year, council meetings were unable to convene due to disruptions. Furthermore, for a duration of three years, key administrative positions, including the Chief Financial Officer (CFO), the Technical Director and the Community Director, remained vacant due to political challenges.

Political instability is also linked to coalition challenges. Several municipalities have had to operate and manage the dynamics of coalition governance. Mbanyele and Desai (2021:3) reported that in 2018, the Nelson Mandela Bay coalition Metro dissolved following a vote of no confidence against the Democratic Alliance (DA) Mayor. During a span of two years, the City of Johannesburg witnessed the turnover of four Mayors, indicative of the unstable conditions within municipal councils, which in turn have detrimental effects on performance and service delivery. According to Ndou (2022:13, 102), the formation of coalitions lacks an ideological basis; instead, their formation is contingent upon convenience and the need to establish governance at a particular juncture.

#### 2.7.6 Capacity and administrative challenges

Local Government has experienced high staff turnover and vacancies in crucial positions, which have exacerbated municipalities' poor audit outcomes. Critical positions, such as those of Municipal Managers and CFOs, can remain unoccupied for a period of 42 months, which delay improvements in fiscal discipline and the enforcement of accountability. The concern is that this situation creates a vacuum and has implications for financial planning, record-keeping, audit trails and reporting standards (Fourie and Malan, 2022:7).

In response to a parliamentary question posed by a member of Parliament regarding the governance, institutional and financial challenges faced by municipalities, the acting Minister in the Presidency, Khumbudzo Ntshavheni, responded on 26 February 2021 that 47 percent

of senior municipal officials nationwide fell short of meeting the required minimum competency standards. This translates into a lack of essential skills required for effective performance, particularly in areas like financial management (Mbanyele, 2021a:3-4). As an illustration, in some cases, consultants are brought in to oversee tasks such as preparing financial statements, instead of relying on CFOs, who are designated to fulfil such responsibilities. Schrieber (*TimesLive* 31 October 2023:3) referenced Auditor-General Tsakani Maluleke's remarks, stating that according to the 2021/22 AGSA report, 220 municipalities enlisted the services of consultants for their financial reporting. Moreover, the report highlighted that 81 percent of municipalities chose to retain the same consultants from the preceding year, a figure slightly higher than the 78 percent recorded in 2020/21.

#### 2.7.7 Citizen engagement challenges

Mngoma (2010:12) cited *Sowetan* of September 2002 when it was reported that a strike by informal traders occurred in the City of Johannesburg due to a lack of public participation in the formulation of informal trading by-laws. This denied citizens the opportunity to participate in democracy, Local Government governance, economic development, and community needs and priorities. This City of Johannesburg example did not only contravene the Constitution (1996) but also the following legislation: the White Paper on Local Government (1998), the MSA (Act 117 of 1998), and the MSA (Act 32 of 2000), which emphasises public participation. Communities have lost interest in public participation due to a breakdown of trust because of a lack of service delivery.

#### 2.7.8 Separation of roles challenges

According to Maqoko and Asmah-Andoh (2019:70), the Constitution (1996) distinctly delineates the duties, functions, and responsibilities of politicians and administrators for the effective governance and administration of the country. Maqoko and Asmah-Andoh (2019:76) further highlighted that the MSA (Act 117 of 1998) aims to clarify and enhance the roles of political and administrative leadership. Section 56 of the Act specifically defines the separate powers and responsibilities of politicians and administrators. The Act strives to foster a harmonious relationship among municipal officials, the council, councillors, and local communities by recognizing the mutual rights and duties that complement each other. Carboni (2010:366) states that politicians are expected to define policies, assign goals and

responsibilities, and evaluate results; while managers have been attributed the autonomy to manage their own units and to be responsible for implementing political plans.

Furthermore, Maqoko and Asmah-Andoh (2019:75) emphasises that the MSA (Act 32 of 2000) tackles the issue of political interference in the public service. Under the Act, municipal and senior managers are barred from occupying top positions in party arrangements at regional, provincial, or national levels. Additionally, the Code of Conduct for Councillors includes a provision prohibiting them from engaging in inappropriate interference in administration. The MFMA (Act 56 of 2003) further prohibits Councillors from involvement in tender decisions and includes various provisions designed to clarify the division between the council and the administration. Despite these legislative frameworks, the delineation of roles and relationships remains a persistent challenge (De Visser, 2009:3).

According to Ncalane (2018:4-5), the dynamic between political leaders and administrators inherently breeds conflict. Politicians, due to the demands of their roles, often prioritise pleasing the people to maintain popularity and secure their positions. Conversely, administrators are bound by adherence to regulations and legislation in executing their duties. If not carefully managed, the relationship between political principals and administrators can significantly impact service delivery. Maqoko and Asmah-Andoh (2019:70) use the Nelson Mandela Bay Municipality as an example of where political-administrative challenges have had profound repercussions. This has led to administrative instability, adversely affecting governance and service provision.

From the aforementioned it is evident that Local Government faces numerous challenges leading to poor governance. If left unaddressed, these challenges could worsen, rendering Local Governments unable to discharge their obligations. This, in turn, could have repercussions on the state, indicating failure to adhere to the regulatory framework established to enhance citizens' lives. Section 2.8 below discusses Local Government interventions as measures to address challenges.

## 2.8 Local government interventions

Local Government undergoes monitoring at various levels: initially, through self-assessment utilising mandated systems and procedures for planning and performance management.

Subsequently, the Constitution (1996) and related legislation, notably the MSA (Act 32 of 2000) and the MFMA (Act 56 of 2003), authorise national and provincial governments to oversee the performance of municipalities (SALGA, 2020:12).

According to SALGA (2020:14), municipalities are additionally required to generate an annual performance report as part of their annual reporting obligations, as outlined in Section 46 of the MSA (Act 32 of 2000). This report should outline the municipality's performance, as well the performance of any external service providers, and should be compared against predetermined targets and the performance of the prior cycle. This process helps assess whether a municipality has implemented corrective measures to enhance its performance in areas where it has been lacking.

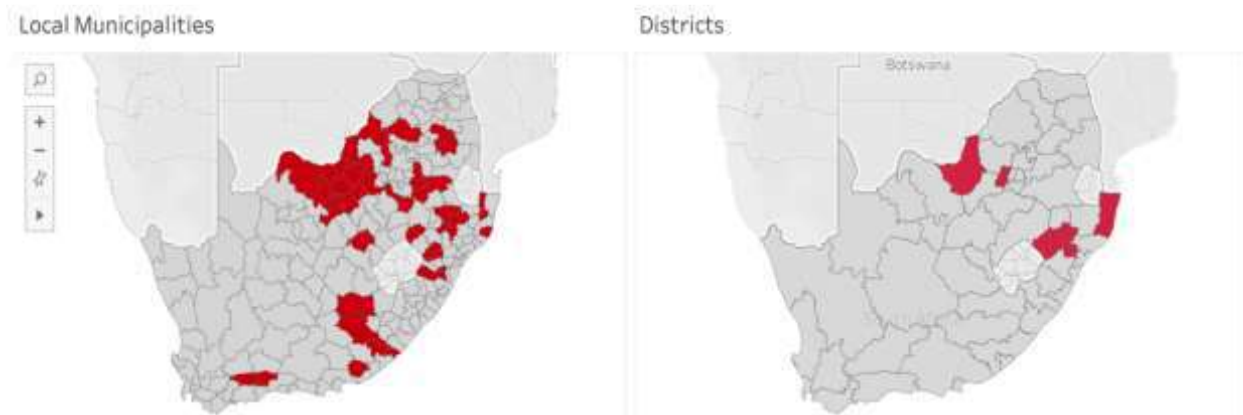
SALGA (2020:21) further states that in instances of non-performance, the Constitution (1996) offers provisions such as Section 100, enabling the national executive to intervene in a province, and Section 139, permitting provincial government to intervene in Local Government when there is a failure to meet administrative obligations. The Constitution (1996) delineates the circumstances in which a province can intervene in the operations of Local Government as follows:

- a. Section 139(1) in cases where a municipality fails to fulfil an administrative responsibility,
- b. Section 139(4) in cases where a municipality fails to endorse a budget or implement any revenue-raising measures necessary for budget implementation,
- c. Section 139(5) in cases where a municipality, as a result of its financial situation, cannot fulfil its duties to provide services or meet financial obligations, and
- d. Section 139(5) where a municipality acknowledges its incapacity to fulfil its obligations or financial commitments.

According to a COGTA report (2021:96), there was 157 instances where Section 139 interventions were initiated in municipalities, averaging seven interventions annually from 1998 until 2021. Since 2016, at least 65 municipalities have undergone Section 139 interventions, for various reasons. The reasons were cited as follows:

- Provision of service: 24 (37 percent) municipalities.
- Governance challenges: 48 (74 percent) municipalities.
- Administration challenges: 33 (51 percent) municipalities.

- Financial challenges: 52 (80 percent) municipalities.



**Figure 2:** Municipalities which have been placed under Section 139 intervention

Source: Adapted from COGTA State of Local Government 2021 report (2021:96)

For example, the following municipalities are under Section 139 intervention:

- Kopanong Local Municipality in the Free State Province faces challenges in service provision, specifically in meeting its obligations regarding water services. Kopanong also experienced financial challenges related to insufficient revenue collection and the late payment of salaries (Parliamentary Monitoring Group, 2023b:1-3).
- The Umzinyathi District in the KwaZulu-Natal Province was placed under intervention in 2017 due to a variety of reasons, including the inability to execute Regional Bulk Infrastructure Grant projects, inadequate oversight, and a lack of investigations into instances of fraud and corruption within the District. Additionally, the District faced financial difficulties, with unauthorised, irregular, fruitless, and wasteful expenditure rising from R42 million to R244 million, resulting in an adverse audit outcome. Moreover, there were deficiencies in building institutional capacity (Parliamentary Monitoring Group, 2023c:1-3).

Hence, the enactment of constitutional interventions aims to rectify the effects of poor governance and to tackle the challenges confronting municipalities to improve the quality of governance. It should not be perceived as punitive but rather as a means of providing support to enhance effectiveness. Thus, Khaile (2023:2) asserts that the objective of an intervention should be to reinforce and enhance a municipalities' capability to independently oversee its affairs, exercise authority, and fulfil its responsibilities. This underscores the

importance of ensuring that interventions are empowering, facilitating, and supportive of a municipality. Section 2.9 below discusses governance theories.

## 2.9 Governance theories

A set of different theories applicable in support of this study serving as a model for good governance are delineated as follows:

### 2.9.1 Good governance theory

Munzhedzi (2020:2) highlights the comprehensive nature of governance theory, emphasising key principles like accountability, transparency, self-governance, collective decision-making, responsibility, and consensus. Delivery underscores the involvement of diverse actors, including the private sector and other voluntary entities, in public affairs, such as the delivery of service. It advocates for the government to collaborate and share responsibilities with various stakeholders, including opposition political organisations, ward committees, trade unions, private businesses, the public, as well as traditional and religious leaders. In the context of this study, governance theory will aid in understanding governance principles when evaluating governance challenges within the context of MMM, particularly concerning the efficient delivery of services to citizens.

Governance theory views efficient governance as a collaborative endeavour, aiming to innovate novel approaches to public affairs management. It underscores the notion that governance entails cooperation and asserts that legitimate authority stems not solely from the State, but also from civil society (Keping, 2017:7).

### 2.9.2 New Public Management

Indahsari and Raharja (2020:73) state that New Public Management (NPM) is a public management theory commonly perceived as a public administration approach that integrates insights and practices from the field of management and other relevant disciplines. Its aim is to enhance the efficiency and effectiveness of public service delivery within contemporary bureaucracies. NPM emphasises performance-driven management in the public sector, rather than being solely focused on policy orientation. Reforms like NPM

aim to enhance public sector performance, fostering greater transparency and accountability. This reflects a broader aspiration toward achieving good governance. Traditionally, the public sector has been viewed as ineffective, offering low-quality services, and lacking innovation or vision.

According to Indahsari and Raharja (2020:75), the characteristics of NPM are as follows:

- a. Professionalisation of management in government.
- b. Performance management standards and indicators.
- c. More focus on outputs and outcomes.
- d. The grouping of work units in government.
- e. Competition in the public sector.
- f. Implementation of private sector management in government.
- g. Importance to be placed on discipline and savings in the utilisation of resources.

Based on the preceding discussions, it can be inferred that both the good governance theory and NPM advocate for reforms targeting the promotion of good governance within government and municipalities. These reforms seek to foster good governance characteristics such as transparency, accountability and professionalism, ultimately enhancing the government's reputation and enhancing service provision. Moreover, they strive to enhance network governance and encourage the involvement of various stakeholders and citizens in decision-making processes.

## 2.10 Conclusion

Chapter 2 examined the characteristics of good governance, and explored governance within the global, African and South African Local Government contexts, with a specific focus on Metropolitan Municipalities. It also analysed Local Government governance leadership models, Local Government challenges, interventions, and governance theories.

It has been observed that the implementation of good governance in developed countries significantly surpasses that of developing countries. Developed countries exhibit a professional approach to implementing and embodying the principles of good governance. Conversely, developing countries, particularly those in Africa, often fail to fully integrate these principles due to the influence of cultural factors on governance practices. While

cultural theory can positively contribute to advancing good governance when utilised appropriately, its misuse to prioritise leadership interests over those of citizens detrimentally affects governance standards. Consequently, this chapter examined governance theories such as good governance theory and NPM as frameworks capable of enhancing governance quality.

In South Africa there are notable instances of strong and good local governance, exemplified by municipalities such as the City of Cape Town, the City of Ekurhuleni, and the Midvaal Local Municipality, as highlighted in various reports including those from AGSA. However, these instances represent only a fraction of the country's municipalities. This disparity underscores the impending challenges unless there is a significant shift in local governance practices across South Africa.

Good governance is a global challenge facing various countries. The common challenges affecting governance are lack of accountability and transparency, corruption, lack of policy implementation, lack of capacity (financial and human), regressed audit outcomes, political instability, separation of powers, coalitions, and the engagement of citizens. It should be stressed that effective governance, which relies on the quality of public administration, results in economic growth and development.

It is crucial to emphasise the significance of good governance, which revolves around the establishment of robust and effective governmental structures. The challenges identified pose a significant risk and have a detrimental effect on the quality of governance of these government structures. Instances were observed where municipalities failed to deliver services, meet predetermined objectives, maintain timely salary payments, and experienced service delivery protests, sometimes resulting in the loss of life. The impact could be even more severe and irreparable in the future, leading to the fragility of Local Government and hindering South Africa's aspiration to become a developmental capable state. According to Rotberg (2003:22), the existence of state failure is mostly because of human actions, rather than random chance. Institutional weaknesses and structural flaws often play a role in this failure, but they are typically traced back to the decisions or actions taken by individuals.

## **CHAPTER 3:**

### **EVALUATING GOVERNANCE FACTORS AND CHALLENGES CONTRIBUTING TO POOR GOVERNANCE: INSIGHTS AND IMPLICATIONS**

#### 3.1 Introduction

The previous chapter provided a positive view of governance, highlighting good characteristics globally and in South Africa, as its aim was to lay a foundation, highlighting ideal governance practices.

Local government in South Africa is experiencing instability, which can be linked to poor governance, among other factors. Against the backdrop of the aforementioned, Chapter 3 will highlight the governance challenges that inversely affect MMM. Furthermore, Chapter 3 will centre on the aims and research questions, with a particular focus on evaluating the various factors and challenges that contribute to poor governance in MMM and the impact thereof. To achieve the objective, the Chapter will examine pertinent data from various sources, such as books, reports (AGSA, the Treasury, Parliament, etc.), news articles, and journal articles on MMM. This approach supports the desk research format undertaken in this study to gather information on MMM, commonly known as desk-based analysis.

The instability in Local Government is mirrored in MMM, where frequent protest action results in the closure of the City by disgruntled workers and the citizenry. These protests are covered by the media and project a poor image of MMM in respect of meeting its constitutional obligations. Likewise, it is important for local government to ensure effective administration within its structures and to be governed effectively in accordance with its legislative mandate. Therefore, it is vital to explore the intricate landscape of governance challenges within MMM, with the aim of uncovering and offering valuable insights into these complexities.

In Chapter 1 it was stated that MMM had been placed under intervention, as per Section 139(7) of the Constitution (1996). MMM (2023a:15) acknowledged facing various political and administrative challenges prior to the intervention, asserting that political stability had been restored following the appointment of the national intervention team to support improvements at the Municipality. According to AGSA (2024:8), progress was noted during

the intervention process, albeit at a sluggish pace due to political instability and insufficient financial backing from the Council for executing the necessary actions, like endorsing and executing the recovery plan.

Considering the above, a closer examination is warranted to determine the extent of governance instability in MMM. The next sections will discuss the background of MMM and the choice of the study location.

### 3.2 Background

The City of Mangaung serves as the capital of the Free State Province and the Metro is among South Africa's eight Metropolitan Municipalities, commonly known as a category A Municipality. The Municipality was established in 2001 through the merger of Bloemfontein, Botshabelo, and Thaba Nchu into a single municipality. In 2011, the Municipal Demarcation Board (MDB), after following due processes, elevated Mangaung to Metro status. In 2016, the MDB approved the merger of Naledi Local Municipality (including the town of Soutpan) into MMM. Being elevated to a Metro, MMM gained the status and authority to directly report to the National Government (Mangaung State of the Cities Report, 2021:5).

### 3.3 Governance structure

According to the Mangaung State of the Cities Report (2021:54), the Mangaung Council serves as the governing entity of the Municipality and is responsible for its legislative and administrative functions. The Council fulfils roles in law-making and execution. The Council's authority and roles are outlined in the Constitution (1996), Chapter 7, Section 160(1). The Municipal Council acts as the primary governing and decision-making body of the Municipality, while municipal officials are tasked with executing the decisions formulated by the Council. The Council sets the Municipality's direction, allocates resources, and establishes policies, with municipal staff ensuring the implementation of these policies.

According to MMM (2023a:25), the Metro council consists of 101 elected public representatives, with 51 serving as ward representatives and the remaining 50 representing other political parties proportionally. MMM operates under an executive mayoral system with ward participation. Kraai (2018:11-74) states that the MSA (Act 117 of 1998) introduced

administrative structures such as Executive Mayors, Mayoral Committees, and Section 79 and 80 Committees. Additionally, it outlines detailed provisions for the delegation of powers and functions from Municipal Councils to Committees. MMM also has an Audit Committee, which provides guidance to the Council on internal processes. Additionally, the Municipal Public Accounts Committee (MPAC) is in place, with the responsibility of examining municipal performance and therefore assisting the Municipality to operate in a way that enhances service delivery (Mangaung State of the Cities Report, 2021:54).

The MMM council exercises dual authority encompassing the legislative and the executive. The legislative arm holds the capacity to enact by-laws, while the executive arm is tasked with enforcing the by-laws. Additionally, the municipal council bears the responsibility of overseeing all functions and mandates delegated to it by national and provincial legislation (Mgolozeli, 2018:78).

According to Biljohn (2018:88), the management of MMM is segmented into nine distinct departments: (i) the City Manager, (ii) Corporate Services, (iii) Finance, (iv) Engineering Services, (v) Strategic Service and Projects, (vi) Social Development, (vii) Planning, (viii) Organizational Planning and Performance Management, and (ix) Centlec (which is a subsidiary of the MMM).

The aforementioned highlights the good legislative structure that supports governance at MMM.

### 3.4 Study Location

The decision to choose MMM as a study location stemmed from a desire to delve into the governance challenges that have plagued the Municipality, leading to a state of chaos and ungovernability. The inquiry arose from observations of MMM's apparent struggles in delivering quality governance, especially when compared to larger metros that seem to handle governance more effectively. This led the researcher to ponder the extent of poor governance within MMM and to explore potential strategies to elevate its governance standards to match those of its counterparts. Given that Mangaung serves as the economic hub of the Province, further deterioration of its current state could have severe implications.

MMM has been struggling with inefficiencies in its governance structures, which directly connect to its failure in prudent financial management and effective basic services. Thus, the sections below will discuss factors contributing to poor governance in MMM.

### 3.5 Understanding the factors underpinning poor governance

Factors that contribute to poor governance may arise from a multitude of sources, both internal and external to the institution. These influences significantly affect the standard of governance within an institution. According to the Dullah Omar Institute (2020:2), numerous factors influence the capacity of local government to ensure good governance. These encompass poverty, unemployment, and inequality. These are systemic limitations encountered by local government, such as limitations arising from the governance system and substantial spatial disparities. The aforementioned factors, compounded by significant under-implementation, impose severe limitations on good governance nationwide.

Therefore, the following section will delve into the factors that led to poor governance within MMM, with specific focus on the following factors:

#### 3.5.1 Rapid urbanisation

Subramanyam and Marais (2022:2901) highlight that before MMM's elevation to a metro and the consolidation of Naledi Local Municipality and Soutpan, the City already faced significant service delivery challenges. Nonetheless, the political and administrative leadership of Mangaung actively pursued the restructuring to facilitate hosting matches for the 2010 Soccer World Cup. This endeavour was aimed at leveraging the infrastructure development fund to address existing service delivery backlogs, to improve capital and job opportunities, and to mitigate crime.

Since 2006, Mangaung Municipality has grappled with financial challenges stemming from various factors. These include a 9 percent revenue loss due to the National Treasury's elimination of regional services council levies, the inclusion of financially troubled towns into the Municipality's jurisdiction, settling Naledi's R4.6 million debt to Eskom, and the escalation of the Municipality's wage bill. The merger diminished the portion of the municipal budget allocated to the small towns, as Mangaung's overall revenue was now spread across a larger

geographical area (Subramanyam and Marais, 2022:2903-2906). Additionally, employees previously employed by the Naledi Local Municipality were required to receive salaries equal to their counterparts in the Metro, which were higher than what they had been receiving in Naledi. This had a detrimental effect on Mangaung's financial status, as the Municipal Demarcation Transitional Grant (MDTG) received from the National Treasury did not account for the expenses associated with ensuring salary parity (Dube and Radikonyana, 2020:55). According to Sitishe, Ntshangase, Klopper, Lubbe and Msosa (2023:193), the expenditure of MMM escalated from R5.7 billion in 2015 to R5.9 billion in 2017, marking a rise of R279.2 million (4.9 percent). Following the merger, the Municipality's overall expenditure surged by R793.9 million (13 percent), reaching R6.8 billion in 2017 from R5.9 billion in 2016.

Subramanyam and Marais (2022:2906) state that MMM was anticipated to match the economic growth and national economic contribution levels of other South African cities such as Johannesburg, Cape Town, and eThekweni. However, Mangaung lacked the necessary capacity and expertise, particularly in specialist planners, administrators, and staff with prior experience working in metropolitan areas. Over the last five years, Mangaung has continued to struggle financially, making it more dependent on external grant funding for land development and infrastructure investments. This has affected the Municipality's ability to make decisions and steer development. The South African Cities Network (2021:244) stated that, despite efforts, MMM had faced ongoing financial difficulties since 2017. This limited the Municipality's capacity to make independent decisions and guide developmental initiatives; hence, MMM was placed under intervention by the Provincial Executive in 2019.

### 3.5.2 Leadership factor

Madumo (2012:87) suggests that within municipalities, leadership primarily pertains to the capacity of individuals holding positions of political and administrative power, such as Executive Mayors and Municipal Managers who exert influence over the members within the organizational framework they oversee. Effective leadership is key for guiding and steering an institution towards good governance, growth, and sustainability. An institution requires a blend of strategic leaders who possess visionary and transformative qualities.

According to Smit (2020:45), leaders forge a collective vision and guarantee the achievement of goals and strategies to safeguard the success of an organisation.

Another factor exacerbating the issue of poor governance within MMM is the absence of leaders, as described in the preceding paragraph. MMM (2023a:34-51) acknowledges that the lack of strategic leadership and management is attributed to vacancies at senior management levels. Weaknesses in leadership have resulted in a lack of clear direction to address operational challenges and achieve a thriving environment. Consequently, this has adversely impacted the organization's stability, and current incumbents lack the necessary authority to make critical and bold decisions, including the implementation of activities outlined in the FRP.

For example, as reported by *OFM News* (9 December 2022:1), in 2022, MMM found itself in the process of appointing its fifth City Manager within the span of a year. The first Municipal Manager, Sello More, was removed from office in January 2022. Subsequently, Teboho Maine, who was serving as an Acting City Manager, was interdicted by the MEC for COGTA. Following this, a decision was made to designate Mzingisi Nkungwana, the head of the Directorate of Social Services, as the third Acting City Manager in late February 2022. With the National Department of COGTA assuming control over the Metro, under the leadership of Minister Nkosazana Dlamini-Zuma, Tebogo Motlashuping was appointed as the fourth Acting City Manager. Simultaneously, an advertisement was issued to appoint a permanent City Manager.

The impact of poor leadership has been costly for MMM because it is the first and foremost factor that leads to poor governance and erodes any prospects of economic growth and sustainability, which in return impacts on policy, lack of employment, increased poverty, high levels of corruption, mediocre decision-making, lack of continuity, and lack of service delivery. Poor leadership causes stagnation and leads to failure.

Paul (2023:1-2) asserts that the state, functioning as an intricate system, depends heavily on efficient leadership to succeed. However, when leadership falls short of meeting citizens' prospects and needs, the consequences can be severe and extensive. This includes the emergence of social divides, heightened inequality, and a surge in violent protests over service delivery, which collectively obstructs progress and stifles the potential for societal

growth, political stability, and economic prosperity. Ineffective leadership also often fosters corruption, discrimination, and the mismanagement of public resources, exacerbating economic challenges and impeding growth.

Based on the preceding discourse, it can be concluded that several factors contribute to poor governance within MMM. These include flawed decision-making processes related to the premature metropolitanisation of MMM, the amalgamation of smaller municipalities in Mangaung Municipality with pre-existing financial debt challenges, revenue loss and insufficiency, inadequate capacity to manage a metropolitan area compared to more established metros such as Johannesburg, Cape Town and eThekweni, and leadership inadequacies that undermine governance frameworks and systems.

Section 3.6 provides insight into the failures that threaten and contribute to the instability at MMM.

### 3.6 Unravelling governance challenges encountered by MMM

Many municipalities across South Africa are grappling with numerous service delivery challenges, such as inadequate refuse removal, a deficiency in metro police presence, deteriorating road conditions, lack of infrastructure maintenance, unreliable water supply, financial mismanagement, and various other issues. Residents of Mangaung raised concerns about dirty streets, sewage spills, unsafe roads, potholes and water leaks, among others. These concerns found realization in the seventh South African Citizen Satisfaction Index (SA-csi) conducted in 2020 by Consulta. Citizens' feedback indicated low levels of trust and customer satisfaction due to MMM's failure to meet service delivery expectations. Mangaung consistently achieved the lowest rating among the eight metros, with a score of 38.9 out of a potential 100 in the Index, mirroring the ongoing trend for the past few years. In 2021, Mangaung's score dropped even further, reaching the lowest recorded scores not only in South Africa, but across all 23 international markets where the model is applied (Fokou, Davids, Sanchez and Sausi, 2021:7-8).

Sitshé *et al.* (2023:188) define service delivery in the municipal setting as the supply of public services, activities, and contentment within the local area. These services can take on tangible or intangible forms. Tangible services comprise visible provisions like roads,

water and housing, easily noticed by the community. On the other hand, intangible services involve aspects such as public safety and the management of drainage and sewage systems, which may not be immediately apparent. Thus, service delivery can be perceived as the provision of contentment, advantages, and engagement to the community.

To evaluate the reasons behind poor governance in MMM, the evaluation process will investigate the following factors to determine the depth of the challenges and the impact thereof, namely, implementation of sound policies, financial status and sustainability, performance management, ethical norms, institutional capacity, cooperative governance, political stability and community participation.

### 3.6.1 Implementation of sound policies

Section 25 of the MSA (Act 32 of 2000) requires South African municipalities to create a five-year IDP, which serves as the basis for the municipal budget and directs all development activities within the municipal jurisdiction. According to Munzhedzi (2020:89), municipalities are mandated by law to formulate IDPs and allocate municipal budgets to address community needs. This legislative obligation ensures that all municipalities adequately meet the demands of their local populaces. Failure to comply with the requirements of the IDP, according to Mathebula (2018:564), implies that services covered within the IDP will not be delivered; this can be considered as poor governance.

According to MMM (2023a:96-102), inadequate project management has led to the failure to meet targets outlined in the IDP, resulting in a reduction in grant funding availability for completing projects. The IDP for the period 2022/2023 highlighted numerous backlogs, indicating incomplete implementation. For instance, the backlog for electricity stood at below 5 percent, deemed acceptable, but caution was necessary to prevent its escalation. Conversely, water backlogs stood at 6.61 percent, regarded as not excessively high, according to MMM's service delivery standards; however, it exceeded the 5 percent threshold, and warranted caution.

Chapter 2, Section 2.7.3 emphasises the heightened difficulties in implementing policies due to inconsistent practices within and among national and provincial administrations, placing additional strain on municipalities. This issue is exemplified by Mokoena (2022:120), who

notes that the IDP and the Housing Sector Plan (HSP) require collaboration between MMM and the Province to synchronize development plans and streamline services for maximum impact. As highlighted in the 2007 Provincial Housing Lekgotla, the "lack of cooperation" between these entities adversely affected housing delivery in Mangaung. Roles and responsibilities became ambiguous, as provincial decisions often contradicted the IDP without municipal consent. Mangaung has encountered provincial decisions that diverged from local plans, such as Operation Hlasela's intention to demolish old houses in Batho, conflicting with Mangaung's HSP's aim to renovate these units. Despite the Municipality's preference, it had to adhere to the Free State Provincial Government's plan to rebuild or risk losing subsidy allocations.

MMM (2023a:29-118) reported deficiencies with either a lack of adherence to policies, development, implementation, review and/or endorsement internal policies. Among others, the following illustrates MMM deficiencies:

- The Municipality lacks a strategy for engaging stakeholders and a policy for public participation.
- An approved policy and reduction plan for Unauthorised, Irregular, Fruitless, and Wasteful (UIF&W) expenditure has not been finalized; only a draft policy exists.
- Non-compliance with Supply Chain Management (SCM) policy and regulations.
- Irregular appointments, particularly in political offices, occur without adherence to recruitment and selection policies and regulations.
- Critical Human Resources policies are antiquated and have not undergone review since 2017.
- The indigent policy underwent review in June 2022, but it has not been approved or adopted yet.
- The cost containment policy has not been put into effect.
- There is a lack of an asset management policy.

Munzhedzi (2020:89) argues that a municipal policy's lack of implementation renders it virtually non-existent, as such policies typically do not contribute to municipal service delivery. Moreover, Munzhedzi (2020:89) highlights numerous constraints hindering municipalities from effectively executing their policies, thereby failing to provide essential

municipal services. The challenge extends beyond implementation, encompassing various factors during policy development and execution. Within MMM, deficient policy implementation is ascribed to municipal instability, resulting in systemic gaps, lack of consequence management, critical vacancies, ambiguity regarding policy drafting and review responsibilities, lack of accountability, and inadequate internal controls (MMM, 2023a:29-66). Mokoena (2022:2) highlights that the connection between policy and execution remains a challenge within a decentralized governmental framework.

What stands out from this section is that the failure to implement policy hinders the implementation of the IDP and the development of MMM, resulting in service delivery backlogs which create a huge developmental gap. Lack of implementation is also attributed to challenges of stakeholder collaborative governance, raising doubts about the relevance of MMM's existence.

### 3.6.2 Weak financial status and sustainability

According to MMM (2023a:14, 59), the primary challenges faced by the Municipality are the significant deterioration of the City's financial health, deteriorating financial management and credit control, cashflow issues, unfunded budgets, the non-payment of creditors and incomplete creditors' records. Sitishe *et al.* (2023:185) assert that the financial well-being of a municipality not only enhances its own performance, but also plays a role in fostering the economic development of the Local Government.

According to MMM (2023a:45), most of the recommendations outlined in the FRP, formulated in 2019 when MMM was initially subjected to intervention under Section 139(5)(a) and (c) of the Constitution (1996), were not executed. This failure presented a significant risk to the FRP, which had been developed and revised in 2023. MMM (2023a:14) acknowledged that the Municipality's financial situation has become even more precarious after more than two years of lack of implementation of the FRP. This two-year period encompassed the time when the intervention team was active, having been appointed in April 2022, as previously referenced in Chapter 1, Section 1.2.

### 3.6.2.1 Poor audit outcomes

The Mangaung State of the Cities Report (2021:17) points out a fundamental issue, that MMM has not received an unqualified audit since the 2016/17 financial year, despite achieving clean audits in 2014/15 and 2015/16. According to MMM (2023b:200), AGSA issued a qualified opinion with findings for the 2022/23 financial year, for several reasons, including insufficient audit evidence for service charges due to inadequate systems implemented by the Metro. Alternative methods used by AGSA to verify service charges were also unsuccessful. Hence, the determination of whether adjustments were required for the reported service charges of R4 518 111 687 remains inconclusive.

Furthermore, AGSA highlighted in MMM's financial statements that the Municipality had negative cash flow amounting to R41 411 708. Additionally, 36 percent of the Municipality's current liabilities would necessitate funding from the budget of the subsequent year. Moreover, the Municipality's creditor payment period extended to 385 days, and its debt to the Water Board escalated to R821 395 331 in 2022/23, compared to R690 166 388 in 2021/22, indicating significant overdue payments. These circumstances, combined with other factors, indicated the presence of a material uncertainty regarding the Municipality's ability to sustain operations as a going concern (MMM, 2023b:217-218).

Additionally, the financial statements raised concerns regarding significant increases in water distribution losses, amounting to R454 225 316, compared to R406 666 962 in the previous fiscal year (2021/22). There was also notable underspending on conditional grants totalling R571 039 043, attributed to the Municipality's inadequate monitoring of grant fund utilisation. Furthermore, unauthorized expenditure amounted to R1 195 214 671, irregular expenditure reached R198 150 623, and there were instances of fruitless and wasteful expenditure totalling R140 687 848 (MMM, 2023b:218).

### 3.6.2.2 Current assets, liabilities and revenue

In recent years the working capital for MMM has been positive, but it has exhibited fluctuations. The positive factor was due to growth on consumer debtors, which boosted the current assets balance. Among the current assets, accounts receivable ranked highest, followed by inventory, with investments being the lowest. Consumer receivables had

experienced growth from 2014 to 2018. Specifically, the amount of consumer receivables rose from R973.6 million in 2014 to R2 billion in 2018 (Sitishe *et al.*, 2023:190).

According to research conducted by Sitishe *et al.* (2023:190-191), a concerning trend in the Municipality's existing debts was identified. Specifically, these obligations surged from R1.3 billion in 2014 to R1.7 billion in 2018, indicating a rise of R400 million. In the 2018 financial year, consumers' outstanding payments for water services amounted to R2.1 billion, with losses reaching R1.5 billion, constituting 75 percent of the total gross amount. According to MMM (2023a:60), there was a noticeable downward trend in the collection rate for the financial years 2019/20, 2020/21 and 2021/22, standing at 83.12 percent, 81.16 percent, and 79.44 percent respectively. This trend was attributed to several factors including billing inconsistencies, unreliable data, unrepaired broken meters, and unfilled critical vacancies. These issues lead to a loss of revenue, meaning that the Municipality struggled to recover the costs associated with providing services, as emphasised by Sitishe *et al.* (2023:191). Despite the dire financial situation, MMM appeared to consistently make questionable decisions. For instance, in 2019, despite the Municipality's poor financial state, the Mayor's office allocated R1.7 million as a donation for a Miss Glamorous beauty contest, prompting complaints from the DA (Fokou *et al.*, 2021:8).

MMM (2023a:62, 68) acknowledged that the Municipality was not fully capitalising on alternative revenue streams such as billboards, advertising, and renting out facilities and equipment. This underutilisation was attributed to vacant positions and a shortage of skilled staff. Furthermore, tariffs lacked cost reflection. The deficits incurred during the 2020/21 and 2021/22 financial years indicated poor budgeting processes as cost-reflective tariffs had not been established. The price of water also fell short of covering the cost of sales, leading directly to losses. The indigent register was outdated, and the cost containment policy remained unimplemented.

### 3.6.2.3 Creditors

Moreover, creditor reconciliations were neglected, resulting in a year-on-year increase in creditors by R 216.3 million between June 2021 and June 2022. Notably, 29 percent of the outstanding amounts owed by MMM pertained to bulk water purchases from Bloem Water. Sitishe *et al.* (2023:191) stated that MMM was unable to pay its suppliers within 30 days, as

legislation required. In the financial years 2016 to 2018, it took the Municipality more than 90 days to pay back its suppliers. The situation deteriorated further, with the average payment term to trade creditors during 2021/22 being 115 days, compared to 131 days in 2021 (MMM, 2023a:68).

#### 3.6.2.4 Conditional grants

According to the National Treasury (2001:75), conditional grants serve to uphold adherence to national norms and standards, compensate provinces for services that may surpass provincial borders, and guarantee sufficient allocation of national priorities within Provincial and Local Government budgets. According to the FSPT (2024a:1), as stipulated by Section 21 of the Division of Revenue Act, 2022 (Act No. 5 of 2022) (DoRA), as well as the Division of Revenue Amendment Act, 2022 (Act No. 15 of 2022) (DoRAA), the legislation mandates that any unutilised conditional allocation, or a part thereof, by the end of the financial year, returns to the National Revenue Fund (NRF), unless the rollover of the allocation is endorsed under Subsection (2). Additionally, the recipient officer, the Provincial Treasury, and the national transferring officer are required to demonstrate to the National Treasury that the unspent allocation is earmarked for identifiable projects, allowing for the potential rollover of funds.

According to MMM (2023a:70), it exhibits poor management of conditional grants. Unutilised conditional grants amounted to R571.0 million as of 30 June 2022, for the 2022/23 financial year, with inadequate available funds to address this shortfall. According to the FSPT (2024b:11), under the DORA of 2023, municipalities in the Province received a total allocation of R2.822 billion for the 2023/24 financial year, designated for direct infrastructure grants, capacity building, and other current transfers. The expenditure report as of February 2024 indicated a total expenditure of R904.108 million (32 percent). Specifically, MMM was allocated R1.118 380 million, of which R329 509 (29.5 percent) had been spent by February 2024. It is anticipated that underspending will amount to R788 871 (70.5 percent).

The preceding discussions suggest that MMM's weak financial management is gradually undermining its viability. This is evident in its impaired cash flow and its struggle to fulfill financial obligations and collect revenue. Poor spending of conditional grants also derails much needed development and service delivery in the Province. Moreover, MMM's

diminished creditworthiness, stemming from financial downgrades, serves as a clear indication of poor governance.

### 3.6.3 Performance management

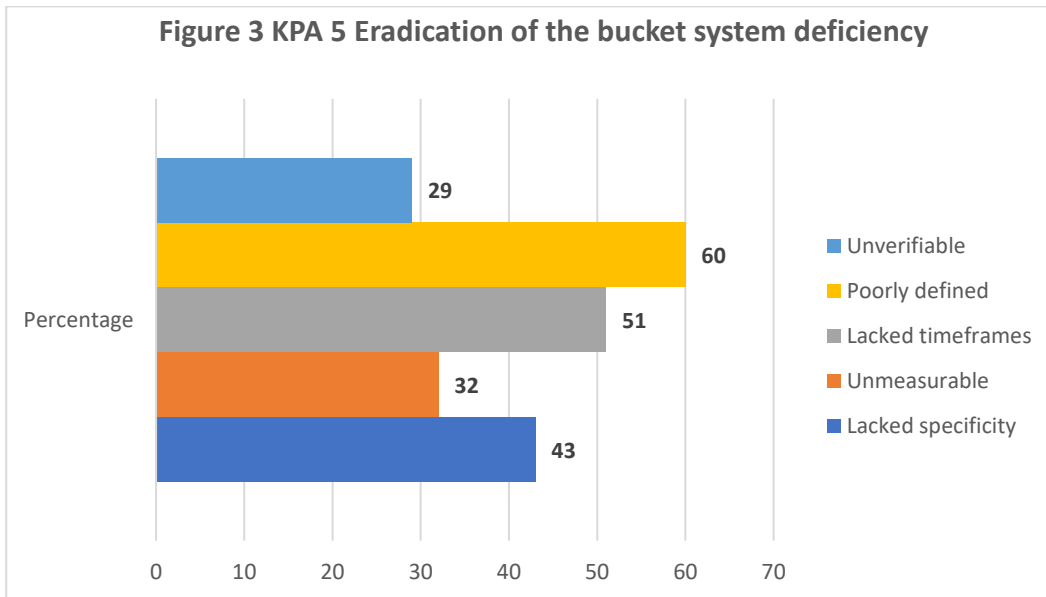
Legislation pertaining to Performance Management Systems (PMS) in Local Government comprises the MSA (Act 32 of 2000), the Municipal Planning and Performance Management Regulations, 2001 (MPPMR), the MFMA (Act 53 of 2003), and the Municipal Performance Regulations for Municipal Managers and Managers (Letawana, 2017:85). Ramodula and Govender (2023:1549) state that the White Paper on Local Government, 1998, underscores performance management as a crucial strategy to aid municipalities in fostering development. Parkies (2015:iii, 31-33) stated that MMM was shaped by the legislative framework governing municipalities, which mandates municipalities to evaluate and oversee their performance in alignment with their developmental objectives and IDP objectives. Additionally, performance management facilitates the implementation of principles such as good governance, empowerment, discernment, impartiality, transparency, and equity in Local Government.

From a historical view, MMM has consistently grappled with performance management challenges. Parkies (2015:3) stated that AGSA scrutinised MMM's performance management for the 2013/14 financial year, focusing on criteria such as reliability, usefulness, verifiability, measurability, time-bound and relevancy. The findings revealed weaknesses, particularly concerning the Key Performance Area (KPA) related to poverty eradication and human settlements, indicating that the information lacked reliability due to limitations in scope, resulting in an inability to provide substantial evidence supporting the reported performance.

Table 1 and Figure 3 below provide a tabular and graphical depiction of the KPA 5, the eradication of the bucket system, which was deficient.

Description	Percentage	Comment
Targets for bucket eradication	43	Lacked specificity
Quantity	32	Unmeasurable
Timelines	51	Lacked timeframes
Defined	60	Poorly defined
Audit evidence	29	Unverifiable

**Table 1:** KPA 5 eradication of the bucket system deficiency



**Figure 3:** KPA 5 eradication of the bucket system deficiency

Under KPA 5, regarding the eradication of the bucket system, Parkies (2015:3) stated that performance information was deemed inadequate due to several factors: 43% of crucial targets lacked specificity, 32% were unmeasurable, 51% lacked timeframes, 60% were poorly defined, and 29% were unverifiable. According to Parkies (2015:78), the National Treasury Framework for Managing Programme Information (FMPPi) indicated that performance targets must be quantifiable and the procedures and systems generating these indicators should be verifiable.

Eight years later, the findings of the 2021/22 AGSA audit (MMM, 2022:291) and 2022/23 (MMM, 2023b:213) reported that it was determined that the PMS and its associated controls were found to be insufficient, primarily due to notable internal control weaknesses. These weaknesses led to shortcomings in meeting the required standards for usefulness and

reliability concerning indicators and targets, as stipulated by municipal planning and performance management regulation. Furthermore, the 2022/23 audit found that measurable performance targets were not established for each KPI, as mandated by Section 41(1)(b) of the MSA (Act 32 of 2000) and Municipal Planning and Performance Management Regulation 12(1).

MMM (2023a:48-54) acknowledged the lack of adherence to performance management within the organisation. While a PMS existed at the senior management level, it had not been disseminated to lower levels, and there was a lack of performance agreements in place. Furthermore, insufficient systems and processes existed to effectively monitor and measure organisational performance, resulting in unreliable performance information.

Ramodula and Govender (2023:1549-1550) state that despite the emphasis placed on performance management as a pivotal tool for fostering developmental progress within municipalities, as outlined in the White Paper on Local Government, 1998, MMM has yet to implement a PMS. Literature advises that the absence or sporadic implementation of PMS often correlates with poor municipal performance. Issues plaguing municipalities, leading to dysfunctionality, can often be attributed to deficiencies in their strategy and performance management frameworks, as evidenced in the case of MMM. The findings of a study conducted by Ramodula and Govender (2023:1550) further underscore a “lackadaisical approach” to performance management as a precipitating factor pushing municipalities towards a state of distress.

According to Parkies (2015:56), in a study examining the effectiveness of PMS at MMM, when asked whether the implementation of a PMS was a priority at the MMM, a considerable number of respondents expressed uncertainty regarding its status as a top agenda item at the Municipality, with 41.67% providing neutral responses. Moreover, 31.25% agreed and 6.25% strongly agreed with the statement. Conversely, 12.5% disagreed and 8.33% strongly disagreed, suggesting that a PMS might not be given significant importance, as it does not appear to be a top agenda item. This finding aligns with the “lackadaisical approach” to performance management identified by Ramodula and Govender (2023:1550) in the preceding paragraph.

What emerges from the prior discussions is that between 2013 and 2021, MMM consistently faced challenges in performance management and the situation has not improved. The AGSA findings consistently echo this issue, suggesting a lack of significant attention and corrective measures. The absence of a PMS at MMM indicates that both the Council and administration cannot be effectively held responsible for fulfilling their constitutional and legislative duties. While performance management should support the practice of good governance, MMM's situation implies a deterioration in governance quality and service delivery.

#### 3.6.4 Unethical conduct

According to Shava and Mazenda (2021:1), investigations, such as those conducted by Commissions led by high-profile figures, highlight a pressing issue – the presence of unethical and corrupt practices among public officials in South Africa. This dilemma hampers the ability of the government to deliver public services with effectiveness and efficiency. Abiding by ethical standards is a constitutional obligation in South Africa, outlined in Chapter 10 of the Constitution (1996) and the Batho Pele Principles. Ethics function as a framework for proper conduct, and it is incumbent upon every public servant to uphold government integrity and foster trust in its institutions.

The exploitation of ethics in the public service can be ascribed to various factors, such as a lack of commitment in providing high-quality services, corruption, and shortcomings in internal controls (Shava and Mazenda, 2021:8). MMM (2023a:31-71) highlighted weaknesses in effective and efficient internal controls, including the failure to implement controls pertaining to contract management, a system of delegations, the absence of consequence management, inadequate internal control over budget and expenditure management, and Standard Operating Procedures (SOPs).

To illustrate the issue and the depth of unethical conduct in MMM, in the study conducted by Ramodula and Govender (2023:1548), participants affiliated with MMM expressed concerns regarding the impact of unethical conduct. Specifically, allegations were made regarding the manipulation of the property rental market by unidentified businessmen purportedly in close association with certain politicians. *Bloemfontein Courant* (23 February 2024:1) reported that the Executive Mayor of MMM released a statement regarding ongoing

investigations initiated by the City into ghost workers, some of whom were incarcerated or resided outside the Free State Province and were suspected of fraud. In an interview with *Newzroom Afrika* (22 February 2024), the Executive Mayor acknowledged the magnitude of corruption and indicated that a syndicate, comprising politicians and administrative personnel, were involved in the fraudulent allocation of millions of rands to ghost workers within the Municipality. Another case of corruption involved an investigation by the Hawks into the forgery of an MMM employee's signature to unlawfully pay a company R4.2 million for services purportedly rendered in identifying and registering indigent households, despite no such work being performed (*News24*: 21 November 2023:1).

Based on the aforementioned information, it appears that MMM's ethical practices are questionable. According to a report on *OFM News* (13 April 2022:1), the Free State Hawks were also investigating allegations of fraud and corruption, particularly regarding excessive overtime payments. Additionally, the Free State was considered to be one of the provinces with the highest rates of corruption. In 2020, there was an increase of 857 cases, with 50 percent of them linked to the Eastern Cape, Free State, KwaZulu-Natal, and the Western Cape, as per a report by *Business Tech* (19 August 2021:2).

According to Fokou *et al.* (2021:10), the then Deputy Minister of Finance, David Masondo, highlighted the urgency of enhancing spending efficiency, rectifying governance failures, and eradicating waste and corruption during his visit to Mangaung on 11 February 2020. Additionally, in the April 2023 imbizo, the President, Cyril Ramaphosa, reassured residents that the government is actively addressing the issue of corrupt officials and ensuring the delivery of services to the people of Mangaung (*Vuk'uzenzele* April 2022:1). This suggests that the government had made commitments to address unethical conduct within MMM for over four years. However, the above discussions provide proof that there is no coordinated effort in the government to address this matter and it is not prioritised appropriately.

Based on the above, it becomes evident that unethical behaviour has the potential to erode good governance in MMM, coupled with lack of accountability and consequence management. The manipulation of SCM processes and engaging in corrupt financial practices are factors that are detrimental to MMM's financial stability. These actions not only squander resources intended for service delivery but also impede development efforts while undermining the principles of the rule of law.

### 3.6.5 Institutional inefficiencies

The foremost challenges encountered by municipalities in South Africa regarding institutional inefficiencies encompass a range of critical issues, which include the lack of a structured HR development strategy, lack of mentoring and coaching opportunities, and minimal engagement of managers in skills enhancement initiatives. Additionally, municipalities struggle with the unavailability of skills development facilitators, frequent turnover among management personnel, and inadequate planning processes. Moreover, there is a notable absence of effective employee PMS across all levels of municipal operations, alongside a dearth of dedicated training and development departments (Fokou *et al.* 2021:16).

#### 3.6.5.1 High vacancy rate

As observed from the discourse within this investigation, most governance challenges are attributed to insufficient human resources and a high vacancy rate. According to MMM (2023a:51), it was acknowledged that the instability at MMM was further exacerbated by the lack of appointments of the City Manager and Section 56 positions, which either remained vacant or were temporarily filled with officials in an acting capacity. However, according to AGSA (2024:8), MMM had received commendations for successfully appointing key positions such as the City Manager and Heads of Departments on 19 October 2023 and 1 December 2023, respectively. Presently, only the CFO position remains vacant, with an acting CFO currently occupying the role. The appointments will bring much-needed stability.

#### 3.6.5.2 Functioning of governance structures

Section 3.3 of this research study outlined the governance structure, emphasizing its role in upholding good governance principles and adhering to relevant legal frameworks. However, discrepancies were noted between the statements presented in the 2021/22 Consolidated Annual Report (2022:43-44), which asserted the full functionality of Sections 79 and 80 Committees, and the status quo report (MMM, 2023a:27), which indicated that while these oversight structures were established, they were not operational. Additionally, the lack of a Chairperson for the MPAC was highlighted, along with the incomplete development of terms of reference for the Programming Committee.

### 3.6.5.3 Biased appointments

The competence of municipal officials frequently comes under scrutiny because of various issues, including inadequate service delivery, political patronage in appointments, and deficiencies in the skills of councillors and administrators. According to Fokou *et al.* (2021:16), citizens tend to perceive Local Government personnel as lacking competence, efficiency, and sufficient training to manage finances effectively, resulting in nationwide protests over service delivery. The DA (2023:1) expressed reservations regarding political appointments, suggesting that the reappointment of an individual as the Head of Department (HOD) for Public Safety and Security suggested political intent. This individual previously served as the HOD of the Mangaung Metro Police Service from 2017 to 2022, during which time they were tasked with establishing the Metro Police. However, this initiative was tainted by controversies, and to this day, the MMM does not have a functioning Metro Police force, resulting in a loss of over R250 million to the Municipality.

### 3.6.5.4 Skills challenges

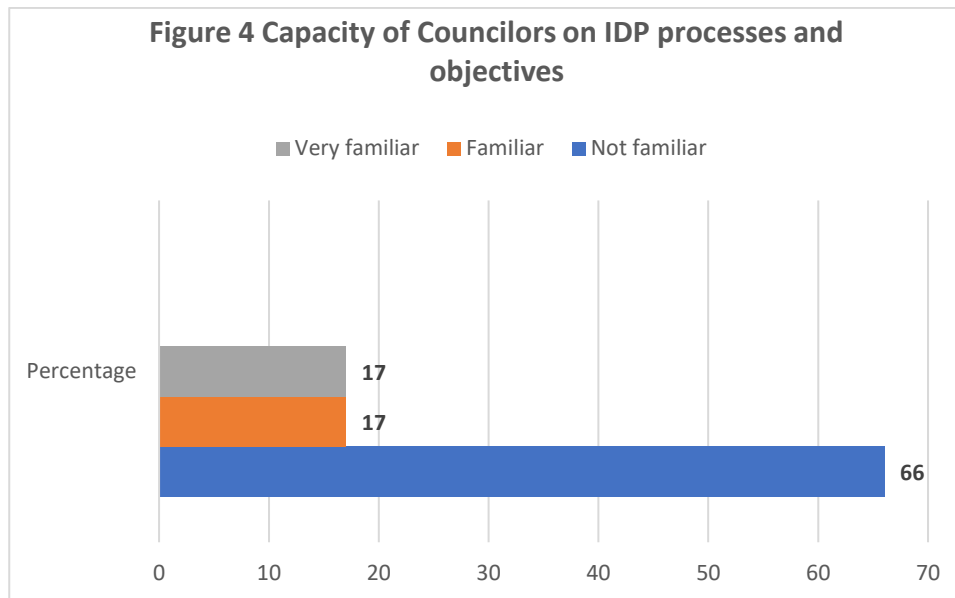
Research conducted by Taaibosch and Van Niekerk (2017:18-19) within MMM revealed deficiencies in the fundamental skills of many councillors necessary for the effective performance of their duties. Table 2 and Figure 4 below depict the capacity of councillors in tabular representation:

Description	Percentage	Comment
Knowledge of audit reports	67	Weak understanding of the status of audit reports
Knowledge of audit opinion	33	Poor understanding of the meaning of audit opinion

**Table 2:** Capacity of MMM Councillors (audit reports and opinion)

The survey showed that 67 percent of councillors were not certain about the status of the recent audit report, and 33 percent believed MMM had obtained an unqualified audit report. On the other hand, 66 percent of the councillors admitted to being unfamiliar with the processes and objectives of the metropolitan IDP, while 17 percent claimed some familiarity,

and another 17 percent claimed to be very familiar with them (Taaibosch and Van Niekerk, 2017:20).



**Figure 4:** Capacity of MMM Councillors on IDP processes and objectives

According to Fokou *et al.* (2021:22-23), a significant discrepancy existed between the roles that employees were hired and trained for and the tasks that they were assigned to do within MMM. Firstly, many individuals were employed by the Municipality in positions that did not align with their qualifications. Secondly, MMM failed to effectively use the skills of its workforce. Thirdly, because of political bias, employees with certain political affiliations leveraged their positions to transition into roles for which they lacked the qualifications. While individuals might possess the necessary qualifications for a particular position, they could leverage personal their connections to transition into alternative roles.

#### 3.6.5.5 Human resources management and development

According to MMM (2023b:20), the Municipality's Human Resource Management and Development Strategy was last approved in 2017 by the Council, to align with the IDP. However, it has not been reviewed since then and has largely not been implemented. Additionally, MMM (2023a:49) pointed out that although the Human Resources Development Strategy existed, it was outdated. According to Fokou *et al.* (2021:18-19), despite the Executive Mayor's acknowledgment in the 2018/19 Annual Report of the Municipality's efforts in capacity building and skills development for officials, an HSRC study

uncovered that the Workplace Skills Plan (WSP) approved in 2012 had not been implemented by November 2019.

The strength of an institution lies in its ability to manage its organisation effectively. As discussed above, it is evident that MMM lacks the necessary capacity to support the Municipality in terms of skills, with a high vacancy rate and biased appointments exacerbating the issue. This weakness presents numerous challenges, manifesting in inefficiencies and work not being completed promptly, leading to backlogs that tarnish MMM's reputation and integrity due to poor performance.

### 3.6.6 Poor cooperative governance

Mokoena (2022:2) asserts that South Africa possesses an advanced decentralised Local Government structure that operates in alignment with the constitutional principle of cooperative governance. Chapter 3 of the Constitution (1996) elucidates the principle of cooperative governance and intergovernmental relations (Coetzee, 2010:86). Ramogayane (2019:202) highlights legislative pieces that further define South Africa's cooperative governance system, among which Intergovernmental Relations (IGR) play a pivotal role. These encompass the Intergovernmental Relations Framework Act (IGRFA) (Act 13 of 2005), the Intergovernmental Fiscal Relations Act (IFRA) (Act 97 of 1997), the Public Finance Management Act (PFMA) (Act 1 of 1999), the MSA (Act 32 of 2000), and the MFMA (Act 56 of 2003).

The IGRFA serves as the primary legislation governing IGR, furnishing a legal framework to foster and streamline intergovernmental relations in South Africa, incorporating essential intergovernmental mechanisms, structures, and procedures for resolving intergovernmental disputes. According to Mathane (2013:61), the IGRFA strengthens cooperation and nurtures a collaborative bond across the National, Provincial and Local Government levels, characterised by mutual assistance, sharing of information, communication, and coordinated planning to promote integration and efficient service delivery. Asha and Makalela (2020:11) emphasize the necessity of cooperation, particularly in crafting priorities for the IDPs. For instance, when provincial departments build extra classrooms in a school already in a good condition, instead of directing funds to the nearest school with deteriorating

classrooms. This lack of collaboration results in misallocated funds being spent in inappropriate areas.

According to the South African Cities Network (2021:246), MMM maintains positive relations with other tiers of government, actively engaging them in planning significant development plans. For example, the Airport Node is integrated into municipal and provincial development plans as part of the N8 Corridor Project. Despite initial involvement of national and provincial stakeholders, the Project primarily remained within municipal jurisdiction, lacking extensive joint planning and execution with other tiers of government. Regarding the Waaihoek precinct, the Provincial Government participated in planning and financially supported the initial church upgrades; however, the challenge was the implementation, which happened at a slow pace. Enhancing existing cooperative relations is crucial for establishing more proficient means for collaborative planning and implementation across various tiers of government, thereby expediting progress on these initiatives.

Mokoena (2022:97, 116) highlights in a study centred on dependencies and decentralized governance for housing delivery in Mangaung how ineffective collaborative governance is displayed. It emphasises that roles and responsibilities were intentionally ignored, with the Province making decisions that conflicted with the Metro's plans, frequently without the Municipality's agreement in the housing project. Lack of provincial support to MMM suggests a lack of collaboration between the spheres of government. Furthermore, poor cooperative governance regarding housing can be attributed to factors such as the ad hoc allocation of housing subsidies by the Provincial Government, which hampered the ability of MMM to engage in long-term planning and restricted authority in appointing developers, among other issues.

Ramogayane (2019:201) states that the Constitution (1996) strives to cultivate cooperative relationships among various tiers of government, avoiding conflict, hostility and rivalry, and emphasises resolving disputes through non-judicial channels. Nonetheless, *SABC News* (5 February 2022:1) reported on an ongoing legal dispute between MMM and COGTA. The Department urgently filed a High Court application to overturn various decisions made by the MMM Council. This situation highlights strained cooperative governance between the two government spheres, both of which are obligated by the Constitution (1996).

However, on a positive note, MMM's efforts to maintain amiable relations with other spheres of government was reported on in *Bloemfontein Courant* (10 November 2023:1), which indicated detailed efforts to enhance cooperative governance by MMM and the Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEA). A meeting was held between the MEC for DESTEA and the Executive Mayor of MMM to collaborate on delivering quality services to Mangaung residents and to identify potential investments to fuel economic growth within the Metro, providing support to Small and Medium-Sized Enterprises and strengthening the township economy to restore community dignity.

From the preceding discussion, it is apparent that while MMM endeavours to uphold sound cooperative governance practices, the failure to follow through on projects undermines this objective. A notable challenge that has emerged is the overbearing influence of the Provincial Government on MMM, impeding MMM's ability to fulfil the plans outlined in the IDP. Additionally, conflicts and legal disputes indicate a breach of the constitutional and legal frameworks that govern cooperative governance.

### 3.6.7 Political stability

Meyer (2018:206-209) asserts that political stability is a prerequisite for achieving robust and effective organisations, emphasising its crucial role in good governance. He (ibid.) argues that political instability can have significant adverse effects on governance and economic growth, exacerbating uncertainty. The National Treasury (2019:2) similarly points out that political instability leads to challenges, such as semi-hung municipal councils, dysfunctional leadership, lack of stability in leadership, and hampered decision-making processes. Mbanyele (2022:2) posits that political instability can escalate into violence, targeting political officeholders and administrative bureaucrats. In Local Government, it takes place in the form of scuffles in Council Chambers. It also manifests through threats and assassinations.

Mangaung suffers from political and administrative instability, as well as mismanagement that results in inadequate service provision, community protests over service delivery, vandalism, and theft. Additionally, there is interference in administrative procedures, especially in SCM and recruitment processes, with political influences apparent (MMM,

2023a:25-118). According to Booyesen, Moyo and Beukes (2024:10), in 2023, the MMM Council experienced coalition-like dynamics due to internal strife within the African National Congress (ANC), leading some ANC Councillors to back the election of a DA Mayor.

According to *The Citizen* (7 November 2022:1-2), political analyst Prof. Sethulego Matebesi said that MMM embodied characteristics contrary to those desirable in a democratic state institution. The political instability within the Metro had severely disrupted service delivery, leading to a state of collapse. Despite this pressing issue, the primary focus of MMM leaders seemed to be on scheming to eliminate political rivals. Factionalism ran so deep in the Free State that even the ANC headquarters, Luthuli House, might struggle to address it effectively. For instance, opposition parties were gearing up to file another motion of no confidence against the then Executive Mayor, Mxolisi Siyonzana. Siyonzana not only faced pressure from opposition parties but also from within the governing ANC in the Province.

According to Berkowitz (2023:1-2), political stability poses a significant risk. The term 'political risk' encompasses the stability, transparency, and efficacy of Metropolitan Councils. It seeks to answer questions such as the stability of Councils, if they are consistently stable, or do they witness frequent coalition collapses? Is there sufficient oversight and transparency? Is council time dedicated to enhancing service delivery or embroiled in political conflicts? Despite the narrow majority victory of the ANC in 2021, Mangaung has consistently exhibited the highest risk throughout the period. The Metro has been hampered by political interference from the provincial and national government, along with escalating factionalism within the ANC. Berkowitz (2023:2) further states that according to the political risk barometer, Mangaung was placed under administration in April 2022, instantly escalating its score to 10. The barometer gauges political risk on a scale from 0 (no risk) to 10 (complete governmental collapse). A score ranging from 0 to 4 indicates 'low risk', 4 to 7 signifies 'moderate risk', and 7 to 10 indicates 'high risk'.

It could be argued that the political risk associated with MMM is playing a role in the deterioration of the country's risk profile. According to *The Conversation* (14 December 2021:2), this is supported by the fact that the 2021 Global Peace Index revealed that violence in South Africa accounted for a significant 19 percent of the nation's GDP, making it the 16<sup>th</sup> highest globally. In the latest Global Peace Index, which assesses peacefulness using 23 indicators, South Africa ranked 128<sup>th</sup> out of 161 countries.

From the above discussion, it is evident that political stability is crucial, not just for the effective management of MMM but also for fostering cohesion within the Province. The Municipality has been grappling with political instability, thereby amplifying political risks, particularly because the administration of the Municipality is heavily influenced by politics. It appears that political significance is obscuring principles of good governance, necessitating a reminder that MMM is not a political entity but a metropolitan municipality whose objectives are connected with the overall performance of the country.

### 3.6.8 Weak community participation

Selepe (2023:343-344) highlights that Chapter 4, Section 16(1) (a) of the Municipal Systems Act (Act 32 of 2000) addresses community participation within Local Government. This legislation mandates municipalities to foster a culture that supports participatory governance, facilitating conditions for the active involvement of the local community in municipal affairs. Furthermore, Section 5(1) (a) of the MSA (Act 32 of 2000) underscores the entitlement and responsibility of community members to contribute to a municipality's decision-making processes. According to Letawana (2017:16-17), while public participation constitutes an integral component of developmental local government and is mandated by legislation, it remains a significant challenge for South African local authorities. Mgolozeli (2018:141) asserts that robust community engagement in local government affairs stands as the most powerful mechanism for attaining service delivery goals.

The South African Cities Network (2021:247) underscores the significance of community participation in many urban areas. Typically, this involvement occurs within a structured, legal framework, notably through the IDP process, guiding the work and plans of municipal authorities. In MMM, community engagement has been fundamental across various initiatives, including the development of the Airport Node and the Waaihoek Precinct. This engagement entailed collaboration with ward councillors and frequent gatherings involving stakeholders such as the minibus-taxi industry, informal traders, and formal shop owners.

Mgolozeli (2018:75) affirms the Municipality's initiative and advocacy for increased community involvement. The establishment of Ward Committees has been instrumental in fortifying community participation, ensuring the representation of local communities within

the Municipality. Furthermore, according to *OFM News* (21 February 2023:1), the public participation meeting held in February 2023 at Sentraal High School in Bloemfontein reported a significant turnout. Thirty officials from the Mangaung Metro, including the Acting City Manager, acting HODs, General Managers, Managers and support staff, were present. Despite intense debates from frustrated residents, a common theme emerged – that Bloemfontein residents were willing to collaborate with the Municipality to rejuvenate and revitalise their city.

However, viewed from a less optimistic viewpoint, according to MMM (2023a:29), the Municipality lacks a stakeholder engagement strategy and a public participation policy. It is imperative to formulate and enforce a stakeholder engagement strategy and a public participation policy, incorporating diverse stakeholder engagement platforms.

Alternative perspectives, drawn from diverse research, suggest that community participation in MMM may not always yield positive outcomes. For instance, Mokoena (2022:155), in a study focusing on dependencies and decentralized governance for housing delivery in Mangaung, highlights that MMM has led to inconsistent community participation and has skewed the upgrading process, preventing informal settlement residents from actively shaping their living environments. Despite the emphasis on community participation and consultation in informal settlement upgrading, MMM has constrained these aspects. Letawana (2017:21) in his study highlighted that from observations and the perspectives of ordinary individuals in MMM, the significance of community participation, as outlined in the Constitution (1996), has not been effectively implemented at the Local Government level to reflect lived experiences.

Furthermore, Mgozoli (2018:105-129), in a case study on a sample of Ward 12 (Rocklands location and a larger part of Ipopeng, Turflaagte and Khotsong locations), Ward 14 (a large section of Rocklands location and Bloemanda location and a small section of Albert Luthuli location) and Ward 19 (the Central Business District and surrounding areas, such as Willows and Elrich Park) in MMM found that the Ward Councillor and Ward Committees, whom were supposed to facilitate public participation, were aware of the IDP but found it too complicated to fully comprehend due to limited skills and training. Instead, the Ward Councillor and Ward Committees depended on community professionals. It was also noted that political parties did not select Ward Councillors based on their skills or educational qualifications. Instead,

political parties choose individuals who were outspoken. Moreover, the municipal officials assigned to wards failed to promote community participation due to not being present in from meetings. Another issue was that scheduled meetings were often cancelled due to poor attendance, resulting in delays for ward programmes.

The preceding discussions highlight insufficient community involvement and the absence of a genuine social agreement between MMM and its constituents. It is evident that MMM is failing to ensure full citizen participation in decision-making processes. It is incumbent upon MMM to involve citizens in a manner that ensures comprehension of the presented information. The non-attendance of MMM officials at meetings undermines the objective of community participation. Furthermore, the limited education level of Ward Councillors hampers the process, as they lack the knowledge necessary for effective communication in terms of knowledge of subject matters.

The preceding discussion in Section 3.6 provided a thorough exploration of the governance challenges confronting MMM. These challenges pose a serious threat to MMM's governance and will have detrimental effects on it. Section 3.7 will discuss the impact of poor governance.

### 3.7 Impact of poor governance

From the evaluated governance factors and challenges contributing to poor governance, it is evident that the impact is far-reaching, not only for the Municipality but for the country. According to *Mail & Guardian* (2 March 2018:5), estimates suggest that R100 billion, roughly half of the fiscal deficit, could have been misused due to government and parastatal impropriety. However, none of these ill-gotten funds have been allocated towards improving service delivery or fostering future prosperity. Consequently, South Africa's international credit rating has declined, trust has been severely undermined, investment has dwindled, and the expense of borrowing for essential needs such as housing, education, infrastructure, and business ventures has escalated for all citizens. Economic growth is stagnant, and the country's global competitiveness is lacking. The consequences of poor governance are "real", "tangible" and "terrible" (ibid.).

The preceding discussions validate the correlation between poor governance and MMM's fragile financial state, highlighting the risks to sustainability if this condition persists. Sitishe *et al.* (2023:190, 195) emphasise that MMM is at a significant risk of financial sustainability, as it struggles to meet its short-term commitments and cover expenses related to service provision. As a result, the Municipality may face the prospect of collapse and be compelled to cease certain operations. According to Dube and Radikonyana (2020:59), it is important to note that MMM's precarious liquidity position led Moody's to downgrade it by three levels, from Ba3 to B3, in August 2019. Moody's report identified weak governance, which worsened collection challenges as a factor contributing to the liquidity strains (Dube and Radikonyana, 2020:59).

The lack of service delivery, which constitutes the core constitutional mandate of MMM, is compromised throughout the identified challenges. According to *IOL News* (5 March 2023:5), when individuals are deprived of these services, their human rights are infringed upon. It is crucial to note that the failure to provide services not only signifies a neglect of duty but also violates the country's Constitution (1996).

Lack of service delivery emerges as a common thread among all the factors and challenges, representing the impact of poor governance in MMM. This leaves the community in a vulnerable state and thereby erodes trust in the government. This decline in citizens' trust, coupled with a broken social compact, has led to an increase in violent service protests and has subsequently increased the political risk for MMM, and consequently, for the country. For example, as reported by *Sowetan Live* (24 May 2021:1-2), in May 2021 residents of Bloemfontein demonstrated in the streets in protest over service delivery issues, which resulted in fatalities and violence. These protests were fuelled by a lack of information and the frustration of residents who prioritised issues such as job creation, waste management, and the repair of roads and swimming pools.

On the other hand, according to Taaibosch and Van Niekerk (2017:13), fraud and corruption were eroding the tax revenue collected by the Municipality. At the same time, it corroded and undermined the ethical norms that held together the morals of society. According to Maramura and Ruwanika (2023:6), fraud and corruption annually incurred substantial financial losses for the government, categorised as fruitless and wasteful expenditure.

Overall, it was noted that the lack of policy implementation obstructed project execution, while institutional capacity deficiencies and the lack of PMS rendered MMM ungovernable and non-functional for failure to establish internal controls, holding people in office accountable, and providing the necessary resources and a skilled workforce. Political instability hampered economic growth, posed a risk, and failed to cultivate a stable democracy, instead, it fostered violence. All these factors and challenges collectively contributed to poor governance in MMM; hence, the government intervention.

### 3.8 Conclusion

The discussions in this chapter highlighted several factors and challenges that significantly affected MMM's operations, leading to poor governance quality and threatening its long-term sustainability. The challenges identified as contributing to poor governance appear interconnected, as one challenge often leads to another. For example, the inadequate functioning of governance structures (institutional capacity) results in inferior performance management, subsequently leading to organizational dysfunction. This, in turn, significantly affects the quality of governance.

What becomes apparent from the preceding discussions is that MMM consistently faced governance challenges, even before it upgraded to metropolitan status. The elevation of its status only made matters worse. The political and administrative leadership of MMM failed to fully evaluate the situation in terms of its pros and cons; instead, they sought a speedy solution. However, Subramanyam and Marais (2022:2896) note that MMM's reform ironically worsened the Municipality's financial and administrative issues. This, in turn, can be seen as a contributing factor to poor governance in MMM and the impact thereof.

Despite governmental interventions aimed at improving MMM's governance, it remains uncertain whether these efforts have made a meaningful impact. AGSA acknowledges some improvements, particularly in filling key senior positions, yet audit outcomes still underscore substantial challenges. According to *The Citizen* (7 November 2022:2), even national interventions had failed to yield results, with the Metro perceived as under "cabinet capture", rather than effective national oversight.

The introduction of this chapter highlighted Chapter 2's exploration of exemplary governance practices globally and in South Africa. These insights would offer valuable lessons for MMM to draw from to enhance its governance standards. For example, Chapter 2 pointed out the exceptional governance frameworks of the Nordic countries – Denmark, Finland, Iceland, Norway, and Sweden – in Northern Europe. Similarly, in Africa, countries such as Ghana, Kenya, Morocco, Côte d'Ivoire and Botswana have established themselves as pioneers in good governance. Within the South African municipal landscape, MMM can glean insights from the governance approaches of municipalities such as the City of Cape Town, the City of Ekurhuleni, and Midvaal Local Municipality.

Chapter 4 will cover the evaluation and assessment, emphasising a methodological review. It will include a summary of previous chapters, a discussion of the key findings of the study, a comparative analysis of good governance, an evaluation of government policy interventions, and it will address limitations and ethical considerations.

## **CHAPTER 4: EVALUATION AND ASSESSMENT**

### **4.1 Introduction**

The preceding chapters outlined the framework for the study. An in-depth literature study was conducted, with the aim of achieving the research objectives and answering the research problem outlined in Chapter 1.

Considering the above, the objective was to determine whether the aims and objectives of the study were achieved. It was indicated in Chapter 1, Section 1.4 that the main objectives of the study are as follows:

- to explore the factors that contribute to poor governance at MMM,
- to evaluate the existing governance obstacles faced by MMM, and
- to provide effective and efficient measures that can be implemented to improve the quality of good governance at MMM.

Chapters 2 and 3 dealt with the first two objectives of the study where an evaluation was done on the factors and challenges faced by MMM, which contributed to poor governance, and the impact thereof.

Therefore, this chapter seeks to articulate the processes involved in conducting the research to achieve the main aim of the study. The findings reveal insights gathered through the rigorous analysis that was conducted and correlating them with prior chapters. The aim of this chapter is to provide a detailed account that supports and satisfies the responses to the research questions. The next section will provide the methodology used in this study.

### **4.2 Methodological review**

Gaoretelelwe (2017:16) defines methodology as the framework guiding the research process and the methods or instruments used for data collection. Hence, this study employed a desk-based approach and utilised existing data related to the research on MMM. The evaluation was based on data collected from secondary sources, which assisted in establishing a connection between the objectives of the study and the literature reviewed. A

synthesis of the reviewed literature and the objectives was then performed to determine and interpret the findings of the study.

Moreover, Goswami and Senthilvelan (2015:46) emphasise that the research method, as a key aspect of the inquiry process, is crucial in determining the validity of the findings and the trust placed in a research study. Thus, the researcher opted for a desk-based approach as the most suitable method for this study, ensuring that the absence of certain structures would not compromise the quality of the study. Another factor leading to the choice of a desk-based approach was the high vacancy rate at MMM. The City Manager and Heads of Departments were appointed in late 2023, and the position of CFO remained unfilled. In Chapter 1, AGSA highlighted that MMM encountered governance challenges, such as inadequate oversight structures, which manifested in non-functional and ineffective Executive Mayoral structures, the MPAC, the Audit Committee and the Internal Audit Committee.

#### 4.2.1 Research population

According to Shukla (2020:1), any kind of research is guided by specific objectives, which elucidate the topic of study either directly or indirectly. Thus, the objectives define the group to which the research results can be applied or extrapolated. This group is referred to as the population in research.

For the scope of this study, the focus was on the population denoted as MMM. According to *Daily Maverick* (6 June 2023:1), MMM was among the eleven distressed municipalities in the Free State Province highlighted by AGSA for experiencing significant financial difficulties. *Daily Maverick* (6 June 2023:2) further stated that in 2019, MMM became the first metropolitan municipality to undergo administration due to a significant decline in service delivery. Therefore, amongst the 23 municipalities in the Province, MMM was selected to study given the significant governance challenges that contributed to its operational and administrative decay.

#### 4.2.2 Data collection sources

To guarantee the acquisition of empirical data, the researcher ensured that information was obtained from qualitative sources, including audit reports from MMM and AGSA, annual reports, books, scholarly journal articles, published and unpublished academic papers, South African Government publications, websites, newspaper articles, as well as policies and regulations. Quantitative data sources such as graphs and tables were used. Overall, these sources were significant because they addressed various aspects of MMM's financial and non-financial performance, enabling the researcher to evaluate MMM's situation from multiple perspectives.

Miles (2019:19) emphasises the significance of researchers establishing parameters through the intentional selection of documents that contribute to comprehending the research problem and addressing the research questions effectively. A literature search was conducted to assemble data on local government challenges and their impact on governance quality, with a particular focus on issues affecting MMM. The aim was to find credible, relevant and trustworthy sources to assist in establishing a correlation between the literature, the research questions and the objectives of the study.

#### 4.2.3 Data analysis

According to Dawit (2020:3), data analysis involves converting gathered raw data into significant insights and concepts to be comprehended both qualitatively and quantitatively. It includes examining structured data to uncover intrinsic truths or significant meanings. This process entails deconstructing complex factors into simpler components and reorganising them in new ways for interpretation. Wahyuni (2012:75) posits that data analysis entails drawing interpretations from raw data. Therefore, what used to be raw has been transformed into findings and encompasses secondary data analysis.

Content analysis was conducted on the gathered data to explore the correlation between content and context in MMM aiming to uncover insights into the identified challenges in the study. According to White and Marsh (2006:22-27), content analysis refers to a methodical and meticulous method for examining the documents acquired or produced during the research process. This approach is adaptable, catering to quantitative, qualitative, and

mixed methods research, and can complement other research methodologies. Moreover, content analysis involves extracting insights or analytical frameworks from the text to address research questions. These analytical frameworks could stem from established theories or methodologies, as well as from the expertise of practitioners and insights gleaned from prior research.

This analysis incorporated a range of studies and reports – specifically, secondary documents pertaining to MMM's financial performance (such as financial documents and AGSA reports) were examined as part of this process. Additionally, non-financial performance data, and IDP and oversight reports were also scrutinised.

#### 4.3 Summary of previous chapters

To fulfil the objectives of the study, the researcher will provide a short synopsis or overview of the preceding four chapters of the study, in order to seamlessly illustrate the content of Chapter 4.

Chapter 1 served as the foundation of this study, providing a thorough elucidation of the background and theoretical framework that supported the research on the impact of poor-quality governance in MMM. It introduced the problem statement, the aims, the objectives, the research questions, and the chosen methodology in detail. Furthermore, the legal framework overseeing the operations of Local Government, with a focus on meeting constitutional and legal obligations, was delineated. The Chapter further provided a concise overview of the literature review, encompassing prior research on poor governance and its implications. It delved into ethical aspects relevant to the study and acknowledged potential limitations to enhance transparency and provide context for the research scope. Key terminology was defined and elaborated upon to promote a collective understanding and uniform usage of concepts. Furthermore, the chapter outlined how subsequent sections of the research report would be organised and what content they would cover, assisting readers in navigating through the systematic analysis of the study.

Chapter 2 demonstrated the advantageous aspects and attributes of good governance. The chapter examined the effects of good governance on a global scale, within Africa, and specifically at the level of South African local governments, with a focus on metropolitan

municipalities similar to MMM. The discussions explored various leadership models applicable in Local Government governance, identified challenges encountered by Local Government, and considered interventions available at the Local Government level to combat governance deficiencies overseen by relevant oversight government departments. Additionally, relevant governance theories pertinent to this study were analysed. Chapter 2 purposefully explored good governance practices to illustrate the characteristics and potential outcomes of practicing and implementing the good governance framework.

Chapter 3 was pivotal and served as the crux of the study, focusing on evaluating governance factors and challenges within MMM. It introduced MMM, delving into its background and governance structure, and providing a motivation why MMM was selected for the purposes of this study. The Chapter identified and examined the factors contributing to MMM's poor governance, highlighting these factors as the root causes of these governance challenges. The Chapter further explicitly evaluated the governance challenges affecting MMM and demonstrated how these challenges were interconnected causing the situation to develop into a more complex state.

Chapter 4 focused on the evaluation and assessment of the study. The primary objective of the Chapter was to establish a correlation between the study's intended aims and its outcomes. The central question posed was whether the study achieved what it set out to accomplish. Therefore, the Chapter aimed to identify a relationship between the gathered data and the study's objectives, presenting key findings accordingly. Additionally, it demonstrated the assessment of the alignment and non-alignment to the good governance indicators by MMM, as outlined in Chapter 2, Section 2.2. Furthermore, the Chapter offered a comparative analysis of MMM with other Metropolitan Municipalities, conducted an impact assessment on poor governance, and evaluated the effectiveness of the intervention applied in MMM.

#### 4.4 Discussion of the findings of the study

The objective of the findings in this study was to pinpoint gaps that resulted from challenges, which contributed to poor governance within MMM. This endeavour will aid in devising interventions to tackle these gaps and challenges effectively.

The main aim of the study was to evaluate the effects of poor governance and the challenges in MMM. These were the objectives of the study:

- Objective 1 – to explore the factors that contribute to poor governance at MMM

This objective was addressed in Chapter 2 and Chapter 3 of this study. Chapter 2 uncovered the numerous factors contributing to poor governance in Local Governments across developed and developing countries. These factors included complexities to address urbanisation, comparable to factors observed in MMM. Additionally, other identified factors encompassed ineffective state institutions, local governance leadership models, and the manipulation of cultural theories to primarily benefit the leadership.

Chapter 3 indicated that the noteworthy factors leading to poor governance in MMM were primarily linked to the rapid urbanisation of the Metro and poor leadership. Urbanisation in the Metro introduced substantial governance challenges from which it struggled to recover. Additionally, prior to this, MMM was already grappling with financial challenges and service delivery backlogs. The amalgamation and urbanisation exacerbated MMM's financial issues, elevated employee compensation costs, and heightened expenditure. Moreover, MMM lacked the essential skills needed to navigate the Municipality's transition to a Metropolitan area effectively and emulate the success of other metros like the City of Cape Town.

The research further found that leadership factors posed significant governance challenges in MMM. Specifically, there were weaknesses in strategic leadership and management. It was noted that these leadership weaknesses had led to a lack of clear guidance in addressing operational issues and creating a successful environment. This was exemplified by the decision of MMM leadership to proceed with restructuring despite being aware that MMM was not adequately prepared, driven primarily by the perceived benefits associated with the restructuring.

It was also observed that poor leadership contributed to MMM's financial distress, pushing the Municipality to the brink of collapse and necessitating multiple Section 139 interventions. Furthermore, following the 2021 Local Government elections, MMM faced a period of inconsistent leadership until November 2023 when a Municipal Manager was finally

appointed. During 2022, MMM underwent five changes in City Managers within the space of a year, greatly contributing to instability and worsening governance challenges.

- Objective 2 – to evaluate the existing governance obstacles faced by MMM

This objective was discussed in Chapter 2 and Chapter 3. Chapter 2 accentuated the challenges affecting Local Government on international level, in African countries, and in the South African context, while in Chapter 3, the researcher extensively explored MMM by evaluating various challenges that contributed to poor governance and its consequent impact. The key findings are presented below.

The analysis of the findings in relation to the identified challenges in MMM will maintain a consistent structure, corresponding with that of Chapter 3, as follows.

#### 4.4.1 Implementation of sound policies

The findings of the study highlight a significant challenge in the implementation of policies within MMM. It is evident that crucial governance policies, particularly those related to HR, are non-existent. Moreover, although certain policies such as the Human Resource Management and Development strategy and cost containment policy have been approved, they remain unimplemented. Additionally, while policies such as the PMS are partially put into practice at the senior level, they are not effectively disseminated throughout the entire organisation.

It was also found that the issue of policy implementation is made worse by varying practices within and among national and provincial administrations, adding pressure on MMM. Despite being part of the same government, the Free State Provincial Government and MMM occasionally have divergent priorities, highlighting a lack of coordination and cooperation in government priorities. This has impeded progress in MMM, prioritising the objectives of the Provincial Government. The failure to put policies into practice had a notable adverse effect on MMM, leading to an inability to achieve targets outlined in the IDP, as highlighted in Chapter 3, Section 3.6.1. Consequently, this hindered service delivery and led to various backlogs. For instance, the water backlog surpassed the acceptable threshold of five

percent. This raises doubts about MMM's presence across all levels, particularly if it does not significantly improve service provision for the citizens of Mangaung.

Chapter 1, Section 1.9 delineated the legislative framework governing Local Government, encompassing the Constitution (1996), the White Paper on Local Government, 1998, the MSA (Act 32 of 2000), the MFMA (Act 56 of 2003), and the MSA (Act 117 of 1998). It was observed that MMM frequently breached these regulatory guidelines, leading to non-compliance and the governance challenges identified in this study. These challenges extend to other regulations cited in the study, such as the IGRFA (Act 13 of 2005) and the IFRA (Act 97 of 1997); thereby impacting cooperative governance within MMM.

Hence, it can be inferred that the failure to implement policies, poses a challenge, and impacts and exacerbates poor governance in MMM. This is evident as it undermines vision and direction, coherence, and the capacity to attain the intended objectives.

#### 4.4.2 Weak financial status and sustainability

The evaluation of MMM's financial status and sustainability uncovered significant challenges. Primarily, MMM faces significant challenges including a notable decline in the City's financial well-being, worsening financial management and credit oversight, cash flow constraints, outstanding creditor payments, and incomplete creditor documentation. It was revealed that financial distress led to MMM being placed under Section 139 intervention by the Provincial and the National Governments. Despite being required to implement the FRP to address these issues, MMM failed to do so over a period of two years. Consequently, little headway was made, indicating that MMM continues to grapple with financial difficulties, as evidenced by the lack of improvement in the 2022/23 audit results. Since 2016, MMM has not achieved a clean audit, and there has been insufficient progress following the intervention.

MMM's financial challenges were identified as significant and ongoing. Numerous studies have shown that MMM faces mounting debts, largely stemming from unpaid consumer bills for services, resulting in revenue loss. This situation is exacerbated by billing inconsistencies, unreliable data, unaddressed broken meters, and crucial vacancies

remaining unfilled. Additionally, MMM struggles to fulfil its commitments, evidenced by its failure to settle payments to suppliers within the stipulated 30 day period.

Furthermore, the study indicated that MMM struggles with effectively managing its conditional grants, as evidenced by consistent underspending. This situation raises concerns because unspent conditional grant funds may need to be returned to the National Treasury at year-end, with no assurance of rollover to the following financial year. The worsened financial condition of MMM had adverse consequences, leading to its intervention and a downgrade by Moody's rating (Dube and Radikonyana, 2020:59), further compromising its financial sustainability. These revelations underscore the lack of robust financial management within MMM, contributing to instability, and thus indicating poor governance.

#### 4.4.3 Performance management

The literature indicates that the historical challenges of performance management within the realm of MMM have been underscored by the findings from AGSA (AGSA, 2023:59). These findings consistently revealed weaknesses, particularly concerning the annual KPIs set by MMM. For instance, in the 2013/14 financial year, the performance information was deemed insufficient and unreliable due to limitations in scope, resulting in the inability to provide substantial evidence supporting the reported performance. In some cases, the KPIs were unquantifiable and could not be verified due to vague timelines and poorly defined parameters. This echoes the sentiment encapsulated by the phrase "garbage in, garbage out", suggesting that poor-quality information yields similar outcomes. Subsequent audit findings for subsequent fiscal years, such as 2021/22 and 2022/23, continued to highlight similar challenges in performance information due to weak internal controls.

The literature further highlights the lack of a PMS, partial implementation of PMS only at senior management level, and the lack of performance agreements. MMM's production of insufficient and unreliable performance information can be attributed to the absence of a PMS. A study by Ramodula and Govender (2023:1549-1550) underscores a "lackadaisical approach" to performance management as a key factor driving MMM towards distress.

#### 4.4.4 Unethical conduct

When leaders within an organisation neglect to uphold ethical standards, it sets a precedent that trickles down to employees, shaping the organisation's culture. In the case of MMM, research indicates that certain politicians engage in unethical behaviour by collaborating with businesses and aiding service providers in manipulating property rental markets, likely driven by personal interests.

Another discovery supporting unethical behaviour involves the misappropriation of public funds by officials of MMM. This is exemplified by a case of the fraudulent allocation of millions of rands to non-existent employees within the Municipality, which is being investigated by the Provincial Hawks. Additionally, a case of forgery resulting in R4.2 million being paid for work that was never completed has been reported. Such actions constitute corruption, fraud, and the misuse of funds.

The preceding discussion affirms that ethical conduct within MMM poses a significant challenge, influencing operational decisions and gradually becoming ingrained as a cultural norm, which ultimately leads to poor governance. Consequently, MMM stands out as one of the municipalities grappling with rampant corruption. The repercussions of unethical conduct within MMM are severe, directly impacting service delivery. Funds earmarked for service delivery initiatives are siphoned off, placing the burden squarely on the shoulders of Mangaung's citizens.

#### 4.4.5 Institutional inefficiencies

Throughout the study, it was observed that certain essential functions were not carried out as intended, primarily due to a high vacancy rate or critical positions remaining unfilled. This underscores the importance of having a proficient workforce within an organisation. The analysis revealed that MMM has a noteworthy number of vacant positions or it relies on temporary appointments. Consequently, this situation leads to instability, and a lack of accountability and continuity within the organisation.

Clarity regarding the operational status of governance structures, such as Section 79 and 80 Committees, is ambiguous due to conflicting reports. The 2021/22 annual report of MMM

stated that these structures were operating efficiently. However, the 2023 status quo report of MMM indicated that although these oversight structures were established, they were not functioning as intended. Furthermore, the absence of a Chairperson for MPAC was noted, along with the incomplete development of terms of reference for the Programming Committee.

The study also uncovered a significant challenge regarding the competency and skill level of municipal officials, particularly evident in the inadequate competence and skills among Councillors. This weakness was attributed largely to political appointments and interference, which often prioritised officials with political connections over those with qualifications. Additionally, it was observed that Councillors lacked the necessary skills to grasp the processes and objectives of MMM, including those delineated in the IDPs. Furthermore, there is a notable issue of skills mismatch and misalignment with qualifications. Moreover, the literature revealed that the WSP, intended to aid MMM in planning for training and skills development was approved in 2012, but had not been implemented as of November 2019.

#### 4.4.6 Poor cooperative governance

Cooperative governance in Local Government involves bringing together all stakeholders into a network to collaborate and pool their efforts towards a shared objective. This approach fosters integrated planning, facilitates the sharing of information and resources, promotes cohesion, and encourages mutual support to enhance service delivery. Furthermore, it minimises the duplication of efforts and prevents the wastage of funds. Based on the findings of this study, MMM promotes positive relations and collaboration with other levels of government, emphasising its commitment to fostering cooperative governance. This commitment is exemplified by MMM's collaborative initiatives with DESTEA aimed at improving the quality of service provision and identifying investment opportunities to bolster economic growth in Mangaung.

Although MMM aims to promote cooperative governance, it faces significant challenges that hinder effective cooperative governance with other levels of government on joint projects that require collaboration. The weaknesses hindering effective cooperative governance include insufficient joint planning and slow implementation processes. According to a study by Mokoena (2022:97, 116), cooperative governance is also undermined by a tug of power

among the different tiers of government. This was exemplified when the Provincial Government exerted its authority to override MMM's decisions during a housing project phase, preventing MMM from fulfilling its mandate. Additionally, strained relations between the Provincial Government and MMM are evident, as disputes are not resolved amicably, but are instead escalated to the courts of law.

#### 4.4.7 Political stability

Political instability within MMM not only impacts MMM itself but extends to other levels of government, potentially affecting the province, the citizens of Mangaung, and the entire country. Political stability is essential for good governance, promoting professionalism and cohesion to establish a solid foundation for organisational effectiveness and sustainability.

The research showed that MMM has faced challenges related to political stability, leading to administrative instability. This overlap blurs the distinction between political and administrative functions, resulting in political interference that manifests and interferes with SCM and recruitment processes. Another consequence of political instability is factionalism within MMM, which places pressure on political leadership, not only within MMM but also from the governing ANC in the Province.

The South African system of local government after 30 years of democracy must evolve to strengthen and promote stability in the political and governance arms of government to improve efficiencies and accountability to promote service delivery.

Based on the research findings, political instability appears deeply rooted within MMM, with attention directed towards strategies to remove political opponents and initiate motions of no confidence against the leadership. Hence, MMM was rated as the highest risk on the Political Risk Barometer, scoring ten, signalling significant risk that also negatively impacts the country's overall risk profile, which is deteriorating rapidly. This underscores the clear impact of political instability on good governance within MMM.

#### 4.4.8 Weak community participation

The study also revealed that MMM actively involves citizens through public participation initiatives. For instance, in February 2023, community meetings were conducted where the Acting City Manager and Executive Senior Management engaged with residents in meaningful discussions aimed at fostering collaborative efforts to rejuvenate the city. Additionally, MMM actively sought input from community members during the development of projects such as the Airport Node and the Waaihoek Precinct.

Nevertheless, despite the efforts referred to, it was established that MMM lacks a formal stakeholder engagement strategy and a public participation policy, leading to insufficient community involvement. This deficiency was highlighted by Letawana's study (2017:21) within MMM, revealing that the essence of community participation has not been fully understood or effectively put into practice. Consequently, there have been inconsistencies in community participation, leaving disadvantaged communities in a position where their voices are not heard and hindering their ability to actively influence their living environments.

The study further found that MMM has adopted the ward system, leveraging Ward Councillors and Ward Committees to engage with communities, facilitate communication, gather feedback on community needs, and foster community buy-in. However, the obstacle impacting the efficacy of community participation is the inadequate qualifications and knowledge of Ward Councillors and Ward Committees, resulting from limited skills and training. This hindered their ability to interpret and communicate information from MMM's policies, such as the IDP, which was deemed overly complex. Additionally, it was observed that municipal officials assigned to specific wards failed to facilitate community participation due to their frequent absence from meetings.

#### 4.5 Evaluation of governance metrics in comparison to MMM's governance performance

Wei Neng, in an article in *Governance Matters* (2021:50), states that without a comprehensive agreement on the role of government, achieving consensus on the most effective methods to evaluate and measure government success and performance is highly unlikely. In acknowledging the significance of governance, there arises a necessity for pragmatic and feasible approaches to evaluate the quality of governance. Chapter 2,

Section 2.2, referenced the characteristics of good governance. These are pivotal for the evaluation of MMM, as they were used in this section to evaluate and compare MMM's capacities and performance concerning good governance. The evaluation is elaborated on as follows:

#### 4.5.1 Participation: Public involvement in decision-making processes

The findings revealed that community participation in Mangaung's planning and decision-making processes was extremely limited, leading to public discontent and resulting in violent service protests. While the literature recognised MMM's efforts to promote greater community involvement, significant challenges remained, including a lack of policies aimed at providing guidance in this aspect and an imbalance between initiatives in urban areas and those in townships. This implies that MMM does not fully comply with the governance indicator for public participation.

#### 4.5.2 Rule of law: Adherence to legal frameworks and regulations

In many of the challenges identified in MMM, it was found that there is no consequent management. The literature highlighted issues such as the forgery of payments, fraud, the misuse of funds, and the hiring and payment of ghost workers. Furthermore, the absence of policies to address these issues exacerbates the problem, making it a case of rampant corruption. Furthermore, Chapter 3, Section 3.6.1, emphasises that MMM's non-compliance with regulations, such as the MFMA (Act 56 of 2003), is a significant challenge contributing to the severe financial difficulties affecting the organisation. This indicates a disregard for the rule of law, neglecting adherence to a necessary governance performance indicator.

#### 4.5.3 Transparency: Availability and accessibility of information

Chapter 2, Section 2.2, highlighted that governance promotes transparency. However, the study's findings reveal a lack of transparency within MMM. This is evident in several governance challenges identified, including the absence of policies and adherence to them, the lack of performance management systems, and inadequate internal controls. These issues exacerbate the challenges, which were discussed in Chapter 3. The lack of the availability and accessibility of information was attributed to high vacancy rates within MMM.

Therefore, it can be deduced that MMM does not comply with the governance standard related to transparency.

#### 4.5.4 Responsiveness: Meeting needs within a reasonable timeframe

According to the findings of the study, adhering to timeframes within MMM poses a significant challenge, whether in meeting the community's needs or those of stakeholders. The study suggests that MMM faces a serious predicament in terms of fulfilling service delivery requirements, leading to substantial backlogs exceeding acceptable thresholds and norms, indicating a deficiency in service provision. Furthermore, it was noted that MMM struggles to meet deadlines for compensating stakeholders (creditors) for their services, indicating a failure to meet governance standards in this regard. For instance, this has resulted in escalating debt of R 216.3 million between June 2021 and June 2022, as per the literature in Chapter 3, Section 3.6.2.

#### 4.5.5 Consensus oriented: Attainment of consensus on interest of the public

The aim of a consensus-based indicator is to achieve mutual consensus that reflects the shared interests of stakeholders of a municipality, including the community and businesses. However, this objective necessitates collaboration, which is connected to the governance challenges of MMM, such as inadequate public participation, poor cooperative governance, and unstable political conditions. These challenges result in shortcomings, such as the absence of coordinated planning, sluggish project implementation, and political interference, among others. Lack of communication, inclusive decision making, and ambiguity leads to conflict and/or potential conflict as proven by the legal disputes between MMM and Provincial Government reflected in Chapter, 3, Section 3.6.6. Hence, the non-attainment of this governance indicator.

#### 4.5.6 Equity and inclusiveness

This indicator focuses on societal welfare. Chapter 2, Section 2.3, highlighted that countries like Sweden and Norway were known for strong state welfare systems that prioritized community needs. However, the study's findings reveal that in MMM, there is a significant disregard for the welfare of the Mangaung community. This is evident in the lack of prudent

financial management, widespread corruption, and the misuse of public funds, all of which negatively impact societal welfare. For instance, the lack of basic services such as refuse collection, water and electricity violates the rights and welfare of MMM's citizens. Consequently, this indicator fails to meet the governance standard.

#### 4.5.7 Effectiveness and Efficiency: Performance in delivering services and managing resources

Ineffectiveness and inefficiency presented a significant challenge for MMM. The findings of the study indicated that MMM struggles to achieve its goals and objectives effectively and efficiently. Resources have been poorly managed, and decisions have not been thoroughly executed. For instance, the FRP has not been implemented. Additionally, recurring audit findings persist year after year without an accompanying action plan to address them and enhance performance. This has severely and negatively impacted the standard under discussion.

#### 4.5.8 Accountability: Mechanisms for holding officials accountable

MMM faced significant challenges related to accountability. Firstly, the lack of a PMS and the partial implementation of performance management complicates holding anyone accountable for the performance of the organisation. This raises questions about how MMM addresses gaps between actual performance and expectations, especially considering the lack of established performance agreements for officials. Secondly, without fully functional oversight structures, it is difficult to ensure that performance is adequately monitored and accounted for. Additionally, MMM was led by an intervention team since April 2022, but this neither resolved governance issues nor improved audit outcomes. This highlights further challenges regarding accountability in MMM during the period of the intervention due to the involvement of various stakeholders, including the intervention team, the MMM Council, and the National Cabinet. For instance, MMM was required to implement the FRP, led by the intervention team. However, for the FRP to be implemented, it needed the support of the MMM Council, which was unstable. In March 2023, the Municipality had a Speaker from the DA after the governing party lost control of MMM. This occurred when members of the governing party defied instructions and voted for a DA Councillor (*City Press* 21 September

2023:1). From the preceding discussions, it can be inferred that MMM fails to meet the accountability governance indicator due to a lack of consistent point accountability.

#### 4.5.9 Strategic vision: Long-term strategic vision

The research has revealed MMM's short term focus on urbanisation with the aim of receiving grant funding for service delivery and backlog alleviation. When confronted with financial challenges, the MMM Council failed to initiate corrective actions until external intervention was necessary. An illustration of this is the ongoing struggle with revenue enhancement strategies, indicating a lack of forward planning. Developing a long-term strategic outlook necessitates proactive leadership dedicated to seeking avenues for ongoing enhancement. Consequently, it is evident that MMM must prioritise improving this aspect of governance.

#### 4.6 Summary of governance comparative assessment

The research highlighted the importance of good governance and underscored the severe consequences of poor governance. Chapter 2 examined governance from the viewpoints of developed and developing countries, as well as other metropolitan municipalities. The aim was to assess global standards, performance in terms of good governance strengths, weaknesses and experiences, to tailor improvements and align lessons to MMM. This analysis acknowledges that MMM operates within the context of South Africa as a developing country. The comparative analysis seeks to understand how best this could assist MMM in aligning to Local Government in other environments and adapt MMM to a higher standard of governance.

The study highlighted Norway and Sweden as exemplary models of good governance, emphasising their commitment to the welfare of their citizens. Somaliland, once labelled a failed state, successfully reformed its governance system, achieving peace, security and effective public service delivery, which strengthened societal unity and significantly legitimised the state. The study also credited the Nordic countries for their vigorous Local Governments, characterised by excellent service delivery and decision-making autonomy. Botswana was recognised for its exemplary governance, characterised by adherence to the rule of law, political stability, accountability, effectiveness, and efficiency. Similarly, countries such as Kenya, Morocco, and Côte d'Ivoire were highlighted as leaders in good governance.

This indicates that MMM could feasibly implement good governance practices, leveraging the insights and case examples provided in the study.

Chapter 2, Section 2.6.1, explored governance in various Metropolitan Municipalities, highlighting the challenges MMM faced compared to other metros. The study identified the City of Cape Town as a model of good governance, consistently performing well in governance indices and maintaining a higher standard of service delivery than many other Metropolitan Municipalities, as evidenced by the 2024 GPI assessment. The City is widely regarded for its strong performance in governance indices, consistently maintaining a higher standard of service delivery compared to many other metropolitan areas, as reflected in the GPI assessment. Additionally, it boasts the highest number of municipalities with clean audits, supported by a skilled workforce and effective policy implementation. In contrast, MMM has regressed in its audits, suffers from a lack of capacity, and fails to implement policies effectively. Meanwhile, the City of Ekurhuleni also excels, having achieved a clean audit and made significant improvements in service provision, while placing strong emphasis on community participation.

According to the GPI (2024:13-14), MMM ranked last among the eight Metropolitan Municipalities, with its only favourable category being economic development. However, other Metropolitan Municipalities facing governance challenges are gradually improving. For instance, the City of Ekurhuleni, which has a coalition government, has shown governance improvements and was the only metro to receive a clean audit in 2019/2020. This demonstrates that effective strategies can lead to sustained good governance. Comparing governance practices is essential for enhancing efficiency, effectiveness and accountability, as it facilitates learning from others, setting higher standards, and ensuring informed and impactful policies.

Therefore, the findings suggest that, compared to other metropolitan municipalities, the governance challenges in MMM are more severe. The challenges outlined in Chapter 3, Section 3.6, are persistent, rendering MMM ineffective. Notably, while Metropolitan Municipalities such as the City of Cape Town and the City of Ekurhuleni also encounter governance challenges, they are making considerable progress towards achieving higher standards of governance and service delivery. Addressing the entrenched challenges in

MMM necessitates substantial reforms to ensure effective governance and an improved quality of life for its citizens.

#### 4.7 Poor governance impact assessment

The study referenced the impact of poor governance in Chapter 3, Section 3.7. The assessment points out that these issues have extensive implications not only for MMM's functionality but also for stakeholders, including citizens and businesses. The study cited AGSA and MMM reports that highlighted problems in financial management, resulting in poor audit outcomes, a negative cash flow, the non-payment of creditors, and an inability to raise revenue. These issues have had a significant impact in compromising MMM's integrity and accountability.

Service delivery shortcomings prevented MMM from upholding service delivery standards and maintaining infrastructure, such as repairing potholes in roads and advancing the housing projects for economically disadvantaged residents. Consequently, unsafe land grabs occurred, posing risks to the community. For instance, individuals from Dewetsdorp and Thaba Nchu unlawfully established informal settlements near the Jagersfontein Road, opposite Lourier Park in Bloemfontein (*News24* 7 March 2024:1). This led to public unrest and the arrest of residents due to widespread dissatisfaction.

The impact of poor governance extends beyond service delivery shortcomings, affecting both ethics and legal aspects. Poor governance has eroded ethical standards, as evidenced by the deterioration of MMM's ethical conduct, leading to corrupt activities such as fraud and the manipulation of the system to appoint ghost workers. This compromised transparency, making unethical practices the norm, and it eroded citizens' trust in MMM. Additionally, poor governance has led to legal non-compliance, as seen in Chapter 3, Section 3.6.4, where certain politicians are reported to have contravened SCM regulations by manipulating the property rental market. Furthermore, Chapter 3, Section 3.6.5.3, discussed biased appointments that did not align with recruitment policies.

From the above discussions, it is evident that poor governance profoundly affects MMM, undermining its integrity, legitimacy, and public trust.

#### 4.8 Evaluation of Government policy interventions in municipalities

MMM is still under intervention from the National Government and continuous intervention in not resolving the root causes creates despondence for investors and the communities MMM serves. According to Khaile (2023:1), analysis of data from a study on the effectiveness of Section 139 interventions in strengthening municipal accountability in South Africa revealed that after a year of the intervention, there were notable positive improvements in audit outcomes among municipalities in Limpopo. However, this did not result in achieving clean audit outcomes. In contrast, municipalities in the North-West and the Free State did not demonstrate major improvements.

MMM has been subject to intervention since 2019, involving the application of 139 different Sections. However, the current study revealed that significant improvements have not been observed. Audit outcomes remain unchanged, and there is still failure to fully implement the FRP. This raises concerns about the effectiveness of the intervention in addressing governance challenges within MMM. Khaile (2023:2) posits that the majority of interventions have not achieved sustained success over the long term. Many interventions have only resulted in minor improvements in various selected metrics, with most municipalities still far from achieving optimal functioning. The lack of effectiveness in these interventions is linked to the insufficient attention given to addressing the root causes of dysfunctionality.

In Chapter 3, Section 3.6.5.1, it was observed that AGSA recognised certain improvements in MMM, particularly in the appointment of senior officials to foster stability. However, there remained room for further improvement. According to Khaile (2023:8), AGSA has consistently highlighted MMM as a persistent issue of concern over the past five years. Additionally, the findings of Khaile's study indicate that although there was some progress following the intervention, the Municipality fell short of attaining a clean audit. Khaile (2023:8) concluded the study by indicating that Section 139 interventions are ineffective in strengthening the municipal accountability framework to avert future inadequacies in realising accountability. As a result, the municipality's long-term sustainability and resilience are compromised by its weakened financial accountability. Consequently, the municipalities are left vulnerable to further interventions.

Based on the preceding discussions, it can be deduced that the Section 139 intervention implemented in MMM lacked full effectiveness and impact, as it did not yield significant and tangible outcomes that led to an improvement in governance quality and stability.

#### 4.9 Limitations of the study

MMM challenges are not unique in the Local Government landscape. However, the source documents used for MMM are likely to be constructive based on the author's analysis, whereas others may not be so effective. Therefore, the results may not be reflective of all municipalities with governance challenges.

#### 4.10 Ethical considerations

As the research exclusively utilised secondary data, it was exempt from the ethical review procedures mandated by the University of the Free State. All secondary sources employed in the study were appropriately acknowledged and referenced.

#### 4.11 Conclusion

This chapter outlined the research and the rationale for choosing the methodology for the research study. The population and data analysis were also discussed.

The study assessed the significant impact of poor governance and challenges within MMM. The findings paint a troubling picture of an organization that is not fully operational and fails to adhere to the key principles of good governance. The study reveals that MMM displays several concerning characteristics, including unprofessionalism, inadequate policy implementation, unethical behaviour, capacity inefficiencies, financial instability, insufficient operational controls like performance management, weak cooperative governance, political instability, and limited community participation.

The interpretation of the study's findings underscores the fundamental importance of governance in enabling organisations to achieve their objectives efficiently. Poor governance contributes to distrust and fractures within institutions, and diminishes public confidence, as evidenced in MMM. This highlights the critical need for good governance

practices to foster trust, facilitate development, and promote institutional integrity and public trust. Good governance serves as a cornerstone for fostering sustainable development and inclusive growth within MMM. Addressing governance issues is essential to promoting stability, fostering growth, and ensuring MMM's long-term viability and its positive impact on its stakeholders.

Therefore, it can be inferred that the findings of the study align with the research objectives. Additionally, the findings validate that the desk-based approach employed in the study was appropriate, enabling the identification of correlations and addressing the research question effectively.

Chapter 5 discusses the proposed recommendations and conclusions of the study.

## **CHAPTER 5:**

### **RECOMMENDATIONS AND CONCLUSION**

#### 5.1 Introduction

This is the concluding chapter of this study. The preceding chapters delved deeply into the insights gathered from the literature review, using a desk-based approach as the selected method of data collection. The findings of the study exposed a multifaceted landscape of poor governance within MMM, marked by challenges such as unethical behaviour resulting in corrupt activities, poor financial management, lack of performance management, capacity inefficiencies, poor cooperative governance, poor community participation, and political instability. Therefore, it is crucial to translate the comprehensive analysis conducted in the previous chapters into significant recommendations, which are not only necessary but feasible, paving the way for MMM to enhance its quality of governance and achieve tangible improvements for its sustainability.

The study evaluated good governance in various regions concerning Local Government and also examined governance indicators or metrics, which assisted to derive the findings discussed in Chapter 4, Sections 4.4 and 4.5. In developing these recommendations, the study has referenced successful examples from countries highlighted within the research that have made significant progress in improving governance. Additionally, the past failures of MMM, reflected in the challenges it has faced, have been considered as lessons learned. This provided a balanced perspective that recognises the complexities of governance reform.

Hence, the objective of this chapter is to integrate the insights acquired from previous chapters, presenting a unified set of recommendations to tackle the diverse issues linked to poor governance in MMM. The recommendations which are put forward are crafted in a simplified manner, offering context-specific actions to MMM, with the intention to provide a realistic and optimistic direction to move forward. While recognising the substantial obstacles posed by poor governance, the researcher affirms the belief that these obstacles are not insurmountable. A more transparent, accountable, and efficient governance framework can indeed be established to cater to the needs of the citizens of Mangaung. Hence, the proposed recommendations aimed at enhancing good governance in MMM.

## 5.2 Summary of the findings of the study

The study highlighted various challenges facing MMM across different areas of governance, as identified in Chapter 3. Based on the challenges, the findings (as discussed in Chapter 4) are summarised as follows:

### 5.2.1 Summary of main findings

- Implementation of sound policies: MMM struggles with implementing crucial governance policies, especially in HR, leading to inefficiencies and backlogs in service delivery. Varying practices within and among national and provincial administrations exacerbate the issue.
- Weak financial status and sustainability: MMM faces significant financial challenges, including declining financial well-being, poor financial management, cash flow constraints, and outstanding creditor payments, leading to interventions and credit downgrades.
- Performance management: MMM lacks a robust PMS, resulting in insufficient and unreliable performance information, which hampers effective decision-making and progress tracking.
- Unethical conduct: There are instances of unethical behaviour within MMM, including collaboration with businesses for personal gain and the misappropriation of public funds, leading to corruption and compromised service delivery.
- Institutional inefficiencies: MMM struggles with high vacancy rates, ineffective governance structures, inadequate competency among officials and a lack of skills alignment, impacting organisational stability and continuity.
- Poor cooperative governance: While MMM aims to foster collaboration with other levels of government; it faces challenges such as insufficient joint planning, slow implementation processes, and power struggles between the different tiers of government.
- Political stability: Political instability within MMM leads to administrative instability, political interference in administrative functions, factionalism, and a deteriorating risk profile, adversely affecting governance and service delivery.
- Weak community participation: Despite efforts to involve citizens, MMM lacks a formal stakeholder engagement strategy and policy, resulting in inadequate

community involvement and limited influence of disadvantaged communities on decision-making processes.

### 5.2.2 Summary of findings against the good governance metrics

A comprehensive assessment of MMM governance against the good governance metrics indicates various deficiencies across key indicators, as follows:

- Participation: Limited community involvement in decision-making processes leads to discontent and protests.
- Rule of law: Non-compliance with legal frameworks, rampant corruption, and financial mismanagement are prevalent.
- Transparency: Lack of transparency due to the absence of policies, poor adherence, and internal control issues.
- Responsiveness: Challenges in meeting community needs and stakeholder deadlines, resulting in service backlogs and escalating debt.
- Consensus oriented: Inadequate collaboration leading to planning and implementation shortcomings and legal disputes.
- Equity and inclusiveness: Disregard for societal welfare due to financial mismanagement and the lack of basic services.
- Effectiveness and efficiency: Struggles in achieving organizational goals and ineffective resource management.
- Accountability: Challenges in holding officials accountable, lack of oversight, and unresolved governance issues.
- Strategic vision: Short-term focus and a reactive rather than a proactive approach to financial challenges, indicating a need for long-term strategic planning and leadership.

### 5.3 Recommendations

Considering the findings, the recommendations to be provided are in support of the study, which was conducted at MMM to evaluate the impact of poor-quality governance. There is an urgent need for reforms to address the imminent collapse of MMM, as identified in the

study. Thus, the recommendations focus on improving and promoting good governance within MMM. The following recommendations are proposed:

### 5.3.1 Effective implementation of policies

Policies serve as the framework to guide MMM in translating their plans into actionable outcomes to achieve the Municipality's goals and objectives; thereby contributing to its overall performance. The absence of and failure to implement these policies have been identified as significant challenges that hinder MMM from fulfilling its mandate. Therefore, in an endeavour to ensure good governance, it is recommended for MMM to review and implement the identified policies, which are lacking at present. A corrective action plan should be devised to monitor and enforce policy implementation, facilitating discussions and follow-ups during Council meetings.

To address policy contradictions and conflicting priorities among the three spheres of government, which impede policy implementation, it is essential to adopt guiding principles of cooperative governance instead of allowing one sphere to use its authority to override the policy decisions of another sphere. Rather than unilateral actions, all stakeholders should engage in cooperative roundtable discussions to coordinate and prioritise government objectives collectively. This approach would ensure agreement on the action to be implemented without compromising the policies of other spheres, emphasising the importance of integrated planning to prevent such conflict. Therefore, it is recommended that the three spheres of government and municipalities within the same demarcated province avoid operating and planning independently to prevent 'bullying tactics' and instead collaborate towards a shared objective. This cooperative approach will foster unity and alignment towards common goals.

MMM is strongly recommended to comply with the legal framework that governs the operations of municipalities, including the Constitution (1996), the White Paper on Local Government, 1998, the MSA (Act 32 of 2000), the MFMA (Act 56 of 2003), and the MSA (Act 117 of 1998). Adhering to these laws will ensure that MMM operates within the legal boundaries, which are aimed at fulfilling its mandate. The study clearly demonstrates that failing to comply could have extensive consequences.

### 5.3.2 Financial sustainability

There is currently an FRP, which MMM has been subjected to, under Section 139 intervention. MMM must first meet and fulfil specified conditions outlined in the plan to demonstrate its dedication to fulfilling the financial recovery of the Municipality. Additionally, MMM should develop and implement a comprehensive audit action plan to address recurrent audit issues highlighted by AGSA annually. Implementing this plan would significantly enhance MMM's audit outcomes.

The MFMA, Section 64(2)(a), mandates that a municipality must establish efficient revenue collection systems in accordance with Section 95 of the Municipal Systems Act (MSA) of 2000 and the municipality's credit control and debt collection policy. Therefore, a revenue enhancement strategy is proposed to assist MMM in improving revenue collection from various sources. These funds could be utilised for operational purposes, such as settling outstanding debts and establishing reserves. Chapter 3, Section 3.6.2, highlighted that revenue losses in MMM were linked to billing inconsistencies, unreliable data, and faulty meters. Therefore, to reinforce initiatives aimed at increasing revenue, it is recommended that MMM review its billing system, invest in the implementation of an information technology data system to ensure reliable data collection and accuracy, and promptly repair broken meters. This will facilitate efficient and effective billing; thus, enhancing revenue. Another viable option is for MMM to expedite the installation of prepaid smart meters for water and electricity. Moreover, innovative and potential quick-win revenue streams worth exploring include introducing parking lot rates in the CBD, offering street advertising opportunities for emerging local businesses, and rental space for billboards for more established businesses and academic institutions. Enhancing revenue could also be the most promising approach to rectify the impact of urbanisation and meet the rising demands associated with it.

MMM could also potentially gain from participating in the debt relief programme initiated by the National Treasury to address revenue challenges. This programme aims to alleviate municipalities' burdens by offsetting historical Eskom debts, subject to certain conditions, such as approving a funded budget. Becoming eligible for this programme could enable MMM to focus more on strengthening its revenue streams.

It is further recommended that MMM establishes a culture of settling creditor invoices within 30 days. This practice is essential for honouring contracts and fostering positive relationships with creditors, preserving creditworthiness which directly impacts MMM's credit rating, and mitigating legal disputes. Additionally, timely payments ensure the viability of the businesses that are relied upon by MMM to deliver essential services. It is additionally recommended that MMM should intensify the 'Operation Patala' programme aimed at recovering past debts. This initiative should equally extend to MMM itself, ensuring they fulfil their obligations to creditors.

Moreover, MMM stands to gain from participating in the Municipal Finance Improvement Programme (MFIP), which the institution is currently not part of. This initiative could serve as a reform effort to aid MMM in enhancing overall proper financial management, particularly in effectively utilising conditional grants, an area where they currently lag behind with. By engaging with the MFIP, MMM would leverage the expertise of leading financial technical advisors to implement measures for financial sustainability and facilitate skills transfer; thereby fostering continued sustainability for MMM.

### 5.3.3 Performance management

Implementing a PMS within Local Government is mandated by legislation, including the MSA, the MPPMR, the MFMA, and the Municipal Performance Regulations for Municipal Managers and Managers. Performance management is essential within an organisation as it demonstrates accountability and a commitment to continuous improvement. It encompasses the overall performance of the organisation and individual employees. Through performance management, organisations establish performance plans and assess success by monitoring and evaluating outcomes. Ultimately, performance management defines the purpose and objectives of an organisation.

It is recommended that MMM prioritises performance management based on the findings of the study and strategically make plans to implement a PMS. This tool would aid in the planning, monitoring, evaluating and reporting of performance. MMM needs to further investigate aligning with the Fourth Industrial Revolution (4IR) by procuring an electronic PMS. This exploration will allow MMM to fully use innovative technologies, improving

productivity, enabling data analysis for informed decision-making, and optimising performance management processes.

The findings of this study further established that MMM has consistently formulated KPIs that were neither quantifiable nor verifiable. As a result, it is recommended that MMM reviews all planning documents to ensure that KPIs adhere to the SMART criteria: Specific, Measurable, Achievable, Relevant, and Time-bound. These KPIs should be outcome-based and measurable. Additionally, maintaining a portfolio of evidence is crucial, as it provides documentation to ascertain whether a certain KPI was successfully achieved or not.

It is also recommended that MMM extend performance management throughout all levels of the organisation, not just limited to senior management. It is essential to establish performance agreements and conduct annual performance reviews. MMM could explore various employee performance management models like the balanced scorecard, management by objectives, and employee-driven models, among others. It is important to align these systems with the policies, regulations, and legislative framework applicable to Local Government.

The frequency of reporting plays a crucial role in promptly identifying any shortcomings and ensuring immediate corrective actions and improvements. It is emphasised that MMM should conduct quarterly performance reporting meetings to review performance reports and make informed decisions.

#### 5.3.4 Unethical conduct

Adhering to strong ethical standards can cultivate essential values like integrity, transparency and accountability, crucial for any organisation aiming to uphold good governance. As discussed in Chapter 3, Section 3.6.4, ethics serve as a guiding framework for appropriate behaviour, and it is the responsibility of every public servant to preserve government's integrity and nurture trust in its institutions. To enhance ethical conduct within MMM, it is recommended that the MMM Council reinforces the code of conduct for Councillors outlined in the MSA (Act 32 of 2000). This code is designed to ensure that Councillors uphold integrity and demonstrate accountability. The Council should set a positive example, recognising that leadership plays a crucial role; as the phrase goes, "the

fish rots from the head". Moreover, lack of consequent management was raised as an absent phenomenon; therefore, consequent management should be applied in all the levels in the organisation to set a precedence to those who breach and violate ethical standards.

It is also recommended for MMM review internal controls that have been identified as weak and that have contributed to poor governance. It was highlighted that inadequate internal controls create an environment conducive to issues like embezzlement, such as the case of ghost workers, and improper overtime payments in MMM. Hence, the recommendation to clearly outline and strengthen internal controls coupled with SOPs to assist in outlining processes for a specific task to ensure that compliance is applied in a consistent manner.

Given the lack of approved policies addressing fraud, corruption and whistleblowing, it is advised that MMM develops and implements these policies to provide guidance in such situations. MMM should ensure that the whistle-blowing programme is protected and safeguard the welfare of individuals reporting misconduct. Additionally, it is recommended that MMM establish a hotline specifically for reporting fraud and corruption, enabling the efficient handling of reports and complaints. Furthermore, the Municipality must establish a functional disciplinary board as it could contribute towards ensuring the implementation of consequence management at MMM.

Moreover, it is recommended that MMM revisit its current strategic vision and mission. MMM should integrate good governance into its mission as a key element to realising its vision and achieving strategic objectives. Incorporating good governance would reflect MMM's commitment to upholding ethical standards within the organisation. Furthermore, MMM is encouraged to articulate a set of core values that embody a code of ethics, guiding the organisation's principles and helping employees make sound judgments in their daily work. Examples of such values include professionalism, integrity, accountability, transparency, and assertiveness. Instilling these values will serve as a moral compass for the organisation.

Implementing these proposed measures will demonstrate that MMM is committed to adopting a zero-tolerance policy towards unethical behaviour, and thereby working towards good governance.

### 5.3.5 Capacity building

Based on the study's findings regarding the skills level of municipal officials, particularly Councillors, addressing this challenge requires a comprehensive strategy. The process of appointing Councillors who lack sufficient qualifications and skills should be reviewed as it compromises MMM in instances such as understanding the business of the Municipality (IPD) and engaging communities and imparting correct and relevant information by Councillors. MMM should also consider implementing performance agreements for Councillors to monitor and assess their performance.

MMM should intensify their efforts to actively pursue collaborations with institutions of higher learning and professional bodies. These collaborations could lead to capacity-building programmes with the objective of enhancing the skills of officials and Councillors. The development initiatives should focus on strategic planning, budgeting, community engagement, local government legislation, leadership, policy analysis, ethical conduct, transparency, and good governance practices. This will ensure that municipal officials, including Councillors, uphold high standards of integrity and professionalism in their daily responsibilities.

It is crucial to involve political leaders in promoting awareness of the significance of competency-based appointments and the harmful impact of political interference in the appointment of officials. This engagement will cultivate a culture that prioritises expertise and qualifications in appointments. It is also advised to provide the minimum requirements for vacant posts.

Effective performance management is another key aspect of building capacity. Specific recommendations for addressing performance management were addressed in Section 5.3.3.

A high vacancy rate has been associated with numerous failures, including challenges in policy implementation. Therefore, it is advised that MMM prioritise the prompt filling of critical vacancies with officials who possess the requisite competencies to effectively contribute to policy development, implementation, and the sustainability of MMM.

In addition, robust oversight structures are essential for managing accountability in promoting good governance. Therefore, it is imperative to strengthen the MMM Council and its oversight structures, such as the MPAC, the Risk Management Committee and the Audit Committee, to enhance their oversight capabilities. It is recommended that competent members be appointed and that they are properly inducted on their roles and functions. Additionally, Charters and Terms of Reference should be reviewed and adopted to provide clear guidance for the functioning of these structures.

Implementing the above recommendations will align with the Municipal Systems Act (Act 32 of 2000), specifically Chapter 2 on staff establishments, Chapter 3 on the recruitment, selection and appointment of staff, and Chapter 5 on skills development.

#### 5.3.6 Strong cooperative governance

To address the challenges encountered by MMM in maintaining strong cooperative governance amidst considerable influence from the Provincial Government and legal disputes, strategic action is necessary. One key strategy involves prioritising capacity building as a foundational solution, as discussed in Section 5.3.5. Additionally, MMM must assert its autonomy and authority within the legal parameters governing cooperative governance. This could entail seeking guidance from legal professionals to clarify and defend the Municipality's rights and obligations.

Cooperative governance should be expanded to include collaboration among municipalities. MMM should also seek to establish partnerships with other municipalities confronting similar challenges to enhance advocacy initiatives and exchange best practices for managing intricate governance dynamics. For example, by establishing cooperative governance with the City of Cape Town and the City of Ekurhuleni, MMM stands to gain significant advantages in terms of good governance, potentially leading to improvements in service delivery and governance practices. In addition, existing cooperative governance initiatives necessitate ongoing engagement among stakeholders to sustain momentum and ensure that collaborative efforts consistently align with community needs and economic development goals as originally envisioned.

Furthermore, the Municipality would benefit significantly by using the District Development Model (DDM) platform to improve integration and coordination across the spheres of government and with other local municipalities to break down the silo effect and improve service delivery, especially as the Municipality supports local municipalities on the electricity function.

### 5.3.7 Political stability

Addressing the deep-rooted political instability within MMM is imperative to uphold good governance, mitigate political risks, and rebuild integrity and public trust. Through the process of fostering stability and professionalism, MMM would be in a better position to fulfil its mandate of providing service delivery. The primary recommendation to create political stability is to enforce good governance principles and emphasise professionalism.

The leadership governance model significantly impacts on political stability. MMM currently employs the executive mayor model, a governance model which grants autonomy on the one hand but has also contributed to instability on the other. However, MMM could consider exploring a collective leadership model, which would enforce collaboration to improve service delivery. Even though the opposition desires autonomy themselves, they would possibly be open to mechanisms that improve service delivery. Implementing this would ensure that MMM leadership is held accountable; thereby fostering transparency and achieving much-needed political stability. Moreover, this approach could cultivate an atmosphere that values diverse political dialogues and compromise among various political parties and factions. It could also promote consensus-building on critical policy matters to reduce divisions within MMM and the community.

To avert potential violent service delivery protests arising from shortcomings in service delivery, MMM should establish robust methods for addressing disputes and conflict with stakeholders, including community representatives and leaders. It is critical to empower local leaders such as Ward Councillors and Ward Committees by providing training in problem-solving, negotiation, and mediation skills. This training will enable them to engage in constructive dialogue with communities, fostering consensus-building and empowering communities to transition away from violent protests toward more effective negotiation methods to advocate for change. Training Ward Councillors and Ward Committees on the

aforementioned competencies will also help them to encourage Mangaung citizens to unlearn old behaviours and adopt new behaviours by raising awareness and promoting reflection, emphasising that not every dispute needs to lead to violent protests. Instead, citizens can employ structured approaches such as negotiation, as previously mentioned.

MMM should also consider implementing scenario planning and analysis to forecast political instability, identify potential risks, and develop mitigation strategies. Scenario planning has been utilised in the country before, as demonstrated by initiatives such as the 2030 Indlulamithi scenarios. This approach aims to anticipate future trends, contributing to improving governance and enhancing the quality of life for all in South Africa. This proposal would not only benefit MMM but also the Free State by promoting future stability. Scenario planning will additionally foster good governance, provide valuable information for strategic planning by leadership, facilitate proactive preparation for MMM's future, strengthen risk management practices, and promote collaboration and cohesion among stakeholders.

#### 5.3.8 Promoting strong community participation

Encouraging robust community involvement epitomises effective governance. Enhancing public participation will advance MMM towards achieving its mission, fortifying its impact and cultivating a more inclusive and efficient organisation. By actively engaging the community, MMM can leverage valuable insights from the community to drive impactful change. The cornerstone of public participation in MMM would be the adoption of a formal stakeholder engagement strategy and public participation policy, poised to significantly amplify MMM's impact and relevance.

In addition, MMM should develop initiatives aimed at broadening public participation outreach. The key goals should focus on educating the community about local government processes, particularly the budget allocation process, including how and when funds are allocated by the National Treasury, and the various types of funding used, providing the community with foundational knowledge on how budgetary decisions are made and on other policy and development issues. Educating the Mangaung community will have a significant impact when public participation meetings are conducted, as the community will be empowered with fundamental knowledge about how the Municipality operates. It is

emphasised again that empowering Ward Councillors and Committees is essential for ensuring purposeful and meaningful engagements.

MMM also needs to recognise that community participation strategies must be tailored differently for urban areas than for previously disadvantaged townships, taking into account factors such as educational background, poverty, and unemployment. Hence, the meeting held in February 2023 at Sentraal High School in Bloemfontein appeared more successful and well attended by MMM executive management than those in Ipopeng and Khotsong, which yielded less progress and non-attendance by MMM officials. MMM should implement a distinctive approach for previously disadvantaged townships to empower residents to engage effectively in public participation initiatives.

MMM could further enhance good governance by integrating cultural theory, as outlined in Chapter 2, Section 2.4. For example, rural areas such as Thaba Nchu are governed by traditional leaders. Here, MMM could foster partnerships with these leaders to actively involve communities, leveraging the inherent respect and influence associated with traditional leadership. Such collaboration could expedite decision-making processes and effectively engage a broader spectrum of community members.

The passive and indifferent attitude demonstrated by MMM officials towards public participation, as evidenced by the poor attendance of meetings, must be replaced with a more proactive commitment to drive successful engagement. Responsibilities related to public participation should be tied to the performance management of each responsible official, and feedback mechanisms like post-meeting reports should be implemented to monitor officials' attendance and level of commitment, aiming to enhance participation and accountability. Furthermore, MMM should establish collaborations with businesses, educational institutions, and government oversight bodies to harness expertise and to ensure that these meetings effectively impart pertinent and valuable information, instead of leaving Ward Councillors reliant on the community.

Successful community participation depends on cohesive communication among all levels of government operating as a unified entity, rather than relying solely on MMM's individual communication. This underscores the importance of implementing the recommendations outlined in Section 5.3.6 to establish and foster seamless integration between the

government spheres, promoting cooperative governance, to enhance community participation.

Hanson-Agumbah (2022:57) suggested in a study on poor governance titled "A threat to human wellbeing: A case study of bad governance during the COVID pandemic in Nigeria" that citizens should be afforded the opportunity and have the option to lodge complaints and reports via an ombudsman system. However, it is crucial for citizens to have confidence that they will not face reprisals and that their reports will be taken into consideration. Taking a lesson from this study, it is recommended for MMM to create an ombudsman system. Learning from this study, MMM should consider establishing an ombudsman system. Such a system would encourage community involvement and feedback, fostering transparency, accountability, and efficiency. Moreover, it would empower citizens and improve conflict resolution within MMM.

#### 5.4 Other recommendations to strengthen governance in MMM

##### 5.4.1 Professionalisation of Local Government

The management and leadership of MMM should acknowledge that MMM is not affiliated with any political party, but that it was established as a place of employment to deliver services to the people of Mangaung. Therefore, it is imperative to enhance the professionalism of MMM.

In 2013, SALGA created a framework to enhance professionalism in Local Government, strategically aiming to support Local Government in fulfilling its developmental responsibilities. This framework acknowledges the intricate and demanding context in which Local Government operates, including managing significant budgets, complying with various intricate legislative obligations, collaborating efficiently with other levels of government, addressing the rigorous and occasionally divergent aspirations of communities, and participating in exceptionally specialised decision-making and operationalisation process (SALGA, 2013:4). It is therefore proposed that MMM should integrate its efforts with the broader implementation of professionalism throughout the organisation. By embracing a comprehensive approach, MMM could position itself as a preferred employer, attracting higher-quality skills and enhancing competitiveness to match private sector standards. This

strategic shift is aimed at eliminating poor performance and enhancing service delivery, and it offers several compelling benefits:

- MMM will enhance its organisational capacity by integrating specialised skills, thus addressing the existing skills gap that significantly hinders its performance. This strategic initiative aims to bolster institutional capacity, which is currently a key obstacle to MMM's effectiveness.
- A reduction in cadre deployments by requiring officials to meet specific qualifications' requirements for positions.
- Strengthening of key values such as transparency and accountability, providing essential guidance for the organization.
- Facilitate resource sharing of specialised skills, benefiting not only MMM but also Local Government as a whole. This approach could reduce the reliance on consultants within Local Government

Chapter 2, Section 2.9.2, discussed the NPM theory, highlighting the professionalisation of management in government as a positive attribute of this reform. Consequently, NPM represents another viable reform option that could be embraced by MMM. Its objectives include improving the efficiency of public service delivery, promoting transparency and accountability, and enhancing professionalism. Additionally, NPM advocates for network governance, encouraging the participation of diverse stakeholders and citizens in decision-making processes. Overall, NPM embodies a broader ambition towards achieving good governance.

#### 5.4.2 Leadership evolution

The aforementioned recommendations must be implemented for MMM to improve its quality of governance and to achieve its mandate. Hanson-Agumbah (2022:56) asserts that effective governance change unequivocally requires long-term commitment and leadership from top executives. Therefore, this necessitates the organisation's transformation to accommodate changes. Transitioning an organisation and implementing changes require capable leaders, but not just any leader will suffice. MMM requires leaders with qualities such as transformational, democratic, adaptive and collaborative leadership styles to lead this transformation effectively.

According to Mokgolo, Mokgolo and Modiba (2012:2), transformational leadership theory posits that transformational leaders emerge more strongly and effectively during crises or times of uncertainty. Transformational leadership is described as a process where an individual forms connections with others to inspire and encourage "motivation and morality in both the leader and the follower" (Top, Akdere and Tarcan, 2015:1262). According to Choi (2007:245-246) a democratic leader prioritises collective involvement, dialogue, and collaborative decision-making. Such a leader concentrates on disseminating information and enriching the knowledge of group members, fostering greater dedication, higher morale, increased efficiency, and enhanced satisfaction among followers. Smith (2020:29) suggests that adaptive leadership involves mobilising individuals to address formidable challenges and prosper. Adaptive leaders understand that navigating change is intricate and that their duty is to facilitate change in a manner that encourages organisational prosperity. Maalouf (2018:140) asserts that collaborative leadership involves adopting the appropriate mindset, minimizing operational costs, looking beyond the confines of the organization, fostering unity, and sustaining the ability to interact effectively with others, while also adeptly managing conflicting perspectives.

What is common among the diverse leadership styles is their focus on fostering a culture of continuous improvement, teamwork, collaboration, and inclusive decision-making. They prioritise long-term sustainability, transparency, and building trust. These leadership qualities will collectively contribute to achieving good governance. Therefore, MMM should prioritise investing in building leadership capacity to empower and strengthen leaders. This would enable MMM to transition towards greater success and resilience.

It is also recommended that MMM should nominate and appoint leadership advocates to assist with change management and culture shift to promote effective leadership practices. It would be beneficial to use leadership advocates or champions as the early adopters of change to communicate change. It is further advised that MMM designate and appoint leadership advocates to aid in change management and cultural transformation to enhance effective leadership practices. Utilising leadership advocates or champions as the initial embracers of change can be advantageous in conveying the message of change. Hanson-Agumbah (2022:56) suggests that appointing "champions" for reform is an essential initial phase in establishing proficient leadership. Moreover, it is advised that these advocates include blue-collar workers who are directly involved in delivering services at grassroots

level. Kruyen and Sowa (2023:524) state that blue-collar workers frequently interact with citizens, either as part of their job duties or due to their presence in public areas. This engagement could be advantageous for MMM to boost efforts to improve governance.

#### 5.4.3 Morale of officials at MMM

Amidst the myriad challenges confronting MMM, it is imperative for it introduce a wellness programme designed to offer comprehensive support to its employees. This programme should prioritise the enhancement of mental and emotional well-being to effectively address work-related stressors that could potentially impact physical and familial health. Additionally, incorporating team-building sessions within this initiative could rejuvenate motivation levels, ultimately bolstering MMM's overall performance.

From the preceding discussion, it can be concluded that incorporating the recommendations discussed in Sections 5.3 and 5.4 will also rectify the deficiencies identified in the findings related to good governance metrics as detailed in Chapter 4, Section 4.5 and Section 5.2.2. These metrics include participation, rule of law, transparency, responsiveness, consensus orientation, equity and inclusiveness, effectiveness and efficiency, accountability, and strategic vision. Addressing these areas will positively impact and enhance good governance in MMM.

#### 5.5 Benefits and value of the study

This study highlighted the challenges that have led to poor governance in MMM, suggesting it could serve as a potential problem-solving endeavour for MMM. The recommendations target improvements and resolutions, potentially benefiting not only MMM but also other Local Government entities by providing best practices. It is anticipated that this initiative will raise awareness in leadership in government, enhance decision-making processes, resulting in improved service delivery; thereby fostering good governance which could assist MMM to regain its reputation, integrity and citizens' trust.

Successful implementation of the recommendations of the study would not only lead to improved service delivery within MMM and the Local Government sphere, but it would also contribute towards the realisation of the NDP 2030 goals, particularly in positioning South

Africa globally as outlined in Chapter 7 of the NDP 2030. This effort also aligns with the objective of building a capable and developmental state, as detailed in Chapter 13 of the NDP 2030.

The study further indicates that the policy issue is not only affecting MMM, but it is also a challenge across all three tiers of government, significantly impacting governance and service delivery. The findings suggest a need for policy review to enhance efficiency and collaboration.

The study, employing a desk-based approach, found numerous general studies on issues and challenges impacting governance in Local Government. However, there is a shortage of research specifically addressing challenges within MMM. This study will augment the existing knowledge base in governance by offering new perspectives. It will also prove advantageous to researchers and students as a valuable reference, while paving the way for further exploration and potential new research directions.

## 5.6 Accomplishments of the objectives of the study

The study identified the following three objectives:

- To explore the factors that contribute to poor governance at the MMM.  
This objective was fulfilled in Chapter 2 and 3, which extrapolated on the factors contributing to poor governance.
- To evaluate the existing governance challenges faced by MMM.  
The objective was covered by detailing governance challenges that contributed to poor governance in Chapter 2, Section 2.7, and those that specifically affected MMM were identified and discussed in depth in Chapter 3.
- To provide effective and efficient measures that can be implemented to improve the quality of good governance at MMM.  
To satisfy this objective, Chapter 4 discussed the findings of the study and Chapter 5 provided the recommendations aimed at assisting MMM to enhance good governance.

The preceding discussion indicates that the mentioned chapters thoroughly examined and tackled all three objectives while offering responses to the following research questions:

- What are the factors contributing to poor governance in MMM?
- What are the governance-related challenges faced by MMM?
- How can the Council of MMM be advised to address the current governance challenges through recommendations?

## 5.7 Conclusion

Chapter 5 indicated the correlation between the study and the fulfilment of the aim of the study, the objectives, and the research questions. In conclusion, it is noted that the research revealed that the governance challenges faced by MMM are not new. These are issues that MMM have been grappling with for years. Many of these challenges have persisted since MMM's inception as a Metro and have worsened over time, with their effects becoming increasingly prevalent. The Chapter also discussed the study's findings and recommendations.

For MMM to operate efficiently and fulfil its mandate of serving the community of Mangaung, and to promote good governance, it is essential that it addresses and resolves all the challenges that have been identified. MMM has faced interventions from National and Provincial Departments tasked with municipal oversight, including the current intervention, and has undergone a change in leadership that has not fostered stability. Ultimately, MMM's Council is responsible for overseeing the implementation and fulfillment of the Municipality's mandate. It is obligated to actively pursue improvements in the quality of governance within MMM. There must be a turning point for MMM to refocus on the commitments of the Constitution (1996) as a social compact between the state and the people. The repercussions of a fractured social compact are extensive, as evidenced by findings from the study, including diminished trust, violent service delivery protests, political instability, and weakened social cohesion. These issues contribute to economic stagnation, increased poverty, high unemployment, and inequality.

The takeover of state institutions, such as MMM, by political interests must be replaced by a commitment to professionalism and ethical governance. This approach will enhance transparency and accountability, with the primary focus on fulfilling the mandate of efficient service delivery and promoting good governance.

In conclusion, implementing the recommendations of this study will require concerted efforts from various stakeholders within MMM, and other stakeholders such as the National and Provincial Government, civil society organisations, community leaders, and the citizens of Mangaung. Therefore, the researcher emphasizes the critical importance of commitment and collaboration among all stakeholders in the governance ecosystem, as mentioned above. The journey toward improved governance is ongoing and demands continuous effort, resilience, attentiveness, and adaptability. If the governance challenges persists unabated, then the Municipality will likely experience dysfunctionality. The National Government may be expected to dissolve the Municipal Council and take over the governance function in the short to medium term.

The recommendations, if considered and implemented by MMM, will function as a catalyst for significant change in MMM and stimulate additional research and initiatives in the pursuit of good governance.

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