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# Editorial Perspectives

## Improving sustainable public governance in public organisations – Selected theories, practices and strategies

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### INTRODUCTION

The first article in this issue provides a conceptual analysis of the literature on evaluation within a systems perspective. The second article focuses on conflict – especially its role and place within the labour relationship. It is every organisation’s duty to find, implement and maintain ways of improving performance. Importantly, these changes should conform to an organisation’s culture and priorities, while meeting internal and external demands. The third article deals with strategies to improve performance in order to minimise the effect of these demands. The fourth article aims to evaluate the impact of cost-saving measures on service quality in the State health sector. In the fifth article a theoretical assessment and case experiences are utilised to develop an appraisal framework for the sustainability of non-governmental organisations (NGOs). The purpose of the sixth article is to review previous thoughts on public participation and citizen involvement within the United States and Nigeria in order to enhance normative and empirical social theory from a cross-cultural perspective. The seventh article follows up on the participation agenda and explores participatory service delivery processes with reference to the rural-urban divide in South African municipalities. The article highlights notable rural-urban disparities and warns against a “one-size-fits-all” approach to participatory Local Government planning. The eighth article provides insight into promoting a culture of an engaged workforce. The author argues that the South African Public Service can gain a competitive advantage through employee engagement. The ninth article focuses on the democratisation of organisations from a learning organisations’ perspective in the public sector.

## **Outcomes-based evaluation within a systems perspective: Moving beyond a theory-of-change to system change reform in public governance**

Outcomes-based evaluation has its roots in systems theory. One common conclusion of scientific inquiry is that the world is a complex place to study. Scientists use simplified versions of reality, known as a system, to help them understand these complexities. Therefore, systems-thinking evaluation helps scientists to see the “bigger picture” in context, as they are able to analyse the situation systemically (Schurink 2010).

Willem and Evanthe Schurink’s article, **“Outcomes-based evaluation within a systems perspective: Moving beyond a theory-of-change to system change reform in public governance”**, aims to open-up the possibilities of seeing the public governance field from a holistic systems perspective. This could help evaluators and programme developers to deal with the symptoms of governance-related problems. More importantly, it could help address the underlying causes of these problems.

According to Schurink and Schurink (2010), the ‘reductionist’ evaluation method has become entrenched in our society. Nonetheless, many researchers today are of the opinion that this linear evaluation model does not fit the needs of a democratic society, as set out in Agenda 21. They also feel that human behaviour is too complicated to be explained or changed in a linear fashion. Therefore, a comprehensive approach is needed to evaluate and change total public governance systems. Ultimately, this will help address lingering social problems. Furthermore, despite the benefits of using outcomes-based evaluation, little progress has been made in successfully addressing the social problems that beseech the South African society. In fact, politicians, the media and professional and academic journals have given considerable exposure to the social ills suffered over the past 10 years. Thus far, evaluation studies have only been helpful in raising awareness about the severity of the problems poor communities face. However, they have done little to bring about positive community change (Auspos and Kubisch 2004 in Schurink and Schurink 2010). The prevailing belief that accumulating good evidence on programme development and evaluation will produce changes in communities did not render the expected results.

Systems theory helps researchers to identify various points from which change could be affected within the particular system. Consistent with systems philosophy, a systems thinking approach promotes the understanding of a complicated structure by examining the linkages and interactions between the elements that form part of the system as a whole ([http://learningforsustainability.net/research/systems\\_thinking.php](http://learningforsustainability.net/research/systems_thinking.php) in Schurink and Schurink 2010).

Systems thinking could provide a mechanism to address the conventional division between policy-makers (and their theorising) and practitioners. Within a holistic systems evaluation framework, theorists and practitioners could collect data in a consistent and coherent fashion. Ultimately, this could contribute to successful human performance within many contexts (Bichelmeyer and Horvitz in Schurink and Schurink 2010). A systems approach to research and evaluation could be used to fast-track community development and effective service delivery. The challenge is to organise research endeavours in such a way that they provide practitioners with immediate benefits and also develop a cumulative body of knowledge to enable community-based change. We urgently need to blend practitioner knowledge with social science and empirical research. The ability to systemise knowledge will be a key factor to address the problems experienced within the public governance sector (Auspos and Kubisch in Schurink and Schurink 2010).

Governments should ask themselves if they are meeting contemporary society's needs – more specifically whether they are creating a participative, deliberative democracy that engages stakeholders (Hanberger 2006 cited in Schurink and Schurink 2010). Furthermore, governments should realise that the principal-evaluation model that has been taken for granted no longer fits the model for a participative democracy (Donaldson, Hartley, Skelcher and Wallace 2008 cited in Schurink and Schurink 2010). Therefore, systems evaluation enables public administration system evaluators to not only look at the “bigger picture”, but also to design programmes conceptually by reflecting on the entire system. Furthermore, evaluators are able to gain insight into the interconnections or relationships between the different parts. By looking at social problems as systems – and by seeking systems-integrated solutions – evaluators will be able to see further than the individual trees and learn to appreciate the forest (Schurink and Schurink 2010).

## **An overview of South African labour relations: The facilitation of conflict in practice**

In South Africa, social partners, Government, employers and employees cooperate to promote economic stability and industrial peace. Within this cooperative environment, collective bargaining, consultation and fair and simplified procedures help facilitate conflict. New structures to facilitate conflict, as well as the principles of equity, fairness, reasonableness, non-discrimination and simple justice are now incorporated as law. New labour legislation was put in place due to distrust between parties with regard to the labour relationship, as well as the demands to redress wage and skill inequities that were brought about by the country's previous labour policies.

Gera Ferreira's article, **"An overview of South African labour relations: The facilitation of conflict in practice"**, aims to provide an overview of the rules, regulations and challenges with regard to facilitating conflict in the South African labour environment. This involves explaining, understanding and showing respect for the other party's position with the labour relationship. Whether conflict is approached in a non-confrontational manner, such as avoidance, withdrawal or suppression, or through confrontation by means of joint decision-making, bargaining or compromise, it will determine the climate of the labour environment within the workplace.

Ferreira (2010) states that ideally, a win-win situation should be sought to resolve the conflict. Negotiations are undertaken where one party involved in the conflict perceives the other party as enjoying a position of power.

The purpose of the labour laws enacted in South Africa is to create a spirit of industrial democracy. Notably, they encourage production and labour peace through greater understanding and joint decision-making. Collective bargaining as a mechanism to facilitate conflict is the central objective of modern labour relations. The South African *Constitution* of 1996 gives every trade union, employers' organisation and employer the right to bargain collectively. The role and abilities of the parties to the labour relationship have been whittled down by statutory intervention. *The Constitution of the Republic of South Africa Act, 1996* and the *Labour Relations Act 66, 1995* provided the basis for most of the labour developments in South Africa (Ferreira 2010). Through the facilitation of conflict in the employer-employee relationship, the dynamics of this collective bargaining mechanism becomes a question of demand and concession, while the objective is agreement. Conflict is common in the labour relationship and is not undesirable. Often, conflict serves as a necessary and functional catalyst to prevent stagnation in the workplace. Management and employees should cooperate in order to address this complex process. Both parties should agree to the fact that they have mutual interests, as well as conflicting interests and needs.

It is therefore essential to identify the power dynamics in the labour relationship, as well as its effect on relative positions of strength of the parties to the relationship. These dynamics, along with a party's role and place in the tripartite relationship between Government, employers and employees, are a substructure of the South African socio-economic environment as a whole.

## **Improving performance in the public sector: Strategies for consideration**

Within any state, improved living standards and socio-political stability are closely connected to government performance. Infrastructure-based capacity building and gaining the necessary knowledge are regarded as prerequisites

for improved performance. Notably, performance enhancement initiatives aim to improve the effectiveness and efficiency of service delivery, as well as the legitimacy of public institutions. Among other things, inefficient performance is caused by outdated performance strategies. Weak performance by governments can be observed in poor service delivery to the public.

In this article “**Improving performance in the public sector: Strategies for consideration**”, Frederick Uys addresses various aspects of public sector performance. This includes the factors that complicate performance enhancement, performance from public officials demanding better performance, as well as selected strategies that can be considered to improve performance within the public sector. According to Uys (2010), the New Public Management approach for better performance within the public sector has been considered a solution. However, it seems to have less promising results in terms of performance enhancement.

Specific strategies can be considered to minimise the effect of the demands that performance enhancement present. According to Uys (2010), valid, reliable procedures should be used to measure performance. Furthermore, the problems related to performance measurement need to be understood to avoid its dysfunctional effects. Uys (2010) also notes that organisations can adopt an improved systems approach: For example, in the cases where improved managerial practices are applied, the inputs of a diverse range of internal and external parties are accommodated. According to the author, these consultative measures can contribute to improved performance.

Following this, Uys (2010) argues for an integrated approach that requires the co-ordinated management of short-term and long-term governmental performance and in-service implementation. The interdependence between organisations’ internal and external environments should be based on a contract and performance review process that is mutually agreed upon (Uys 2010).

Uys (2010) also states that micro-management requires that the management orientation of public managers in public institutions should be determined. An interim manager can be appointed to address these managerial shortcomings within the public sector. Uys (2010) adds that attention should also be paid to the work process by using statistics, monitoring work functioning, recognising workers who take ownership and by delegating functions.

## **Cost-saving and service quality: A case study in the state health sector**

In their article “**Cost saving and service quality: A case study in the state health sector**”, H.R. Lloyd and M.S.F. Van Rayner state that cost-saving initiatives often require certain changes within an organisation. In the event of such changes,

the psychological contract is often violated. Notably, this may have a positive or negative effect on the affected individuals (Lloyd and Van Rayner 2010).

Lloyd and Van Rayner (2010) notes that in June 1999 the South African Institute for Medical Research underwent a transformation process to unite the fragmented public health services. The objective was to avoid the duplication of services, thus ensuring cost efficiency and eliminating wastage. In 2000, Microbiology laboratories and Haematology departments at the main hospitals also merged. The rationale behind this merger was to save costs and to centralise more expensive tests. During – and after – the transformation process, many key people left the organisation. They either took early retirement packages or left to find employment at private pathology laboratories. This led to a major staff shortage and remaining staff was subsequently left with a heavier workload and had to work overtime.

The country's current shortage of medical technologists has made it impossible for them to cope with the heavy workload. As a result, many leave the profession and venture into completely different careers. The remaining staff members become completely demotivated; they experience reduced job satisfaction and show less commitment to their work. However, some embrace the changes and hope change may bring about new opportunities.

In the article, the authors identify the cost-saving approaches management implemented. Furthermore, they investigate how these approaches influenced employee behaviour within the State Health Sector, with specific reference to the National Health Laboratory Services in the Nelson Mandela Bay Metro.

They concluded that: Firstly, employee perception of fairness differs. Their research has shown that the most experienced people feel that they have not been treated fairly with regard to their job performance. Secondly, the authors' research has shown that most employees feel that they can easily take their skills to another organisation. To avoid this, it is recommended that management encourage employees to become involved in various projects. This approach can be used as a way of retaining employees, thus keeping the skills within the organisation. Thirdly, any changes that affect employees must always be communicated to them in a timely manner. It is recommended that management use good two-way communication as a valuable tool to elicit feedback from employees. In doing this, staff will feel valued and job satisfaction will increase. Ultimately, this will renew trust in management.

## **An appraisal framework for the sustainability of Non-Governmental Organisations**

In her article, **“An appraisal framework for the sustainability of Non-Governmental Organisations”**, Rozenda Hendrickse supports an appraisal

framework to ensure the sustainability of non-governmental organisations (NGOs). In the article, theoretical assessment and case experiences are used to develop an appraisal instrument. This appraisal instrument was custom-designed for the South African NGO sector in particular. In the article, groups that are identified as potential users are advised on how to utilise the framework. A theoretical analysis of existing literature on governance and the financial sustainability of NGOs have revealed that there is no generally agreed-upon appraisal framework for assessing the long-term sustainability of NGOs. However, a number of NGO stakeholders would benefit from this type of framework. According to Hendrickse (2010), in terms of sustainability, it is particularly necessary to assess an NGO's legal status, its leadership capacity, the roles and responsibilities of the executive management, the role the NGO board plays in its governance processes, as well as the extent to which principles of good governance are practiced within the organisation.

These key criteria have proven to be the most important in the governance endeavours of NGOs. It is also important to assess NGO funding. For this reason, self-financing strategies and practices should be appraised. Furthermore, it has become imperative that fundraising strategies, good practices in financial management and financial control mechanisms be assessed. According to the author, these key aspects have proven to impact on the organisation's financial sustainability (Hendrickse 2010).

## **Observing Citizen Participation Practices in Federal States: Contrasts between the United States and the Federal Republic of Nigeria**

Democratic governance is characterised by a viable civil society that is able to keep a check on governmental activities in order to help improve the quality of life for its citizens. Charles Sampson and Isioma Ile's article, "**Observing Citizen Participation Practices in Federal States: Contrasts Between the United States and the Federal Republic of Nigeria**", reports on two federal-democratic societies located on different continents and whose constitutions are committed to citizen-based governance, but whose practices may call that commitment into question. These two societies vary greatly from a cultural perspective, the length of time they have been formally committed to democratic governance, constitutional arrangements designed to foster bureaucratic citizen-related consultation, as well as different experiences in their attempts to refine their practices. Nevertheless, both countries need to evaluate and refine participatory practices on a continuous basis (Sampson and Ile 2010). Using experiences from modern cities in the US and the Ogba community in Nigeria as examples, participatory practices are analysed, critiqued and insights are presented.

According to Sampson and Ile (2010), there are also significant similarities between the two states. Both strive towards balanced representation, are engaged in efforts to secure politically neutral competence and desire effective leadership.

## **Participatory service delivery processes with reference to the rural-urban divide of South Africa's municipalities**

On the other hand, Betty Mubangizi's article reviews citizen participation in the context of "**Participatory service delivery processes with reference to the rural-urban divide of South Africa's municipalities**". The author reviews public participation within South Africa's Local Government development planning framework, referred to as the Integrated Development Plan (IDP). Mubangizi highlights the policy and legislative framework that informs public participation and emphasises the implicit contradictions that prevail. The article draws on the theoretical underpinnings of public participation. Moreover, selected cases in the country are used as examples to explore the opportunities and challenges that emerge in terms of applying the legislation. The article compares aspects of public participation in rural and urban municipalities and argues that participatory Local Government planning processes hold great potential to promote sustainable livelihoods. Mubangizi (2010) points out that the process requires political will in order to succeed. Furthermore Local Government staff needs the necessary technical knowledge and trusted community-based structures.

Mubangizi focuses on developmental management in terms of administrative reform within the public service. Although there are various definitions, administrative reform is based on the following key cornerstones: planned changes to current bureaucratic structures, innovative ways for the State to function, as well as improved efficiency and effectiveness within the public service (World Bank 1983 in Mubangizi). The author also states that, although a range of administrative reform strategies have been advanced, public participation is particularly crucial to the success of administrative reform. Through participation, the public acts as a forerunner to administrative reform strategies, such as accountability, governance and partnerships.

This links up with the aforementioned article by Sampson and Ile, who state that public participation processes have four major components: the issue or situation; the administrative structures, systems, and processes within which participation takes place; the administrators; and the citizens. According to them (Sampson and Ile 2010), participation efforts are currently framed in such a manner that these components are arrayed around the issue. Notably, the citizen is placed the furthest away from key administrative structures and

processes. Furthermore, Sampson and Ile (2010) argue that the true power lies with the administrator who can either be an expert technician/manager or a citizen collaborator. The authors point out that the administrative process can be static, closed, or invisible on one hand, or dynamic, visible, or deliberative on the other. Therefore, the output can focus on a timeline for a decision or a process that garners citizen approval or buy-in (Sampson and Ile 2010). In most instances, managerial efficiency is more valued than an all-inclusive process.

From another perspective, Mubangizi's article argues that sustainable service delivery requires the involvement of various stakeholders and role-players in Public service beneficiaries ought to participate in policy-making, as well as in the implementation and evaluation of all service delivery strategies. Such participation is expected to bring together locally available resources, experiences, creativity and energy from a diversity of partners and stakeholders.

According to Mubangizi (2010), decentralisation and creating Local Government units pre-empt certain changes with regard to public participation. In South Africa, decentralisation has not only brought Government closer to its people, it has also created space for participation within the Local Government sphere. As such, it has greatly improved the chances of accelerating service delivery and promoting sustainable livelihoods. However, Mubangizi (2010) is of the opinion that not all citizens within Local Government units have benefited from decentralisation in equal measure. In similar vein, some authors have warned against the "dangers of localism". Furthermore, certain Local Governments lack the necessary resources to meet their objectives due to inadequate support from Central Government (Mubangizi 2010).

South Africa's rural-urban divide becomes prominent when one looks at different municipalities' ability to encourage participatory processes that promote good governance and sustainable livelihoods in a meaningful way. Thus, contrary to what proponents of decentralisation advocate, rural areas and poorly resourced municipalities have not exhaustively reaped the benefits of decentralisation. Among others, one of the key benefits of decentralisation remains promoting citizen participation in Local Government affairs to ensure sustainable service delivery.

## **Promoting a culture of employee engagement for effective service delivery within the South African public service**

In her article, "**Promoting a culture of employee engagement for effective service delivery in the South African public service**", Vasi Govender states that South African public service organisations face the challenge of promoting a culture of employee engagement if they want the diverse workforce to

succeed in reaching its full potential, thereby enhancing service delivery. This requires a systematic and multi-level approach to promote and sustain a culture of employee engagement. Notably, managers, organisational systems and employees need to make a concerted – and coordinated – effort to build an engaged public service workforce. Understanding the notion and concept of employee engagement provides managers and other stakeholders within the public service with the skills to develop best practices. In doing this, they are able to sustain the process of employee engagement.

Her article explores the appropriate skills, behaviour and actions managers require in order to strengthen engagement efforts. Furthermore, she presents various ideas and debates around what constitutes an “engaged” workforce. The article argues that public service managers must fully understand the key drivers of employee engagement. For Govender (2010), the interpretative models of employee engagement illustrate the key drivers of employee engagement. Moreover, they highlight also the extent employees value these drivers, as well as what connects employees to the organisation. The article also contextualises and describes employee engagement from a systems perspective. Importantly, emphasis is placed on the “multiplier effect”. From a systems perspective, the multiplier effect comprises three areas, namely the fundamental role of leadership, as well as employee and organisational input. Furthermore, the article highlights the integrative relationship between the employer, employee and organisational components in creating and promoting a culture of employee engagement.

## **Towards learning organisations in the public sector: The democratisation of organisations through learning**

Public sector organisations operate within, and are influenced by, a changing, multi-dimensional environment. For this reason, they cannot remain static in the way in which services and products are rendered. In keeping with transformational imperatives, public sector organisations in South Africa should continuously strive to improve their knowledge, competence, creativity and innovation in responding to citizens’ needs. This integrative approach will help these organisations to become more productive and/or to provide improved services. *Learning* is an important way for organisations to become relevant and successful – particularly where the focus is on transformation and sustainable service delivery (Penceliah 2010).

Yogi Penceliah’s article, “**Towards learning organisations in the public sector: The democratisation of organisations through learning**”, argues that organisations can only become efficient and effective if there is conscious and continuous learning. Organisations are increasingly being challenged to leverage

learning. Ultimately, knowledge creation and continuous learning may be the only way to ensure sustainable competitive advantage at both an individual and organisational level. In this article, learning is seen as the key to making organisations more democratic and more responsive to change. Furthermore, learning is regarded as catalyst for creating organisations where individuals can grow and develop. In addition, an organisation's workforce is regarded, as a driving force of social change. Therefore, individuals should not be mere passive bystanders who are constrained by their organisational settings. In this regard, the article asserts that, while individuals generally have the propensity and capability to learn, the structures and organisational climate in which they function need to be conducive to reflection and engagement (Penceliah 2010).

The article also argues that the bureaucratic nature of public sector organisations may pose challenges in terms of adherence to guidelines and regulations. However, the notion of "learning organisations" can only be realised in the public sector if the higher echelons of the organisation champion this worthy cause. For learning to be effective, high-ranking role-players should envision the relationship between learning, improved performance and effective service delivery through organisational democratisation (Penceliah 2010).

## CONCLUSION

This issue of *Administratio Publica* integrates the theoretical development and empirical findings from authors' research on the dimensions and impact of legislation, as well as policies and strategies aimed at improving sustainable service delivery in countries and organisations.

Governments should ask themselves whether they are meeting the needs of contemporary society – more specifically those of sustainable good governance. The challenge is to organise research endeavours in such a way that they provide practitioners with immediate benefits, while simultaneously developing a cumulative body of knowledge to enable public organisational-based change. This issue blends practitioner knowledge with social science and normative and empirical research in order to address governance problems public sector organisations experience.

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# **Outcomes-based evaluation within a systems perspective**

## **Moving beyond a theory-of-change to system change reform in public governance**

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### **ABSTRACT**

The 'reductionist' evaluation method has become entrenched in our society. Yet many researchers today are of the opinion that this linear evaluation model does not fit the needs of a democratic society, as set out in Agenda 21. They also feel that human behaviour is too complicated to be explained or changed in a linear fashion. What is needed to address our lingering social problems is a comprehensive approach to evaluate and change total public governance systems. The main aim of this article is to open-up the possibilities of seeing the public administration and governance fields in a holistic systems perspective that could help evaluators and programme developers to not only deal with the symptoms of the problems but to address the underlying causes of governance problems.

The article is mainly based on a conceptual analysis of the literature on evaluation within a systems perspective. The focus is on the presentation of a clear understanding of the use of systems analysis as a conceptual evaluation device rather than on the stance of systems evaluation in social research. We hope that this article could help evaluators in the public governance field, who see evaluation as a linear cause-and-effect affair, to deepen their understanding of the role that a holistic systems approach could play in addressing the needs of democratic societies.

## INTRODUCTION

The quantitative-qualitative paradigm debate in evaluation research is not only prominent and persistent but also characterised by enormous diversity. This has resulted in a great deal of controversy among scholars regarding the meaning of the concept “programme evaluation”. Evaluation research is many things to many people. Patton (2008:31-32) states:

“All this ferment means that evaluation has become a many-splendored thing – a rich tapestry of models, methods, issues, approaches, variations, definitions jargon, concepts, theories and practices. And therein lays the rub. How does one sort through the many competing and contradictory messages about how to conduct evaluations”?

Various attempts have been made to classify evaluation methods. Although these attempts were aimed at simplifying the confusing array of available methods they tend to confuse our understanding of the evaluation field even further. It is necessary to look into the historical background of evaluation research in order to gain a better understanding of what evaluation entails.

Evaluative thinking in human affairs is as old as mankind itself. Throughout the ages there was a strong belief that the social sciences and humanities have an important role to play in changing and bettering human conditions. Although evaluation methods have been used for ages, it was not until the end of the 1950s that evaluation became a more formal and systematic method and social research became part of the evaluation processes. These processes were mainly aimed at assessing the workings of government with the common goal of improving society (Donaldson, Christie & Mark 2009:3).

The 1960's vision of the experimenting society emphasised rational decision-making and randomized experiments that focused on bias control and validity. This represented one of the most important methodological breakthroughs in applied research<sup>1</sup> and evaluation. The assumption made by this movement led by Donald T. Campbell was that humankind could be moved towards the “good life” by implementing social reforms that was underpinned by experimental research and evaluation (Donaldson, Christie & Mark 2009:3). This type of evaluation emphasised the importance of quantifiable research outcomes rather than the process.

However community-based programmes dealing with human beings did not easily lend themselves to this laboratory type of evaluation. The main reason for this is that the criteria needed to conduct these evaluations limit their usefulness to primarily, single-intervention programmes in fairly controlled environments. The natural science research model is therefore ill

equipped to help us understand complex, comprehensive and collaborative community initiatives (WK Kellogg Foundation 1998). Due to this mismatch between experimental theory and programme reality the experimenting society did not stand the test of time. Thirty years down the road, evaluation studies reveal little improvement in service delivery – despite the billions of dollars spent (Patton 2008). The result is that public scepticism has grown to such an extent that it was widely believed that “nothing works”. In an effort to counteract failed programmes citizens placed an even higher demand on accountable intervention programmes. The resultant movement led the way for performance monitoring and more rigorous evaluation of service delivery programmes (Rossi, Lipsey and Freeman 2004).

The new vision for utopia seems to require broadening Campbell’s vision from “experimenting” to an “evidence based society” (Donaldson, Christie and Mark 2009:3). As a result, donors demanded that every practitioner should become an evaluator doing applied research to get programme funds. Consequently, applied research dominated the evaluation scene over the past thirty years.

Unfortunately, this focus on applied research impacted heavily on the funds available for basic or pure research.<sup>2</sup> Funding for basic research (research for knowledge’s sake) has largely been supplemented by donor-driven applied research. This meant that even scientists at leading universities did no longer do qualitative, process-oriented and theory based research that could perhaps have provided better answers to community and societal problems. Even worse, this meant that social scientists now had to invest their intellectual capital in the kind of research that would have a payoff in political circles. The absolute demand for evidence-based research among politicians was enforced to such an extent that the saying was used: “In God we trust – all others must have credible evidence” (Donaldson, Christie and Mark 2009:5).

The original mission of programme evaluation in the human services fields was to help improve the quality of social programmes. However, this soon changed to proving whether a programme or initiative works. In our opinion, this has created an imbalance in human service evaluation work. There is a heavy emphasis on proving that programmes work by implementing quantitative, impact designs and not enough attention is paid to more naturalistic, qualitative designs aimed at improving programmes (WK Kellogg Foundation 1998:6).

It should be noted that although the demand for accountable intervention programmes was placed on the foreground, behind the scenes there were – and still are – heavy debates about what counts as evidence, applied research and evaluation. These heated debates or paradigm wars have potentially far-reaching implications for applied research and evaluation (Patton 2008; Donaldson, Christie and Mark 2009:5-11). Patton (1997:64), undoubtedly one

of the most prominent evaluators around and well known for his utilization-focused evaluation, makes the following observations about the current field of evaluation:

“You don’t get very far in studying evaluation before realizing that the field is characterized by **enormous diversity**. From large-scale, long-term, international comparative designs costing millions of dollars to small, short evaluations of a single component in a local agency, the variety is vast. Contrasts include internal versus external evaluation; outcomes versus process evaluation; experimental designs versus case studies; mandated accountability systems versus voluntary management efforts; academic studies versus informal action research by program staff; and published, evaluation reports versus oral briefings and discussions where no written report is ever generated. Then there are combinations and permutations of these contrasting approaches” (emphasis added).

Whatever the outcomes of this debate, as the first sentence in the preamble of Agenda 21 states, the world is still confronted with “a perpetuation of disparities between and within nations, a worsening of poverty, hunger, ill health and illiteracy, and the continuing deterioration of the ecosystems on which we depend for our well-being” (<http://habitat.igc.org/agenda21/a21-01.htm>). Therefore, judging by the wide-scale misery in the world today, the “magic bullet” has not yet been found. Yet the belief still exists that applied research and evaluation of programmes could help us meet the Agenda 21 aims that were set to fulfill basic needs for improved living standards, better protected and managed ecosystems and a safer, more prosperous future for all (<http://habitat.igc.org/agenda21/a21-01.htm>). Bosch, King, Herbohn, Russell and Smith (2007) provide the following explanation:

“The reluctance of science to embrace ‘new ways of thinking’ to explore the world is well documented and there are a number of reasons why Systems Thinking as ‘method’, is not integral to many disciplinary based approaches. We propose that one prominent reason for this reluctance is the entrenchment of the ‘reductionist’ scientific method”.

Yet, despite all the failures, it is believed that this dream of solving the world’s problems can still be reached – provided that we move towards developing a new evaluation paradigm and innovative methods and techniques that could focus our evaluation efforts more clearly. It is necessary to develop enhanced evaluation designs that will be responsive to stakeholders’ changing needs in order to overcome the complexities involved. This is especially true for system

change reform and comprehensive community initiatives that many evaluators are now attempting to implement.

## **THE ORIGIN OF THE SYSTEM-BASED EVALUATION APPROACH**

First and foremost it is important to realise that outcome-based evaluation is, as its name indicates, an evaluation research design developed to assist evaluators in structuring the planning, evaluation and management of development projects within a linear systems perspective (<http://www.gdrc.org/ngo/logical-fa.pdf>). The United States Department of Defense originally developed this type of evaluation design, where after the United States Agency for International Development adopted it in the late 1960s. (<http://www.jiscinfonet.ac.uk/InfoKits/project-management/InfoKits/infokit-related-files/logical-framework-information>).

The history of outcomes-based evaluation essentially goes back to Suchman (1967) and Weiss (1972). Today, private companies, municipalities and most international development organisations use this type of design to evaluate projects and programmes. The UN-system, German GTZ, Canadian Cida, USAID, Norwegian NORAD, as well as the European Commission encourage their counterparts to use an outcomes-based evaluation design when planning, implementing and evaluating a project, programme or process of change. An increased demand for accountability and effectiveness in programme implementation made the logical framework popular among donors (Muspratt-Williams 2009).

Outcomes-based evaluation has mainly been shaped by systems theory. One common conclusion of scientific inquiry is that the world is a complex place to study. Scientists use simplified versions of reality, known as a system, in an effort to understand these complexities. Systems-thinking helps scientists understand the situation systemically and therefore to see the “bigger picture” in context. Furthermore, it helps them to identify various points from which change could be affected in the system. Therefore, consistent with systems philosophy, a systems thinking approach helps us to understand a complicated structure by examining the linkages and interactions between the elements that form part of the system as a whole ([http://learningforsustainability.net/research/systems\\_thinking.php](http://learningforsustainability.net/research/systems_thinking.php)).

Churchman (1979) took the reasoning around systems-thinking further by challenging our understanding of a system as a specific entity with set boundaries. According to him boundaries are not set but fluid. He further reasoned that “as much information as possible should be ‘swept in’ to analyses,

allowing the most inclusive and therefore most ethical position to emerge – but without compromising practicality through a confusing over-inclusion” (Midgley 2004:24). Bringing forth this new concept of “holism” brought about a significant paradigmatic shift in evaluative thinking. Churchman’s (1979) work represents what Midgley (2004) refers to as the “first wave system approaches”.

The next growth spurt in evaluative systems thinking was brought about by what Midgley (2004) refers to as the “second wave thinkers” (Maturana 1988, Maturana and Varela 1992, Checkland 1981b, 1985). In contrast to first wave thinkers who believe that human knowledge reflects reality, second wave thinkers believe there is no reality outside the human mind and that social realities can only be “constructed” by individuals (Midgley 2004:22).

“A fundamental assumption of second wave participative methodologies is that people are more likely to take “ownership” of analyses (including evaluations), and thereby implement the recommendations arising from them, if they can play a part in defining the goals and remits of those analyses (and even, in many cases, carry them out themselves)” (Midgley 2004).

The third and last wave of systems thinking discussed by Midgley (2004) emphasises the importance of critical systems thinking (Ulrich 1983, 1987), which is related to questions regarding motivation, control, expertise and legitimacy. According to Ulrich (2000) drawing boundaries entails value judgments that need to be critically reflected upon by means of the above-mentioned categories (Midgley 2004). The other key argument that kick-started the third wave was that systems practitioners should embrace methodological pluralism and mix methods. Jackson (1987) argued that three different types of systems thinking should be used when dealing with different types of problems:

“...first wave systems thinking is useful when there is agreement between stakeholders on the nature of the problem situation and the goals to be pursued; second wave thinking is useful when there is non-coercive disagreement between key players, and this requires debate and learning to find a way forward; and critical systems heuristics is useful in situations characterised by coercion, when there are barriers to debate between stakeholders but this can be improved by amplifying the voices of those who are marginalised or disadvantaged”.

The basic idea of methodological pluralism that emanated from this type of reasoning was an important mind shift brought about by third wave thinkers. According to Midgley (2004:26),

“The fact is that no methodology or method (whether it comes from the systems tradition or anywhere else) can do absolutely everything people might want. Therefore, being able to draw upon multiple methods from different paradigmatic sources can enhance the systems thinking resource we have available for evaluation and intervention”.

The following sections take a closer look at systems theory and the implications that systems thinking has on evaluation.

## **SYSTEMS THEORY EXPLAINED**

A social system is made up of interrelated parts that work together to form a whole. Connections are drawn between these interrelated parts. It can be studied as a network of unique, interlocking relationships with identifiable structural and communication patterns (<http://www.physicalgeography.net/fundamentals/4b.html>). Simply put, a system is an organised collection of parts (or sub-systems) that are highly integrated to accomplish an overall goal. Systems may be seen as sub-systems of wider, relevant systems, depending on the particular perspective (Reynolds 2004).

There are three general approaches to evaluate subsystems. The holistic approach analyses the system as a complete, functioning unit, the reductionist or analytic approach looks at the sub-systems within the system, while a functional approach focuses on the role that the system plays within the larger system. If one part of the system is changed, the nature of the overall system is affected. However, change is an intrinsic feature of a system. A system is dynamic and therefore has to adapt to the changes taking place on a continuous basis (<http://www.survey-software-solutions.com/walonick/systems-theory.htm>).

System analysis provides various lenses to help understand social phenomena. This includes the analytic and the synthesis method that encompasses both holism and reductionism (Frectling 2007). Systems theory helps planners to see the situation in context, to broaden their perspective and to consider how their decisions will affect the other components of the system and the environment. Importantly, any system’s environment includes factors that it cannot control but that affect it nonetheless (Reynolds 2004).

With regard to developing an outcomes-based evaluation design it is important to note that, in its simplest form, the systems approach consists of three basic components, namely elements, processes and outcomes. Processes change elements from one form to another. Therefore, systems analysis features the continual stages of input, throughput (processing), and output. (<http://www.tcw.utwente.nl/theorieenoverzicht/Theory%20clusters/Communication%20>

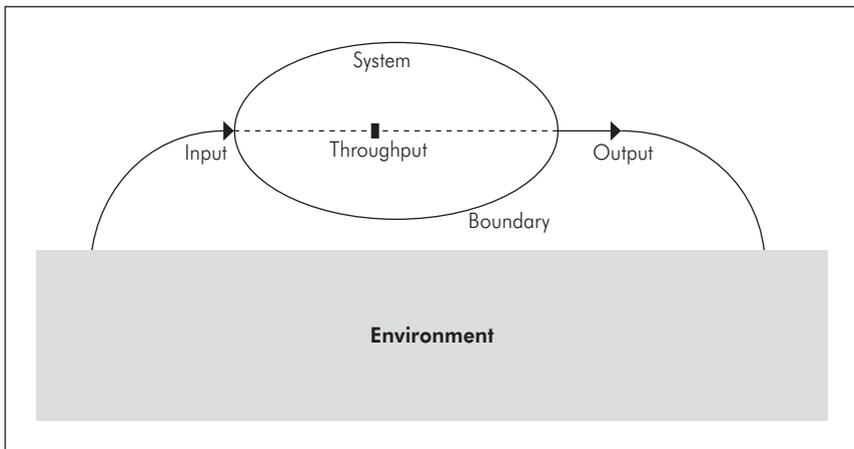
Processes/System\_Theory.doc/) Seen in a linear way, the system has specific inputs that go through specific processes to produce certain outputs, which together, accomplish the overall desired goal for the system (<http://silvae.cfr.washington.edu/ecosystem-management/Systems.html>). Where input is made and output produced without us being able to see what happens in between, the process is referred to as a “black box”. If we are able to identify the system’s internal processes (the programme activities) taking place we might call it a “white box” (<http://pespmc1.vub.ac.be/systheor.html>).

## SYSTEMS THINKING IN OUTCOMES-BASED EVALUATION

Notably, despite the similarities between evaluation designs and systems theory and the fact that they are based on some of the same philosophical and scientific developments, up to now, the two fields have operated virtually separately. However, in recent years some systems practitioners began applying systems thinking to their evaluation studies (Williams and Imam 2006:4). Today there is a clear understanding among evaluators that system theory could improve their evaluation efforts in many ways. According to Hummelbrunner (2006:162): “The use of systemic approaches and techniques is particularly suited for the evaluation of complex realities (for example local and regional development).”

The same components that form part of the linear presentation of systems theory in Figure 1, namely inputs, processes or throughputs (activities) and

**Figure 1: A system in interaction with its environment**



Source: Figure taken from Principia Cybernetica webpage (<http://pespmc1.vub.ac.be/SYSAPPR.html>)

outputs form the core part of an outcome evaluation model. In essence, an outcomes-based evaluation design, such as the logical framework, could therefore be regarded as a cause-and-effect model for project interventions that aim to create the desired impact for beneficiaries. As Imam, LaGoy and, Williams (2006:212) notes: “Finally, as several authors mentioned, evaluation can be seen both as a system itself, and as a sub-system that provides feedback to a broader system.”

In a traditional linear model the assumption was made that programme participation will lead to knowledge change. This, in turn, will lead to behavioral change that produces the desired outcome, such as improved customer care (Patton 2008). However, many researchers today are of the opinion that human behaviour is too complicated to be explained in a linear fashion. More specifically, from an evaluation perspective, the multi-dimensional nature of social problems complicates the evaluation of community-based change initiatives.

Outcomes-based evaluation models that begin with the inputs and end with the desired outcomes limit evaluators and stakeholders’ thinking to existing activities, programmes and research questions. The first step to take to start thinking within a systems perspective – and thus “outside the box” – is to reverse the steps for planning the intervention thereby focusing on the outcomes to be achieved first. By doing this a theory-of-change can be developed.

## **Developing a theory-of-change**

The theory-of-change approach was addressed for the first time in a 1995 publication, *New Approaches to Evaluating Comprehensive Community Initiatives*, by the Aspen Institute Roundtable on Community Change <http://www.learningforsustainability.net/evaluation/theoryofchange.php>. Carol Weiss, a member of the Roundtable’s steering committee on evaluation, was of the opinion that a key reason why complex programmes are so difficult to evaluate is that the assumptions that inspire them are poorly articulated or not even identified at all. This causes confusion as to how the programme will unfold. Therefore, little attention is paid to evaluating early and mid-term indicators (formative evaluation) that need to be implemented to reach a longer-term goal. Weiss suggested an alternative type of evaluation, namely “theory-based evaluation”, where outcomes-based evaluation was based on “theories of change” that underlie the evaluation. Theory-of-change is also called programme theory (Weiss 1998) or the programme’s theory of action (Patton 2008). Theories of change are based on theoretical assumptions made on why the programme will be successful (reach its outcomes) or not.

Noted evaluator and programme theorist Carol Weiss (1998) challenged designers of complex community-based initiatives to be specific about the

theories of change guiding their work. The author suggested that this would improve their overall evaluation plans. Furthermore, Weiss was of the opinion that it would strengthen their ability to claim credit for outcomes that were predicted in their theory. Weiss (1998) explains that for programme planning, monitoring and evaluation to be successful, it is important to know not only what the programme expects to achieve but also how it will go about reaching its goal.

To develop a theory-of-change you will firstly need a basic, **fundamental theoretical and practical understanding of the social phenomenon** to be addressed. Theory-of-change therefore needs to be grounded in – or at least be informed by – both prior basic research evidence and knowledge of good practice. In this sense, basic research should act as the foundation for applied science (Auspos & Kubisch 2004). Therefore, programmes are built on a solid knowledge of what the stakeholders perceive to be working in theory and practice. Theoretical ideas, as well as practical knowledge or practice wisdom could be linked together to explain underlying programme assumptions.

A theory-of-change forms the basis of certain **assumptions**. This is the knowledge and experience that the stakeholders have about the problem or situation. These assumptions will impact on the way the programme will operate, what the programme expects to achieve, the external environment, the internal environment and the participants involved, as well as their behavior and motivation. In other words, this is the “theory” underlying beliefs on how a programme will work and why. These assumptions are validated by means of knowledge gained from basic research and practice wisdom (University of Wisconsin nd.).

A theory-of-change leads the stakeholders to develop a **model** based on basic and applied research that will explain how the programme is supposed to work. The model explains the programme activities and how these activities are supposed to affect the programme participants. Therefore, the programme model strategically guides the evaluator to collect and analyse targeted data that can shed light on which aspects of the programme are working and which aspects are not working. These insights can inform decisions on how to develop and improve the programme (Bichelmeyer and Horvitz 2006).

It is therefore important to frame the problem(s) or issue(s) to be addressed within a sound **programme theory** beginning with a problem statement explaining the need for the programme. The theory-of-change will then be built on a statement illustrating how the programme will function and what it expects to achieve. Reference should be made to research about the problem or issue in the statement and a needs analysis should preferably be done on the target group (University of Arizona Rural Health Office & College of Public Health).

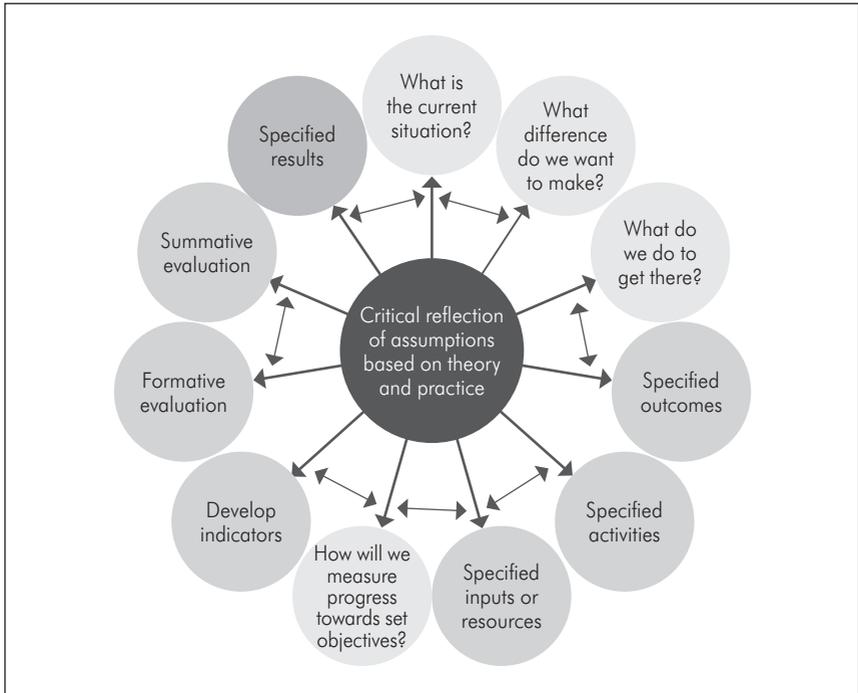
(See Figure 2 for a more detailed schematic presentation of the evaluation process based on a theory-of-change).

In a nutshell, the following questions should be asked<sup>3</sup>:

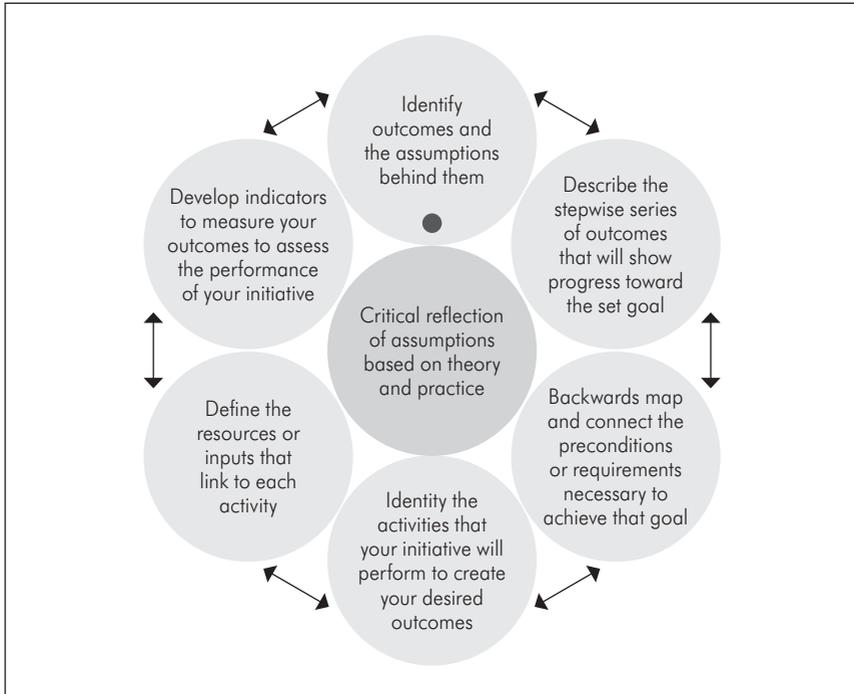
- What is the current situation that we intend to impact?
- What will it look like when we achieve the desired situation or outcome?
- What behaviour needs to change for that outcome to be achieved?
- What knowledge or skills do people need before the behaviour will change?
- What activities need to be performed to cause the necessary learning?
- What resources will be required to achieve the desired outcome?

In practice, a theory-of-change can be developed through a process called “backwards mapping”. This means that you should start at the end of the initiative and walk backwards in your mind to the beginning. Figure 3 sets out the more specific steps of “backwards mapping”. It can be expressed in terms of the following statements: “If we wish to contribute to the overall objective, then we must achieve the purpose”, “If we wish to achieve the purpose, then

**Figure 2: Critical reflection of assumptions based on theory and practice in relation to the steps and outcomes of the evaluation process**



**Figure 3: Steps to follow in backward mapping**



we must deliver the specified results”, “If we wish to deliver the results, then the specified activities must be implemented” and “If we wish to implement the specified activities, then we must apply identified inputs/resources”.

The process of creating and critiquing a theory-of-change forces stakeholders to be explicit about how resources will be used to bring about the desired changes. In this respect, a theory-of-change can be thought of as an “expectation management tool” because it will clearly illustrate how much work must be done to reach a goal versus how much can realistically be done given the resources and time available (Anderson 2004:9). To focus the evaluation even more, the theory-of-change could be used to formulate research questions. Researchers can develop a comprehensive list of questions by analysing the situation, external factors impacting on the programme, the inputs, outputs and outcomes.

Figure 2 illustrates that the development of a theory-of-change involves a **cyclic, systemic process of critical reflection** on how and why inputs, outputs, activities are expected to lead to outcomes and impacts over a specified period (Anderson 2004). Therefore, a first step in moving beyond simple linear models is to add feedback loops to the model (Patton 2008:367).

Reflexivity has become increasingly important in evaluation research. Researchers supporting a systems concept in evaluation (Williams and Imam 2004) emphasise that one must follow a “dialectical process”. This process encourages one to critically reflect on each assumption made, the research process and the results (learning and outcomes). They are of the opinion that the only way to pursue change in a system entails seeing the world through the eyes of another, listening closely to their views and critically reflecting on our own arguments (Hummelbrunner 2004:176).

“The essential systemic evaluative process is a dialogic, participative, reflective, and democratic form of collective or social experiential learning, in which the wholeness, connectedness, embeddedness, and three-dimensionality of systemic is explicitly exploited in a number of different and vital ways” (Bawden 2004:41).

Understanding the theory-of-change that underlies a programme can help enhance the quality of evaluation research. This includes the validity or representativeness, reliability and objectivity for positivists (quantitative researchers) and credibility, dependability, confirmability, transferability and ecological validity or naturalism for post-positivists or modernists (qualitative researchers) (Fulbright-Anderson and Auspos 2006).

“Theories of change are now the cornerstone of many, if not most, systems initiative evaluations. But while theories of change have added much to evaluation practice in this area, they are not (and did not promise to be) a panacea for all evaluation dilemmas that systems initiatives present. In practice they have been more a way of describing system elements and systems initiative complexities than an evaluation methodology that spells out initiative assumptions and ways of testing whether they are valid” (<http://www.buildinitiative.org/files/BuildInitiativefullreport.pdf>).

## **Moving beyond the theory-of-change**

Therefore, the use of theory-of-change to evaluate complex system-based programmes, such as a public governance system, could only be seen as a step in the right direction. It will help us move towards developing much-needed evaluation paradigms and innovative methods and techniques that could help address the complex problems we are struggling with in the public governance system. As Carol Weiss (1977) observed, evaluation was primarily expected to bring order to the untidy world of government.

Although causal-loop diagrams are systemic in illustrating feedback effects, this type of feedback is not sufficient to change an entire system. As Patton (2008:184) states:

“...when evaluating the effectiveness of government programs, evaluators may need to examine, understand and assess the ways in which being part of larger bureaucracies affect program and project effectiveness” (Patton 2008:184).

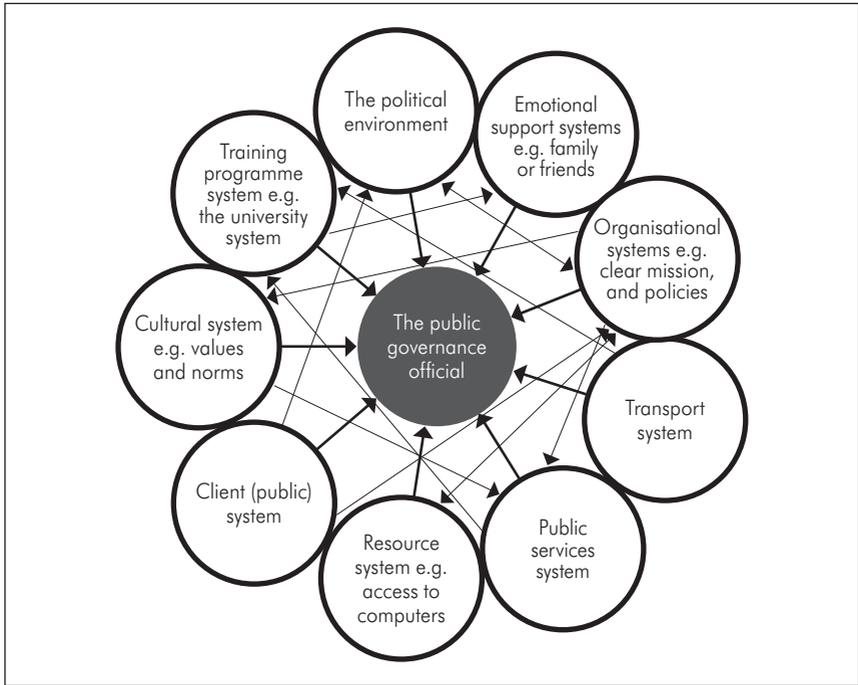
For example, if a skills training programme for developing public governance officials’ personal and social skills is evaluated within a linear perspective, the desired outcomes are specific, concrete and measurable. Furthermore, the outcomes are directly connected to the training. “In most cases the outcomes for a linear logic model will be changes at the individual level among intended beneficiaries... In other words, the unit of analysis for the evaluation is typically individuals and individual-level change” (Patton 2008:375).

A systems model will include all other systems that may play a role. This includes public governance officials’ function in a family system, a peer group system, an organisational setup (municipality), a wider public governance system, a political system and an economic system. Moreover, each system will have its own environment context and culture, such as beliefs, behavior, characteristics, values and norms. From a systems perspective, the object of intervention is a change in the system. According to Patton (2008:377), “the unit of analysis is the system, and the focus is changed relationships and interconnections, which are the defining elements of how the system functions”.

One way of simplifying systems evaluation would be to personalise evaluation. This could be done by looking at the individual in the target group through both an analytic and holistic lens. This helps place the individual within the wider system of a public governance culture (Patton 2008). Figure 4 is an example of how this approach could be used in programmes such as skills training aimed at improving public governance officials’ service delivery. Looking at this training programme from a systems perspective within the premises of the systems theory, deepens our understanding of the reasons why some trainees will be successful while others will fail:

**Premise One:** The whole is greater than the sum of the parts. A systems framework invites us to understand the programme in relation to other programmes and as part of a larger web of institutions (Patton 2008:365). Figure 4 clearly indicates that the programme cannot be understood as a freestanding, isolated entity. And, as a whole, the programme includes relationships with other entities (Patton 2008:365). This includes organisational, client, university, cultural and public services systems. Figure 4 highlights the interrelated parts

**Figure 4: A programme systems web showing possible influences of other systems impacting on each other and the individual trainee**



Source: Based on Patton's (2008) explanation of a programme systems web impacting on an individual person attending a service programme.

and depicts the relationships and issues that extend well beyond the training programme but that may have a negative or positive impact on it.

The trainee's life consists of more than just the programme she/he attends. By placing the individual trainee in the circle of systems impacting on his/her life and looking at his/her life as a "case study", as depicted in Figure 4, one gets a holistic understanding of the reasons why some candidates may fail the training programme, while others succeed. For example, reasons for failure could be locked up in the emotional support system, the organisational system or even in the transport system if the trainee has no means of getting to the classes.

In contrast, a linear systems view of the programme will depict the programme as the only thing going on in his/her life. When trying to evaluate the reasons for the trainee's success or failure, linear explanations would be programme-bound. For example, the reason for failure will be seen as a lack of cognitive support, proper training material or poor tutoring. Clearly, a linear evaluation perspective

is too narrow to explain or change complicated systems, such as the public governance system.

**Premise Two: The parts are independent to such an extent that change in one part has implications for all other parts and their relationships.** If the trainee faces work and family pressure due to the extra time needed for training, the additional pressure she/he experiences could change his/her relationship with colleagues and family members. In turn, the trainee's experience of the training programme will also affect the other relationships in his/her life (Patton 2008). For example, the training should lead to better relationships with the public and improved service delivery.

**Premise Three: The focus is on interconnected relationships.** A systems thinking perspective focuses our attention on how the web of relationships function together rather than as a linear chain of causes and effects (Patton 2008:369). The focus here will be on how the training programme relates to the other systems impacting on the trainee's. It is important to focus on the relationships between systems. Strong and effective linkages across the systems help improve the intended results, which is to system beneficiaries' advantage (Coffman 2007).

**Premise Four: Systems are made up of sub-systems and function within larger systems.** Figure 4 indicates the possible relationships between a trainee and other systems. It highlights how a combination of these systems could influence the trainee's attitude, behaviour, as well whether she/he will complete the training programme successfully (Patton 2008). Sub-systems, such as family, the organisation, clients and the community all function within a larger system, such as a culture, the economy and public governance. How sub-systems function within larger systems and how larger systems connect to – and are influenced by – sub-systems are important in programme development. For example, when planning a training programme for public officials, developers need to take note of the important sub-systems that may influence the programme's success.

**Premise Five: Systems boundaries are necessary.** Without boundaries system change would be too complicated. Reynolds (2004:105) provides the following explanation:

“A boundary exists (as with a system) in a conceptual sense between any specified system and its environment, or any sub-system and its immediate environment. Understood as human constructs, systems, subsystems, and their respective boundaries with the environment, are not absolute, but essentially open to judgment”.

Therefore, boundaries determine the focus of the intervention. For example, will the personal and social skills training of public governance officials be enough to change client satisfaction? Or should some changes also be made in

the organisational system? For example, more computers for improving current electronic systems or infrastructure may also be needed. The boundaries will be drawn differently if the focus is on improved service delivery and not only on the training programme. Drawing boundaries that are too narrow would result in missing important elements that may affect programme processes and outcomes (Patton 2008). When determining the programme boundaries for our training programme we need to ask ourselves: What are the primary relationships that will affect public governance officials' training?

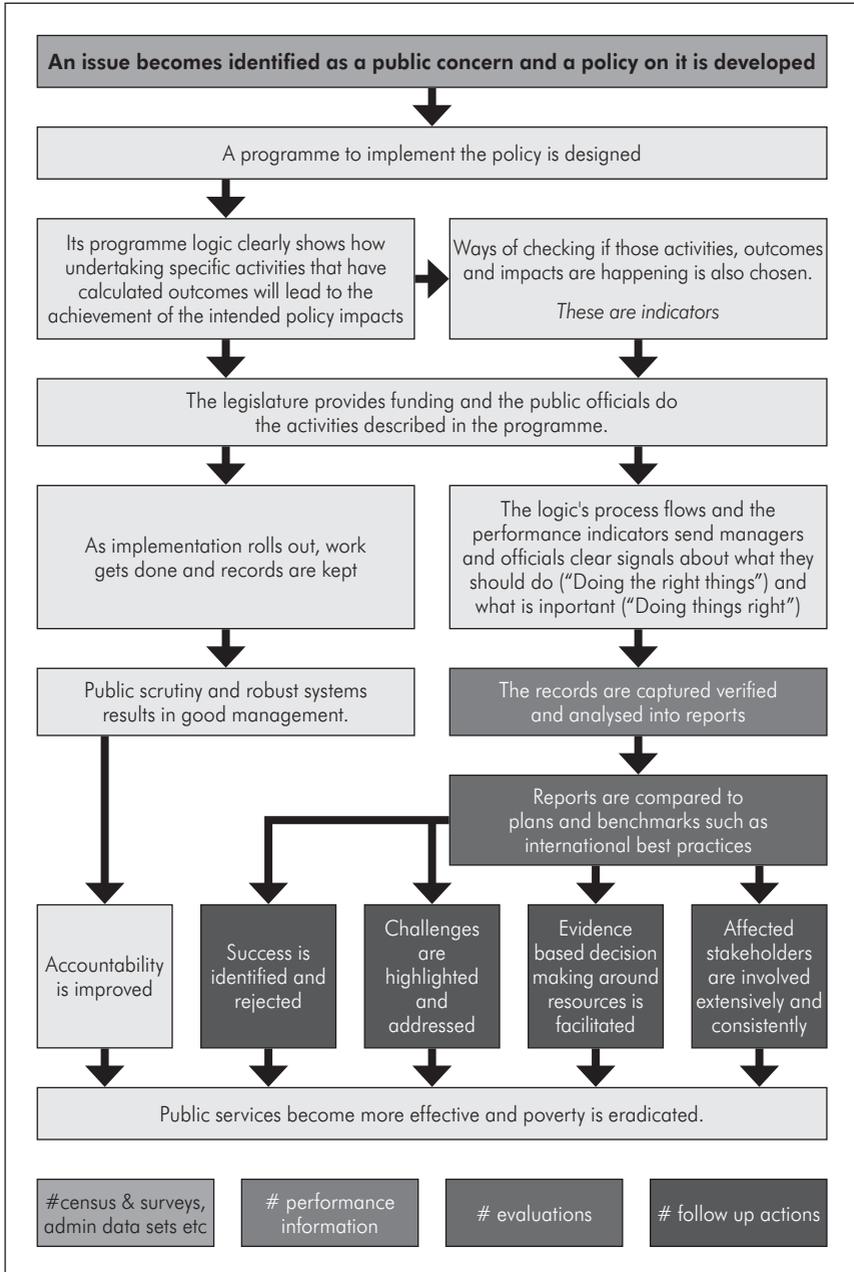
## **SYSTEMS THINKING IN PUBLIC GOVERNANCE**

Monitoring and evaluation (M&E) is a powerful public management tool that can be used to improve the efficiency and accountability of a government. These systems should be designed in such a manner that it could help to answer all-important questions, and respond to stakeholders' growing demands for efficiency, accountability and citizen participation. Unfortunately, in South Africa and many other developing countries (See Boyne 2008:249) a reductionist approach is followed where government implements a linear evaluation system that is based on a cause-and-effect design and where the main links are between inputs, activities, output and outcomes (See Figure 5)<sup>4</sup>. This type of evaluation design is not sufficient to make the urgent changes that could result in improved service delivery in the public governance system. Judging from the mounting concerns of South African citizens regarding poor service delivery it is clear that a comprehensive, systemic evaluation system is needed to measure the efforts made by Government to bring about change. The question is: What could and should be done to work towards changing the current situation?

It should be noted that the South African public governance system is not the only one experiencing severe problems. In fact, as Boyne (2008:249) states: "Public service failure and turnabout are issues of pressing practical concern in most nations, yet theoretical and empirical research in this field is sparse." Public governance takes place within a complex and dynamic system that is characterised by its openness, interaction and collaboration with other systems, such the economy and its ability to coordinate resources. Bosch, King, Herbohn, Russell and Smith (2007) argue that evaluating such a system in a linear manner could only provide us with a fragmented picture resulting in public governance officials dealing with symptoms rather than the underlying causes of governance problems.

To operate well, different models of democracy need different supportive tools. Evaluation can be characterised as such a tool. Generally, the need for evaluation grows when new governance models are introduced. This is especially true in transitional societies, such as South Africa.

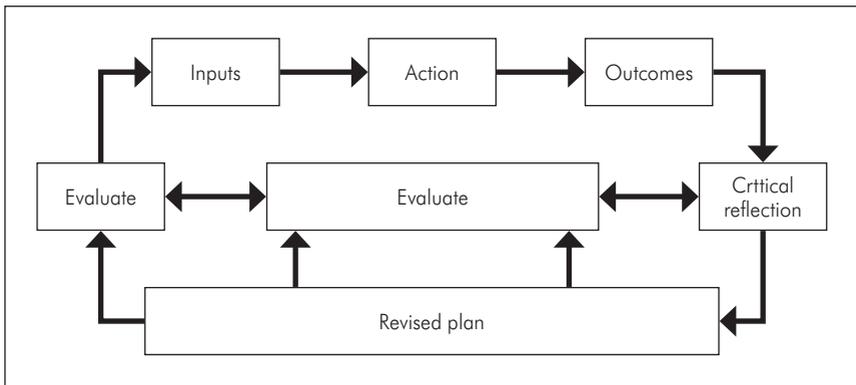
**Figure 5: Outline of the South African government’s evaluation design**



According to Hanberger (2006), accountability and effectiveness have become the key words in public administration. Governments are therefore expected to render effective services and to be accountable to their citizens. This is even more evident in transitional societies where rapid changes take place and where the political and administrative roles are unclear. Therefore, notes (Hanberger (2006:23) “(a) democratic function of evaluation is to help increase effectiveness and rationality in public policy and democratic governance”. Clearly, systems theory could help any government to see the problems they face in context and broaden their perspectives. It will help them consider how their decisions will affect the other components of the system and the environment. Looking through the systems theory lens one could take a holistic approach by analysing public governance as a complete, functioning system.

According to Hummelbrunner (2004) regional development programmes should be structured as systems, by extending theory-of-change models to a systemic evaluation framework by providing feedback between elements in the following manner:

**Figure 6: A linear system with feedback and shared dependencies**



Source: Figure is based on that of Hummelbrunner (2004).

The Policy Framework for the Government-wide Monitoring and Evaluation System states that it is a statutory requirement that the accounting officer of a department or municipality, or the chief executive officer of a public entity should establish a monitoring and evaluation system for the institution. Primary users of the monitoring and evaluation system will use these source systems to refine their planning and implementation processes. The data could also be used by other stakeholders in the system to monitor performance. Ideally civil society should also be part of this stakeholder group, not only to give feedback but to perform their own evaluations with support from Government (MacKay

2007). This is however not possible to do within our current Government-wide Monitoring and Evaluation System which is, as Figure 5 clearly shows, a linear system based on reductionist and not holistic reasoning.

The basic premises of this approach, is however not just based on looking at the “bigger picture”. It also entails conceptually reflecting on the interconnections or relationships between elements (desired outcome, activities, outputs and inputs) and making changes as the programme progresses (Patton 2008). Therefore a systems perspective could provide both a holistic and analytic or reductionist lens (focusing on the subsystems within the system) to our understanding of social problems. Notably, a holistic systems approach could help deepen our understanding of outcomes-based evaluation far better than a reductionist linear perspective alone could. However the following prerequisites should be noted:

Firstly, using a systems evaluation approach demands a paradigm shift from positivist and reductionist thinking to thinking in a holistic manner. This new perspective could open up important changes in our thinking about evaluation. As in the case of systems theory, it aims to understand the public governance system as part of a larger system.

Secondly, systemic thinking demands an epistemological shift (a shift from one theory of how human knowledge should be obtained) from the positivist and realist belief that human knowledge reflects reality, to the belief that human beings construct their own social realities – either at the level of individual observation or inter-subjectively through the shared use of language (Midgley 2004).

Thirdly, the interaction between theory and practice brings knowledge and understanding of systems. Conceiving the evaluand as a system is helpful in structuring the entire evaluation (reconstructing “theories of action”). This notably requires the ability to draw boundaries, identify core elements and link them in meaningful ways. The crux for successful change in a system lies in the ability to consider multiple perspectives. According to Imam, LaGoy and Williams (2004:10), “A systems thinker always looks inside, outside, beside, and between the readily identified systems boundary”.

Fourthly, the assumption is that a systems approach could help Government to understand the situation by approaching it from various perspectives. As Imam, LaGoy and Williams (2004:10) notes: “For systems practitioners, this motivation is explicit, deliberate, and is fundamental to their approach. However, just looking at the “bigger picture,” or exploring interconnections does not make an inquiry “systemic”. What makes it systemic is how you look at the picture, big or small, and explore interconnections. Therefore, it is important to in line with the requirements for a participative democracy involve as many stakeholders as possible and learn about the way they see or interpret the situation. The authors go on to say that,

“The richness of a systems inquiry is not about detail but about value. And the value is contained in the relevance of the inquiry to those affected by it. This is why we believe that systems-influenced approaches to evaluation have to build stakeholdings in the situations being addressed” (2004:10).

Fifthly, in order to apply systems thinking, evaluators need to be good observers who are capable of discovering how social systems (behavioural patterns and regulatory mechanisms) function. A good way to do this is by critically observing and reflecting on the reactions of all stakeholders – including one’s own during the evaluation.

It is clear from the above that systems thinking could help public governance officials to rigorously rethink, reframe and unpack complex realities. Systems approaches offer a method for cutting through the mess of problem definition and presenting a cleaner and sharper understanding of a situation that enables a useful answer to problems (Imam, LaGoy and Williams 2004:7). Public governance officials interested in the systems evaluation perspective could as a first step focus on answering the categories of boundary-setting questions,<sup>5</sup> set out in Table 1.

In a nutshell, as set out by Williams and Imam (2004:4), systems thinking could help public governance officials to:

- avoid undue simplifications and provide useful tools for dealing practically with differences;
- contribute looking beneath the surface of observable phenomena and bring about new ways of understanding;
- identify underlying patterns and causes;
- provide simple – not simplistic – insights into the functioning of complex systems;
- bring about new insights and improving joint understanding of issues across a range of stakeholders;
- identify leverage points – the differences that make a difference to a programme – and signal where best to intervene;
- develop sustainable interventions;
- place multiple projects and topics into comparable forms; and
- measure or account for dynamic changes in a programme or system.

Judging from the above, it is clear that using systems thinking demands some major changes in evaluation practices. Midgley (2004) highlights the following key points:

- A clear understanding of systems thinking is needed. More specifically, it is important that donors, leaders and decision-makers make a paradigmatic shift from linear cause-and-effect thinking to systems thinking. This demands a clear understanding of a system as a conceptual device for learning about

**Table 1: Critical systems questions**

Sources of motivation	
1	<b>Beneficiary (“client”):</b> Who ought to be/is the client or beneficiary of the service or system (S) to be evaluated
2	<b>Purpose:</b> What ought to be/is the purpose of S?
3	<b>Measure of success:</b> What ought to be/is S's measure of success (or improvement)?
Sources of control	
4	<b>Decision maker:</b> Who ought to be/is the decision maker (in command of resources necessary to enable S)?
5	<b>Resources:</b> What components of S ought to be/are controlled by the decision maker (eg financial, physical, natural, human resources as well as social capital)?
6	<b>Decision environment:</b> What conditions ought to be/are part of S's environment, ie not controlled by S's decision maker and therefore acting as possible constraints?
Sources of expertise	
7	<b>Expert (or designer):</b> Who ought to be/is involved as providing expert support for S, ie providing some assurance or “guarantee” that the system can succeed?
8	<b>Expertise (guarantor attributes):</b> What kind of formal and informal expertise or relevant knowledge ought to be/is part of the design of S and what ought to be/ is providing “competence” or guarantor attributes of success for S (eg relevant technical or disciplinary support, consensus amongst professional experts, experience and intuition of those involved, stakeholder participation, political support...)?
9	<b>False Guarantee:</b> What ought to be/are false guarantor attributes of success; that is, possibly misleading forms of expertise that might generate a bogus or artificial sense of guarantee or validity (eg (i) superficial multidisciplinary input, and/or (ii) sole fixation on scientific data, statistics, or processes of deliberation and “consensual” populist viewpoints, and/or (iii) tokenistic, superficial claim to ideas of “empowerment”, “social responsibility” etc...)
Sources of legitimacy	
10	<b>Witnesses:</b> Who ought to be/is representing the interests of those affected by but not involved with S, including those stakeholders who cannot speak for themselves (eg the handicapped, future generations and non-human nature)?
11	<b>Emancipation:</b> To what degree and in what way ought/are the interests of the affected free from the effects of S?
12	<b>Worldview:</b> What ought to be/is the worldview underlying the creation or maintenance of S? ie what visions or underlying meanings of “improvement” ought to be/are considered, and how ought they be/how are they reconciled?

Source: Adapted by Reynolds (2004:103) from Ulrich (2000)

and improving a particular situation – rather than claiming to represent a particular situation (Reynolds 2004).

- A clear understanding of the environment or outside factors that may influence the system;
- The boundaries of the identified system should be clear and although based on value judgments by stakeholders it should be substantiated by the theory-of-change leading the evaluation;
- Create space for meaningful participation and differentiated perspectives, based on gender, class, age and ethnicity.
- Promote dialogue among all stakeholders. Firstly learning must take place within the system that is being evaluated by facilitating an exchange of views and improving mutual understanding.
- Integrate different perspectives by combining internal reflection (“self evaluations”) and external views to increase problem-solving capabilities. Self-evaluations are well-suited to reflect on the complex realities of the various stakeholders involved.
- Focus on utilization. Evaluation could produce useful information using any method necessary (triangulation) that could meet the information needs of intended users.
- The systems perspective should be designed as an iterative process that consists of successive reflective loops. Subsequently flexibility-in-implementation is an important requirement for systemic evaluations.
- Based on systemic principles, the evaluator should be more than a facilitator by actively taking part in collecting information and providing feedback aimed at finding solutions or developing new patterns of interaction.

This article highlights the fact that systemic thinking could help governments to start thinking “outside the box”. This could help create new forms of governance and help to solve complicated community problems. In fact, systems evaluation is extremely well suited to address the most difficult types of problems involving complex issues that stem from a lack of effective public governance. Bosch, King, Herbohn, Russell and Smith (2007) correctly state that we urgently need to develop systems evaluation as an integral mechanism to explore and analyse problems within the public governance system in a holistic way.

However, most importantly, if a government wants to constructively advance towards the development of a participative democracy set out in Agenda 21, it should rid itself from the traditional model of linear evaluation. Today, it is necessary to develop evaluation designs that will be responsive to stakeholders’ changing needs. Furthermore, these evaluation designs should help Government to evaluate and to bring about the necessary changes in the public governance system. The systems perspective in evaluation research is ideally suited for this purpose.

## CONCLUSION

Despite the benefits of using outcomes-based evaluation we have made little progress in successfully addressing the social problems that beseech our society. In fact, politicians, the media, and professional and academic journals have given considerable exposure to the social ills suffered over the past 10 years. Thus far, evaluation studies have only been helpful in raising awareness about the severity of the problems poor communities face, but have done little to bring about positive community change (Auspos and Kubisch, 2004). The prevailing belief that accumulating good evidence on programme development and evaluation will produce changes in communities did not pan out as expected. Therefore, it could be reasoned that as our research methods and techniques have become more sophisticated. Furthermore, they have become less useful in providing solutions to the social problems we face (Sussman and Everet 2005).

Systems thinking could provide a mechanism to address the conventional division between policy-makers (and their theorising) and practitioners. Within a holistic systems evaluation framework, theorists and practitioners could consistently and coherently collect data that could contribute to successful human performance within many contexts (Bichelmeyer and Horvitz 2006). A systems approach to research and evaluation could be used to fast-track community development and effective service delivery. The challenge is to organise research endeavours in such a way that they provide practitioners with immediate benefits and also develop a cumulative body of knowledge to enable community-based change. We urgently need to blend practitioner knowledge with social science and empirical research. The ability to systemise knowledge will be a key factor to address problems experienced in the public governance sector (Auspos and Kubisch, 2004).

A systems perspective could also help provide positivists and anti-positivists with new answers to a prominent and persistent paradigmatic debate that is characterised by enormous diversity. Reeler (nd:2) states these types of debates are fruitless and that it only cause those involved to be deeply dysfunctional. The basic idea of methodological pluralism that emanated from the third wave of systems brought about the development of utilisation-focused evaluation (UFE) pioneered by Patton (1997). He believes that UFE should not promote any particular evaluation content, model, method, theory or use. In his view, this approach rather represents a process through which the evaluator should assist primary intended users to select the most appropriate content, methodology and use for their situation.

In view of the of a participative democracy set out in Agenda 21 governments should ask themselves if they are meeting the needs of contemporary society – more specifically that of a participative, deliberative and stakeholder democracy

promulgated by the World Summit (Hanberger 2006). They should realise that the principal-evaluation model that we have taken for granted longer fits the model for a participative democracy (Donaldson, Hartley, Skelcher and Wallace 2008). Therefore, systems evaluation provides public governance system evaluators with the ability to not just look at the “bigger picture”, but to design programmes conceptually by reflecting on the entire system, as well as on the interconnections or relationships between the different parts. By looking at social problems as systems, and by seeking systems-integrated solutions, evaluators will be able to see further than the individual trees and learn to appreciate the forest.

## NOTES

- 1 Research focusing on practical problems and the improvement of the human condition.
- 2 Research focusing on a better or fuller understanding of a subject or phenomenon instead of on a specific practical application of the results.
- 3 Taken from The logic model for planning and evaluation available at <http://www.uiweb.uidaho.edu/extension/LogicModel.pdf>.
- 4 Taken from ([http://www.thepresidency.gov.za/learning/gov\\_performance.pdf](http://www.thepresidency.gov.za/learning/gov_performance.pdf)).
- 5 Taken from Reynolds (2004).

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# **An overview of South African labour relations**

## **The facilitation of conflict in practice**

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### **ABSTRACT**

The purpose of the labour laws enacted in South Africa is to create a spirit of industrial democracy and encourage production and labour peace through greater understanding and joint decision-making. In South Africa, social partners, Government, employers and employees cooperate to promote economic stability and industrial peace through collective bargaining, consultation and fair and simplified procedures to facilitate conflict. New structures to facilitate conflict, as well as the principles of equity, fairness, reasonableness, non-discrimination and simple justice are now incorporated as law. New labour legislation was put in place because of distrust between parties with regard to the labour relationship, as well as the demands to redress wage and skill inequities that were brought about by the country's previous labour policies. This article aims to provide an overview of the rules, regulations and challenges with regard to facilitating conflict in the South African labour environment. This involves explaining, understanding and showing respect for the other party's position in the labour relationship. Whether conflict is approached in a non-confrontational manner, (such as avoidance, withdrawal or suppression, or through confrontation by means of joint decision-making, bargaining or compromise) it will determine the climate of the labour environment within the workplace. Ideally, a win-win situation should be sought to resolve the conflict. Negotiations are undertaken because parties involved in the conflict perceive the other parties as being in a position of power.

## **INTRODUCTION**

Collective bargaining as a mechanism to facilitate conflict is the central objective of modern labour relations. The South African Constitution of 1996 confers the right to bargain collectively on every trade union, employers' organisation and employer. Through the facilitation of conflict in the employer-employee relationship, the dynamics of this collective bargaining become a question of demand and concession, while the objective is agreement. Conflict is common in the labour relationship and is not undesirable, in the sense that it may be necessary and functional as a catalyst to prevent stagnation in the workplace. The labour relationship is complex. Management and employees should cooperate, as both parties have mutual interests, as well as conflicting interests and needs.

This article describes this conflict phenomenon – especially its role and place in the labour relationship. Its manifestations and potential are evident in the relationship itself, in wage disputes, in an economically turbulent environment and in a diverse labour force. Furthermore, the article identifies different variables that may contribute to escalating conflict levels. The various laws South Africa's Government enacted to regulate the labour relationship and to facilitate factors, such as conflict in this relationship, are highlighted. In addition, the rules of the bargaining game and bargaining tactics are highlighted. The power game and the dynamics of the negotiating process are outlined. This serves to emphasise the importance of the above elements in the labour relationship and to understand and respect the position of all parties involved in the labour relations equation.

## **THE CONFLICT PHENOMENON IN LABOUR RELATIONS**

Conflict is integral to all relationships. The labour environment is an assemblage concourse of people with a rich diversity of cultures, ideologies and backgrounds. Because the labour relationship takes place in a turbulent economic environment, conflict is bound to exist (Venter and Levy 2009:15). There is also a basic commonality of interest in any relationship. This commonality of interest in the labour relationship exists because both the employer and employee have an interest in the continued profitable existence of the undertaking (Bendix 2004:12). This interest is equally important to both the public and private sector. The commonality manifests in cooperation between the relevant parties to the relationship. This co-operation advances the efficiency of business – whether profit sharing or earning a salary is at stake. Each party needs the other to achieve its separate goals. The common striving towards separate goals is the

basis of a successful labour relationship. However, in practice, different factors work against this cooperative relationship. Factors such as polarisation between the labour parties and certain perceptions, such as unequal rewards, contribute towards undermining this commonality of interests (Venter *et al.* 2009:20 & Bendix 2004:13).

Conflict in personal and group values, interests and ideologies as well as social and political conflicts intrude on the work situation. In the context of the labour relationship, employees provide their labour in return for remuneration, and the employer is entitled to the employee's labour (Grogan 2008:49). According to the employment contract, both the employer and employee incur rights and obligations. The employee is obliged to supply labour and the employer is obliged to pay remuneration. The employer requires the employee's labour (not the employee) and pays for it. The formal relationship between the employer and employee is regulated according to the individual labour law. The *individual* labour law aims to ensure that employees and employers fulfil their respective obligations: The employee renders a service, while the employer remunerates the employee for this service (Grogan 2007:1).

The complexity of this relationship necessitates collective labour law that manages the various interest groups. Different objectives are aimed at employees and employers. With regard to employees, labour law aims to ensure that they receive a fair return for their labour, while it supports employers in their pursuit to maximise their profits of service delivery. Labour law is designed to ensure that the inherent conflict between these groups is subject to rules. Furthermore, it is designed to subject those who break the rules to the scrutiny and power of the judicial system (Katz 2008:15, Grogan 2007:2).

Collective bargaining by public employees and the political process are inseparable. Therefore, the cost of such bargaining cannot be measured without considering the impact of the allocation of political power in the typical jurisdiction. A lack of consultation and cooperation will lead to increasing levels of frustration in Government (Brock and Lipsky 2003:7).

Conflict may be indicative of problem areas in an organisation. If properly managed, it could be constructive in the work environment. However, if conflict is not managed, it can become destructive. Cooperation and participation should be promoted in order to balance conflict.

## **Manifestations of conflict**

Conflict denotes the meeting of opposing forces or persons. Individual identity is the basis of conflict. And, although individuals are unique, they may share common interests, beliefs and values. This commonality binds individuals, but conflict is endemic to all relationships. Commonality enables parties to handle

conflict constructively in any relationship (Anstey 2006:24 & Bendix 2004:635). Individuals join a group because they can identify with its values, interests and goals. People may also join a group because they feel that it can help them control their destiny and fulfil basic physical, social and economic needs.

Commonality may also help with intra-group conflict between individuals or groups within a group. Groups may also associate with other groups with the same values, goals and interests. They may even coexist with other groups that do not share common values, but that are interdependent. These groups form relationships that may help them pursue their objectives. Groups are interdependent and have to coexist and form relationships with other groups willingly or in a forced manner.

Structural imbalance in any relationship, such as unevenly distributed resources or control, may trigger conflict. Sufficient resources to achieve the goals and interests of all parties involved will minimise conflict. Conflict will arise where one group threatens the basic needs of another group. Power comes into play within this conflict situation. Rational problem solving may minimise a group's use of power to achieve an agreement or settlement. Collective bargaining may present such a solution. In collective bargaining the parties to the process must acknowledge the power the other party hold and that they may inflict harm on one another. Structural imbalances or inequalities, such as power differences between groups, then become the potential for conflict.

Conflict manifests at different levels and in various forms. At its basic level, it is usually a disagreement about benefits and possible division of profit (Bendix 2004:13). It originates from different sources, such as the relationship itself, wage disputes, a scarcity of resources, goal incongruence and diversity. The **relationship itself** may lead to conflict in that the employer-employee relationship is directed by the so-called "managerial prerogative". Within this context, the employer is the decision maker and planner and controls the employees and the general operation of the institution (Venter *et al.* 2009:16). In other words, the employee carries out the employer's wishes. This domination of employer over employee has led to numerous conflict situations. In many cases employees feel that the workforce should play a part in the organisation's decision-making processes.

As mentioned before, collective bargaining as a mechanism to facilitate conflict is the central objective of modern labour relations. Notably, this form of bargaining in the public sector grew dramatically in the early 1960s and 1970s. During this period, many states passed statutes governing labour relations (Brock and Lipsky 2003:4). The principle factors that inhibited employee-focused collective bargaining prior the 1960s included the sovereignty of government argument, the nature of government employment and an unfavourable legal environment (Kearny and Carnevale 2001:15).

However, circumstances changed dramatically during the 1960s and 1970s. This was due to the emergence of public sector reform. The factors that led to change include, government-focused reform and growth, the introduction of private experience, changes in the legal environment and social change (Kearny and Carnevale 2001:16-17).

Collective bargaining experienced significant growth during the 1980s onwards (Kearny and Carnevale 2001:327). Factors that led to a significant growth in collective bargaining include the modernisation of the legal system and the introduction of managerialism through new public management (NPM) reforms.

Collective bargaining is a process of economics and politics in the public sector. Collective bargaining transpires in a political environment that is composed of a rich variety of interests, clashing views and conflict. Collective bargaining entails the outputs of processes and the decisions concerning public employment. The major participants are actors locked in a political contest with high stakes (Kearny and Carnevale 2001:113).

In terms of Chapter 5 of the *Labour Relations Act 66* of 1995 collective bargaining and workplace forums in South Africa have contributed to successes in conflict resolution. The employee is the productive unit in an organisation and offers his/her labour in exchange for payment in the form of wages (Grogan 2008:21 & Venter *et al.* 2009:16). Different factors contribute to the demand for better wages. This includes economic indicators and employees feeling that they are undervalued.

Conversely, employers have to balance the budget with maximum output and minimum input. Differentials in wages based on gender, race, job preservation and social inequality between rich and poor also contribute to **wage disputes**. Because an employee's relative worth determines his/her value to the employer, wage comparisons should rather be made between similar positions across institutions in a country. **Resources** are scarce commodities and both employees and employers should do their best to compete for their share of these resources. Insufficient resources cause conflict.

Notably, an institution should have a set of common. However, in many instances, they are different and even incongruent. Goals are often based on individual interest and self-interest and reflect the priorities of the employees or employer. Employees' goals may be increased wages and personal growth, while employers strive towards institutional growth. These diverse goals sometimes present the potential for conflict.

Diverse cultures with different values, beliefs and ideological preferences may accentuate differences rather than common interests. This also has the potential of conflict in an institution. However, one should always bear in mind that, to a certain extent, conflict is functional and actually prevents

stagnation (Bendix 2004:13). Conflict should be handled properly and should be balanced by cooperation between the parties involved. Methods and processes should be developed to manage and control conflict and potential disputes. This has led to the institutionalisation of collective bargaining as a predominant process in the labour relationship. While the process presents participants with an opportunity to pursue their own interests, it prevents one party from pursuing its interest at all costs. This reduces the possibility of a compromised outcome with a win-lose or lose-lose result (Bendix 2004:14). An integrative problem-solving process with a win-win result is a more universally-accepted method.

## **Levels of conflict**

Levels of conflict are determined by the potential of a variable to escalate conflict to unmanageable and often violent proportions. These variables can be categorised as moderators or aggravators (Anstey 1991:x & Bendix 2004:638). The fulfilment of the variables of basic needs, threatened identity and destiny or power struggles may trigger conflict and aggravate the level of unrest. Conflict levels may be – and remain – moderate if employees are unable to fulfil their basic needs.

However, a power struggle between parties can lead to a high level of conflict and accompanying unrest. The number and types of issues may intensify conflict levels and actions. One of the most notable reasons for escalating conflict is where a party's issues are questioned or where it is not regarded as legitimate (Bendix 2004:638). Non-recognition by one party denies the identity of the other party and its right to exercise some control over its destiny. This contributes to high levels of conflict. A highly-cohesive group, which shows dedicated support for its leader, may also lead to high conflict levels. A lack of crosscutting membership of a group may also be an aggravator. For example, employees may be excluded from attending another party's meeting or they may be excluded from a meeting on the basis of racial or gender variables.

Opposition and conflict between the different groups may escalate into unmanageable proportions. Different factors may contribute to either the escalation or de-escalation of conflict. Changes in the nature of demands, communication between parties, perceptions of each other and the tactics used may escalate tension and conflict (Anstey 1991:xi). These changes may contribute to violence. Failure of contentious tactics, loss of social support, unacceptable costs and third-party intervention are indicated as conflict de-escalators. Any level of conflict must be attended to through an appropriate conflict resolution mechanism.

## Conflict resolution

South Africa has a comprehensive legislative framework that regulates and facilitates factors, such as labour-related conflict. The four pillars of this framework are the *Labour Relations Act 66 of 1995 (LRA)*, the *Basic Conditions of Employment Act 75 of 1997* (as amended by Act 11 of 2002), the *Employment Equity Act 55 of 1998* and the *Skills Development Act 97 of 1998*. These Acts only give effect to the labour rights already embodied in the *Constitution of the Republic of South Africa of 1996* (hereafter the Constitution). Notably, the Constitution acknowledges and protects trade unions and organisational and individual labour rights as basic human rights.

The LRA gives effect to and regulates these rights, and for the purposes of this article, an employee's right to strike for the purposes of collective bargaining. Section 23(5) of the Constitution determines that "Every trade union, employers' organisation and employer has the right to engage in collective bargaining. National legislation may be enacted to regulate collective bargaining." However, the LRA is silent on the issue of a duty to bargain. The reasoning behind this is that the right to bargain must be acquired by industrial action. Section 23(5) of the Constitution recognises the right to engage in collective bargaining or the freedom to bargain collectively. However, it does not impose on employers a corresponding duty to participate in collective bargaining. It therefore favours a volunteer-based approach (Grogan 2007:93). Trade unions may therefore not be prevented from engaging in collective bargaining. The LRA encourages collective bargaining and removes itself as far as possible from plant level, to sectoral or centralised level. Section 8 of the Constitution refers to the *Bill of Rights* that applies to all law. Hence, every court, tribunal or forum must promote the spirit, purports and objects of the *Bill of Rights*.

Serviced-focused, cooperative relationships improve labour management relationships and the climate surrounding the role of the unions in the workplace. They represent a significant and useful response to the pressures on Government and employee unions (Brock and Lipsky 2003:2).

The purpose of the LRA is to promote a spirit of industrial democracy at every labour relationship level and to encourage production and labour peace by means of greater understanding and joint decision-making. The LRA recognises – but does not enforce – collective bargaining as the most acceptable means of resolving disputes of mutual interest. Furthermore, it encourages and provides the means to reach agreement. According to Chapter 7 of the LRA, strikes and lockouts are an intrinsic part of the collective bargaining process.

The Act also introduces workplace forums in Chapter 8. These forums consist of elected employees who have the right to consult with management and reach joint agreements with management over matters defined in the LRA.

These include changes in the organisation of work, the dismissal of employees because of operational requirements or retrenchments, exemptions from any collective agreement, as well as education and training. The employer is obliged to consult with employees about these issues. Notably, consultation must take place before a proposal is implemented. The workplace forum should also be given an opportunity to make alternative suggestions before a decision is made. This provides employees with an opportunity to be involved in participative management and decision-making about matters that concern them on an everyday level (Section 89). Joint decision-making (Section 86) prevents an employer from implementing any proposal without the forum's consent.

Workplace forums differ from trade unions because they are regarded as "in-house" institutions. Furthermore, they operate in a particular institution or division and exclude managerial employees. Workplace forums have to promote the interests of all employees in the workplace, not only those of union members. Chapter 3 of the LRA recognises the need to attempt to resolve disputes of mutual interest and to change employees' general conditions of service by means of collective bargaining. Organised unions have strength in numbers and are therefore able to negotiate and bargain with an employer or federation of employers' on behalf of their members.

In terms of Chapter 5, bargaining councils are another structure the LRA set in place to prevent and resolve labour unrest at sectoral or centralised level through negotiation. Collective bargaining is the process whereby employers and organised groups of employees seek to reconcile their conflicting goals through mutual accommodation. Ultimately, the process aims to foster agreement between the parties (Grogan 2008:353). Centralised bargaining, as encouraged by the LRA, ensures that all employees throughout a sector, such as the public sector, receive uniform wages and that the same conditions of service apply to all of them. Relationships are formalised and earnings, conditions of service and other matters of mutual interest are regulated for given periods. However, plant-level and centralised bargaining are not necessarily mutually exclusive. Centralised bargaining usually sets only minimum conditions.

Disputes between interested parties that fall under a specific bargaining council should be resolved by means of mediation and arbitration. To this effect, the LRA established bargaining councils for state employees. The bargaining council for the public service as a whole is known as the Public Service Co-ordinating Bargaining Council (PSCBC). The PSCBC acts in the interest of employees in the public sector. Furthermore, it is required to establish a Dispute Resolution Committee, whose task is to attempt to resolve disputes referred to it through conciliation. If it is unable to do so, such disputes will have to be resolved through arbitration. The rights of public sector employees in South Africa have broadened since 1994. Within the current legislative system certain

laws provide employees with specific protection in the workplace. Public sector employees cannot always opt for legal action if they feel their rights have been violated in the workplace (Erasmus, Swanepoel, Schenk, Van der Westhuizen and Wessels 2005:446). Public sector managers have to create an ethical and fair labour relationship environment. This will help ensure that all stakeholders are involved in the labour relations process, so that they can participate in finding solutions to the challenges that this often-contentious field faces.

Interestingly, in 1968 extended New Jersey (USA), collective bargaining rights to include public employees through the *Employer-Employee Relations Act* of 1941. However, the term collective bargaining was replaced by the term collective negotiations, as the court determined that the latter term recognised the inherent limitations on the bargaining process in public employment (Najita and Stern 2001:9). Collective bargaining by public employees was only authorised by legislation in the US during the 1960s and 1970s. In Europe, most countries traditionally covered public sector workers along with private sector workers. Notably, bargaining game must always be structured and played according to predetermined rules.

## **Bargaining conduct**

In South Africa, the labour courts developed detailed guidelines on the rules of the bargaining game under the jurisdiction of the *Labour Relations Act 28* of 1956 (Grogan 2007:102). Practices that undermined the bargaining process were interdicted. Undermining practices included issues such as abusive language and threatening conduct, personal insults, adopting an adamant, negative and uninspired attitude during negotiations, discriminating against a particular union in a multi-union bargaining arrangement, favouring non-union members at the expense of members of recognised unions, bypassing unions by dealing directly with employees, adopting a superior and haughty attitude and setting unreasonable preconditions for negotiation (Grogan 2007:102-103). However, the LRA of 1956 does not standardise unfair collective bargaining tactics. Provision is made for intervention by the labour court and arbitrators in the bargaining process if, for instance, one of the parties violates the other's statutorily-entrenched rights. The labour court or arbitrators may also intervene where there are issues arising from a collective agreement, such as prohibiting discrimination against employees for exercising their statutory rights and preventing or hindering unions to access information (Grogan 2008:363).

An agreement to bargain implies a duty to bargain in good faith. The parties should therefore display the sincere intention to achieve a resolution and make proposals and concessions indicative of good faith (Bendix 2004:289). The manner in which the parties conduct the bargaining and conflict resolution

process is relevant to assessing the fairness of disciplinary action against participating parties, as indicated in various appeal court cases. Therefore, a country's legislative framework sets the parameters for labour practices and for collective bargaining. Through legislation, a government determines the conduct of parties involved in the bargaining and dispute resolution process. Government sets minimum standards for different processes and the regulation of such matters, such as health and safety issues, as well as training needs. Government can also regulate collective bargaining by making provision for statutory obligations concerning bargaining bodies, enforcing collective bargaining agreements, establishing dispute settlement machinery and enforcing bargaining with the specific parties involved (Venter *et al.* 2009:135 & Bendix 2004:509). Legislation influences the way negotiations take place and the conduct of bargaining.

## **Conflict dynamics and power in the negotiation process**

As mentioned earlier, scarce resources, conflicting values, needs-related goals, ideologies, perceptions, imbalances and coordination problems may all lead to conflict in the work environment. In this article, collective bargaining and negotiations are identified as mechanisms to resolve these employer-employee problems. These problems may either be resolved through non-confrontational approaches, such as avoidance and withdrawal, or confrontational approaches, such as majority decision-making, bargaining and integrative problem-solving (Bendix 2004:514). Through negotiation and collective bargaining as non-confrontational resolution mechanisms, conflict is confronted and may lead to a compromise.

Anstey (1991:12-13) emphasises two conceptual conflict-handling behaviour models, namely the **structural model** and the **process model**. The **structural model** is based on slowly-changing conditions that shape and influence conflict behaviour. This model focuses on factors such as personal predispositions, social pressures, procedures and rules for negotiation, as well as aforementioned factors' influence on conflict-related behaviour. The **process model** focuses on the internal dynamics of conflict-related behaviour. It also places emphasis on events and their effect on subsequent conflict-related events. The two conflict behaviour models complement each other. Therefore, both should be taken into account in a relationship. Hence, sources of conflict, conflict behaviour and the perceptions and feelings of the parties involved should be considered.

The process model is simplified as conflict antecedents, conflict moderators and conflict behaviour that must be considered in conflict resolution (Anstey 1991:13). Conflict antecedents, as sources of conflict, refer to scarce resources, differing goals, power or authority imbalances and interdependence. Conflict

behaviour may involve competing, avoiding, accommodating and compromising factors. Conflict moderators can be defined as the way in which the parties involved approach the issue in the context of their wider relationships. This includes contributing factors such as aspirations and perceptions, constituent pressures, use of strategies, tolerance, as well as availability of acceptable procedures and balance of power. The presence or absence of these factors determines the type of behaviour shown in conflict situations. Therefore, it determines whether the parties resort to violence, coercion, sabotage and industrial action, whether they engage in negotiation and integrative problem solving, or whether they resort to the intervention of third parties and litigation to resolve the conflict (Bendix 2004:514).

Various factors may cause conflict levels to escalate, such as the number of issues to be resolved or discussed. Notably, conflict increases in direct relation to the number of issues involved. The greater the number of parties involved in the conflict process, the more the conflict tends to escalate. Economic prosperity may also contribute to higher conflict levels. Certain factors may also lead to a decrease in conflict levels, such as a limited number of issues. Conflict levels are reduced when issues are settled rapidly. Other factors that may determine the degree of conflict include the parties' perceptions, such as a strong opposition; the relationship between them, such as one of hostility; and the level and frequency of communication, such as closed and infrequent interaction. Research has shown that 70 percent of all conflict situations are resolved simply by more effective communication, 20 percent is resolved by negotiation, while only about 10 percent require the active intervention of a third party (Bendix 2004:515).

Structural imbalance is also a source of conflict in the labour environment. This imbalance in the perceived inequality of control, ownership and distribution of resources is an issue of power that determines the position of privilege between dominant groups in conflict resolution (Anstey 1991:18-19). Anstey (1991:114) defines power as the capacity to bring about desired outcomes or change the position or stance of another party. The perceptions of power influence the choice of tactics in the conflict resolution process. This power perception may determine whether negotiation will be used as a mechanism to resolve the problems in the labour relationship. Through power, the options available to the participating parties may be directed and limited by the stronger party. The settlement that was reached in the 2008 Zimbabwean elections involved pressure from governments throughout the world on both the ruling party of Mr Mugabe and the opposition party of Mr Tsvangirai. Without this external pressure, a settlement would most-probably not have been reached. It was supposed to be a win-win situation in a power-sharing settlement. Factors such as the gloomy economy, food shortages and

international isolation, forced the ruling party to adapt its approach to political power sharing.

Sources of power differ in the labour relationship in that management normally controls factors such as financial resources, the production process and employment, whereas the employees control skills and union activities. Negotiations take place because both parties perceive the other as holding a position power (Bendix 2004:515). The more dependent a party is to the labour relationship, the less influence it has in the relationship. Conversely, the more important a party seems to be, the more influence it has. The availability of jobs and how replaceable an employer is will also influence the power balance in the employment relationship. Scarcity of jobs benefits the employer's position. In turn, collective force may promote employees' position in the relationship. If an employer is successful in keeping employees from seeking and accepting alternative employment opportunities, employees can be exploited. Aforementioned may reduce employees' power in negotiations. Through collective action and preventing those employees who are paid less from doing their job (even if it is temporary), employees can exploit employers. Furthermore, employers are also exploited when non-union members are prevented from enjoying privileges and rights, such as accepting a lower salary increase than he union demanded.

The labour relationship hinges on this balance of power. In the negotiation process, parties may use different kinds of power to swing the power balance in their favour. These include legitimate, referent, expert, coercive, information and reward power (Lewis, Goodman and Fandt 2001:418-419). **Legitimate power** refers to the individual's status in the organisation and his/her ability to influence others accordingly. **Referent power** depends on an individual's strength of character and the degree to which people revere him/her. **Expert power** refers to a person's knowledge of a particular field, such as functional expertise in information technology or human resources. Individuals with **information power** have information about fundamental issues on the institution and products, such as policies, plans and other documents that are conducive to the success of the institution in general. **Coercive power** depends on a person's ability to threaten and coerce someone into conforming to his/her demands. An individual's ability to reward someone for a desired outcome, such as financial benefits, is referred to as **reward power**. The tone, contents and context of negotiation proceedings determine the kind of power that will be used (Venter *et al.* 2009:369).

At the core of this power game is an understanding of, and respect for, the positions of each side of the labour relations equation. This is achieved through a clear understanding of the mutual rights and responsibilities of both parties. Notably, legal frameworks determine these rights and responsibilities.

## CONCLUSION

Labour and employment law is one of the areas that have experienced frequent and dynamic changes in recent years. The role and abilities of the parties to the labour relationship have been whittled down by statutory intervention. *The Constitution of the Republic of South Africa Act, 1996* and the *Labour Relations Act 66 of 1995* provided the basis for most of the labour developments in South Africa. Through the aforementioned legislation, the South African judiciary system was introduced to concepts such as unfair labour practice, conflict and collective bargaining in the labour environment. Prior to these acts, the labour law framework provided complicated regulations and failed to deal with significant issues, such as collective bargaining and dispute resolution. The primary focus of this article is on conflict – an issue covered by the new statutory provisions. Conflict is a necessary and inherent part to all relationships. At a basic level, conflict is normally about benefits and wages.

It is essential to identify the power dynamics in the labour relationship and its effect on relative positions of strength of the parties to the relationship. These dynamics, along with a party's role and place in the tripartite relationship between government, employers and employees, are a substructure of the South African socio-economic environment as a whole. It is an exciting and diverse field of study that endeavours to help understand the labour relationship and the rules and regulations that must be adhered to.

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# Improving performance in the public sector

## Strategies for consideration

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### ABSTRACT

Demands for performance enhancement concern the explicit standards for measuring performance; more intensive co-operation between management, employees and the public; a more facilitating rather than directly service-delivering approach; and lastly, the handling of complex networks which confront public managers.

Strategies can be applied to minimise the effect of various demands such as, for instance, the use of alternative performance-measuring approaches; the improvement of performance measurement; greater understanding of problems related to performance measurement and monitoring; and the implementation of alternative structures and contracts for performance enhancement.

Micro-management entails the enhancement of the management orientation of public managers in public institutions through strategies such as the appointment of an interim manager; the improvement of administration processes; permitting entrepreneurship appropriate to its context of application; and the selection of specific managers with the relevant personality traits and capacities.

An integrated performance framework can present a holistic picture of their tasks to public managers, enabling them to register whether they grasp the total extent of performance phenomena and to implement performance improvements.

## **INTRODUCTION**

The improvement of living standards and socio-political stability in a state are closely connected with government performance. Performance improvement implies capacity building of the infrastructure and development of the knowledge needed as prerequisites for expected performance. Boyne et al. (2006:308) state that “We need rigorous, parsimonious, theoretical contributions...” on performance management.

The aim of performance enhancement is to improve the effectiveness and efficiency of service delivery and the legitimacy of public institutions. The performance inefficiency is caused by, among other things, outdated performance strategies. Weak performance by governments can be observed in poor service delivery to the public. The New Public Management approach for better performance in the public sector has been seen as a solution, but it seems to have less promising results in terms of performance enhancement.

Various aspects of public sector performance are addressed in the article, namely the factors that complicate performance enhancement, and the demands for better performance from public officials. Selected strategies which can be considered to improve performance in the public sector are described. A normative integrated framework for performance improvement is presented to give politicians and officials an insight into the extent of performance variables in performance enhancement.

## **FACTORS THAT COMPLICATE PERFORMANCE ENHANCEMENT IN THE PUBLIC SECTOR**

The complexity of public institutions in terms of political and administrative influences and the complexity in measuring mean that it is difficult to improve performance in terms of better service delivery.

### **Political and administrative influence**

Political influences that can complicate performance could include aspects such as increased accountability to political actors; anxiety about externalities; extent of activities and close connections with political parties; increased public visibility and increased anxiety about justice and social aims (Heinrich 2002:714). Increased inter-level independence adds to the problems of performance enhancement (Forbes 2006:269). These complex patterns that impact on performance cannot be easily measured.

There may also be discrepancies between the policy objectives set by politicians and the objectives of public officials (based on expert knowledge). The process of the conversion of policies into operational goals leaves open possibilities for deviation in policy implementation, with results that were not intended by the politicians. Many public organisations are also monopolists, with the result that there is no comparative information to evaluate their performance (Van Thiel and Leeuw 2002:275).

## **Extent of complexity in measuring performance**

Korsten (1994:136-146) is critical of those who regard government as a business that has to function in a business-like way, because government is more complex. Van Thiel and Leeuw (2002:277) and De Bruijn (2007:2-3) also argue that public management is broader than business management in the sense, for example, that “value for money” (one aspect of performance and propagated by New Public Management (NPM)) is sometimes in conflict in the public sector with the political and democratic values and outcomes of service delivery. Provan *et al.* (2006:185) add that the NPM has been criticised for being too long on generalities and ideology (results driven), but short on empirical evidence.

The differences between government and business are that government has to: perform within the tenets of the Constitution and other laws; pursue more general welfare aims than private institutions have to; accomplish goals that are more vague and not directly measurable; perform decision-making publicly; take into account the plurality of the community; perform as part of the political process; and be totally consistent as far as the principles of justice and equality before the law are concerned. Citizen can also not be seen as clients only; they are also subjects, sometimes voters, owners, tenants, accommodation seekers, and members of the public who use and litter areas. Public officials have to do more than just satisfy customers (Van Thiel and Leeuw 2002:275). Van Thiel and Leeuw (2002:275) agree that it is difficult for public organisations to estimate the exact costs of products and services delivered. Guthrie and English (1997) even argue that other forms of measurement are needed than those used in the private sector.

A major problem that arises is how to determine the achievement or performance of interconnected public institutions that function interdependently. Publicness thus creates complexity for public managers in that they are required to cope with variables such as organisational culture, community values and general political conditions (Heinrich 2002:714).

## **DEMANDS ON GOVERNMENT MANAGEMENT REGARDING PERFORMANCE**

Demands for better performance may result in conflicting and diverging demands being made simultaneously on public management. A changed (facilitating) approach to service delivery leads to changed relations with the public (complex networks), resulting in changed achievement standards and the requisite measurements.

### **Value-bound management**

Governments find themselves increasingly confronted by different problems such as drug addiction, crime, violence and general lack of safety for which there are no easy solutions. Policies in themselves offer no effective solutions for solving problems (Maes 1994:26) nor do they automatically lead to better performance in service delivery.

Within the governmental system it is important to co-ordinate and integrate policies for the combination of inputs and the elimination of unsuitable outputs and outcomes (performance). The management abilities and norms of actions within the system influence the degree to which inputs are effectively converted into more outputs. To be able to perform the relevant functions management is required to know the wishes, values and aims of the politicians, the policy vision and strategies. Officials must be granted enough freedom of action and the means to execute instructions, and there must be a relation of trust between management and politicians (Bouckaert 1994:12-13). Thus the measuring of performance is necessary not only for fiscal reasons, but also for the legitimisation of management (Bouckaert 1995:392-393). The demands for performance in service delivery focus on management practices which incorporate the diversity of values of different role players.

### **Citizen-centred service delivery**

Modern government has become more unaffordable because its economic basis, namely the ability of citizens and others to pay tax and thus create income, is in danger of collapsing. Public officials ought to focus more on “team” or project management, and the emphasis should be on openness and participation in deliberations (external relations). A new service culture is thus needed to ensure closer co-operation and interaction among organisations as well as better management performance. The functions of government are shifting more from direct service delivery towards facilitation. A value chain should be established; this means a sequence of interrelated activities should take place, the objective

of which is to add value (general welfare) for the public in a sustainable manner (Minnaar 2010:27). According to Maes (1994:3, 36) the emphasis should be on organisational culture and vision as well as on professionalism, integrity, service quality, efficiency and performance. Such a vision demands an open, trusting and problem-solving climate; responsibility and self-control; and co-operation with other organisations. Citizens' contribution to deliberations does not imply that their wishes should always be met, but only that, in the application of democratic principles to public management, citizens have access to more instruments for evaluating and improving the quality of services. Actually, a type of "Bill of Rights for Users of Public Services" is necessary (Maes 1994:36-37).

Apart from external relations, participation within the public sector should be enhanced by the constant circulation of information addressing the improvement of quality and achievement by means of, for example, newsletters, meetings and notices on bulletin boards. The opinions of officials about operational procedures and outcomes can thus be obtained and included in realistic policies (Anschutz 1989-90:31). It is important to emphasise the concerns of the officials because organisational development is focused on group spirit, trust, recognition of human anxieties, the assumption of responsibility, integrity, personal respect, appreciation and social rights (Maes 1994:37). A combination and balance of cooperation and individualism are needed to improve performance in government. An integrated approach to improve participative management for efficient performance of service delivery has to be operationalised.

## **New shared leadership**

Leadership has to encourage the involvement of officials and the public. For quality service delivery the manager should be responsible for promoting dialogue, communication, creativity, pliability and integration rather than imposing control (De Bruijn 2002:9). Leadership is no longer seen in terms of hierarchy or power, but rather in terms of shared organisational development. Continuous dedicated leadership supporting organisational action is needed for transforming general principles into real action for performance enhancement.

## **Complex networks**

Voluntary co-operation may be achieved through networks, inter-governmental relations and inter-organisational co-operation (Boyne *et al.* 2006:306-307). The shift is from a more direct unilateral management to multilateral indirect management and from generic to specialised government action (Maes 1994:28). Performance measurement is becoming more complex as a result of the more dynamic and purposeful demands posed by changed complex

networks and the involvement of the public. However, according to Provan *et al.* (2006:186), there is little evidence to demonstrate that networks lead to increased performance compared hierarchical types of organisation and little is known about the management of networks.

## **STRATEGIES TO BE CONSIDERED FOR IMPROVING PUBLIC SECTOR PERFORMANCE**

Though there are different strategies for improving performance in the public sector, the focus here will be only on specific selected strategies which are believed to be more effective in the contemporary environment. Mehta (1989) emphasises that outdated strategies are some of the reasons for low levels of performance in organisations.

### **Scrutinise the performance systems**

In a dynamic and differentiated environment the public sector has to be more dynamic and differentiated. Institutions achieve this through specific operational resources such as technology (material resources), their structure (communication and interactive networking) and their culture (values, norms, aims and expectations).

To improve the performance system, it should be open to inspection by reviewers, managers, professionals, the public and employees. This is necessary for continuous learning, improving quality and developing trust. It may also prevent the adverse effects of being too sensitive to external developments; the counterproductive defence of existing practices; and the avoidance of explanation of poor performance to external reviews (De Bruijn 2007:91-92). Management should also allow practices such as a variety of performance measurement systems and indicators, e.g. customers, employees, external professional opinions or reviews. This will moderate the incentive for not altering behaviour (De Bruijn 2007:80-81; Guthrie and English 1997:4).

### **Differentiate the performance system**

To create stable, reliable performance processes, different or varied methods can be applied to monitor the system interactively, to prepare employees (enhancing their learning) for any changes, and to develop new performance indicators from the existing indicators (Boyne *et al.* 2006:302). De Bruijn (2007:56) argues that public services are multiple-value activities which need to be measured in different ways and that need different indicators. The manager

should also tolerate a variety of output measurements (pluralistic evaluation) and invest in interaction with the line managers and staff managers. They should also make sure that the “rules of the game” (e.g. way of judging output statistics) are the same in specific sections (De Bruijn 2002:7). Such a strategy may enhance performance through more intensive “checks and balances” on service delivery.

Minnaar (2010:71) and Heinrich (2002:716) present the following generic key performance indicators (KPIs) to be used on different measurement levels, namely input (individual), output (measurable results), and outcomes or impact (on community). Outcomes or impacts are difficult to measure because the time between effort and effect may be too long for reliable evaluation. To improve the outcome measurement, alternative or different systems (Heinrich 2002:717) may be used, which De Bruijn (2002:5) says should be characterised by a “tolerance for a variety”, especially where services are multi-valued.

Different methods can be used for incorporating the qualities (measurable and immeasurable) of the product/service that the clients prefer. Specifications should be designed for performance measurement that will conform to the preferences of the clients.

## **Improvement of performance measurement**

To improve performance measurement one has to identify the aims of performance systems which need to be improved; delegate greater operational responsibilities to lower levels of management; and undertake more intensive analysis of the relation between resources allocation and realisation of policy goals (Bouckaert 1995:379). The purpose of performance measurement is to prevent critical or embarrassing situations for officials. The measuring process should also be valid and reliable, and thus has to comply with specific requirements.

### **Requirements for measuring**

Firstly, measuring ought to be neutral, because if it influences performance through producing unintended or adverse consequences, it should be dispensed with. Validity, credibility and reliability ought to be the criteria for selection of the measuring instruments or techniques, and they ought to be objective and technically correct in their applications (Van Thiel and Leeuw 2002:269-270).

Secondly, measurements ought to be functional for management. Van Thiel and Leeuw (2002:270-272) give the following dysfunctional effects of pressure by management for increased measurements: may lead to lack of innovation, tunnel vision (emphasise quantifiable results) and sub-optimisation (report only results that are most efficient) by officials. The aim of the measuring design

should be the realisation of accurate, definite, accountable, motivating and legitimating measurements. Performance measurement can serve the process best by identifying the numerous results/outputs of public sector programmes and then leaving the evaluation of their relative importance to those who use the performance information. But a monopoly on interpretation of figures (output statistics) by certain officials or sections in an organisation should be avoided (Bouckaert 1995:387-388; De Bruijn 2002:6).

### **Avoidance of performance-measurement problems**

Public nature of public functions might be the cause of specific problems that may arise in the measuring of performance. Problems that arise might be uncertainty of the validity of performance assessment and the unavailability of comparative information or benchmarks (Van Thiel and Leeuw 2002:273). Dysfunctional effects delay or destroy realisation of envisaged goals by the public sector. To improve the performance of an organisation, management ought to avoid the following problems listed in Table 1.

Undertaking quantitative measurements is fair, but the development of measuring instruments must be seen in the context of the functional and dysfunctional effects of measuring practices. De Bruijn (2002:3 and 2007:17-34) adds some adverse effects of performance measurement:

- An incentive for strategic behaviour (negative): A public institution increases its outputs according to the systems criteria, but they have no social or limited impact on the users;
- Blocks ambition: A public institution puts in less effort to achieve a certain output by manipulating the quantity or quality of its inputs;
- Blocks innovation: Innovation has a risk (less output) attached to it and may harm the institution's output. The reproduction of existing practices is rewarded;
- Suppresses professional attitude of responsibility: To maintain a high performance score public institutions may not share their best practices or insights with other organisations.
- Leads to punishment for performance: A high performance score might lead to a lower budget allocation next time, while another public institution with no investment in efficiency may receive the same budget.

Van Thiel and Leeuw (2002:270-273) add that measuring can lead to symbolic behaviour; for example, measuring procedures appear to be in place, but in fact they are not. In some cases it is also unclear what performance is really being measured (quantity or quality or both). Or officials may learn which sections of their work are important to management and thus will divert their efforts to meeting the demands of management. Measuring instruments therefore have to

**Table 1: Problems in performance measurement**

Problem	Description
Extreme optimism problem	The belief that there is no need for performance measurement because there are no performance problems in the public sector.
Impossible disease	Measuring performance (as concept and in practice), disregarding the fact that the circumstances are impossible to deal with.
Depressing problem	The feeling that the public sector performs more poorly than the private sector – a poor condition to stimulate motivation.
The curved (convex) and hollow (concave) surface problem	The convex problem arises when a high output is shown where in reality the output is low. On the other hand, the concave problem shows a low output, while in reality the output is high. This can produce wrong conclusions which can have a negative impact on the allocation of resources and on evaluations.
Hypertrophy problem (abnormal organ growth problem)	Measuring as such stimulates the abnormal growth of certain outputs (rewards for only certain outputs) and blocks innovation in other areas.
Atrophy problem (pining away disease)	The forcing of accountability through performance evaluation can be counter-productive, resulting in eroding of service quality.
The Mandelbrot problem (stacking problem)	With more police officers on duty, more criminal deeds can be exposed (higher crime rate); also the existence of more human rights can lead to an increase in transgressing them.
The polluting problem	Too many different measuring instruments can cause confusion amongst the components of the input-output chain.
The inflation problem	Problem that develops when control is lost over the measuring design, resulting in too much measurement, which can be too costly.
The enlightened perception of problems	Because of the origin of the measurement, it is not trusted by people, especially when used for evaluation purposes.
The short-term problem	Measuring instruments let people (e.g. politicians) focus on the short rather than the medium or long term (myopia).
The mirage problem	Measuring shows something different from what a person thinks he/she sees which may influence decision-making, performance and accountability negatively.
The shifting problem	Examples are hospitals which admit only specific patients with specific diseases and thus achieve a lower death rate, or schools which recruit only intelligent children to achieve a lower failure rate (cream skimming).

Source: Bouckaert 1995:390-405, Van Thiel and Leeuw 2002:269-274; Heinrich 2002:717

be valid and practical because they impact on motivation, behaviour, attitudes and the environment – and thus on performance. Finding meaningful measuring instruments is an important task of management.

## Manager’s monitoring and evaluation of performance

A service or product can only be practically managed if it can be operationalised in terms of criteria for testing the performance of actions of individuals and the organisation. Information should be collected continuously and consistent monitoring is necessary for improving performance (Minnaar 2010:157).

### Monitoring

The public manager ought to have an operationalised policy, appropriate monitoring mechanisms, and effective directing and regulating instruments at his/her disposal (Kastelein 1994:69). Every phase has to be managed and monitored; Table 2 indicates the monitoring actions of the performance phases that the manager has to take into consideration. Monitoring of performance actions is evaluated in specific contexts, namely short-term political performance, implementation performance, overall (integrated) service performance, and long-term political performance (three different time spans). According to Heinrich (2002:716), managers are inclined to concentrate on short-term measurement to allow for adjustments in budgets, contracts and management practices.

**Table 2: Monitoring and Performance Areas**

	Monitoring			
1	interest articulation	short-term political performance		
2	agenda preparation			
3	policy preparation			
4	policy articulation			
5	service operationalising	implementation performance		long-term political performance
6	service implementation management			
7	implementation/ production		service performance	
8	delivery/distribution			
9	measuring/inspection			
10	new interest situation/ new market situation			

Source: Kastelein 1996:75

Public officials concern themselves with a limited number, or only a few aspects of operationalisation, which restricts the discretionary freedom needed for integrated management (comprehensive performance of the whole system). Often interdependent functions are also under-emphasised (Kastelein 1994:74). Hence, the need for integrated management and implementing performance measurements.

The monitoring action of this integrated management, however, raises a co-ordination problem. An increase in structures, personnel and functions demands special organisational construction and functioning to accommodate the complexities and also to undertake valid performance measurement.

## **Structures and contracts for better organisational performance**

A specific kind of organisational structure is required where certain sections of public institutions have greater autonomy yet retain responsibility for results, while being directed from the core (centre) to focus as much as possible on the main functions and contracts (Anschutz 1989-90:31).

For improving performance, contracts can be drawn up between units within organisations. Two types of contracts are distinguished, namely managing contracts and work contracts. Firstly, a managing contract can be established between the core and peripheral units on policy, conditions and performance indicators for results and efficiency (Korsten 1994:141-142). Van Thiel and Leeuw (2007:272) warn against a focus on mostly inputs and results (as advocated by New Public Management (NPM)), while neglecting ethics, quality and cost prices. Reforms introduced by the NPM such as outsourcing are also not applicable or successful in all public sectors (Boyne *et al.* 2006:297).

Secondly, work contracts or transactions may be entered into mutually by units or between units and the external environment on the exchange of goods and services. These units thus have autonomy in three management areas, namely internal operation, internal structuring and establishing external relations. The control needed for the contracts can be achieved through monitoring (Table 2) (Kastelein 1994:75). Specific rules should be included in the contract to prevent “cherry picking” - a tendency by service providers to provide services or goods only to those who make the least expensive use of them (Van Thiel and Leeuw 2002:274).

A central unit strongly oriented to the main strategic goal is needed, negotiating on equal footing with the peripheral contract institutions and refraining from interfering in the domain of the relatively autonomous units. The identification and interpretation by this unit of legislation

(policies) that raises practical performance problems are needed (Choi and Heinrich 2006:205). The advantages of contract management can be that implementation becomes more transparent and stable because it is distanced from the ever-changing opinions and promises of the politicians, and that this separation leads to a more business-like operation of government units as far as performance, scale benefits and cost calculation are concerned (Korsten 1994:131-132).

## **Role of micro-managing for performance improvement**

For effective functioning as a public manager, specific strategies can be considered.

### ***Choosing a management orientation***

Four dominant management orientations can be distinguished and clarity about a manager's orientation has to be gained for improving performance of an institution/section accordingly:

- The visioning entrepreneur concerns him-/herself with plans and determines the appropriateness or otherwise of a strategy;
- The organiser is capable of regulating the progress of processes in an organised way and executes his/her tasks in orderly stages;
- The controller will determine whether the quality is up to standard and will detect any deviation from the plan;
- The expert is the one who advises others, who is focused on improvement of structure, procedures and culture of the organisation and does not necessarily regard the plan as basis (Van Dalen 1994:92).

To overcome a manager's fixation on a specific orientation, an interim manager can be appointed with any combination of orientations regarded as necessary for the efficient performance of public institutions.

### ***Appointing an interim manager***

An interim manager is somebody temporarily appointed to manage a public institution and he/she fulfils the role of manager with all its formal competencies and responsibilities. An interim manager may be needed in the case of any of the above-mentioned four types of managers and the post is often advertised as a "temporary manager" (Van Dalen 1994:92-94).

Performance considerations or needs that call for an interim manager are:

- the need for specific knowledge and skills not available in the public institution;
- the need for legitimising (sanctioning) decisions proving to be problematic at the acceptance stage;

- the need for formulation and articulation of practices for performance enhancement;
- the need for support, e.g. learning and improving performance processes in the public institution (Van Dalen 1994:94).

The organisation has to know clearly which performance problems it wants to address and decide accordingly what kind of interim manager is needed and the tasks to be assigned to him. Outsiders such as university staff or consultants with a vision of performance improvement may be selected.

### **Improving the administrative process**

There are various methods for improving performance. A worker cannot improve the quality of his/her outputs and outcomes if the administrative process is not up to standard. For better performance an effective control system and administrative process (the responsibility of management) are needed.

Administrative processes (staff function) also provide opportunities for improving performance, for example, in employment, budgeting, facilities, personnel, planning and public relations. It happens too often that these functions become a burden on the line function rather than being supportive and responsive. An example of dysfunctionality is the case of a police officer who drives an expensive patrol vehicle, can arrest people and can summon a police helicopter, but has to ask permission to make a personal phone call from his office (Anschutz 1989-90:28). A remedy will be the removal of unnecessary administrative control and the empowerment of officials through the allocation of responsibility and accountability to the lowest possible organisational levels. De Bruijn (2007:55) adds that interaction between management and employees on performance measurement should be built on mutual trust. He proposes a strategy of reducing the functions and sections that will interpret service output statistics (2002:7). These statistics are important in dialogue between different sectors. Management should be clear on which functions and sections will use which statistics (a negotiated environment).

External mechanisms for attaining higher performance levels is to put information on the internet such as citizen charters explaining practices and complaint procedures for the public (Van Thiel and Leeuw 2002:278) and the appointment of agent controllers (external review of performance) (Boyne *et al.* 2006:300).

### **Entrepreneurship**

Entrepreneurship can be used by the public sector as a change-managing paradigm. What are necessary are the manifestation of an entrepreneurial *spirit*

by government and not necessarily the adoption of private sector techniques. In this regard the following principles are involved:

- employing a third party to implement policy, e.g. public-private partnership or contracting of work;
- enhancing competition in the organisation;
- emphasising goals and not rules and regulations;
- seeing that money is correctly invested;
- introducing decentralisation in the organisation (Korsten 1994:145).

These strategies are also promoted by New Public Management, but are not the comprehensive answer for enhancement of service-delivery performance. Care has to be taken that competition doesn't result in in-fighting or failure of collaboration (Provan *et al.* 2006:186). Sometimes managers in the public sector have to forsake entrepreneurship and leave private initiative to the private sector.

The public manager should also focus more specifically on the public by involving them directly and voluntarily as co-producers in service delivery. Being involved in production, the public is in a position to make decisions and to evaluate and thus grade quality. This contradicts the traditional view of the public manager as the producer and public as the users. The public becomes an actor in the management process and is no longer only part of the environment – a situation that will require creativity from the public manager to handle (Bouckaert 1994:50-51). This kind of creativity needs certain personality traits and capacities. The distinctive personality traits shown by public managers can play a prominent role in their success.

## **Personality traits/capacity of managers**

Compared to technical knowledge and skills personality traits are gaining in importance for better performance. If the manager has to perform all four roles (Section 4.5.1) he/she has to possess more of the personality traits that are needed for effective public managers.

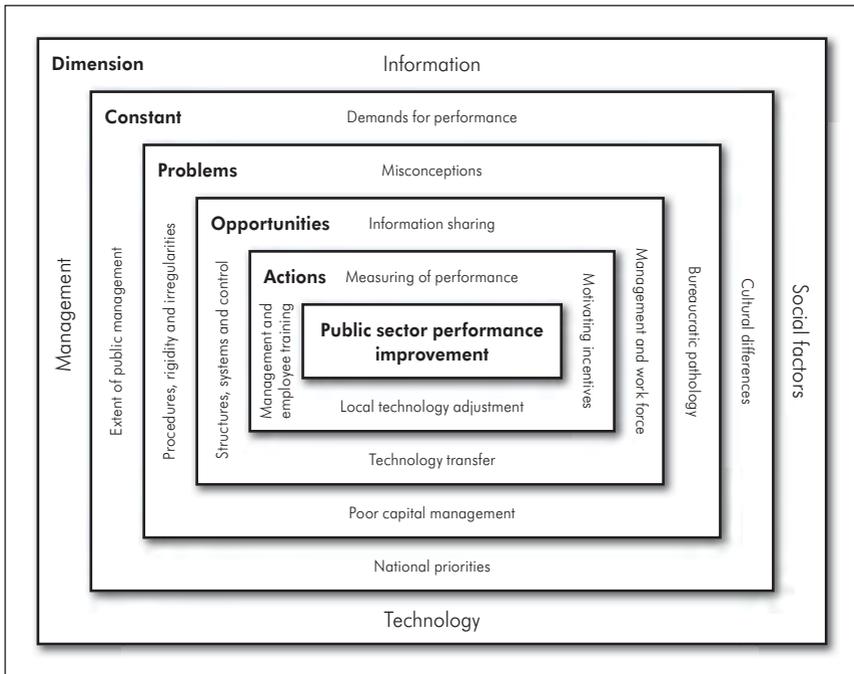
In 1992 the United States Office of Personnel Management (Holzer 1995:442-443) listed twenty-two abilities that management should be good at, namely written communication, oral communication, problem-solving, interpersonal skills, managing a diverse employee corps, vision-focussed creative thinking, flexibility, firmness, leadership, conflict management, self-direction, negotiating, planning and evaluating, financial managing, human resource managing, client-orientation, grasping external opportunities, team-building, technological managing, inner control/integrity and technical skills. All attempts at performance enhancement should have constant significant support from high-level management by coaching and mentoring with the relevant

management capacity. Without that, improvements will not be maintained (Minnaar 2010:178; Choi and Heinrich 2006:204). The strategies that are explained in this article can be accommodated in an integrated framework for performance improvement, as will be explained below.

## Integrated framework for performance improvement

Heinrich (2002:722) and Boyne *et al.* (2006:301) argue that greater emphasis should be placed on more effective tools for guiding and measuring management performance and organisational functioning than on measuring government performance precisely. A manager can use this integrated performance improvement framework (Figure 1) in any organisation or section in the public sector as a tool to assess whether he/she has the comprehensive critical elements that are needed to develop or implement an effective performance system. A normative integrated framework is provided for diagnosing performance improvement, with four critical dimensions – constants, problems, opportunities and actions – being identified (Figure 1).

**Figure 1: Integrated Framework for Public Sector Performance Improvement**



Source: Holzer 1995:415

An environment consisting of management, information, technology and social factors surrounds these four dimensions, of which politics is a permanent segment. The four dimensions can be described as follows:

- Factors (constants) that do not change in the short term (1 to 3 years) and include demands for performance, cultural differences, national priorities and the scope of public management;
- Problems in capacity building or performance should be addressed in an extensive performance improvement programme. These problems include misunderstandings or misconceptions about performance, bureaucratic pathology, poor capital management, stereotyping and rigidity of organisations;
- Opportunities for capacity building or performance improvement include sharing of information, management and employee co-operation, transfer of technology, organisational systems and controls;
- Actions or specific programmes for performance improvement include the measuring of quantitative and qualitative performance, motivating incentives, local technological adjustments and training of the managerial and employee corps (Holzer 1995:414-415; De Bruijn 2002:8-9).

The dimensions distinguished, namely information, social factors, technology and management will be described below.

**Information:** A prerequisite for better performance is the sharing of correct information amongst managers, workers and organisations through external and internal reviews. Networks and computers are needed for this purpose and “cheap” information material should be avoided. Outcomes, coupled with supporting information, should be assessed in terms of, for example, their implications for the quality of life of the public (Holzer 1995:416-421; Guthrie and English 1997:1-2; Heinrich 2002:722).

**Social factors:** A performance-driven organisation is structured not only around its tasks, but also around its members and their needs. Aspects such as organisational culture, team building, open communication, flexibility and balance between the needs of the organisation and those of the workers have to be attended to. Non-monetary incentives are work rotation, self-enrichment, quality circles, careers, recognition, flexible offset hours and improved working conditions (Holzer 1995:425-433; Boyne et al. 2006:301-302), which will result in better performance. A performance programme can also reduce conflict (tolerance of variety), moderate incentives for deviant behaviour (given space) in performance evaluation, and enhance the authority of the findings of performance measurements (De Bruijn 2002:6).

**Technology:** Available technology such as telephones, tools, computers and telecommunication facilities should be shared within and amongst

public institutions. Technological innovation takes a long while to get widely known within a country and diffusion on an international level takes much longer. Technology is only useful if it is co-ordinated with a system's work force, environmental tasks and available information (Holzer 1995:435-437). According to Mehta (1989), increased technological competencies are necessary for higher performance. However, Greame *et al.* (2006:229-230) concluded that IT outsourcing leads to only modest improvements in public organisations. IT's influence is more risky and complex than is acknowledged.

**Management:** Management is too often left to amateurs with no professional management training, or to professional people with technical but not management expertise. Public administration/management as a profession has a well-defined source of knowledge (textbooks and journals) to draw on. The existence of relevant professional knowledge on performance enhancement, however, does not imply a professional management-focused public sector. Training in human resources management (public management) seems to be essential for real managers in order to minimise intuition or common sense in the systematic handling of performance enhancement (Heinrich 2002:720-722; Boyne *et al.* 2006:301-302).

This theoretical framework can be used as an approach by public managers to give them an integrated or holistic view to enhance performance in the public sector.

## CONCLUSION

Performance enhancement has become more urgent than before because of greater demands by the public for better service delivery. Demands concern the enhancement of integrated management practices; more intensive co-operation among management, employees and the public; more facilitation than a direct service-delivery approach; shared leadership; and lastly, more efficient handling of complex networks.

Specific strategies can be considered to minimise the effect of the above-mentioned demands. The procedures for performance measurement have to be valid and reliable, and the problems related to performance measurement have to be understood to avoid its dysfunctional effects. An improved systems approach by organisations: for example, accommodating the inputs of the diverse parties, internal and external, can contribute to improved performance as improved managerial practices are applied to meet requirements. An integrated approach is important to the management of performance, which requires the co-ordinated management of short-term and long-term governmental performance as well as the performance in service

implementation. The interdependence between the internal and external environments of organisations has to be based on a contract and performance reviewing mutually agreed upon.

Micro-management requires that the management orientation of public managers in public institutions should be determined. An interim manager can be appointed to address the shortcomings of these managerial orientations that are required at any specific stage in the public sector.

Attention should also be given to the work process by using statistics, monitoring work functioning, recognising the ownership of workers and by delegating functions. Entrepreneurship can also be discreetly applied for performance improvement.

The strategies outlined here, although not complete, present a fair framework for performance improvement. The integrated performance framework can present a holistic and integrated framework for public managers, enabling them to decide the extent to which they grasp the total scope of performance phenomena and to implement performance improvements. It is the duty of every organisation to find, implement and maintain ways of performance improvement that conform to its culture and priorities, and that can meet the internal and external demands.

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# Cost saving and service quality

## A case study in the state health sector

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### ABSTRACT

Cost-saving initiatives often require changes to take place within the organisation. In the event of such changes, the psychological contract is often violated, which may have a positive or negative effect, on the affected individuals.

The current shortage of medical technologists in the country has made it impossible for them to cope with the heavy workload. As a result, many leave the profession and venture into completely different career orientations. The remaining staff become completely demotivated; they experience reduced job satisfaction and show less commitment to their work. However, some embrace the changes with the prospect that change may bring about new opportunities.

The aim of this study is to identify which approaches management took to ensure cost saving and how these approaches impacted on the behaviour of employees in the State Health Sector, with specific reference to the National Health Laboratory Services in the Nelson Mandela Bay Metro.

### INTRODUCTION

In June 1999 the South African Institute for Medical Research underwent a transformation process to unite the fragmented public health services. The objective was to avoid the duplication of service, thus ensuring cost efficiency and waste elimination. In 2000, Microbiology laboratories at the main hospitals

also merged, including, the Haematology departments. The rationale of this merger was to save costs and to centralise more expensive tests.

During and after the transformation process, many key people left the organisation. They either took early retirement packages or left to find employment with the private pathology laboratories. The result was a major staff shortage, leaving the remaining staff with a heavier workload and having to work overtime.

The aim and main problem of this research is to evaluate the impact of cost saving measures on service quality in the State Health Sector, with specific reference to the National Health Laboratory Services in the Nelson Mandela Bay Metro.

The following sub-problems have been identified to address the main problem:

- What criteria does management use to determine the need for cost saving?
- How do the cost saving initiatives impact on employee behaviour?

The objectives of this study include the following:

- To identify the cost saving criteria described in the literature
- To assess the impact of these cost saving criteria on employee behaviour
- To make recommendations as to what management should do to minimise negative employee behaviour.

## **LITERATURE REVIEW**

Corporate leaders are under constant pressure to add value to their companies. As a result processes that are not central to the company's operations are streamlined and leaders focus more on strategic or core processes (Schulman, Harmer, Dunleavy & Lusk 1999:3).

Managers need to understand the cost, time and quality of activities performed by employees or machines throughout an entire organisation to achieve the major goals of business process improvement, process simplification and improvement. Productivity can be improved when waste is eliminated or reduced and when cost, risks and rewards are shared among organisations. (Anonymous (a), Undated).

Organisations rely on the knowledge and creativity of employees in conducting business and generating innovative products and services for their customers. However, employees are also considered the most significant source of operating expense, and when businesses need to deal with downturns, some decide to cut costs by retrenching employees, while others decide to cut costs without retrenchment (Cascio 2002:4).

Cascio (2002:4) also states that, although layoffs are intended to reduce costs, some other non-labour costs may increase. An alternative to layoffs is 'responsible restructuring', which often results in a reduced workforce that is accomplished through mechanisms such as attrition, early retirements, and voluntary severance agreements. However, cost saving initiatives always affect employer-employee relationships, either positively or negatively, depending on the approaches that management use to relate to employees. Cascio (2002:38-40) mentions three types of employee-organisation relationships:

Firstly, is the **'mutual investment' relationship** in which the employer offers more than just short-term monetary rewards. The employer is concerned with the employee's well-being and career. The employee, on the other hand, agrees to do extra work even if it falls outside his expertise or prior agreements with the organisation. Employees who work under these arrangements typically exhibit high levels of commitment to their jobs and the organisation, and endorse the overall fairness of decisions regarding pay. As a result, the quality of service they deliver also improves (Cascio 2002:38-39).

Secondly, is the **under-investment relationship** in which the employee is expected to 'undertake broad and open-ended obligations'. The employer, on the other hand, only offers short-term rewards in exchange for these efforts. There is no intention of building a long-term relationship or assisting the employee in his career development. Employees working under these conditions reduce their performance; they refuse to do anything extra and are often absent from work (Cascio 2002:39-40).

The third type of relationship is referred to as **'over-investment'**. The employees perform their activities while the employer offers a broad range of rewards, including training opportunities for career advancement. These employees also show a higher level of performance and a favourable attitude towards their jobs.

Organisations engage in re-engineering, restructuring and downsizing to reinvent themselves with the aim of saving costs and improving service quality. It involves change and, as a result, employment agreements might have to be renegotiated and altered to fit the changing circumstances. The change is crucial to the organisation, but "it is the way in which the change is executed that often results in the violation of the psychological contract" (Knights & Kennedy 2005). Restructuring, re-engineering and downsizing require that current systems and processes be integrated to form new ones (Knights & Kennedy 2005). Levit (1994:118-120) explains that employees perceive the reality of the 'change' and it is their perception of this reality that shape their expectations, attitudes and behaviour.

When the psychological contract is violated, one party feels that the other has failed to fulfil its obligations or promises. Employees experience feelings of

betrayal, distress, anger, resentment, a sense of injustice and wrongful harm. The emotional experience often leads to attitudinal and behavioural responses such as job dissatisfaction and lower levels of employee commitment especially if employees show resistance to the changing circumstances of their work (Knights & Kennedy, 2005).

Research indicates that restructuring and downsizing results in those remaining employees experiencing a high degree of job insecurity as a result of organisational change. Job satisfaction is lowered and absenteeism increases because the remaining employees suffer from psychological distress and poor health (Greenglass 1, Burke & Fiksenbaum, 2002).

It is the author's opinion that the South African health industry is no exception.

The three relationships mentioned by Casio (2002) are also applicable to health care workers.

Skilled workers, that is doctors, nurses and other paramedics often leave the country because of poor working conditions and higher remuneration in other countries. Breier (nd) explains that, historically, the health sector has been under-funded and neglected. Despite many improvements, the conditions in the public sector are still poor if compared to those in the private sector. The high disease burden is causing an increased workload and as a result, the health of many health workers is also at risk.

Breier's (nd) explanation is supported by the World Health Organization which states that sub-Saharan Africa faces a shortage of 1.5 million health care workers (Healthcare Workers Shortage Crisis in Africa: Fact Sheet, nd). Various explanations include the following:

- The emigration of trained and talented professionals to other nations. Wealthy nations are often successful in recruiting trained health care workers out of Africa.
- A broken health system in which the lack of supplies and technology, high patient loads and unsafe working conditions make it difficult for professional healthcare workers to perform their duties.

Breier (nd) also states that developed countries offer attractive opportunities to professionals from developing countries if their standard of education is acceptable. This background makes it easier for healthcare professionals to leave the country.

According to Frost and Sullivan (2008) the shortage of healthcare professionals can be detrimental to the South African healthcare industry. Political and economical uncertainties can cause the number of skilled workers to emigrate to other countries. Since there is great demand for access to healthcare service, a shortage in skilled workers can make it difficult to sustain the industry.

In view of the above, it is clear that strategic human resource planning is crucial for effective delivery of service in any country, in this case, health care. Rigoli and Dussault (2003) claim that human resources are seen as just another input in health services. Not only should health care workers be seen as instruments for service delivery; but they should be seen as strategic actors who can act individually or collectively to assist in budget cuts. Fritzen (2007) agrees that the workforce has a strong impact on overall health system performance since it is the most important input into the health system.

It is true that each country has its own way of dealing with health issues, but there are common trends of which the overall objective is to achieve better outcomes in terms of quantity and quality of service. This is often expected using the same or sometimes even fewer resources; in other words they want to get more value for money (Rigoli & Dussault 2003). These authors explain that the overall objectives include improving equity of access to services, effective care, efficient utilisation of resources, satisfaction of end users and sustainability. Many countries aim for efficiency, using strategies such as changing the burden of labour costs from a financial point of view. This often led to downsizing even though health services remain labour-intensive 'with little room for labour substitution' (Rigoli & Dussault 2003).

Fritzen (2007) explains that the workforce is the most important input into any health system. This author states that there are some challenges of strategic management in the health sector and that certain lessons can be learned from it. These lessons include the following:

- Structural aspects of the health workforce
- Worker capacity, motivation and performance
- Approaches to boosting workforce performance

Fritzen (2007) also explains that, in terms of the structural aspects, there are many imbalances which are the cause of poor performance of the health system. These are:

- Overall supply and demand. Variations in the historical production of the workforce and the long lag time between training and deployment of personnel play a major role.
- Professional imbalances such as the distribution of doctors, nurses and other medical personnel such as paraprofessionals. Many systems underinvest in the production of paraprofessionals, nurses and doctors.
- Geographic imbalances. Political and economical imbalances often influence the distribution of health personnel away from rural areas that tend to be poorer than urban areas. According to Rigoli and Dussault (2003) geographical equity in the deployment of health human resources has always been difficult.

- Public/private imbalances.
- Gender and ethnic imbalances. This implies that the health sector should be democratic and personnel should be representative of the population. Any imbalances will imply that these populations are underserved.

Worker capacity, motivation and performance also play a role. The desired outcome in health systems also depends on workforce behaviour. There are links between the conditions in which the health personnel work and their performance. Skills and training determine what people ‘can do’ while attributes such as ‘feelings of motivation and empowerment’ determine what these people ‘will do’ (Fritzen 2007). The introduction/implementation of new systems, especially decentralised ones, often cause workers to feel unprepared to take on new functions. These functions often include supervision and inspection and coordination across multiple sectors. Managers often operate in an environment where there are many sources of accountability.

On the ‘will do’ side, Fritzen (2007) uses the terms ‘daylight factor’ and ‘shadow-side factors’ to explain worker motivation. Daylight factors such as terms of service and managerial supervision can affect worker motivation and behaviour, while the shadow-side factors (that is the value sets of workers) must also be recognised. The value sets refer to the professional norms, social ideas about professional roles workers are playing and the broader organisational culture of the civil service. The pay received by health workers at the end of the day is not the only thing that workers will look at. Instead they will measure the need and the possibility of earning additional income taking into account the effort they put into executing their duties.

In the author’s opinion, the daylight factors are a reflection of the under-investment relationship stated by Cascio (2003). These workers feel that there is not much to gain from working hard. There is little or no chance of career development and/or promotion. They feel stuck and their salaries cover only part of their needs. They feel disempowered by the little authority that they have when doing their job (Fritzen, 2007).

The shadow side undermines the morale of the healthcare work force. Professionalism is difficult to maintain especially if staff finds commitment of those in charge to be poor (Fritzen 2007).

All organisations aim to boost workforce performance, but to achieve this, an organisation must portray the following characteristics:

- a strong sense of mission and commitment to that mission by staff
- a high level of prestige and social status
- a results oriented culture at individual and organisational level and
- lines user feedback to improve service delivery (Fritzen 2007).

Therefore, changing staff behaviour plays a major role in any cost reduction, restructuring and downsizing exercise and is crucially important to maintaining and improving the quality of service. When embarking upon organisational change effective human resource management is required to maintain high performance levels. Better staff performance is possible if employee skills can be improved or new skills are acquired, or employee commitment can be increased or morale can be improved (Anonymous (b), Undated).

## **RESEARCH METHODOLOGY**

### **Research design**

The descriptive research method was the most suitable design structure for this study. It describes the status quo and enables the researcher to identify and describe the variability of different phenomena such as attitude, beliefs and behaviour (Saunders, Lewis & Thornhill, 2000:286).

### **Data collection**

The two methods used for data collection in this study were a literature review to develop a theoretical framework and the survey questionnaire. The questionnaire, accompanied by a covering letter, was delivered to respondents either physically or via the electronic mailing system.

### **The sample**

The cluster sampling technique was used. The representative sample consisted of 60 employees within the Ibhayi region in the Eastern Cape Province State Health Sector. The sample consisted of both technical and support staff.

### **The measuring instrument**

The measuring instrument consisted of eight sections. Section A consisted of the biographical data. Section B consisted of choice questions referring to “the criteria that organisations use to determine the need for cost saving”. The items in sections C to H were linked to a five point Likert scale to determine how strongly respondents agree or disagree with the questions. Saunders *et al.* (2000:295-6) suggest that, when using this scale a negative statement should be included. This allows for respondents to sit on the fence rather than admitting they do not know. For this study the term ‘uncertain’ was the negative term used.

A pilot study was conducted to ensure that respondents will have no problem in answering the questions and there will be no problem in recording the data.

A total of 55 completed questionnaires were returned. This total makes up 92 percent of the total responses. Non-responses constituted only 8 percent of the total sample.

Table 1 shows the overall response rate.

**Table 1: Overall response rate**

Response Rate	Responses	Percentage
Returns	55	92%
Non-returns	5	8%
<b>Total</b>	<b>60</b>	<b>100%</b>

The majority of respondents were under the age of fifty (82 percent), with 29 percent between 20-29 years, 27 percent between 30-39 years and 25 percent between 40-49 years. Only 10 percent were between 50-59 years. There were no respondents younger than 20 years or older than 59 years.

Twenty five percent of respondents had been with the company for less than 5 years, 14 percent between 5 and 10 years, 36 percent between 11 and 20 years, 20 percent between 20 and 30 years and only three percent were more than 30 years. Some employees left the company shortly after completing the questionnaire.

Table 2 below shows the response rate of each department.

**Table 2: Responses according to department**

Category	Frequency Table: Department	
	Count	Percent
Haematology	8	14,55
Biochemistry	8	14,55
Microbiology	28	50,91
Histology	2	3,64
Receiving office	5	9,09
Haem & Biochem & Microbiol	4	7,27
Missing	0	0,00

The Microbiology department recorded the highest response rate of 50.9 percent. This is because the department is made up of Bacteriology, Serology and Media departments. The Cytology department was also included as part of the Microbiology department. The Haematology and Biochemistry departments each recorded a 100 percent response rate even though each contributed a response rate of only 14.55 percent to the overall response rate.

## Results

From this study the following issues were analysed as they pertain to the main problem statement. These include:

- Section B1: The cost saving initiatives which employees find most disturbing in their work;
- Section B2: ISO standards, training, overtime and work-family life;
- Section C: The employees’ resistance to the change as a result of the cost saving initiatives;
- Section D: The extent to which employees experience job satisfaction;
- Section E: The degree of employee commitment;
- Section G: Communication; and
- Section H: Employee involvement.

### ***Cost savings that employees find most disturbing in their work***

**Table 3: Cost saving initiatives that employees find most disturbing**

Category	Count	Percent
ISO 15189 standards	7	12,73
Staffing levels	27	49,09
Overtime	5	9,09
New technology	1	1,82
All of above	6	10,91
Staffing levels & overtime	7	12,73
ISO 15189 & staffing levels	1	1,82
Missing	1	1,82

The information depicted in Table 3 shows that, although only 12.73 percent find the new ISO standards disturbing, 49 percent of respondents find the low staffing levels most disturbing in their work. As a result, 90.9 percent of respondents are working overtime (see Table 4, B2.6).

### ***ISO standards, training, overtime and work-family life***

Table 4 below shows that 81.82 percent of respondents (B2.2) find it easy to accept and conform to new ISO standards and procedures, while 74.55 percent of respondents feel that the laboratory is efficient in its operations (B2.1).

Although 76.36 percent of respondents report that they are adequately trained to run all benches (work stations) (B2.4), 65 percent feel that the work is not done as required even though they are doing their best (B2.5). It is possible these respondents are suffering from distress, in keeping with Potgieter's (2003:210) explanation that 'at a certain point the sheer weight and demands of the task render them incapable of performing'.

The staff shortage makes it impossible for respondents to take leave as 89.09 percent report that they do not take leave to get away from the work situation (see Table 4, item B 2.8). This affects their work-life balance (72.73 percent).

Despite the long working hours only 25.45 percent of respondents have experienced physical injuries. However this aforementioned situation, together with the long working hours, is an issue of great concern since it can be detrimental to the quality of service provided by the employees.

Eighty percent of respondents state that management did not explain the reasons for the cost savings, which could be the reason why 90.91 percent feel that their morale was negatively affected by the merger and rationalisation efforts (see Table 4, item B2.12).

### ***Employee resistance to change***

Table 5 shows the respondents' resistance to change. Seventy two percent of respondents agree that management have their own agenda (C1.3); 60 percent agree that management tries to manipulate the system (C1.4), while only 29 percent agree that they often say negative things about management (C1.8). This low percentage could be due to the fact that employees do not want to be seen as criticising management and they also fear that their jobs might be at risk.

There is also a positive feeling among employees regarding their willingness to adopt new work practices as 89 percent agree on this (C1.5). Ninety eight percent are prepared to learn new skills (C1.6) and 90 percent disagree that they refuse to participate in group work (C1.7)

Respondents (55 percent) feel comfortable with the new systems and processes in place. This corresponds well with the findings in Table 5 where

**Table 4: ISO standards, training, overtime and work-family life**

			Yes	No	Total
<b>B2.1</b>	With the application of ISO standards do you feel that the laboratory is more efficient in its operations?	No %	41 74,55	14 25,45	55 100
<b>B2.2</b>	Did you find it easy to accept and conform to the new standards and procedures?	No %	45 81,82	10 18,18	55 100
<b>B2.3</b>	Do you feel that your department is adequately staffed to manage the workload?	No %	5 9,09	50 90,9	55 100
<b>B2.4</b>	Do you feel that you are adequately trained to run all the benches in your department?	No %	42 76,36	13 23,64	55 100
<b>B2.5</b>	Even though you feel that you are doing your best, do you sometimes find that the work is not done as required?	No %	36 65,45	19 34,55	55 100
<b>B2.6</b>	Do you work overtime?	No %	50 90,91	5 9,09	55 100
<b>B2.7</b>	Does the current work situation affect your work-family-life balance?	No %	40 72,73	15 27,27	55 100
<b>B2.8</b>	Do you often (twice a month or more) take leave to get away from the work situation?	No %	6 10,91	49 89,09	55 100
<b>B2.9</b>	Have you experienced any physical injuries as a result of your work?	No %	14 25,45	41 74,55	55 100
<b>B2.10</b>	Did management at any time explain to you the reasons for cost saving?	No %	11 20	44 80	55 100
<b>B2.11</b>	Did the changes affect your morale in a positive way?	No %	5 9,09	50 90,91	55 100
<b>B2.12</b>	Did the changes affect your morale in a negative way?	No %	50 90,91	5 9,09	55 100

employees indicated they find it easy to conform to the new standards and procedures.

Table 6 shows the correlations among the eight items measuring employees' resistance to change. Inspection of the correlations shows that there are a number of strong correlations, which is an indication of the possible factors. Factor analysis was done to determine sensible grouping of items. A scree-plot (see Figure 1) was drawn to determine how many factors exist among the eight

**Table 5: Employee resistance to change**

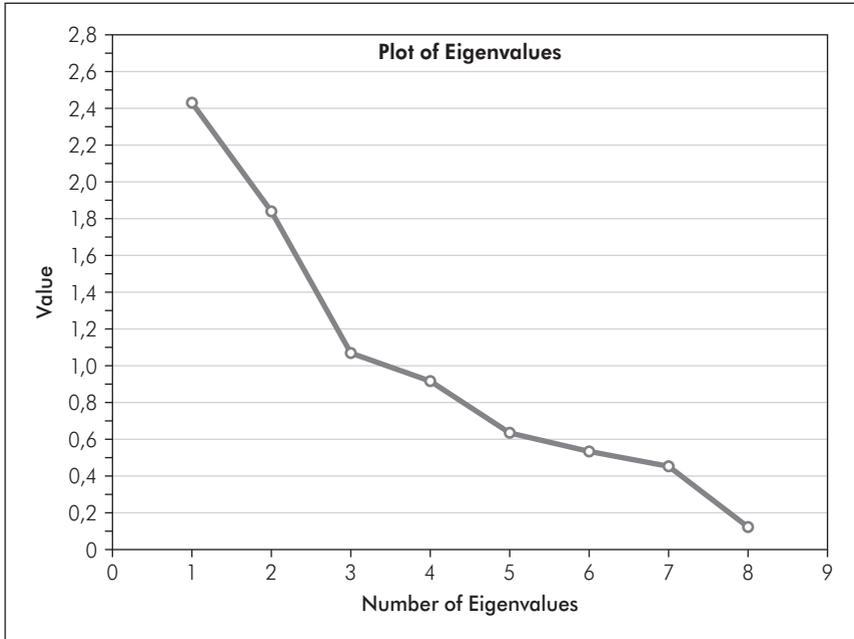
	Employee Resistance To Change		Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
<b>C1.1</b>	I feel comfortable with the new systems and processes in place	No %	3 5,45	28 50,9	19 34,5	3 5,45	2 3,64
<b>C1.2</b>	I always share information with others	No %	10 18,18	41 74,5	4 7,27	–	–
<b>C1.3</b>	Management have their own agenda	No %	23 41,82	17 30,9	13 23,6	1 1,82	1 1,82
<b>C1.4</b>	Management tries to manipulate the system.	No %	20 36,36	13 23,6	21 38,1	–	1 1,82
<b>C1.5</b>	I am prepared to adopt new working practices	No %	16 29,09	33 60,0	4 7,27	2 3,64	
<b>C1.6</b>	I am prepared to learn new skills.	No %	32 58,18	22 40,0	1 1,82	–	–
<b>C1.7</b>	I refuse to participate in any group work	No %	–	3 5,45	2 3,64	22 40,0	28 50,9
<b>C1.8</b>	I often say negative things about management	No %	5 9,09	11 20,0	13 23,6	17 30,91	9 16,36

**Table 6: Correlation analysis of employee resistance to change**

Variable	Correlations N=55							
	C1.1	C1.2	C1.3	C1.4	C1.5	C1.6	C1.7	C1.8
<b>C1.1</b>	1,00	0,09	-0,20	-0,25	-0,03	0,16	-0,25	-0,26
<b>C1.2</b>	0,09	1,00	0,14	0,02	0,27	0,11	0,01	0,11
<b>C1.3</b>	-0,20	0,14	1,00	0,84	0,06	0,04	0,07	0,50
<b>C1.4</b>	-0,25	0,02	0,84	1,00	0,02	0,19	0,09	0,52
<b>C1.5</b>	-0,03	0,27	0,06	0,02	1,00	0,27	-0,33	0,02
<b>C1.6</b>	0,16	0,11	0,04	0,19	0,27	1,00	-0,46	0,08
<b>C1.7</b>	-0,25	0,11	0,50	0,52	0,02	0,08	0,13	1,00
<b>C1.8</b>	-0,26	0,11	0,50	0,52	0,02	0,08	0,13	1,00

Source: Table 6 converted to a scree-plot

**Figure 1: Factor analysis on employee resistance to change**



Source: Table 6 converted to a scree-plot

items. This scree-plot, together with the ‘eigen values greater than one’ rule, showed that three factors exist since there are three eigen values that are greater than one.

The factor loadings were examined to indicate which items belonged to the three factors (See Table 7). Based on this, the factors that emerged were as follows:

- Factor 1 (F1) = average of C1.3, C1.4 and C1.8 (management)
- Factor 2 (F2) = average of C1.5, C1.6 and C1.7 (employee willingness)

The coding for C1.7 was reversed since it was negatively stated.

The third factor consists only of item C1.2. Item C1.1 did not load onto any factor; consequently only F1 and F2 are valid factors from this analysis and C1.1 and C1.2 will be analysed separately.

Further analysis of F1 (management) and F2 (employee willingness) was done to establish their internal reliability. This enables the researcher to indicate how strongly items in a factor correlate with each other. Factor one has a Cronbach alpha of 0.8. The closer this value is to one, the stronger the internal reliability of the factor. The average inter-item correlation for factor one was 0.65, indicating

**Table 7: Factor loading on employee resistance to change**

Variable	Factor loadings (Varimax normalised) Extraction: Principal axis factoring (Marked loadings are > .350000)		
	Factor 1 (F1)	Factor 2 (F2)	Factor 3 (F3)
<b>C1.1</b>	-0,294	0,233	0,045
<b>C1.2</b>	0,056	0,050	0,701
<b>C1.3</b>	0,838	0,031	0,106
<b>C1.4</b>	0,988	0,107	-0,071
<b>C1.5</b>	0,023	0,374	0,348
<b>C1.6</b>	0,095	0,591	0,111
<b>C1.7</b>	1,153	-0,839	0,028
<b>C1.8</b>	0,576	-0,049	0,111
Expl. Var.	<b>2,133</b>	<b>1,263</b>	<b>0,656</b>
Prp. Tot.	<b>0,267</b>	<b>0,158</b>	<b>0,082</b>

that management is high on internal reliability. Factor two has a Cronbach alpha of 0.6, which does not indicate high internal reliability but is still acceptable with an average inter-item correlation of 0.36, which is quite acceptable.

An analysis of the descriptive statistics shows the means for all groups with regard to age (mean = 2.5), years of service (mean = 2.5) and positions (mean = 2.4) for C1.1. These values fall on the lower end of the scale, meaning that respondents in all age groups regardless of years of service and their position, agree that they feel comfortable with the new systems and processes in place.

The means for all groups for C1.2 are: age (mean = 1.8), years of services (mean = 1.8) and position (mean = 1.8). Although respondents in the age groups 20 – 29 years, 50 – 59 years, those with up to ten years of service and the technicians and medical technologist have means slightly higher than the means for all groups, they still fall on the lower end of the scale, indicating that there is strong agreement with regard to the sharing of information.

Factor 1 (F1) has a mean of 2.4 for all groups in all categories, with the mean for supervisors even lower. This is an indication that there is slight agreement among respondents about the items on management.

Factor 2 has a mean of 1.6 for all groups in all three categories. Respondents aged 20 – 29 years have a mean slightly lower than 1.6, while the individual

**Table 8: Internal reliabilities of two factors: Management versus Employee Willingness**

<b>F1 (Management)</b>					
Variable	Summary for scale: Mean=7.23636 Std. Dv.=2.68717 Valid N:55 Cronbach alpha: .812599 Standardised alpha: .831168 Average inter-item corr.: .655860				
	Mean if deleted	Var. if deleted	Stdv. If deleted	Item-Totl correl.	Alpha if deleted
<b>C1.3</b>	5,327273	3,565620	1,888285	0,744442	0,672724
<b>C1.4</b>	5,163636	3,482314	1,866096	0,761941	0,653123
<b>C1.8</b>	3,981818	3,290578	1,813995	0,532550	0,914205
<b>F2 (Employee willingness)</b>					
Variable	Summary for scale: Mean=4.92727 Std. Dv.=1.54985 Valid N:55 Cronbach alpha: .608495 Standardised alpha: .621608 Average inter-item corr.: .356618				
	Mean if deleted	Var. if deleted	Stdv. If deleted	Item.Totl correl.	Alpha if deleted
<b>C1.5</b>	3,072727	1,303802	1,141841	0,355197	0,598377
<b>C1.6</b>	3,490909	1,486281	1,219131	0,455222	0,493772
<b>C1.7</b>	3,290909	0,969917	0,984844	0,483681	0,411725

**Table 9: Descriptive statistics of factors: Resistance to change**

Variable	Descriptive Statistics					
	Valid N	Mean	Median	Minimum	Maximum	Std. Dev
<b>C1.1</b>	55	2,51	2,00	1,00	5,00	0,84
<b>C1.2</b>	55	1,89	2,00	1,00	3,00	0,50
<b>F1 (Man)</b>	55	2,41	2,33	1,00	5,00	0,90
<b>F2 (Work)</b>	55	1,64	1,67	1,00	3,33	0,52

means for F2 gradually increase from below 1.6 to slightly higher than 1.6. for years of service. This can be an indication that employee willingness is gradually decreasing as the years of service increase. Most respondents (55 percent) feel comfortable with the new systems and processes in place. This corresponds well with the findings in Table 5, where employees indicated they find it easy to conform to the new standards and procedures.

### **Employee job satisfaction**

An assessment of Table 10 shows that 96 percent of respondents find their work meaningful (D1.1), while 60 percent feel that they are provided with the needed security (D1.2). Even though the employees with more than 20 years

**Table 10: Employee job satisfaction**

EMPLOYEE JOB SATISFACTION			Yes	No
<b>D1.1</b>	Do you perceive your work as meaningful?	No %	53 96,36	2 3,64
<b>D1.2</b>	Does your job provide you the needed job security that you seek?	No %	33 60	22 40
<b>D1.3</b>	Do you feel that working conditions have changed since you started working for this organisation?	No %	47 85,45	8 14,55
<b>D1.4</b>	Does your supervisor communicate to you that your work is important?	No %	39 70,91	16 29,09
<b>D1.5</b>	Do you feel that your supervisor is treating everyone fairly with regard to his or her performance management?	No %	31 56,36	24 43,64
<b>D1.6</b>	Do you trust your supervisor enough to share any personal problems you might have?	No %	32 58,18	23 41,82
<b>D1.7</b>	Do you receive regular, timely feedback regarding your job performance?	No %	21 38,18	34 61,82
<b>D1.8</b>	Were you provided with opportunity for added responsibility (not just more tasks)?	No %	28 50,91	27 49,09
<b>D1.9</b>	Do you perceive that you have ownership of your work?	No %	35 63,64	20 36,36

**Table 11: Employee response to job security (D1.2) based on years of service**

	Summary Frequency Table (MBA data.sta) Table: Service n(3) x D1.2(2)			
	Service n	D1.2 n	D1.2 y	Row Totals
<b>Count</b>	Up to 10 years	5	17	22
<b>Row Percent</b>		22,73%	77,27%	
<b>Count</b>	11–20 years	10	10	20
<b>Row Percent</b>		50,00%	50,00%	
<b>Count</b>	More than 20 years	7	6	13
<b>Row Percent</b>		53,85%	46,15%	
<b>Count</b>	All groups	22	33	55

Source: Results obtained from analysis of item D1.2

experience constitute only 20 percent of the total number of respondents, 53.85 percent of them feel that they are not provided with the necessary job security (see Table 11).

There seems to be a good working relationship among supervisors and subordinates, since 70.91 percent feel that supervisors do communicate the importance of their work to them (D1.4). More than half (56 percent) of

**Table 12: Employee response to fair treatment (D1.5) based on years of service**

	Summary Frequency Table Table: Service n(3) x D1.5(2)			
	Service n	D1.5 n	D1.5 y	Row Totals
<b>Count</b>	Up to 10 years	10	12	22
<b>Row percent</b>		45,45%	54,55%	
<b>Count</b>	11–20 years	7	13	20
<b>Row percent</b>		35,00%	65,00%	
<b>Count</b>	More than 20 years	7	6	13
<b>Row percent</b>		53,85%	46,15%	
<b>Count</b>	All groups	24	31	55

Source: Results obtained from analysis of item D1.5

**Table 13: Employee response to added responsibility (D1.8) based on position**

	Summary Frequency Table Table: Position(5) x D1.8(2)			
	Position	D1.8 n	D1.8 y	Row Totals
<b>Count</b>	Data Capturer	3	2	5
<b>Row percent</b>		60,00%	40,00%	
<b>Count</b>	Technician	3	8	11
<b>Row percent</b>		27,27%	72,73%	
<b>Count</b>	Medical Technologist	7	8	15
<b>Row Percent</b>		46,67%	53,33%	
<b>Count</b>	Chief technologist	10	9	19
<b>Row percent</b>		52,63%	47,37%	
<b>Count</b>	Supervisor	3	1	4
<b>Row percent</b>		75,00%	25,00%	
<b>Count</b>	All groups	26	28	54

Source: Results obtained from analysis of item D1.8

respondents feel that they are treated fairly with regard to their performance (D1.5) even though only 38 percent report that they receive timely feedback (D1.7).

Further analysis of item D1.5 shows that 53.85 percent of employees with more than 20 years experience feel that supervisors are not treating them fairly with regards to job performance (See table 12). This can be detrimental to the long run operations of the organisation, because these employees are usually the ones with the most knowledge and experience. They may decide to leave the organisation, meaning the loss of expertise.

In Table 10 only 50.9 percent of respondents reported that they were provided with added job responsibility (D1.8). Further analysis of item D1.8 shows that although technicians only make up 20 percent of the total number of respondents, 72.73 percent were given added job responsibility (see Table 13). This could be due to the shortage of medical technologists, meaning that technicians have to do work done by medical technologists even though they are not compensated for it.

## EMPLOYEE COMMITMENT

Table 14 shows that 90 percent of respondents agree that they are strongly committed to their jobs. Items E1.1 to E1.3 deal with the normative, continuous and affective commitment respectively. Leung and Chang (1999) explain that these are distinct constructs representing different psychological states and should therefore be looked at separately.

Only 50.87 percent of respondents were high on normative commitment because they feel that the organisation has treated them well in accordance with the conditions of service. A further 21.82 percent expressed their uncertainty (E1.2), while 27.27 percent felt that the organisation has not treated them well (E1.2).

Respondents show low continuous work commitment, since only 7.27 percent feel that they cannot easily take their skills somewhere else, while 76.36 percent feel that they can. Employees who are high in continuous work commitment feel bound to their jobs because of the cost associated with leaving their present employer (Potgieter, 2003:221). Leung and Chang (1999) further explained that continuous work commitment is a negative attachment, whereby employees fail to share the values and principles of the organisation but still remain with the organisation.

There was a high degree of uncertainty among respondents about whether they would stay with the organisation until retirement age as 41.82 percent were uncertain, 32.73 percent agreed and 25.46 percent disagreed.

The descriptive statistics show that items in section E do not correlate strongly and therefore should be analysed separately.

**Table 14: Employee commitment**

	Employee Commitment	No %	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
<b>E1.1</b>	I am strongly committed to my job.	No %	35 63,64	15 27,27	2 3,64	2 3,64	1 1,82
<b>E1.2</b>	The organisation has treated me well, in accordance with the conditions of service.	No %	2 5,45	25 45,45	12 21,82	10 18,18	5 9,09
<b>E1.3</b>	I can easily take my skills to any other organisation	No %	20 36,36	22 40,00	9 16,36	4 7,27	-
<b>E1.4</b>	I would remain in the employ of this organisation until retirement age	No %	6 10,91	12 21,82	23 41,82	8 14,55	6 10,91

**Table 15: Descriptive statistic on items E1.1 to E1.4 according to age**

Age	E1.1 Means	E1.1 N	E1.1 Std Dev	E1.2 Means	E1.2 N	E1.2 Std. Dev	E1.3 Means	E1.3 N	E1.3 Std. Dev	E1.4 Means	E1.4 N	E1.4 Std.Dev
20-29 years	1,437500	16	0,813941	2,375000	16	0,885061	1,937500	16	0,997914	3,375000	16	1,087811
30-39 years	1,933333	15	1,162919	2,666667	15	0,975900	1,933333	15	0,703732	3,066667	15	1,032796
40-49 years	1,285714	14	0,611250	3,071429	14	0,997249	1,714286	14	0,825420	2,714286	14	0,994490
50-59 years	1,400000	10	0,699206	3,300000	10	1,494434	2,300000	10	1,159502	2,300000	10	1,251666
All groups	1,527273	55	0,878858	2,800000	55	1,095445	1,945455	55	0,911210	2,927273	55	1,119764

**Table 16: Descriptive statistic on items E1.1 to E1.4 according to years of service**

Service n	E1.1 Means	E1.1 N	E1.1 Std. Dev	E1.2 Means	E1.2 N	E1.2 Std. Dev.	E1.3 Means	E1.3 N	E1.3 Std. Dev	E1.4 Means	E1.4 N	E1.4 Std.Dev
Up to 10 years	1,454545	22	0,800433	2,409091	22	0,796366	2,045455	22	1,090097	3,181818	22	1,139606
11-20 years	1,650000	20	1,089423	3,050000	20	1,050063	2,000000	20	0,794719	2,950000	20	1,099043
More than 20 years	1,461538	13	0,660225	3,076923	13	1,441153	1,692308	13	0,751068	2,461538	13	1,050031
All groups	1,527273	55	0,878858	2,800000	55	1,095445	1,945455	55	0,911210	2,927273	55	1,119764

**Table 17: Descriptive statistic on items E1.1 to E1.4 according to position**

Position	E1.1 Means	E1.1 N	E1.1 Std. Dev	E1.2 Means	E1.2 N	E1.2 Std. Dev.	E1.3 Means	E1.3 N	E1.3 Std. Dev	E1.4 Means	E1.4 N	E1.4 Std.Dev
<b>Data Capturer</b>	1,200000	5	0,447214	3,000000	5	1,000000	2,600000	5	1,341641	2,800000	5	1,483240
<b>Technician</b>	1,545455	11	0,687552	2,636364	11	1,433369	1,909091	11	1,044466	2,454545	11	1,439697
<b>Medical technologist</b>	1,466667	15	0,833809	2,400000	15	0,632456	1,800000	15	0,941124	3,333333	15	0,899735
<b>Chief technologist</b>	1,736842	19	1,147079	3,052632	19	1,223551	2,052632	19	0,705036	2,947368	19	1,078769
<b>Supervisor</b>	1,250000	4	0,500000	3,000000	4	0,816497	1,500000	4	0,577350	2,750000	4	0,500000
<b>All Groups</b>	1,537037	54	0,884093	2,777778	54	1,093146	1,962963	54	0,910380	2,925926	54	1,130234

**Table 18: Responses on employee motivation**

	Employee Motivation	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree	
<b>F1.1</b>	I look forward to coming to work every morning	No %	3 5,45	20 36,36	13 23,64	15 27,27	4 7,27
<b>F1.2</b>	I feel excited when I am asked to do a different task every day	No %	8 14,55	26 47,27	11 20,00	9 16,36	1 1,82
<b>F1.3</b>	I am well compensated for the work that I am doing	No %	3 3,64	10 18,18	14 25,45	14 25,45	15 27,27
<b>F1.4</b>	I find new opportunities at work very challenging	No %	12 21,82	27 49,09	9 16,36	6 10,91	1 1,82
<b>F1.5</b>	I still put in extra effort to ensure that organisational goals are achieved	No %	16 29,09	37 67,27	1 1,82	1 1,82	-
<b>F1.6</b>	I am motivated by money	No %	14 25,45	14 25,45	8 14,55	16 29,09	3 5,45

The sample as a whole has a mean of 1.5 for age, years of service and position in the organisation (E1.1). Respondents in the age group 20 – 29 years, those with 11 – 20 years service and chief technologists have means slightly higher than 1.5, although it still falls on the lower end of the scale. This is evident that all respondents are strongly committed to their jobs.

Item E1.2 has individual means that gradually increase towards the right of the scale for the age and service categories, but the mean for the whole sample is 2.8, which is more towards the middle of the scale. The age group 50-59 years has an average of 3.3, meaning that they tend to disagree that they have received good treatment, while the group 40-49 years (mean = 3.0) shows uncertainty. Respondents with 11 – 20 years service, and the data capturers, chief technologists and supervisors also express uncertainty, since these groups each have a mean of 3.0. Since the overall mean of E1.2 is 2.8 for all groups, one can conclude that respondents are uncertain about whether they have been treated well.

The three categories for item E1.3 each have a mean of 1.9 (which falls on the lower end of the scale) for all groups. Respondents aged 50 – 59 years, those with up to 10 years and 11 - 20 years service, data capturers and chief technologists have means that are slightly higher than the overall means but are still falling towards the lower end of the scale. Based on this, respondents strongly agree that they can easily take their skills to another organisation.

Item E1.4 has an overall mean of 2.9 (see Tables 15, 16 and 17). Respondents aged 20 – 29 years (mean = 3.3) (see Table 15), those with up to ten years service (mean = 3.1) (see Table 16) and the medical technologists (mean = 3.3), (see Table 17) show a tendency more towards the right of the scale meaning that they disagree about staying with the organisation until retirement age. However, with an overall mean of 2.9, one can conclude that there is some uncertainty among respondents as to whether they would stay until retirement age.

## **EMPLOYEE MOTIVATION**

Table 18 shows that 41.81 percent of employees look forward to coming to work (F1.1); 34.54 percent disagree with the statement, while 23.64 percent express uncertainty. There is also a significantly high percentage (70.91 percent) of respondents who find new opportunities at work challenging.

It seems as if respondents do take their work seriously, as 96.36 agree that they put in extra effort to ensure that organisational goals are achieved. However, 52.72 percent of respondents feel that they are not well compensated for the work they are doing. This is in keeping with Byars and Rue (2000:305), who explain that compensation and pay are not synonymous. Compensation is the

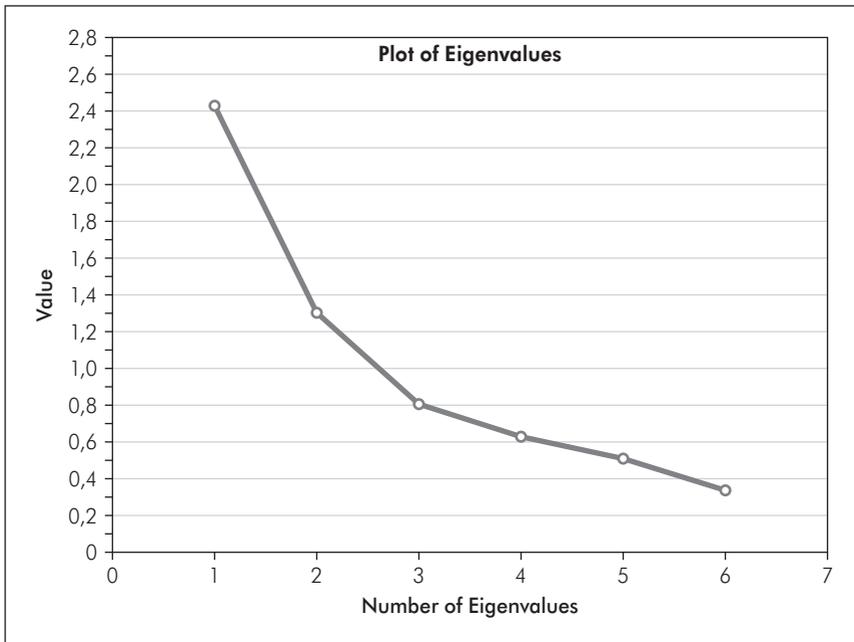
**Table 19: Correlation analysis on employee motivation**

Variable	F1.1	F1.2	F1.3	F1.4	F1.5	F1.6
<b>F1.1</b>	1,00	0,30	0,59	0,22	0,31	-0,31
<b>F1.2</b>	0,30	1,00	0,45	0,40	0,25	-0,10
<b>F1.3</b>	0,59	0,45	1,00	0,39	0,19	-0,24
<b>F1.4</b>	0,22	0,40	0,39	1,00	0,32	0,15
<b>F1.5</b>	0,31	0,25	0,19	0,32	1,00	0,08
<b>F1.6</b>	-0,31	-0,10	-0,24	0,15	0,08	1,00

extrinsic reward that employees receive in exchange for their work. Examples include paid vacations, health insurance, life insurance and retirement pensions.

A correlation analysis was done to determine if there is any correlation among items F1.1 to F1.6 (see Table 19). These correlations were examined and it was found that there is a strong correlation among these items.

**Figure 2: Factor analysis on employee motivation**



Source: Table 19 converted to a scree-plot

**Table 20: Factor loading of items on employee motivation**

Variable	Factor Loadings (Unrotated) Extraction: Principal axis factoring (Marked loadings are > .350000)
	Factor 1
<b>F1.1</b>	0,665398
<b>F1.2</b>	0,578318
<b>F1.3</b>	0,801090
<b>F1.4</b>	0,490459
<b>F1.5</b>	0,379883
<b>F1.6</b>	-0,195609
Expl. Var.	<b>1,842074</b>
Prp. Totl	<b>0,307012</b>

Factor analysis on these items showed that items F1.1 to F1.5 belong together which can be seen in the strong correlations among these items (see Table 20). A scree-plot was drawn to determine how many factors exist amongst these items. Only one factor could be formed, which was the average of F1.1 to F1.5. This factor has a Cronbach alpha of 0.7, and an inter-item correlation of 0.3, indicating relatively high internal reliability among the items (see Table 21). Item F1.6 did not correlate with the rest of the items and is therefore discussed separately.

**Table 21: Internal reliability of the factor: Motivation**

Variable	Summary for scale: Mean=12.9091 Std.Dv.=3.38992 Valid N:55 Cronbach alpha: .723630 Standardised alpha: .722495 Average inter-item corr: .348342				
	Mean if deleted	Var. if deleted	StdDv. If deleted	Itm.Ttol Correl.	Alpha if deleted
<b>F1.1</b>	9,96364	7,198678	2,683035	0,512845	0,664952
<b>F1.2</b>	10,47273	7,594711	2,755850	0,499266	0,670091
<b>F1.3</b>	9,36364	6,231405	2,496278	0,627874	0,610999
<b>F1.4</b>	10,69091	7,886281	2,808252	0,453550	0,688017
<b>F1.5</b>	11,14545	9,687934	3,112545	0,356992	0,724311

**Table 22: Descriptive statistics for the factor and F1.6**

Variable	Valid N	Mean	Median	Minimum	Maximum	Std. Dev.
<b>F1.6</b>	55	2,64	2,00	1,00	5,00	1,30
<b>F1(Motiv)</b>	55	2,58	2,60	1,00	4,20	0,68

The descriptive statistics in Table 22 show that item F1.6 has a mean of 2.64 which falls more towards the middle of the scale (slightly to the left), indicating that money is not an issue, even though 50.90 percent of respondents agree that they are motivated by money.

## COMMUNICATION

An analysis of Table 23 shows that 52.72 percent of respondents feel that any changes that affect them are not clearly communicated to them; 69.09 percent of respondents feel that communication is not done timeously, which could be

**Table 23: Responses to communication**

	Communication	No %	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
<b>G1.1</b>	Any changes that affect me are always clearly communicated to me	No %	4 7,27	13 23,64	9 16,36	20 36,36	9 16,36
<b>G1.2</b>	Communication is always done timeously	No %	3 5,45	9 16,36	5 9,09	28 50,91	10 18,18
<b>G1.3</b>	Through communication I am allowed to express my feelings	No %	3 5,45	20 36,36	11 20,0	11 20,00	10 18,18
<b>G1.4</b>	I know what is expected of me and therefore I still feel a sense of belonging to this organisation	No %	6 10,91	30 54,55	12 21,82	4 7,27	3 5,45
<b>G1.5</b>	Management always listen to employees	No %		4 27,27	18 32,73	18 32,73	15 27,27

**Table 24: Correlation analysis on communication**

Variable	G1.1	G1.2	G1.3	G1.4	G1.5
<b>G1.1</b>	1,00	0,82	0,63	0,58	0,51
<b>G1.2</b>	0,82	1,00	0,70	0,59	0,61
<b>G1.3</b>	0,63	0,70	1,00	0,64	0,50
<b>G1.4</b>	0,58	0,59	0,64	1,00	0,44
<b>G1.5</b>	0,51	0,61	0,50	0,44	1,00

the reason why 41.81 percent feel that they cannot express their feelings. As a result, 65 percent of respondents feel that management are not listening to employees.

These statistics indicate a lack of communication, which can have disastrous consequences for the organisation as a whole. This correlates with the literature, as Cascio (2002:94) states that communication is undeniably important. Milakovich (2006:124) supports this by referring to employees as the “detecting devices that are aware of possible ‘pinches’ or situations that may develop into serious problems”.

Leary-Joyce (2004:56) states that upward communication is as important as downward communication, yet it is frequently ignored. Employees are usually the ones who do the work; therefore they are the ones that often have ideas and answers.

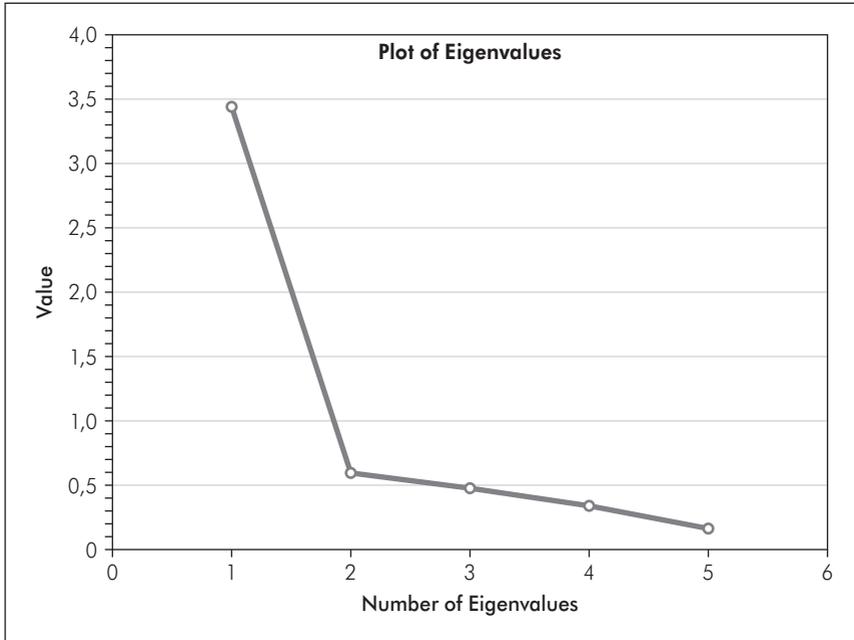
Correlation analysis of items G1.1 to G1.5 indicates that there is a strong correlation among items (see Table 24).

Factor analysis was done and it indicated that there was high correlation among items. The Scree-plot shows that there was only one eigen value greater than one, meaning only one factor could be formed (see Figure 3).

Factor loading proved that all five items belong to communication (see Table 25). This factor was the average of items G1.1 to G1.5. Further analysis shows that the factor has a Cronbach alpha of 0.8 and an average inter-item correlation of 0.6, indicating high internal reliability (see Table 26).

The descriptive statistics in Table 27 show that the categories (age, years of service and position) each have a mean of 3.2 (slightly to the right). The different means for all groups in each category falls closely to the overall mean, indicating that respondents are uncertain about the issue of communication (see Table 27).

**Figure 3: Factor analysis of items on communication**



Source: Table 24 converted to a scree-plot

**Table 25: Factor loading on items on communication**

Variable	Factor Loadings (Unrotated) Extraction: Principal axis factoring (Marked loadings are > .350000)
	Factor 1
<b>G1.1</b>	-0,839016
<b>G1.2</b>	-0,911385
<b>G1.3</b>	-0,796453
<b>G1.4</b>	-0,705227
<b>G1.5</b>	-0,635255
Expl. Var	<b>3,069801</b>
Prp. Totl	<b>0,613960</b>

**Table 26: Internal reliability of factor: Communication**

Variable	Summary for scale: Mean=16.2182 Std.Dv.=4.56513 Valid N:55 Cronbach alpha: .883821 Standardised alpha: .883443 Average inter-item corr: .614667				
	Mean if deleted	Var. if deleted	StDv. If deleted	Itm-Totl correl.	Alpha if deleted
<b>G1.1</b>	12,90909	12,44628	3,527929	0,772738	0,846534
<b>G1.2</b>	12,61818	12,52694	3,539342	0,840845	0,829261
<b>G1.3</b>	13,12727	12,51107	3,537100	0,744200	0,854480
<b>G1.4</b>	13,80000	14,59636	3,820519	0,667654	0,871133
<b>G1.5</b>	12,41818	15,19785	3,911247	0,597675	0,885066

**Table 27: Descriptive statistics for factor: Communication**

Variable	Valid N	Mean	Median	Minimum	Maximum	Std.Dev
<b>F1(Comm)</b>	55	3,24	3,40	1,20	5,00	0,91

## EMPLOYEE INVOLVEMENT

Table 28 shows that most respondents (95.55 percent) have a good working relationship with their colleagues. Work stations are ergonomical, as 69.09 percent of respondents reported that they have not experienced any physical injuries.

**Table 28: Responses to employee involvement**

Employee involvement			Yes	No
<b>H1.1</b>	Do you have a good working relationship with your colleagues?	No %	52 94,55	5 5,45
<b>H1.2</b>	Is your work station well designed	No %	38 69,09	17 30,91
<b>H1.3</b>	Have you experienced any physical injuries? (If yes, please specify) .....	No %	17 30,91	38 69,09

## SUMMARY

From this study it became apparent that the surveyed employees have to work overtime because of a staff shortage. As a result they seldom take leave and therefore do not have a well-balanced work-family life. Furthermore, the majority of the respondents (80 percent) state that the reasons for cost savings were not explained to them and this had a negative impact on their morale.

Nevertheless, all respondents regardless of age, years of service and position, feel comfortable with the new systems and processes in place. They are also willing to adopt new practices, learn new skills and participate in group work.

The majority of respondents still find their work meaningful. This study also revealed that employees with more than 20 years of service are experiencing the highest degree of job insecurity and they feel that they are not treated fairly with regard to their job performance. This may result in them leaving their current employment in search of greater job security, resulting in loss of expertise to a sector that is already under threat. There is uncertainty among the remaining respondents as to whether they would stay with the organisation until retirement age.

Respondents furthermore expressed the opinion that they are not well compensated for the work they are doing despite the fact that they are putting in extra effort to meet organisational goals. According to the analysis money does not appear to be a motivational factor, even though 50.90 percent of employees agree that they are motivated by money. One can therefore conclude that employees would, apart from getting a pay cheque at the end of every month, prefer to be better compensated in other ways.

In summary the respondents held the view that changes affecting them are not communicated to them timeously and that they do not have a chance to express their feelings. The lack of communication gives the impression that employees do not count at all, even though they are the ones that are doing the work. Despite all of the above the respondents still have a good working relationship with each other.

## RECOMMENDATIONS

Recommendations based on the research findings include:

Firstly, employee perception of fairness differs. The research has shown that the most experienced people feel that they have not been treated fairly with regard to their job performance. It is recommended that management should continuously assess the working situation to find out what employees really

want from their jobs. Good recognition and incentive programmes may assist in boosting productivity and employee morale.

Secondly, the research has shown that most employees feel that they can easily take their skills to another organisation. To avoid this, it is recommended that management should encourage employees to take part in various projects. This approach can be used as a way of retaining employees, thus keeping the skills within the organisation.

Thirdly, any changes that affect employees must always be communicated to them in a timely manner. It is recommended that management use good two-way communication as a valuable tool to elicit feedback from employees. In this way staff will feel valued; and job satisfaction will increase, leading to trust in management.

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# An appraisal framework for the sustainability of non-governmental organisations

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## **ABSTRACT**

This article supports an appraisal framework for the sustainability of non-governmental organisations (NGOs). A theoretical analysis of existing literature on governance and the financial sustainability of NGOs have revealed that there is no generally agreed upon appraisal framework for assessing the long-term sustainability of NGOs. However, a number of NGO stakeholders would benefit from this type of framework. Research has revealed that, in terms of sustainability, it is particularly necessary to assess an NGO's legal status, its leadership capacity, the roles and responsibilities of the executive management, the role the NGO board plays in its governance processes, as well as the extent to which principles of good governance are practiced within the organisation. These key criteria have proven to be the most important in the governance endeavours of NGOs. Therefore, it has become evident that fundraising strategies, good practices in financial management, sources of NGO funding and financial control mechanisms should be assessed, as these key aspects have proven to impact on the organisation's financial sustainability. In the article, theoretical assessment and case experiences are used to develop an appraisal instrument. This appraisal instrument was custom-designed for the South African NGO sector in particular.

## **INTRODUCTION**

A theoretical analysis of existing literature on governance and the financial sustainability of NGOs revealed that there is no generally agreed upon appraisal

framework for assessing the long-term sustainability of NGOs. However, it was found that a number of NGO stakeholders would benefit from a type of framework as an appraisal instrument that is custom-designed for the South African NGO sector in particular.

The purpose of the appraisal instrument proposed in this article is to provide a framework for assessing the governance and financial sustainability of NGOs. During this research investigation, many NGO stakeholders noted that a standardised appraisal system would be particularly useful to NGO bodies such as community-based organisations (CBOs), civil society organisations (CSOs), statutory bodies that exist to regulate NGOs, network organisations, organisations providing funding, as well as NGO managers. This instrument does not negate the importance of the NGO's output or impact on its constituents. Whilst the latter is imperative to the survival of an NGO, this research focuses on NGO's compliance with good governance and financial management practices.

## **THE APPRAISAL FRAMEWORK**

The purpose of this appraisal instrument is to provide a framework for assessing the governance and financial sustainability of NGOs. During this research investigation, many NGO stakeholders noted that a standardised appraisal system would be particularly useful to NGO bodies such as community-based organisations (CBOs), civil society organisations (CSOs), statutory bodies that exist to regulate NGOs, network organisations, organisations providing funding, as well as NGO managers. This instrument does not negate the importance of the NGO's output or impact on its constituents. Whilst the latter is imperative to the survival of an NGO, the focus of this research focuses on an NGO's compliance with good governance and financial management practices.

The governance and financial sustainability appraisal framework for NGOs consists of systematically developed appraisal criteria based on theoretical assumptions and empirical evidence explored by this research. Its purpose is to assess and to make explicit recommendations with a definite intention of influencing how NGOs are governed and financially sustained.

The appraisal framework is intended for the following groups (Hendrickse 2008:200). This includes:

- Policy makers in South Africa with specific reference to: The South African Revenue Service (SARS); The Master of the High Court; The Minister for Social Development; The Director-General of Social Development and The Registrar of Companies with regard to Section 21 companies. The framework will to help them decide which guidelines could be recommended for NGOs in relation to their governance and financial sustainability. In this

instance, the instrument should be part of a formal assessment process. This instrument should not be used to the detriment of civil society organisations that are lobbying government to change/reformulate certain public policies, nor should NGOs calling for new legislation on certain issues be penalised.

- NGOs/CBOs/CSOs, as a self-assessment tool to ensure sound governance and financial sustainability practices.
- Government, donors, private sector social responsibility funders, the National Development Agency (NDA) and development banks that wish to undertake their own assessment of an NGO/CBO/CSO before committing any resources.
- NGO/CBO/CSO staff should help identify critical skills that the organisation requires.

An appraisal form has been formulated and consists of a governance section and a financial sustainability section. Each section consists of assessment criteria against which scores are assigned. A practical cumulative scoring system has been devised. An assessor with extensive experience in the area of NGOs should facilitate this system.

The theoretical assumptions forwarded by the study form the basis of the assessment criteria utilised in the appraisal framework. In particular, evidence suggests that an NGO's legal status proves imperative to its legitimacy and its receipt of funding. NGO managers, in turn, influence the organisation's longevity – particularly where subordinates are groomed to take up leadership. The form of leadership the organisation practises – whether autocratic or participatory – is an essential component of NGO governance. An NGO's executive management should understand its roles and responsibilities. Furthermore, theorists suggest that diversity in terms of the NGO board's composition and skills is of utmost importance to ensure the NGO's sustainability. Lastly, the extent to which principles of good governance is applied will influence the organisation's sustainability (Hendrickse 2008:201).

An organisation's financial sustainability depends on the sources of NGO funding, the management of a funding strategy, as well as sound financial management and control. Self-financing strategies that an NGO employ are proposed as key contributors to its long-term prospects. The research suggests that it is imperative for NGOs to apply good financial management practices and financial control. Most NGOs do not have clearly defined fundraising strategies or personnel responsible for fundraising. In many instances this has led to the organisation's early demise. Williams<sup>1</sup> (2008:2) contends that:

“Donors have the upper hand in terms of determining what aspects of an NGO they would fund. Generally they want to focus on programme

delivery and often sets limits to the overhead/organisational/administrative costs of the organisation, including governance costs. In this context it would be unlikely that donors would provide resources for a fundraising capacity. In addition, if an NGO appoints an external fundraiser the donor may argue that if they do not have the capacity to develop funding proposals and liaise with donors what internal capacity exists to manage their funds and the programme? Furthermore, most external fundraisers require a percentage payment out of the funds they raised. Most donors would not agree to pay such a commission and this puts the NGO in a difficult position if it receives funds through the efforts of an external fundraiser. Do they misappropriate funds from the donor to cover the costs of the fundraiser or do they take on contract work to cover this cost. In so doing their focus is shifted away from the programme that the funder originally intended for them to work on”.

The above suggests that it is important to consider each of the criteria in this assessment instrument before any score is assigned. The user should follow the various steps to ensure that this framework is utilised properly.

In concluding the appraisal process, score categories have been developed to help indicate whether the NGO is sustainable, or whether particular areas require improvement. The NGO’s total score should be measured against one of the following score categories:

**Diagram 1: Sustainability indicator**

Score Category	Final Score	Sustainability Indicator
Green Category	60% +	Sustainable
Orange Category	41% – 59%	Strengthen governance and financial management practices
Red Category	0% – 40%	Drastic action required with regard to governance and financial management practices

This study’s theoretical and empirical research formed the basis of the following appraisal framework. The key categories includes the NGO’s legal status, standards of accountability and transparency, the leadership, roles and responsibilities of the executive management, the board, the extent to which

## Appraisal Form 1: Appraisal instrument for the sustainability of NGOs

	Appraisal criteria	Maximum Score	Score attained
Governance	NGO legal status.	10	
	NGO leadership (Chief Executive Officer/Director/Manager).	10	
	Roles and responsibilities of the executive management.	10	
	NGO Board.	10	
	The extent to which principles of good governance are practiced.	10	
	<b>Score: Sub-Total</b>	<b>50</b>	
Financial sustainability	Sources of ngo funding.	10	
	Self-financing strategies.	10	
	Good practices in financial management.	10	
	Financial control measures.	10	
	Fundraising strategies.	10	
	<b>Score: Sub-Total</b>	<b>50</b>	
<b>Total Score:</b>		<b>100</b>	
<b>Percentage Score:</b>			%

principles of good governance are practiced, sources of funding, self-financing strategies, good practices in financial management, financial control measures and fundraising strategies. These areas will be discussed in detail in the following sections.

The user should note that the criteria and weighting of scores are relative. Weighting (how many points are allocated to each criterion) can be adjusted depending on the value placed on particular criteria, within acceptable parameters and particularly by facilitating agreement between stakeholders of a particular NGO being appraised. In this context, where a particular criterion may require an adjustment, an acceptable parameter will be an adjustment of not more or less than two points in the score column in question

The next section will explain the theoretical relevance of the assessment criteria. It will also provide perspectives on the reasoning for the assessment scores pertaining to each criterion.

## NGO legal status

In the South African context, the *Nonprofit Organisations Act* (Act 71 of 1997) (hereafter *NPO Act*) has been enacted to provide an environment in which non-profit organisations can flourish. Furthermore, it establishes an administrative and regulatory framework within which non-profit organisations can conduct their affairs.

The *NPO Act* encourages and supports non-profit organisations in their contribution to meeting the diverse needs of the South African population. In particular, these organisations are encouraged to maintain and improve adequate standards of governance, transparency and accountability. The *Act* provides that the minister responsible for non-profit organisations prescribes benefits and allowances to **registered** non-profit organisations. This is done after consultation with the committees of the two Houses of Parliament responsible for welfare and with the concurrence of every minister whose department is affected by a particular benefit or allowance (*Nonprofit Organisation Act of 1997* (Act 71 of 1997)).

The South African Government encourages the registration of non-profit organisations. Moreover, research has shown that local and international donors are also increasingly demanding that their grantees are registered as non-profit organisations, as evidence of compliance with basic criteria of authenticity as a *bona fide* organisation.

As the legal status of NGOs has proven to be an important aspect of good governance, the criteria of: the existence of a legal entity; an NGO registered as a non-profit organisation under the *NPO Act 1997*; an NGO registered as a PBO; a non-profit trust registered under the *Trust Property Control Act 1998*; an NGO registered as a Section 21 not-for-profit gain organisation under the *Companies Act 1973* as well as an NGO registered for value added tax (VAT) are suggested for determining the status of an NGO in this respect (See Appraisal Diagram 1.1).

## NGO leadership

Leadership is the process of establishing direction and influencing others to follow that direction. Often the leadership style adopted, for example, autocratic, people-orientated, participatory, democratic or *laissez faire*, depends on the circumstances that prevail and the NGO's life cycle (Centre for African Family Studies 2001:7, Odiorne 1969:81-90, Greenberg and Baron 1997:437).

As corporate governance is essentially about leadership, it is imperative for this concept to be assessed within an NGO. Williams<sup>2</sup> (2008) contends that one of the key problems in many NGOs, "...is the confusion between governance

## Appraisal Diagram 1.1

GOVERNANCE APPRAISAL		
NGO LEGAL STATUS Assessment Criteria	Possible Score	Score Assigned
Existence of a legal entity.	/5	
Registered as one of the following: <ul style="list-style-type: none"> <li>• NGO registered as a non-profit organisation under the <i>NPO Act of 1997</i>.</li> <li>• Registered as a PBO.</li> <li>• Non-profit trust registered under the <i>Trust Property Control Act 1998</i>.</li> <li>• Section 21 not-for-profit gain organisation as per the <i>Companies Act of 1973</i></li> </ul>	/4	
Registered for value added tax (VAT).	/1	
<b>Sub-total</b>	<b>/10</b>	
<b>How to assign scores</b> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation has partially met the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between five (5) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.1 to the appropriate block in Appraisal Form 1.</li> </ul>		

and management. By grouping all in terms of leadership, this confusion is exacerbated.” It is therefore important to clarify the hierarchical relationship between the governing board and the chief executive officer (CEO). To eliminate such confusion, NGO leadership in the context of this appraisal instrument refers to the operational arm of the NGO – chief executive officer, director, manager or management,.

With regard to NGO leadership, some commentators refer to charisma as a key attribute. According to Indian, Kenyan and South African commentators, in the NGO context, a charismatic leader is able to attract funding, which in turn impacts on the organisation’s financial sustainability. A charismatic leader exhibits confidence, dominance, a sense of purpose and the ability to articulate goals. Furthermore, this type of leader is considered an exceptional person. And, his/her sheer presence and personality helps shape and influence the future of an organisation (Bass 1990; Raelin 2003).

In the above context, the following assessment criteria have been devised under the heading “NGO leadership”. Scores can be assigned, as indicated in Appraisal Diagram 1.2.

## Appraisal Diagram 1.2

GOVERNANCE APPRAISAL		
NGO LEADERSHIP Assessment Criteria	Possible Score	Score Assigned
The NGO displays ALL of the following leadership criteria.	/3	
NGO manager/director displays transparent and accountable leadership in line with the organisation's constitution.	/1	
NGO leadership (manager/director) is not centred on a particular individual and where the manager is also the chairperson of the governing board. Clear separation of powers exists between the two entities.	/1	
NGO has a charismatic leader (director/manager).	/1	
NGO manager/director delegates the management of the organisation to senior executive staff (where subordinates exist).	/1	
NGO manager/director served for three years or more as managing director or director.	/1	
NGO manager/director effectively manages the organisation's operational arm, and the chairperson of the governing board and/or governing board does not intervene in the organisation's administrative issues – except in the formulation of operational policies.	/1	
The chairperson of the governing board supervises the director/manager/management on a regular basis.	/1	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign scores</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between three (3) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.2 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Roles and responsibilities of executive management

The operational arm of an organisation should manage the NGO. This includes an executive management team, which typically includes the organisation's CEO. Ideally, this team should have clearly assigned roles, functions and responsibilities.

How these roles and responsibilities are defined and executed determine the power relations, balance of authority and the extent to which an organisation will run smoothly, effectively and professionally (Camay and Gordon 2002:3, The National Association of Non-governmental Organizations in Zimbabwe 2005:1).

Essentially, the executive management team combines human resources, material resources and financial resources into a productive system in which organisational objectives are attained (Odgers and Keeling 2000:109-110). This requires an organisational structure, policies, systems, qualified, committed staff as well as a facilitating institutional environment.

The lack of skills or insufficient management capacity to oversee and ensure the successful implementation of NGO projects and the delivery of services was quoted as a key factor contributing to the problems many NGOs face (allAfrica 2002:2). Aforementioned suggests that an organisation’s executive management structure should have clearly-defined roles and responsibilities. Within this context, the following assessment criteria have been developed.

Under the assessment criteria “Roles and responsibilities of executive management” the following scores can be assigned:

### Appraisal Diagram 1.3

GOVERNANCE APPRAISAL		
ROLES AND RESPONSIBILITIES OF EXECUTIVE MANAGEMENT Assessment Criteria	Possible Score	Score Assigned
The NGO meets ALL the assessment criteria, as stated in this diagram, pertaining to the roles and responsibilities of the executive management structure. <i>(First complete the sections below before assigning a score in this block.)</i>	/4	
The executive management team clearly understands its roles and functions.	/1	
The executive management team has clearly assigned responsibilities.	/1	
A cohesive management structure exists.	/1	
Executive management effectively and efficiently manages the NGO’s resources.	/1	
Executive management upholds the NGO’s vision, mission and strategic objectives as displayed in its constitution..	/1	
A sound strategic and business plan exists. Executive management assisted in its formulation and oversees its implementation.	/1	
<b>Sub-total</b>	<b>/10</b>	
<b>How to assign scores</b> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria; where appropriate and at the discretion of the assessor, assign a score of between four (4) and zero point five (0.5).</li> <li>• Transfer the sub-total of the score attained under Appraisal Diagram 1.3 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Composition and skills of the board

The separation of governance and management involves a division of both duties and personnel. The usual rule is that management runs the organisation from day-to-day, while the board sets policy, oversight and strategically guides the organisation (Wyatt 2004:11b-16b, Centre for African Family Studies 2001: 16 & 27, Block 2001).

The King II Report (2002) suggests that the governing board seeks to ensure an adequate mix of skills, experience and diversity in demographics to enable them to operate effectively and efficiently. NGO governing boards may delegate responsibility to others, such as paid staff. However, they must accept ultimate responsibility for the governance of the NGO. Preconditions for the recruitment of new board members include identifying NGOs' governance needs and discovering how the characteristics, qualities and skills of potential board members correspond to the organisation's needs (Block 2001; Camay and Gordon 2002:43-45).

The Centre for African Family Studies (2001:16) reports that where board members are friends and family, or are intrinsically linked to the organisation, for example, board members are also founder members of the NGO, they cannot always act independently and in an unbiased fashion. Therefore, development theorists<sup>3</sup> suggest that the governing board be composed of 50% internal membership and 50% external membership. This ensures an equitable distribution of power.

Under the assessment criteria "composition of the board", the following scores may be assigned:

### Appraisal Diagram 1.4

GOVERNANCE APPRAISAL		
COMPOSITION AND SKILLS OF THE BOARD Assessment Criteria	Possible Score	Score Assigned
Existence of a governing board.	/4	
Diversity of the board. The board consists of representatives from the NGO sector, community, government and private sector.	/2	
The board consists of more than 50% of external membership.	/2	
The board reflects diversity in terms of technical, community engagement, management, fundraising, financial and legal skills that correspond to the business the NGO.	/2	
<b>Sub-total</b>	<b>/10</b>	
<b>How to assign scores</b> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between four (4) and zero point five (0.5).</li> <li>• Transfer the sub-total of the score attained under Appraisal Diagram 1.4 to the appropriate block in Appraisal Form 1.</li> </ul>		

## **Extent to which principles of good governance are practiced**

NGOs have the responsibility to think about governance practices. Good governance established at the outset encourages organisational stability and balanced decision-making.

Good governance consists of a number of characteristics, which forms the core of the next appraisal diagram. According to Van der Waldt (2004:10-11), these characteristics are: participation, rule-of-law, transparency, responsiveness, consensus-orientated, equity and inclusiveness, effectiveness and efficiency and accountability.

According to Van der Waldt (2004:10-11), participation within an NGO context can be direct, where staff provides feedback on the formulation and implementation of organisational policies. Furthermore, good governance requires fair organisational policy frameworks that are enforced impartially. Transparency, in turn, implies that decisions are made and are enforced according to rules and regulations. Information pertaining to the organisation should be made available and be directly accessible to stakeholders. Responsiveness requires that the organisation serves all parties (internal and external to the organisation) fairly and within an appropriate timeframe. Consensus-orientated decision-making requires that the organisation recognises community needs. Accordingly, broad and long-term perspectives should be formulated on how to address these needs and attain sustainable human development. Equity is paramount in the appointment of human resources and when services and resources are acquired externally. When it comes to accountability, civil society organisations must be accountable to the public and to their respective institutional stakeholders.

In line with the above assertions around good governance, Appraisal Diagram 1.5 has been devised.

## **Sources of NGO funding**

NGOs have generally been able to raise revenue through a variety of sources. Before 1994, South African NGOs had a multitude of funding options. The arrival of democracy saw the redirecting of funding away from NGOs to a new legitimate democratic government. Organisations such as the National Funding Agency (NDA), the National Lottery and the Umsobomvu Youth Fund were created in an attempt by government to fill the funding gap. These organisations operated with little success. As they were accustomed to traditional sources of funding, NGOs struggled to diversify their funding base (Camay and Gordon 2004: 57-97; Farouk 2002b:1).

## Appraisal Diagram 1.5

GOVERNANCE APPRAISAL		
THE EXTENT TO WHICH PRINCIPLES OF GOOD GOVERNANCE ARE PRACTICED Appraisal criteria	Possible Score	Score Assigned
<p>ALL of the following characteristics of good governance are present within the organisation.</p> <ul style="list-style-type: none"> <li>• Staff participation in policy formulation and implementation.</li> <li>• Transparency of decisions by management.</li> <li>• Responsiveness to clients.</li> <li>• Consensus-oriented decision-making.</li> <li>• Equity with regard to human resource appointments.</li> <li>• Equity with regard to the procurement of external services and resources.</li> <li>• Effectiveness and efficiency in responding to client needs.</li> <li>• Accountability to stakeholders.</li> <li>• Legal frameworks are enforced impartially.</li> </ul> <p><i>(Hendrickse 2008: 62-67)</i></p>	/1	
Staff participation, where staff comments on the practicality of implementing policy frameworks.	/1	
Transparency of decisions by management.	/1	
The organisation's responsiveness to clients.	/1	
Consensus-oriented decision-making.	/1	
Equity with regard to human resource appointments.	/1	
Equity with regard to the procurement of external services and resources.	/1	
Effectiveness and efficiency in responding to client needs.	/1	
Accountability to stakeholders.	/1	
Legal frameworks are enforced impartially.	/1	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between one (1) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.5 to the appropriate block in Appraisal Form 1.</li> </ul>		

Therefore, the challenge for South African NGOs is to devise a sustainable framework to attain financial resources. Within this context, the following assessment criteria become imperative.

### Appraisal Diagram 1.6

FINANCIAL SUSTAINABILITY		
SOURCE OF NGO FUNDING Assessment Criteria	Possible Score	Score Assigned
The organisation has multiple funding sources that may include Government, the private sector, other donors or several from the same category.	/1	
The organisation receives funding from international foreign aid grants.	/1	
The organisation receives funding from national/local Government grants.	/1	
The organisation receives funding from bilateral and multilateral grant aid.	/1	
The organisation receives funding from international foundation grants.	/1	
The organisation receives funding from national/local foundation grants.	/1	
The organisation receives funding from international, national and local corporate grants.	/1	
The organisation receives funding from international charitable donations.	/1	
The organisation receives funding from local individual donations.	/1	
The organisation receives funding from internal self-financing strategies.	/1	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score:</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between one (1) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.6 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Self-financing strategies

Self-financing is an alternative to the more traditional fundraising approaches non-profit organisations use. Donor agencies such as Agro Action, Enterprise Works Worldwide, the Roberts Enterprise Development Fund, the Aspen Institute and a number of other private foundations encourage NGO self-financing initiatives (Viravaidya and Hayssen 2001:4). A number of self-financing methods or strategies exist that NGOs could use to sustain themselves. These include fees-for-services, various loans and credit arrangements, membership fees and product sales (Viravaidya and Hayssen 2001:4-8).

Williams (2008) warns that South African NPOs should not generate more than 25% of their income from “service provision” in which they compete with the private sector for contracts<sup>4</sup>. TRAC, a non-profit organisation of which Williams is a director, reports in their fundraising proposal<sup>5</sup> that, in an attempt to develop capital reserves, a percentage of the income derived from the contract work. In these instances TRAC-MP undertakes contract work on behalf of the government, higher education institutions or the private sector and income is accrued to a capital reserve fund. Williams (2008) suggests that it is important for an NGO to build up capital reserves – particularly where delays in donor contributions may cripple the organisation financially.

However, contrary to Williams’ warnings, it is the researcher’s view that South African NGOs should be allowed to generate 50% of their own income. In line with this proposition, assessment criteria have been devised. See Appraisal Diagram 1.7.

The reader is cautioned that self-financing strategies may differ from country-to-country and even between different communities (Academy for Educational Development 2004).

Appraisal Diagram 1.7 has been developed to assess the presence of self-financing strategies within an NGO.

## Good practice in financial management

For NGOs to survive in a changing and competitive environment, managers need to develop the necessary understanding and confidence to make full use of financial information. While there is no single financial model that suits all NGOs, good practice in financial management is achieved by designing appropriate systems and procedures.

Organisations should be committed to practicing good governance and should in every instance adhere to the recommendations of the King Commission Report. A NGO’s management of funds should comply with the highest professional and ethical standards. Importantly, sound financial systems

## Appraisal Diagram 1.7

FINANCIAL SUSTAINABILITY		
SELF-FINANCING STRATEGIES Assessment Criteria	Possible Score	Score Assigned
Self-financing strategies or methods are present and in use within the organisation.	/5	
Not more than 50% of the organisation's overall income is generated through: <ul style="list-style-type: none"> <li>• Membership fees</li> <li>• Fees for services</li> <li>• Product sales</li> <li>• Use of hard assets, for example, equipment rental</li> <li>• Use of soft assets, for example, patents, copyrights</li> <li>• Ancillary business ventures</li> <li>• Investment dividends</li> <li>• Gift of time (time spent by volunteers)</li> <li>• Gift of product (donations given by the public)</li> </ul>	/3	
The organisation has capital reserves to be used at the board's discretion.	/2	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between five (5) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.7 to the appropriate block in Appraisal Form 1.</li> </ul>		

should be in place. This will help ensure donor partners that their funding contributions are being managed and expended in an appropriate fashion within the NGO. In accordance with South African statutes, local NGOs should have their financial year-end in March. Audits should be conducted in an appropriate period of time. Furthermore, reports to donor agencies are presented based on respective agreements either quarterly, every six months, biannually or annually<sup>6</sup>.

Authors such as Narayan, Godden, Reid and Ortega (2000:3-5), Ott (2001) and Alin *et al.* (2006) have written extensively on good practice in financial management. The following assessment criterion has been devised within the context of the above discussion.

## Appraisal Diagram 1.8

FINANCIAL SUSTAINABILITY		
GOOD PRACTICE IN FINANCIAL MANAGEMENT Assessment Criteria	Possible Score	Score Assigned
In terms of good practice in financial management, the organisation: <ul style="list-style-type: none"> <li>Keeps an accurate record of all financial transactions (<b>accounting records</b>).</li> </ul>	/2	
In terms of good practice in financial management, the organisation: <ul style="list-style-type: none"> <li>Links the budget to its strategic and operational plan (<b>financial planning</b>).</li> </ul>	/2	
In terms of good practice in financial management, the organisation: <ul style="list-style-type: none"> <li>Produces management accounts, so that managers can compare the organisation's progress against the budget and then make decisions about the future (<b>financial monitoring</b>).</li> <li>Produces financial statements for outside scrutiny to demonstrate how funds have been applied in the past (<b>financial monitoring</b>).</li> </ul>	/2	
In terms of good practice in financial management, the organisation: <ul style="list-style-type: none"> <li>Has internal controls (checks and balances) in place to safeguard its assets and manage risk (<b>internal controls</b>).</li> </ul>	/2	
In terms of good practice in financial management, the organisation: <ul style="list-style-type: none"> <li>Has an audit committee/auditor to assist in the quality and reliability of financial and other performance information issued.</li> </ul>	/2	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score</b></p> <ul style="list-style-type: none"> <li>Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between two (2) and zero point five (0.5).</li> <li>Transfer sub-total of score attained under Appraisal Diagram 1.8 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Financial control

Financial control<sup>7</sup> is at the heart of financial management. Effective financial accounting and managerial control practices are as important to NGOs as they are to the private sector. Without properly executed financial control, the organisation's assets and resources are at risk, funds may not be spent in accordance with the organisation's strategic objectives or funders' wishes. Furthermore, managers' competence and the NGO's integrity may be called into question (Alin *et al.* 2006, Herzlinger and Nitterhouse 2001).

Designing systems and procedures to suit the particular needs of the NGO enforce financial control. Accordingly, an overall financial policy should be formulated and implemented that pertains to donors, income, budgeting, expenditure, travel, auditing, petty cash, assets, salaries, staff loans and the opening and operation of bank accounts (Shapiro n.d.).

One of the major responsibilities of a board of directors is to establish fiscal policies that protect the organisation from either intentional or unintentional misuse of funds. The board must decide how money will be handled internally to ensure that it is received, recorded, deposited and expended safely and in a manner that seems appropriate. For example, tasks such as receiving cash, preparing financial statements and the expenditure of funds should be assigned to two staff members to ensure adequate financial control. Other forms of control relates to rules around monitoring and amending budgets, writing out cheques, receiving money and insurance around financial losses (Wolf 2001).

For NGOs to survive in a changing and competitive environment, managers need to develop the necessary understanding and confidence to make full use of financial information. While there is no finance system model that suits all NGOs, good practice in financial management is achieved by designing systems and procedures around:

- *Accounting records:*  
Every organisation must keep an accurate record of all financial transactions that take place, so that it can show how the funds have been used. This is referred to as the financial accounting function.
- *Financial planning:*  
The budget is linked to the organisation's strategic and operational plans. Therefore, it forms the cornerstone of any financial management system and plays an integral part in monitoring the use of funds.
- *Financial monitoring:*  
Management accounts are internal reports produced so that managers can compare the organisation's progress against the budget and then make decisions about the future. Financial statements are produced periodically for outside scrutiny to demonstrate how funds have been applied in the past.
- *Internal controls:*  
Controls, checks and balances, collectively referred to as internal controls, are put in place to safeguard an organisation's assets and manage risk. Their purpose is to deter opportunistic theft or fraud and to detect errors and omissions in the accounting records. An effective internal control system serves to value and protect those who are responsible for handling the financial affairs of the organisation.

(Wolf 2001, Alin *et al.* 2006)

The following assessment criteria have been formulated to test the above assertions.

**Appraisal Diagram 1.9**

<b>FINANCIAL SUSTAINABILITY</b>		
<b>FINANCIAL CONTROL Assessment Criteria</b>	<b>Possible Score</b>	<b>Score Assigned</b>
The organisation has fiscal policies that protect it from intentional or unintentional misuse of resources.	/1	
Financial policy and implementation of procedures and systems relevant to South African company and tax law are in place. The policy also recognises the financial reporting requirements of donors/funders.	/1	
Financial policy exists around staff salaries, staff loans and opening and operating bank accounts. Implementation procedures and systems around this policy are in place within the organisation	/1	
Financial policy exists around how money is received and recorded. Implementation procedures and systems pertaining to this policy are in place.	/1	
Financial policy, implementation procedures and systems exist around how money is spent.	/1	
Tasks such as receiving cash, preparing financial statements and the expenditure of funds are assigned to more than one staff member to ensure adequate financial control.	/1	
Rules exist around how the budget should be monitored and amended.	/1	
Rules exist around writing out cheques.	/1	
The organisation has insurance in place to cover financial losses.	/1	
Auditing procedures are in place.	/1	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between one (1) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.9 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Fundraising strategies

Fundraising is proactive and should be conceptualised and designed as a long-range programme. Very few NGOs have dedicated professional fundraising human resource capacity and a coherent fundraising strategy. Building NGO fundraising capacity requires developing a fundraising policy and regulations. Furthermore, a fundraising committee with clear job descriptions and mechanisms should monitor fundraising activities (Kraak 2001, Alin *et al.* 2006). Williams (2008) notes that externally appointed fundraisers require a commission on the funds they raise on behalf of organisations. Many donors may refuse to pay such commissions. The latter commentator contends that, in many instances, funders may argue that if the NGO does not even have the internal capacity to draft a funding proposal, they may also lack the capacity to manage the organisation's financial resources. It is the researcher's view that a fundraiser is essential within an NGO. The cost to the organisation of such an incumbent should be recovered from the administrative categories of budgets of individual projects or programmes. All donor agencies have a limit to their resources and have to make decisions around what they are prepared to fund. Once a funder has decided what type of activities/programmes it plans to fund, a relationship begins to develop between the receiver-of-funding and the donor. Donor agencies emphasise the fact that this is a mutually beneficial relationship and both parties aware of the other's expectations (Ndlovu 2004). The researcher contends that the funding agency still holds the dominant power in this relationship, which inevitably proves uneven.

A well-executed fundraising strategy remains imperative within organisations and, as such, the assessment criteria in Appraisal Diagram 1.10 have been devised.

## FRAMEWORK APPLICATION GUIDELINES

The following section will forward a discussion on the structure and content of the appraisal framework. It looks at how documentation should be assimilated, who should appraise and how final scores should be calculated.

### Structure and content of the appraisal framework

This appraisal framework consists of 10 assessment criteria. Each criterion is intended to capture a separate dimension of governance and financial sustainability, as informed by theoretical and empirical evidence.

The scope and purpose of this appraisal instrument is to provide a framework for assessing the governance and financial sustainability of NGOs, as alluded to earlier in the article.

## Appraisal Diagram 1.10

FINANCIAL SUSTAINABILITY		
FUNDRAISING STRATEGY Assessment Criteria	Possible Score	Score Attained
The organisation has a well-executed fundraising strategy that contains ALL of the following elements present in this diagram.	/2	
Diversification: Diversified fundraising means that an NGO has several sources of funding from several different types of fundraising activities.	/2	
Sustainability: This relates to developing self-reliance. The more self-reliant a NGO is, the more control it can maintain over its resources, as well as the decisions around resource management and use.	/2	
Creativity: Being creative means utilising available resources and taking advantage of opportunities as they emerge.	/2	
Inclusiveness: Taking an inclusive approach means finding a role for supportive people to play. In this way, the boundaries of the NGO will be expanded beyond its present scope.	/2	
<b>Sub-total</b>	<b>/10</b>	
<p><b>How to assign a score</b></p> <ul style="list-style-type: none"> <li>• Insert a score in each column. Where the organisation does not meet the specified criteria, assign a zero (0). Where the organisation partially meets the assessment criteria, where appropriate and at the discretion of the assessor, assign a score of between two (2) and zero point five (0.5).</li> <li>• Transfer sub-total of score attained under Appraisal Diagram 1.10 to the appropriate block in Appraisal Form 1.</li> </ul>		

## Documentation/Information

The assessor should attempt to identify all information pertaining to the organisation before starting the appraisal exercise. Information can be collated through consulting, for example, the organisation’s annual reports and other relevant documentation, or through site visits, interviews, questionnaires and focus groups.

## Who should appraise

It is recommended that an assessor with experience in the area of NGOs facilitate the appraisal instrument, in order to increase the reliability of the assessment outcomes. A moderator may assist the assessor. Furthermore, focus groups can be utilised to deliberate the outcomes of the appraisal exercise.

## **Score scale/overall assessment**

A cumulative scoring system has been devised. Each item within the assessment criteria has been awarded a possible score. The assigned score measures the extent to which a criterion has been fulfilled.

- If the assessor is confident that the criterion has been fully met, then the full possible score can be assigned.
- If the assessor is confident that the criterion has partially been fulfilled, a portion of the possible score may be assigned at the discretion of the assessor. However, if a possible score equals one, a score of zero (0) may be assigned at the discretion of the assessor.
- If the assessor is sure that a criterion has not been fulfilled, due to a lack of corroborating evidence, a score of zero (0) may be assigned.
- Sub-totals attained in each appraisal diagram should be transferred to Appraisal Form 1, where after a final score and a percentage score should be calculated.
- The percentage score should be compared to the Sustainability Indicator presented earlier in the article.

The next section will highlight the limitations of the appraisal instrument.

## **LIMITATIONS OF THE APPRAISAL INSTRUMENT**

The success and the sustainability of a particular NGO sector depend on its ability to deliver and meet the expectations of its constituency, and to retain credibility in the eyes of that constituency. This particular instrument is not results-orientated. This implies that it does not measure output or outcomes of a particular NGO, CSO or CBO. Only an assessor who is regarded as an expert in the institutional, financial and governance matters of NGOs can apply the appraisal framework.

This appraisal framework has been specifically developed for the South African context and should be revised as the economic, social, political and technological conditions of the country changes. Therefore, it is not necessarily applicable to NGOs in other developing countries in Eastern Europe or East Asia, for example.

The appraisal criteria could be revised in the future should a researcher find evidence of alternative criteria that are more applicable to the sustainability of NGOs. Assessment categories forwarded within the appraisal diagrams may also require refinement should the need arise in the future. This study attempted to develop (and test) an appraisal framework for NGOs. However,

it is recommended that research agencies may further develop this framework and test the instrument more comprehensively, so that researchers may further refine the specific categories and considerations for its measurement.

## CONCLUSION

South African NGOs undeniably have a critical role to play in providing welfare, basic and other services to individuals that were disadvantaged by the previous socio-political system. Therefore, the challenge is to create an environment in which NGOs can flourish.

In conclusion, this article has provided an opportunity to develop an appraisal framework for the sustainability of NGOs. It is the researcher's view that this appraisal framework will help create a sustainable South African NGO sector. It will prove invaluable to all stakeholders dealing with NGOs, CBOs, CSOs and non-profit organisations, testing the organisation's long-term prospects for sustainability.

## NOTES

- 1 Christopher John Williams, director: TRAC, joined TRAC-MP in 2000 after working at the DLA Provincial Office. Chris holds a BA, Honours and MSC in Development Planning and provides overall management, leadership and strategic support to TRAC-MP's programme activities. Also see <http://www.trac.org.za/context/About-US.asp>
- 2 Williams, as noted earlier, has extensive experience in NGO governance. The National Director of the Harold Wolpe Memorial Trust supports this notion.
- 3 The National Director, Harold Wolpe Memorial Trust (2008) See the writings of Loukas Spanos (2005) on governing boards in the Greek context.
- 4 A developmental theorist, who wants to remain anonymous, contends that an NGO should be allowed to generate 50% of its funding from self-financing strategies. In this way, the commentator argues, NGOs will be less dependent on funding from external sources, particularly in instances where terms and conditions are attached to the funds.
- 5 See <http://www.trac.org.za/content/Fund-Raising.asp>
- 6 See <http://www.trac.org.za/content/Fund-Raising.asp> Allan Roman, an NGO financial management expert, interviewed in May 2008, concurred with a number of the views expressed by Williams, 2008.
- 7 Allan Roman, a financial expert, asserts that, not only is the existence of financial policies in NGOs extremely crucial, he contends that the implementation and the monitoring of these policies are even more imperative. He argues that, in this way, the organisation's financial resources will be protected.

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# Observing Citizen Participation Practices in Federal States

## Contrasts between the United States and the Federal Republic of Nigeria

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### ABSTRACT

Democratic governance is characterised by the existence of a viable civil society that is able to keep a check on governmental activities, and in so doing, enhance the quality of life for its residents. This article reports on two federalist democratic societies, the United States (US) and the Federal Republic of Nigeria located on different continents and whose constitutions commit to rule by the people, but whose practices may call that commitment into question. These two societies are different when one considers variation in cultural contexts, length of time formally committed to democratic governance, constitutional arrangements designed to foster bureaucratic consultation with its citizens, and experiences, nevertheless, both countries need to continuously evaluate and refine participatory practices. Using the experiences from the modern cities in the US and the Ogba community in Nigeria as cases, these participatory practices are engaged, critiqued and insights are presented.

### INTRODUCTION

More than three decades ago, Almond and Verba (1963:19) observed that there is a participation explosion going on throughout the world. Public participation

and citizen involvement in decision-making in most democracies can be traced as far back as Plato's Republic. Plato's concepts of freedom of speech, assembly, voting, and equal representation have evolved through the years to form basic pillars upon which many democracies were established. To this end, citizen consent is the essence of democracy. The authors of this research posit that replications of these same Plato influenced democracies and political revolutions continue in many societies around the globe, but that definitions and conceptualisations of the role, function, and importance of public participation and community involvement vary from society to society and political system to political system. Two democratic societies: the United States of America and the Federal Republic of Nigeria are our units of analysis.

There are significant distinctions between these two societies: variations in cultural contexts, length of time formally committed to democratic governance, different constitutional arrangements designed to foster bureaucratic consultation with its citizens, and different experiences in resulting from attempts to refine its practices. However, the authors also find significant similarities: searches for representativeness, efforts to secure politically neutral competence, and desire for effective leadership.

The purpose of this contribution is to review previous thoughts on public participation and citizen involvement within these two societies, to indicate points at which both normative and empirical social theory may be enhanced from a cross-cultural reference, and to identify lines for new research.

## **GOVERNANCE PARADIGMS AND CITIZEN PARTICIPATION**

This discussion revolves around these questions: How did the concept of democracy develop in these two societies? Were there theories that underlie their functioning? How did the governance ethos evolve, and how is theory reconciled with practice? The next section of this paper focuses first on the United States of America and then the Federal Republic of Nigeria. It then concludes the discussion by detailing the similarities and dissimilarities in each society. In both societies, the emphasis on citizen participation questions the validity and adequacy of representative systems.

The U.S. Constitution, adopted in 1876, required that the people, not the states, had to ratify the document and decide whether they would take the advice of the framers or not. Centuries might pass before the current concern of new governance in western democracies would evidence itself. Observations by Salamon (2002:566) focused attention on the role of government and its relationship with citizens. His observations brought attention to a fundamental

rethinking throughout the world regarding how governments were able to cope with the cost and effectiveness of government programs, and what kind of tools were needed for what Stivers, (1998:88) referred to as “authentic participation.” These scholars independently portrayed direct government as tightly structured hierarchies insulated from market forces and from citizen pressure, and thus ineffective. The relationship between bureaucrats and citizens supports the formation and implementation of public policy, but it is ironically a notion that is at odds with traditional Western thought. While the political system in the United States is designed to reflect and engender an active citizenry, it is also designed to protect political and administrative processes from a too-active citizenry.

diZerega’s contribution (2000:165) expanded understanding of the innate commitment to public participation in governance. It focused on non-coercive institutions that revitalise democratic practices, including voluntary organisations and local democracy in a broader context, acknowledging that while coercion cannot be entirely wished away, freedom and the common good cannot depend on either the market or enlightened bureaucratic government, but instead must be firmly set in a deliberative democratic context. Volunteer citizen participation continues to be one of the key concepts in both of the societies studied in this research.

## **Citizen involvement practices**

Since the United States was created as a nation, there has been the issue of how best to involve citizens in governmental decision-making processes. Urban scholars suggest that local government has the best opportunity to promote face-to-face interaction between the elected officials and the populace (Saltzstein, *et al.* 2008:155). As a result, there is a strong tradition of fostering citizen involvement in local political decision-making. For example, in the 1960s the creation of Citizen Participation Organizations was a requirement for local governments to receive funding from the federal government through its Community Development Block Grants. This set of prerequisites legitimised citizenship regimes, institutional features, and interest constellations that interact to shape political opportunity structures for ethnic minority representation in the U.S. As we contrast societal practices in the Ogba community in Nigeria with similar situations in the U.S., we find the same set of factors: citizenship regimes, institutional features, and interest constellations similarity.

Nigeria has had far less experience at democracy and citizen participation. With less than a quarter of a century experience of democratic society, the obstacles range from poor civil society awareness and the manner in which

citizens are organised, coupled with ethnic, class, gender, and patriarchal obstacles. This excludes groups based on a hegemony that has been institutionalised in the landscape: entrenched relations of dependency and fear which undermine broad-based citizen participation.

## **Citizen participation – A review of the literature**

The review of the literature includes United States' domestic concerns and participatory practices found in Nigeria, as well as citizen participation practices found in other democracies. The concluding discussion concerns itself with emerging insights from a comparative viewpoint. These thematic refinements suggest the continuing evolution of citizen participation concepts and practices, as well as the continuing evasiveness of determining how much and under what circumstances citizen participation ought to exist in any democratic setting. The etymological roots imply that any democracy would rely on the participation of its citizens, but practicality dictates arrangements for a process to unfold which contextualises the setting and thus more realistically facilitate the manner in which citizen rule is personified.

Among contemporary contributions to citizen participation literature are elaborate conceptualisations which form what these authors label a neo-citizen participation movement with a variety of sub-topics: participatory democracy, direct democracy, anticipatory democracy, consensus democracy, deliberative democracy, etc. From these contributions the authors argue that there are threads which allow dissection and understanding of citizen participation behaviours in the societies observed in this study.

Chambers and Kymlicka (2002:90) argue for refocusing the concept of “participatory democracy” on community-based activity within the domain of civil society, based on the belief that a strong non-governmental public space is a precondition for the emergence of a strong liberal democracy. Their argument appears to contextualise an extension of the value of separation between the realm of civil society and the formal political realm (Seligman 1992:101). Taylor (2009:78) discusses what is referred to as Consociationalism, a form of government involving guaranteed group representation which is often suggested for managing conflict in deeply divided societies. He theorises that governments are (or can be) power-sharing institutions and these behaviours have many important consequences, e.g., they facilitate accommodation and cooperation among leadership elites, thus making them most suitable for states struggling to achieve stable democracies in divided societies.

Within both societies in this study, the authors observe administrative (bureaucratic) practices in which there is a fundamental question as to whether the administration of a representative government can accommodate citizens

actively involved in public decision-making. Much of the western literature on American government and citizen participation observes the Madison idea that “common people” should be excluded from participation in public decision-making. Bureaucrats have justified lack of participation by arguing that participation undermines institutions of representative government, should remain a domain for officials. Consistent with the Madisonian concept of Citizen Participation (CP) as observed by Breyer (2005:16) is the portrayal of citizens as either apathetic or ignorant, and therefore not worthy of consultation. Navarro *et al.* (2004:6) argues that even where participation is fostered, citizens may focus only on narrow issues that affect them directly and may be unwilling to make trade-offs. As a result, the exercise would eventually exclude some groups, particularly those at grassroots levels and those without resources.

In the review of the literature, we searched the phrases “public participation” and “citizen involvement.” We found that the literature tends to be prescriptive, hortatory, and characterised by rhetoric and polemics.

## **APPROACH AND METHODOLOGY**

In this section the authors compare and contrast CP practices in the societies being observed. The chronology covering the U.S. attempts to connect the origination of that society from the juncture which embraced citizenship as the privilege of property owning white men, to the subsequent transition to a society which evolved to include women, racial and ethnic minorities as U.S. citizens. The incremental nature of that chronology and its transformation is instrumental to understanding the ethos which embraces more inclusive citizen participation in governance. There were centuries between the adoption of constitutional language which granted suffrage to non-white men and the rest of the society, and the glacial-like metamorphosis of governance behaviour that created CP spaces. The thrust of this contribution sheds light on the episode of CP and American governance of the latter half of the 20<sup>th</sup> century, when constitutional language recognising all citizens became a fact of life.

The experience in Nigeria has a different timeline; the stakeholders and the facts and specifics of its evolution to a democracy have both similarities with the U.S. and distinctions unique to that western African country. For most Nigerians, the experience of a democratic system in the form of federalism cannot be truly supported as one of mutual choice, but rather one that was an imperative for peace. This can be attributable to the incomplete and rushed metamorphosis from a unitary state into a country characterised as a post-independence federation. The stress of that metamorphosis and the necessity

for a viable future for democracy warranted the strengthening of governance systems to include enhanced opportunity for a participatory process. Ironically, this reality tended to promote a weaker nation-state identity and an entrenchment of the colonial policy of divide and rule long after the challenges of 1960. Two subsequent attempts at democratic government after the demise of the first republic were made to contain tensions that were so prevalent in all facets of citizen life, but these have not translated to evolution of a genuine public participatory process.

Given the important roles that both countries play in their respective geopolitical regions, the complexities associated with meaningful participation provide opportunity for lessons to be learned about successes as well as emerging challenges. The United Nations Development Programme (2002:67-68) describes the behaviours and conditions which are pre-requisite to bridge the gaps in democratic practice. One solution is new governance, or a commitment to decentralise power to the lowest levels of government, thereby bringing government closer to the people. This is easier said than done. It requires citizens to embrace an ethos devoted to democracy, resilient institutions, administrative processes, strong structures, and state capacities to control, monitor, and evaluate various activities. This paper observes practices in the units of analysis (Nigeria and the U.S.) and analyzes them, noting that effective citizen participation processes, as well as institutional and governmental relations, have remained a challenge for governance and Public Administration in Africa (New Partnership for Africa's Development, 2004:7).

The specific contexts provided in this paper, therefore, allow for the analysis of historical considerations and emerging trends in community participatory processes, most specifically at local levels of government in both the U.S. and Nigeria. Underlying patterns from the selected countries enable the researchers to gain insights into the opportunities and limitations that may exist. Where possible, comparisons are drawn with a view to harnessing alternatives and possibilities.

## **CITIZEN PARTICIPATION IN THE UNITED STATES – AN OVERVIEW**

Democratic societies whose ethos and rules acknowledge the importance of citizen roles in policy guidance continue to experience the never-ending conundrum of meaningfully connecting citizens to government. Thus, the issue of 'how much participation and under what conditions' are questions which are as alive in 21<sup>st</sup> century America as they were when a group of civic reformers, including Theodore Roosevelt, Marshall Field Louis Brandies, Mary

Mumford, and Charles Eliot, founded the National Civic League (NCL) in Philadelphia more than a century ago. The evolution of the NCL facilitated one of a number of temporary fixes on the issue of citizen participation and community governance. This championed the concept of “self government,” where citizens played a key role in making local government work more effectively, as a foundation upon which to repair American democracy (Gates, 1999:3). This brand of community governance gained traction among the populace and functioned around the idea that for democracy to “work,” citizens had to do more than vote every two years; they had to be able to play their civic role of running for elected office and serving on boards and commissions. Furthermore, elected officials needed to work with citizens, both accepting and then helping them play this role. It was a model of local politics which characterised the political landscape of the 1940s to 1970s. This idea vested decision-making authority solely with governmental leadership; citizens voted and elected officials governed. The idea garnered sufficient political capital to remain in vogue from the inception of NCL until the civil rights movement of the 1960s.

With the onset of the modern American civil rights struggle beginning about 50 years ago, the NCL approach began to show signs of faltering. While the early 19<sup>th</sup> century NCL approach had temporarily restored prominence to the locally elected leaders, the process did not have wide enough coattails to bring along a refined citizen group that could convince the elites that the “commoners” were suitable for sharing power with the elites. Thus, the ebb and flow continued its cyclical nature and there was political unrest fermenting in the streets in the 1960s characterised by charges of racial and class marginalisation. The policy response from the Johnson administration was the “Great Society,” and the U.S. fashioned a number of administrative frameworks to embody values of Citizen Participation relative to local government.

## **Citizen participation in the United States: Lessons from the Model Cities Experience**

During the decade of the 1960s in the USA, a social revolution was underway. African Americans had stepped up the struggle for meaningful citizenship by pushing for the vote and for economic development within the African American community. Following the assassination of martyrs including Medgar Evers, Emmitt Till, Malcolm X, James Chaney, Andrew Goodman, Michael Schwerner, and many, many more, the US Congress was spurred on by then president Lyndon Johnson to enact a number of ameliorative programs known as Great Society innovations which included Model Cities (MC), Model Cities Planned Variations (MCPV), community development boards and agencies,

etc., which were designed to create opportunities for all members of a political group to make meaningful contributions to decision-making, and seek to broaden the range of people who have access to such opportunities. The Federal Model Cities Program (1968-72) was designed to benefit low and moderate income families, provide alternative uses for available funds, and allow city governments discretion in determining how money would be spent. In terms of citizen participation, low income and minority individuals through MCPV were granted “spaces” to participate in decision-making via communities and neighbourhoods.

These “innovations” fostered federated cities through formally recognised Priority Boards (PB), e.g., Dayton, OH. These PBs oversaw groups of district neighbourhoods. The PB consisted of elected citizen members serving fixed terms. They became the official voice of the neighbourhood, and interacted with city council, and created land-use committees. In some cities, e.g., Portland, OR, there were recognised neighbourhood associations in which each association was open to residents and property owners; there were clearly delineated neighbourhood boundaries, regularly scheduled meetings with minutes, a grievance process, independent non-profit district coalition boards with a statutory requirement for city recognition, and interaction with such bodies. In yet other cities (Birmingham, AL) there were multiple (99) neighbourhood associations and boards with delineated boundaries and a multi-tiered system for CP in land-use decisions. These examples reflect the provision of spaces designed to facilitate CP in community government.

King *et al.* (1998:181) observe that since the mid 1990s there has been a reinvention of government through new governance and citizen participation. Elected officials, leaders of the bureaucracy, and citizens are more than consumers of public goods and services; they are owners of the government. The “new governance” mode of thinking, coupled with support by a growing number of professional organisations embracing the performance management mantra, has meant that public officials and the public now can more effectively evaluate public program inputs, outputs, and outcomes.

### ***Contemporary citizen participation in the U.S.: Citizen-initiated performance assessment as a new citizen participation process***

Ho and Coates (2002:8-10) argue that citizen participation and performance measurement need to be integrated in order to enhance the quality of governance and service delivery. They posit that the campaign for performance measurement has been focused on internal managerial needs, but that it has great potential for enhancing the citizen participation process. They argue further that traditional citizen participation practices fail to help citizens understand what their tax money is paying for and how well government is serving them.

Citizen-Initiated Performance Assessment (CIPA), an initiative funded by the Sloan Foundation, is now a pilot effort in some 32 Iowa communities. Its goal is to engage citizens in the design and use of performance measurement and increase its political credibility. CIPA emphasizes collaboration among citizens, elected officials, and city staff, thereby enhancing the likelihood that the information will be used in decision-making processes. The core of the CIPA experiment consists of a pact between the city council, citizens, and administrative staff, all of whom make up a Citizen Performance Team which solicits citizen input about perceivable outcomes of public services, develops performance measures based on citizen input, collects performance data, works with officials to use citizen-initiated citizen performance measures in decision making and assists officials to disseminate performance measure information to the public.

## **UNDERSTANDING CITIZEN PARTICIPATION IN THE NIGER DELTA REGION (NDR), NIGERIA – AN OVERVIEW**

A well-resourced nation, in terms of natural and human resources, Nigeria could have done better in terms of meeting its developmental vision, but has been plagued by several undemocratic and self-imposed governments that only sought to deplete the nation's resources for their own benefit. Ekwe-Ekwe (1993:87) argues that what the Nigerian example shows is the performance of a string of African leaderships, endowed with resources, the existence of which they fully acknowledged, that could easily have been used to radically transform the living conditions of their people, but whose choice of action instead, hemmed in by a megalomaniac disposition, was to deprive their society of their newly found wealth. Governance in Nigeria is further complicated by geographical differences between the North vs. South, religious differences between Christianity vs. Islam, majority tribes vs. minority tribes, and oil producing vs. non-oil producing areas. All of the above mentioned elements influence the nature of citizen participation, and complicate the contestation for political and economic power, given the culture of divide and rule entrenched during colonialism, which effectively turned traditional and community rulers into stooges of the ruling elite.

Nigeria's constitution can be said to have been closely modeled on the U.S.'s constitution. It provides for a three-tiered federalist system of government with 36 states and 744 Local Government Councils (LGC). The main difference between the constitutions is that while Nigeria's constitution recognises local government, the U.S. constitution does not mention local government. Amendments to the U.S. constitution and court rulings have fostered national supremacy in U.S.

Its practices of federal funding of local government activities reflect federal recognition of U.S. municipal government. While the Nigerian federal government develops appropriate direction and guidelines for development, the state and local governments are largely delivery agents. The Nigerian legislative framework provides for active participation of local people and their traditional institutions in developmental projects and activities. As contained in the Guidelines for Local Government reform (1976)

“government at local level exercised through representative council established to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal governments in their areas, and to ensure, through devolution of these functions to these councils and through the active participation of the people and their traditional institutions, that local initiative and response to local needs and conditions are maximized.”

While the framework clearly spells out community participation, the mechanisms for attaining this have not necessarily been as intended. Usually resources flow from the federal government and provide state governments with a monthly allocation for a range of important activities. In turn, the state devolves some of the responsibilities to the local government area. With huge responsibilities at local levels of government, delivery has been slow due to poor governance practices (Human Rights Watch Report, 2007). For instance, “many state governments appropriate a portion of these Local Government Council (LGC) funds for their own use, without any legal justifications, before passing whatever else is left to the LGC (*Ibid*). Furthermore, it is important to note that state governments that are oil producing have been well resourced with a third of the federal budget going to these state governments, yet they have failed to translate their new wealth into any real efforts to combat poverty (Human Rights Watch Report 2007). The inability to translate these opportunities to visible development has raised the need for a more active community participation to ensure an improved delivery record. However, despite this increased awareness for improved participation, systemic issues still render the system ineffective. The challenge for local government among other considerations has been that state governments do not ensure that the funds get to the communities they are met for (Joab-Peterside 2007:25).

The situation has been exacerbated by weak monitoring on the part of the federal government, inaccessibility of officials to their communities, and non-

adherence to Schedule 4 of the Nigerian 1999 constitution which defines the local government's role as "participatory" (Khemani 2006:5). Furthermore, efforts to ensure that Local Government Councils account for the resources they get at the end of the day has not been well received because they fail to publish their end-of-year financial statements. In circumstances where they exist, these financial reports are generally treated as tightly guarded secrets (Suberu in Human Rights Watch report 2007). The impact of this systemic weakness is that it has effectively shut out community participation in government delivery activities. By default, these communities have evolved alternative mechanisms for engagement, and resorted to direct engagement with the oil companies in an attempt to get a piece of the pie that is not forthcoming through the political and administrative mechanisms.

Nigeria is heavily reliant on the exploration of crude oil from its Niger Delta Region (NDR) resourced area. A resourced area consists of communities that are endowed with natural resources such as gold, diamond, crude oil, etc. and which significantly contribute to the national resources base.

The NDR consists of nine oil producing states in Nigeria: Rivers State, Cross Rivers State, Abia State, Imo State, Akwa Ibom State, Delta State, Edo State, Ondo State, and Bayelsa State. This oil rich area represents about 12% of Nigeria's surface area. According to Uyigüe and Ogbeibu (2007), 25% of the Nigerian population lives in the Niger Delta. The NDR resource area accounts for 95% of Nigeria's foreign exchange earnings and 80% of all budgetary revenues (Joab-Peterside, 2007:1). However, many of the inhabitants in the NDR still live below the poverty line of less than one dollar per day (Uyigüe & Ogbeibu, 2007). This situation is primarily a result of the fact that their communities have become wastelands due to the impact of oil exploration. With huge levels of poverty and very little economic options for the inhabitants of these areas, there have been numerous conflicts between the communities in question, the oil companies, and the government (Ile, 2008:1).

With growing discontent and agitation for visible developmental projects in the Niger Delta Region, the second republic politicians (1979-1983) set up a presidential task force that was to utilize 1.5% of oil revenue for the developmental needs of the region. Although a bright idea, this proved to be ineffective and wasteful. This was reviewed and increased to 3%, and OMPADEC (Oil Mineral Producing Areas Development Commission) was set up to administer the funds. Again, this was fruitless as the people still struggled to get very basic services such as health and education. A review of the failure of this agency showed that it had completed few projects, abandoned numerous others, incurred huge debts, and did not properly document its activities. As a result, information was sketchy because the organisation generally suffered from loss of focus, official profligacy, corruption, excessive political interference, lack

of transparency and accountability, and high overhead expenditure. It failed dismally. (Niger Delta Master plan, 2006)

With the advent of the third republic under the leadership of President Olusegun Obasanjo and fourth republics under late President Yar Adua and now, President Goodluck Jonathan, OMPADEC has since been replaced by NDDC. The New NDDC was backed by the NDDC Act of 2000, which further increased the funding by 3% to 15% of the federal account. Article 162 (2 of the Nigerian constitution) reinforces this and notes that the proportion of revenues returned to oil communities through derivation (a policy promoting the return of some resources to the oil producing communities) must be no less than 13% of government revenue. This institution has been properly capacitated in order to avoid the same mistakes as in the past. As contained in Section 5 (dealing with financial provisions) of the NDDC Act of 2000, the primary financier is the federal government, which makes a mandatory monthly contribution equivalent to 15% of the federal account, in addition to 3% of the annual budget of oil companies operating in the area. Expenditure includes administrative costs and contract/project fees, which must be approved by the legislature. To date, a significant amount of resources has been committed, with the NDDC having received N47 billion (Naira) from 2001 to 2003. It has awarded 700 contracts, with 358 (51%) completed for the same period (NDDC:2005). And in 2006, President Olusegun Obasanjo allocated a further N21 billion to the NDDC in the 2006 Presidential Budget speech. Despite the increase in funding, there is need for much improvement as yet again, participation of communities through the NDDC is very limited or nonexistent.

The constitution gives all tiers of government rights to ownership and management of the resources in the country. For instance, Section 44(3) of the *Constitution of the Federal Republic of Nigeria* states that “control of all minerals, mineral oils and natural gas in, or under or upon any land in Nigeria or in, under or upon the territorial waters ... shall rest in the government of the federation and shall be managed in such a manner as may be prescribed by the national assembly.” The states are empowered in Section 16-2 (a & b) to “ensure that the material resources of the nation are harnessed and distributed as best as possible to serve the common goal.” The constitution also states that “it shall be the duty of local government council within the state to participate in economic planning and development of the area.” This suggests that all tiers must coordinate and plan jointly in accordance with the planning framework of Nigeria, if the resources are to be optimised. Fakolade & Coblenz, (1981:122) argue that citizen participation is the only basis and precept for genuine and enduring peace and stability. To this extent, it could be argued that the current participation mechanisms are less than comprehensive

and effective as conflicts between communities and the government, as well as the oil companies, remain unresolved and have, in fact, escalated over the past few years.

## **A case study of citizen participation in the Ogba community**

Citizen and community participation in governance are not new to the African setting. Most pre-colonial African societies had governing structures and demonstrated their abilities to manage and decide their affairs. Evans-Pritchard and Meyer (1940:15) divided these African political systems into two categories. One group had government with centralised authority, administrative machinery, and a judicial institution in which power corresponded with wealth and status. Examples of these, they noted, were the kingdom of the Bantus in Southern Africa where the rulers controlled an organised force to uphold their authority. The second group had elements of linear decedents, but there were elements of age-grade structures, the categorisation or grading of chiefs and titles. The nature of governance in the Ogba community was more aligned to this category. Having established that political systems existed in Africa prior to the advent of “modern governments,” it is safe to agree with Almond and Powell (1967:57), who note that the concept of political system goes beyond the state, government, and nation, stating that the “role played by formal governmental institutions ... varies greatly” as it would and should include community participation.

Traditionally, in the Ogba community, decisions regarding issues of common concern were discussed at the extended family meetings, and if they were of a broader relevance, they were further engaged at the village or “obudo” (community level). Additionally, if there were much broader issues, it would require a meeting of minds of all village chiefs under a central authority (a first class chief). Very often, such a community gathering would require families to make their positions known on a particular subject, and through a consensus, a decision was made.

In the recent past, the nature of community governance has somewhat changed to a constituency based participation, which can be seen as a form of popular participation as power is located amongst various individuals as wells as groups. This approach if well managed makes a significant contribution as it allows for civic participation in the development process. In the Ogba context, the authors identified the three most active participatory clusters, and these were women’s groups, youth groups, and traditional leaders. This approach, appears to facilitate a multiplicity of players from the community, but in reality and in the case of the Ogba community in particular, seems to have effectively stripped communities of their role in governance and located

power within the leadership of these groups who appear to be generally viewed as self-seeking. This mutation and manipulation of an otherwise value-add through citizen participation contradicts the very core of citizen participation because it nullifies involvement of those groups in what would have otherwise have been in line with the social contract as propounded by Hobbes and Rousseau.

## **SOME EMERGING INSIGHTS ON COMMUNITY PARTICIPATION**

Comparative literature on citizen participation is instructive as engagement strategies by governments, as a response to nationalist pressures, affect prospects for successful negotiations balance of power and attainment of development goals. Consociational theory, Lijphart (1999:22) suggests that power-sharing institutions have many important consequences, not least of which is that they are most likely to facilitate accommodation and cooperation among leadership elites, making them most suitable for states struggling to achieve a stable democracy and good governance in divided societies. Accompanying institutions are intended to ensure that only a broad supermajority can control policy and that once a coalition takes power, its ability to infringe on minority rights is limited.

In both societies it appears that citizens have been locked away from their own democracy. In the U.S., the bond that once existed between citizens and the public sector has again been severed. Citizens no longer trust their elected leaders to do the right thing, and they believe that their views are not considered important, their voices are not being heard, and that someone else's point of view carries more weight (Putnam 1995:65). In the Ogba community, participation has been further complicated by its linear nature, where constituency leaders engage directly with political leadership and the oil companies without any alignment across the consistencies. Thus, the gains of participation are limited, given that broadened participation increases representativeness and responsiveness, heightens citizens' sense of efficacy, and acts as an important check on discretionary matters (Fakolade & Coblentz 1981:121). Currently, it appears that the majority of the people in these communities feel disenfranchised as they watch their resources being poorly managed and controlled by politicians and public administrators (Joab- Peterside 2007:22).

While there is an ethos and constitutional language which embraces citizen participation and engagement (albeit superficially in certain instances) in both societies, the nature of each differs. In Nigeria, the culture that exists can be traced to the divide and rule policy of the colonialists that enable primitive

accumulation by administrators and chiefs to the detriment of the ruled. This culture was further entrenched by undemocratic military regimes that governed Nigeria for about 30 years. These regimes consolidated power at the centre and were not accountable to the public. This culture systematically had a proclivity to advance individuals rather than the community. In this regard, the nature of leadership has had a direct bearing on governance. While there are various levels of leadership, including political, administrative, and community, it is important to note that they can and do influence each other. This suggests that leadership continually evolves and mutates according to a variety of circumstances. In the case of the Niger Delta, and Ogbia in particular, constituency based leadership, even at community level, has been influenced by a culture of "leadership for personal gains." In the U.S., however, the growing number of formal spaces for citizen participation, and the activity within those spaces, suggests a continuing commitment and growing ethos in support of citizen participation in public decision-making. Moreover, the culture and political ethos affirms the need for expanding opportunities for citizen participation in governance. Perhaps the absence of meaningful objection to citizen participation in U.S. dramatises an irony: There we see loose structures and uncertainty. As Oberschall (1993:31) observes, those participating are involved part-time, their numbers are uncertain, adherents at the outer edge fade into conscience, and sympathisers participate episodically. Leaders have no firm positions and are challenged by others who wish to replace them and who compete for the same constituency. When leaders call a meeting, they often have no idea how many will attend. Some who do attend may not submit to the plan of activity and discipline of the organizers, and there is not much the organizers can do. Looseness of structure is a by-product of voluntary membership. Despite these observations, citizen participation spaces in U.S. have continued to grow from the National Civic League (NCL) initiative, which eventually did more for local elected officials than it did for enhancing citizen participation, from the Great Society initiative which created Model Cities and institutionalized federated cities through recognition of neighbour-hood units, and now to the Citizen-Initiated Performance Assessment (CIPA) pilot.

The salient point here is that the nature and quality of leadership at the community level has a direct relationship with the quality of community participation. Leadership, especially in the political arena, should not be patriarchal, prescriptive, and authoritarian. Rather, it should engage the people being led in such a mutual way that the leadership over time shows positive results. There is evidence of continual movement in that direction as borne out by the U.S. experience. This was certainly not the case under the undemocratic regimes in Nigeria, and it is still evolving under the new democratic regimes. Below are the factors that are hindering community participation in both ethnic

minority cases discussed herein. The extent of these factors vary in these countries; nevertheless, they have been observed and impacted on the quality of community participation:

- Lack of transparency with regard to access to information, including financial reports
- Poor monitoring by the federal government of state and local governments
- Public officials and politicians alike tend not to recognise that they have an obligation to the public to ensure that the public is involved in the running of government
- Poor communication processes (and this may include inaccessibility of political office bearers and administrators)
- The availability of public resources for projects does not automatically translate to delivery, especially in an environment where citizens cannot hold officers accountable
- Poor leadership and ethical conduct of political and administrative officers

## CONCLUSIONS

Public participation processes have four major components: (1) the issue or situation, (2) the administrative structures, systems, and processes within which participation takes place, (3) the administrators, and (4) the citizens. Participation efforts are currently framed such that these components are arrayed around the issue. The citizen is placed at the greatest distance from the issue, the administrative structures and processes. Thus, the real power, it can be argued, lies with the administrator. The administrator can either be an expert technician/manager or a collaborator with the citizens; the administrative process can be static, closed, or invisible on one hand, or dynamic, visible, or deliberative on the other; the output can focus on a timeline for a decision or a process that garners citizen approval or buy-in. In most instances, managerial efficiency is more valued than an inclusionary process. A theory which models the importance of citizen collaboration over managerial efficiency is what the literature is missing.

With economic stagnation and increasing levels of poverty in the Ogba Nigerian communities, the nature and quality of community participation and the extent to which identified stakeholders safeguard the interests of the communities and promote a local economic development agenda need to be given attention, particularly in the Niger Delta Region of Nigeria. Community participation in governance should ensure the evolution of a developmental agenda sustained through collaboration, i.e., effective public participation. This will, in turn, contribute towards the resolution of the current conflict which has

brought about high levels of frustration manifested in various forms, including the kidnapping of oil company staff locals and expatriates in the Niger Delta Area. In the U.S., the spaces for citizen participation in public decision-making continue to increase. Opportunities are continually refined, and within the past two decades there has been a refocused emphasis designed to increase levels and quality of community participation. We suggest that citizen collaboration leads to a developmental agenda, and that an adequate developmental agenda can only arise if all stakeholders have sufficient voice.

We set forth three questions at the outset of this contribution: How did the concept of democracy develop in these two societies? Were there theories that underlie their functioning? How did the governance ethos evolve, and how is theory reconciled with practice? It is clear that efficiency is the dominating ethos.

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# Participatory service delivery processes with reference to the rural-urban divide of South Africa's municipalities

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## ABSTRACT

This article reviews public participation in South Africa's Local Government development planning framework, referred to as the Integrated Development Plan (IDP). It highlights the policy and legislative framework that informs public participation and emphasises the implicit contradictions that prevail. The article draws on the theoretical underpinnings of public participation and selected cases in the country. Moreover, the article explores the opportunities and challenges that emerge from applying the legislation. It compares aspects of public participation in rural and urban municipalities and argues that participatory Local Government planning processes hold great potential to promote sustainable livelihoods. However, in order to succeed, the process requires political will, trusted community-based structures and local government staff with the necessary technical knowledge. The article points to the urban-rural disparities and warns against a "one size fits all" approach to participatory local government planning.

## INTRODUCTION

The World Bank (1983) *World Development Report* placed renewed focus on the management of development and essentially entrenched the administrative reform agenda in the public service. Although there are various definitions, administrative reform is based on the following key cornerstones: planned changes

to current bureaucratic structures; innovative ways for the state to function, as well as improved efficiency and effectiveness in the public service (World Bank 1983). Although a range of administrative reform strategies have been advanced, public participation is particularly crucial to the success of administrative reforms. Through participation, the public acts as a forerunner to administrative reform strategies, such as accountability, governance and partnerships.

Decentralisation and creating Local Government units pre-empt certain changes with regard to public participation. In South Africa, decentralisation has not only brought Government closer to its people, it has also created space for participation within the Local Government sphere and has improved the chances of accelerating service delivery and promoting sustainable livelihoods. However, not all citizens within Local Government units have benefited from decentralisation in equal measure. In fact, some authors have warned against the “dangers of localism” and the fact that certain local governments lack the necessary resources to meet their objectives. They also note the inadequate support from central government.

The article provides a summary of the legislative and theoretical development and the empirical findings from the author’s research on the dimensions of IDP. Furthermore, it provides insight into the impact citizen participation has on service delivery with respect to the rural-urban divide in selected municipalities. The article also seeks to conceptualise citizen participation in service delivery in terms of sustainable livelihoods. Moreover it explores the challenges selected rural- and urban-based municipalities face and the subsequent solutions that are presented to help overcome these challenges.

In discussing Local Government’s ability to promote sustainable livelihoods, Mubangizi (2008:273-275) refers to the need for municipalities that possess the necessary human, financial, physical, social and natural resources. The discussion in this article will focus on the ability of municipalities to gather human and financial resources. Furthermore, it will show how these critical factors influence municipalities’ ability to fulfil their developmental objectives.

## **CONCEPTUALISING PARTICIPATORY SERVICE DELIVERY PROCESSES IN TERMS OF THE RURAL-URBAN DIVIDE WITHIN MUNICIPALITIES: CRITICAL CONSIDERATIONS**

### **Legislative and policy considerations**

Chapter 3 of the South African Constitution (RSA 1996) sets out principles of co-operative government. It mandates all three spheres of Government to play a role in service delivery, with specific roles set out in Schedule 4 of the *Constitution*

of 1996 (RSA 1996). The national sphere of Government is responsible for a range of functions, such as safety and security, home affairs and foreign affairs. Aforementioned factors impact the country as a whole and therefore require uniformity. In addition, the national sphere develops policies regarding, for example, food security and water provision. This guides service delivery in the other two spheres of Government and supports the implementation and monitoring of these policies. The provincial sphere, in contrast, is responsible for planning and budgeting for the implementation of social service delivery programmes for citizens. These include health care, housing, education and social welfare grants.

Furthermore, the local sphere of Government is responsible for providing basic services including water, electricity and sanitation. Provincial Government shares certain municipal functions. This includes municipal planning, public transport and the regulation of buildings. As the Local Government sphere plays a pivotal role in delivering critical services to the citizenry, it has been described as the “hands and feet of Government” (Todes, Sithole and Williamson 2007:1). And, as such, Local Government is the interface between National Government and its citizens. Through participatory processes, citizens are given an opportunity to provide in-put into critical policy decisions on governance and service delivery.

Prior to South Africa’s democracy in 1994, no single uniform local government system existed, as each province enacted its own Local Government Ordinance. Rural areas were administered by systems of traditional leadership. The Colonial and later the Apartheid Governments used these to oversee services such as land allocation and the control of cattle diseases (Rugege 2003:173). As it was the interface for racial segregation, Local Government was subservient, exploitative and illegitimate in nature (De Visser 2005:58).

In South Africa, decentralisation is entrenched in S 40 (1) of the Constitution, where it is stated that Government is constituted as national, provincial and local spheres that are “distinct, independent and interrelated” (RSA 1996). South Africa’s Constitution prescribes that municipalities be established “for the whole territory of the Republic”. To this effect, the Constitution establishes three categories of municipalities, namely categories A, B and C (RSA 1996: Section155). Category A includes single-tiered metropolitan municipalities comprising of the big cities of Johannesburg, Cape Town, Pretoria, Durban and Port Elizabeth. The remainder of the country is divided into Category B (local) municipalities that share authority with Category C (district) municipalities. Categories B and C are comprised of small towns and rural areas.

Irrespective of the category, the Constitution recognises a municipality’s right to govern the local affairs of its community on its own initiative. However, governance is subject to national and provincial legislation, as provided in Section 151 of the Constitution (RSA 1996). Irrespective of the category, all

municipalities are expected to fulfil developmental objectives, as mandated by the Constitution and emphasised in the *White Paper on Local Government of 1998*. These include:

- Providing household infrastructure and services.
- Local economic development
- Community empowerment and redistribution.

The *White Paper on Local Government of 1998* prescribes an institutionalised mechanism for local authorities to achieve their responsibilities through IDPs. This process enables Local Government to establish a short- to long-term development plan. Furthermore, it enables municipalities to assess current needs, prioritise them, set goals to meet these needs, devise strategies to achieve them, develop and implement projects, as well as budget effectively and monitor progress against set targets (The *White Paper on Local Government 1998*).

The IDP makes it essential for communities to identify developmental priorities. This development plan deems it necessary to simultaneously execute agreed-upon anti-poverty and growth strategies emanating from the common vision of meeting locally identified needs. In his reflection paper on IDPs in South Africa, Harrison (cited in Van Donk, Swilling, Pieterse and Parnell 2008:321) views this developmental approach as a leading instrument for localised planning. Furthermore, the author views IDPs as a critical component in the country's emerging intergovernmental planning and coordination structures (Harrison, cited in Van Donk *et al.* 2008:321). Patel and Powell (cited in Van Donk *et al.* 2008:318) concur with this view. The authors are of the opinion that IDPs play an important role within the broader context of intergovernmental relations and planning. However, Patel and Powell add that the IDP's success as a planning tool will depend on local empowerment and cautious fiscal management by municipalities.

A legislative framework that prescribes both the content and process of integrated planning by Local Government institutions further strengthens the importance of the IDP. Section 35(1) of the *Local Government: Municipal Systems Act 32* (Act 32 of 2000) refers to the IDP as a municipality's "principal strategic planning instrument". Furthermore, Section 26 of the Act lists items that must be included in the IDP. These include the municipality's developmental vision, its priorities and developmental objectives, as well as its key performance indicators and targets. The *Municipal Systems Act* pays attention to the process through which the IDP should be drafted. Moreover, it places a high premium on citizen participation. Subsequently, Chapter 4 of the Act is dedicated to community involvement and participation in both the IDP and local government processes.

In this way, the IDP provides an opportunity for learning and sharing ideas. Furthermore, it has the potential to bring together people from different

cultural backgrounds under the banner of working towards a shared vision of developing their communities. The IDP plays an important role in the poorer, rural-based municipalities referred to earlier in the article. The fact that the municipalities are poor demands targeted community-focused development planning that addresses poverty and builds a firm foundation to create a thriving and sustainable community. A community-focused approach would no doubt require that communities participate in the planning and implementation processes.

## **Service delivery**

Conceptualising service delivery is a complex – even contorted – process that draws on various state departments operating at various governmental levels. Furthermore, it invokes the support of non-state actors in the private sector and civil structures. In this regard, Mubangizi and Mubangizi (2010) assert that one of the fundamental challenges in service delivery is the inability to co-ordinate efforts in a manner that will utilise various resources, while avoiding wastage and duplication.

Therefore, service delivery refers to a series of activities by various institutions that mobilise and process resources and present them to a target group of people in a satisfactory and sufficient manner. Ultimately, these services and initiatives should be of value to these target groups. Notably, institutional capacity to mobilise, process and present services to recipients is fundamental to the service delivery process. For the purpose of this article, the relevant institution's capacity could be viewed within a sustainable livelihoods framework (Neefjes 2000:44). The framework provides an integrated and analytical basis for understanding development challenges. Moreover, it identifies capacity in terms of human, natural, social, financial and physical resources.

## **Sustainable livelihoods**

A sustainable livelihood provides people with the capacity to generate and maintain their means of living, as well as enhance their well-being and that of future generations (Carney 1998:8-10). A sustainable livelihoods framework offers a way of looking at people's livelihoods in terms of access to physical, natural, social, financial and human resources. Access to, and control over, these resources leads to livelihood activities that ensure a sustainable livelihood. For instance, for people to engage in the livelihood activity of farming, they need access to land as a natural resource. Furthermore, they need access to human resources, farming skills and financial resources to purchase physical resources such as farming implements and storage facilities. Lastly, in order for

their farming to be beneficial, these individuals need social resources to enable them to market their products or engage in negotiating better prices.

Therefore, supportive policies are needed to provide access to, and control over, resources. In addition, people should be able to engage in processes that enable them to be part of the policy-making process. Within this paradigm, citizen participation becomes crucial to sustainable livelihoods.

## **Citizen participation**

Citizen participation encompasses the idea that people (without public or private institutions) can help themselves respond to locally conceived problems. It is argued that participation takes place when people identify their own requirements and determine locally specific means of responding to their needs and requirements.

The concept and practice of citizen participation gained acclaim during the mid-1980s. This was largely due to glitches in internationally driven support for a representative democracy to advance ordinary people's ideals in relevant developmental decision-making processes. Observing the rural poor in developing countries, Chambers (1984:10) was perturbed by the fact that development planners, researchers and policy-makers did not pay much attention to these communities. In advocating a reversal of the situation, Chambers (1984:10) argues that: "...reversals in learning and in management entail changes from authoritarian to participatory communication; better staff in poor and remote districts; and enabling and empowering weak clients to make effective demands for services and for their rights".

Although Chambers was referring to the rural poor, he also highlighted the importance of including marginalised members of society in mainstream development plans and practices. Citizen participation in a variety of societal issues has since permeated development planning discourse. Subsequently, it has taken on various concepts depending on the issue at stake. Political participation, for instance, is widely used in political studies to invoke the need for political education and electing political leaders. For Brynard (1996:34) public participation is a more encompassing term than either political or citizen participation. The author argues that public participation refers to all people – whether or not they have rights and obligations.

Viewed this way, citizen participation holds a value aspect and invokes rights and responsibilities that come with being a citizen of a specified community. To this end, Gaventa (2004:30) emphasises the significance of this responsibility. The author points out, that citizen participation requires constructing a new relationship between ordinary people and the state institutions that service them. Esau (2007:8) concurs with this view and goes further to prescribe the

premise on which such a relationship ought to be based. The author notes that citizen participation depends on knowledge of local issues, policy-making and planning processes, as well as basic rights and pertinent laws.

Citizen participation provides an alternative approach for tackling development challenges in developing countries that are characterised by centralised planning and a disregard for local circumstances. Although the benefits of citizen participation to service delivery processes are well documented, it falls outside the scope of this article. Ultimately, citizen participation in local governance matters contributes to the management of resources and to sustainable livelihoods (Mubangizi 2008:275).

## Rural and urban areas

The Municipal Demarcation Board of South Africa, a structure tasked with sectioning and establishing South Africa's current municipalities, is careful not to distinguish between rural and urban areas. Instead, it focuses on the functional linkages that exist between rural and urban areas. To this effect, the board asserts:

“The Constitution and Municipal Structures Act is silent on the concept of urban and rural when describing Category B municipalities. However, the White Paper of Local Government correctly points out that, in some cases, the separation of rural areas from cities and towns has imposed artificial political and administrative areas that are otherwise functionally integrated. It also creates inequality for rural residents who contribute to the town's economy but do not benefit from its resources” (cited in Statistics South Africa 2003:2).

In South Africa, the classification of the country into rural and urban areas is rather fluid in nature. There is a clear shift away from this system towards an all-inclusive one. However, the concept remains important with regard to targeted development programmes, such as the Urban Renewal Programme and The Rural Development Strategy, as well as for statistical purposes (Statistics South Africa 2003:1).

South Africa's rural development strategy defines rural areas as, “those areas that have the lowest level of services, and the greatest average distance to the nearest service points” (cited in Mubangizi 2008:275). These areas include large-scale farming enterprises and are largely (but not exclusively) former homelands or Bantustan areas. Furthermore, municipalities have little potential to raise sufficient taxes to meet the costs of services. Although mindful of other aspects, this article adopts the definition that characterises rural areas as

those with low access to services and a low potential to raise taxes (Mubangizi 2008:275).

Urban areas, in contrast, are characterised by a high population density and are relatively well serviced in terms of infrastructure. The cities of Johannesburg and Cape Town, with a population of more than 3 million people (Pillay, Tomlinson and Du Toit 2006:4), are typical examples of urban areas. There are other small towns that qualify as urban areas – although they may not have such a high population density.

Increased population density in towns is a world phenomenon. However, in South Africa the removal of influx control policies created a significant and unprecedented increase in rural-urban migration. The influx control measures of the Apartheid Government guaranteed that only Black people employed in urban areas could stay there permanently (Moller 1992:6). Rural-urban migration can be attributed to several factors. However, a discussion of aforementioned is beyond the scope of this article. Notably, the impact of this rural-urban migration has further deepened rural poverty in South Africa. Among other things, it has depleted the labour force and changed the livelihood strategies in rural areas (Kumalo 2005:159). According to Kumalo, rural areas' dependence on a cash-economy is due to a decline in subsistence farming practices. The author attributes this de-agrarianisation to the country's land policies, a low labour force and costly modern farming methods (Kumalo 2005:161).

## **Municipal human resources**

Municipal human resources refer to skills, knowledge and people's ability to do their work. The ultimate goal is to achieve Local Government objectives. To carry out their responsibilities, municipalities require a range of skills. Some of these may be soft skills, such as organising communities to attend meetings, communicating policy issues to communities and facilitating community development processes. However, most of the skills needed are technical in nature. These skills include financial management, strategic planning, information technology, engineering, architecture and many other practices that require specialised personnel. South Africa's skills shortage has been an issue of debate by policy-makers. The problems related to a lack of appropriate skills in several municipalities are well publicised.

## **Municipal financial resources**

Municipal financial resources refer to the finances available to municipalities. The importance of this form of capacity cannot be overemphasised. Municipalities are the interface between state policies and citizens. Furthermore, the most basic

services are provided at municipal level. Therefore, a municipality's financial capacity is critical to matters of citizens' well-being, as it relates to health, poverty alleviation, the working environment and a country's economic growth. In South Africa, municipalities draw their finances from a range of sources. Van Ryneveld (cited in Pillay, Tomlinson and Du Toit 2006:159-163) outlines these sources as follows:

### ***Municipal-own revenues***

These resources are drawn from regional service levies, property rates, as well as electricity, refuse removal, water and sanitation charges. The nature of these levies implies that metropolitan and urban-based municipalities are well placed to draw revenue from these sources, as opposed to their rural counterparts. Metropolitan areas and larger towns are characterised by high-value property, high consumption of electricity and other municipal services. Subsequently, urban-based municipalities have a higher tax base and are therefore better placed to mobilise funds from their localities. Therefore, it gives them an unfair advantage over their rural counterparts.

### ***Unconditional and conditional grants***

Municipalities can attain financial resources through grants from National Government. In terms of Section 227(1) of the Constitution, (RSA 1996), Local Government is entitled to an equitable share of revenue raised nationally in order to provide basic services and perform allocated tasks. The equity share is an unconditional grant and is based on objective criteria, as specified in the *Division of Revenue Act of 2008* (Act 2 of 2008). In addition, municipalities receive grants to develop municipal infrastructure. Furthermore, they receive finances from specific departmental budgets, such as Housing, Education and Health. According to Van Ryneveld (cited in Pillay, Tomlinson and Du Toit 2006:162-173) municipalities can also boost financial resources by borrowing money to finance capital expenditure. Furthermore, widely-drawn local boundaries that unite poor and rich areas enhance scope and pressure for redistributive spending.

## **RURAL/URBAN LOCAL GOVERNMENT – SELECTED SCENARIOS**

A critical problem with regard to rural-based municipalities is that Local Government institutions are viewed as the main drivers to achieve the developmental ideals expressed in the Constitution. Yet, as many writers have pointed out, in rural areas, Local Government is often ill equipped to handle

developmental challenges (Ntsebeza 2006; Davids 2003 and Mubangizi 2008). The following examples serve to highlight the aforementioned statement.

The Inquza Hill Local Municipality rural-based municipality is one of seven local municipalities under the OR Tambo District Municipality that traverses the town of Umtata. The OR Tambo District Municipality is the poorest in the Eastern Cape Province – the poorest of South Africa’s nine provinces. The municipality faces enormous challenges relating to infrastructure backlogs, as well as high levels of poverty and underdevelopment. Table 1 highlights the most notable challenges:

**Table 1: Development indicators of OR Tambo District Municipality**

Human Development Index	0,42
Economically active	35%
Employment	29%
Unemployed - economically active	77%
Poverty Levels	88%
Income levels R0 - 6 000	67%
No income	28%

Source: OR Tambo IDP Review 2008/2009:12-14

This municipality’s ability to raise its own revenue is greatly compromised, given the fact that most of its citizens fall in the low- or non-income bracket. For this reason, 83% of OR Tambo Municipality’s operating and capital budget comes from the National and Provincial Government in the form of grants. A mere 17% of revenue is generated from within the council.

In contrast to rural municipalities, the eThekweni Municipality’s internal council funding comprises 39% of the eThekweni Municipality’s capital budget (eThekweni 2009:97). The eThekweni Municipality is one of the six metropolitan municipalities and boasts a population of 4-million people. It includes the Durban Metropolitan area, which is the second largest in the country. It is regarded as the best-managed municipality in the country and has won several awards in this regard (Todes, Sithole and Williamson 2007:7).

The eThekweni municipality has many financial resources and has high revenue potential. This is due to its diversified economy, which includes advanced manufacturing, tourism, transportation, finance and a range of government sectors. Furthermore, as it is located on the coast and has a shipping port, it is an attractive location for export-related industry.

Van Zyl (2007) reported that financial woes in the Makhado Municipality were due to a human resource skills shortage within the council. Subsequently, the council officially admitted that it had been operating without a Chief Financial Officer for three years. Furthermore, an audit conducted by the National Electricity Regulator of South Africa (Nersa) reported that the skills shortage was a key issue in the electricity supply crisis that hit the country in 2007. The audit pointed out that the skills shortage resulted in “poor management of resources and loss of control over essential elements” (Nersa 2008:22-23). In addition, Mabotja (2009) notes that in 2007 in South Africa 37 government departments and 248 municipalities had an insufficient number of accountants.

In the State of Local Government in South Africa report (COGTA 2009), an analysis of the staffing structure of key departments within the country's Local Governments revealed a widespread lack of senior skills and experience. Specific skills shortages highlighted by the report include economic specialists, project managers, spatial planners and engineers (COGTA 2009:20-21).

From the ensuing discussion it is clear several municipalities are suffering from skills shortages. This insufficient human capital contributes to an inability to fulfil Government's development objectives as it impacts on the delivery of services, such as electricity, housing and water.

There are disparities between the resources available to municipalities, which influence municipal capability. As a result, some municipalities experience serious infrastructural backlogs and are therefore unable to provide their communities with quality services. Many rural municipalities fall at the lower end of the capability spectrum. Subsequently, these municipalities are unable to provide their communities with basic services such as water, sanitation and electricity. Not to mention higher-level human needs, such as library and recreational facilities.

## **CITIZEN PARTICIPATION CHALLENGES IN LOCAL GOVERNMENT PROCESSES**

Implementing true citizen participation comes with its own capacity challenges. True citizen-based participation should not be a once-off mass meeting. Instead, it should be a process where citizens engage with their governing structures to plan, implement and monitor programmes or projects that improve service delivery to communities.

This section investigates the levels of citizen-based participation in local-level development planning processes, by highlighting two municipalities that manifest the rural-urban divide in South Africa.

As mentioned earlier, the eThekweni Municipality is an urban-based metropolitan municipality that includes the city of Durban and surrounding areas. Durban is a large, constantly growing commercial and industrial centre, with a wide range of manufacturing and service-based industries. Durban's port handles the largest volume of shipping and general cargo on the African continent. Subsequently, eThekweni Municipality is one of the larger municipalities in South Africa. Notably, it has adequate resources, with a wide and rich tax base of industries and citizens.

eThekweni's IDP is a strategic document that clearly outlines the city's development objectives. Furthermore, it provides a policy framework that guides the management of decision-making relating to budgeting and planning.

The municipality has an eight-point plan that is based on very clear outcomes. These include "sustainable economic growth and job creation; a fully serviced, well-maintained, quality living environment; a safe and secure environment; healthy and empowered citizens; embracing cultural diversity; sustaining the natural environment; democratising local government and financially viable and sustainable local government" (eThekweni 2008:12).

This eight-point plan unfolded within the context of a united and common vision. Importantly, civil society, other spheres of Government, the business sector, tertiary institutions, unions and traditional leadership adopted this vision after an intricate process of public consultation and community mobilisation. This included media publications and web postings. Although expensive, community development workers proved to be useful in publicising and educating the citizens about the IDP process, as well as seeking the consensus of various stakeholders with regard to the content (eThekweni 2009:7).

Inland, the rural Matjhabeng Municipality located outside the Free State Province's goldfields, cannot boast a similar success story. The depletion of gold reserves and the general drop in gold prices have had a serious impact on Matjhabeng's economy. In particular, the construction, manufacturing and electricity sectors have steadily declined since 1996 (Botes, Lenka, Marais, Matebesi and Sigenu (2007:10-11)). Phomolong, an impoverished community, within the Matjhabeng Local Government, was the centre of intermittent service-related protests during 2005 and 2006. These protests were directed at Matjhabeng's Local Government and reflected the widespread dissatisfaction of this municipality's citizens.

The Matjhabeng Municipality's IDP comprises of 10 key areas. This includes debt recovery, developing and upgrading infrastructure for water and electricity, maintenance of equipment and vehicles, introducing prepaid meter systems and resizing the municipal organisation (Botes *et al.* 2007:15). However, the service delivery protests highlighted that, "many people were ignorant of the IDP concept or the participatory process to be followed and were of the view that the citizen

participation process was insufficient and ineffective” (Botes *et al.* 2007:25). Notably, protestors called for an educational campaign to be launched on IDPs.

However, protests within the Matjhabeng Municipality are by no means an isolated case. In May 2005, a leading South African Sunday newspaper documented that, within one year, no less than fifteen serious protests against poor service delivery had taken place in several parts of South Africa (in Mubangizi 2005:634-635). Mubangizi (2005:634-635) notes that most of the recorded protests against Local Governments’ service delivery take place in smaller, rural and poorly-resourced towns. This could be attributed to inadequate citizen participation in the planning processes of municipalities. Furthermore, the Report on the State of Local Government in South Africa (COGTA 2009:11-12), states that service delivery protests in the country have been on the increase. To date, the highest (and most violent) number of protests was recorded in 2009. The report states that municipalities were fraught with community frustration over poorly institutionalised systems and the fact that citizens regarded municipal structures as “inaccessible”.

Section 16(1) of the *Municipal Systems Act* states that a municipality must develop a culture of municipal governance that complements formal, representative Government with a system of participatory governance. Furthermore, it stipulates that the municipality must create opportunities for local community members to participate in municipal matters.

Municipalities should publish matters for comment and ensure that the public is represented in a meaningful way. Skills such as the ability to mobilise communities are needed to ensure citizen participation. In addition, meaningful discussions should deal with a range of issues that are often of a technical nature. Furthermore, it requires that municipal employees and politicians alike open themselves up to scrutiny by the communities they service. Importantly, the municipality should possess infrastructure (community halls, web pages and other communication technology), as well as sufficient financial resources to carry out citizen-based participation processes.

In his comparative study on citizen participation in the United Kingdom and United States, Johnson (1984) states that the demographic profile of communities played a pivotal role in the level of participation. The author states that there were fewer females, racial and ethnic minority group members, persons under the age of 30 and over 65 years of age, who participated in community affairs (cited in Bekker 1996:48). Conversely, Johnson (cited in Bekker 1996:48) notes that persons from the middle to upper income bracket, with an above-average education, and business and professional occupations were usually involved in citizen participation.

Therefore, power relations play an important role in situations that require citizen participation. It is inevitable that the voice of the local elite is more likely

to have an effect than that of the marginalised members of the community. Botes and Van Rensburg (2000:50) echo this view. The authors note that the elite sometimes play a useful role in vocalising a range of general community concerns. However, this tends to limit the direct and active participation of low-income groups in general. The authors add that this behaviour by dominant groups has often deprived the weaker and more vulnerable social segments from participating in community affairs. This type of informal power-based gate-keeping undermines citizen participation and curtails its benefits to the greater community.

The participatory service delivery process is also more significant in urban areas than in rural areas. Moreover, implementing participation through appropriate processes and forums has been met with an array of challenges. Undeniably, South Africa's unique historical legacy has played a significant role. Brynard (1996:40) argues that the problem is fundamental. The author highlights the anomaly that citizen participation is being imposed on structures that were never designed to function democratically. Theron (2007:222-234) contends that there is vagueness in policy and legislation with regard to the conditions for participation, as well as about building local capacity for participation. He further points out that change agents have a poor understanding of the rationale for, the theory of, and strategies for, public participation.

In South Africa, the challenges of enabling communities to truly participate in service delivery discussions are rooted in the country's historical, socio-economic and political circumstances. Furthermore, the structural constraints of a market economy play a significant role. However, noting the benefits of citizen participation and the opportunities available through such processes as the IDPs, it is important that communities – especially the poor and marginalised – be encouraged to participate in public service delivery discussions. However, the poor and marginalised often lack the confidence, eloquence and experience to participate in Local Government matters. Local Government structures will therefore have to be more encouraging in terms of publicising matters and making this group of citizens more conscientious of the issues to be discussed and the benefits thereof.

Citizen participation, however, develops from specific environments, situations and circumstances. As this form of involvement meets complex problems in environments that are continuously in flux, it may be difficult to apply and duplicate one participative structure from one community to the next. Thus, when it comes to rural municipalities, a "one-size-fits-all" approach to citizen-based participation would rarely work. The best solution would be one that provides room for intervention. Therefore, it is critical that planners look at the concrete reality and conditions of each municipality and respond to those.

Municipalities should implement IDPs that are based on widespread and informed participation. This development-focused vision will help steer the process of developmental Local Government and participatory service delivery. For this to happen – specifically for rural and poorly-resourced municipalities – there is a need for capacity building in decision-making, participatory planning and partnerships with other role-players. Community development workers, or any trusted community-based agents, are well placed to play a role in building ordinary community members’ confidence. This will encourage these communities to meaningfully participate in service delivery matters within a paradigm of decentralisation. In this regard, Central Government’s technical and financial support is invaluable.

Importantly, the outcome and experiences of community participation encourage and enable further involvement in Local Government matters. People need to trust that their input is respected and that their involvement is worthwhile and beneficial.

## **CONCLUSION**

This article has advanced the argument that sustainable service delivery requires the involvement of various stakeholders and role-players. Public service beneficiaries ought to participate in policy-making, implementation and evaluation of any service delivery strategy. Such participation is expected to pool together locally available resources, experiences, creativity and energy from a diversity of partners and stakeholders. However, municipalities often find it difficult to involve the community in participatory processes. This is mainly due to limited capacity levels and resource availability. Furthermore, communities often find the process challenging due to low confidence levels, illiteracy, physical isolation and poverty.

Importantly, community participation in development matters cannot be left to chance. In particular, rural-based municipalities require unique interventions to benefit from both decentralisation and participation. Although the policy and legislative framework provides a supportive environment, this alone will not ensure public participation. Municipalities and other service providers should make a concerted effort to communicate with communities directly. In this regard, the role of community development workers, or similar agents, cannot be overemphasised. Community development workers are uniquely placed both within communities and within Government to observe, reflect and document experiences with regard to public participation. They are trained to mobilise and gain communities’ trust. Furthermore, they are ideally placed to articulate

crucial service delivery issues in a manner that is accessible to the majority of people in the community.

In this article, citizen participation forms part of the governance of resources. It is seen as communities and community groups' ability to nurture, develop and conserve local resources through involvement in decision-making and implementation. Through this involvement, resources are made accessible to them in a manner that promotes sustainable livelihoods. South Africa's rural-urban divide is reflected in different municipalities' ability to encourage participatory processes that promote good governance and sustainable livelihoods in a meaningful way. Thus, contrary to what proponents of decentralisation advocate, rural areas and poorly resourced municipalities have not exhaustively reaped the benefits of decentralisation. Among others, one of the key benefits of decentralisation remains the promotion of citizen participation in Local Government matters to ensure sustainable service delivery.

To overcome most of the Type One constraints that was labelled above by Gurr and King (1987:57-58) this article argues that "one-size-fits-all" interventions are not ideal for municipalities since they have different concrete realities. In particular, rural-based municipalities face different challenges than their urban-based counterparts. When responding to solutions within an environment characterised by scarce resources, as is the case with most rural-based municipalities, it is imperative that these municipalities' citizens become involved. In this way solutions will be negotiated and agreed upon, so that the scarce resources are utilised in a manner that is in sync with the will of the people. Such citizen participation not only promotes proper use of resources, but also serves to build the confidence and capacity of the citizenry. Thus, citizen participation becomes a means to an end and also an end in itself.

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# Promoting a culture of employee engagement for effective service delivery in the South African Public Service

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## ABSTRACT

South African public service organisations face the challenge of promoting a culture of employee engagement if they want the diverse workforce to succeed in reaching its full potential, thereby enhancing service delivery. This requires a systematic and multi-level approach to promote and sustain a culture of employee engagement. Building an engaged public service workforce requires the co-ordinated effort of managers, organisational systems and employees. Understanding the notion and concept of employee engagement provides managers and other stakeholders in the public service with the skills to develop best practices and to sustain the process of employee engagement.

The article provides insights into promoting a culture of engaged workforce and explores the appropriate skills, behaviour and actions managers require to strengthen engagement efforts. It presents various ideas and debates around what constitutes an 'engaged' workforce. The article argues that it is imperative for public service managers to understand the key drivers of employee engagement. The interpretative models of employee engagement not only illustrate the key drivers of employee engagement, but also the extent employees value these drivers, as well as what connects employees to the organisation. The concept of employee engagement is contextualised and described from a systems perspective with emphasis being placed on the 'multiplier effect'.

## INTRODUCTION

Public service managers in South Africa face the challenge of developing, promoting and sustaining a culture of engaged employees. This requires a systematic and integrated approach from all stakeholders. While this article provides many definitional concepts, a holistic definition is encapsulated which comprises of the employee's intellectual and emotional connection, and the way s/he acts and behaves in the organisation. Some research findings will help public service managers to gain more insight into what the key drivers and critical components are needed to engage a workforce. The interpretative model provides various indicators of the extent employees feel valued and what connects employees to the organisation. This article also foregrounds the integrative relationship between the employer, employee and the components of the organisation in creating and promoting a culture of employee engagement. The multiplier effect from a systems perspective comprises three areas that indicate the fundamental role of leadership, employee and organisational input. The article addresses key issues and factors that play a role in creating and promoting a culture of employee engagement. Finally, it provides input on measuring and evaluating employee engagement. Aforementioned will offer public service managers measurable indicators to understand what factors influence and challenge employee engagement.

## DEFINITIONAL CONCEPTS

There have been several debates among various theorists as to what the concept *employee engagement* means. Most literature employs a multi-dimensional approach in defining employee engagement, where the definition encapsulates various elements of a possible definition. The Conference Board (2006:1) researched many organisations' views on employee engagement. After analysing the mass of data, it came up with a merged definition, with key themes across all areas of study. The Conference Board (2006:1) defines employee engagement as "a heightened emotional connection that an employee feels for his or her organisation, that influences him or her to exert greater discretionary effort to his or her work". Kahn's (1990:700) conceptualisation and construct of the concept *engagement* is "the simultaneous employment and expression of a person's 'preferred self' in task behaviour that promotes connections to work and to others, personal presence (physical, cognitive and emotional) and active, full performance". Harter, Schmidt and Hayes (2002:269, cited in Little and Little (2006:2) define employee engagement as "the individual's involvement and satisfaction with as well as enthusiasm for work". Further, the Developmental

Dimension International (Inc.), (cited in Little *et al.* 2006) define employee engagement as, “the extent to which people value, enjoy and believe in what they do”. Wellins and Concelman (2004:1, cited in Little *et al.* 2006:3) regard employee engagement as “the illusive force that motivates employees to higher levels of performance”. Robinson, Perryman and Hayday, (2004, cited in Little *et al.* 2006:3) define engagement as “a positive attitude of the employee towards the organisation and its values”. A more holistic definition is encapsulated by Melcrum (2005, cited in Cawe 2006:12), which comprises three areas.

- Firstly, “think” (cognitive commitment) describes the employee’s intellectual connection to the organisation, which includes their support and belief in the organisation’s objectives.
- Secondly, “feel”: (affective commitment) describes the emotional connection to the organisation, where the employees are loyal, devoted and have a sense of belonging to the organisation, and
- Thirdly, “act”: (behavioural commitment) describes the way employees act in ways that support the success of the organisation.

A careful examination of the various definitions presented indicates that employee engagement involves one’s thinking, attitudes, feeling, behaviour and involvement in the organisation – all of which bring about the desired outcome. These definitions explore the value and benefit of employee engagement in organisations. Furthermore, they focus on the value of employee connectedness, as well as on creating synergy and involvement of all stakeholders in the organisation to ensure an engaged workforce.

## **KEY DRIVERS OF EMPLOYEE ENGAGEMENT**

It is imperative that public service managers understand the various drivers of employee engagement, as well as implications for the public service. In 2006, The Conference Board published a report on “Employee Engagement: A review of current research and its implications”. According to this report, top research organisations, such as Gallup, Towers Perrin, Blessing White and the Corporate Leadership Council, published twelve major studies on “employee engagement” over four years. The Conference Board researched the mass of data and four of the studies highlighted the eight key drivers for employee engagement, as indicated in Table 1 (The Conference Board, 2006:1, Online).

The findings indicate that these key drivers would give public service managers an understanding of employee engagement and its impact in the workplace. With regard to the public sector value chain, Heintzman and Marson (2006, cited in the Scottish Executive Social Report 2007:28) highlight the importance

**Table 1: Key drivers for employee engagement**

- Trust and integrity: This indicates how managers communicate and relate to their employees.
- Nature of job: Is the job mentally stimulating on a day-to-day basis?
- Line of sight between employee performance and company performance: Does the employee understand how his/her work influences organisational performance?
- Career growth opportunities: Do employees have future growth opportunities?
- Pride in the company: How much self-esteem does the employee feel by associating with the organisation?
- Co-workers/team members: This significantly influences the level of engagement in the organisation.
- Employee development: Is the organisation making an attempt to develop employees' skills?
- Relationship with one's manager: Does the employee value his/her relationship with the manager?

Source: The Conference Board 2006:1 Online

of understanding the drivers of engagement and the link between “engagement and performance of the institution”. The authors suggest a tool, as represented in Figure 1, that can be used across public service departments. It is believed that the aforementioned approach can significantly improve the employee's work quality and the overall performance and perception of the public sector. This tool is represented in Figure 1:

The authors state that the research is still underway to document the drivers of employee engagement with respect to this model. However, based on the secondary research, the candidates identified the following drivers:

- Support for the goals and mandate for the organisation.
- Effective leadership and management.
- Support of colleagues and work unit.
- Tools, authority and independence to do the job.
- Career progress and development..
- Manageable workload.

Engagement has to be leadership-driven initiative from the most senior level up to the frontline level. Ultimately, leaders coach proactively and inspire loyalty

**Figure 1: Heintzman and Marson's Public Sector Value Chain**



Source: Heintzman and Marson 2006, cited in SESR Report 2007:28

and trust that, in turn, creates motivated and engaged employees (Wellins *et al.* cited in DDI, 2004:26).

## INTERPRETATIVE MODELS DEPICTING EMPLOYEE ENGAGEMENT

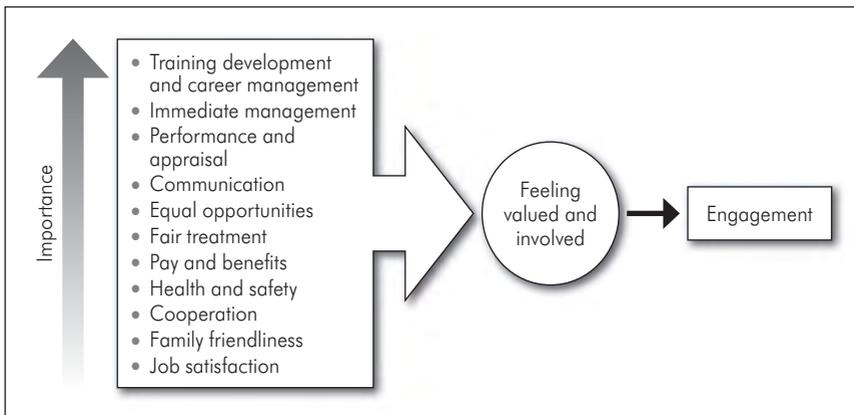
There is no “definitive all-purpose list of engagement drivers”, as there are many individual and organisational factors that determine whether employees become engaged and also to what extent they become engaged (SESR Report 2007:21). The following diagnostic model by Robinson *et al.* (2004 cited in SESR Report 2007:21) highlights the importance of “feeling valued and being involved”:

It is noted that the organisation considers some of the factors presented in the model, such as pay and benefits, health and safety as contractual requirements. However, the organisation must make a conscious effort to ensure factors such as effective communication, management and cooperation Robinson *et al.* (SESR Report 2007:21).

Penna (2007, cited in SESR Report 2007:22) presents a hierarchical model of engagement factors. Figure 3 illustrates “the impact each level will have on the attraction, engagement and retention of talent” of employee employees within the organisation.

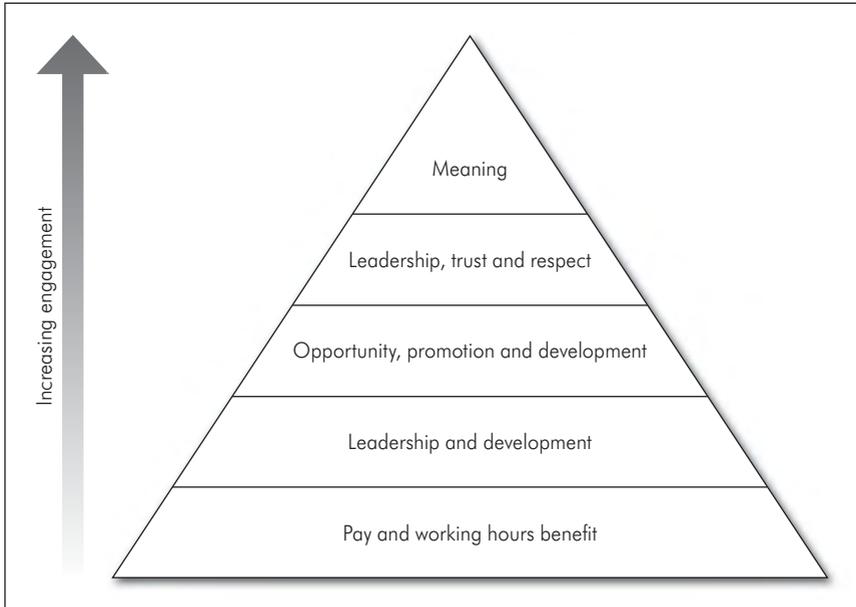
In this model Penna (2007:22) defines “meaning at work as the situation where a job brings fulfilment for the employee, through the employee feeling valued, appreciated, having a sense of belonging and congruence with the organisation and also feels like they are making a contribution to the

**Figure 2: Diagnostic model for employee engagement**



Source: Robinson *et al.* 2004, cited in SESR Report 2007:21

**Figure 3: Model of hierarchy of engagement**



Source: Penna 2007, cited in SESR Report 2007:22

organisation". Furthermore, the author states that, in this model, as the "hierarchy ascends" and as the organisation successfully meets these engagement factors, it becomes more engaging and attractive to the employees (Penna, 2007, cited in SESR Report 2007:22).

The following model on employee engagement presented by Schmidt (2004, cited in SESR Report 2007:23) highlights employees' "commitment to the job as driven by job satisfaction". The author highlights the importance of a supportive organisation that creates the right conditions to generate high levels of employee engagement. In doing this, the organisation can be successful in driving high performance, as illustrated in Figure 4, and ultimately "advancing the greater public good".

This model shows that the foundations of engagement involve policies to recruit and retain employees. It also highlights that the person's knowledge, competencies, experiences as well as diversity to promote health, safety and wellbeing of the employees should also be considered.

The various models illustrated offer public service managers a holistic perspective on some of the key drivers of employee engagement in the workplace. Firstly, the models illustrate the importance of feeling valued and involved. Secondly, they highlight that employees should feel fulfilled and

**Figure 4: Model of organisational dynamics in the public sector**



Source: Schmidt 2004, cited in SESR Report 2007:23

appreciated and that a sense of belonging should prevail in the workplace. Thirdly, it is clear that engaging a workforce involves bringing the employee's satisfaction and commitment together (Schmidt 2004, cited in SESR Report 2007:23).

## **A SYSTEMS PERSPECTIVE: EMPLOYEE ENGAGEMENT TO WORKPLACE ENGAGEMENT**

To integrate and co-ordinate employee engagement in the South African public service, it is imperative to involve all the stakeholders, namely employees, managers and public service departments. According to Zinger (2007:2), employee engagement involves everyone in the organisation taking action and working together. The author describes this process as "the multiplier effect". The multiplier effect indicates that a change in one field of human activity

(subsystem) sometimes acts to promote changes in other fields (subsystem) that, in turn, impacts on the original subsystem itself. Thus, the action of the managers, employees and the organisation becomes “full workplace engagement” (Zinger 2007:2). The following discussion provides an integrative framework of the role managers, employees and the organisation play in promoting workplace engagement (Zinger 2007:2-5).

## **Leadership inputs into employee engagement**

Public service managers need to understand the key inputs that foster and promote employee engagement in the workplace. Firstly, managers must be able to engage with themselves. They must focus on their own level of employee engagement before they engage with the employees. Secondly, managers are required to hold engaging conversations with their employees. The important factor to consider here is that “employee engagement is less about what one puts in, as it is more about what is elicited from the employees”. Thirdly, it is essential for managers to be strong and strengthen their employees. It is fundamental to talk to employees about their strengths. If managers work and plan around employees’ strengths, they will be more engaged in the workforce. Fourthly, managers are encouraged to apply a simple yet significant rule, which entails advancing employee engagement. Finally, the author shares his experience with leaders in organisations and states that, “managers respond to the full slate of demands with an excess of engagement and hours worked”, as the path of engagement also involves periods of disengagement (Zinger 2007:4).

Research on the relationship between leadership and engagement identified two “engagement-friendly” leadership styles: transformational leadership and authentic styles (Bass 1999, Jansen and Luthans 2006, cited in Wildermuth and Pauken 2008:128). Transformational leaders inspire employees to share a common vision, as opposed to transactional leaders who focus on the employees’ immediate interests and rewards. Furthermore, transformational leaders encourage employees to be energetic, enthusiastic and focused in their work. According to Bass (1999) and Densten (2005, cited in Wildermuth and Pauken 2008:128) this inspiring and visionary type of leadership is considered to give employees more direction and reasons to follow their goals,.

Authentic leadership is a second leadership style that is connected to engagement. Authentic leadership combines “ethical and transformational leadership qualities”. Within this context, leaders are considered to be inspirational, motivating and a visionary (Avolio, Gardner, Walumbwa, Luthans and May 2004, cited in Wildermuth and Pauken 2008:128). Authentic leaders also display morally upright qualities, are compassionate and service-orientated. The authentic leader is interested in the employees’ wellbeing. S/he aims to

provide leadership to recognise individual differences, identify “complementary talents” and assist employees in developing their strengths (Avolio *et al.* 2004, cited in Wildermuth and Pauken 2008:128).

## **Employee inputs to workplace engagement**

The following serves as useful inputs on how public service employees can elevate their own engagement (Zinger, 2007:5). Firstly, employees must focus on their contribution and know. Employees must understand that what they give is often what they will receive in return. If the employee is engaged at very high levels at the workplace, this could translate to higher levels of engagement at home and in the community. Secondly, employees must take responsibility for their own engagement, while holding others accountable for their engagement. Thirdly, employees are encouraged to master and manage their energy and increase their levels of mental, emotional, physical and spiritual energy. Fourthly, it is necessary for employees to understand their strengths and utilise these optimally in the workplace. Fifthly, employees must take ownership and feel part of the organisation. Finally, employees should not postpone their engagement efforts and wait for somebody else to make the difference.

## **Organisational inputs into employee engagement**

The South African public service can play a very significant role in promoting and sustaining employee engagement. The following actions or strategies of organisations can foster and promote employee engagement. According to Zinger (2007:3), organisations are required to remove any hurdles to employee engagement. Importantly, organisations should ask how they could increase their levels of engagement. Secondly, organisations must consciously create a culture where employee engagement values are discussed and shared. Thirdly, managers must serve as role-models and invest in organisational resources into engagement initiatives. The fourth action step is for organisations to move beyond measuring employee engagement and take actions on those measures. The fifth step is for organisations to assist employees to see the benefit of employee engagement – for themselves as well as for customers. The sixth action step is for the organisations to identify employees’ behaviour patterns that contribute to high levels of engagement and to spread the behaviour across to other employees in the organisation. The seventh action step is critical in ensuring that managers are educated on how to promote and sustain employee engagement.

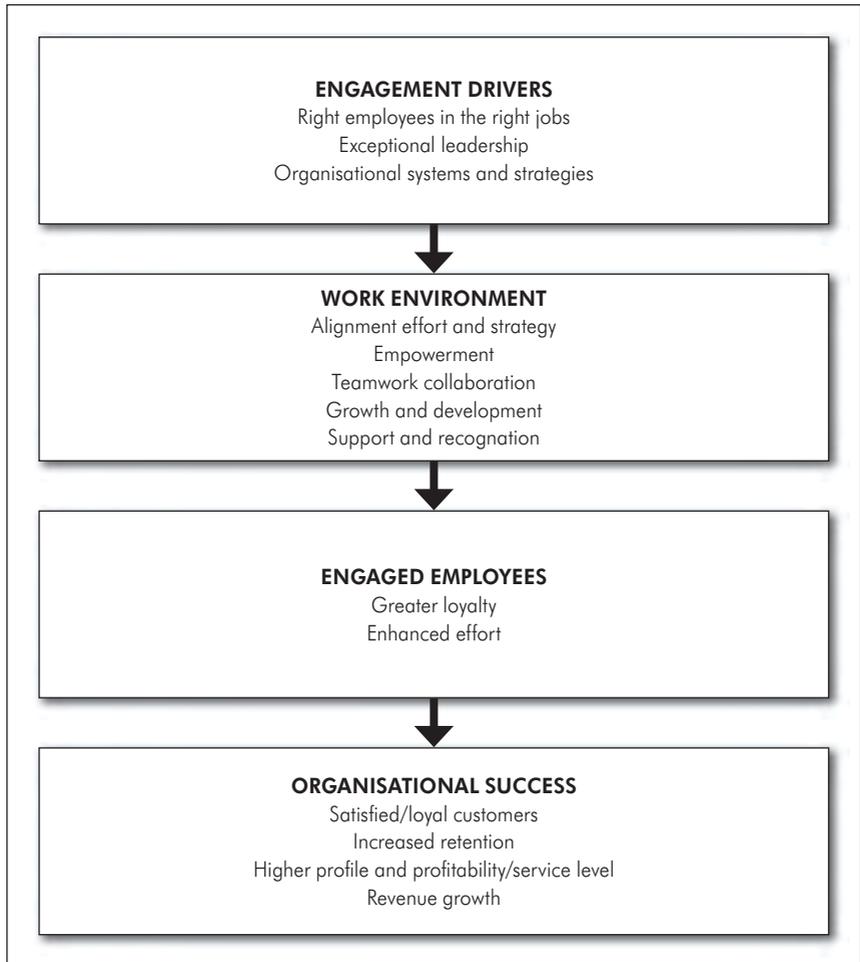
Organisations are encouraged to make managers understand the key role they play in sustaining and developing engagement efforts. A systematic and

multi-level approach from all stakeholders in the organisation is needed to promote and sustain employee engagement.

## Engagement value proposition

The following engagement value proposition presented by Development Dimension International (Inc.) (2004:10), includes four sequential components that can be applied to the South African public service:

**Figure 5: Engagement value proposition**



Source: DDI's Engagement value proposition 2004:10

The model reflects the engagement drivers. It illustrates what the organisation can use to build a more engaging work environment. Organisations are required to hire employees who fit the job requirements, develop leadership with the proper skills and provide strong supportive systems and strategies. These drivers are considered to lead to an engaging work environment. Once a positive work environment is created, it would impact positively on the behaviour and attitude of the employees. The engaging work environment builds loyalty by meeting the employees' personal and practical needs. This, in turn, encourages them to remain in the work environment. Thus, organisations that drive engagement are proactive enough to leverage three sources of change – employees, leaders and the organisational systems and strategies (Development Dimension International (Inc.) 2004:11-12).

### Impact of employee engagement

The Scottish Executive Social Report's (SESR 2007:37) extensive literature on employee engagement in the public service describes the impact of engagement as follows:

**Table 2: Impact of employee engagement**

Statement	Source as indicated in the SESR Report, (2007:37)
"There are clear links between employee engagement and effectiveness, which in turn, affect productivity. Employee engagement goes to the heart of organizational capability issues."	Briggs (2005), Australian Government Public Service Commission
"...high levels of engagement have found to be associated with a whole range of beneficial outcomes, including high level of performance."	Robinson <i>et al.</i> (2004)
"...there appears to be a general willingness to accept the underpinning finding: the higher the level of employee commitment, the better the business outcome. If employee engagement is indeed one-step beyond commitment, the reward should be even greater."	Melcrum Publishing (2005)
"Your organisation's success depends on people's true engagement and the research have indicated that engaged employees make for a stronger organization and better business results."	Right Management (2006)
"Employees want engaged employees because they deliver improved business performance."	CIPD (2007a)

Source: Scottish Executive Social Report (SESR) 2007:37)

From the literature review it is clear that organisations benefit greatly from employee engagement. Having an understanding of the impact of employee engagement would assist managers in the public service to develop appropriate strategies, manage employee behaviour and take the necessary action to develop practical workable solutions to engage the public service workforce.

## **CREATING AND PROMOTING A CULTURE OF ENGAGEMENT**

In times of local and international recession and high unemployment levels, people become vulnerable and feel threatened in the workplace. One of the key factors leading people to experience a culture of employee engagement is the degree to which the employees have trust in the organisation and its management. Ultimately, employee engagement cannot exist without this trust (Macey, Scheider, Barbera and Young, 2009:46). Trust is “what frees employees to put their full energy and commitment to work”. In another words, employees commit their time, talent, energy and support of their organisations (Macey *et al.* 2009:48).

McGregor (cited in Macey *et al.* 2009:51-52) argues that, over and above the issue of trust, “good” managers view their employees as “whole people and not just as task workers”. Subsequently, employees view their managers as “fair”. Furthermore, managers are perceived as having upward influence and basic managerial competencies.

To inculcate a culture of engaged employees, managers should possess these essential skills and competencies. Macey *et al.* (2009:52-52), consider the following competencies and skills as integral:

- Problem solving skills: the ability to identify and solve unusual ill-defined organisational problems.
- Social judgement skills: the people’s skills that are necessary to solve organisational problems. This helps to reduce conflict and promote the necessary goodwill to implement changes in an organisation.
- Knowledge: the skills and expertise that is acquired through experience and training, so that problems can be managed and solved effectively.
- Style: the influence and social interactions of people in the organisation to accomplish work tasks.

The authors also argue that maintaining an engaged workforce requires both “initial actions and reinforcement” and “continual reinforcement” as the organisation grows and develops (Macey *et al.* 2009:58). Managers who want to engage with their employees need to establish a positive relationship that

is based on trust and fairness. Furthermore, they must possess the essential competencies and skills. It is imperative for employees to learn the culture of the organisation. For example, in the public service, employees engage with customers, public officials, fellow employees and managers. Macey *et al.* (2009:59) mention that the culture of the organisation is learnt by formal means (official contact with management and through job training), as well as through informal interaction, such as teamwork, as well as engaging in sport and social activities with fellow employees.

The profile and skills of engaged leaders also play a critical role in creating and promoting an engaged workforce. The Development Dimension International (Inc.) (2004:12) provides the following profile of engaged leaders:

- **Coach and develop for results:** Effective leaders know that team members are engaged when they “get it right” the first time. With regard to short-term coaching opportunities, they spend time coaching for success (proactively), rather than coaching for improvement (reactively). For long-term development, leaders need to know how to position high-profile development activities that benefit the individual and address team and organisational goals and needs.
- **Manage work:** Effective leaders distribute and manage work appropriately. They are effective in decision-making, planning, organising and follow-through with the employees.
- **Partner within and across teams:** People are more engaged in a collaborative environment. Therefore, effective leaders must master both intra- and inter-team skills to get employees engaged.
- **Drive performance:** Engagement is considered to be higher when leaders have set clear goals and hold people accountable.
- **Influence through personal power:** Leaders who use their influence (personal power) rather than their position of power are more engaged. They have learnt how to build commitment and to pay attention to good ideas employees present.
- **Inspire loyalty and trust:** Engaged leaders have to understand that they must be proactive in order to build an environment that keeps employees motivated and engaged, and thus retain them in the organisation.
- **Select talent:** Engaged leaders must know that it is best to start with employees who have a better chance of being engaged; who have both the skills and the desire to do the job. Leaders have the skills and knowledge to select highly-engaged employees who can positively contribute to the present and the future of the organisation

After 30 years of research, Gallup Research Foundation (cited in Cawe 2006:40) identified five essential skills that an engaged leader should have to succeed

in increasing employee engagement. Firstly, employers are required to develop and build trust and have a basic belief in their employees. Secondly, to increase engagement, managers are required to mentor and coach their employees. Thirdly, employers should ensure that the team members know that everyone in the team has strengths. Fourthly, they should ensure that employees feel aligned with the organisations, purpose, value and vision. And finally, they need to develop the leadership potential in all the members of the team.

## **Organisational activities to promote a culture of engagement**

Research that included 2 400 employees, 240 human resource executives and 26 organisations sheds light on the issue of employee engagement (Robinson *et al.* 2004, cited in Cawe 2006:43-44). Furthermore, the analysis of data gathered has provided a new tool for measuring employee engagement. The research found that organisations that have the most engaged employees have built a culture that fosters motivation, commitment, inspiration and passion by focusing on five activities outlined below. Taking into account the diverse South African public service workforce, these activities will help managers promote a culture of engagement. Importantly, these five activities are presented in order of their impact on engagement scores (Robinson *et al.* 2004, cited in Cawe, 2006:43-44):

- **Recognising and rewarding superior performance:** Organisations can foster a culture of belonging by rewarding and recognising employees based both on individual and organisational performance. Rewards should be financial/monetary as well as acknowledging and rewarding the employee. By rewarding and recognising employees, they value individual contributions and enhance employee engagement within the organisation.
- **Establishing a learning environment:** Organisations with the most engaged workforce provide employees with a significant number of learning opportunities. Organisations should provide both formal and informal learning opportunities. Employers are required to review employees' needs regularly and align this with their career plans and goals.
- **Creating a knowledge-sharing community:** Engaged employees feel supported by a culture of shared knowledge, information and resources. Many organisations provide web-based tools that are easily accessible.
- **Managing the culture of change:** Committed organisations must understand what the goals are and how they are affected by and executed through changes, such as mergers, outsourcing of processes and acquisitions. The organisation should communicate any structural changes to employees in good time. This will foster a sense of trust and belonging and encourage the employees to pursue the organisational goals more effectively. There must be programmes designed to manage the impact of any changes that may affect

employees' morale, as well as to ensure that the engagement levels of the employees remain high.

- **Providing opportunities to grow and develop:** If organisations want their employees to stay committed, they must enhance the career development and career path of the employees. Organisations must assign career counsellors to develop, train and empower employees and to ensure that the employee's career plans are realistic and achievable. Organisations with high employment engagement scores indicated that there were counselling sessions twice a year, while low scores indicated that counselling sessions were offered less than once a year.

These practical activities can be implemented in the South African public service organisation to foster and promote a culture of engagement. The discussion also indicates that it is imperative for managers to assess their work culture and levels of engagement. Furthermore, they must develop new programmes and initiatives to drive employee engagement in the public service.

## MEASURING EMPLOYEE ENGAGEMENT

There has been widespread research conducted on measuring employee engagement. There are several standardised tools with common goals have been created to assess employee engagement that have common goals.

Importantly, it is value adding for employees to have constructive feedback from employees. In the Institute for Employment Studies (IES) Report 408, Robinson, Perryman and Hayday (2004:4) present some research findings on engagement challenges.

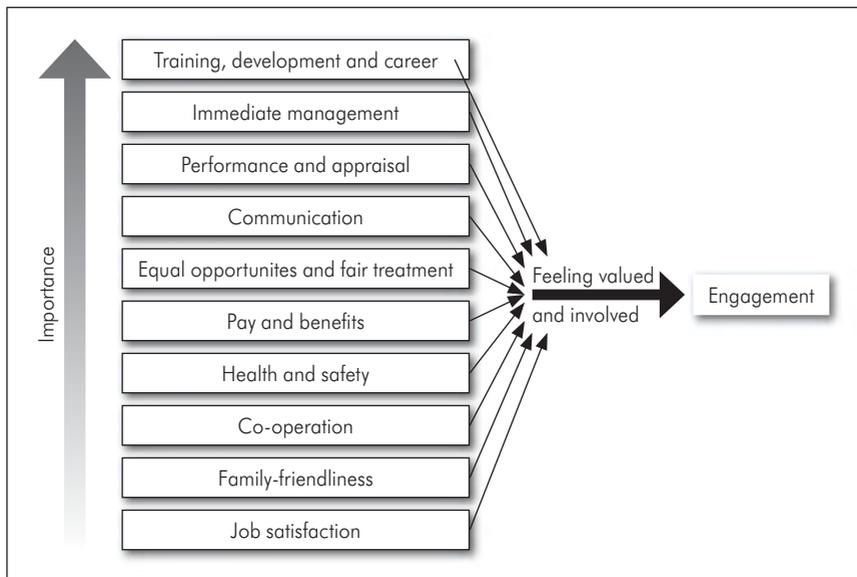
- The engagement levels at the workplace decline as employees get older until they reach the oldest group (60 plus), where levels suddenly rise to show the oldest group to be most engaged of all.
- The minority ethnic respondents have higher engagement levels than their white colleagues.
- Managers and professionals tend to have higher engagement levels than their colleagues in supporting roles. However, people in the latter group appear to show more loyalty to their profession than to the organisation.
- Engagement levels decline as the length of service increases.
- Having an accident at work/injury at work, or experiencing harassment has a negative impact on engagement.
- Employees who have a personal development plan and who have received a formal performance appraisal have significantly higher engagement levels than those who have not.

These findings indicate that organisations can prevent or minimise the impact of negative experiences in the workplace. They also show that employees’ development and professional needs should be taken seriously. Consideration should be given to the value and role of support staff and to maintain the interests of long-serving employees.

Notably, organisations are to take the relatively high level of employee engagement in the organisation into account (Robinson *et al.* 2004, cited in the IES Report 408 of 2004). The author’s analysis of the case study data indicates that the strongest driver of engagement in employees is a “sense of feeling valued” and “being involved”. There were several key components that led to the drivers of employee engagement, such as their involvement in decision-making; the extent to which employers value their employees and listen to their views and ideas; the opportunities employees have to develop, and the extent to which the organisation is interested in the employee’s health and well-being (Robinson *et al.* 2004). The Institute of Employment Studies (IES) diagnostic tool (2004:4) has many common drivers of engagement – irrespective whether it is used in a private or public sector organisation.

This is one of the tools that can be used to derive “organisation-specific drivers from the attitude survey data” (Robinson *et al.*, cited in IES Report, 2004:4). Research conducted by the Gallup Consulting indicates a strong

**Figure 6: Diagnostic tool for employee engagement**



Source: Robinson *et al.*, cited in the Institute of Employment Studies 2004:4

connection between the employee's level of engagement and the quality of the employee's work performance. Gallup Consulting has developed 12 questions or core elements (Q12) that links powerfully to the organisations outcomes (Gallup Consulting 2008:2). The twelve core elements of engagement are as follows:

- Do I know what is expected of me at work?
- Do I have the materials and equipment I need to do my work right?
- At work, do I have the opportunity to do what I do best every day?
- In the last seven days, have I received recognition or praise for good work?
- Does my supervisor, or someone at work, seem to care about me as a person?
- Is there someone at work who encourages my development?
- At work, do my opinions seem to count?
- Does the mission/purpose of my organisation make me feel like my work is important?
- Are my co-workers committed to doing quality work?
- Do I have a best friend at work?
- In the last six months, have I talked with someone about my progress?
- In the last year, have I had opportunities to learn and grow?

In addition to the twelve elements, Gallup Consulting (2008:3) recommends that organisations can add questions to address their unique culture or issues they face. Measuring employee engagement would give public service managers measurable indicators of how well their employees are engaged or disengaged in the organisation. Furthermore, it would highlight the factors that impact on creating an engaged workforce. The feedback would allow the managers to take the necessary steps. Furthermore, it will provide the best strategy to engage employees and gain feedback from them, which would also make employees feel worthy and valued in the organisation.

## **CONCLUSION**

This article concludes that creating and promoting employee engagement in the public service organisation requires an understanding of what constitutes an engaged organisation. A holistic definition comprises of the employee's intellectual and emotional connection, as well as the way employees act and behave in the organisation. Some research findings are presented to public service managers on the key drivers to engage employees. The interpretative models provide various approaches that indicate the extent employees feel valued, the key drivers of engagement and what connects employees to the organisation. All stakeholders

play a significant role in creating and sustaining an engaged workforce. This is described by using the multiplier effect from a systems perspective. Aforementioned indicates the fundamental role of leadership employee and organisational input. The article addressed key issues and factors on creating and promoting a culture of employee engagement; essential managerial competencies and skills; the profile of engaged leaders, and the activities organisations must institutionalise to engage employees in the workplace. Finally, the article has offered a discussion on measuring employee engagement. This will hopefully give public service managers insight into measurable indicators to understand what factors influence employee engagement, as well as what challenges are involved in creating an engaged public service organisation.

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# **Towards learning organisations in the public sector**

## **The democratisation of organisations through learning**

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### **ABSTRACT**

The article argues that organisations can only become efficient and effective if there is conscious and continuous learning. Organisations are increasingly being challenged to leverage learning as knowledge creation and continuous learning may be the only foundation for a sustainable competitive advantage at both individual and organisational levels. Learning is seen as the key to making organisations more democratic, more responsive to change and to creating organisations where individuals can grow and develop. Also, as a driving force of social change, individuals should not be passive bystanders constrained by their organisational settings. In this regard, the article asserts that whilst individuals generally have the propensity and capability to learn, the structures and organisational climate in which they function need to be conducive to reflection and engagement. The article also argues that the bureaucratic nature of public sector organisations may pose challenges such as the adherence to guidelines and regulations. However, the notion of learning organisations can be translated into reality in the public sector if it is championed by the higher echelons in the organisation who can envision the relationship among learning, improved performance, and effective service delivery through organisational democratisation.

## INTRODUCTION

### Learning reinforces the informed, conscious and discriminating choices that underpin democracy<sup>1</sup>

In Plato's Dialogue called "The Apology", Socrates<sup>2</sup> is quoted as stating, "A life that is unexamined is not worth living" ([www.quotationspage.com](http://www.quotationspage.com)). For many individuals, and particularly for organisations, an introspection or self-examination may not be a comfortable process. In the quest for excellence, a diagnostic analysis should, however, not be an option as it will only serve to improve one-self or the organisation.

Public sector organisations are entities that operate within, and are influenced by a changing multi-dimensional environment. For this reason, they can not remain static in the way in which services and products are rendered. In keeping with transformational imperatives, public sector organisations in South Africa should continuously strive to improve their knowledge, competence, creativity and innovation in responding to the needs of citizens, thereby becoming more productive and/or by rendering an improved service. An important element for organisations to become relevant and successful is through *learning*, particularly where the focus is on, *inter alia*, transformation and service delivery.

The concept *learning* may mean different things to different people. It has become a cliché that one learns from the cradle to the grave, as learning does not have a beginning or an end - indeed it is a lifelong process! At whatever point one is at in one's life – everyone is on a learning curve as learning is central to human existence. Similarly, no matter how long organisations may have existed or how established they may be – learning should be a fundamental means for successful goal realisation.

Although some authors make a distinction between *Organisational Learning* and *Learning Organisations*, for purposes of this article the concepts shall be used interchangeably.

## CONCEPTUALIZING LEARNING

*The Collins Dictionary* (1986:640) defines the concept *learn* variously, *inter alia*, "to gain knowledge of (something) or acquire skill in (some art or practice)". To "learn" means to enhance capacity for effective action through experience, in settings that matter to the learner, assert Kurt and Ahmadi (2004:18).

Garratt (2001:2-3) suggests that "learning" means the accumulation of, reflection upon, and use of the complex attitudes, knowledge and skills by which an individual or group acquires the ability to actively adapt to their

changing environment. Accordingly, Conner and Clawson (2004:170) claim that “learning is the fuel of life, and that learning and discovery give meaning to our lives – where it empowers us do things we could not do before”. Also, organisations are increasingly being challenged to leverage learning, as it has been widely articulated that knowledge creation and continuous learning at the individual, team, and organisational levels may be the only source of sustainable competitive advantage (Sharma and Gupta 2003:246).

Based on the aforementioned assertions of *learning* it is evident that there is a correlation among learning, performance and sustainability of individuals and organisations. Moreover, just as individuals learn in different ways, so do organisations. This could be attributed to a multitude of factors, including the diverse environments in which individuals and organisations function. As individuals and organisations function within a changing milieu, it is imperative that their pace of learning should be equivalent to, or higher than that obtaining in that environment. For this to happen, enabling conditions and resources are vital for innovative learning - to increase an individual's and the organisation's abilities to create and innovate.

## **THE LEARNING ORGANISATION**

The concept *learning organisation* is linked to the belief that learning needs to be continuous, and that learning can and should be organisational as well as individual. The phenomenon *learning organisation* became a buzz concept in management circles in the 1990s. There is wide-ranging consensus that this may be attributed to the success of the acclaimed book by Peter Senge, *The Fifth Discipline – The Art & Practice of The Learning Organisation* (1990). O'Callaghan (2006:65) asserts that Senge's, *The Fifth Discipline*, propelled the learning organisation from an academic concept to organisational acceptance. The central thrust of *The Fifth Discipline* is not only about the development of new capacities, but of fundamental shifts of mind, individually and collectively.

The essence of learning organisations is captured by Senge (1990:3) that they are: “... organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together”. Similarly, Morris (1994) in Dilworth (1996:407) states that “a learning organization is an organisation that facilitates the learning of all its members and continuously transforms itself.” In a parallel vein, Garvin (1993:80) describes a learning organisation as an organisation skilled at creating, acquiring and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights.

To establish a learning organisation, Senge (1990:6-12) emphasises that the following five component technologies or disciplines are significant – **personal mastery, mental models, shared vision, team learning, and systems thinking**, and adds that the mastery or focus on these five disciplines is what distinguishes learning organisations from “non-learning organisations”.

To corroborate Senge’s theory, Garvin (1993:81) claims that learning organisations are skilled at systematic problem-solving; experimentation; learning from their own experiences and from others; and transferring knowledge. Learning, as a mechanism to foster organisational improvement, does not occur through chance or random action but through the development and use of specific skills. At this point, it may be asked - why do some organisations learn and others fail to do so? In this regard, Easterby-Smith and Lyles (2005:83) highlight that without disciplined action or intervention from their leaders, organisations fail to learn due to the impact of the many forces that constrain learning.<sup>3</sup>

The principle underpinning the essence of a learning organisation is that enormous human potential lies dormant and undeveloped in organisations. Central to this principle is the conviction that when all members of an organisation fully develop and exercise their essential human capacities, the resulting congruence between personal and organisational visions, goals and objectives will release this potential (Clark 2000:2). Related to this idea, Yusoff (2005:464) suggests that a learning organisation is one that endeavours to develop its human resources to its full potential and uses learning as a means of improving its performance.

Exploring various theories and expositions on the subject, O’Callaghan (2006:65) goes a step further and emphasises that a learning organisation can be considered as one that functions in a transparent environment where information flows freely, and is shared across the organisation in all directions. This would reflect an organisation that espouses democratic principles in its functioning.

Evidently, a learning organisation is an organisation that facilitates the learning of all its members, thereby transforming itself in keeping with the environmental demands – signifying a connection between individual learning and organisational learning. The above elements are central to the process of individual and organisational unlearning and learning – that is, the continual *renewal* of individuals and organisations, more especially in transforming societies.

## **DOMINANT TYPES OF LEARNING ORGANISATIONS: ADAPTIVE AND GENERATIVE**

Learning Organisations may be defined in terms of two different kinds of learning; one being incremental, routine and **adaptive**; and the other being radical, discontinuous and **generative** (Appelbaum and Goransson 1997:7).

**Adaptive** learning or single-loop learning focuses on solving problems in the present without examining the appropriateness of current learning behaviours. **Adaptive** learning organisations focus on incremental improvements, often based upon the past track record of success. In this regard, Malhotra (1996) asserts that **adaptive** learning essentially does not question the fundamental assumptions underlying the existing ways of doing work (Malhotra 1996). In contrast, **generative** learning emphasises continuous experimentation and feedback in an ongoing examination of the very way organisations go about defining and addressing problems/challenges (Malhotra 1996).

In a similar perspective, Driver (2001:97) states that **adaptive** learning at the individual level refers to routine problem-solving activities during which underlying assumptions are not questioned and existing knowledge is utilised rather than new knowledge developed. This would imply that **adaptive** learning at the organisational level, is “about coping”. Appelbaum and Goransson (1997:9) also state that **adaptive** learning refers mainly to the acquisition or formalization, sharing and utilisation of knowledge that the organisation has already developed. In a parallel view, March (1991:73) states that **adaptive** learning is geared toward performance and application of what one has already learned. It is essentially outcome-focused in that a particular problem needs to be solved, and a particular goal attained.

Senge (1990a:7-23) suggests that human beings are born *learners*, but that the social and organisational structures in the workplace shifts their “natural” **generative** learning abilities into **adaptive** learning “skills”. He stresses that, however, ironically, by focusing on performing for someone else’s approval, organisations create the very conditions that predestine them to mediocre performance (Senge 1990a:7-23). An issue that comes up - how then should an organisation build a conducive environment that promotes generative learning?

**Generative** learning, unlike **adaptive** learning, requires innovative ways of looking at the world. **Generative** learning requires taking into account the systems that control events. “When we fail to grasp the systemic source of problems, we are left to ‘push on’ symptoms rather than eliminate underlying causes” (<http://home.nycap.rr.com/klarsen/learnorg/senge2.html>). Where systemic thinking is absent, the result is **adaptive** learning. In this regard, Mystakidis (1998) suggests that **Generative** learning emphasises continuous experimentation and feedback in an ongoing examination of the very way organisations go about defining and solving problems.

It is important to understand the difference between an organisation’s ability to adapt (**adaptive**) and the organisations ability to learn (**generative**). The ability to learn gives the **generative** organisation a competitive advantage over the **adaptive** organisation, which is said to be “learning disadvantaged” because while **adaptive** organisations may be able to transfer skills they cannot do so

in a manner that enhances their sustainable capacity to change ([http://www.marcbowles.com/courses/adv\\_dip/module9/Chapter8/amc9\\_ch8four.htm](http://www.marcbowles.com/courses/adv_dip/module9/Chapter8/amc9_ch8four.htm)).

Genuine learning underlines Senge (1990:14) gets to the heart of what it is to be human – where one should be able to renew oneself and it applies equally to both individuals and organisations. Consequently, for a “learning organisation” it is not just a matter of survival although “survival learning” or what is more often termed “**adaptive** learning” is undeniably essential (Senge 1990:14). However, for an organisation to be sustainable and relevant, more especially for a society in transition, such as South Africa, “**adaptive** learning” should be linked with “**generative** learning” – learning that enhances the capacity for renewal and innovation.

Traditional organisations according to Clark (2000:2) divide people into “thinkers” and “doers”. Essentially, the doers are prohibited from thinking. However, by definition, *learning organisations* engage everyone as their fundamental challenge is seen as tapping the intellectual capacity of people at all levels, both as individuals and as groups.

As alluded to earlier, it is imperative that organisations create new **adaptive** as well as **generative** knowledge both at the individual and organisational levels to meet changing environmental demands. Also, every member in an organisation should be engaged in contributing to the survival, improvement and success of the organisation.

## CHARACTERISTICS OF A LEARNING ORGANISATION

Learning organisations may be differentiated from traditional organisations by their inherent characteristics. In an Address to Executives in Britain, Ray (2002) emphasized that a learning organisation is a live organism that is continuously adapting to change only because of its ability to learn, and thus being able to maintain the competitive edge. Ray added that a learning organisation is also high in emotional competence that enables building the appropriate organisational climate of learning. This is important because true learning occurs only when fear is absent. Consequently, Ray (2002) suggested that an organisation may consider itself a learning organisation only when it:

- Is continuously unlearning only to learn, thereby upgrading its knowledge base;
- Constantly reviews its role in the light of rapid change that is occurring;
- Raises the social and emotional awareness and competency levels of its employees;
- Adopts human values, such as upholding of human rights, tolerance and non-violence and gender equality; and selects people as its centre of gravity;

- Practices the principles of accountability and merit; and
- Empowers its employees.

Similarly, Kerka (1995) underscores that most conceptualisations of the learning organisation seem to work on the assumption that “learning is valuable, continuous, and most effective when shared, and that every experience is an opportunity to learn. She suggests that the following conceptions appear in some form in the more popular notions of learning organisations (Kerka 1995):

- Provide continuous learning opportunities;
- Use learning to reach their goals;
- Link individual performance with organisational performance;
- Foster inquiry and dialogue, making it safe for people to share openly and take risks;
- Embrace creative tension as a source of energy and renewal; and
- Are continuously aware of and interact with their environment.

In analysing the conceptions and characteristics of learning organisations advanced by the two authors, many similarities are presented, for example, the provision of continuous learning opportunities; upgrading the knowledge base; empowering employees; environmental demands; and linking individual and organisational performance, suggesting that learning is key for effective individual and organisational performance.

In an organisational context, whilst individuals generally have the propensity and capability to learn, the structures and organisational climate in which they have to function need to be conducive to reflection and engagement. In addition, the necessary resources should be made available to facilitate creativity and innovation. Moreover, a learning organisation should champion an environment that nurtures qualities such as *trust, respect, morality, integrity, loyalty, dedication and commitment*.

## **PUBLIC SECTOR ORGANISATIONS AS LEARNING ORGANISATIONS**

Public sector organisations especially in young democracies such as South Africa that have generally existed and operated in an environment of so-called “stability” are now confronted with the challenge of, *inter alia*, service delivery imperatives, fiscal discipline, skills and competency issues, change management and affirmative action. In this regard, Kirton (1994) in Flint (2004:4) argues that the bureaucratic structure of most organisations exerts pressure on employees to be methodical, prudent, and disciplined, therefore reinforcing adaptive

behaviour rather than innovative behaviour. Accordingly, Flint (2004:2) highlights that policies, legislation, bureaucracy, chain-of-command management often prevent flexible structures needed for creative innovation when facing new challenges. In public sector organisations, flexibility and risk taking are generally exercised with caution or even avoided.

“Single-loop learning”, suggests Flint (2004:2), detects and corrects errors only in relation to the given set of operating norms whilst double-loop learning takes a “double look” at a situation by questioning the relevance of operating norms through the following steps:

- Step 1 Process of sensing, scanning, and monitoring the environment;
- Step 2 Comparison of this information against operating norms;
- Step 2a Process of questioning whether operating norms are appropriate;  
and
- Step 3 Process of initiating appropriate action.

From the foregoing, it is apparent that single-loop thinkers look at ways to improve process or policy, whereas, double loop thinkers question if the process or policy is even the correct one for the organisation taking into account the prevailing environmental factors. In this regard, Morgan (1998) cited in Flint (2004:5) argues that as a result “most organisations engage in single-loop learning to keep the organisation on course and depend on single-loop process improvement to detect and correct errors in a given set of operating norms”. He adds that in single-loop learning, employees often protect themselves and their colleagues and conceal issues or fail to report serious problems that could eventually damage an organisation (Morgan 1998 in Flint 2004:5).

Argyris and Schon (1996:59) propose that “people are programmed in ways that predispose them toward single-loop learning and that people generally do not tend to develop double-loop learning skills”. Public school encourages *telling* students what to do and managers find that managing with power and title is easier than group decision-making (Argyris and Schon 1996:59). This statement has relevance in the South African situation where the apartheid legacy entrenched the “*telling*” phenomena in public schools, especially black<sup>4</sup> schools, thereby suppressing creativity and innovation. This is often manifested in the workplace, also, where employees are still in a power-play relationship with managers, and often do not see themselves as equal team players.

Dr Mamphela Ramphele, aptly captured the effects of the “*telling*” phenomena in South Africa (*Sunday Tribune* 2009):

“The legacy of authoritarian rule, going back to indigenous traditional governance, colonial rule, apartheid oppression and 15 years of post-apartheid governance, has conditioned South Africans to accept themselves

as insignificant in relation to those in positions of authority. How often does one hear the fatalistic “What can I do?” Even those in powerful positions in the private sector will make you believe they are powerless in the face of bullying by those in authority in the public sector”.

The Dinokeng Scenario<sup>5</sup> process has opened up conversations that show just how deep our lack of self-confidence and identity crisis is. Team members talked about a feeling of “having been thrown out, marginalised, despite having strong professional competencies that are invaluable to society”. Public presentation participants spoke of “a sense of being insignificant and disempowered in the new democracy”. One senior scientist at a public dissemination event asked how he could be expected to be engaged as a citizen by posing the rhetorical question: “Who are we?”

The article, *inter alia*, demonstrates that no individual (regardless of status or position) should see herself/himself as “insignificant”, as everyone has a responsibility to contribute and add value to the machinery of the organisation. For this reason, employees especially in democratic countries should have the opportunity to robustly engage with the organisation so that collectively they can address any challenges it is confronted with.

Undeniably, by classification public sector organisations are highly structured and controlled. A question that arises is whether double-loop learning can take place in public sector organisations in South Africa? In this regard, Flint (2004:3) proposes that this can be done if the leadership creates an environment that encourages adaptive and innovative behaviour, and rewards independent thinking and risk taking. She adds further that leaders need to be coached and developed in the practice of creating empowering organisations – where they manage in a much more open-ended way, encouraging and allowing desirable initiatives to emerge from the evolving situations being faced (Flint 2004:3).

According to Morgan (1989) in Flint (2004:3) the task of leadership becomes that of reading the environment and of creating initiatives that will resonate with the changes that occurs. It would translate to leadership being able to adapt to critical changes that are occurring. In South Africa, organisations both in the public and private sectors (if some of them are not doing so already) will need to become “real-time” organisations, quickly meeting the needs and addressing the demands of the communities they serve.

Yusoff (2005:466) stresses that red tape and bureaucracy in the government sector should not be allowed to stifle progress and that centralised, mechanistic structures are not conducive to effective government. Moreover, individual employees need to have a comprehensive or holistic picture of the whole organisations’ or government’s objectives, goals and aspirations.

The emphasis in the learning organisation, adds Yusoff (2005:466) is on using collective reasoning and the intelligence of the whole organisation in making learning rather than intimidation (control based on fear) the major tool of management.

As public sector organisations function within a changing external environment, they need to respond to changes effectively, that is both creatively and innovatively. Although many public sector organisations and parastatals in South Africa see themselves as a learning organisation, a few are cited. One example is the Electricity Supply Commission (ESKOM), a parastatal that is facing huge challenges meeting the electricity demands of the country, resulting in power outages – with dire consequences for growth and industry. It would appear that ESKOM has been engaging in single-loop learning - responding to the crisis when it arose, thus addressing the symptoms, rather than being creative and innovative by addressing the cause with foresight in relation to changing environmental demands. More recently (at the time of writing) it would appear that it has realised that it lacks the necessary infrastructure to meet the current electricity demands – therefore proposing huge price hikes so that it can now invest in additional infrastructure. The lack of leadership foresight has tremendous repercussions for individuals and organisations that are already cash-strapped given the global economic downturn.

In February 2008, the former South African National Correctional Services Minister launched a multi-million Executive Learning Development programme at “empowering management to accelerate the transformation of the department”. He described “Correctional Services as a learning institution that should embrace new approaches and ensure that it has advanced our cause and heighten ... service delivery” (*Daily News*, 2008). Curiously, to date media reports do not seem to suggest that there have been any major change in service delivery. However, it remains to be seen whether the programme is successfully translated into practice.

To emphasise the government’s commitment to learning, the former South African Minister of Public Service and Administration, Geraldine Fraser-Moleketi, at a meeting of the African Management Development Institute Network (AMDIN) on 30 August 2007 stated that:

“Organisations are products of the way the people in them think and interact. To change organisations for the better, one must give people the opportunity to learn new ways to think and interact. Given the choice, very few people would not elect to be part of a team where there is excitement, commitment, perseverance, willingness to experiment, genuine appreciation of one another’s gifts (and limitations) and the ability to effectively tackle complex issues”.

The sentiments expressed by the former Minister are indeed commendable; however, the factors that facilitate learning and those factors that can limit learning in a hierarchical context need to be seriously interrogated.

The Department of Trade and Industry (DTI), in its Homepage under ‘People’ asserts that “we have transformed the department into an adaptable learning organisation and we are continually measuring our performance (<http://www.dti.gov.za/thedti/ourpeople.htm>). Although it is encouraging that the DTI has embraced the concept of a learning organisation, there is however, no mention of a culture of generative learning in the Homepage – namely, to encourage creativity and innovation.

Gauging from the few cited examples and a cross-section of media reports it would appear that many public sector organisations and parastatals in South Africa have not yet fully grasped the thrust and implications of what a *learning organisation* is or ought to be. For this reason the notion of *learning organisations* should not be seen as an academic concept essentially but as an element that can be translated into reality. For this to happen, there has to be serious commitment from top leadership to drive the process to fruition.

## **FACTORS THAT MILITATE AGAINST ORGANISATIONS BECOMING LEARNING ORGANISATIONS**

Just as there are factors that facilitate the concept of the *learning organisation* – there are factors that militate against it. O’Callaghan (2006:65) asserts that if people are to learn, they should be allowed to experiment and *fail* and that in a blame-oriented culture, this requires a major change in attitude. In a similar perspective, Garrat (2001:18) suggests that oftentimes people at work feel trapped in an insensitive, uncaring and inhumane environment where inaction, avoiding risk, and hiding mistakes are preferable to experimenting, admitting mistakes and learning. This, he affirms is “an indictment of the organisation’s lack of learning leadership and positive learning culture – which if left to fester, can create a form of organisational dysfunction, which blocks its effectiveness and can turn it inwards upon itself” (Garrat 2001:18). Retna and Jones (2003:7) add that for an organisation to resonate with experimentation, it must transcend attitudes and beliefs that employees will not be penalised for anything less than perfection.

Yusoff (2005:473) argues that the common obstacles to becoming a public sector learning organisation may be identified as follows:

- A deeply entrenched mindset and attitude;
- Preoccupation with traditional operational and “firefighting” functions;
- Undue focus on systems, procedures and circulars to the exclusion of all else;

- Reluctance to train employees or invest in training programmes; and
- Too much top-down management and lack of real empowerment.

Clearly, the obstacles are characteristic of traditional bureaucracies where employees are often viewed as units of production and not as a key resource that add value in the organisation. Also, where the learning culture is not nurtured and promoted there may be a likelihood that when mistakes occur people may tend to shift “blame” to others – creating a “blame-culture”. For effective learning to take place the learning process should be encouraged and championed by those in positions of authority within the organisation - who can envision the relationship among learning improved performance and effective service delivery.

## **DEMOCRATISATION OF ORGANISATIONS THROUGH LEARNING**

By definition democracy means effective representation and more freedom for citizens and others. In the workplace this would *inter alia* translate to employee participation in the organisational decision-making structure. For this reason every individual should understand how his or her job fits in with the vision of the organisation, and view themselves as drivers of social change in a democratic organisation, and not be constrained by their organisational structures. In this regard, Starkey, Tempest and McKinlay (2004:5) suggest that learning is seen as the key to making organisations more democratic, more responsive to change and to creating organisations in which individuals can grow and develop.

Yusoff (2005:473) argues that the principles of democracy and liberalism that changed the map of the world drastically in the late 20<sup>th</sup> century have finally trickled down to the workplace where hierarchies are being flattened and formalities are being discarded. Although it may be a truism that organisations have gravitated towards flatter hierarchal structures, this unfortunately is not reflective of public sector organisations in many countries, including South Africa.

Garrat (2001:45-47) asserts that two approaches are evolving which show the slowly growing democratisation processes of organisations through developing systems of organisational learning that involve all members of the organisation, namely:

- ***Devolution of the power to learn consciously and openly at work:*** The concept “devolution” is defined variously by different sources; *The Collins English Dictionary* (1986:306) defines it as “a passing onwards or downwards from one stage to another; a transfer or allocation of authority, especially

from a central government to regional governments or particular interests". "Devolution" in the context of learning would mean that learning should not be centralised but rather the responsibility of learning should be devolved to employees across the organisation. In this regard, Garrat (2001:45-47) stresses that "for organisations to have the ability to ensure that their rate of learning is equal to (or greater than) the rate of change in their environment, day-to-day learning cannot simply be funnelled into one centralised spot, processed, and sent back with instructions to tell staff what to do". This suggests that employees should be free to learn in the workplace in a transparent manner. However, for this to be effective there should be an enabling learning environment where all employees are encouraged to share their knowledge, thus also empowering each other in their development.

- **Delegation and democratisation:** The act of delegation involves conferring (some of) one's functions or powers on another so that he or she can act on the others behalf (Ward undated: 1). Decisive delegation of power to the lowest level possible in an organisation is a highly beneficial, energising and democratising process, suggests Garratt (2001:47). He adds that employees greatly appreciate their personal recognition as responsible people, willing to learn for the good of the whole, if discretionary power is delegated to them (Garratt 2001:47). Clearly, delegation of functions and responsibilities including delegated responsibility to individuals to learn for the greater good of the organisation is a trait of democratisation.

The democratisation of public sector organisations can be achieved by empowering employees and may essentially occur through learning. In this regard, an enabling learning environment is critical to acquire new knowledge, skills and techniques - where every employee feels valued, has a sense of belonging and is able to make a contribution to the organisation.

## WAY FORWARD

The "command" and "control" organisation is the *antithesis* of the learning organisation as it stifles imagination and intelligence argues Senge (1997) in Gibson (1997:138). In a fast-paced, continually shifting environment resilience to change is often the single most important factor that distinguishes those who succeed from those who fail, asserts Peters (1987) in Yusoff (2005:74). Accordingly, the key to organisational survival and development is to encourage staff to constantly improve their knowledge and skills for relevance in a transforming society. Consequently, public sector organisations in South Africa should embrace the realities of the 21<sup>st</sup> century and regularly develop

new knowledge, innovation and creativity through a continuous learning process.

The governments' commitment to learning is evident in various pieces of legislation and policy documents, notably, the *Skills Development Act 97* of 1998, where learning is identified as an important component to optimise performance and productivity. In this regard the concepts *learning* and *learning organisation* need to be robustly interrogated and driven by the top echelons of organisations. Also the manner in which it would be taken forward should be communicated to all staff. It is also vital that a learning culture be inculcated with a clear vision of what is to be achieved. This should be done on the understanding that continuous learning and knowledge at both an individual and organisational level is a source of sustainable advantage in terms of competency, performance and service delivery.

Therefore, learning should be performance-based and part of an employees' contractual obligation. Also, it is important that an employee's performance is evaluated after having undergone learning or training programmes to review its effectiveness on performance. Moreover, it should be managed as part of the long-term imperative to be relevant, proactive and responsive to changing social and economic demands of the country. By the same token organisations should also value employees' ideas, creativity and views which could result in organisational efficiency and effectiveness.

## CONCLUSION

Learning is critical to making organisations more democratic, more responsive to change and to creating organisations where individuals can grow and develop. In this regard, the structures and organisational climate in which they function need to be conducive to reflection and engagement.

A learning organisation is an entity that is continuously adapting to change, to be efficient, effective and relevant thereby transforming itself in line with environmental demands – signifying a connection between individual learning and organisational learning. Public sector organisations especially in young democracies such as South Africa are now confronted with the challenge of, *inter alia*, service delivery imperatives, fiscal discipline, skills and competency issues, change management and affirmative action. For this reason they should continuously strive to improve their knowledge, competence, creativity and innovation to respond to the needs of citizens in a changing environment. For learning to be effective the process must be encouraged and supported by those holding positions of authority within the organisation – who can envision the relationship among learning, improved performance and effective service delivery.

## NOTES

- 1 Cunningham, I. 2006. A declaration on learning: how do you respond? *Development and Learning in Organisations*. 20(6):18–23.
- 2 Greek Philosopher (469BC – 399BC).
- 3 The factors that constrain learning shall be expanded on under sub-heading “Factors that militate against public sector organisations becoming learning organisations”.
- 4 The term *black* refers to those race groups that were termed as non-white in the apartheid regime, viz. African, Coloured and Indian.
- 5 The Dinokeng Scenario is made up of people from civil society, government, various political parties, trade unions, business, religious groups, academia and the media – known as a “Team of Greats” who analysed some of the problems faced by South Africa and concluded that a more engaged citizenry is needed to prevent the country from disintegrating into anti-democratic ruin.

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