

# Leadership & Innovation

## The Key Capacity Areas of the Municipal Institutional Capacity Model (MICM)

Louis Scheepers

Saldanha Bay Municipality  
School of Public Leadership, University of Stellenbosch

### ABSTRACT

This article presents an outline of a presentation to the conference titled *The Strengthening of Constitutional Democracy* hosted by the Stellenbosch Good Governance Forum. The presentation highlights the two key areas of the Municipal Institutional Capacity Model (MICM), namely leadership and innovation. This is presented within the context of creating viable and sustainable municipalities in South Africa. The MICM and its construction are described and hereafter a discussion on the definition of leadership and innovation as well as the importance of these two capacity areas in the MICM is presented. The article is concluded with a section on the context of viability and sustainability in local government in South Africa.

### INTRODUCTION

The Municipal Institutional Capacity Model (MICM) has been developed as an outcome of a non-positivist, descriptive and explanatory qualitative study into the development of an institutional capacity model for municipalities in South Africa. The MICM can be used as a framework for the development of tools for the assessment of the institutional capacity of municipalities in South Africa.

In this article the two key areas of the MICM, namely leadership and innovation, is highlighted within the context of creating viable and sustainable municipalities in South Africa.

### BACKGROUND

South Africa can be defined as a constitutional democracy in which the Constitution of the Republic of South Africa, 1996 (Republic of South Africa, 1996, the Constitution) is supreme and the rule of law is applicable. A consequence of this statement of values found in sections 1 and 2 of the Constitution is that the duties, objectives and rights of local government are codified in a suite of legislation, beginning with the Constitution itself, and also including a range of other national, provincial and local government legislation. The Constitution places local government right in the centre of an ambitious programme aimed at eradicating developmental backlogs, reducing and ultimately doing away with poverty, implementing sustainable development and providing safe and secure environments (Mogale, 2003:227; Buhlungu & Atkinson, 2007:30).

Local government is an important component of the developmental state in South Africa and it can be argued that the success or failure of the system of local government and individual municipalities will impact on the success or failure of the South African

developmental state. This is confirmed by Koma (2010:113) who states that “a developmental state implies that municipalities assume a greater and significant role in economic and social development”. In South Africa, developmental local government is presented as a theoretical discourse for underpinning this important role for local government in the development context. A set of developmental ambitions lie at the centre of the South African local government system. These developmental ambitions have been codified in the White Paper on Local Government (Republic of South Africa, 1998), the Constitution and the suite of legislation applicable to local government in South Africa. Further, the discourse on the developmental state and developmental local government has developed into a theoretical framework that underlies the developmental ambitions of both the South African state and the importance of the system of local government in achieving these ambitions.

Notwithstanding the above constitutional and developmental intentions, and the increase in access to services to a big proportion of the population of South Africa (Ovens, 2013: slides 52–55), there seems to be widespread dissatisfaction with the quality and quantity of service delivery in many municipalities. According to Allan (2006: slide 6) the greatest challenge to the new system of local government is: “the ability to deliver services within the new system”. He further states that the ability of local government to meet service delivery expectations would hinge on two things, namely local capacity to deliver; and access to adequate resources. It is common course that the system of local government and individual municipalities are struggling to live up to the service delivery expectations of communities. Koma (2010:112) states in this regard: “[T]he performance of numerous municipalities across the country has thus far clearly demonstrated huge deficiencies in as far as the fulfilment of both their constitutional and legislative obligations is concerned.”

It might be assumed that the South African local government system is only experiencing strain and distress post the democratisation in 1994. This assumption would however not be correct as the following two extracts from Green, 1957:13–14<sup>1</sup> and Floyd, 1952: preface<sup>2</sup> respectively show:

*... irregularities and abuses attaching to the collection of taxes had had led to the recent dismissal and prosecution of the town treasurer, and to the suspension of the municipal comptroller and auditor. ... held out no hope of permanent improvement in the town's administration, financial or otherwise. Its members could not give sufficient attention to the day-to-day execution of municipal affairs, nor resist 'the effect of those corrupt or servile influences by which the interests of the public committed to their charge' had been compromised.*

*The great majority of people in South Africa have some vague idea that local government is not on a sound basis. Not fully understanding the present system they are at a loss as to what is wrong.*

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<sup>1</sup> This refers to a commission of inquiry that was established in 1826 into the judicial and civil administration of the Cape Colony.

<sup>2</sup> This refers to the state of local government described in a book by Floyd published circa 1952.

*Generally the tendency is to blame the councillors or the officials. The fault is sought with persons and not with systems.*

From the above it can be seen that local government in South Africa is faced by enduring challenges over many decades and centuries. Searching for solutions must take this into account and attempt to find lasting and sustainable solutions.

### **THE MUNICIPAL INSTITUTIONAL CAPACITY MODEL**

According to Gelderblom (2003:8), “the term ‘institution’ is often used to describe what sociologists call ‘formal organizations’”. These formal organisations include universities, municipalities, private corporations, hospitals, etc. This view is in agreement with that of Brinkerhoff (1994:137) who posits that the ‘institution’ is a general term that ranges in meaning from, on the one hand, being defined as a set of lasting rules or arrangements of behaviour underpinned by societal norms and values, and on the other “as systematized patterns of roles, in short, as organizations, that is formal collectivities that coordinate the actions of groups of individuals to achieve specified goals... This definition is frequently narrowed to those organizations located in the public sector: ministries, parastatals, agencies, commissions, etc.” The *Concise Oxford English Dictionary* (2009:486) defines institution similarly, as “an important organization or public body”.

The concept ‘capacity’, like most concepts in the social sciences, does not lend itself to a generally agreed upon definition. Instead, the definition employed is often based on the social science disciplines of sociology, political science, economics, etc., that the user of the concept is schooled in. These social science disciplines also place emphasis on different aspects and components of the respective concepts (European Commission, 2005:6).

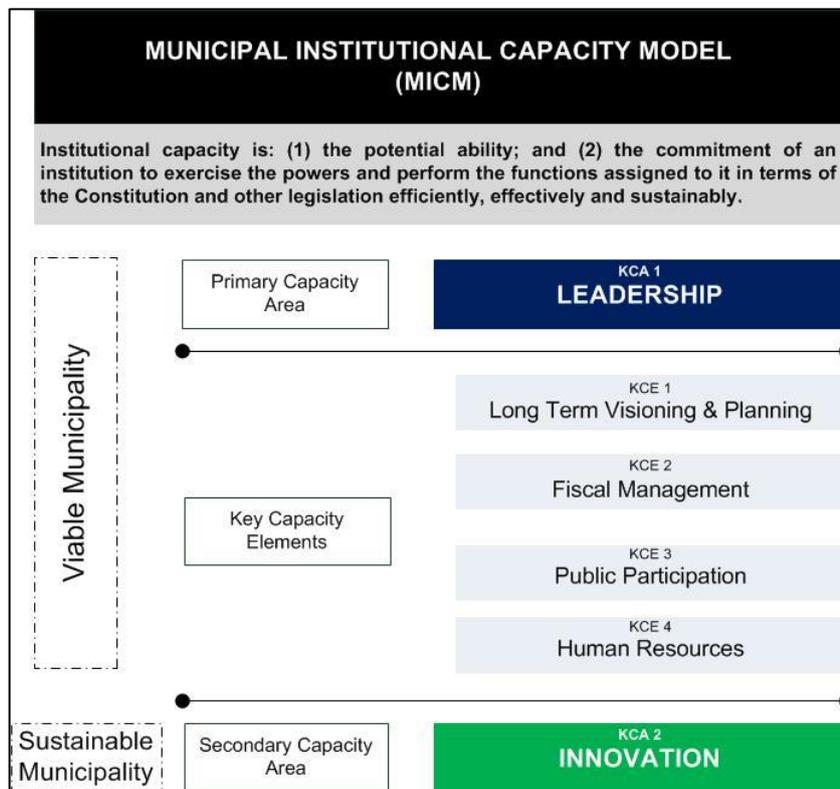
Ability seems to be the common concept found in most definitions of capacity. This cannot be faulted, as capacity, in real terms, has to do with the execution of tasks, functions, powers or other actions. Being able to do what is required is a key part of having the capacity to do what is required. There is, however, in our view, another key element that seems to be missed in most of the existing definitions of capacity found in the literature. This element is the commitment to do something, often referred to as political commitment. This element can often be influenced by a collective commitment or lack thereof by a group of people or influential individuals. Examples of this are the commitment of political office bearers to facilitate public participation, the commitment of management teams to improve efficiency or the commitment by organised labour to improve productivity.

Based on the literature consulted institutional capacity is defined in the study as: (1) the potential ability; and (2) the commitment of an institution to exercise the powers and perform the functions assigned to it in terms of the Constitution and other legislation efficiently, effectively and sustainably.

The MICM is a theoretical model dealing with ‘what’ local governments should do on the one hand, and ‘how’ they should do it on the other. It, the MICM, is concerned with the

potential of municipalities, based on their institutional capacity elements, to perform the functions and powers allocated to them in terms of the Constitution and other legislation. The model attempts to determine the viability as well as the sustainability of municipalities, enabled by their natural, social and environmental endowments and their institutional capacity (leadership & innovation; long term visioning & planning; revenue; public participation; and human resources) to perform their constitutional mandate.

The model is constructed as three sections consisting of two capacity areas, namely a primary capacity area (leadership) and a secondary capacity area (innovation); and a set of four key institutional capacity elements, namely, (1) long-term visioning & planning; (2) fiscal management; (3) public participation; and (4) human resources. The model should be read in sequence, namely the primary capacity areas and key institutional capacity elements representing a viable municipality, and when the secondary capacity area is added, the basis for sustainability is laid. It can be graphically depicted as follows:



**Figure 1: The Municipal Institutional Capacity Model**

### **THE KEY CAPACITY AREAS OF THE MICM**

Bass (quoted in Den Hartog & Koopman, 2011:168) and Schwella (2013:69) aver that the study of leadership is as old as the emergence of civilisation and that civilisation shaped its leaders as much as civilisations were shaped by their leaders. This also holds true for local government in South Africa. Like most concepts in the social sciences both leadership and innovation do not lend themselves easily to definition. In respect of 'leadership' Gill (2011:3) notes that "the burgeoning leadership literature ranges from highly cerebral academic research studies and scholarly treatises that few if any actual leaders will read to idiosyncratic

personal prescriptions by self-acclaimed paragons of virtuous leadership of how to be an outstanding leader at the ‘popular’ end of the spectrum”.

Leadership and innovation are closely related to each other, as the one is nearly impossible without the other. According to Selman (2002:1):

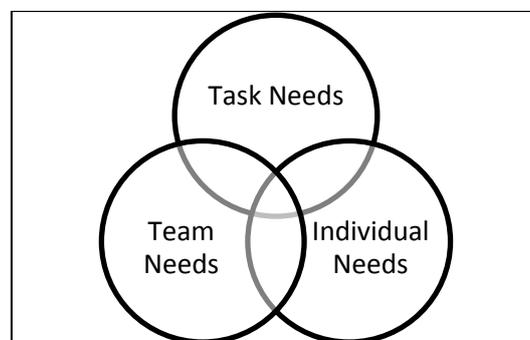
*Innovation and leadership are closely related. Leadership always has some focus on bringing about a better future. In this sense, leaders are necessarily innovators. We would not normally consider a spectator of the status quo to be a leader.*

### **Leadership as Key Capacity Area in the MICM**

Schwella (2013:69) notes five approaches to leadership, namely, (1) the traits approach, (2) behavioural approach, (3) situational or contingency approach, (4) transformational or new charismatic approach, and (5) the social learning approach. He further identifies the specific contextual realities of public sector leadership as, inter alia, including the following:

- Public leadership takes place within the social political system creating the need to understand and work with political processes and role players. The status and motivation of political role players are not the same as those of board members of any company.
- Public leaders have to work with public pressure and protest. In the public domain, these matters are necessary for functional democratic purposes and are not signs of something that might have gone wrong as they may be interpreted in the private sector context.
- Public leaders should actively pursue a sense of democratic public accountability where openness is not only tolerated or accepted, but actively encouraged.

The leadership area of the MICM is also fashioned on the model presented by Adair and Thomas (2004:118–130). This model is premised on the overlap of three ‘needs’ and is presented as follows:



**Figure 2: The Task, Team & Individual Needs overlap presented by Adair and Thomas.**

(Source: Adair & Thomas, 2004:125)

Adair and Thomas further identify seven qualities of leadership, and these qualities underpin the leadership element in the MICM. These leadership qualities are:

**Table 1: Seven qualities of leadership identified by Adair and Thomas**

<i>Seven qualities of leadership</i>		
1	<b>Enthusiasm:</b>	<i>Try naming a leader without it!</i>
2	<b>Integrity:</b>	<i>Meaning both personal wholeness and sticking to values outside yourself, primarily goodness and truth – this quality makes people trust a leader</i>
3	<b>Toughness:</b>	<i>Demanding, with high standards, resilient, tenacious and with the aim of being respected (not necessarily popular)</i>
4	<b>Fairness:</b>	<i>Impartial, rewarding / penalising performance without ‘favourites’, treating individuals differently but equally</i>
5	<b>Warmth:</b>	<i>The heart as well as the mind being engaged, loving what is being done and caring for people – cold fish do not make good leaders</i>
6	<b>Humility:</b>	<i>The opposite of arrogance, being a listener and without an overwhelming ego</i>
7	<b>Confidence:</b>	<i>Not over-confidence (which leads to arrogance), but with self-confidence which people know whether you have or have not got it</i>

(Source: Adair & Thomas, 2004:121)

It is almost without question that leadership is an important, if not the most important, area when designing an institutional capacity model. Leadership, in the contexts of municipalities functioning under the developmental local government paradigm, is the key capacity area that will influence whether a municipality is viable and ultimately sustainable.

### **Innovation as Key Capacity Area in the MICM**

O’Sullivan and Dooley (2008:4) make interesting observations on the definition of the term ‘innovation’. They equally are of the view that the term is difficult to define and in fact opine “the term is often poorly understood and can be sometimes confused with related terms such as change, invention, design, and creativity”. They quote the definition provided in the 1998 edition of the *New Oxford Dictionary of English* which simply defines innovation as “making changes to something established by introducing something new”, and take this basic definition and expand it through various steps to eventually conclude with the following definition:

*Applying innovation is the application of practical tools and techniques that make changes, large and small, to products, processes, and services that result in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization.*

Innovation thus adds value and is not only about change, but in fact, change for the better. This view is also supported by Selman (2002:2).

Innovation, even though more prevalent in the private sector, can also be found in the public sector (Borins, 2002:467; O’Sullivan & Dooley, 2008:4; Hughes, Moore & Kataria, 2011:4). However, according to Borins (ibid.), conventional wisdom holds that public sector innovation is a “virtual oxymoron”. Borins lists four reasons why this is so. These reasons are: (1) according to public choice theory, public sector agencies are usually monopolies and therefore experience no competitive pressure to innovate; (2) the interest of the media, opposition parties and the public in exposing public sector failures (also known as management in a fishbowl) forms a prevailing inhibition to innovation; (3) the drive to minimise corruption and ensure due process serves as a barrier to innovation; and (4) the observation by organisational sociologists that public sector organisations are usually large bureaucracies that are structured to perform their core tasks with stability and consistency, and, in doing so, resist change or disruption of these tasks.

Notwithstanding the above barriers to innovation, the context within which local government in South Africa finds itself, makes innovation a key component of any effort aimed at improving the capacity of individual municipalities and the system of local government as a whole. Even though the state and other role players have committed substantial resources to building local government capacity, developmental challenges in local government persist (see sub-section 1.2 above). Innovation is a key element that will assist in building sustainable capacity in South Africa’s 278 municipalities.

## **CREATING VIABLE AND SUSTAINABLE MUNICIPALITIES**

The Constitution determines that municipalities must strive, within their financial and administrative capacity, to achieve the objects of local government set out in subsection 152(1), namely:

- *To provide democratic and accountable government for local communities;*
- *To ensure the provision of services to communities in a sustainable manner;*
- *To promote social and economic development;*
- *To promote a safe and healthy environment; and*
- *To encourage the involvement of communities and community organisations in the matters of local government.*

It is trite to say that in order for municipalities to achieve the above objects they have to be viable in the short term and sustainable in the medium - long term. Viability and sustainability can be defined as follows:

- **Viability** = the ability of a municipality, enabled by its natural, social and environmental endowments and their institutional capacity (leadership & innovation; long term visioning & planning; revenue; public participation; and human resources) to perform their constitutional mandate in the short term; and

- **Sustainability** = the ability of a municipality to sustain and improve its performance over an extended period of time through protecting and enhancing its natural, social and environmental endowments and their institutional capacity (leadership & innovation; long term visioning & planning; revenue; public participation; and human resources) to perform their constitutional mandate in the medium - long term.

In the context of the MICM leadership as primary capacity area require leadership competencies such as enthusiasm, integrity, toughness, fairness, warmth, humility and confidence. In respect of innovation, it has to be determined whether the municipality understands the nature of the fast-changing technological, social, economic, political and natural environments that it is exposed to and whether it is prepared to consider new ways of meeting the challenges posed by these fast changing environments, notwithstanding the constitutional and legislative strictures that bind it. This requires that municipalities: (1) identify the importance of innovation, (2) develop strategies to integrate innovation into their operations, and (3) implement those strategies.

## CONCLUSION

This article highlighted the two key areas of the MICM, namely leadership and innovation. This is presented within the context of creating viable and sustainable municipalities in South Africa.

The MICM is a theoretical model dealing with ‘what’ local governments should do on the one hand, and ‘how’ they should do it on the other. It is constructed as three sections consisting of two capacity areas, namely a primary capacity area (leadership) and a secondary capacity area (innovation); and a set of four key institutional capacity elements, namely, (1) long-term visioning & planning; (2) fiscal management; (3) public participation; and (4) human resources.

The MICM can serve as a framework to:

- develop tools to predict the likely performance of municipalities in South Africa, given their institutional capacity,
- improve this performance towards the ideals of effective and ethical local governance in accordance with South African constitutional ideals, the NDP aspirations and the tenets of a successful constitutional democracy and capacitated developmental state

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