



VOLUME 24 ISSUE 1

# Administratio Publica



**ASSADPAM**

Journal of the Association of  
Southern African Schools and Departments  
of Public Administration and Management

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**ISSN** 1015-4833

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Administratio Publica is a double blind, peer-reviewed journal accredited with the South African Department of Higher Education and Training (DoHET) and produced four times a year and aims to promote academic scholarship in public administration and management and related fields. Analytical articles in the form of original theoretical and empirical articles, debates, research viewpoints, review articles and book reviews in English will be considered for publication. Nationally, only contributions of paid-up members of ASSADPAM will be published. International authors are welcome to submit articles for review but page fees must be paid before publication.

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# Editorial

Compiled by C J Auriacombe

Technical Editor

In **‘South African Public Service Human Resource Management: Reforms, Current Status and the 2030 Vision’**, Liezel Lues aims to provide a synopsis of Human Resource Management (HRM) within the South African Public Service. The author investigates the status of HRM in 2015 against the backdrop of strategies such as the National Development Plan (NDP), Vision 2030 and service delivery initiatives. The Ten Year Review: 1994-2004, which assessed the impact of 10 years of African National Congress (ANC) democratic governance, states that considerable progress has been made in transforming the state. However, some areas, such as the conduct of public service officials, have shown slower progress. Undoubtedly, SA’s current politically driven environment influences HRM within the Public Service. “Other socio-economic dynamics that play an equally important role are a lack of sufficient resources, high unemployment, fragmented legislation, insufficient application of the disciplinary system, and undeveloped management capacity”, states the author. The author also states that the NDP will help shift the SA Public Service from an “ineffective position” to a “capable and developmental state”. “The next step is vested in strong and decisive leadership and effective management to achieve Vision 2030”, states Lues. The article concludes with suggestions for tangible contributions for HRM in a developmental state.

What will the public administration of the future look like? This is one of the key questions David Fourie asks in **‘Good Governance in Relation to Public Administration: Future Implications for Service Delivery Performance’**. Fourie sets out to provide an understanding of the evolution of public administration as an activity, and Public Administration as a discipline and the relationship of governance and stewardship within the domain of public administration. The author aims to highlight possible future implications for service delivery performance. The importance of historical perspectives in the evolution of Public Administration and the significance of a post-bureaucratic reform thesis in Public Administration are discussed. Furthermore, the concepts of governance and public administration are highlighted, while the need for good governance related to service delivery performance is emphasised. The author follows a qualitative research approach to collect views from exponents, as documented in books, academic articles and official publications. The information is organised, rearranged and categorised into themes with reference to governance and stewardship within public administration.

Ultimately, argues the author, the success of the public service of the future will depend on the ability to balance change and continuity, which necessitates a broader vision of improved performance management. Furthermore, he points out that, “there will be a need to devote significant intellectual energy to the subject of change and responsiveness”. He goes on to state that the expected outcome will be a high-performing public-sector organisation, a results-driven organisation with a culture of continuously improving performance. “This organisation will be responsive to change, will encourage innovation by seeking a balance between risk and opportunity, will have a strong customer focus and will be highly transparent to its stakeholders about its performance”, states Fourie.

It is often argued that natural and social sciences are incompatible due to the lack of specificity in the latter branch of the sciences. In **‘Quantum Physics, Cosmology and Public Administration: Compatibility in Theory Construction?’** Chris Thornhill states that when the theories and some laws of quantum physics, mathematics and other sciences related to the cosmos are considered, it becomes obvious that absolute certainty is also unattainable. “Thus, certainty or absolute truth that can withstand any intense scrutiny may also not be possible in the natural sciences”, states the author. In the article, the author aims to establish whether similarities exist between the natural and the social sciences. As such, he investigates a selected number of theories/laws in the natural sciences that could be linked to theory construction efforts in Public Administration as one of the social sciences. The research is based on a literature review of a selected number of sources within the areas of quantum physics, cosmology, biology and administration/management.

Furthermore, the article aims to identify a possible description of the contents of Public Administration as a discipline without necessarily advocating a unifying theory. The author states that, “a unified theory seems impossible considering the efforts by the *older or more mature sciences* to formulate such a theory”. Nonetheless, he proposes a possible representation to explain the relationship among the various components that form the basis of the discipline. The author expresses the hope that similarities could help identify preliminary theoretical propositions that might help find common denominators for Public Administration. However, he points out that, “The discourse was not intended to develop a new theory or to define Public Administration/public administration. The aim was to explain the study on the basis of the functions encompassing the domain”.

The decentralisation of services to sub-national governments has been said to increase the responsiveness of these entities, as it brings government closer to the people. However, existing theory points to the relationship between fiscal decentralisation and the potential loss of responsiveness of sub-national

governments. In **'The Impact of Fiscal Decentralisation on the Responsiveness of Sub-national Governments: A South African Case study'**, Chris Hendricks explores the aforementioned statement from a public administration perspective.

The research aims to analyse and assess the impact of fiscal decentralisation on the responsiveness of the Northern Cape Provincial Government. The author selected the Northern Cape Province as it has unique characteristics, such as a large geographical area and very low population density, which complicates service delivery and necessitates alternative service delivery arrangements. The study's main research question is whether sub-national governments' dependence on national government for funding still allows them to behave as responsible actors, with sufficient space to be innovative and to be responsive enough to address specific regional needs.

The results of the study confirms the hypothesis that fiscal decentralisation influences the responsiveness of sub-national governments. "It was established that provincial governments can better assess and respond to the unique needs of its citizens, and they can do so at a reasonable cost", states the author. He goes on to state that provincial governments cannot collect enough own-revenue, which makes them dependent on national transfers to deliver goods and services. "The fact that sub-national governments are dependent on national transfers makes them responsive to moral suasion by the national government", he notes. Given these findings, the author concludes that the large vertical fiscal imbalance brought about by fiscal decentralisation in South Africa has a negative impact on the responsiveness of provincial governments. "When sub-national governments lack independent sources of revenue, they can never truly enjoy fiscal autonomy and are under the financial control of the national government", states Hendricks.

However, the author points out that a large portion of the fiscal transfers to provinces is made up of the equitable share portion (unconditional grants). As such, national government impinges less on the autonomy of sub-national governments than would be the case if total transfers were in the form of conditional grants. In light of the aforementioned, the author provides a set of recommendations with a view to improve the status quo not only in South Africa, but also in other countries where fiscal decentralisation exists. Municipalities' own revenue collection has been significantly declining as a result of greater reliance placed on intergovernmental transfers as a revenue source. Moreover, effective actions, strategies and interventions are therefore needed to restore financial discipline, to address outstanding debts and to generate the necessary cash flows to ensure the sustainability of municipalities.

In **'The Need for Active Debt Management in Financially Challenged Municipalities in the Free State Province'**, Reggie Chetty, Tryna van Niekerk and Casper Olivier state that, "It is of concern that in many cases, the funds

dedicated to service delivery, development and growth are being mismanaged by municipal officials, and in many instances due to political interference". The purpose of the study is to identify debt management, its consequences and the development of an integrated debt management model for municipalities in the Free State Province. The article provides a theoretical review of debt management, legislative frameworks for local government and financial administration. Moreover, it sheds light on the challenges financially distressed municipalities within the Free State Province face regarding debt management.

The article reports on findings obtained through a literature survey and an empirical study conducted among respondents within selected municipalities in the Free State Province, with the aim to determine the current status of debt collection and emerging challenges. The key aim is to create an integrated debt management model for municipalities in financial distress as a synthesis comprising of the following aspects: communication, tariffs setting, policies and by-laws, accurate billing, credit control and operations management. In conclusion, the authors present an integrated debt management model that was created by implementing conclusions drawn from the theoretical and the empirical study. The article argues that the integrated debt management model as an intervention can be operationalised to assist financially challenged municipalities in the Free State Province with current debt management challenges. The proposed integrated debt management model could help municipalities that are experiencing financial distress and are struggling to collect municipal debt.

Over the last two decades, higher education institutions (HEIs) across the globe have been positioned as problem-solvers for socio-economic and environmental competitiveness. In **'Sustainable Development of Higher Education Institutions in South Africa'**, Wanjiru Gachie and Yogi Penceliah examine sustainable development (SD) in the context of HEIs in South Africa. The following two questions form the basis of the research. Firstly: "What are the main challenges facing the HEIs with regard to SD and research policies?" Secondly, "What are the main areas of policy solutions/suggestions for the HEIs for SD?"

The objective of the article, *inter alia*, is to determine the SD of HEIs, the challenges faced and to make proposals accordingly. In this regard, the researchers identify the adequacy and/or weaknesses of the existing HEIs for strengthening research for SD. The article also presents relevant stakeholders with strategies for increasing research productivity.

To gain deeper insight, researchers followed a mixed-method approach: quantitative and qualitative research was supplemented by secondary sources. The target population is made up of 23 universities classified into three groups: 11 traditional research-oriented universities offering discipline-based degrees;

six universities of technology focusing on career-orientated and professional programmes; and six comprehensive (or dual) universities combining both roles. The findings establish that South Africa faces serious SD challenges that require urgent priorities and policies, which are to a large extent, under-conceptualised and under-developed. The research further found that the mandate to undertake research for SD is a relatively new function for many of the HEIs, a function which was previously undertaken on an *ad hoc* basis.

The authors recommend that sustainable development structures be well defined and supported within the HEIs for SD research. “Consequently, strategies to increase research activities for SD within the HEIs should be implemented”, state the authors. Furthermore, the article recommends that government’s role in research for SD should be well defined. “Its role should include support mechanisms for enhancing HEI’s private-sector engagement through policy frameworks”, state the authors. In addition, it is recommended that increased government funding and funding mechanisms are required for the HEI’s full functionality.

The exponential growth of Internet-related technologies and the emergence of a knowledge society have introduced new forms of exchanges and collaboration between citizenry and governments worldwide. In line with international best practice to accommodate the exponential growth of ICT in government operations, the South African government has established an extensive statutory and regulatory framework to facilitate the e-readiness of public managers.

The research adopted in **‘The Implementation of a Turnaround Strategy to Enhance Service Delivery: A local Governance Perspective’**, by Amina Jakoet-Salie, Derek Taylor and Kishore Raga has both a quantitative and a qualitative approach and explored the 2009 Local Government Turnaround Strategy (LGTAS) with specific reference to the Nelson Mandela Bay Municipality (NMBM) as a case study. As a metropolitan municipality, the NMBM has been entrusted with a responsibility to promote developmental progression within its locality (Integrated Development Plan 2007). A literature study and an empirical survey were employed and the interpretation of the research findings are analysed and described in this article. As the LGTAS is a relatively new concept, not a great deal has been written on the topic. The authors have, therefore, relied to a large extent on a desktop study of, *inter alia*, electronic sources, legislation and policy documents.

The authors conclude with a number of salient recommendations on how the existing *status quo* of the NMBM can be changed in order to enhance service delivery and be aligned to the LGTAS based on the research findings emanating from the empirical survey. The findings from this research suggest that the NMBM can improve implementation of its Turnaround Strategy and redirect its focus for more effective, efficient and transparent service delivery. The research further revealed that whatever course of action the NMBM wishes to adopt in terms of the LGTAS, it should ideally:

- build on the strengths of the strategy;
- minimise the weaknesses;
- seize opportunities; and
- counteract threats.

According to the authors, “The world is not static, but ever-changing and dynamic... A turnaround strategy is a process, not an event...The strategy will need to be refined...Systems, policies and legislation should, therefore, be constantly reviewed in order to adjust to an ever-changing environment... Challenges that are regarded as critical today might be overcome with new challenges emerging”. “If the NMBM can adequately manage its available resources in order to implement transparent and effective service delivery, it could alleviate the notion of non-coherent service delivery within the municipality and in so doing better meet the aims and objectives of its Turnaround Strategy”, state the authors.

In **‘E-Governance Training Model for Public Managers: The Case of Selected Free State Provincial Departments’**, V E Sithole and Gerrit van der Waldt aim to determine the level of e-readiness of public managers in order to design an e-governance training model. This article reflects on an empirical study undertaken in selected Free State provincial departments. The authors provide a brief theoretical exposition of the application of ICT in government, the state of e-governance internationally and nationally, skills required of public managers, and the typical e-governance training models that are applied. Finally, the article outlines the research methodology that was employed and the findings drawn from the survey. This article reflects on results of an empirical investigation among selected Free State Provincial Government departments. The research includes an analysis of the apparent misalignment between government’s operational demands and the e-readiness of public managers.

A preliminary survey among Free State government departments revealed that they do not have a comprehensive training model in place to fulfil their statutory obligations regarding training in the field of ICT in general and e-governance in particular. “From the findings, it is evident that public managers should acquire the necessary skills to handle ICT applications”, state the authors. In light of the rapidly changing world of work globally, the authors stress the need to introduce appropriate models to train public managers in applications of e-governance, worldwide but in particular within the South African government departments. In conclusion, the main contribution of this article is to propose comprehensive e-governance

Consumers, rate-payers and citizens are not fulfilling their obligations, contributing to a situation of insufficient available cash for day-to-day service

delivery. In **'Debt Management Framework for Western Cape Province Municipalities'**, Johannes Tesselaar and Harry Ballard argue that, "The current debt situation in municipalities can be linked to the creation of a culture of non-payment, due to the political situation in South Africa pre- and post-1994...The increased trend of 15-20% per year increase in debt precludes the effective, efficient and economic provision of essential and emergency services to communities". In response to this prevailing scenario, a research study was undertaken to identify and document existing problems and thereby attempt to develop a framework for effective cash and debt collection. The article by Tesselaar and Ballard explains the research process adopted to develop the framework for effective collection of cash and outstanding debt. A questionnaire survey was conducted with all category A and B municipalities in the Western Cape, with the Chief Financial Officers identified as the respondents.

A proposed debt management framework was developed on the review and analysis of best practices described in the literature, relevant provisions contained in the prevailing legislation and court judgments. An analysis of the findings revealed shortcomings regarding compliance with both judgments and enabling legislation. These shortcomings were validated and taken into consideration in the formulation of the framework, as were the best practices as prescribed in the legislation and identified in the literature review. The application of this framework in every municipality in the Western Cape is proposed, to improve debt collection as a means of promoting better service delivery to all citizens, particularly the poorest of the poor. The authors conclude that "the framework will serve as a management instrument to facilitate the effective management of outstanding debt and cash collection as well as serve as a management instrument to conduct self-assessments to determine the debt management status of the local authority, to monitor compliance in terms of key areas and elements and finally, to measure performance in terms of the weightings allocated to each key area and element".

Integrated public service systems (IPSS) diverge from the current status quo in public management, which is characterised by bureaucracy, authoritarianism, fragmentation and excessive political-administrative control to shape service delivery outcomes. In **'An Integrated Public Service System (IPSS) utilising Complexity and Network Theory in the Enhancement of Public Value'**, Frederick Uys and Fakier Jessa state that an IPSS is highly feasible, as it creates and measures public value (PV) by utilising stakeholder engagement, citizen participation and relationship building. "The aim of this article is to produce a theoretical basis from which to argue that an integrated public service system (IPSS) is feasible given the permeation, penetration and exigency of complexity, network and PV theory" state the authors.

The article presents an exploratory study of an IPSS, based on a common set of principles derived from complexity and network theory, demonstrating feasibility for an alternative nonlinear approach to create and enhance public value (PV). The authors set out a case for intended research regarding adopting and implementing an IPSS to establish results, recommendations and limitations.

In demonstrating the operability of an IPSS, a framework based on the principles of nonlinearity and interconnectivity and composed of four distinct 'productivity states', is outlined for the production and measurement of PV.

The findings, recommendations and normative points of discourse, could be derived with the understanding that the article is largely theoretical. "A normative set of integrative criteria for management practice within an IPSS may therefore be compiled" state the authors.

The article '**Policy and Praxis of Local Economic Development (LED) in South Africa and Rwanda**', by Johan Ackron and Christelle Auriacombe derives, from a critical comparative perspective the policy and praxis of Local Economic Development (LED) in Rwanda and South Africa, to provide insights into the drivers, enablers and inhibitors of LED in these two contexts. It also outlines the national and legal governance enabling perspectives of LED in Rwanda and South Africa.

The article used a theory-driven evaluation approach as the point of departure for the rationale or theory of relevant LED policy and praxis interventions to understand their development and impact. "Both South Africa and Rwanda have, in different governance spaces, made significant attempts to institutionalise their interpretations of the appropriate good practice principles of LED approaches...Both are building from relatively fresh foundations – in the case of Rwanda in the ongoing post-colonial rebuilding phase and more particularly in the wake of the national genocide of 1994; and in South Africa's case in the reconstruction and development phase in the wake of the demise of apartheid and the new constitutional dispensation of 1994" state the authors. According to the authors both countries have therefore to deal with the consequences of a broadly contemporaneous national hiatus which has in effect presented the new administrations with a *tabula rasa* for the determination of new directions and imperatives. Both counties also find themselves facing the challenge of accelerated economic development in a globalising world and the dire need to create sustainable livelihood opportunities for their populations.

While the sectoral compositions of the two economies differ, there are nevertheless enclaves of economic activity in each where the experiences and insights of the other are potentially of value. Ultimately all economic performance in the national and international spheres is the aggregate of economic performance on the ground in the regional and local community spheres. The stimulation of more inclusive economic activity in the local sphere

is therefore a means of delivering enhanced and more inclusive performance in the national and international spheres as well and is therefore integral to national economic development strategy. The application of the regulatory, theoretical and practical principles of LED provides the means of providing a crucial local community development focus to local governance in both countries.

In **'Path Independence: Lord Lugard and Boko Haram Terrorism in Northern Nigeria'**, Damian Ukwandu analyses the role colonial policies, inheritance and institutions played in the inception of Boko Haram terrorism in Northern Nigeria. To this end, path independence, an analytical mechanism that took shape in the economics field, is used as a conceptual strategy. Regarding path independence, Karl (1997 cited in the article) states that, "...the impact of decisions made in the past persists into the present and defines the alternatives for the future". The author states: "This assertion is abundantly clear in the policies of the colonial authorities in Northern Nigeria, which gave Islam preferential treatment".

The research highlights that British colonial rule hampered religious diversity and tolerance in post-independence Northern Nigeria. According to the author, it fostered "religious intolerance through its covert and overt support for the proselytisation and rise of Islam...". He argues that if various religions were allowed to flourish, as was the case in Southern Nigeria, the Northern Muslims would have learnt the virtue of tolerance and peaceful co-existence. Closely linked to the rise of Islam is Quranic education, which has Arabic as its mode of instruction. The author states that millions of students who graduated from Quranic schools were unable to get jobs in the formal structures of the Nigerian economy. As such, according to the author "they turned to Islamic fundamentalism out of frustration and a deep sense of marginalisation and disillusionment".

However, the author believes that not all is lost. "It is not too late for the federal government of Nigeria and the religious leaders of Northern Nigeria to change the minds and hearts of their citizens". With path independence as conceptual framework, the author argues that lasting solutions to Boko Haram terrorism must involve efforts to understand and tackle issues from a historical, political, cultural and educational perspective. "This knowledge will help policy makers on the continent implement appropriate short-term and long-term solutions for the malaise", notes the author.

Risk management processes currently face challenges to improve best practices and reshape the facilitation of good governance. In **'Government-wide risk management: Planning for Better Governance'**, Danielle Nel states that the cooperative governance system in South Africa (SA) presents a number of challenges to good governance. Regarding risk management in the intergovernmental system, Nel points out that there is a need to streamline

service delivery processes. This article considers challenges relating to cooperative governance that influence management. The article aims to provide an overview of general trends and characteristics in reshaping risk management in the context of the SA cooperative governance system. Furthermore, it provides an overview of the critical factors that contribute to developing and improving risk management practices. In the public sector, risk management is fragmented across the implementation level. The author ascribes this to a lack of integration of risk management between, and across, institutions. Nel points out that, “risk management is an integrated process and should be linked to organisational objectives to cascade national planning in order to reach service delivery objectives”.

The research findings suggest that risk management in the public sector is not geared towards enhancing the state’s capacity to facilitate coherence in the system of governance. As such, recommendations for improving risk management in the SA public sector are provided. States the author: “The research recommends risk management tools to measure the state of governance and improve planning and decision-making”. Finally, the author proposes a government-wide risk management system (GWRM) with increased focus on coordination and integration of risk management towards sustainable cooperative governance.

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# **South African Public Service Human Resource Management Reforms, Current Status and the 2030 Vision**

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## **ABSTRACT**

The South African (SA) democratic dispensation after 1994 has undoubtedly set the scene for significant development in human resource management (HRM) of the Public Service (both national departments and provincial administrations). During the immediate post-1994 period, the SA Public Service had to confront two major challenges. The first challenge emanated from the overwhelming demands of communities for effective service delivery and the considerable responsibility placed on the relevant government departments and their human resources. The second challenge comprised the rapid transformation of the Public Service human resources to an equitable and representative cohort. The outcome of this process resulted in a mass exodus of experienced public servants opting for voluntary severance packages, concomitant with an influx of often less experienced appointments. The significant changes and developments in the Public Service HRM demanded dynamic and robust leadership/management of the Public Service; this has in recent years become a matter of concern. The aim of this article is to provide a synopsis of the SA Public Service HRM reforms, the status in 2015 against the backdrop of strategies such as the National Development Plan (NDP), Vision 2030, and service delivery. It appears as if decisive leadership capacity, constructive mind set, and organisational culture is needed. This article will conclude with tangible contributions of HRM in a developmental state.

## **INTRODUCTION**

The SA democratic dispensation after 1994 has undoubtedly set the scene for significant development in HRM of the Public Service (35 national departments

and nine provincial administrations). Within the SA macro-environment, legislative and policy reforms surged in the early 1990s, followed by significant structural changes in the Public Service. Much of the new legislation mandated departments to adopt policies toward the instilment of principles such as employment equity, transformation, skills development, performance management, service delivery, and diversity management. The SA government assessed the impact of 10 years (1994–2004) of ANC democratic governance in the “Ten Year Review: 1994–2004” document. In this review the focus was on assessing the impact that most policies had on enhancing people’s quality of life. It was concluded that considerable progress had been made in transforming the state, although some areas, such as the conduct of the Public Service (officials), had shown slower progress. There was no question that the democratic dispensation had set the scene for significant development in HRM. Regrettably, since the first democratic elections, effective management of the Public Service has been cause for concern. Evidence of this includes several qualified audit reports, public servants receiving excessive performance bonuses or offerings from governmental contractors, mismanagement of property and public resources, nepotism, and ultimately inadequate services to communities (Du Preez 2014); in a nutshell: maladministration. The results of maladministration in South Africa in 2015 include a poor economic growth rate of just over 1%, a massive civil servant salary bill, a national debt that is fast approaching half of our GDP, the necessity of bailing out SA Airways, and enormous energy problems – to mention but a few (Du Preez 2014). The Public Service in South Africa is therefore faced with immense challenges in its attempts to increase efficiency and effectiveness, specifically with regard to its HRM and service delivery (De Wet & Van der Waldt 2013).

The SA Public Service is thus, apart from being faced with colossal challenges in its attempts to render service delivery with its current human resource establishment, confronted with the financial sustainability of this fraternity. Against this backdrop, the Ministry of Planning published an NDP (NDP-2013: Our Future: Make it Work) aiming to eliminate poverty and reduce inequality by the year 2030. The NDP proposed eight strategies to be addressed, of which Chapter 13 of the NDP speaks directly to strategic interventions toward building a professional public service and a capable state (National Planning Commission 2011). The NDP flagship document has become pivotal in securing a SA Public Service HRM that meets the expectations of its citizenry and, if successfully implemented, may advance toward becoming a golden standard for international administrations globally.

The aim of this article is to provide a synopsis of the SA Public Service HRM reforms before and after the SA democracy, more so the legislative and policy reform initiatives of Mandela, Mbeki, and Zuma. The article will conclude

with challenges faced by the SA public service and make suggestions towards sustainable service delivery. It appears as if (i) the democratic dispensation is well established in the Public Service; (ii) the Public Service achieved equitable transformation; (iii) human resource legislative and policy directives were implemented; and (iv) a clear 2013 strategy provides direction. However, service delivery challenges escalate on a daily basis. The article concludes with suggestions for tangible contributions for HRM in a developmental state.

## **DYNAMICS AND WORKFORCE ENVIRONMENT BEFORE AND AFTER THE SA DEMOCRACY**

HRM within the SA context before 1994 was under immense pressure to change to become a more inclusive system and representative of the SA demography. Apartheid in South Africa is referred to as a policy or system of segregation or discrimination on the grounds of race.

Prior to 1994 the SA Public Service had a substantial substructure with a large number of inadequately educated and unskilled black men and women (African, coloured, and Indian) in lower positions, while a few white males dominated the higher structure. The Public Service and its respective public service departments remained the backbone of service delivery and the state had to assume responsibility for the growing diversity of services required by an urbanised society. The need for specialists to deal with industrial relations became apparent; thus the personnel manager became a spokesperson for the organisation when discussions were held with trade unions or shop stewards, often negotiating deals on pay and other collective issues. Regarding human resource development, the Public Service Training Institute (PSTI) offered training courses (presented by its staff, academe, and consultants) and promoted training and education within the Public Service before 1994. It focused largely on junior and middle-level officials and was criticised for its focus on proficiency training rather than on capacity-building issues.

The dynamics and workforce environment post-1994 were strongly driven by the African National Congress (ANC) which has dominated SA politics since it won the first elections in 1994. The ANC upholds four guiding principles: (i) nation building and reconciliation, (ii) reconstruction and transformation, (iii) National Democratic Revolution (NDR), and (iv) unity and solidarity (Venter & Landsberg 2011). The decade after the 1994 elections showed a feverish constituting of regulations and activities addressing the guiding principles of the ANC, focusing mainly on the improvement of HRM. The most significant initiative was probably the Growth Employment and Redistribution (GEAR) economic policy. It was an economic strategy introduced by the Department

of Finance, aimed at, *inter alia*, enhancing the Public Service human resource development and creating flexibility in the labour market. Employment was mainly created in the middle classes of the economy through a Black Economic Empowerment Programme. All of these developments contributed to a much-needed solidarity among South Africans. Backed by a well-managed but conservative fiscal policy, the government showed its commitment towards policy changes in favour of formerly excluded groups, and an acknowledgement of the importance of basic needs satisfaction, and of democratic rights and processes (Cloete 1999).

During the first few years after 1994, the SA Public Service had to deal with two major challenges. The first challenge was vested outside the service in the so-called macro-environment. In SA the state's economic policy is referred to as a macro-economic policy; of which the main objectives are to guide the government of the day on how to distribute wealth, create jobs, attract investment, engage in trade with other states, and promote development (Venter & Landsberg 2011). The current macro-environment of SA is typically influenced by variables such as political stability or unrest, foreign investments, unemployment, lack of skilled labour, fiscal policy, and so forth. The macro-environment is, more often than not, difficult to control. The sudden and overwhelming demands of communities for service delivery placed an enormous responsibility on the respective government departments. Several examples of these demands were addressed through strategic developed projects, to name but a few:

- *The Reconstruction and Development housing Project (RDP)* dealt with several social challenges such as housing, clean water, electrification, land reform, and healthcare (Moyo & Mamabolo 2014).
- *The Commission on Restitution of Land Rights* assisted applicants in submitting their land claims, received and acknowledge all claims lodged, and advised claimants on the progress of their land claims.
- *The Truth and Reconciliation Commission* supported the healing of the country and bringing about reconciliation of its people by uncovering the truth about human rights violations that had occurred during apartheid.
- *The SA Social Security Agency (SASSA)* was established for the administration and payment of social grants and aims to create uniform standards and eliminate fraud and corruption in social security provision in SA (RSA 2004).
- *The National Research and Technology Foresight*, seeks to identify trends in technology which have the potential to improve the life quality of the SA population (DST 2014).

The second challenge came from within the Public Service micro-environment. The micro-environment is often defined as the environment which is closer to

home and which can be controlled to a certain extent. The SA public sector human resource environment encapsulates matters such as the appointment of human resources, managing performance, improving service delivery, overseeing transformation initiatives, and coordinating organised labour. For the first five years after the 1994 elections, changes in Public Service and in its size and composition were inevitable. Actions were taken to accomplish HRM transformation in the Public Service as quickly as possible. The process was fast-tracked by the implementation of a system of voluntary severance packages. The result was twofold: (i) a mass exodus of experienced public servants, mainly, but not limited to, white males, and (ii) an influx of less experienced appointments to manage the sudden increase in service delivery needs that emerged after the democratic elections. A typical SA governmental department was soon depicted as having a large number of inexperienced black men and women in lower and middle posts, whilst the higher structure was still dominated by a few white male managers. However, from April 1994 to December 1998, the representation of blacks in the management structure of the Public Service had increased from 6% to 44% in national departments and 53% in provincial departments (figures for 1994 exclude the former TBVC states and self-governing territories) (Flood, Hoosain & Primo 1997:74). The number of women in management positions increased from 2% to 15% in both provincial and national departments. The envisaged percentage of blacks at management level in the Public Service was targeted at 50%, while the target for women was 30% and that for people with disabilities was 2% by the year 2000 (RSA: White Paper on the Transformation of the Public Service 1995:100). The 30% target for women was specifically aimed at middle and senior management posts (Flood *et al.* 1997:74).

By April 2002, senior management levels included 68% black people (including coloureds and Indians), compared to 41% in 1999 (Venter & Landsberg 2011: 25). By the end of March 2008, the SA Public Service had almost 1 204 525 people (including members of the SA National Defence Force) in its employ. Of the nearly 1 204 525 public servants, approximately 56% were women and 44% were men – 6% more women than in December 1998 (Venter & Landsberg 2011:25). The overall profile of the Public Service seems to be close to achieving perfect representative status, matching the population profile in terms of both race and gender. Almost 85% of the public servants are black compared to the national profile of about 90%. The most recent Public Service human resource establishment totalled 1 326 182 (Statistics SA 2011).

For human resource development, the PSTI was replaced with the SA Management Development Institute (SAMDI) in 1996. The aim was that centralised norms and standards should exist, under the auspice of SAMDI but that training needed to be further decentralised (Mokgoro 2013). The SAMDI

provides practical, client-driven, organisational development interventions, that lead to improved performance and service delivery in the Public Service (Mokgoro 2013). The SAMDI was reconstituted as the Public Administration Leadership and Management Academy (PALAMA) in August 2008, following a Cabinet decision taken in 2006. PALAMA was established with the mandate to train public officials and improve service delivery by developing the knowledge, skills, and attitudes required for a developmental state (Mokgoro 2013). To ensure that its mandate was realised, PALAMA was forced to initiate collaborations and partnerships with many service providers. However, it was soon realised that major challenges remained to fulfil the mandate of contributing significantly to the development of a high-performing public service. The reason is partly because the current workforce environment in the Public Service was less coordinated in its approach to public service training and development than under the SAMDI. PALAMA was therefore tasked to review the uncoordinated way in which public service training was delivered, and more importantly, the cost-recovery model of PALAMA, as well as its partnership-based business model for training delivery.

The National School of Government (NSG) was established in 2013. According to the SA Public Administration Management Act, 11 of 2014, the NSG would be established as a higher education 40 institution contemplated in the Higher Education Act, 1997 (101 of 1997). The School will by means of education and training promote the progressive realisation of the values and principles governing public administration and enhance the quality, extent, and impact of the development of human resource capacity in institutions. Although still responsible for learning and development programmes and services in a uniform public service with the objective of developing a professional, responsive, and capable public service, driven by the imperative of a developmental state, the NSG represents a new approach designed to meet the needs of the Public Service, rather than the inconsistent current focus on individual needs. The NSG is set to target causes, not symptoms; ensuring the strategic use of available resources (SA Public Administration Management Act, 11 of 2014). In the 2013–14 financial year, 30 358 public servants were trained (Ensor 2014).

## **Legislative and policy reform initiatives (Mandela, Mbeki, and Zuma eras)**

Within the SA micro-environment, legislative and policy reform boomed in the early 1990s. The entire structure and therefore the management of the Public Service underwent considerable changes after 1994. Much of the new legislation mandated departments to adapt their policies to make provision

for principles such as employment equity, transformation, skills development, performance management, service delivery, and diversity management.

The SA government adopted a holistic approach to service delivery throughout all three spheres of government. To this end, Section 40(1) of the *Constitution of the Republic of South Africa, 1996* (the Constitution) refers to government as being constituted of national, provincial, and local government spheres, which are distinctive, interdependent, and interrelated (RSA 1996). This means that while the work of each government sphere is interlinked and there is a degree of interdependency, each sphere has a distinctive character that should be respected and utilised to the benefit of the specific area being served.

### **Mandela era (10 May 1994 – 14 June 1999)**

For the first five years after the 1994 election, changes in the role of the Public Service and in its workforce and composition were inevitable, captured in the Public Service Commission Report on Rationalisation of Public Administration (1994–1996) (PSC 1997). During this period, the concept of transformation was established as the cornerstone of every initiative, project, and strategy undertaken by the Public Service. The blueprint that guided the process in the Public Service, the White Paper on the Transformation of the Public Service, 1995, defined transformation as “a dynamic, focused and relatively short-term process, designed to fundamentally reshape the Public Service for its appointed role in the new dispensation in SA” (White Paper on the Transformation of the Public Service 1995). The principal aim of this White Paper was to establish a policy framework to guide the introduction and implementation of new policies and legislation aimed at transforming the SA Public Service. Profound decisions were made and actions were taken to accomplish transformation, such as the implementation of a system of voluntary severance packages. In addition, the implementation of affirmative action programmes assisted this process, as these programmes were aimed at developing disadvantaged women and increasing diversity in respect of experience and talent (White paper on Affirmative Action in the Public Service 1998). However, to maintain effective service delivery, legislation mandated the Public Service to focus largely on human resource development. This led to a substantial review of employment conditions, capacity building, career development, employee assistance programmes and a performance management system that was introduced in 1999 (Skills Development Act, 97 of 1998).

In order to regulate discipline, legislation mandates the Public Service to comply with a new Public Service Act, 103 of 1994 (RSA 1994) and the Public Service Regulations. These legislations called for definite outcomes-based strategies as part of the management plan of departments. These include

strategic management plans in keeping with the medium-term expenditure framework, organisational structures that comply with the strategic management plans, strategies to improve service delivery, and human resource development strategies. The Public Service Act (RSA 1994) further provides for the regulation of the dismissal of members of the Public Service in cases of misconduct and maladministration.

With the implementation of the Labour Relations Act, 66 of 1995, the selection and recruitment process itself has become critically important to the Public Service in SA for the redressing of imbalances in respect of race and gender, further supported by the White Paper on the Transformation of the Public Service, 1995. This Act is aimed at improving the quality of life of all workers, as well as enhancing productivity in the workplace. The Basic Conditions of Employment Act, 75 of 1997, further ensures that the workforce is treated fairly regarding remuneration, working hours, bonuses, and working conditions, to name but a few, also supported by the White Paper on HRM in the Public Service (1997). The White Paper on HRM in the Public Service (RSA 1997: Chapter 2) derives the values for public HRM from the Constitution. The White Paper on Affirmative Action in the Public Service, published in 1998, focused on the accountability, monitoring, coordination, and reporting responsibilities of the various role players within affirmative action programmes. The implementation of affirmative action policies was incorporated into managers' performance objectives and into the performance contracts of directors-general. However, at the same time, the Employment Equity Act, 55 of 1998, prohibited unfair discrimination in the workplace and compelled every employer to take steps to promote equal opportunity by eliminating unfair discrimination in any employment policy or practice. This Act focuses on redressing imbalances, especially for black people, women, and people with disabilities.

Legislation supporting human resource development mainly included the White Paper on Public Service Training and Education, published in 1997, which established a policy framework on training and education in the provincial government. In addition, the Skills Development Act, 97 of 1998, and the Skills Development Levies Act, 9 of 1999, provide a framework for developing the skills of the SA workforce and integrating the relevant strategies within the National Qualifications Framework (NQF) (South African Qualifications Authority Act, 58 of 1995). The Skills Development Act, 97 of 1998, covers the establishment of learnerships and the financing of skills development by means of a levy grant, while also providing for and regulating employment services administered by the Department of Labour. To direct standard-setting, accreditation, and quality assurance, the Public Service Education and Training Authority (PSETA), was established on 20 March 2000. The PSETA is mainly responsible for identifying priorities for skills development and administering the levy system.

Focusing on service delivery, The White Paper on Transforming Service Delivery (“Batho Pele” is a Sotho term for “People first”) outlined eight principles for improved service delivery to be followed by all public servants. Although this initiative was optimistically received, a study conducted in 2004 revealed that internally, public service departments often did not comply in practising the Batho Pele principles (1997). In 1997, the DPSA issued a report stating that the Public Service is not yet fully demonstrating the commitment to service delivery as envisaged.

## **Mbeki era (16 June 1999 – 24 September 2008)**

During Mbeki’s time in office, the SA economy grew at an average rate of 4.5% per year. Mbeki created employment in the middle services of the economy and oversaw a fast-growing black middle-class with the implementation of Black Economic Empowerment (BEE). This growth in the economy increased the demand for trained professionals but failed to address unemployment among the unskilled bulk of the population. President Mbeki attracted the bulk of Africa’s Foreign Direct Investment (FDI) through a well-established integrated socio-economic development framework for Africa. Collaborative relationships, such as the New Partnership for Africa’s Development (NEPAD), African Union (AU), BRIC (Brazil, Russia, India and China), and the India-Brazil-SA (IBSA) Dialogue Forum were established.

During this period much emphasis was placed on service delivery through professionalising the Public Service. The Public Service Commission (PSC), which functions as an independent body that monitors and arbitrates the activities, ethos and conduct of the Public Service (Constitution, 1996: Section 196), was officially launched on 1 July 1999. The PSC replaced the nine Provincial Service Commissions and the National Public Service Commission initially established in 1994 under the Interim Constitution. The powers and functions of the Commission are set out in Section 196(4) of the Constitution (1996) and include the following:

- promoting the values and principles of public administration, as set out in Section 195 of the Constitution, throughout the Public Service;
- monitoring, evaluating and investigating human resource practices, service delivery, and related organisational aspects to assess the extent to which they comply with constitutional values and principles;
- supporting the efforts of the Public Service to promote a high standard of professional ethics; and
- investigating grievances of officers and recommending appropriate remedies or actions, and reporting at least once a year to Parliament and local legislatures on its activities.

Other legislations that address service delivery and professionalism are contained in the Public Finance Management Act, 1 of 1999, the Promotion of Access to Information Act, 2 of 2000, the Promotion of Equality and Prevention of Unfair Discrimination Act, 4 of 2000, the Protected Disclosures Act, 26 of 2000, and the Public Audit Act, 6 of 2001 – to name but a few. These legislative directives emphasise that the government is committed to improving its service delivery and to ensuring ethical behaviour on the part of its workforce. The Public Service Anti-Corruption Strategy published by the Department of Public Service and Administration 2002, also needs to be mentioned.

To enable public service managers to acquire the knowledge and skills to develop human resource strategies and plans which are integrated with their departmental strategic and operational plans and thus ensuring that their future staffing needs are met, the following documents are relevant: the Guidelines on Integrated Human Resource Planning in the Public Service (2002); Strategic Human Resource Planning Guideline and Toolkit (2002); and, the *Public Service Handbook Senior Management Service* (2001). More recently (2008), the DPSA formulated the Public Service Human Resource Planning Strategic Framework Vision 2015 for the Public Service for executive authorities and heads of departments.

Within the context of re-evaluating the role of the state and the above-mentioned factors, the major trends characterising HRM in the SA Public Service during the first 10 years since 1994, can be summarised as follows (Van der Westhuizen & Wessels, 2011):

- Creating a unified and integrated service;
- Restructuring the senior management echelon into a Senior Management Service (SMS); and
- Creating a leaner and a more cost-effective Public Service.

Concurrently, the PSC (1997) identified the following challenges or priorities for the SA Public Service:

- Better assessments of the state's capacity and performance;
- The improvement and strengthening of public management;
- Better fostering and nurturing of public service leadership;
- A general focus on implementation and service delivery; and
- The acceleration of social development and effective addressing of poverty.

These challenges impacted directly on the planning for and strategies of HRM in the SA Public Service. They have further influenced such aspects as the utilisation and development of public service employees, remuneration, and labour relations.

## **Zuma era (9 May 2009 – end of term)**

After 15 years of democracy, SA ventured towards applying a developmental state model. Arguing from a theoretical framework in which the developmental state model is positioned, implies that the SA state would cease to be goal-oriented in maximising profit for business and should instead focus on addressing the urgent problems it faces. President Zuma steered all future plans towards investing more in education, health, and social infrastructure.

In his State of the Nation Address (SONA) (The Presidency 2009), he explicitly tasked the state to play a central role in the social and economic development of the country and to further serve as a catalyst for sustainable development and economic growth. This focused on growth, legislations such as the Tax Administration Act, 28 of 2011, Financial Markets Act, 19 of 2012, and Employee Tax Incentive Act, 26 of 2015. There are 133 000 employees who have benefited and 11 000 employers who have participated in the incentive scheme due to the introduction of the Employment Tax Incentive Act. In his 2014 SONA the president again emphasised the importance of socio-economic transformation (The Presidency 2014). However, the position of the SA Public Service has never been under so much pressure as the SA government has almost depleted its main resources (water and electricity), transport, education, and health.

In support of this aim, the SA government relies heavily on the ANC Manifesto and the NDP. The Ministry of Planning has published an NDP (NDP-2013: Our Future: Make it Work) aiming to eliminate poverty and reduce inequality by 2030. The NDP proposes eight strategies which need to be addressed (National Planning Commission 2011):

- Creating jobs and improving livelihoods
- Expanding infrastructure
- Transition to a low-carbon economy
- Transforming urban and rural spaces
- Improving education and training
- Providing quality healthcare
- Fighting corruption and enhancing accountability
- Transforming society and uniting the nation

Other reform initiatives reflected in the Twenty Year Review (2014) are:

- Governance and administration
- Social transformation
- Economic transformation
- Infrastructure
- Sustainable development

- Safety and security
- SA in the global arena

It is apparent that under the leadership of former president Nelson Mandela (1994–1999), HRM reforms took on a dynamic reconciliatory stance, which was expanded from 1999 onwards under former president Thabo Mbeki through inclusion of the African continent. Mr Mbeki’s legacy of an “African Renaissance” was thus well established. Transformation under President Jacob Zuma (16 June 1999 onward) continued by increasing the number of ministerial portfolios (35 portfolios, 68 ministers and deputies) in his Cabinet, rendering SA’s Cabinet one of the world’s largest and most expensive. In Zuma’s first four years in power, the salary bill for civil servants escalated by 76% – implying that for every R100 generated by the SA economy, R14 goes to remuneration of administrators. Russia, in comparison, approximates R3.70, Brazil R4.60, and Nigeria R4 (Du Preez 2014).

## **HRM CHALLENGES FACED BY THE SA PUBLIC SERVICE**

The current situation in SA has created a very complex macro and micro politically-driven environment, which impacts on the management of human resources within the Public Service. There are, however, numerous other socio-economic dynamics that play an equally important role, and these also have to be understood.

In 2015, SA could be seen as a democracy in its early adult phase (21 years old). This democracy is deemed a young democracy in terms of its effectiveness in reaching the set objectives and goals for innovation and sustainable projects (OECD 2013). At present, it appears as if the SA Public Service does not function optimally. The reasons for this include, among others, a lack of sufficient resources to fulfil mandates such as the counteraction of unemployment, the fragmentation of the legislative framework, insufficient application of the disciplinary system, and undeveloped management capacity.

Although SA’s single major objective may be to stimulate the economy in order to create the means to improve the quality of life of all the country’s inhabitants, the real problem that we face is that of gross socio-economic inequality in society. Reconciling these two dynamic realities (inequality and growth) embodies one of the greatest challenges facing the country. Whereas some parties (such as organised labour) are fighting to eradicate the socio-economic inequalities through strategies aimed at wealth redistribution, captains of business and industry are adamant that in order to enrich the historically deprived, wealth must first be created. Creating wealth means

but one thing: business organisations and public institutions have to become competitive and efficient in international terms. This may mean adopting measures to cut costs, to become “lean and mean”, which may include cutting labour costs and improving labour productivity. To the deprived, the immediate objective is to obtain that which was historically denied or taken away from them. The essence of the debate thus concerns what comes first: wealth creation or wealth redistribution. This dynamic tension boils over directly into the relations between the parties in the workplace, which means, in the simplest terms, relations between the employer and the employee.

## **Dynamics and workforce environment in the expected future**

Other significant challenges facing the SA Public Service in the near future are the following:

- Water resources: It is estimated that SA will be without sufficient water by 2020 – 2030 unless drastic steps are taken. Approximately 88% of all fresh water is used by agricultural and industrial services, which leaves only 12% for domestic use. Domestic consumption is expected to increase sharply. The agricultural sector will have to increase food production by 50% between now and 2026 in order to feed an additional 23 million people. This will put further pressure on water resources.
- According to ECORYS (2008) and the World Development Report (2006), SA’s most urgent problem is income inequality, which remains one of the highest in the world (The International Bank for Reconstruction and Development 2005). The Human Development Index (HDI) for SA is also low at 0,674, ranking the country 121<sup>st</sup> out of 177 countries with data. For the period 1996 to 2006, there had actually been a slight rise in inequality in SA as a whole (ECORYS 2008:35).
- Some 17 million people now receive social grants from the state, costing the country more than R390 billion per annum. Combined, welfare payments and public service salaries consume 56.4% of all state revenue, leaving just 43.6% for everything else that has to be achieved in the country (Du Preez 2014).
- Although it is apparent that there are abundant legislative directives in place to promote ethical behaviour and the quality of service delivery by the public servants, this does not necessarily guarantee a corruption-free public service (Lues 2007). According to the Auditor-General (2012:2–18), between 2010 and 2011 government tenders amounting to R113 million were awarded to individuals who had relatives or friends within state institutions. This evidence reinforces the argument that corruption contributes to a declining confidence in government practices and applying state resources. Not only

does a trust deficit emerge between the community and government but resources are also depleted.

- In respect of HIV/AIDS some estimates are that the epidemic is growing at a faster rate in SA than in most other African countries, and that between three million and eight million South Africans were carrying the HI-virus by the end of the 20<sup>th</sup> century. Over the next decade, millions more of South Africa's people could be infected. This predicament has a direct influence on the availability of human resources.
- Other challenges facing the SA Public Service include high rates of absenteeism among public servants, high expectations and growing impatience for drastic improvements in quality of life by society, feelings of mistrust in government, and inequality. Tensions between reconciliation and nation building on the one hand and retribution and dissent on the other, have to be balanced and managed.

## **SUGGESTIONS FOR SUSTAINABLE SERVICE DELIVERY**

Chapter 13 of the NDP highlights strategic interventions to build a professional public service and a capable state with the main aim being to realise the SA vision for 2030. This document is probably the one means of ensuring that the SA Public Service HRM meets the expectations of its own citizenry and, if successfully implemented, acts as a case study for other developmental states. Against this background and strategic direction, the NDP appears to be the blueprint to move the SA Public Service from the current "ineffective position" to a capable and developmental state (National Planning Commission 2011:Chapter 13). Vision 2030 is still in the introduction phase and government attempts to obtain the buy-in of several role players. It was, however noted, that President Zuma, in his 2015 SONA only referred to the NDP once (Zuma 2015). Thus, SA has a blueprint in the NDP which is measurable, achievable, and timely. The question now is what to do next? Cheminias Bayat, Van Der Walt and Fox (1998:208) warned regarding this that a vision cannot be "told nor sold, it should be lived".

The next step is vested in strong and decisive leadership and effective management to achieve Vision 2030. The following three leadership variables, (i) capacity, (ii) positive mindset, and (iii) organisational culture, are put forward as suggestions towards tangible contributions for HRM in a developmental state. The NDP (National Planning Commission 2011:408) stated that the current "weak managerial capacity and lack of leadership prevent achieving a clear vision" and "how professional skills will be reproduced".

The current deficit in **capacity** affects all "elements of the public service" (National Planning Commission, 2011:408). At senior levels, reporting and

recruitment structures have allowed too much political interference, even at “junior levels, there has been insufficient focusing on providing stimulating career paths that ensure reproduction of skills” (National Planning Commission, 2011:408), retention of skilled employees, as well as experienced officials. In support of changing this predicament, Activity 92 of the NDP (National Planning Commission 2011: Chapter 13) states to “enhance the role of the Public Service Commission” not only to “champion and monitor norms and standards” but further “to ensure that only competent and suitably experienced people are appointed to senior positions”. Competence needs to be clearly understood and defined in a valid job description (describing the environment of work) and specifications (stating the minimum required characteristics) (Van der Westhuizen & Wessels 2011). The NDP also mentions that “experienced people” must be appointed. When the NDP mentions “experienced”, it refers to candidates who exhibit work experience in HRM, management of other resources in a sustainable manner, policy implementation, and project management.

The NDP (National Planning Commission 2011: Chapter 13) contemplated that the PSC champions the current capacity deficit. The PSC has recently been described as “toothless” (Ensor 2014); this is despite the authority given to this institution by the SA Constitution. At present, directors-general of government departments tend to ignore the Commission’s reports and recommendations, and the Commission can only advise and make recommendations. Thus, although suggested as a platform to assist, again the issue of a “political-administrative” interface too often directs the constitutional functions of the PSC.

The second leadership variable mentioned was that of a constructive **mindset**. The challenge between a deficit in capacity and in a constructive mindset is that skills can be taught to a certain extent, but it is much more complex to amend an unenthusiastic mindset, which is not beneficial for working towards service delivery. The NDP (National Planning Commission 2011: 410) contemplated to “build a professional public service that serves government, but is sufficiently autonomous to be insulated from political patronage; this requires a clearer separation between the roles of the political principal and the administrative head”. It appears as if the mindset in the Mandela era tried to foster a stance towards reconciliation of all levels of service delivery. This had a positive, contagious spill-over effect on all South Africans – not to say that everyone supported this leadership. The leadership mindset of Mbeki was strategically different than that of Mandela’s as it realised the importance of economic development and wealth creation. In a sense, the latter mindset was complementary to that of the Mandela era. The effects of this leadership also filtered through to society, which culminated in

a series of economic strategies and partnerships. During the Zuma era, the leadership mindset portrayed diverted attention from fundamental SA priorities as mentioned earlier. The result of this has been unnecessary turbulence in SA, “which has undermined the morale of public servants and citizens” (National Planning Commission 2011:408), as well as confidence in the state – two recent motions of no confidence in the president have been brought to parliament (ENCA 2015). At present, the SA government needs to address the country’s High Court following the recent deadly xenophobic attacks (CAJ News 2015), while the mindset of leaders in SA is driven towards a climax. Self-interest has become the driver of many of those in positions of authority who should be focused on serving the public.

The third leadership variable mentioned is that of **organisational culture**. According to Schein (2004:22), organisational culture is defined as “... shared learning experiences that lead, in turn, to shared, taken-for-granted basic assumptions held by the members of the group or organisation”. This definition implies that culture embodies shared values, beliefs, and assumptions that are deeply ingrained in an organisation’s traditions, and influence how an organisation thinks and feels. Organisational culture is reflected on three levels: artefacts (dress code, company records, statements of philosophy, annual reports), values (ideologies and charters), and assumptions (thought processes, feelings and behaviour). Organisational culture in the public sector manifests itself as more reactive than proactive: responding to social needs, political activity, and policy. Outdated approaches, unenthusiastic mindsets, and a culture of unprofessional behaviour will render the Public Service unresponsive to changing needs. Although the Public Service has a historical culture and reflects an “integrated” cultural perspective where specific values, beliefs, and assumptions are shared across the whole organisation, there are inhibitors to cultural change, specifically in the public sector (Drumm 2012).

Political agendas support quick-wins over ongoing change initiatives. Since 1994, national and provincial elections have taken place in South Africa every five years. It so happens that when a new government is elected, human and financial resources are invested in the implementation of programmes and projects that are seen as the priority of the ruling party, and projects are not always sustained beyond the term of office of that government. The Public Service tends to adopt a hierarchical type of culture where control and stability are given precedence over innovation and risk taking (also supported by Drumm 2012). The author argues towards focusing on enablers to cultural change, in particular the need for a clear vision: “to effectively communicate this vision, and the need for leaders who do not just positively embrace the change required, but embody and demonstrate personal commitment to it” (Drumm 2012:9).

## CONCLUSION

SA has undoubtedly set the scene for significant development in HRM of the Public Service. Within the SA micro-environment, legislative and policy reforms boomed in the early 1990s. The entire structure and therefore the management of the Public Service underwent considerable changes after 1994. It is apparent that under the leadership of former president Nelson Mandela, HRM reforms took on a dynamic reconciliatory stance, which was expanded under former president Thabo Mbeki through the inclusion of the African continent. Transformation under President Jacob Zuma steered all future plans towards investing more in education, health, and social infrastructure.

The current situation in SA is that of a politically-driven environment which impacts HRM within the Public Service. Other socio-economic dynamics that play an equally important role are a lack of sufficient resources, high unemployment, fragmented legislation, insufficient application of the disciplinary system, and undeveloped management capacity.

The NDP is seen as the means that will ensure that the SA Public Service HRM meets the expectations of its own citizenry and to move the SA Public Service from a current “ineffective position” to a capable and developmental state. The next step is vested in strong and decisive leadership and effective management to achieve Vision 2030. Three leadership variables, namely capacity, a positive mindset, and organisational culture, were put forward as suggestions towards tangible contributions for HRM in a developmental state.

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# Good Governance in Relation to Public Administration

## Future Implications for Service Delivery Performance

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### ABSTRACT

The success of the public service of the future will depend on the ability to balance change and continuity. A need to devote significant intellectual energy to the change and responsiveness will arise. Organisational performance must be based on a broader vision of improved performance management. Good governance is an essential part of the administrative process, which includes effective resource mobilisation as the citizen's demand *via* the democratic processes, value for money as measured in terms of economy, efficiency and effectiveness. Therefore the public administration and good governance relationship is vital for service delivery performance. The aim of this article is to provide an understanding of the evolution of public administration as an activity and Public Administration as a discipline and the relationship of governance and stewardship in the domain of public administration.

### INTRODUCTION

Public administration is probably as old as human civilization, but the development of Public Administration as a discipline and academic subject is of fairly recent origin. These facts underpin research in and the development of Public Administration in the era of modern management. Administrators have been necessary to humankind for as long as kings and emperors have required pages, treasurers, and architects to carry out the business of government. Evidence of basic administrative functions can be traced back to the early inhabitants of ancient Mesopotamia, who developed agricultural

systems to ensure their survival. It is widely accepted that administration can be found wherever two or more people take joint action to achieve a common objective, which implies that administration is present in all spheres of human activity.

Traditionally, the study of Public Administration examined the administrative activities required to govern and the administrative need to give effect to public policies. Various developments in history have had a marked effect on the delimitation of the public sector and the role of governmental institutions in serving society. Giving effect to or implementing government policies implies the authoritative allocation of values and resources through a political system to individuals in society, and a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern.

The aim of this article is to analyse the relationship between public administration and good governance, and to highlight possible future implications for service delivery performance. The importance of historical perspectives in the evolution of Public Administration and the significance of a post-bureaucratic reform thesis in Public Administration are discussed. The concepts of governance and public administration are highlighted and the need for good governance related to service delivery performance is emphasised. In the article, the qualitative approach is dominant. The qualitative approach was especially useful for the collection of views from exponents as documented in the form of books, academic articles and official publications. The information obtained was organised, rearranged and categorised into themes with reference to governance and stewardship in public administration; seeking to embed service delivery performance into a platform design.

## **HISTORICAL PERSPECTIVES IN THE EVOLUTION OF PUBLIC ADMINISTRATION**

The history of public administration (written in lower case) as an activity and that of Public Administration (in upper case) as a discipline is characterised by different historical stages of development relating to global events and environmental influences. In the early stages of the development of public administration, the emphasis was on moral and political issues and the establishment of a public administration to satisfy the needs of society. Communities needed structural arrangements to implement law and order and to protect the integrity of the state. Very soon, there was also a need for expert civil servants, people who were knowledgeable regarding taxation, statistics and administrative issues. Public administration came to be viewed as an art and a science which had to satisfy the needs of society by means of a

balanced conversion of inputs to outputs (Bagby & Franke 2001:623). Societal reform initiatives created a growing need for administrative expertise, and the establishment of professional institutes, headed by skilled and knowledgeable academics in order to establish an economic and social school of thought. This school of thought was characterised by sophistication, and the concept of natural law was closely related to what was eventually to become the modern science of Public Administration (Langrod 1961:75).

In the United States of America (USA), Woodrow Wilson in 1887 prepared the way for the study of Public Administration as an academic discipline with his article *The study of Administration* (cited in Gildenhuis 1988:69). Although Wilson made some controversial statements, his argument that “it is getting harder to run a constitution than to frame one” is a valuable contribution to Public Administration (Gildenhuis 1988:69). With this comment, Wilson suggests the complexity of the executive activities of a government and problems faced by public officials who lack formal training and have to function equipped with only lay-knowledge of governmental activities to cope successfully with their executive functions. Wilson argues that the object of administrative study is, firstly, to determine what a government can properly do, and secondly, how best to do these things efficiently and effectively (Woll 1966:18–34).

Luther Gulick and Lyndall Urwick made seminal contributions to the demarcation of the area of study of the science of Administration in the later stages of its development. They integrated the work of contemporary behavioural, administrative and organisational scholars including Henri Fayol, Fredrick Winslow Taylor, Paul Appleby, Frank Goodnow and William Willoughby into a comprehensive theory by Fayol, who in his *Industrial and general administration*, developed 14 principles of management. Taylor (1856–1915) is considered the father of scientific management and his ideas of finding the one best way of executing a task to enhance production methods laid the foundation of classical organisational theory. Goodnow (1895–1939) argued that politics is the expression of the will of the government, and administration is the implementation of that will. Willoughby reasoned that public administration had a number of features that were applicable to all branches of government, and is known for his work on budgetary reform (Shafritz & Hyde 1997:2–4).

Gulick and Urwick (cited in Shafritz & Hyde 1997:2–4) believed that a single science of administration which exceeds the borders between the private and public sector could exist. Gulick developed a comprehensive, generic theory of organisation, which emphasised the scientific method, efficiency, professionalism, structural reform and executive control. In 1937, Gulick summarised the duties of administrators with an acronym: POSDCORB (**P**lanning, **O**rganising, **S**taffing, **D**irecting, **C**oOrdinating, **R**eporting and **B**udgeting (Botes, Brynard, Fourie & Roux 1997:284). The acronym is widely

used in the field of Management and Public Administration, and reflects the classic view of administrative management (Botes *et al.* 1997:284).

After 1945, theorists challenged the ideas of Wilson and Gulick; the politics-administration dichotomy was the centre of criticism. There was a call by citizens for efficient administration to replace ineffective, wasteful bureaucracy. Public administration as an activity would have to distance itself from politics to answer this call and remain effective. Public Administration as a science was then allowed to establish itself as an independent discipline; and as an eclectic science it developed its own theoretical framework and refined theories from related disciplines to establish its own body of knowledge (Waldo 1955:1).

During the late 1960s and early 1970s, the new Public Administration emerged as a reaction to various factors, such as the turmoil in the discipline in terms of its intellectual basis, and a change of emphasis in the social science disciplines. Issues such as social equity, inequality and participation irrevocably changed Public Administration as a field of study. The client-centred approach and service delivery have become the focus of public administration. The models of reform in the new public administration, reinventing government, business process re-engineering and new public management have all shaped the discipline and provided a framework for analyses of ideas and of the lessons learnt (Hood 1995:104–117).

Since the 1980s, neo-liberalism has emerged. The impact of globalisation, role of the markets, privatisation, corporatisation and outsourcing of services, has become the new terminology of the *new public management* (NPM) approach. The focus has shifted to balancing economic policy with social and environmental policies, client-centred service delivery and participation by the community, in government decision-making. This new approach is evident in Britain's macro-economic policy of reducing public expenditure through a series of public-sector reforms after 1979. In the USA the movement began with President Reagan's call for a smaller public sector. NPM received even greater attention with the entrepreneurial management model outlined in Osborne and Gaebler's popular book *Reinventing government* (1992) to make federal organisations more performance-based and customer-oriented (cited in Moe 1994:111). Many countries have tried to implement these ideas of reinventing public management, and some influential international organisations, such as the World Bank, have promoted NPM (OECD 1991).

According to Auriacombe (1999:125–128), NPM is a combination of ideas derived from economics (public choice theory). This approach to public management advocates the reconfiguration of existing boundaries and responsibilities of the state through a number of initiatives. These include restructuring public services, applying various business management techniques to improve efficiency, using non-state actors to discharge public services

(privatisation) along with introducing market-based mechanisms. Hence, direct involvement by the state in the delivery and production of public goods and services is abandoned, or at least reduced, to give primacy to market mechanisms. NPM focuses on outcomes-oriented partnerships between the public and the private sector to provide services to citizens. Its main principles are flexibility for managers to cope with ongoing changes in the national and global environment; the empowerment of citizens to promote more efficient, entrepreneurial, and results-oriented management, including “steering rather than rowing”; new responsibility mechanisms that go beyond compliance mechanisms to search for innovations and results over process; the introduction of business principles into public affairs, including out-sourcing and contracting out; the promotion of professional ethics in the public sphere; and performance management and budgeting (Auriacombe 1999:125–128).

## **A POST-BUREAUCRATIC REFORM THESIS IN PUBLIC ADMINISTRATION**

The argument for a self-conscious, professional field of study of Public Administration started from a managerial vantage point. It is widely acknowledged by Public Administration scholars that Woodrow Wilson (1887) set the tone for the study of public administration in his essay *The study of Administration* and that all related arguments became known as the ‘*politics-administration dichotomy*’ (Caiden 1982:33). A government’s core focus should be on what the government can successfully do and how it can succeed with maximum efficiency. Thus, public administration must become anticipatory, flexible, results-oriented, customer-driven, and value-based, and should strive towards maximising economy, efficiency and effectiveness using practices similar to those prevalent in the private sector (Rosenbloom & Kravchuk 2002:5). How to achieve this is within the ambit of Public Administration as a discipline.

This approach is relevant to the management of scarce resources to accomplish the goals set by public policy, and has influenced the understanding and practice of public administration. The management of resources to obtain maximum efficiency is related to the concepts of value for money and return on investment and therefore, public administration principles and practices should make it possible to maximise economy, efficiency, and effectiveness using responsive practices. Public administration principles should be based on systematic and scientific methods of performance management, capacitated, empowered and motivated personnel and scientific structural arrangements for logical divisions within work roles and the management of responsibilities. This approach emphasises values such as representativeness, political and

administrative responsiveness, and accountability within the concept of governance (Bourgon 2007:19).

Governance has been defined as a system of values, policies, and institutions by which a society manages its economic, social, and political affairs through interactions within and among the state, civil society and private sector (Weiss 2000:795–796). It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences, and exercise their legal rights and obligations. It refers to the rules, institutions, and practices that set limits and provide incentives for individuals, organisations and firms (Weiss 2000:795–796).

Three actors are involved in good governance: the state, which creates a conducive political and legal environment; the private sector, which generates jobs and income; and civil society, which facilitates social and political interaction. The essence of good governance is to foster interaction between these actors to promote people-centred development. Good governance refers to the question of how a society can organise itself to ensure equality of opportunity and equity (social and economic justice) for all citizens. Despite significant differences in the evolution of public administration, the administrative mechanisms of government continue to be indispensable to perform the core functions of the state, including maintaining law and order, setting societal standards and goals, protecting vulnerable groups in society and the environment. What has changed is that public administration must respond to the new context in which it operates (Shabbir Cheema 2005:3).

Changes in the context bring about changes in the state's internal structures and functions. Principles at the heart of good governance are participation, pluralism, subsidiarity, transparency, accountability, equity, access, partnership, and efficiency. The essence of public administration as a democratic institution is to use the principles of good (democratic) governance to design and structure state institutions, their internal processes and mechanisms, and their mission. To put it simply, it implies that public administration should be characterised by accountability and transparency. Public administration is also based on a system of checks and balances between the executive branch and the legislature and it plays a central role in combating exclusion and protecting the rights of minorities and disadvantaged groups. Public administration has adequate management capacity to enhance access to justice and to protect public goods. It provides a facilitating environment for the active engagement and role of civil society and the private sector and it uses the power of information and communication technology to promote citizens' access and participation in development processes (Weiss 2000:795–796).

Finally, a post-bureaucratic reform argument in public administration must be based on a good governance strategy designed to create a strong sense of

ownership and responsibility for outcomes, in other words, those actions one can perform successfully. Thus, the concept of good governance encompasses public sector leaders and managers that fully embrace the necessities of change that define a post-bureaucratic reform environment. This concept envisions capacitated, motivated public servants who are empowered to facilitate change by means of sound, transparent and accountable management practices. Given the strong changes emanating from post-bureaucratic reform, the contemporary public administration landscape lays the basis for the concept of stewardship in relation to good governance to provide a viable path for service delivery performance (Bourgon 2007:18).

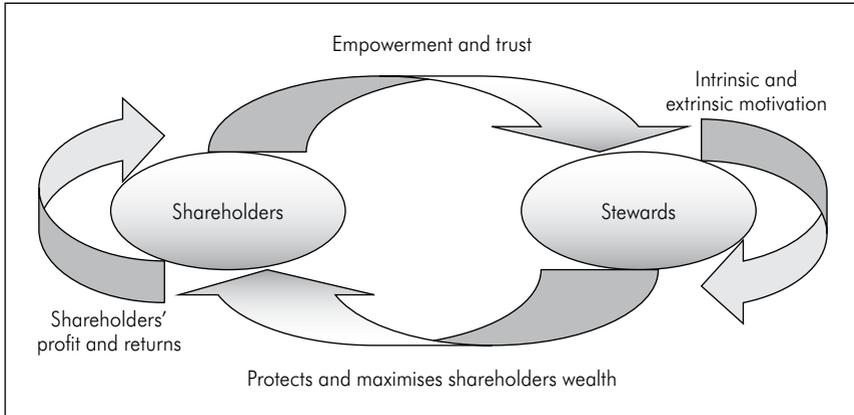
## **GOVERNANCE AND STEWARDSHIP IN PUBLIC ADMINISTRATION**

Stewardship refers to a personal responsibility for taking care of another person's property or financial affairs. Historically, stewardship was the responsibility given to household servants to bring food and drink to a big castle's dining hall. Stewards' responsibilities later became taking care of passengers' domestic needs on a ship, train, or an airplane, or managing the services provided to diners in a restaurant. The term continued to be used in these specific ways, but it is still used in a more general way to refer to a responsibility to take care of something someone does not own or to take good care of resources entrusted to you (Davis, Schoorman & Donaldson 1997:20).

In a public administration context, *stewardship* refers to public servants' responsibility to use and develop all resources, including a state's people, its property and its financial assets in the most economic, efficient and effective way. *Stewardship* also refers to keeping and safeguarding someone else's finances and, therefore, the use of 'wise' administrative practices to achieve good governance practices. From an ethical perspective, *stewardship* can also be seen as a function of government responsible for the welfare of the population, and concerned with the trust and legitimacy with which its activities are viewed by the citizenry. It requires vision, intelligence and influence in the practice of managing or looking after the well-being of the public administration environment (Swilling 1999:32).

*Stewardship* theory has its roots in psychology and sociology. Davis *et al.* (1997:20) explain that "a steward protects and maximises shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximised". From a public administration perspective, stewards are public servants who serve the needs of citizens in the most economic, efficient and effective manner. Stewardship theory recognises the importance of structures that empower the stewards and offer maximum autonomy, built on trust. It

**Figure 1: The stewardship model**



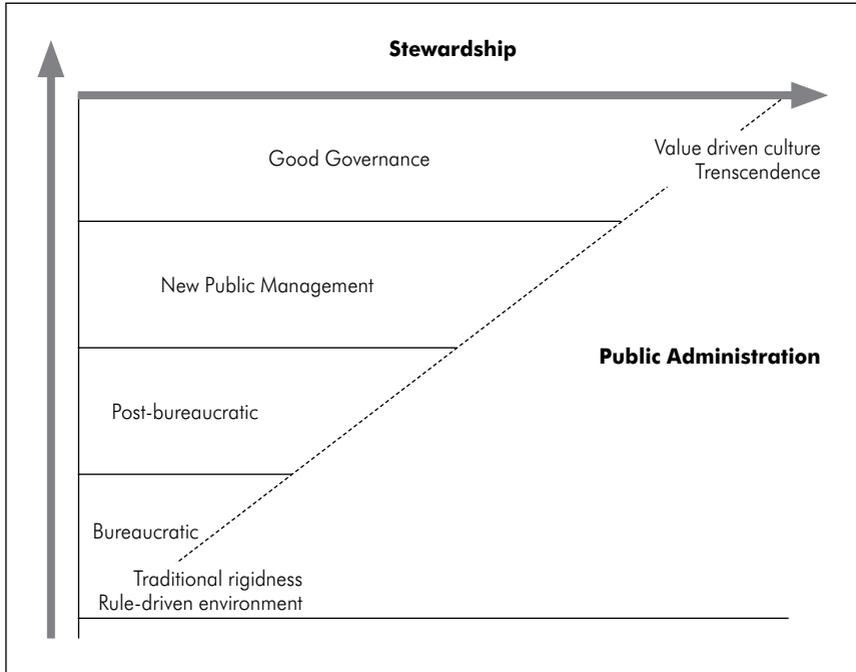
Source: (Jordaan 2013:45)

stresses the position of public managers to act more autonomously so that the shareholders' returns are maximised. Such an approach can minimise the costs aimed at monitoring and controlling behaviours. However, in order to protect their reputation as decision-makers in organisations, public managers are inclined to operate the government organisation to maximise service delivery performance as well as shareholders' profits (the needs of citizens). This implies that a government organisation's performance can directly affect perceptions of public managers' individual performance (Donaldson & Davis 1991:65). Figure 1 depicts a stewardship model.

Performance assumes an actor of some kind (stewardship), in other words, an individual person or a group of people acting in concert. In public administration, the performance platform is provided by the functions of public administration used in the performance act, based on good governance for the economic, efficient and effective delivery of goods and services, meeting the needs of society. There are two main ways to improve performance: improving the measured attribute by using the performance platform more effectively, or improving the measured attribute by modifying the performance platform, which, in turn, allows a given level of use to be more effective in producing the desired outcome. Stewardship in the context of public administration underlines the relationship between the public administration environment, the generic functions of public administration and management, and the application of good governance principles in order to provide an opportunity for enhanced service delivery performance (Donaldson & Davis 1991:65).

The emergence of new thinking about public administration and the concept of stewardship emphasises the need for a shift from traditional and

**Figure 2: A constructive platform for organisational performance**



Source: (Jordaan 2013:85)

rigid public administration practices and procedures to a value-driven culture, characterised by transcendence and alignment with possible ‘best practices’ in the business environment. As a result of this situation, public servants are now exposed to a ‘new organisation’ characterised by business ideas such as quality management, market research, human capital management and entrepreneurship in an environment characterised by political oversight (Thornhill 2007:13).

The evolution of public administration and the emphasis on a stewardship perspective paved the way for the future transformation of public service delivery. Figure 2 illustrates a constructive platform, placing the concept of stewardship at the centre.

As illustrated in Figure 2, the concept of *stewardship* is central, on the firm basis of good governance as a result of the evolution of public administration. This provides for the true role of government, as derived from the state’s mandate to serve citizens and to advance the public good. It provides an opportunity to establish a performance platform to apply performance management as one of the generic functions of public administration.

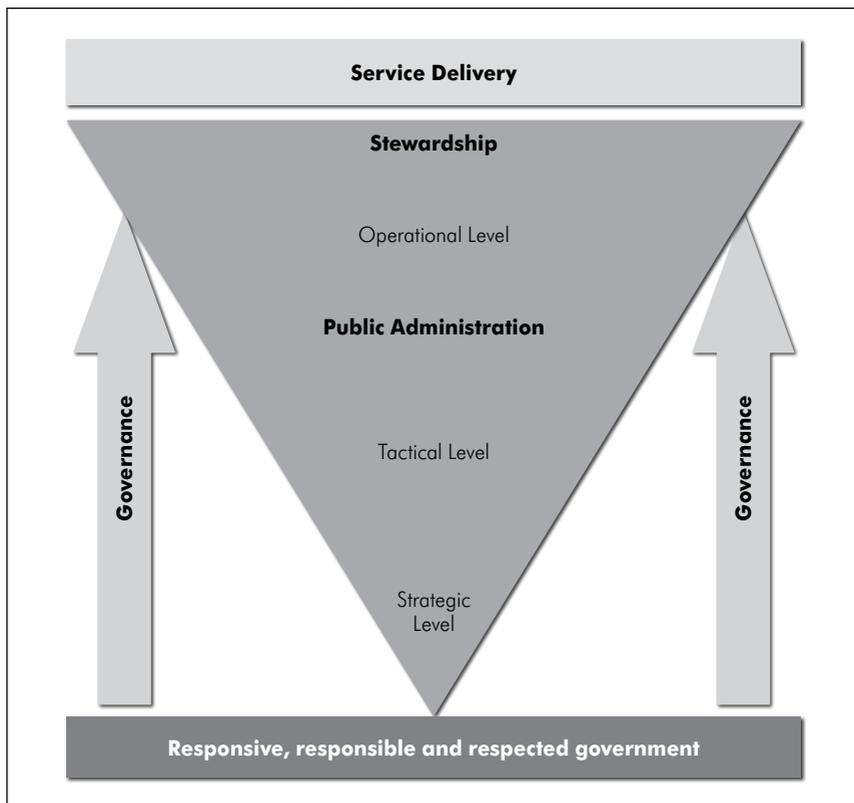
## SEEKING SERVICE DELIVERY PERFORMANCE: A PLATFORM DESIGN

To have a clearer understanding of service delivery performance, it is important to grasp the relationship of service delivery to policy as a statement with intent made by someone with authority, and to the implementation of that policy. The most common meaning of the verb to *implement* is to carry out, to accomplish, to fulfil, to produce or to complete. This meaning can readily be associated with service delivery. Policy *implementation* is regarded as the accomplishment of policy objectives through the planning and programming of operations and projects so that agreed outcomes and desired results are achieved (Musgrave 1959:4).

Valuable lessons for future management interventions in order to enhance organisational performance can be drawn from the management reforms of the past. Stewardship centrally placed on the firm basis of governance as a performance platform implies fostering an environment that supports and demands performance, and insisting on the efficient use of resources. The performance platform approach is based on the approach of what should happen before any advanced solutions can be discussed, but with a more holistic approach to public administration in relation to good governance. It aims to establish a performance scenario at an operational level designed to achieve increasing performance by line managers, with specific reference to public management and accountability. The hypothesis behind the platform approach is that the strategic profile of the organisation is embedded in the concepts of *responsive, responsible and respected government* and that the strategic setting gives rise to the operational platform.

Derived from these concepts are the characteristics of good governance as the anchor (empowerment) for the operational platform. Good governance implies an operational modification and a more effective use of the operational platform in order to enhance service delivery (see Figure 3). Modification by means of the inverted hierarchy implies a shift from the typical traditional organisation, which can be seen as a triangle, where the ultimate power and authority rests with one individual at the top of the organisation, and all others are subordinate to this person. The inverted hierarchy rejects this concept of the organisation and proposes an inverted triangle, symbolising the role of top management as empowering. This approach shifts the emphasis from a focus on command and control, to a focus on managers' roles in interaction, and on their involvement in the provision of service quality that provides value to the citizens. This approach is liberating and developmental in nature and allows for continuous improvement, achieved by enabling, empowering and giving responsibility to the operational level of service organisations. The inverted hierarchy reflects the current convergence between the top-down and bottom-

**Figure 3: The inverted hierarchy**



Source: (Jordaan 2013:200)

up approaches of policy implementation, and highlights the close relationship between policy implementation and service delivery. Figure 3 illustrates this approach (Jordaan 2013:199).

The inverted hierarchy modifies the platform for service delivery, and allows for more effective use of a service delivery platform by shortening the distance between the operational level and the service beneficiaries. This situation creates the ideal environment for the application of the concept of *stewardship* (Jordaan 2013:200).

In support of the inverted hierarchy, it can be argued that in traditional bureaucratic hierarchies, the aim of management is to define the best way to do a job, to set standards for compliance, and to monitor and control people to ensure that they comply. At best, this approach results in efficient production, provided work is routine, repetitive and predictable. However, when there

is much uncertainty, complexity, rapid change and high interdependence, the control-based approach loses much of its effectiveness. High-performing organisations have therefore moved beyond bureaucracy to a commitment-based (platform) approach and are able to mobilise themselves within a complex and rapidly changing environment.

Performance management can be seen as an integrated framework of systems and processes to align strategic intentions, decisions and activities across and within public service organisations. Performance management also aligns the management frameworks of individual departments towards improving effectiveness, and assesses effectiveness both in terms of specific results and outputs, and the impact of these results and outputs on citizens' lives (outcomes). Finally, performance management aligns human resource processes, systems and practices designed to recruit, retain, support and develop individual staff and set them up to succeed.

The stewardship theory recognises the importance of structures that empower the steward and offer maximum autonomy built on trust. It stresses the position of public managers to act more autonomously so that the shareholders' returns are maximised. The act of stewardship relies on a performance platform that is provided by the functions of public administration, based on good governance for the economical, efficient and effective delivery of goods and services, meeting the needs of society (Jordaan 2013:201).

## **CONCLUSION**

Public administration has changed considerably since the dawn of human civilisation. The landscape of modern public administration would be unrecognisable to second-generation theorists and their normative theories. Public effectiveness now relies on public administration practices by which stewardship and governance theory is put into action and on networks as an alternative for collective action. Consequently, an organisational performance strategy must be based on a broader vision of improved performance management, and increasing organisational effectiveness, leading to good governance. Good governance is an essential part of the administrative process and includes resource mobilisation. People's increasing aspirations are placing more demands on effective mobilisation of resources. The citizenry require value for money, measured in terms of economy, efficiency and effectiveness, thus making the public administration and good governance relationship vital for service delivery performance.

The success of the public service of the future will depend on its ability to balance continuity and change; and there will be a need to devote significant

intellectual energy to the subject of change and responsiveness. The expected outcome will be a high-performing public-sector organisation, a results-driven organisation with a culture of continuously improving performance. This organisation will be responsive to change, will encourage innovation by seeking a balance between risk and opportunity, will have a strong customer focus, and will be highly transparent to its stakeholders about its performance.

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# Quantum Physics, Cosmology and Public Administration

## Compatibility in Theory Construction?

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### ABSTRACT

It is often argued that the natural sciences and the social sciences are incompatible as a result of the lack of specificity in the latter branch of the sciences. The absence of theories or laws in the social sciences is also often quoted as proof of the dearth of exact or consistent formulation of phenomena in the social sciences. However, when the theories and some laws of quantum physics, mathematics and the other sciences related to the cosmos are considered, it becomes obvious that absolute certainty is also unattainable. Thus, certainty or absolute truth that can withstand any intense scrutiny may also not be possible in the natural sciences.

This introductory discussion is aimed at the investigation of a selected number of theories/laws in the natural sciences which may even be linked to the efforts at theory construction in Public Administration as one of the social sciences. The article is an introduction to a discourse on the relative value of study of the natural sciences to find conditions which could apply to the social sciences to prove some general characteristics valid to use as premises in public administration which in turn could contribute to the development of theories in Public Administration.

### INTRODUCTION

The statement is often made that a science should be premised on specific theories as general statements which guide any arguments on particular issues underlying the study of the branch of the science. This argument presupposes that identifiable statements regarding the phenomena do exist and that a body of knowledge

supports the subject matter being studied. The purpose of this article is to establish whether similarities do exist between the natural and the social sciences which could assist the latter in identifying some preliminary theoretical propositions that could result in finding common denominators for Public Administration.

The research is based on a literature review of a selected number of sources within the areas of quantum physics, cosmology, biology and administration/management. These sources are amplified with laws formulated in physics and chemistry to be able to comprehend the complexities of researchers faced in their quest for theories.

It is also an aim of the article to identify a possible description of the contents of the discipline of Public Administration without necessarily advocating a unifying theory. The reason for this being that the possibility of a unified theory seems impossible considering the efforts by the *older or more mature sciences* to formulate such a theory. However, a possible representation will be proposed to explain the relationship among the various components forming the basis of the discipline.

## **THEORY AND THEORY CONSTRUCTION**

The word *theory* is derived from the Greek *the ria* (*Oxford South African Concise Dictionary* 2014) meaning contemplation, speculation and sight. However, this only provides a neutral meaning and may not be suitable for the purposes of a discussion on the utilisation of the term in the context of this presentation. Therefore, some other meanings from sources on the topic of theory are also explored to be able to find an acceptable explanation for theory.

The term law is often used in the public sector as referring to a set of rules recognised by society regulating the actions of its members by the imposition of penalties in the case of transgressions (*Oxford South African Concise Dictionary* 2014). However, the term has a wider meaning as well referring to a statement of fact deduced from observation, to the effect that a particular natural or scientific phenomenon always occurs if certain conditions are present (*loc. cit.*). It is in this last sense that reference will be made to law in this exposition.

## **QUEST FOR THEORY**

Theory construction could commence with making a series of observations and then coming to a general conclusion serving then as a theoretical construct. Charles Darwin (1859, 2004) made a number of observations concerning finches in the Galapagos Islands. His theory is best explained by quoting the title of his book: *The origin of species by means of natural selection or the preservation of*

*favoured races in the struggle for life*. This theory of, what is often called the theory of evolution, is a theory that is claimed to be the theory which had survived for more than 150 years which had never been proven correct or incorrect. Scientists like Einstein developed his theories by way of the inductive approach. His formula  $E=mc^2$  is not discussed at this stage as it will be dealt with in more detail later. Suffice it to state that his theory was only proven correct after  $\pm 50$  years. Similarly in the social sciences theories are developed, tested and rejected if new knowledge is created e.g. F W Taylor's scientific management theory.

Several authors focusing on the natural sciences have spent a lifetime endeavouring to determine a *theory of everything*. One such scientist is Stephen Hawking, probably one of the most cited physicists who, despite his physical condition, has written extensively on the topic. (He still holds the Lucasian Professorship at Cambridge University once held by Sir Isaac Newton). He devotes one of his books '*Quest for a theory of everything*' (1991) entirely to the question whether a theory could be developed that would be equally applicable to quantum physics as to the universe. He bases his argument, first mooted on 29 April 1980, on the observations made regarding a pattern in nature (Hawking 1990:11). His goal was and still is to provide a complete description of the universe human beings live in. These include the movement of celestial bodies, the way in which human bodies work, how subatomic particles interact, how water freezes, how trees grow and all the intricate rules within rules (Hawking 1990:14). The arguments put forward by Hawking are not discussed in detail. They are quoted to emphasise the point that even in physics (including quantum physics) a quest exists to find a formula or definition that explains everything from the largest quantity (the universe where distances are measured in light years) to the infinitesimal particles studied in quantum physics. To be able to comprehend the complexity of the area being studied, attention is devoted to concepts and approaches by various other scientists.

## **COMPLEXITIES IN QUANTUM PHYSICS**

It is neither the place nor the intention to venture into the complex area of quantum physics. This is an area where only physicists would write about or where fools would rush in. Therefore the purpose is merely to identify some of the most prominent characteristics of the field and to extract the issues which may be relevant in the discussion of the efforts to explain the characteristics of Public Administration as an area of study in the social sciences.

Quantum mechanics or sometimes referred to as quantum physics is the branch of physics involved in the study of matter and energy on the tiniest scales. The size of an atom as a constituent of a molecule is estimated as

one ten millionth of a millimetre ( $1/10^{-6}$ ). The study involves the anomalous behaviour of particles within an atom. Why reference to this branch of physics is considered significant in the study of Public Administration (and Public Management) is because of the unpredictable nature of these particles. In public administration the behaviour of the human beings being studied within an organisational setting is also quite often unpredictable. Similarly the factors influencing political decisions are also not scientifically predictable. Political decisions are often taken on the basis of expediency and may be retracted if it appears to reflect negatively on the party's image.

In quantum physics it is argued that it is impossible to predict the likelihood of an electron reaching a given place at a specific time once a force is applied to it. It is possible to estimate the likelihood, but it is required to determine its position first. This is theoretically complex as matter and energy can be viewed both as particles and waves (Muir 2011:68). The issue is further complicated by the fact that particles do not always follow the same path and may even be present at two different places at the same time. This complexity is illustrated through the Heisenberg principle.

The Heisenberg uncertainty principle states that the *position and momentum* of a particle as the smallest component of an atom cannot be determined with exact precision at the same time. The more precisely you know the particle's position the less precisely you can determine its position. The more precisely the position is known the less precisely its momentum can be established (Muir 2011:70). The justification for this uncertainty principle is because if the position is determined exactly its momentum had been affected (cf. *Wikipedia Free Encyclopedia*).

The question could be posed as to how the uncertainty principle is applicable in public administration as sphere of activity? The most probable explanation is found in the presence of corruption. The most extensive rules and procedures can be established e.g. tendering in accordance with the supply chain management legislation (Local Government: Municipal Finance Management Act 56 of 2003). However, the more accurately the procedures are set out the more prevalent corruption seems to be. This implies that if the laws, regulations and procedures are formulated in detail the less likely it is that no corruption will occur. Therefore in public administration the efforts to determine effective administrative and managerial practices to obtain optimum service delivery are thwarted by the uncertainty principle in the form of corruption.

## **LAWS OF PHYSICS**

Sir Isaac Newton is known to most students and lecturers who have been exposed to science during their years at school. Most have come across or

have heard about Newton's three laws of movement. These laws are merely mentioned as they are not the focus of the discussion, but will feature later in the discussion under another heading. These laws, published in 1687, are the following (Muir 2011:10):

1. Every object in a state of uniform motion tends to remain in that state of motion unless an external force is applied to it.
2. The relationship between an object's mass  $m$ , its acceleration  $a$ , and the applied force  $F$  is:  $F=ma$ . Acceleration and force are vectors (as indicated by their symbols being displayed in slant bold); in this law the direction of the force vector is the same as the direction of the acceleration vector.
3. For every action there is an equal and opposite reaction. This implies that if one should open a door a force is exerted on the door and the door exerts an equal force on the person pushing the door.

The laws of Newton were applied to explain the orbits of the planets around the sun by linking it to his law on gravitation. This law involves the acceleration of an object due to gravity. The gravitational force between two massive objects is directly proportional to the product of their masses and weakens with the square of the distance between them. However, this law does not apply to objects moving at very high speeds such as stars in the universe. It also does not explain what happens in empty (zero gravity) space e.g. in the universe when the distance between objects may be light years (speed of light @ 300 000 km/second multiplied by  $60 \times 60 \times 24 \times 365 =$  a light year).

The issue is raised in this regard to illustrate that the Newtonian laws developed in 1687 could not anticipate the consequences of future developments when telescopes proved that there were stars beyond normal eyesight and that laws applicable on earth did not necessarily apply in space. The development of new theories and knowledge proved that existing "truths" had to be reconsidered. This issue will be discussed in more detail under the heading concerned with the works of the brilliant scientist Albert Einstein.

## **RELATIVITY**

More attention is required to the issue of relativity and in particular to the contributions of Albert Einstein to physics to comprehend the possible development of a mathematical representation to explain the basic framework for the study of Public Administration. It is not proposed that the study of Public Administration could be condensed to a simple equation e.g.  $E=mc^2$ . However, it is maintained that the area of study could be explained by way of a "formula" acknowledging the different components comprising the study of the Discipline.

The famous Einsteinian formula did not develop instantaneously. The different components were identified and received general acceptance long before 1905 when it was published. In fact his original attempt consisted of pages of arguments. The following issues are mentioned briefly to explain how the formula came about. It should also be mentioned that the validity of the formula was only proven towards the end of World War II in 1945 with the nuclear bombing of Hiroshima.

The first part of the famous equation is **E**. This refers to Energy. However, the term could be traced back to the 1800s (Bodanis 2001:11). The existence of energy and magnetism was actually identified by Michael Faraday. It involved the realisation that electricity and magnetism were related as electricity could affect a magnetic compass needle when applied to a wire (to over-simplify). This contributed to the development of the electric engine. This ‘force’ became known as energy which can be generated in various ways e.g. by batteries or an electric current. If one should open a door, energy is used to make the door move. The energy is generated by a person’s muscles. The energy exerted by the individual is then transferred to the door to make it move. This energy can be measured and computed. However, it is important to note that the total sum of energy does not change (this is known as the *Law of the conservation of energy*). This topic is not pursued, but it is important as Einstein used it in his equation. Einstein also proved that energy was contained in solid matter. This implied that solid matter contained energy that could be released in some way or another as will be explained later in reference to the nuclear reaction which destroyed Hiroshima in 1945.

The second component of the formula is **m**. The concept of mass was conceptualised by Antoine-Laurent Lavoisier who argued that for example trees, rock and iron formed part of the greater mass of the whole world. He did various experiments to prove the presence of mass (Bodanis 2001:30). Mass remains the same although it may change in appearance or form. This is what happens with nuclear explosions. (A normal human being’s mass, if converted into energy would create a force equal to 30 hydrogen bombs) (Bryson 2004:161). The original mass changes in appearance, but is taken up in something else (Bodanis 2001:34). It cannot be destroyed, but is converted into something else.

The third component of Einstein’s formula is **c** (from the Latin: *celeritas*, meaning swiftness). This quantum refers to the speed of light (reference has already been made to this figure). This has not been an arbitrary figure, but is considered as the finite speed. It is also important to note that light reveals both the characteristics of a wave and particles. There is no need, for the purposes of this discussion to explore this issue further. Suffice it to state that the speed of light is arguably the ultimate speed that could be obtained. The **c** serves as the conversion factor (Bodanis 2001:53). However, this is not the end of the

complex characteristic of light. Theorists have found as early as 1924 that there are particles travelling faster than the speed of light (Mathews 2013:21). Another complicating factor in the notion of the ultimate speed of light is the realisation by physicists that space and time can be curved, crumpled and stretched which in turn “affects the very notions underpinning the concept of speed” (Mathews 2013:21). This phenomenon occurs in space implying that time is no longer a constant quantity.

The brief discussion on Einstein’s theory of special relativity is intended to focus the attention on the complex nature of the universe and on the efforts by brilliant physicists involved in defining quantities and proving or disproving theories related to physics. The arguments put forward in this article are inadequate to explain the concepts, but provides an overview of the world in which human beings endeavour to explain phenomena. The intention is to prove that the development of theories (or laws) requires continuous attention and that any theory has to be tested and retested; adjustments made; and if new knowledge and insights are formed, reformulate concepts. In the case of the broad study of Public Administration it used to be accepted that only public administration should be studied. It was argued that public management should be the domain of the private sector. However, it has been proven that Public Administration and Public Management cannot be separated in the teaching of the joint discipline (cf. Thornhill, Van Dijk & Ile 2014:14). In a related manner *governance* has been added to the vocabulary of the discipline. This phenomenon increases the scope of study without detracting from the essence of the discipline. It does not imply that the study area now has to be reinvented, but that new developments in society require a novel consideration of the contents of the discipline.

Einstein’s special theory of relativity is simply one example of the potential of reducing complex phenomena to an understandable formula. Theory simply acts as (Hanekom & Thornhill 1983:65):

- a frame of reference;
- a synonym for thoughts, conjectures or ideas;
- an abstract generalisation or a kind of shorthand that may stand in lieu of facts;
- a kind of generalisation or proposition that asserts that two or more events co-vary under specified conditions; and
- a summary statement of what is thought to be known about the explanation of phenomena.

This does not imply that Einstein’s formula really explains all related aspects of the issues involved. The whole construct of relativity requires a much wider discussion and more physics concepts. However, the intention of this article

is to consider the possibility of finding a way of presenting the discipline in a format that could explain its boundaries and its limitations.

## QUANTUM ENTANGLEMENT

To oversimplify a complex issue it could be stated that the social sciences study human beings. Sociology e.g. studies human beings in social settings. Psychology is more interested in the behaviour of a human being as an individual and the circumstances in which an individual experiences his/her environment. Public Administration/Public Management studies human beings operating in organisational structures, within a political environment. The question to be considered involves the influence of the political environment on the actions and the decisions of the officials responsible for the administration and management of a public institution. The actions and decisions may be influenced by the immediate political head (e.g. minister, MEC, executive mayor). However actions and decisions may also be determined by the political party's branch or the national party's broad political ideals. To establish exactly where the real power to influence is located is difficult. This could be related to an issue called the result of *quantum entanglement*.

A physicist: Alain Aspect (Mathews 2013:37) started struggling with the concept of quantum entanglement as early as 1982. At first his colleagues disagreed vehemently with the notion, but over the next decades it became apparent that the notion could contain some truth. Briefly stated the argument involves the characteristics of particles or rather the uncertainty regarding the behaviour of particles. Through experiments conducted at the *Institut d'Optique* in Orsay, France it was found that pairs of photons (the basic unit of light. Muir 2011:54) even separated by large distances seemed to stay in contact. This implied that particles remain entangled with each other (Mathews 2013:39). This experiment paved the way for investigating the development of computers that were faster than ever imagined as it could compute at a rate faster than light as particles interacted with their environment, irrespective of distance.

One explanation of quantum entanglement is that it is impossible to determine where the equilibrium of a specific set of photons will be. To put it in simple terms, the photons may be in the immediate environment or spread over a large distance. Considering a cup of hot coffee, when the heat dissipates, the particles could find their counterparts in the room where the cup of coffee is, the venue, the town or even the galaxy. Thus particles could influence one another irrespective of physical distance.

Considering the issue of the entanglement of a human being's influence in the public sector; entanglement could imply that the factors influencing his/

her actions could be limited to the office, the political party or even globally. Therefore, the actions or inactions of an official could be found in the immediate physical environment or even internationally, depending on the relationship of the individual with his/her counterparts locally, nationally or internationally.

## **PUBLIC ADMINISTRATION/PUBLIC MANAGEMENT AS STUDY OBJECT**

Public administration is a species of the genus (principal taxonomic category) of Administration. This implies that the characteristics of the *species* will contain elements of the *genus* or family. The study of Public Administration as discussed in the following paragraphs thus, should note the characteristics of its roots found in Administration (and management).

The historical antecedents of Public Administration as the root of this article are not repeated. Woodrow Wilson identified it as a separate area of study in 1887 (quoted in Gildenhuys 1987:9-20), however, Lorenz von Stein as quoted by Rutgers (2010:2) attempted in the 19<sup>th</sup> century in Europe to promote the study of *öffentliche Verwaltung*. Various authors thereafter tried to identify stages in its development e.g. Nicholas Henry (1975 and later editions). The stages have also been clearly set out by Dwivedi and William (2011:21-52) in their overview of the discipline for the International Association of Schools and Institutes of Administration in 2011 by referring to the epistemological phases shaping the discipline since the beginning of the 20th century. The authors also referred to the development of *scientificism* as the need for scientific analysis in the social sciences started influencing philosophy in the social sciences (Dwivedi 2011:22). Dwivedi made the observation that public administration could not be reduced to behaviourist experiments alone, ignoring factors such as integrity, ethics, morality and spirituality. These remarks imply that the study of Public Administration should not focus on only the practitioner in an organisational setting, but should note a variety of other issues related to the national and international environment in which a public employee operates. Dwivedi concludes his overview of the state of Public Administration by arguing that scholars should devote more attention to accountability, clean government, ethical behaviour and service to the public (Dwivedi 2011:48).

The various attempts to identify stages and paradigms in Public Administration are not pursued as it is not the intention to provide a historical overview of the discipline and find answers to the question Henry put regarding the focus or the locus of the area of study. Reference will only be made to attempts to identify theories, approaches/schools of thought regarding Administration/Management to illustrate that major developments took place regarding the

study of individuals working in formal organisational structures. These include *inter alia* (Smit, Cronje, Brevis & Vrba 2011:32):

- Scientific management proposing the one best way of performing a task;
- Bureaucracy implying the need for formal structures, lines of communication and lines of authority (Max Weber);
- Administrative management (Fayol's 14 principles) as basis for formal authority to be maintained by managers;
- Human relations movement identifying the need to recognise the worker in efforts to improve productivity thus recognising the individual in the work situation;
- Quantitative management requiring the need to measure actions and results;
- Systems theory identifying the relationship between input, conversion and output;
- Contingency theory implying the need to adapt to prevailing circumstances;
- Total quality management requiring an organisation to focus on quality of every component of the input, all the processes as well as all the results obtained to ensure effectiveness and efficiency;
- Learning organisation stating that provision must be made to change processes, structures and operations to meet ever changing needs and learn from mistakes so as not to repeat them;
- Re-engineering implying the need to abolish existing structures and processes if it is proven that they no longer operate effectively and start from scratch devising new systems and processes.

Carl Bellone (1980:1) argued in the introduction to his work that the discipline of Public Administration is predicated on the study of organisations. He (Bellone 1980:1) stated that the "(O)rganization theory- hypotheses about human behaviour ranging from tribes to complex governments- and administrative theory-hypotheses about human behaviour in work groups-are the bases of public administration theory". Thus, it could be argued that in the efforts to develop theories in Public Administration, attention should be devoted to its eclectic and interdisciplinary nature. This implies that political science, sociology, psychology and business administration have an effect on the discipline. Any attempt to develop a theoretical construct within the discipline will have to note any developments in its related disciplines.

In the concluding remarks of his book Bellone (1980:65) argues that public administration should concentrate on the development of an enlightened theoretical pragmatism to support its well established operational pragmatism. He concludes with the following remark regarding the endeavour to develop theory "part of a theory's worth lies in its capacity to increase our awareness of present and future possibilities for society" (Bellone 1980:65). Thus, authors

of Public Administration should focus on developing paradigms/models or theories that would enhance the lives of society affected by the product of their contributions.

In his seminal work published in the *Journal of Public Administration Research and Theory* Raadschelders (1999:281) argues that "American students, who are rooted in a practical approach, have stated time and again the need for a comprehensive theory that would unify the study". He proposes a meta-theoretical solution to the problem of theory construction. The arguments concerning the existence of Public Administration as a separate discipline are not pursued. However, Raadschelders's question is repeated: Is public administration a unified, coherent study sufficiently independent from other studies? (1999:281). He repeats Rutgers's (1994) statement that Lorenz von Stein (1815-1890) was the last scholar to hold the view that Public Administration is a coherent unified discipline (Raadschelders 1999:282). This is one of the reasons why this discussion focuses on the possibility of identifying a structural formulation of the factors influencing the study.

In discussing the foundations of Public Administration, Rutgers (2010:2) observes that the study of the social sciences, "are intertwined with ideas about, for instance, justice, order (proper) behavior, responsibility. i.e. with social constructs". He argues that this phenomenon is also present in physics as acknowledged by the famous physicist Feynman (Rutgers 2010: 2).

Public Administration remains in a state of flux. As a result of the developments in the public sector and its cooperation with the private sector through alternative service delivery mechanisms (Thornhill 2015:81) the scope of the study has to be reconsidered. The clear distinction between *public sector* and *private sector* has become fuzzy. In this regard Rutgers states (2010:16) that in some cases confusion exists regarding the difference between the public and the private sector and thus also the difference in scope of Public Administration and Business Administration. Sufficient information currently exists to obviate this possible confusion although it is imperative to clearly define the domain of Public Administration as will be alluded to. Thus, it is necessary to review existing approaches, but not as a result of an *identity crisis* facing the discipline, but to clearly define the factors influencing the objects being included in the study. This does not imply that the study should become *atheoretical*, management oriented or degraded to the concept of governance as if it encompasses the total domain of the study. It is a wake-up call to scholars to investigate possible applicable theoretical constructs and define the boundaries of the study.

The contemporary status of the discipline requires that attention should be devoted to both the academic area of study as well as the *practice* of public administration. This implies the realities of the area in which public officials practise public administration should be acknowledged. Raadschelders (1999:

289) argues that the question regarding what the *public* in public administration stands for is more of a moral concept as it concerns the domain of the study not *the public* being served. These realities include the political powers determining the extent to which public administration could be effected. The presence of the scourge of corruption should be acknowledged as it detracts from all the lofty ideals included in the purpose of the practice of public administration.

## CONCEPTUAL FRAMEWORK

This summary serves to identify the efforts to find some general guidelines influencing the study of Administration/Management. In some cases the term theory or approach or school of thought is used. It is deemed unimportant to try to argue whether each of the eras represent a theory or just an approach. Hawking observes that the notion used to be that knowledge could be obtained through observation (Hawking 2010:7). However, knowledge can also be obtained through inductive reasoning (e.g. Einstein’s theory of relativity). Therefore, in an effort to explain the concept of Public Administration as an object of study, reasoning is used. It would be impossible to observe the different phenomena comprising the thoughts, world views and cultural influences of employees working in the public sector. The arguments forwarded are aimed at explaining the contents of the area of study of Public Administration. No equation is proposed, but an effort is made to identify the various components affecting the study.

Rutgers (2010: 21), quoting Rapoport (1958: 975) explains that even in physics the aim is to describe a theory in a formal mathematical language, referring to a highly idealised world. In the case of this discussion on Public Administration a similar approach is followed i.e. an attempt to define Public Administration through a formula to explain specific concepts determining the domain of Public Administration.

The following is proposed as a possible simplified representation of the area of study

$$\text{Public Administration} = \frac{\int \text{public administration} + \text{public management}}{\text{politics} + \text{law}} - \text{corruption}$$

The representation implies that the study of Public Administration is a function of the sum total of the activities comprising public administrative actions and public managerial activities based on politics as that is the determining factor for all public administrative and managerial functions performed by public officials operating in a public institution. However, these activities are based

on the political mandate provided by the legislature as conveyed by the political executive operating within the framework of the law. This implies that in the case of South Africa as one example, all laws must honour the *Constitution of the Republic of South Africa, 1996*. Therefore, laws provide the jurisdiction within which public officials operate. The representation does not imply that the study involves only the four components listed. It explains the environment within which the study is undertaken. However, the  $\hbar$  is added as the Heisenberg's uncertainty principle. Thus, irrespective of the strict laws governing public administration and whatever the guidance provided by the political office bearers, corruption cannot be ignored.

Once measures are developed to counter specific corrupt activities, new devices are developed frustrating any attempt to provide an effective and efficient system of public administration and management. The formulation also illustrates the complex nature of the study as it has to acknowledge the political environment with its tendency to expediency rather than objectivity. The law is the guiding principle, but the interpretation of the law by politicians detracts from its capacity to serve as a stable basis for administration and management.

## CONCLUSION

This article is an attempt to stimulate debate about the viability of a *formula* to explain the contents of the area of study conceptually. The discourse is not intended to develop a new theory or to define Public Administration/public administration. The aim was to explain the study on the basis of the functions encompassing the domain. The discussion relied to some extent on the areas of study of physics, in particular quantum physics and cosmology to justify the use of a *formula* to portray the area of study of Public Administration. There may be differences of opinion regarding hermeneutics in the social sciences and thus in Public Administration, but the arguments remain regarding the influence of the different factors on the study of the discipline.

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# The Impact of Fiscal Decentralisation on the Responsiveness of Sub-national Governments

## A South African case study

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### ABSTRACT

The decentralisation of services to sub-national governments has often been said to increase the responsiveness of sub-national governments. This article explores the impact of fiscal decentralisation on the responsiveness of sub-national governments from a public administration perspective. Existing theory indicates that there is a relationship between fiscal decentralisation and the potential loss of responsiveness of sub-national governments. Based on a case study in the Northern Cape Provincial Government in South Africa, this article concludes that fiscal decentralisation has a negative impact on the responsiveness of sub-national governments. The article therefore provides a set of recommendations with a view to improve the status quo not only in South Africa but in other countries where fiscal decentralisation exists. This is relevant as responsiveness is a fundamental feature of democratic governance and a central element in discussions concerning good governance.

### INTRODUCTION

In order to deliver services efficiently and effectively, more than one level of government is created within a structural context, for example, national, provincial, and municipal governments. Each of these levels of government has its own unique functions and responsibilities, and this system is known as the

decentralisation of services. The decentralisation of services to sub-national governments has often been said to increase the responsiveness of sub-national governments because it brings government closer to the people. To deliver services at the required standard, each level of government needs adequate funding, which necessitates fiscal decentralisation.

An important feature of fiscal decentralisation of countries all over the world, almost without exception, is that national governments normally assign more expenditure functions to sub-national governments than these governments can finance from their own revenue sources. For instance, in South Africa, provinces collect only 3% of their revenue from their own sources. This makes provinces dependent on national government for funding to perform their service-delivery functions.

The gap that exists between own revenue and revenue needed is known as vertical fiscal imbalance and is made up of various transfers from the national government to provincial governments. This article aims to analyse and assess the impact of fiscal decentralisation on the responsiveness of the Northern Cape Provincial Government. The reason why the Northern Cape Province was selected is the fact that it is a unique province characterised by a large geographical area but a very low population density, which complicates service delivery and makes alternative service delivery arrangements essential. The main research question of this study is whether sub-national governments' dependence on national government for funding still allows them to behave as responsible actors, with sufficient space to be innovative, and to be responsive enough to address specific regional needs.

## **FISCAL DECENTRALISATION CONCEPTUALISED**

Abedian and Biggs (1998:59) define fiscal decentralisation as the degree of discretion devolved to sub-national governments to make decisions on fiscal issues. Fiscal decentralisation comprises the financial aspects of devolution to regional and local government (Davey 2003:1) and refers to an intergovernmental fiscal system where the balance of power moves more towards the sub-national government than has been the case previously (Bahl 1999:5).

Shah (1994:7) posits that fiscal decentralisation can contribute to a more efficient provision of public services by matching expenditures more closely with priorities and preferences. A clearer and closer linkage of the benefits of public services with their costs promotes accountability, especially in large and diversified economies. According to Abedian and Biggs (1998:59), fiscal decentralisation exists to the extent that sub-national governments have the power, given to them by the constitution of a country or by particular laws,

to collect taxes and carry out spending activities within clearly established legal criteria.

Commonly accepted objectives of fiscal decentralisation include the efficient allocation of resources via a responsive and accountable government, the equitable provision of services to citizens in different jurisdictions and macroeconomic stability and economic growth (McLure & Martinez-Vazquez 2000:22).

An important feature of fiscal decentralisation in any country is the assignment of expenditure and revenue powers to sub-national governments.

## **Expenditure assignment to sub-national governments**

According to Oates (1993a:31–63), the assignment of expenditure functions to sub-national governments is guided by the ‘decentralisation theorem’, which proposes that a public service should be provided by the authority that has control over the minimum geographic area that would internalise the benefits and costs of the provision of the service. Schroeder (2003:25) further points out that the economic-based theory of assignment of powers and functions builds upon the premise that, prior to the allocation of revenue powers, the functional responsibilities of sub-national governments need to be defined. A clear allocation of functional responsibilities provides safeguards against the consequences of granting revenue powers that either fall significantly short of, or greatly exceed, expenditure requirements.

For sub-national governments in South Africa, the expenditure assignment problem relates to the development of a clear classification of responsibilities for some functions shared by the different spheres of government, especially in the areas of roads, housing and primary healthcare (Amusa & Mathane 2007:275). Some of these functions, such as health care, are concurrent in nature and require that provincial and municipal governments share responsibility for providing these services. National government set the health policy and national norms and standards, while provincial governments and municipalities implement the policy according to the prescribed norms and standards. Provincial governments are responsible for providing health services mainly through provincial hospitals, while municipal governments provide municipal health services such as the health surveillance of premises and the surveillance of communicable disease (Balfour 2006:5).

Unfortunately the minority of national departments have clearly established norms and standards for public service delivery, especially for those services that are concurrent (Financial and Fiscal Commission 2004:80). This complicates and hinders the costing and planning for service delivery.

## Revenue assignment to sub-national governments

Regardless of the political or constitutional nature of a country, sub-national governments are almost never financially self-sufficient (Boadway & Shah 2007:xxvii). Their revenue-raising responsibilities fall short of their expenditure responsibilities, forcing them to rely on financial transfers from the national government.

As a prerequisite for fiscal decentralisation, McLure and Martinez-Vazquez (2000:2) stress that sub-national governments must control their own sources of revenue. Sub-national governments should have complete independence and flexibility in setting priorities and should be constrained neither by the categorical structure of programmes nor by the uncertainty associated with decision making at the national government level (Shah 2007:15). When sub-national governments lack independent sources of revenue, they can never truly enjoy fiscal autonomy and may be – and probably are – under the financial thumb of the national government. The question, then, is which revenue sources can and should be assigned to sub-national levels of government and how these assignments are to be effected.

Rao (2007:321) states that a general principle in the revenue assignment process is that finances should follow functions. The problem is that although assigning functions to sub-national governments is relatively easy, finding adequate and potentially non-distorting revenue sources to finance those functions is difficult. Thus, while the expenditure assignment to sub-national governments in South Africa can be regarded as highly decentralised, revenue assignment is highly centralised, i.e. national government controls the revenue sources with broad bases, while provinces only have access to narrow-based taxes and user fees (Rao & Khumalo 2003:11).

The lack of sufficient revenue sources gives rise to the existence of a vertical fiscal imbalance (Boadway & Shah 2007:xxvii), which will be discussed below.

### Existence of a vertical fiscal imbalance (VFI)

The general nature of fiscal decentralisation is surprisingly similar across a wide range of countries as, almost without exception, national governments assign more expenditure functions to sub-national governments than can be financed from the revenue sources allocated to those governments (Fjeldstad 2001:8). The result of this mismatch of functions and finances is that sub-national governments are generally dependent upon transfers from the higher levels of governments.

The concept of vertical fiscal imbalance (VFI) is premised on the notion that, in the ideal situation, each sphere of government should be able to

collect all the revenue required to finance its expenditure from its own sources (Grewal 1995:6). According to Wagner (1973:42), a VFI is a situation that exists when national government has an excess supply of revenue while sub-national governments, such as provinces and local governments, have an excess supply of expenditure needs.

According to Manual (2007:4), unlike most jurisdictions in the world, provincial governments in South Africa collect only approximately 3.5% of their own revenues, and the 96.5% ratio of fiscal transfers from the national government to provinces is unprecedentedly high. The reason for this disparity is that provinces in South Africa do not have the taxation power to collect more revenue. The conclusion can be drawn that the existence of a big vertical fiscal gap in South African provinces is the result of South Africa's intergovernmental fiscal relations system.

## **RESPONSIVENESS OF SUB-NATIONAL GOVERNMENTS**

The concept responsiveness refers to the ability of a government to respond meaningfully and effectively to specific demands and policy requirements of its electorate (Grewal 1995:11). According to Shah (2007:ii), responsiveness is the matching of public services by governments with citizens' preferences. Diamond and Morlino (2004:22) argue that responsiveness provides a basis for measuring how much or how little public policies (including laws, institutions and expenditures) correspond to citizen demands and preferences as aggregated through the political process. Yang and Pandey (2007:218) support this notion by stating that responsiveness is the congruence between the goals the organisation or administrative system pursues and the goals desired by the people to whom the organisation is responsible and under whose authority it operates.

The fundamental task of government, according to Shah (2014:8), is to promote and pursue collective interest while respecting the rule of law and informal norms. This is done by creating an enabling environment in which government promotes and delivers services consistent with citizens' preferences and carries out only the tasks that it is authorised to do. Grewal (1995:11) further points out that responsiveness means that the priorities to which a government is responding are its own priorities and not those of another government, which may, for instance, be involved in the financial arrangements. An example of this would be where a national government transfers money to finance a sub-national government such as a provincial government or municipality.

Bingham Powell (2004:91) defines the concept of responsiveness in more detail by referring to it as democratic responsiveness, which occurs when the

democratic process induces democratic governments to make and implement policies that the citizens want. In this sense, responsiveness is one of the justifications for democracy. One of the key characteristics of a democracy is the continued responsiveness of the government to the preferences of the people (Dahl 1971:1). Democratic responsiveness is concerned with the manner in which politicians prioritise different issues and how this corresponds with the public's issue preferences (Hobolt & Klemmensen 2008:310).

From the above discussion it can be concluded that democratic responsiveness is the reaction (response) of an elected government, because it culminates in policy outcomes, to the preferences of the citizens. However, Bingham Powell (2004:91) notes that the process is ongoing and dynamic because the policies actually adopted, and the consequences that flow from them, affect the future preferences of citizens.

## **Responsiveness in Public Administration and Management**

Yang (2007:131) argues that responsiveness has been a key concept for recent public administration theories, often indicating change, adaptation and social relevance. In essence, responsiveness generally denotes the *speed* and *accuracy* with which a service provider responds to a request for action or information (Vigoda 2002:529). According to this definition, and for the purpose of public administration and management, speed may refer to the waiting time between a citizen's request for action and the reply of the public institution or the public servant. Accuracy refers to the extent to which the institution's response meets the needs or fulfils the wishes of the service user. Vigoda (2002:527) further argues that responsiveness is based on the marketplace view of better services for citizens as clients or customers. Meeting their needs is seen as vital for efficient and effective government and public administration.

According to Stivers (1994:365) as well as Vigoda (2000:167), a responsive administrator must be reactive, sympathetic, sensitive and capable of identifying the public's needs and opinions. Against this background, Stivers (1994:365) adds that responsive administrators should be open, able and willing to respond, but also just, that is, judicious and uncorrupted. Responsive administrators should know how to draw on their expertise while seeking diverse viewpoints and remaining open to the unexpected and the unpredictable. They should be receptive to difference and able to help evoke the reciprocal dynamics and expressive potential of dialogue (Stivers 1994:367).

According to Shah (2005:xxii), the following two overarching issues are important:

- whether the public manager is doing the right things, that is, delivering services consistent with citizen preferences

- whether the public manager is delivering services in the right way, that is, providing services of a given quality in a cost effective manner.

However, the above-mentioned qualities, although praiseworthy and admirable, are hardly an image that would attract people to the public service or strengthen their commitment to it. It is therefore not strange that Prud'homme (1995:208) argues that administrators in many developing countries are often unresponsive, poorly motivated and occasionally poorly qualified, and they might have good reasons to pursue their own agenda rather than the agenda of their superiors.

An aspect that may have an effect on the responsiveness of public institutions is the decentralisation of services, which will be discussed in the next section.

## **Decentralisation and responsiveness**

According to Shah (2005:xxvii), over the past two decades decentralisation has become increasingly common in developing countries. Sub-national governments are increasingly required to play larger roles in providing services, alleviating poverty and facilitating development. Part of the appeal for decentralised service delivery relies on the belief that citizens have coherent and identifiable preferences about services and that these preferences vary from one locality to another (Rodden 2012:5).

Decentralisation has often been held to increase the responsiveness of government policy to the preferences of citizens (Smart 2007:204). In order to provide for the different preferences, local policies should be tailored according to the needs and desires of local populations. If such policies are made locally, it can be more effective than when policy making is centralised at a higher level. This implies that schools can teach and educate according to local language and tradition, and that financial resources for public works can be funnelled into the projects with the greatest needs at a specific locality.

Shah (2005:xxviii) further argues that decentralisation in a democratic context should lead to greater responsiveness to constituent demands. The level of local political influence on financial allocation decisions and the level of civic participation in the decision-making process are seen as two important aspects of the sub-national government service provision process that relate to responsiveness. Where there is a higher level of local political influence and civic participation, one can expect a higher level of sub-national government response to citizen demands (Shah 2005:xxviii). A large part of the theoretical argument in favour of decentralisation is that sub-national governments are more likely than national governments to provide the right services (Andrews & Shah 2005:72). Sub-national governments also offer a practical appeal in the developing country context, where sub-national governments such as

provinces and municipalities are often created in reaction to the low levels of responsiveness by central governments.

Wilson (2007:342) posits that the provision of services by sub-national governments also increases efficiency, as the providers are closer to the recipients of the services and thus more responsive to their wishes. According to Oates (1993b:240), there are strong reasons to believe that policies, formulated for the provision of infrastructure and even human capital, that are sensitive to regional or local conditions are likely to be more effective in encouraging economic development than centrally determined policies that ignore these geographical differences. The hope is that sub-national governments, being closer to the people, will be more responsive to the particular preferences of their constituencies and will be able to find new and better ways to provide these services (Oates 1993c:1).

Although many scholars argue that decentralisation made governments more responsive to local needs, others, such as Samoff (1990) and Slater (1989), find the impact on responsiveness strongly negative, asserting that decentralisation schemes around the world have largely failed (Faguet 2004:868). They have neither enhanced local capacities nor improved sub-national programmes, in large part because they were neutralised by elaborate mechanisms of central supervision and control.

## **Fiscal decentralisation and responsiveness**

If preferences were homogeneous throughout a nation, or if the national government could provide heterogeneous outputs and policies, all public goods could be provided by the national government and no need would exist for decentralised decision-making, which is the key to fiscal decentralisation (Grewal 1995:11). It follows from the above-mentioned that the need for fiscal decentralisation arises from the inability of national governments to properly assess and respond at a reasonable cost to the unique needs of regional and local societies.

A typical element of fiscal decentralisation in most countries is the existence of a vertical fiscal imbalance. According to Amusa and Mathane (2007:284) as well as Grewal (1995:12), one of the implications of a vertical fiscal imbalance for sub-national governments relates to the potential loss of responsiveness. In countries where there are large VFIs, responsiveness can be undermined if the national government uses its fiscal supremacy to enact decisions that fail to take into account possible effects on sub-national budgets and, consequently, the effects on social spending programmes.

According to Boadway and Shah (2007:xxx), the fact that sub-national governments are dependent on national transfers makes them responsive to moral

suasion by the national government. An example of such a scenario is Germany's equalisation transfers, which have been criticised for limiting the flexibility and responsiveness of the *Länder* (Choudhry & Perrin 2007:285). Grewal (1995:11) argues that in the context of intergovernmental grants, responsiveness means that national government is fully aware of and able to respond to the fiscal needs of sub-national governments and that they, in turn, are able to spend the grants as warranted by the needs of their respective electorate. The coincidental involvement of national government through revenue sharing arrangements should not extend into the decision-making process (Grewal 1995:11).

Wehner (2000:72) argues that if national governments treat sub-national governments as mere implementing agents, a sub-national government will have little incentive to behave as a responsible actor accountable to an electorate, nor will it have sufficient space to be innovative and responsive enough to address specific regional needs. Having elected sub-national governments while trying not to allow them to do anything by themselves amounts to wanting to have one's cake and eat it too (Wehner 2000:72). Unless sub-national governments are given some degree of freedom, including the freedom to make mistakes for which they are held accountable, the development of responsible and responsive local government will remain an unattainable mirage (Bird 1990:284).

Government responsiveness to citizen demands can be constrained by limited resources and budget deficits, even in the wealthiest countries (Diamond & Morlino 2004:26). For example, if the unemployed part of the population demands higher grants and other benefits, a government burdened with budgetary limitations may simply be unable to meet their expectations in a sustainable way. No government can afford for long to be fully responsive to all the different demands of major constituencies for services, benefits and other programme expenditures. One of the most important aspects of responsiveness in a democracy is to infer from the cacophony of policy commitments, election results and interest group demands precisely what 'the electorate's' priorities are (Diamond & Morlino 2004:26). Inevitably, some groups will be disappointed.

The budgetary arrangements for sub-national governments in South Africa permitted provinces to determine their own budgets according to their own social and economic priorities, within the national framework (Abedian, Ajam & Walker 1997:56). In this manner, the budget should embody the sub-national governments' responses to regional challenges and opportunities for development within the nine provinces. According to Yilmaz, Beris and Serrano-Berthet (2010:279), unfunded mandates imposed from national governments on sub-national governments influence the responsiveness of sub-national governments as it reduces their budgetary autonomy.

With respect to intergovernmental transfers or grants, responsiveness requires that the national government be fully informed and able to meet the

fiscal requirements of sub-national governments (Amusa & Mathane 2007:284). In turn, provinces and local governments should be able to carry out their expenditure functions in a way that is congruent with the needs of their respective electorate. Responsiveness thus implies that the national government should aid sub-national governments in meeting their local priorities without exerting undue influence on the fiscus of sub-national authorities (Amusa & Mathane 2007:284). Expenditure by sub-national governments is for local public goods or services with local catchment areas. Local provision allows sub-national governments to provide different levels of service in different areas and to respond to differences in taste (Wilson 2007:342).

## **RESEARCH METHODOLOGY**

The research was conducted in the Northern Cape, which is one of the nine provinces in South Africa. The province has several unique features which pose specific challenges for the delivery of services. It has the smallest population of the nine provinces (1.1 million or 2% of total population) but has the largest geographic area (372 889 square kilometres or 30.5% of the country's surface area) (Statistics South Africa 2012:9–18). With 30.5% of the land area, the Northern Cape is more than 21 times bigger than Gauteng, which is geographically the smallest province but which has the biggest population size (12.2 million). The Northern Cape's capital, Kimberley, has a population of approximately 300 000, with the remaining population scattered in small towns and settlements across a vast geographical area (Northern Cape Department of Health 2009:9 and Gelb 2004:9). The size of the province and low population density make the task of ensuring equitable access to services complex and costly, and services may seem less efficient than in other provinces, where economies of scale are more possible (Northern Cape Department of Health 2009:9). The distance between one primary health care facility and the next level of care can, for instance, be up to 200km (Northern Cape Department of Health 2009:9).

A mixed methods approach was used for this study, as it was best suited to provide answers to the study's research questions. Data were collected by means of a self-administered questionnaire which was supplemented with data obtained from semi-structured interviews. A questionnaire was compiled, consisting of closed questions in the form of multiple choice questions, dichotomous questions, and scaled questions (Likert scale). The Statistical Product and Service Solutions package (SPSS) was used to analyse the data and calculate a score for each factor.

This study was based on criterion-type purposive sampling due to the fact that time and resources were limited and because information was

only available from a certain group of officials and political office bearers. Knowledge and understanding of the extent to which the responsiveness of the Northern Cape Provincial Government is influenced by fiscal decentralisation was an important criterion for this study. Based on this criterion, the researcher selected four different groups from which to elicit information, namely the Accounting Officers, Chief Financial Officers, members of the Standing Committee on Public Accounts from the Legislature and subject experts. The researcher reasoned that, from a public official's perspective, Accounting Officers and Chief Financial Officers were best suited to serve as samples, the reason being that Accounting Officers are responsible for ensuring that their departments are responsive to the unique needs of the community. Chief Financial Officers assist Accounting Officers in carrying out their financial duties as prescribed in the Public Finance Management Act, 1999 (1 of 1999). To enhance the validity of the study it was necessary to elicit the opinion of members of the Standing Committee on Public Accounts who are members of the Legislature and who deal with the annual reports of departments. It was also necessary to obtain the view from subject experts in order to obtain more in-depth information.

## **RESULTS OF THE CASE STUDY**

This study attracted a response rate of 80% from members of the Standing Committee on Public Accounts, 80% from Chief Financial Officers and 70% from Accounting Officers. When all responses were combined it resulted in an overall response rate of 76%. In order to collect the questionnaires, weekly follow-ups were done by means of telephone calls and e-mails. All departments were also visited individually in order to stress the importance of receiving the questionnaires back.

The research findings confirmed theories of fiscal decentralisation by scholars such as Yemek (2005:2), Fjeldstad (2001:12) and Slack (2007:462), which state that there are differences between the needs of the citizens in different sub-national governments of a country. In order to respond meaningfully to the needs of its citizens, it is important for a government to realise that differences exist and that different policies and programmes may therefore be required.

The low population density and the vastness of the Northern Cape Province makes it logistically very complicated to deliver services. The equitable share formula that is used for the division of revenue amongst provinces is mainly population driven, thus the Northern Cape Provincial Government (NCPG) does not benefit from economies of scale in service delivery. The capital outset

needed to put infrastructure in place for a small population (1,1million) that is scattered over 30% of South Africa's land area makes it more expensive to deliver certain services such as health and education. In addition, the province has a high poverty rate, a high unemployment rate due to a decline in the mining industry and other socio-economic issues, such as substance abuse, which contributes to a high incidence of foetal-alcohol syndrome.

This study showed overwhelming support for the notion of decentralisation of government in the form of sub-national governments and the rendering of services by sub-national governments rather than by a national government. The findings revealed that the NCPG is better equipped to understand the needs and complexities of its citizens and should therefore be able to respond better to those needs than national government. However, it was mentioned that national government is better resourced than the NCPG and can attract more skilled (specialist) personnel. A closer intergovernmental relationship also exists between national and provincial governments than is the case between provincial and local governments in the Northern Cape. The research indicated that there should be better communication and improved coordination of services between the provincial and local government in order to provide a better and more cost effective service to the citizens. The shifting of responsibility also seems to have an impact on service delivery, and the blame is sometimes shifted to another sphere of government. From a planning perspective, there are good plans in place that are funded through budgets. Implementation of these plans, however, is an issue, and if implementation is done correctly, the NCPG should be able to be more responsive.

The findings indicated that conditions attached to financial transfers (conditional grants) limit the NCPG's capacity to respond to the unique needs of its citizens. These findings are in line with Bird and Smart's (2002:899–912) statement that practical difficulties have led to an array of conditional transfers that are so detailed, complex and unrelated to the purpose for which they are intended that their use has led to ineffective sub-national governments as well as a resistance towards the transfers (grants) in many countries. The lack of significant provincial autonomy and flexibility in designing grant frameworks and altering spending to suit local priorities is one of the major reasons for resistance to this form of transfer. One practical example that was mentioned is the annual Division of Revenue Act's requirement that the NCPG must demonstrate its capacity to spend conditional grants. However, the smaller towns in the Northern Cape cannot attract the necessary skills to comply with the conditions set forth for the grant, which has a negative impact on the transfer of funds from national government to the NCPG.

The study found that there is no consensus whether the NCPG is more responsive to demands made by national government than to the needs of its

own electorate. However, it is noteworthy that 75% of the members of the Standing Committee on Public Accounts are of the opinion that it is indeed the case that the NCPG is more responsive to demands made by national government than to those of its own electorate. The rest of the respondents were of the opinion that there is a good balance between the two scenarios. This is attributed to the fact that national government sets national priorities which should receive preference. In the absence of national priorities, it is the obligation of the NCPG to state its own priorities through the Provincial Growth and Development Strategy.

The study confirmed that unfunded mandates imposed by national government on sub-national governments may affect their budgets. This implies that the budgetary autonomy of the NCPG is influenced by national government, making it less responsive to the needs of the citizens of the Northern Cape. Unfunded mandates are not on the priority list of the province and can therefore affect service delivery in the long run. Due to a decline in the economy and the rapidness at which certain needs may change, more flexibility is needed in the budget process. There should, for instance, be a reserve fund to deal with critical needs and unfunded mandates instead of redirecting funding from other needs when a crisis occurs. However, it was also stated that although provincial governments may, in general, complain that their budgets are not adequate, they often under-spend on those budgets. Unfunded mandates would, in a scenario where there is adequate funding, not negatively affect service delivery.

The results of the study revealed that national government unduly influences the budgets of departments of the NCPG. The fact that sub-national governments are dependent on national transfers can lead to governments that are unresponsive to the wishes of the population they serve. If national government funds sub-national governments, the national government can dictate how and on what the budgets of sub-national governments should be spent. National government can also indirectly influence the budget of the NCPG by setting national policies which should receive preference. Provincial governments are implementers of policies and should therefore implement the policies and priorities of national government in their budgets. It was furthermore established that a large portion of the budget of the NCPG is made up of conditional grants and that the national government can indirectly influence the budget of the NCPG through restrictions in the conditions of the grants. Between the provincial Health and Education Departments alone, for instance, there are 12 grants in place, and 25.56% of the NCPG's budget is made up of conditional grants.

The research determined that, due to limited financial resources, there are needs to which the NCPG cannot respond. This finding supports literature

(Diamond & Morlino 2004:26) which states that government's responsiveness to citizen demands can be constrained by limited financial resources and budget deficits, even in the wealthiest countries. It can therefore be concluded that a lack of funds impedes the responsiveness of the NCPG. Due to the economic problem of scarcity, public need will always outweigh the available financial resources. There are therefore needs that cannot be met, such as housing (as there is still a backlog of houses in the province) as well as other infrastructure. However, a lack of resources is not always bad because it forces government institutions to plan and prioritise. Limited resources also force government to deal effectively and efficiently with taxpayers' money. A larger revenue base will mean that the priorities of the NCPG will change, as departments plan according to their revenue base. If the NCPG has more revenue, it can invest more money in infrastructure (roads and transport). Roads play an important role in the economic growth and development of the province.

The study established that one of the major factors that impede responsiveness is inadequate interaction between citizens and the NCPG. Responsiveness implies that the NCPG should determine what exactly the needs of the citizens of the province are and how effectively it can execute its priority list. Another impeding factor is the capacity and skills of the NCPG's personnel. Examples that were cited included the need for engineering, technical, medical and accountancy skills. Another aspect that should receive attention is the compilation of plans. Plans should be compiled in such a manner that they are implementable by setting realistic targets based on the 'SMART' principle: specific, measureable, realistic and timely.

## **RECOMMENDATIONS**

Issues such as the geographical realities facing the NCPG and the importance attached to service delivery call for the NCPG to move away from the conventional approaches to public service delivery and to seek alternative ways of delivering services to the public. An example of such an approach is to provide certain services, for instance health clinics and libraries, by means of a mobile service, such as mobile clinics and mobile libraries. Another option that can be considered is that of electronic service delivery. The information technology revolution is affecting the manner in which government responds to the needs of the public, and it has opened new service delivery possibilities by mainly making use of technology such as the internet. An example of such a service is when an x-ray image is sent for evaluation via the internet from a rural area to a health specialist (such as a radiologist or other medical specialist)

in a city, in order to obtain advice on possible treatment. This can increase the speed of service delivery, reduce costs, save lives and promote the overall effectiveness and efficiency of service delivery.

It is further important that the NCPG attempts to achieve more value for money by focusing on the following areas:

- working towards the delivery of services in partnership with other service providers such as local governments and non-governmental organisations
- making more effective use of information technology in the management (for instance planning and monitoring) of government activities
- focusing on the improvement and upgrading of existing assets rather than building new infrastructure whenever possible.
- benchmarking with other comparable authorities in an attempt to reduce excessive costs and improve poor performance
- making more and better use of existing assets.

## **REFLECTIONS AND CONCLUSION**

The results of the study confirmed the hypothesis that fiscal decentralisation has an impact on the responsiveness of sub-national governments. It was established that provincial governments can better assess and respond to the unique needs of its citizens, and they can do so at a reasonable cost. However, provincial governments cannot collect enough own-revenue, which makes them dependent on national transfers to deliver goods and services. The fact that sub-national governments are dependent on national transfers makes them responsive to moral suasion by the national government.

The study further reveals that South Africa's VFI in respect of the provinces is unprecedentedly high, and less than 3% of the provinces' budgets are made up of own revenue. The NCPG transfers from national government amount to more than 97%, of which 72% is made up of the equitable share transfer and 25.56% conditional grants. This makes the NCPG almost totally dependent on the national government to fund its expenditure and reduces the flexibility and autonomy of the NCPG in deciding on its own budget priorities.

Given these findings, it seemed reasonable to conclude that the large vertical fiscal imbalance brought about by fiscal decentralisation in South Africa has a negative impact on the responsiveness of provincial governments. When sub-national governments lack independent sources of revenue, they can never truly enjoy fiscal autonomy and are under the financial control of the national government. However, the fact that a large portion of the fiscal transfers to provinces is made up of the equitable share portion (unconditional grants) means that national government impinges less on the autonomy of sub-

national governments than would be the case if total transfers were in the form of conditional grants.

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# The Need for Active Debt Management in Financially Challenged Municipalities in the Free State Province

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## ABSTRACT

In terms of section 155(4) of the *Constitution of the Republic of South Africa, 1996*, all municipalities (metropolitan, district and local municipalities) are expected to raise their own revenues in addition to the transfers they receive from national government. This principle is an important feature of any democratic local government system, creating a revenue-service link between the municipality and its customers that empowers customers to hold the municipality directly accountable for the services it provides. However, municipalities' own revenue collection has been significantly declining as a result of greater reliance placed on intergovernmental transfers as a revenue source. It is of concern that in many cases, the funds dedicated to service delivery, development and growth are being mismanaged by municipal officials, and in many instances due to political interference. Therefore, the purpose of the study was to identify debt management, its consequences, and the development of an integrated debt management model for municipalities in the Free State Province.

This article provides a theoretical review of debt management, legislative frameworks for local government financial administration as well as the challenges facing municipalities in financial distress within the

Free State Province regarding debt management. The article concludes by discussing the integrated debt management model as a result of conclusions drawn from the theoretical and the empirical study. The article argues that the integrated debt management model as an intervention can be operationalised to assist financially challenged municipalities in the Free State Province with current debt management challenges.

## **INTRODUCTION**

Since 1994 the transformation of local government has been associated with changes in creating developmental and cooperative local government, transforming political, institutional and administrative systems, and creating a new framework for municipal finances (Chetty 2015:2).

The services they have to provide, such as water, sanitation, refuse removal and electricity, are fundamental inputs to social well-being and the growth of the economy. The availability, price, sustainability and reliability of these services impact on local economic performance and can significantly affect the quality of life of the majority of households. In addition, demographic trends vary significantly between large urban municipalities and their smaller rural counterparts, with varying demands on municipal budgets. Effective actions, strategies and interventions are therefore needed to restore financial discipline, to address outstanding debts and to generate the necessary cash-flows to ensure the sustainability of municipalities.

## **BACKGROUND AND LITERATURE REVIEW**

The Constitution, 1996 clearly provides for a municipality to charge for services rendered, and to collect monies due to it, and to provide democratic and accountable local government for its citizenry. The supportive legislation in terms of the *Local Government: Municipal Systems Act (MSA)*, (Act 32 of 2000) enables municipalities to charge for services and to collect revenue. Therefore, it is imperative that the municipalities have effective financial management practices in place to effect these obligations, and that the service charges are cost reflective.

In light of the above Fourie, Opperman, Scott and Kumar (2011:238) declare that municipalities are affected by their own inability to collect revenue due to them for services rendered. Section 96 and Section 97 of the MSA, 2000

provides for the debt collection responsibility of a municipality's ability to adopt, maintain and implement a credit control and debt collection policy. In terms of Section 96(a) of the MSA, 2000 a municipality must collect all revenue due to the municipality for services rendered. Section 96(b) of the MSA, 2000 states that a municipality must adopt, maintain and implement an effective credit control and debt collection policy that is consistent with the municipality's rates and tariff policies. Furthermore, since 2003 there was a significant growth pattern in the Division of Revenue Act (DoRA) that gives expression to the policy priorities of national government as well as through which national government transfers funds to local government.

The National Treasury (2011:62) indicated that the amount owed to municipalities on 31 December 2010 was R62.3 billion, representing an increase of 10.8% from the same month in 2009. In addition, the National Treasury (2015:3) states that aggregate municipal consumer debt amounted to R104.9 billion (compared to R96.6 billion reported in the second quarter) as at 31 March 2015. This imposes the challenge for implementing stringent credit control and debt collection policies and procedures to arrest the growing escalation of debt. If the problem of non-payment persists, the government's situation in which all major public utilities are likely to incur large and possibly unsustainable losses due to non-payment will increase even further.

In the Free State Province alone the total amount owing to municipalities at the end of June 2012 amounted to R6.5 billion. This debt is made up of R590

**Table 1: Outstanding debt per province for the financial years 2009 to 2012**

Province	2009	2010	2011	2012
Eastern Cape	3 236 384	4 060 883	44 487 091	5 405 536
Free State	3 242 821	4 842 233	4 658 412	6 433 484
Gauteng	22 597 251	23 405 466	29 357 606	35 433 516
KwaZulu-Natal	6 824 375	7 962 327	8 776 785	9 924 415
Limpopo	2 491 280	2 020 315	2 294 236	3 238 085
Mpumalanga	2 005 532	2 155 709	2 216 020	2 432 473
North West	3 579 486	4 074 889	4 440 716	5 339 773
Northern Cape	440 205	1 195 210	1 129 396	1 531 455
Western Cape	5 981 918	6 335 168	7 276 595	7 873 205
<b>National Total</b>	<b>R50 399 252</b>	<b>R56 052 200</b>	<b>64 636 857</b>	<b>77 621 942</b>

Source: (National Treasury Local Government Database in Chetty 2015:156)

million in the category 0–0 days, R268.8 million in the category 31– 60 days, R689.9 million in the category 61–90 days, and R4.9 billion in the category over 90 days. Debt outstanding for over 90 days constitutes 76% of the total debt. In addition the debt over 90 days regressed by 9.4% in the 2011/12 financial year. However, in the 2011/12 financial year, the debt over 90 days increased by 4% or R1.47 billion. Table 1 shows the total outstanding debt owed to municipalities in each of the nine provinces over the period 1 July 2009 to 30 June 2012.

The above Table shows that Gauteng Province has the highest debt owing to municipalities at R35 billion, followed by KwaZulu-Natal with R9.9 billion. The total amount owing to municipalities in the Free State Province grew from R3.2 billion in 2009 to R6.4 billion in 2012, representing an increase of 98.3% from 2009/2010 to 2011/2012, compared to a 54% increase in the national total over the same period. According to the National Treasury (2011:71) the persistently high debt levels are an indication that most municipalities' efforts to collect billed revenues are deficient.

According to Chetty (2015:63–64) municipal consumer debt has a number of potential effects, such as the crippling of a municipality's cash position and thus its ability to fulfill its constitutional mandated responsibilities. Municipal consumer debt can also reduce the funding available for the delivery of basic services, infrastructure, maintenance and upgrading. Outstanding payments also represent foregone resources that could be used to improve the living conditions of the poor. According to Fourie *et al.* (2011:241–242) and the Free State Provincial Treasury, (2014:6–20) there are various possible reasons why municipal consumer debt arises, such as the poor performance by municipalities in the form of inaccurate billing, weak credit control measures and lack of customer service mechanisms, thus reinforcing non-payment. In addition, consumers may be unable to pay as a result of unemployment and poverty. Fourie and Mazibuko (2013:141) and the National Treasury (2013:18) state that any one of the following events could also push the municipalities that already have a very low cash coverage into a negative cash position namely; a deterioration in revenue collections due to the impact of the economic recession; the rising rates and tariffs on the affordability of household budgets; non-payment to priority suppliers, especially contractors responsible for capital projects; increased cost of bulk electricity and water; and any major breakdown in service delivery resulting in non-supply (especially water and electricity).

Chetty (2015:102–103) further argues that the growth in the level of consumer debtors may also be attributed to the following:

- Failure on the part of mayors and municipal councils to provide political backing to revenue enhancement programmes (often councillors are in arrears with their own payments);

- Failure on the part of municipal managers to allocate sufficient staff/capacity to the revenue collection function, thus comprising implementation of policies to enhance revenue;
- Poorly designed revenue management, indigent and debtor policies;
- Resistance among certain communities to pay for certain types of services (or to be billed in a particular way); and
- Rate-payer boycotts, sparked by deteriorating service delivery, and perceptions that the municipality is unresponsive to community concerns.

According to the National Treasury (2011:12) and Fourie *et al.* (2011:241–242) there are several factors that could possibly be contributing to the escalating municipal debt, namely:

### **Resistance amongst certain communities to paying for certain types of services**

According to Chetty (2015:42) the general media has attributed the under-collection of outstanding municipal revenue to the fact that certain customers withhold payment for services without any regard to the quality of such services.

### **Affordability**

As the majority of the citizens derive their income from employment, it could also be argued that the problem could be the result of the prevailing high levels of poverty due to the high unemployment rate in the country. It is argued that the poverty of many households makes them unable rather than unwilling to pay, hence the need for free basic services to the poorer segments of the population and/or a lowering of the rates. This argument is supported by McDonald (2002), among others. It is assumed that an understanding of the relationship between payment for services and provision of services is a crucial factor for compliance; consequently, the prescription is the education and political mobilisation of ratepayers, combined with the restoration of law and order (National Treasury 2011:12–14; Fourie *et al.* 2011:242; Chetty 2015:42).

### **Culture of entitlement**

The problem of non-payment also stems from a “culture of entitlement” and dependency. It is argued that many people believe that public services are a basic right and should not be paid for. In many cases, people are overly dependent on government, feeling entitled to receiving services free of charge (Fjeldstad 2004:8).

## **“Free-rider” problem**

A survey conducted by Burger (2001:13) found that in many urban municipalities, households and individuals that can in fact afford to pay for services instead opt for a “free-ride” under the basic behavioural assumption that people in general are “free-riders”. The problem of non-payment stems from such “free-riding”; in other words, nobody would voluntarily contribute to government unless the threat of punishment renders this the most sensible option. The temptation to not comply, even where others are in fact complying, defines the problem of “free-riding”. In reality, there are some residents who opt not to pay for their services simply because they feel they can get away with it, and because they know of many other residents who are also not paying for services and have thus far not suffered any negative consequences as a result (Burger 2001:14). With the high levels of non-payment evident all around, it is not surprising that some residents take advantage of the situation. To improve service delivery it is of crucial importance to address the broader problem of “free-riding”. According to Burger (2001:14) many people are in a position to pay for services but opt not to do so.

Poor debt collection and the increase in outstanding debts year on year is testament to the fact that municipalities have a challenge in the collection of outstanding debts. The causes of non-payment in South African municipalities have been the focus of several studies, including those of Burger (2001:14) and Fjeldstad (2004:8). Most of these studies were carried out in the early to mid-2000s and changes in the local government sphere warrant a thorough and updated investigation of the factors driving this kind of debt. It is against this backdrop that municipalities need to closely examine their debt collection and socio-economic factors to be able to respond appropriately to these challenges.

Rosenberg (2008:1) advises that for any municipality, the first step in improving revenue is to develop a coherent revenue enhancement strategy supported by policies that encourage both revenue growth and diversity. Before implementing such a strategy, municipal councils would be wise to consult with their communities and all other relevant stakeholders in a bid to lure their ‘buy-in’ and its practical application.

In order to enhance and protect their revenue, municipalities should consider the following practical approaches:

## **Charging affordable tariffs**

The National Treasury (2008:107) explains the charging system for municipalities as being complemented by nationally funded subsidies for infrastructure and

ongoing services to poor households. As such, tariff charges – particularly those applicable to the poor – must be affordable.

Pro-poor policies should be put in place to identify those ratepayers or customers considered indigent and unable to pay for services, as based on the prevailing income thresholds (Free State Provincial Treasury 2014:14).

## **Billboard advertisements**

By establishing an adequate billboard infrastructure across its entire area of jurisdiction, a municipality has the opportunity to enter into fixed-term contracts (three to five years) with members of the business community, whereby the municipality charges such businesses a certain fee for the use of these facilities for advertising purposes (Free State Provincial Treasury 2014:6).

Such billboard fees would vary (eg. the cost of advertising on one side of a billboard being less than the cost of advertising on both sides), while the contract in this regard should include a clause allowing the municipality to raise the billboard fees annually before the start of every new municipal financial year. Some other revenue enhancement and protection strategies, as proposed by USAID (2010:11), are discussed below.

## **Provision of metered services**

The use of metered services is said to be a crucial task, since it ensures that there is no wastage or pilfering of water and electricity meters. Municipalities must regularly service the water and electricity meters in order to guard against malfunctioning that may result in inaccurate billing, water or electricity leakages, or any other form of loss such as illegal connections (USAID 2010:12).

## **Accurate billing**

Accurate metering and billing is important in terms of consumer confidence in the accuracy of service charges. As such, municipalities must have accurate details of their customers' particulars, including residential addresses and names, and must ensure that meter readings are accurately captured. Another important consideration for municipalities is the need to determine whether the tariffs being charged to particular customers are correct in terms of either business tariffs or household tariffs. In fact, there are currently several court cases pending in respect of the incorrect billing of townhouse complexes and retirement homes as businesses. Correct billing ensures satisfied customers (Free State Provincial Treasury 2014:6).

## **Revenue collection**

It is important for municipalities to identify and differentiate between those customers who can afford to pay for services and those customers who are indigent (Free State Provincial Treasury 2014:14). Municipalities should therefore keep accurate registers of indigents who are unable to pay, with their situations being reviewed on an annual basis. At the same time, however, municipalities should work through the Expanded Public Works Programme to create labour-intensive projects within their areas as a means of creating jobs for such indigents and help them to become independent. The benefit of this for municipalities is that they would then be relieved of the burden of having to subsidise free services for the indigent population.

## **Arrears management**

A suitable debt management process involves the issuing of letters of demand for the payment of accounts in arrears, with all subsequent legal procedures to follow, and the identification of defaulters in a segmented fashion to allow for the targeting of specific defaulters, thus optimising the recovery of funds (DBSA 2004:23).

Revenue generation is the responsibility of every municipal official, not just the revenue management unit. Municipalities must effectively manage all functions with a potential impact on the protection and growth of their revenue base. The implementation of internal controls along the revenue value chain will aid in effective data handovers, while system data validation mechanisms and service level standards are fundamental in ensuring the integrity of billing data. Municipalities tend to neglect these basics and instead opt for costly 'data cleansing' exercises; however, it is only by protecting data integrity at the source that the municipality will be able to ensure longer-term benefits such as improved debt collection. Municipal functions must be adequately staffed with competently skilled individuals who understand the job requirements and how best to deliver thereon.

## **Austerity measures**

The introduction of strategic or austerity measures ensures that the operating expenses of the municipality are kept at a minimum. Fourie, Opperman and Scott (2007:104), however, maintain that the nature of a municipality's general expenses will depend on the range and nature of services provided by that municipality.

Strict adherence to municipal policies, such as subsistence and travel allowance policies among others, is crucial in curbing unnecessary costs.

## RESEARCH METHODOLOGY

This article followed a two-pronged approach, namely a literature review and an empirical study. The literature study was based on a qualitative study, which includes literature, legislation, policy documents, journal articles, books, conference papers, internet and government reports on municipal financial management, credit control and debt management. Quantitative research was applied to evaluate data to analyse the causal relationships between variables (Welman, Kruger and Mitchell 2008:224).

A structured questionnaire containing six categories and a total of 30 items was developed to elicit information during structured interviews with the municipal managers and Chief Financial Officers (CFOs) of the selected municipalities. The questionnaire comprised of closed and open-ended questions. Closed questions were used to determine the respondent's debt position, cash flow challenges, and the impact of debt on service delivery, IT solutions, policies and internal controls. Open-ended questions were also directed at the debt and cash-flow challenges. It is thus to be inferred that the research is a fair reflection of the perceptions of the respondents.

### Sampling

Two sampling techniques, namely the convenience sampling method and the simple random sampling method, were used. Welman, Kruger and Mitchell (2008:69–70) are of the opinion that in convenience sampling the respondents are selected due to their availability or accessibility. In addition, simple random sampling as a probability random sampling method was used to select municipal managers and CFOs from selected municipalities in the Free State Province. Brynard and Hanekom (1997:43) and Leedy (1985:154) state that randomisation means selecting a sample from the whole population in such a manner that the characteristics of each of the units of the sample represents the characteristics of the total population. Welman *et al.* (2008:59) further maintain that in the case of simple random sampling, each member of the population has the same chance of being included in the sample.

A total of 10 municipalities is a representative sample of 41.6% of the 24 municipalities in the Free State Province. The 10 municipalities provide a practical measure of the debt problem and implications for service delivery, given the commonality of the debt challenges across municipalities in the Free State Province. The following municipalities in the Free State Province were selected:

- Mohokare Municipality;
- Kopanong Municipality;

- Masilonyana Municipality;
- Tokologo Municipality;
- Dihlabeng Municipality;
- Letsemeng Municipality;
- Mantsopa Municipality;
- Ngwathe Municipality;
- Metsimaholo Municipality; and
- Matjhabeng Municipality.

## DATA COLLECTION AND RESEARCH FINDINGS

According to Bless and Higson-Smith (1995:121) structured questionnaires indicate a range of possible answers or guidelines on the procedures to follow. A structured questionnaire containing six categories was developed to elicit information during the structured interviews with the municipal managers and CFOs of the relevant municipalities. The questionnaire comprised closed and open-ended questions. The structured questionnaire was distributed through electronic mail to the selected municipalities. Owing to time constraints, structured interviews were conducted telephonically with the municipal managers and CFOs.

The structured questionnaire comprised of 30 statements or questions, the responses were used to calculate Cronbach's alpha, using the software package R. The software package R is an open source programming language, with experts from all fields of study contributing to analysis packages, statistical analyses in this case, and it even provides 95% confidence intervals for this alpha. STATISTICA a comprehensive statistical package was used for descriptive and other statistical purposes. The standard Chi-squared as well as Yates tests for independence between debt management and the other variables were applied. Chetty (2015:187) explains that the Yates test is a more reliable test of independence as reflected in Table 3. The frequencies and percentages pertaining to the respondents' population are illustrated in Table 2.

**Table 2: Frequencies and percentages of respondents' population group**

Variable	Categories	N	N	%
Population group	African	20	17	85
	White	20	2	10
	Coloured	20	1	2

Source: (Chetty 2015:184)

Table 2 describes the sample of municipal managers and CFOs. These ratios are in line with the population of 2.7 million in the Free State Province with a division between the different races (Stats SA 2013:3). However, this should not be the only criterion to fast track the development needs of the province as a whole. Other indicators including qualification and skills, a balanced approach to set vision and strategy for municipalities should also be considered. For the purpose of this article Table 3 below provides a statistical summary of the response rate to investigate the perceptions of municipal managers and CFOs regarding three of the six categories used in the questionnaire namely; debt management, service delivery and financial systems and controls. Descriptive statistics, namely frequencies and percentages, were used to portray the data. The information was presented in tabular form; the numbers represent “strongly agree,” “agree”, “don’t know”, “disagree” and “strongly disagree” respectively. The frequencies are presented both numerically and as percentages.

In Table 3, 70% of the respondents strongly agree or agree in item 1 that their municipalities have experienced debt problems. This is affirmed by the increase in the debtor’s book of R1.6 million at Free State municipalities. In item 2 a total of 60% of the respondents strongly agree, while 25% of the respondents agree that the debt problem impacted on cash flow at their municipality. Chetty (2015:196) maintains that the objective of a cash flow statement is to provide information on the historical changes in cash and cash equivalent of a municipality, as well as details of the cash inflows and outflows of the entity during the period, from operating, investing and financing activities.

In item 4, whether the growing debt problem has impacted on the cash flow coverage ratio of 2.5 months; 15% of respondents agree, 70% strongly agree and 5% strongly disagree. The findings are supported by the fact that the economy is shrinking, thus fuelling unemployment and poverty rates. This places added pressure on municipalities to exercise fiscal discipline by judiciously spending their funds on budgeted programmes and projects (Chetty 2015:199). In item 5 the majority of the respondents strongly agree or agree that debt problems have impacted on the municipality. The purpose of this item was to determine whether the municipalities are forecasting positive cash positions for any of the years of the medium-term budget. In item 6 a total of 50% of the respondents strongly agree and a total of 40% agree that the growing debt problems pose challenges to their municipality. According to Chetty (2015:198) consumer debtors as a percentage of own revenue provides a useful, easily calculated indicator of the state of a municipality’s debtor management capacity. In terms of good practice, a municipality with debtors greater than the average 30% of own revenue is at serious financial risk, especially if there is an ongoing deteriorating trend. In item 7, 11 of the 20 respondents, disagreed and nine agreed. These responses were inconsistent with the responses received from the other items

**Table 3: Frequencies and percentages of debt management, service delivery and financial systems and controls**

Item Description about debt management, service delivery and financial systems and controls	Yates Chi-squared test: p value	Strongly Agree	%	Agree	%	Don't know	%	Disagree	%	Strongly disagree	%
The municipality experienced debt problems in the last three years.	0.0113	14	70	1	5	0	0	3	15	2	10
The debt problem impacted on cash flow at your municipality.	0.0113	12	60	5	25	0	0	1	5	2	10
The debt problem is eroding the cash back reserves at your municipality.	0.0528	11	55	5	25	0	0	1	5	3	15
At your municipality, the growing debt problem impacts on the cash coverage ratio of 2.5 months.	0.0113	14	70	3	15	0	0	2	10	1	5
The debt problems impacted on going concern issues at your municipality.	0.0441	9	45	3	15	2	10	5	25	1	5
Growing debt problems pose challenges to your municipality.	0.5805	10	50	8	40	1	5	0	0	1	5
The municipality is utilising conditional grants to fund the operational deficit.	0.4362	4	20	5	25	0	0	5	25	6	30
The municipality had difficulty in paying its creditors within the last three months.	0.2614	3	15	7	35	1	5	7	35	2	10
The debt problems impacted on service delivery at your municipality.	0.2780	5	25	12	60	0	0	3	15	0	0
The debt problem impacted on achieving service delivery in priority areas i.e. electricity and water.	0.0976	4	20	10	50	0	0	1	5	5	25
The debt problem is caused by a growing indigent base at your municipality.	0.2048	2	10	12	60	2	10	2	10	2	10
The municipality has an adequate software solution for its revenue and debt management controls.	0.2598	8	40	6	30	5	25	1	5	0	0
The municipality changed its financial system within the last year.	0.5536	0	0	1	5	3	15	0	0	16	80
The municipality has adequate capacity to manage its IT system.	1.0000	2	10	4	20	0	0	10	50	4	20
The municipality has effective indigent monitoring and control systems.	0.4362	2	10	9	45	0	0	9	45	0	0
The municipality is able to effectively profile the customers in order to differentiate between those that can pay and those that cannot pay for services.	0.6770	3	15	8	40	1	5	5	25	3	15
The municipality has an in-house internal audit unit.	0.5185	9	45	7	35	0	0	4	20	0	0

Source: (Chetty 2015;192–193; Chetty, Van Niekerk and Olivier 2015).

and impacted negatively on the Cronbach's alpha value. In item 9 pertaining to whether debt problems have impacted on service delivery, an overwhelming 60% of the 20 respondents agree and 25% strongly agree that this is indeed the position in their municipalities. This finding is supported by the added pressure on municipalities to exercise fiscal discipline by spending their funds on budgeted service delivery programmes. The majority of the respondents strongly agreed and agreed with item 10 that the debt problem impacted on achieving service delivery in priority areas i.e. electricity and water and item 11 that the debt problem is caused by a growing indigent base at their municipality.

From the findings in Table 3 about financial systems and controls the majority of the respondents strongly agreed and agreed with item 12 that the municipality has an adequate software solution for its revenue and debt management controls. A total of 70% of the respondents agree that the municipalities lack the capacity to manage their financial systems. This can be attributed to poor collections, poor management of indigents, and poor implementation of municipal policies on debt management.

## **PROPOSED INTEGRATED DEBT MANAGEMENT MODEL FOR FINANCIALLY CHALLENGED MUNICIPALITIES**

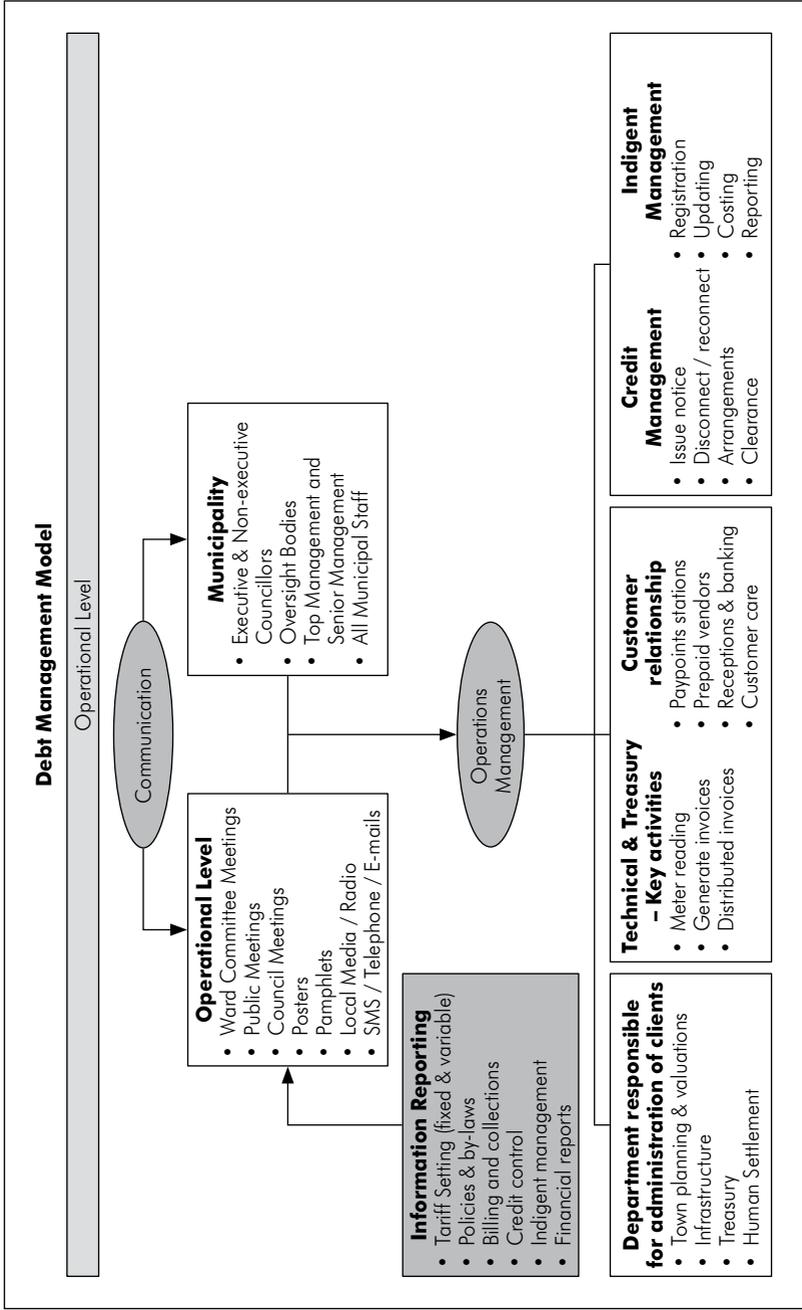
The article argues that the integrated debt management model as an intervention can be operationalised to assist financially challenged municipalities in the Free State Province with current debt management challenges. The integrated debt management model was developed based on the literature study and empirical findings. The model focuses on maximising revenue collection and a holistic approach for municipalities. The model may seem simple to implement, however, cognisance should be taken of the diverse political nature and socio-economic status of the municipal customer base. The integrated debt management model is presented in Figure 1 below.

The integrated debt management model as illustrated in Figure 1 provides a process-map that outlines the debt management components as discussed below.

### **Communication**

The model emphasises that a clear communication strategy is essential to promote effective two-way communication between the municipality and its clients. Municipal office bearers, officials and communities should build and foster a cordial relationship and equally be accountable and responsible for efficiency of services and collections of revenue in the municipal jurisdiction as required by Chapter 7 of the Constitution, 1996. The communication

**Figure 1: An Integrated Debt Management Model**



Source: (Adopted from Chetty 2015: 228); Chetty, Van Niekerk and Olivier 2015:12)

process should facilitate alignment between municipal expansion targets and community expectations on service delivery (Chetty 2015:229).

## **Information reporting**

The integrated debt management model as illustrated in Figure 1 emphasised the following aspects:

## **Tariffs setting**

The municipality and consumers must set realistic tariffs by understanding the demand (number and type of consumers, levels of service to which they have access and the current levels of consumption of services). Municipalities have to determine what it really costs to provide a service including direct costs (employee related costs, bulk purchases, repairs and maintenance, contracted services, other costs, etc.) and indirect costs, such as overheads and capital financing costs. The primary baseline tariff is calculated as the total cost divided by the number of baseline units. Two types of baseline units for water and electricity are: the number of consumers served and the unit of consumption (kl of water or kWh of electricity). For water and electricity the baseline tariff has a fixed and variable component. The fixed component is the fixed costs divided by the number of consumers, and the variable component is the variable costs divided by the total consumption of services (including any consumption that is given away free of charge). This will result in a baseline tariff that is the same for all consumers and covers all costs. Tariffs should also be monitored and reviewed annually and should not only be inflation adjusted (Chetty 2015:229–230).

## **Policies and by-laws**

In terms section 95(d) and (e) of the MSA, 2000 all municipalities must take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems (RSA 2000). It is also required that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due (Chetty 2015:230). Therefore, it is recommended that municipalities should document the procedures that it follows to give effect to the policies and by-laws that it has adopted.

## **Accurate billing**

Another crucial element of the municipal debt model is the requirement of accurate billing. Chetty (2015:230–231) states that as a result of poor billing

and revenue collection systems municipalities are becoming increasingly dependent on intergovernmental funding to balance their budget. Therefore, the introduction of consolidated billing is recommended as it would facilitate the debt collection process. Chetty (2015:230–231) further recommends the following for effective billing of consumers:

- The property information of all clients must be accurate;
- The municipality must have a signed agreement with customers for services to be provided to their residence;
- The municipal bylaws must be in place and the tariffs must be reflective of the municipal policies;
- Property tariffs must be cost reflective and the municipality must make use of variables such as land usage, debtor type (business or resident etc.), land zones, and service type;
- The ward information must be accurate per property;
- Effective systems and controls need to be updated and must supplement the financial software to ensure that complete and accurate billing takes place.

## **Credit control**

Effective credit control is a service delivery imperative as municipalities can only pay for bulk purchases, maintain infrastructure and fund new infrastructure if their own revenue and credit control activities function effectively (Chetty 2015:231–232). In terms of section 96(a) and (b) of the MSA, 2000 all municipalities must collect all outstanding debts and maintain and implement a credit control and debt collection policy. A crucial aspect of a credit control and debt collection process as indicated in the model is that credit control must be planned thoroughly, controlled well and it must be followed diligently. Chetty (2015:232) recommended the following aspects that are essential to promote an effective credit control system namely; to extract on a daily basis the details of consumers in arrears from the financial system and import them into the credit management system; transfer all transactions pertaining to these from the billing system to the credit control system to ensure that the arrangements can be monitored and that paid-up accounts are removed; regular updates of information concerning accounts handed over to attorneys; and to take the necessary actions in accordance with the municipal policies against consumers in arrears, such as electricity cuts; pre-paid meter blocks; water restrictions; summons; and judgements.

Chetty (2015:232–233) further suggested that municipalities have to ensure that on-site inspections are conducted to determine whether services have been illegally reconnected. If illegal reconnections or tampering are detected, the consumer must be subjected to a much stricter disconnection/restriction

process, which may involve either a by-law process or a specialised debt collection process (Chetty, Van Niekerk and Olivier 2015:14–15).

## **Indigent management**

As a result of increasingly high levels of unemployment and poverty within municipal areas, there are households that are unable to pay for basic services, and are referred to as ‘indigents’. Chetty (2015:233) argues that a municipality is required to adopt an indigent policy to ensure that indigents have access to services. A municipality can apply the following criteria as a boundary within which the municipality’s own indigent definition can be developed:

- The applicant must be a South African citizen (applicants must have valid identity documents and if not a South African citizen, applicants should provide proof of their refugee status).
- The applicant must reside in a dwelling (services are provided to a household); applicants residing in informal settlements should be eligible to qualify.
- The applicants must provide proof that they cannot afford to pay for the services, by submitting a UIF card, bank statements, proof of income.
- The applicant should not have a combined monthly household income higher than the amount specified in the municipal indigent policy (Chetty, Van Niekerk and Olivier 2015:15).

According to item 10 of schedule 2, 10 of the MSA, 2000 a staff member of a municipality may not be in arrears with his or her rates and services charges due to the municipality for a period longer than three months. The municipality must uphold this code of conduct for officials and ensure stop orders are implemented. Section 102 of the MSA, 2000 further allows for the consolidation of separate accounts of persons liable for payments to the municipality and municipalities can therefore credit a payment by such a person against any account of that person and implement any of the debt collection and credit control measures provided for in relation to any arrears on any of the accounts of such a person (RSA 2000).

## **Operations management**

The integrated debt management model provides a framework for its operation, management and coordination component, to guide key activities and actions. Its success will depend on all role players taking responsibility for the model.

In light of the above the integrated debt management model as illustrated in Figure 1 provides a coherent approach by emphasising the activities of

the key departments responsible for administration of clients and related activities within the municipality that will be responsible for debt management. Chetty (2015:234) argues that the operations management and coordination component as illustrated in Figure 1 provides a framework to guide key activities and actions. The demand for municipal commodities places added pressure on municipalities to improve debt management and collection to redress historical infrastructure weaknesses and urbanisation service demands. Municipalities must use their debt management systems effectively to enhance their billing, collection strategies and processes. It is also recommended that all departments within the municipality, as well as monitoring and oversight departments at the national and provincial sphere, should be equally responsible for debt management and revenue collection of a municipality (Chetty 2015:234–235). Therefore, it is imperative that the key municipal departmental heads and the executives have the necessary knowledge, experience; expertise; ethics and sense of professional common purpose and a commitment to operationalise the integrated debt management model to promote effective municipal debt management and revenue collections.

## CONCLUSION

The purpose of this article was to report on findings obtained through a literature survey and an empirical study conducted among respondents within selected municipalities in the Free State Province, with the aim to determine the current status of debt collection and emerging challenges. The focus was the developing of an integrated debt management model for municipalities in financial distress as a synthesis comprising of the following aspects: communication, tariffs setting, policies and by-laws, accurate billing, credit control and operations management. The proposed integrated debt management model has application value for all municipalities experiencing financial distress and which are struggling to collect municipal debt.

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# Sustainable Development of Higher Education Institutions in South Africa

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## ABSTRACT

Sustainable development (SD) in the context of higher education institutions (HEIs) in South Africa is examined. This article recognises HEIs as sources of innovation, technological advances and knowledge creators. Over the last two decades, HEIs across the globe have been positioned as problem-solvers for socio-economic and environmental competitiveness. The following two questions essentially formed the basis of the research. Firstly, *What are the main challenges facing the HEIs with regard to SD and research policies?* and secondly *What are the main areas of policy solutions/suggestions for the HEIs for SD?* The research design comprised the mixed-method approach, namely, quantitative research followed by qualitative research and was supplemented by secondary sources. The research confirmed that South Africa has a well-developed base of HEIs that need to be maintained and strengthened. The target population was made up of the HEIs, namely, 23 universities classified into three groups: eleven traditional research oriented universities offering discipline-based degrees; six universities of technology focusing on career-orientated and professional programmes; and six comprehensive (or dual) universities combining both roles. The findings established that South Africa is confronted with serious SD challenges that require urgent priorities and policies, which are to a large extent, under-conceptualised and under-developed. The research further found that the mandate to undertake research for SD is a relatively new function for many of the HEIs, a function which was previously undertaken on an *ad hoc* basis.

## INTRODUCTION

There is a dearth of literature on the contribution of research on SD by HEIs in South Africa. Empirical and analytical literature, for example, Paterson, Adam and Mullin (2003:10–14), Buys (2007:52–53) and Soares and Podcameni (2014:40–46) support the need for examining the contribution of research for SD. Therefore, this article explored the construct of SD in South Africa within the HEIs. It considered SD as an intent (economic, social and environmental pillars) as discussed in the literature review. The article commenced by providing among others the focus question, problem statement, and literature review and research design. The fundamental issue was to establish whether the new institutional configurations in the South African HEIs prompted an increase in research production. South African policy documents and Country Reviews indicate that South Africa does not as yet have the strong research capacity required for SD. From an international perspective, improving the ability of the private sector to exploit the outputs from the HEIs and other public research institutions (PRIs) is among the top agenda items of the innovation policy makers in most OECD countries (OECD 2005:16).

The objective of the article, *inter alia*, was to determine the SD of HEIs, the challenges faced and to make proposals accordingly. In this regard, the article identified the adequacy and/or weaknesses of the existing HEIs for strengthening research for SD. The article also presents relevant stakeholders with strategies for increasing research productivity. The focus questions were as follows:

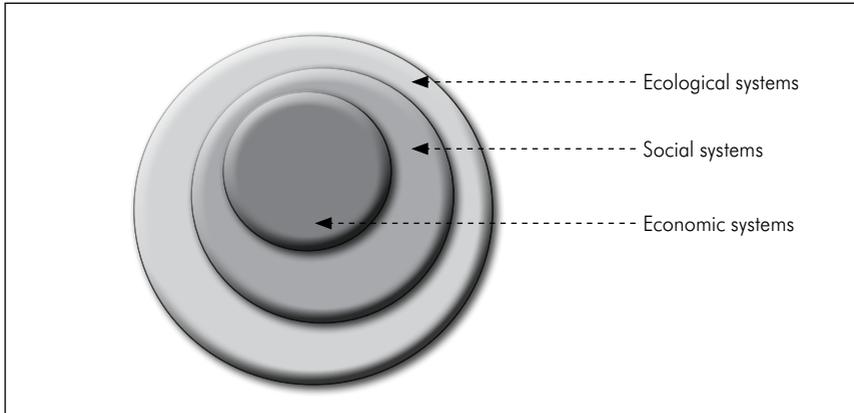
- What are the main challenges facing the HEIs with regard to SD and research policies?
- What are the main areas of policy solutions/suggestions for the HEIs for SD?

Whilst the discussion of SD tends to essentially focus on barriers and challenges, this research envisioned a positive future for SD in South Africa as a product of research within the HEIs. The policy and research domains of the HEIs regarding (sustainable) development are, to a large extent, disconnected (Kivimaa & Mickwitz, 2006; Nilsson, Rickne, Kokko & Virgin 2008:2). Indeed, South Africa has made significant SD progress over the past 15 years. However, significant development challenges still need to be addressed through research. Activities and concomitant examination of research for the SD agenda in developing economies is still in the early stages.

## LITERATURE REVIEW

Having introduced the thrust of the article, the next section provides a literature review of the construct of SD and explores development theories.

**Figure 1: Ecological, social and economic subsystems**



Source: (Adapted from Lal and Keen 2005:3)

## The construct of sustainable development

The concept of SD became a widely accepted standard, but still presents challenges in terms of its real meaning (Costa, Stoffel, Rodrigues & Oliveira 2010:1). Even though the concept of SD has largely defied a precise definition, for the purposes of this article the definition offered by the World Commission on Environment and Development (WCED 1987) is appropriate. SD is defined “as the ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs”. Also, the concept of SD has evolved considerably over time. However, the problems intended to be addressed remain unsolved, creating the need for this research to add to the existing body of knowledge.

The concept of SD has been considered as the intent of economic, social and environmental pillars, which can also be viewed as nested within each other and forming a complex human-environment system as illustrated in Figure 1.

In view of the three aforementioned pillars, development according to Schnurr and Holtz (1998:34), is essentially about the effective integration of social, economic and ecological considerations on all scales from local to global, over time.

The social pillar refers to the social challenges facing South Africa that require multi-stakeholders participation such as the persistence of “widespread poverty and extreme inequality...implies that different units possess different amounts of this attribute” (SA Diagnostic Report NPC 2011a:8). These according to Bekkers, Edelenbos and Steijn (2011:212) are ‘wicked challenges’ with a ‘wicked character’ requiring knowledge and action to be developed across boundaries of culture,

discipline, sector and business models. The wicked challenges facing South Africa include the fight against crime, social unrest, unemployment, political instability, traffic congestion, water, sanitation and electricity management and provision, air pollution, economic and social decline, and inequality (Bekkers *et al.* 2011:212; World Economic Forum (WEF) 2016:9). The eight objectives of the Millennium Development Goals (MDGs) are to eradicate extreme poverty and hunger, provide universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS and malaria diseases, ensure environmental sustainability and development (New Partnership for Africa's Development (NEPAD) 2010:26). International Movement ATD (All Together in Dignity) Fourth World, (2015) conducted a participatory evaluation from early 2011 to late 2013, which established that in order for the post-2015 agenda to succeed in reducing disparities and eradicating extreme poverty, development targets should be considered to have been met only when they have been met for all relevant groups, including the bottom 20% in every population, from the national to the local level.

The economic pillar relates to issues such as health and education, goods market efficiency, labour market development, technological readiness, market size, innovation and sophistication, business sophistication and innovation (WEF 2015:324). The economic pillar issues include deflation in major economy, high structural unemployment or underemployment, illicit trade such as illicit financial flow, tax evasion, human trafficking, and organised crime among others (WEF 2016:10). In the last decade, South Africa has not been spared the deep global economic slowdown that has slumped demand for export products along with falling commodity prices, significant reductions in foreign investment and a more general liquidity shortage. Similarly, variables such as labour strikes, legal action by interest groups, trade embargoes and material shortages have had a negative impact on South Africa's economy.

The environmental pillar has largely revolved around traditional sectors such as water, air, waste, and soil. However, as from the mid-1990s, the approach was noted to be entirely ineffective and other policy concepts have been integrated and broadened (Lafferty, Ruud, & Larsen 2005:257). The integrated approach includes issues such as man-made environmental catastrophes (oil spill, radioactive contamination), major natural catastrophes (earthquake, tsunami, volcanic eruption, geomagnetic storms) and major property, infrastructure and environmental damage as well as human loss caused by geophysical disasters such as earthquakes, volcanic activity, landslides, tsunamis or geomagnetic storms and failure of climate-change mitigation and adaptation as well as major biodiversity loss and ecosystem collapse (land or ocean) (WEF 2016:9). The mandate for policy integration for SD in the environmental pillar can be traced to the "Brundtland Report", Chapter 12 of Our Common Future which states:

*The ability to choose policy paths that are sustainable requires that the ecological dimensions of policy be considered at the same time as the economic, trade, energy, agricultural, industrial, and other dimensions – on the same agendas and in the same national and international institutions. That is the chief institutional challenge of the 1990s (WCED 1987:313).*

From an environmental point of view, South Africa's performance is weakened mainly by increasing CO<sup>2</sup> emissions and strained water and fish stock resources. Soil erosion and practices connected with commercial farming, such as the use of pesticides, add to environmental pressures (WEF 2015:70).

This article views the construct of SD from the three pillars, namely, social, economic and environmental. However, it is of the view that in order for the concept of SD to be functional and applied in practice, clarifying the differences between 'development' and 'growth' is important. Flint (2007:3) differentiates between the two terms by explaining that growth is an increase in physical size through quantitative material increase. In contrast, development is the realisation of a fuller and greater potential-qualitative change, realisation of potentialities, and transition to a fuller or better state. Chaturvedi and Srinivas (2012:1641) highlight the importance of the concept of 'inclusive growth' with the concern that raising inequalities can threaten sustainability of growth. The construct of development, can be viewed in multi-dimensional terms such as 'evolution', 'progress', 'economic growth' (Molteberg & Bergstrom 2000:6–7). As a result, research in development "is committed to improvement and growth, addressing current, actual problems, focusing on solving them and` tend to be applied and action-policy oriented" (Molteberg & Bergstrom 2000:7). According to Neumayer (2010:7) economic development is sustainable "if it does not decrease the capacity to provide non-declining per capita utility for infinity". Economics, in this instance, refers to the articulation and allocation of scarce resources (Schumpeter 1934; Lall & Petrobelli 2002; Lal & Keen 2005; Bell 2007). According to Srinivas and Sutz (2008:4) resources are not 'given', rather they are created, applied and spread. Therefore, from an economic perspective SD is viewed as "maintaining intact the value of a nation's total capital stock over time" (Heal 2007:20–21).

The South African NPC's Diagnostic Report (2011a) provides the basis for the NPC's plan by identifying the main challenges confronting South Africa and examining the underlying causes which, in summary, include: (i) too few South Africans are employed; (ii) the quality of education for poor black South Africans is substandard; (iii) poorly located and inadequate infrastructure limits social inclusion and faster economic growth; (iv) South Africa's growth path is highly resource-intensive and hence unsustainable; (v) spatial challenges continue to marginalise the poor; (vi) the ailing public health system confronts a massive disease burden; (v) the performance of the public service is uneven; (vi) corruption

undermines state legitimacy and service delivery; and (vii) South Africa remains a divided society (South Africa NPC Diagnostic Report 2011a:1–29). To this end, this article explores development theories relevant to the concept of SD.

## DEVELOPMENT THEORIES

This section reviews two relevant development theories that have both a direct and indirect impact on the construct of SD in South Africa, namely, the modernisation and the human capital theory. Theory plays an important role and adds depth in explaining the lens through which the research is examined, and provides an important foundation for the entire research. The use of a theoretical framework also serves as a guide during research analysis and interpretation of results.

The concept “theory” is defined by Schunk (2008:23) as “an organised set of related principles explaining observed events/relationships”. Theories make predictions in the form of “if..., then...” statements that can be tested”. Moore and Kearsley (1996:197) affirm that “theory gives us a common framework, a common perspective, and a common vocabulary that helps us ask questions in a sensible way and make sense of problems”. Similarly, Pieterse (2010:9) views sustainable development theory as that which takes into consideration a country’s economic, sociological, anthropological, historical, political and even ideological factors. Currently, the theory of SD presently borrows from development, sociology and economic related fields (Decleris 2000; Pieterse 2010:9) as indicated in Table 1.

**Table 1: Global hegemony and development theories**

Historical	Context	Hegemony Explanation	Development theories
Nineteenth century	British Empire Colonial	Anthropology, social Darwinism	Progress, evolutionism
1890–1930s	Latecomers, colonialism	Classical political economy	Catch up
Post-war boom	US hegemony	Growth theory, structural functionalism	Modernisation
Decolonisation	Third World nationalism, G77	Neo-Marxism	Dependency
1980s >	Globalisation Finance and corporate capital	Neoliberalism, monetarism	Structural adjustment
1990s >	Rise of Asia, big emerging economies, BRIC	Capabilities, developmental state	Human development

Source: (Pieterse 2010:9)

Table 1 indicates that (sustainable) development is intrinsically a field of multi-level negotiation, which requires the adoption of a multidimensional and holistic approach. Therefore, due to the cross-disciplinary nature of the concept of development, the theories reviewed in this research have been adapted from constituent disciplines such as economics, sociology and agricultural science. Generally, (sustainable) development actions need all of the following theories in new combinations: classical political economy, modernisation, dependency, market-led (neoliberalism) and society-led (alternative development). Following a review of literature, this research identified the modernisation theory and the human capital theory as the most relevant in addressing research in HEIs.

## Modernisation theory

The modernisation theory and the associated stages of growth (evolutionary) theory are linked to Rostow (1960; 1990) who identified five stages of economic growth that lead to development, namely: the (i) traditional society (an agrarian-dependent society with limited access to science and technology); (ii) preconditions of take-off (a transitional period to modernity, a period when a developing society becomes

**Table 2: Three stages of development**

Development stages		Brief description of development stages
1	Factor-driven	The GCI assumes that economies in the first stage are mainly factor-driven and compete based on factor endowments—primarily low-skilled labour and natural resources. Stage of development hinges primarily on well-functioning public and private institutions (pillar 1), a well-developed infrastructure (pillar 2), a stable macroeconomic environment (pillar 3), and a healthy workforce that has received at least a basic education (pillar 4).
2	Efficiency-driven	Institutions and countries develop more efficient production processes and increase product quality, due to increased wages and cannot increase prices. Competitiveness is increasingly driven by higher education and training (pillar 5), efficient goods markets (pillar 6), well-functioning labour markets (pillar 7), developed financial markets (pillar 8), the ability to harness the benefits of existing technologies (pillar 9), and a large domestic or foreign market (pillar 10).
3	Innovation-driven	The stage entails companies competing by producing new and different goods through new technologies (pillar 12) and/or the most sophisticated production processes or business models (pillar 11) in order to sustain increasing higher wages and the associated standard of living.

Source: (WEF 2015:9–10)

aware of the need for advancement); (iii) take-off (the period of rapid industrial and technological growth); (iv) drive to maturity (a period of long sustained growth); and (v) age of high mass consumption (a period of economic growth when society moves towards demanding durable consumer goods and services).

The WEF (2015:9–10) adopted and further adapted Porter's (1990) theory in formulating three stages of development, which bear some similarities to Rostow's (1960) five stages of economic growth theory summarised in Table 2.

Table 2 implies that globally countries are at different stages of development, which has implications for the three pillars of sustainable development, namely, the economic, social and environmental pillars. The modernisation theory proposes that if 'less-developed' countries (LDCs) are to become 'developed', the path taken by the 'developed' countries, which is closely tied with industrialisation, should be followed. Scholars such as Inkeles and Smith (1974), Webster (1984), Harrison (1988) and Saha (1992) have assumed the existence of a direct causal link among five sets of variables, namely: modernising institutions, modern values, modern behaviour, modern society and economic development.

## **The human capital theory**

Supporters of the Human Capital Theory (HCT) include Blaug (1985) and Schultz (1961:1981) who affirm HCT as being the most productive course to national development in any society. Schultz (1961:640–641) further suggests that the HCT rests on the nation's human capital for the advancement of the population. He also adds that education contributes directly to the growth of the national income of societies and is not merely a form of consumption (Schultz 1961:640–641; 1981:640–641). The HCT assumes that improved technology leads to greater production and that employees acquire skills through formal education for the use of technology. However, Blaug (1985:18–25) contends that boosting the level of education in a society may increase inequalities in the distribution of income. Fagerlind and Saha (1989) also view the HCT as appealing but caution that it is fraught with methodological problems, for example, in measuring how education contributes to labour quality. However, this research views HCT as being appropriate for the utilisation of HEIs research for SD. Having explored the development theories relevant to SD, this article examines the contribution of HEIs to SD.

## **CONTRIBUTION OF HIGHER EDUCATION INSTITUTIONS TO SUSTAINABLE DEVELOPMENT**

This article adopted both an internal and an external dimension in examining the role of HEIs in SD. Internally, the research reviewed the HEIs landscape

in South Africa, while externally, the central issue was the identification of specific mechanisms for constructive collaboration among the HEIs. It can be accepted that the HEIs are essential contributors to SD through the production of knowledge, skills and innovations needed to drive the regional and national economies. Lall and Petrobelli (2002), Srinivas and Sutz (2008), and Bell (2007) iterate that HEIs play a pivotal role in research and in the development of scientific and technological innovations that promote real and sustained economic and SD. However, given the limited funding and financial challenges, many African HEIs are under increasing pressure to demonstrate their relevance with regard to the SD pillars (Lundvall 2007:6–7).

A comprehensive explanation of Research for Higher Education Sustainability (HES) is offered by Glasser, Calder and Fadeeva (2005:7–8) as follows:

“Any research that is directed at advancing our ability to incorporate sustainability concepts and insights into higher education and its major areas of activity: policy, planning, and administration; curriculum/teaching; research and scholarship; service to communities; student life; and physical operations/infrastructure. It also refers to research that treats higher education institutions as complex systems and focuses on the integration of sustainability across all of its activities, responsibilities, and mission. Research in HEIs includes six general focus areas: (i) defining and envisioning “Higher Education for Sustainability;” (ii) integrating sustainability into higher education activities and responsibilities; (iii) assessing how well academic institutions incorporate and model sustainability; (iv) improving the ability of scholars to teach about sustainability or incorporate sustainability concepts and principles into courses, curricula, disciplines, and research programs; (v) addressing questions—in science, technology, social science, or the humanities—that are crucial to our transition to a sustainable future; and, (vi) addressing processes for social learning, innovation diffusion, knowledge transfer, policy analysis, decision-making, and educational reform that are crucial for our transition to a sustainable future” (Glasser *et al.* 2005:7–8).

The Glasser *et al.* (2005) explanation of research for HES demonstrates that there are many types of research along the continuum of sustainability ranging from the specific (engineering research that produces widgets for improved energy efficiency) to more philosophical (examining the premise of sustainability).

The South African Department of Education (DoE) National Plan for Higher Education (2001) suggests that “the strategic framework for re-engineering the higher education system for the 21st century” poses the question whether HEIs are indeed geared towards addressing the human resource skills shortages

facing South Africa, which is an important condition for SD in both social and economic pillars and has “trickle down” effects to provide for the environmental pillar. In this regard, Brennan, Kogan and Teichler (1996:15) suggest that globally HEIs are less equipped “to steer these processes systematically than (they are) to shape the cognitive domain of academic learning”. The South African Department of Higher Education and Training’s [DHET] (2011) Strategic Plan of 2010–2015 asserts that the differentiation debate on the HEIs is not concluded, and that the HEIs are currently differentiated by institutional type, as well as on-going differential resource allocations using indicators such as student enrolments, research output and the number of academic staff with doctorates, student success and institutional size. The Minister in the DHET appointed a national task team to review the HEIs funding regime and promote a differentiated system that will meet a diverse set of equitable goals. This article advocates for the participation of HEIs’ in the future composition of the task team in shaping the national policy debates, which implies that clarity in respect of the institution’s academic and organisational identity is a pressing strategic priority as this will influence how each of the HEIs are perceived.

## **OVERVIEW OF RESEARCH IN AN INTERNATIONAL CONTEXT**

Many of the SD (social, economic, environmental) challenges facing Africa can only be met through international cooperation and multilateral agreements. Yet according to the Africa Progress Report (2014) international cooperation remains weak, with an undue emphasis on voluntary codes of conduct that lack enforcement mechanisms.

The G20 countries have been increasing research productivity and most have scaled up the proportion of Gross Domestic Product (GDP) spent on Research and Development (R&D) (Royal Society 2014). The USA produces 20% of the world’s authorship of research articles with 10 dominating world university league tables (Academic Ranking of World Universities [ARWU] 2010). The U.S.A also invests nearly US\$400 billion per year in public and private R&D (USA National Science Board 2010). The UK, Japan, Germany and France each also commands a strong position in the global league tables of about 59% of all spending on science, globally. However, these countries do not completely dominate global science (Royal Society 2014). China is also the third largest R&D spender globally, and has increased research publications, moving to the second highest producer of research output in the world (Royal Society 2011:17; Aiginger, Okko and Ylä-Anttila 2009:129). Between 2004–2008, China accounted for approximately 8.5% of the world’s articles published

in journals indexed by Thomson Reuters (Adams, King and Ma 2009:6). India has replaced the Russian Federation in the top 10, climbing from 13<sup>th</sup> in 1996 to 10<sup>th</sup> between 2004 and 2008. India, Brazil, South Korea, Turkey, South East Asian nations such as Thailand, Singapore and Malaysia, and European nations such as Portugal, Greece and Austria have all improved research standings in the global scientific league tables. India produces roughly 2.5 million sciences and engineering graduates each year.

The growth of commitment to science in a number of the non-G8 nations has taken place in tandem. For example, Turkey has improved its scientific performance at a rate almost rivalling that of China. Having declared research a public priority in the 1990s, the Turkish government increased spending on R&D nearly six-fold between 1995 and 2007. The proportion of Turkey's GDP spent on R&D rose from 0.28% to 0.72% and the number of researchers increased by 43% (OECD 2010). Turkey produced four times as many articles in 2008 as that published in 1996 (OECD 2010) and now spends more annually in cash terms than Denmark, Finland or Norway (Royal Society 2011:17–20). The aforementioned commitments, especially by members of BRICS, namely Brazil, China and India are crucial lessons that should be emulated by the South African government for it to be a key player in innovation.

## **RESEARCH METHODOLOGY**

The research design focused on the HEI's perspective of SD. According to Kane and O'Reilly-de Brun (2001), a problem or an issue that a researcher is probing determines the research design as well as the research methods and techniques to be used. A research design is a plan or proposal to conduct research, involving the intersection of philosophy, strategies of inquiry and specific methods (Creswell & Plano Clark 2011:44). The research design describes the procedures for conducting the research, including when, from whom and under what conditions the data will be obtained (McMillan & Schumacher 2011:110).

The target population consists of HEIs in South Africa, which comprised 23 universities classified into three groups: 11 traditional/conventional research oriented universities offering discipline-based degrees, six universities of technology focusing on career-orientated and professional programmes, six universities of technology and six comprehensive (or dual) universities combining both roles. The Frascati Manual (OECD 2002:77) describes the HES as comprising "all universities, colleges of technology and other institutions of post-secondary education, whatever their source of finance or legal status. It also includes all research institutes, experimental stations and clinics operating under the direct control of or administered by or associated with higher

education institutions". The questionnaire targeted the Deputy Vice Chancellors (DVCs) of Research/Deans of Research/Directors of Innovation Centres.

This research commenced with an open-ended questionnaire, followed by open-ended interviews. The questionnaire was administered to a purposeful sample of 12 Heads of Research Centres in the South African HEIs. Despite all efforts to obtain completed questionnaires and interview participation from all participants, a 40% response rate was achieved. A higher response rate would have certainly improved the representativeness of the data. The participants comprised three comprehensive and two traditional universities. In total five questionnaires and five interviews were undertaken: namely two DVCs and three Directors of Research or Innovation Centres. Nevertheless, the data collected from the five participating institutions provides a solid foundation that creates a platform for a dialogue on interventions for strengthening the research of the HEIs. Similarly, ethical issues were considered during the entire research process which included obtaining ethical clearance and the informed consent of research participants.

## RESEARCH RESULTS AND DISCUSSION

### Quantitative results obtained from the questionnaire

#### *The main challenges facing the HEIs with regard to SD and research policies*

The challenges pointed out by the respondents about SD are outlined in Table 3. These challenges range from policy implementation to unavailability of adequate human resources and funding. The social-equity challenges facing South Africa's HEIs will require addressing significant weak points such as overall efficiency, Science, Engineering & Technology (SET) enrolments, postgraduate enrolments and transforming institutional and academic cultures.

**Table 3: Challenges facing HEIs with regard to Sustainable Development**

HEIs	Sustainable development challenges
1	i. Difficulty of monitoring and implementing policies, as there is not enough manpower to monitor the policies. Monitoring tools that are easy to use and are effective are required.
2	i. The main challenge is the implementation thereof, due to the limited financial resources as well as lack of capacity in terms of human resources skills and knowledge. ii. Poor communication on the meaning and concept of SD.

HEIs	Sustainable development challenges
3	<ul style="list-style-type: none"> <li>i. Lack of basic skills with the grassroots community for example financial management, administration, planning and strategic management skills.</li> <li>ii. Lack of skills from academics to deal with these kinds of challenges due to the general and practical nature of some of the requirements.</li> <li>iii. Understanding of the purpose of SD.</li> <li>iv. Resistance to shifting away from basic research to more applied research has not been widely accepted among all academics.</li> <li>v. The multi- and trans-disciplinary nature of the development challenge is not supported by the existing funding models at HEIs.</li> <li>vi. Communication challenges.</li> </ul>
4	The institution does not foresee any SD challenges as the concept is now a broadly supported concept and many of the opportunities available for research funding actually stipulate that the research should embody aspects of SD.
5	Sustainable development challenges relate to the funding capacity and policy issues.

## Discussion of the quantitative questionnaire results

Based on the survey results, it appears that some of the HEIs have adapted their strategic policies and subsequent statements to demonstrate their level of engagement with SD. Furthermore, the findings indicate a strong disconnect between research units and SD (economic, social and environmental) priorities.

The results also indicate that the HEIs are not at all geared towards the concept of SD, which is visible in the form of the existing funding mechanisms for research. In contrast to fundamental or basic research (Mode 1 knowledge production), the NRF, for instance, prioritises experimental development, systematic work and knowledge produced in the context of application or evidence-based policy research (Mode 2 research) in the form of ‘Competitive Industry Programmes’, which are linked to specific governmental goals. In order to provide stable core funding for public research, a balance between competitive funding and institutional funding of HEIs should be maintained. This institutional funding should be complemented by rigorous performance evaluations in order to ensure efficiency and adequate returns on the investment in public research. Government funding and incentives emanating from various policies lack both clarity and stability, thus creating dilemmas in terms of (long-term) strategic planning in the HEIs.

The results suggest that both the HEIs and the majority of South African institutions are unbalanced in resource allocation. Achieving a balance among the HEI’s core functions (teaching, research and community engagement) is an example of such a dilemma. The findings also indicate that the bulk of research efforts are centred on basic research (Mode 1) inquiries and restricted to the endeavours of postgraduate students (Master’s and PhD levels). Most of

postgraduate students leave the HEIs upon graduation and, therefore, do not directly contribute to (long-term) SD and research capacity-building. Also, the students' research activities, by and large, are unpublished outside the internal channels of the HEIs. Notwithstanding, some HEIs have since 2013 required that PhD students submit an article co-authored with their supervisors before the thesis is sent out for examination. Also, the student has to show evidence of publication before graduation is allowed.

## Qualitative research results obtained from interviews

### ***The main areas of policy solutions/suggestions for the HEIs for sustainable development***

The respondents provided various policy suggestions outlined in Table 4. They observed that the HEIs should create policies suited to increasing research productivity and SD. The collaborations between the private sector and HEIs should also be enhanced to improve knowledge transfer and networking.

**Table 4: Policy solutions/suggestions for the HEIs**

HEIs	Policy solutions/suggestions for the HEIs
1	<ul style="list-style-type: none"> <li>• Develop and implement policies that are user friendly for supporting and facilitating SD</li> <li>• Treat SD as a project, requiring project management skills</li> </ul>
2	<ul style="list-style-type: none"> <li>• Research aimed at regional needs</li> <li>• Policies for strengthening the HEIs, private sector and government</li> <li>• Increasing staff and funding</li> <li>• Increasing SD research efforts</li> </ul>
3	<ul style="list-style-type: none"> <li>• Increasing collaboration between the HEIs and private sector and government in the triple helix model</li> <li>• Increased staff development</li> <li>• Implementation of various policy mixes</li> </ul>
4	<ul style="list-style-type: none"> <li>• Policy awareness programmes for staff</li> <li>• Increased support for staff</li> </ul>
5	<ul style="list-style-type: none"> <li>• Research management policies</li> <li>• Increasing skills and training for staff</li> <li>• Support research capacity</li> </ul>

The research results indicate that the HEIs need to develop policies focusing on research for SD. A related response from one of the research participants was that “we are many things and we have many cultures and many mind-sets”, clearly suggesting that the focus on research for SD was clouded.

The interview responses complemented earlier questionnaire policy suggestions by means of data triangulation for the HEIs. The results from the interview responses included suggestions for strengthening of research governance and the importance of an improved HEI's funding model in the future. Furthermore, HEI's-private sector collaborations and partnership and contracted research were cited as significant for SD research within the HEIs.

## CONCLUSIONS

A number of conclusions have been identified as key requirements for expanding and strengthening SD within the HEIs through research.

First, South Africa is characterised by an imbalance in resource allocation. Large-scale national programmes such as the 'big science' projects and 'big technology' initiatives at the level of the NRF and the DST have obscured other types of innovation critical for SD.

Second, although South Africa is confronted by serious SD challenges that require urgent priorities, the findings infer that SD policies within the HEIs are to a large extent, under-conceptualised and under-developed. The findings have identified that research policy and SD policy domains are, to a large extent, disconnected.

Third, it may be inferred that the mandate to undertake research for SD is a relatively new function for many of the HEIs, a function which was previously undertaken on an *ad hoc* basis.

## RECOMMENDATIONS

It is recommended that sustainable development structures be well-defined and supported within the HEIs for SD research. Consequently, strategies to increase research activities for SD within the HEIs should be implemented. The mission of HEIs should be transformed by integrating SD into the research agenda and ensuring the harmonisation of research policy with overall HEI policies. Furthermore, HEI's private-sector collaborations and partnerships and contracted research should be strengthened for SD research within the HEIs.

This article recommends further that government's role in research for SD should be well-defined. Its role should include support mechanisms for enhancing HEI's private-sector engagement through policy frameworks. It should also provide incentives and funds for eliminating constraints and stimulating both demand-pull and supply-push approaches for research uptake for SD. Additionally, the government should develop and implement measures

needed to galvanise and integrate policies for research within the field of SD in the HEIs. Priorities should be put in place for effective management of SD pillars, which should include monitoring of social, economic and environmental development deficits more effectively, with more reliable data.

In addition, it is recommended that increased government funding and funding mechanisms are required for the HEI's full functionality. Funding for science and research should continue to be applied strategically to strengthen and stimulate research for SD. The funding mechanisms should include: differentiated, priority-setting funding that links performance to research. The funding should also increase laboratory capacity and scientific infrastructure and equipment, scientific services and programmes such as incubators, design and engineering services, technical services, technology hubs, pilot plants and industrial experiments. Seamless funding arrangements should be put in place within the multi-helix research organisational structure. Finally, funds should also be channelled to uplifting emerging researchers.

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# The Implementation of a Turnaround Strategy to Enhance Service Delivery

## A Local Governance Perspective

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### ABSTRACT

Local government is governed by, *inter alia*, the rules and principles laid down in the *Constitution of the Republic of South Africa, 1996*, with a mandate to provide services, meet the basic needs of communities and promote local economic and social development. Local government is regarded as the sphere of government closest to communities and should it fail, South Africa faces risks in meeting its developmental mandate.

Service delivery protests about dissatisfaction with the delivery of basic municipal services such as running water and electricity, high levels of unemployment, high levels of poverty, poor infrastructure, lack of housing and empty and unrealistic political promises made during the run-up to elections, emphasise the importance of addressing these to restore the confidence of communities in their local government structures. In an attempt to address this question, the Local Government Turnaround Strategy (LGTAS) was approved by the South African Cabinet in December 2009. All municipalities are now required to develop their own Local Turnaround Strategies.

This research adopted both a quantitative and a qualitative approach. The purpose of the article is to highlight the findings of a research study

that described and explored the 2009 LGTAS with specific reference to the Nelson Mandela Bay Municipality (NMBM) as a case study. A literature study and an empirical survey were employed for purposes of the study and the interpretation of the research findings are analysed and described in this article. As a metropolitan municipality, the NMBM has been entrusted with a responsibility to promote developmental progression within its locality (Integrated Development Plan 2007).

The article concludes with a number of salient recommendations on how the existing *status quo* of the NMBM can be changed in order to enhance service delivery and be aligned to the LGTAS based on the research findings emanating from the empirical survey. As the LGTAS is a relatively new concept, not a great deal has been written on the topic. The authors have, therefore, relied to a large extent on a desktop study of, *inter alia*, electronic sources, legislation and policy documents.

## INTRODUCTION

Municipalities are expected to lead, manage and plan for development. Together with national and provincial government their task is to eradicate poverty, boost local economic development, job creation, and to promote the process of reconstruction and development. The democratisation of South Africa has proposed a framework for change to permit municipalities to execute service delivery and economic developmental initiatives aimed at improving the welfare of local communities. The impact of apartheid was felt most harshly at the local sphere since local government is regarded as the sphere of government closest to the people. Municipalities face great challenges in promoting human rights and meeting human needs, addressing backlogs and problems caused by apartheid planning, and planning for a sustainable future. Municipalities can only meet these challenges by working together with local citizens, communities and businesses, and by adopting a developmental approach. According to Craythorne (2006:8), a municipality is not, as in the past, a “creation of statute”, but an integral part of the government of South Africa by virtue of it being entrenched in the Constitution. A number of stubborn service delivery and governance problems have been identified in municipalities in recent years and are listed below (<http://www.cogta.gov.za>):

- Significant service delivery and backlog challenges, for example, housing, water and sanitation;
- Poor communication and accountability relationships with communities;

- Problems with the political administrative interface;
- Corruption and fraud;
- Poor financial management, for example, negative audit opinions;
- Number of (violent) service delivery protests;
- Weak civil society formations;
- Intra- and inter-political party issues negatively affecting governance and service delivery; and
- Insufficient municipal capacity due to scarce skills.

Poor service delivery has elicited protests all over the country, which have brought local government under enormous pressure to succeed in rendering effective and efficient services to its communities. In the State of the Nation Address of 2012 the President of South Africa, Mr Jacob Zuma, stated that approximately 30 protest actions were taking place in the country on a daily basis (<http://www.info.gov.za>). Despite the fact that the new local government system is already in its second decade, there are still signs and trends to indicate that the majority of South African municipalities are failing to deliver on their mandate. On 2 December 2009, the South African Cabinet approved a comprehensive LGTAS with emphasis on the following:

- To restore the confidence of the majority of people in their municipalities as the primary delivery machine; and
- To rebuild and improve the basic requirements for a functional, responsive, accountable, effective and efficient developmental local government (The Local Government Turnaround Strategy November 2009).

In terms of the LGTAS, ‘municipal-specific’ turnaround strategies and implementation plans need to be developed by each municipality in South Africa. In this regard all municipalities were expected to have developed their individual Municipal Turnaround Strategy plans by 2010 based on the principle of ‘a one size fits all’ approach not being practical (<http://www.polity.org.za>). The primary aim of the LGTAS is to ensure that all municipalities and their communities embark upon a concentrated effort to deal with the root causes undermining the country’s municipalities and to restore good performance and effective service delivery (<http://mfma.treasury.gov.za>). It is against this background that an empirical survey was conducted on the LGTAS with specific reference to the NMBM. This survey aims to assess the LGTAS in addressing service delivery challenges in local government with specific reference to the NMBM. Lack of transparency, inadequate accountability, poor public participation, insufficient funds and inadequate qualified public officials are some of the shortcomings experienced in the aforementioned municipality that can lead to the collapse of local government (NMBM IDP 2011/2012). Findings from this survey are discussed elsewhere in this article.

## **BACKGROUND: LOCAL GOVERNMENT PERSPECTIVE IN SOUTH AFRICA**

A significant responsibility faces the national government to undo the former apartheid policy legacies of, *inter alia*, poverty, inequality and racial segregation of service delivery in order to create a single, efficient public service that delivers the basic needs of all citizens. During the former apartheid era, only white citizens of South Africa were allowed to vote and participate in government. Black South Africans were prohibited from voting. Local government became a political arena for violent confrontation and public rejection of the former apartheid system as it became the platform through which cultural and racial groups were divided and kept separate.

Apartheid resulted in urban settlements that were skewed as blacks were being moved to so-called 'township' residential areas which were often located long distances from towns and city centres. On 27 April 1950, the former nationalist government passed the Group Areas Act 41 of 1950. This Act enforced the segregation of different races to specific areas within the urban locale. It also restricted ownership and the occupation of land to a specific statutory group (<http://mfma.treasury.gov.za>). This meant that blacks could not own or occupy land in white areas. The Group Areas Act (1966) restricted the permanent presence of Africans in urban areas through the pass system, and reserved a viable municipal revenue base for white areas by separating townships and industrial and commercial development (Reddy 1996:53 & 66). Apartheid aimed to limit the extent to which affluent municipalities would bear the financial burden of servicing disadvantaged black communities through creating spatial separation and influx control.

In response to South Africa's legacy of apartheid, the newly elected democratic government launched its Reconstruction and Development Programme (RDP) following the first ever democratic general elections in 1994. Ababio & Vyas-Doorgapersad (2008) assert that the RDP was drawn up by the African National Congress (ANC)-led alliance in consultation with other key mass organisations and that a wide range of non-governmental organisations (NGOs) and research organisations assisted in the process. The ANC government stated: "The RDP is an integrated, coherent socio-economic policy framework which seeks to mobilise all our people and our country's resources towards the final eradication of apartheid and the building of a democratic, non-racial and non-sexist future" (<http://www.polity.org.za>). In an attempt to redress apartheid legacies, the new government reformed previous legislation and policies to address issues pertaining to segregation, inequity, inequality, discrimination and poverty and to establish new transitional local authorities (<http://www.sacp.org.za>). The first fully democratic local elections in South

Africa were held on 5 December 2000 and the old apartheid system was abandoned and new municipal boundaries were drawn to include every part of the country. In terms of prescriptions contained in the Local Government: Municipal Structures Act 117 of 1998, three categories of municipalities were established, namely Category A (metropolitan municipalities), Category B (local municipalities) and Category C (district municipalities). These categories are described in Table 1 below:

**Table 1: Categories of Municipalities in South Africa**

Municipal categories	Description of categories
Category A: Metropolitan municipalities	Municipalities that have exclusive municipal executive and legislative authority in their area
Category B: Local municipalities	Municipalities that share municipal executive and legislative authority in their area with Category C municipalities within whose area they fall
Category C: District municipalities	Municipalities that have municipal executive and legislative authority in areas that include more than one municipality

Source: (<http://www.ddp.org.za>)

The NMBM came into being in 2001 and is located on the shores of Algoa Bay in the Eastern Cape Province. The NMBM is, in terms of the Local Government: Municipal Structures Act 117 of 1998, one of six metropolitan (Category A) municipalities. Category A municipalities are defined as "...large urban complexes with populations over 1 million and accounting for 56% of all municipal expenditure in the country" (Craythorne 2006:51).

## **CONSTITUTIONAL AND LEGISLATIVE MANDATE OF LOCAL GOVERNMENT IN SOUTH AFRICA**

### **Constitution of the Republic of South Africa, 1996**

Municipalities are tasked together with the national and provincial government to lead, manage and plan for development to eradicate poverty, boost local economic development, job creation and carry forward the process of reconstruction and development. In terms of Section 152 of the Constitution, the objects of local government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;

- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.

In terms of Section 151, local government should provide services to communities in an efficient and sustainable manner. Local government is struggling to fulfil the developmental mandate of meeting the basic needs of the poor and involving citizens in local affairs. Many municipalities are failing owing to ineffective municipal governance and this has had serious consequences for the country. Millions of poor citizens remain trapped in life-threatening poverty and still do not have effective and efficient service delivery.

In South Africa, local government has the authority to render services of a local nature within defined geographical areas in order to improve the quality of life of the community it serves, in conjunction with promoting the principles of democracy (Davids & Theron 2005:59). It can, therefore, play an important developmental role by ensuring that the citizens are at the centre of local development initiatives. Sections 152 and 153 of the Constitution state that the objectives of local government are, among others, "...to provide democratic and accountable government for local communities and to encourage the involvement of communities and community organizations in the matters of local government" (*The Constitution of the Republic of South Africa*, 1996). The broad principles underlying the new system of local government are as follows (<http://www.sacp.org.za>):

- To become a sphere of government in its own right. It is part of a system of cooperative government and governance;
- To no longer be a site for the delivery of services only;
- To contribute appropriately to both economic growth and social redistribution;
- To be a key arena for the democratic participation of ordinary citizens;
- To be financially viable and sustainable; and
- To devolve, over time, through appropriate negotiations, more powers and functions to local government.

## **Developmental local government**

The November 1995 local government elections were aimed at facilitating the transition from apartheid 'structures' to a democratic system of local government. The first chapter in the democratisation of South Africa was brought to a satisfactory conclusion with the 1995 local government elections (Reddy 1996:53 & 66). The December 2000 local government elections completed the local government transitional process, putting new local government democratic

structures and councils in place. This process was undertaken in terms of what are known as the “pre-interim”, “interim” and “final” phases of the restructuring of local government in South Africa. The Local Government Transition Act 209 of 1993 explicitly mapped out the following three phases of transition for local government in South Africa:

- The pre-interim phase, 1993-95;
- The interim phase, 1995-99; and
- The final phase, 1999 to the present.

In addition, the Constitution of 1996 obligates local government to take on a developmental role. The principles of local government define the status underlying developmental local government, *inter alia*, as the following: Local government is no longer a site for the delivery of services only, but a crucial site for social and economic development. This requires local government to have a strong developmental focus. In addition, local government is a key arena for the democratic participation of ordinary citizens, and municipalities constituting the new local government system have to be financially viable and sustainable.

The 1996 Constitution grants local government original powers. It has now become a sphere of government in its own right (<http://www.sacp.org.za>). In terms of prescriptions contained in the White Paper on Local Government, 1998, developmental local government has the following four inter-related characteristics:

- i. Maximising social development and economic growth;
- ii. Providing services that meet basic needs of the poor communities in the most affordable manner so as to ensure the maximum social development of an area;
- iii. Integrating; and
- iv. Coordinating.

Developmental local government must provide a vision and leadership for all those who have a role to play in achieving local prosperity. Poor coordination between service providers could severely undermine the development effort. Municipalities should actively develop ways to leverage resources and investment from both the public and private sectors to meet development targets. Despite South Africa taking a significant and positive stride towards the promise of developmental local government, most municipalities are still plagued by significant challenges which have sparked a wave of national service delivery protests.

## **Integrated Development Plan (IDP)**

According to the White Paper on Local Government of 1998, section B (3.1.1), integrated development planning is a process through which a municipality can

establish a development plan for the short-, medium- and long-term. Cloete and Thornhill (2005:128) state that an IDP adopted by the Council of a municipality is the principal strategic planning instrument which guides and informs all planning and development, as well as, all decisions regarding planning, management and development in a municipality; binds the municipality in the exercise of its authority within the framework of national and provincial legislation.

The LGTAS has different focus areas: Firstly, the focus was on the immediate priorities prior to the 2011 elections. Secondly, the focus from March 2011 until 2014 was on medium-term or post-election priorities. The immediate priorities prior to the 2011 elections consisted of four phases that commenced at the end of January 2010 and concluded in March 2011. The first phase can be seen as a pilot project in which selected municipalities per province developed their respective Municipal Turnaround Strategies (MTAS), followed by the second phase in which all municipalities followed the same process before incorporating their MTAS in their IDPs. The third phase includes the budgeting and approval of each municipality's IDP, while the fourth phase involves implementation, monitoring and evaluation (Cooperative Governance and Traditional Affairs (CoGTA) 2010a:3–4). According to the IDP 2008-2012 of the NMBM, decades of distorted development in the city has manifested in highly skewed distribution of income and wealth (IDP Nelson Mandela Metropolitan Municipality 2008–2012).

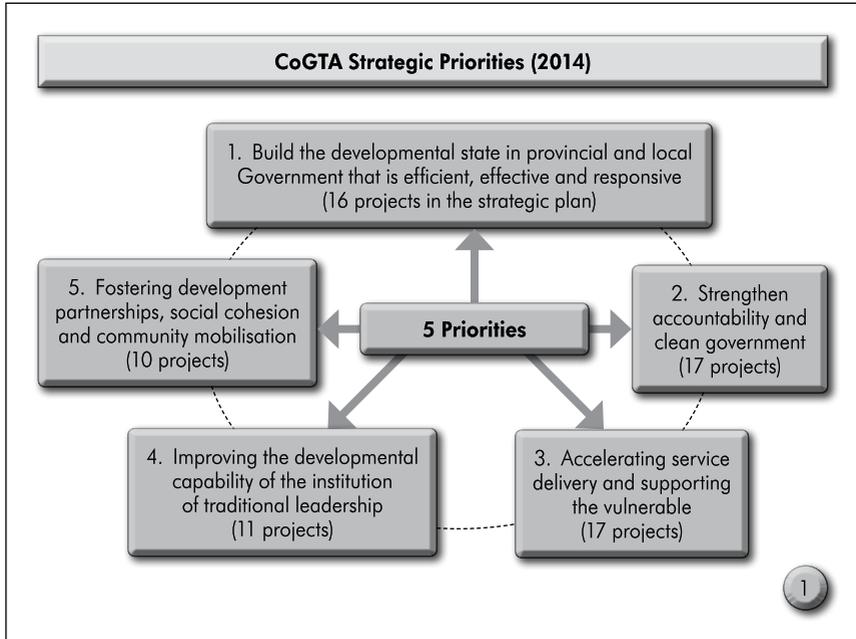
## **Local Government Turnaround Strategy (LGTAS)**

A critical question facing local government is: *“What must be done to restore the confidence of people in this sphere of government?”* In an attempt to address this question, nine province-wide assessments of each of the 283 municipalities were carried out in 2009 by the Minister of Cooperative Governance and Traditional Affairs (CoGTA), together with the respective Members of the Executive Council (MECs) responsible for local government. The purpose of the provincial assessments was to determine the key problem statement in different thematic areas and to establish the root causes for poor performance, distress or dysfunctional municipalities. From these assessments, the consolidated State of Local Government Report, 2009 was compiled and widely consulted on with stakeholders (<http://www.info.gov.za>).

Following the analysis of the results of these assessments and from the issues covered, the framework known as the LGTAS was established and published in November 2009.

One of the main aims of the LGTAS is to renew the vision of developmental local government. To do this the LGTAS seeks to improve the organisational and political performance of municipalities and, in turn, improve the delivery of services. The goal is to improve the lives of citizens and progressively meet their

**Figure 1: Strategic objectives of the LGTAS**



**Source:** (The Local Government Turnaround Strategy December 2009).

social, economic and material needs, thereby restoring community confidence and trust in government. The LGTAS applies largely to those forces undermining local government including those municipalities which have evidence of performance failures, or difficult social and economic circumstances to manage.

The LGTAS is premised on the following key assumptions:

*Local government is everyone's business.* The strategy extends beyond government and must be owned across society. Municipalities can work better for everyone by everyone.

*The structure of local government system remains.* Notwithstanding certain changes that may have to be effected, the overall architecture of the system of local government is still sound. Certain policy and legislative reforms have been proposed by the Policy Review on Provincial and Local Government (COGTA 2009), and these are connected to the longer-term proposals in the LGTAS. Other proposals are still under consideration.

*The local government system is still new and is evolving.* The new system of local government was always intended to be phased in over time and the current problems must be seen as part of an effort to learn and correct as we continue with implementation (<http://www.info.gov.za>).

The LGTAS identifies five strategic objectives as illustrated in the diagram below, namely:

- a. To ensure that municipalities meet basic needs of communities;
- b. To build clean, effective, responsive and accountable local government;
- c. To improve functionality, performance and professionalism in municipalities;
- d. To improve national policy, oversight and support; and
- e. To strengthen partnerships between local government, communities and civil society (<http://www.info.gov.za>).

The White Paper on Local Government (1998:29), section B 3.1.1, states that one of the most important methods for achieving greater coordination and integration is integrated development planning and according to the LGTAS, one of the main aims of the strategy is to renew the vision of developmental local government. To achieve this, the LGTAS seeks to improve the organisational and political performance of municipalities and in turn improve service delivery.

Recent service delivery protests in the NMBM have increased in violence during protests by dissatisfied residents. According to a local Eastern Cape newspaper (*The Herald* 13 April 2013), two NMBM municipal ward councillors came under threat as residents protested against poor service delivery in Port Elizabeth where approximately 500 residents demanded basic services including water, electricity and roads.

The NMBM Turnaround Strategy is aimed at restoration of confidence in the NMBM as a primary service delivery arm of government that is effectively addressing community concerns (<http://www.thenewage.co.za>). The IDP, in conjunction with the LGTAS, are strategic tools for monitoring the performance of the municipality as they play a crucial role in effective and efficient service delivery by assisting in the promotion of accountable governance.

## **NELSON MANDELA BAY MUNICIPALITY TURNAROUND STRATEGY**

Nelson Mandela Bay, the only city named after Nelson Mandela, is one of seven metropolitan areas in South Africa and it merged the city of Port Elizabeth and the towns of Uitenhage and Despatch into the NMBM in 2001.

The NMBM has a population of 1.15 million and covers an area of 1 950 km. Young people (0–14 years) constitute 25.5% of the population, youth (15–35 years) 37.1%, adults (36–64 years) 31.4% and the elderly (65+ years) 6% (<http://www.thenewage.co.za>).

The Nelson Mandela Bay Situational Analysis in Chapter Two (2010-2011), stipulates the following challenges confronting the institution:

- High prevalence of TB, HIV and AIDS;
- Elimination of the bucket system and digester tanks;
- Illegal dumping;
- Universal access to basic services and maintenance of infrastructure;
- Intergovernmental coordination across spheres of government;
- Service delivery protests;
- Scarce skills; and
- Global economic meltdown and its impact on the Municipality's revenue base and increased unemployment levels.

The service delivery backlogs left by the former apartheid system in the previously disadvantaged communities are still visible, despite the progress made by the present government in correcting the past imbalances. One of the key objectives of the NMB Turnaround Strategy is to address the key socio-economic challenges in Nelson Mandela Bay and although the unemployment rate in Nelson Mandela Bay has shown a steady decline since 1994, it remains higher than the national average for South Africa.

The Municipality's Turnaround Strategy is underpinned in Table 2:

**Table 2: Legislative framework for the NMBM Turnaround Strategy**

a. Constitutional mandate of South African Local Government;
b. ANC Local Government Manifesto (2006);
c. Local Government Turnaround Strategy adopted by Cabinet on 3 December 2009;
d. NMBM ANC Region's Operations Guqula;
e. NMBM Mayoral Committee Retreat Report (January 2010);
f. NMBM Management Retreat Report (March 2010);
g. NMBM Mayoral and Oversight Community Outreach Report (February to March 2010);
h. Standing Committee Retreats;
i. Service Delivery Protests Report;
j. Annual and Oversight Reports (2008/09);
k. IDP/Budget consultations;
l. Management and audit reports from the Office of the Auditor-General;
m. Biannual input from National Treasury;
n. Reports of Internal Audit Services; and
o. Reports of the Audit Committee.

Source: (Nelson Mandela Bay Municipality Turnaround Strategy May 2010)

In order to improve the quality of life for the poor in NMBM, it is important to identify and face the challenges in the provision of adequate services within the NMBM. Many challenges exist in the delivery of services in South Africa, for example, the housing backlog. In this regard the statistics of the number of households within the NMBM are the following (Nelson Mandela Bay Municipality Integrated Development Plan 2011-2016):

- 276 850 (formal);
- 22 411 (informal); and
- 49 000 (backyard shacks).

According to the above statistics, there is a backlog of 71 411 houses (informal and backyard shacks) within the NMBM. In terms of Section 26 of the *Constitution of the Republic of South Africa, 1996*, everyone has a right to adequate housing, and the nation must take reasonable legislative and other measures to provide for this right. Housing is a basic need in human life (*The Constitution of the Republic of South Africa 1996*). The current housing context in South Africa is a rapidly increasing and urbanising society, but population growth has resulted in a numerically stable rural population. Coupled to this is a large existing and increasing housing backlog due to very low rates of formal housing provision (South African Human Development Report 2003).

Despite local government in South Africa having improved its service delivery substantively over the past 10 years, most of the municipal councils face a widening gap between the demand and supply of services. This then results in citizens losing confidence in local government as an institution that is able to respond effectively to the challenges citizens face. One of the core values of the LGTAS approved by the South African Cabinet in December 2009 is to restore the confidence of communities in their respective municipalities (Local Government Turnaround Strategy December 2009).

The above statistics, with regard to the situational analysis, unemployment, housing backlogs and access to basic services, provide an indication of the key developmental challenges facing the NMBM.

It is against this background that the research was undertaken, the findings of which are discussed below.

## **RATIONALE FOR THE RESEARCH METHODOLOGY**

Bloomberg and Volpe (2008:10) define qualitative research as a broad approach to the study of social phenomena that is based, essentially on a constructivist and/or critical perspective. Kumar (2005:12) states that the qualitative approach is classified as unstructured, because it allows flexibility in all aspects of the

research process. The ability to analyse subject matter in a flexible environment eliminates the limitations formerly placed on the researcher (Bloomberg and Volpe 2008:14).

Quantitative or empirical analytical research methods relate to data being expressed as numbers (Neuman 2007:7). Mouton and Marais (1996:155) describe the quantitative approach as research in the social sciences that is more highly formalised as well as more explicitly controlled, with a range that is more exactly defined, and which, in terms of methods used, is relatively close to the physical sciences. Creswell (2004:1-2) defines quantitative research as an inquiry into the social or human problem, based on testing a theory composed of variables, measured with numbers and analysed with statistical procedures in order to determine whether the predictive generalisations of the theory hold true.

According to Leedy and Ormrod (2005:101) quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting and controlling phenomena. In contrast, qualitative research is typically used to answer questions about the complex nature of phenomena, often with the purpose of describing and understanding the phenomena from the participants' point of view. Quantitative research is more focused and aims to test assumptions, while qualitative research is more exploratory in nature. Quantitative data is of the kind that may lead to the measurement of other kinds of analysis involving applied mathematics, while qualitative data cannot always be put into a context that can be graphed or displayed as a mathematical term (Babbie & Mouton 2001:50-56).

For purposes of this research an empirical survey of a quantitative nature was employed to explore the research objectives and aims. However, a SWOT analysis also formed part of the questionnaire to allow participants to express their opinions, in one or two brief sentences, their views on the Strengths, Weaknesses, Opportunities and Threats (SWOT) pertaining to the NMBM Turnaround Strategy.

A self-administered questionnaire was distributed to a sample group comprising of 27 ward councillors and 24 senior municipal officials of the NMBM. The questionnaire was designed to have fully structured statements using the Likert Rating Scale where respondents were required to tick off boxes marked in numbers from 1 to 5 based on the response categories: "strongly agree", "agree", "neutral", "disagree" and "strongly disagree". No open-ended questions were included. The quantitative approach was deemed the most appropriate method primarily because of the relatively high number of participants and also because of the political environment in which the participants function. The data obtained was analysed and interpreted using the SPSS statistical package. The empirical survey and findings from the literature review ultimately informed the recommendations, which are proposed in the article.

## RESEARCH OBJECTIVES

The primary research objective of the research was to assess whether implementation of the NMBM Turnaround Strategy has enhanced service delivery within the jurisdiction of the municipality. The secondary research objectives included the following, namely: (i) to assess the strategic objectives as identified in the LGTAS approved by the NMBM; (ii) to investigate the role of ward councillors and selected senior officials in terms of the municipality's Turnaround Strategy; and (iii) to assess whether the municipality's Turnaround Strategy has had an impact on the rendering of basic services to communities within the jurisdiction of the municipality.

Despite the priorities that have been identified by the NMBM, it appears that a fair amount still needs to be done to deal effectively with the challenges of basic service delivery, unemployment, poverty and social inequality. The LGTAS applies predominantly to those areas undermining local government, including municipalities which have not improved on their governance, legislative compliance or financial management and discipline.

## INTERPRETATION OF RESEARCH FINDINGS

The following participant responses were recorded in response to the statements:

### **The municipality has sufficient capacity to deliver adequate basic services to its communities in terms of its Turnaround Strategy**

The response result indicated that only 11% of the senior officials supported the statement, 59% of the senior officials responded negatively while 30% were undecided. The results further indicated that 100% of the ward councillors either strongly disagreed (25%) or disagreed (75%) with the statement that the municipality has sufficient capacity to deliver adequate basic services to its communities.

The responses to this statement indicated that the majority of the respondents did not support the statement implying that there is a need to improve the capacity of the NMBM in terms of adequate service delivery.

### **There is a general sense of commitment by the political leadership and bureaucracy of the NMBM to fully support the municipality's Turnaround Strategy**

Altogether 52% of the senior officials disagreed, 15% were undecided, 30% agreed while 3% strongly agreed with the statement. Only 8% of the ward councillors agreed, 29% were undecided while 63% strongly disagreed with this statement.

The high percentage of respondents who remained undecided implies that commitment by the political leadership and bureaucracy of the NMBM is not adequately transparent. The majority of the respondents did not support the statement which implies that there is an urgent need for the NMBM to address the apparent lack of support by both groups of participants.

### **Ward councillors receive adequate and technical support from the municipality to enable them to achieve the objectives identified in the LGTAS**

All the respondents, being 100%, disagreed with this statement. There were 62% who disagreed while 38% strongly disagreed.

In light of the above response the NMBM should urgently put in place governing and other development (technical) programmes that will equip ward councillors with the necessary skills to enable them to achieve the objectives of the LGTAS.

### **Senior officials receive adequate and technical support from the municipality to enable them to achieve the objectives identified in the LGTAS**

A total of 41% of the respondents agreed that they received sufficient administrative and technical support from the municipality, whereas 30% did not agree with the statement and a high percentage of respondents (29%) remained undecided. This result should be of particular concern for the municipality as it is the responsibility of the appointed officials to implement resolutions pertaining to the LGTAS.

### **Communities in the NMBM are well informed about municipal matters that affect their respective wards**

Altogether the results indicate that the majority of the ward councillors, being 88%, either strongly disagreed or disagreed with the statement while 12% were undecided. On a similar score, the senior officials indicated that only 15% agreed with the statement, 66% either disagreed or strongly disagreed while 19% were undecided.

The above responses indicate that there is a lack of adequate communication between the municipality and the local communities it serves.

### **There is a division in place in the NMBM to promote the LGTAS**

In response to the above statement only 32% of the senior officials agreed, 26% were undecided while 42% disagreed with the statement. Altogether 96% of

the ward councillors disagreed with the statement and 4% remained undecided. The results imply that there is an urgent need for a division or department to be created within the NMBM to promote the LGTAS. The primary objective of the research was to assess the implementation of the NMBM Turnaround Strategy to enhance service delivery within the jurisdiction of the municipality. Lack of transparency, inadequate accountability, poor public participation strategies, insufficient funds and inadequate qualified public officials are some of the shortcomings identified in the afore-mentioned municipality.

## **RECOMMENDATIONS**

The primary aim of the research was to assess whether implementation of the NMBM Turnaround Strategy has enhanced service delivery and the recommendations below are proposed against the abovementioned background.

### **Recommendation 1: Create awareness programmes and a division within the municipality as internal control measures**

The municipality should embark on creating a division (department) within the municipality that will focus on creating enhanced awareness pertaining to the LGTAS in all other departments of the municipality. Findings from the empirical survey revealed that only 29% of the respondents felt that there is adequate provision in place in the NMBM to promote the LGTAS. Certain officials did not appear to be aware of the LGTAS or the municipality's own Turnaround Strategy. This result implies that an urgent need exists for the municipality to create a specific department or division to promote the LGTAS.

### **Recommendation 2: Monitor and evaluate service delivery and development performance within the NMBM continually**

The constitutional objects of local government require a functional system to monitor and evaluate the performance of a municipality in meeting its objects as well as the impact of municipal actions, whether intended or unintended (Tsatsire 2008). Recent reports in the local press regarding service delivery indicate a lack of monitoring and evaluation of implemented programmes to address problems of unemployment, poverty and inequality. It may be necessary to review current practice and allow for 'early-warning' systems regarding municipal failure, and provide for sharper and more immediate preventative interventions.

The Policy Framework for Government-Wide Monitoring and Evaluation System (GWM&ES) published by the South African Government in 2007 is the

overarching policy framework to institutionalise monitoring and evaluation in the three spheres of government, including the NMBM (The Nelson Mandela Bay Municipality Integrated Development Plan 2011-2016). The empirical study revealed that many senior officials did not receive adequate administrative and technical support from the municipality to enable the objectives identified in the LGTAS.

### **Recommendation 3: Restore confidence of communities regarding basic service delivery by municipalities**

Results from the SWOT analysis, which formed part of the empirical survey, reflect that many councillors still regard illegal dumping as a challenge within their respective wards. The findings from the empirical survey also revealed that there appears to be weak political leadership coupled with financial constraints as there are inadequate resources to deal with increasing demands and this has led to on-going violent service delivery protests. The majority of participants responded by stating that some of the threats that could hamper the effective implementation of the Turnaround Strategy included “dissatisfied communities with regard to services,” “lack of roads maintenance” and “high poverty levels that still exist in local communities”.

It was noted from the views expressed by respondents in the SWOT analysis that certain ward councillors regarded the “relationship between municipalities and communities” and “poor communication with communities” as weaknesses within the NMBM. The Local Government: Municipal Systems Act 32 of 2000 prescribes that municipalities should develop mechanisms, processes and procedures for public participation. Therefore, in order to restore the confidence of communities, the NMBM should endeavour to enhance public participation strategies at the ward committee level and improve communication with local communities.

### **Recommendation 4: Provide skills development for all municipal employees**

A high number of the respondents indicated that the “shortage of trained personnel,” “lack of strategic leadership and decision-making,” and “low staff morale” were weaknesses that could hamper the effective implementation of the LGTAS within the NMBM. There is, therefore, a need to provide skills development for all municipal employees for them to become self-reliant, effective and efficient. The councillors and the officials therefore need further capacity development if they are to better fulfil their roles as defined by legislative prescriptions.

## **Recommendation 5: Reduce the political infighting and interference by having clearly defined reporting mechanisms**

The majority of the respondents noted that “political infighting,” “unstable political leadership” and “unstable administration” were regarded as threats to the successful implementation of the MTAS. As a result of political infighting and interference, the study has revealed that there is poor commitment and performance by certain officials. It is thus recommended that the politicians (councillors) should refrain from interfering in administrative tasks, as this will result in better working relationships. According to the results of the study, political infighting has led to the status of local government deteriorating and this has resulted in the high level of vacant posts within the NMBM.

## **CONCLUSION**

The research focused on the Turnaround Strategy of the NMBM. Although this strategy is relatively new, municipalities are still required to fulfil their developmental mandate. The findings from this research suggest that the NMBM can improve implementation of its Turnaround Strategy and redirect its focus for more effective, efficient and transparent service delivery. The research further revealed that whatever course of action the NMBM wishes to adopt in terms of the LGTAS, it should ideally:

- build on the strengths of the strategy;
- minimise the weaknesses;
- seize opportunities; and
- counteract threats.

The world is not static, but ever-changing and dynamic. A turnaround strategy is a process, not an event. The strategy will need to be refined. Systems, policies and legislation should, therefore, be constantly reviewed in order to adjust to an ever-changing environment. Challenges that are regarded as critical today might be overcome with new challenges emerging. If the NMBM can adequately manage its available resources in order to implement transparent and effective service delivery, it could alleviate the notion of non-coherent service delivery within the municipality and in so doing better meet the aims and objectives of its Turnaround Strategy.

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# **E-Governance Training Model for Public Managers**

## **The Case of Selected Free State Provincial Departments**

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### **ABSTRACT**

The exponential growth of Internet-related technologies and the emergence of the so-called knowledge society introduced new forms of exchanges and collaboration between citizenry and governments worldwide. Governments had to respond by utilising technology optimally to facilitate the rise of electronic (e-)governance for improved interaction with society. The availability of a skilled workforce with the capacity for learning is essential for e-governance, along with other factors such as administrative leadership, regulatory frameworks, financial resources, organisational conditions, and infrastructure for information technology. In light of this changing reality, appropriate models are needed to train public managers in e-governance applications.

This article reflects on an empirical study undertaken in selected Free State provincial departments. The aim was to determine the level of e-readiness of public managers, in order to design an e-governance training model. The article outlines contextual perspectives on the usage of Information and Communication Technology (ICT) with a view to promote e-governance. The research included an analysis of the apparent misalignment between Government's operational demands and the e-readiness of public managers. The main contribution of this article is to propose a comprehensive e-Governance Training Model built on findings from this survey.

## **INTRODUCTION**

Theorists hold contrasting views on the outcomes when applying cutting-edge Information, Communication and Technology (ICT) on conventional government operations. However, there seems to be general consensus that public managers, as the custodians and administrative leaders of e-governance endeavours, generally lack the skills to cope with these new realities adequately and to adjust departmental operations for ICT imperatives accordingly. This criticism has led to the realisation that the designing of appropriate training models for ICT and e-governance could improve government functions significantly as well as foster effective and efficient service delivery.

In line with international best practice to accommodate the exponential growth of ICT in government operations, the South African government has established an extensive statutory and regulatory framework to facilitate the e-readiness of public managers. The Public Service Act 103 of 1994 (ch. 2, section 3), for example, deals with the obligations of public officials in relation to training as well as ICT applications. Section 4 of the Act furthermore confirms the responsibilities of the National School of Government (formerly the South African Management Development Institute) and the Training Fund to facilitate skills development among public managers. In addition, the Skills Development Act 97 of 1998 (ch. 3, section 10) prescribes the responsibilities of the Sector Education and Training Authorities (SETA) in relation to training and skills development of public officials. In the same vein, the Education and Training Quality Assurance (ETQA) body resorting under the South African Qualification Authority (SAQA) has the responsibility to accredit service providers and to set appropriate unit standards for qualification design. Finally, Sections 3 and 4 of the Electronic Communication and Transaction Act 25 of 2002 stipulate the utilisation of ICT in Government and the particular responsibilities and obligations of public managers in this respect.

In spite of this extensive framework, a preliminary survey among Free State Government departments revealed that they do not have a comprehensive training model in place to fulfil their statutory obligations regarding training in the field of ICT in general and e-governance in particular. This article reflects on results of an empirical investigation among selected Free State Provincial Government departments and proposes a comprehensive e-Governance Training Model flowing from this investigation to facilitate the e-readiness of public managers.

## **ICT APPLICATIONS AND E-GOVERNMENT PRACTICES IN THE PUBLIC SECTOR**

Bertot, Jaeger and Hansen (2012:1) point out that government agencies are

increasingly using technologies, including TV, the Internet, and social media (e.g. Twitter, Facebook), to connect with the public whom they serve. Globally, governments introduce electronic governance by connecting ICT in order to communicate with the relevant stakeholders in society (Yildiz 2007:23). These connections have the potential to extend government services, solicit new ideas, and dramatically improve democratic decision-making (Khalo and Hu 2010:5). This has led to the rise of the so-called “knowledge society” in which socio-economic life of communities are based largely on the creation, dissemination and utilisation of information and knowledge (Castelfranchi 2007:1).

Gronlund (in Ambali 2013:4) defines e-governance as the use of information technology (IT) in an attempt to achieve a stronger strategic advantage in the various activities and functions within the public sector. Regarding such strategic advantages, Nkwe (2012:2) views e-governance as an important innovation to provide good governance and strengthen a country’s democratic processes. Nkwe (2012:2) and Ambali (2013:2) furthermore argue the gains of e-governance: it can facilitate access to information, contribute to freedom of expression, lead to greater equity, provide efficiency, enhance productivity and growth, and strengthen social inclusion. De Jager and Reijswoud (2013:1), in turn, define e-governance as activities at the crossroads between ICT and general government processes. According to them at precisely these crossroads e-governance can be divided into three overlapping domains, namely e-administration, e-services and e-society.

With regard to e-society, Tejasvee and Sarangdevot (2003:1) as well as Shailendra and Sharma (2013:3) perceive e-governance as an instrument that will radically help transform the relationship between the government and society. E-administration, in turn, refers to administrative functions processed through electronic resources, while e-service refers to the electronic means to deliver services to society (Morphet 2003:7). On a more operational level, Brown (2005:2) points out that e-governance includes all government roles and activities that are shaped by ICT. In this regard Kumar, Krishina and Megharaj (2013:3) emphasise the use of ICT in administrative support services.

India is globally renowned as one of the leading countries in e-governance (Shailendra and Sharma 2013:7). It is, therefore, important to consider their training initiatives for e-governance to facilitate capacity building and create general awareness of ICT implementation. Misra (2011:10) identifies the following initiatives for such a process:

- Input and efforts provided for organisational capacity building, the upgrading of professional expertise and skills of individuals associated with the implementation of e-governance projects.
- Assess capacity that forms the basis for e-governance training.
- Establish training institutions for capacity building in e-governance.

- Operationalise capacity-building roadmaps (CBRMs) under the overall guidance and support of the Department of Indian Training (DIT).
- Incorporate lessons learnt from previous successful e-governance initiatives in training programmes.

Various European countries and a number of Arab states have also embraced the use of e-governance as a means to achieve the best results in rendering services. According to Al-Khoury (2013:3) the principle Arab e-governance model consists of four phases:

- *Cultivation*: The horizontal and vertical integration within government, limited use of front-end systems for customer services as well as the adoption and use of Intranet within government.
- *Extension*: The extensive usage of Intranet and the adoption of a personalised web-user interface for customer processes.
- *Maturity*: Internet and Intranet applications (*apps*) are merged to lower marginal costs in order to process customer’s services requests.
- *Revolutionary*: Characterised by data mobility across organisations, mobility of applications across vendors, and ownership of data transferred to customers.

Based on a broad literature survey, Table 1 below outlines some of the most significant lessons from the international experience regarding applications of e-governance in the public sector.

**Table 1: International experiences: key lessons**

Country	Lessons to be learnt (Success factors)
Australia	<ul style="list-style-type: none"> <li>• Utilise an integrated service-delivery approach by utilising ICT</li> <li>• Facilitate collaboration between spheres of government and the private sector</li> </ul>
Sri Lanka	<ul style="list-style-type: none"> <li>• Address inequality and improve transparency</li> </ul>
Italy	<ul style="list-style-type: none"> <li>• Use e-governance to reform and restructure the public service</li> <li>• Improve Government’s image by means of e-governance</li> </ul>
Jordan	<ul style="list-style-type: none"> <li>• Use ICT to implement the Millennium Development Goals</li> </ul>
USA	<ul style="list-style-type: none"> <li>• Promote public participation</li> <li>• Improve Government’s transparency</li> <li>• Utilise the principles of the World Public Sector Report to promote e-governance</li> <li>• Use elements for ranking and further improvements</li> </ul>
UK	<ul style="list-style-type: none"> <li>• Integrate elements and best practice of various e-governance models</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• Focus on local government for e-governance initiatives</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• Use pilot projects to establish trust in new e-governance applications</li> </ul>

Country	Lessons to be learnt (Success factors)
India	<ul style="list-style-type: none"> <li>• Use e-portals on a decentralised basis</li> <li>• Establish e-governance architecture and infrastructure that are service-oriented</li> </ul>
China	<ul style="list-style-type: none"> <li>• Collaborate across spheres of government</li> <li>• Appoint experienced and skilled service providers</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Use ICT as tool for decision-making and policy implementation</li> </ul>
Spain	<ul style="list-style-type: none"> <li>• Address the digital divide</li> <li>• Address political interference and promote buy-in</li> <li>• Establish adequate ICT infrastructure</li> </ul>
Turkey	<ul style="list-style-type: none"> <li>• Increase Internet broadband access to all areas</li> </ul>
Namibia	<ul style="list-style-type: none"> <li>• Use public libraries as government-related information access points as well as capacity-building instruments</li> </ul>

Table 2 below indicates that South Africa is the country with the highest levels of e-readiness on the African continent with a rating of 0.51%, followed by Lesotho with 0.38%. Furthermore, South Africa's rating for ICT implementations is 0.39%, compared to the world average of 0.45%. This is an indication of the relative high levels of commitment of the South African Government to the applications of ICT for e-governance, although there is still more to be done when compared to the North American region.

**Table 2: Comparative analysis of e-readiness in Africa**

Region	Rating	Best region (%)
Southern Africa	0.39	South Africa: 0.51 Lesotho: 0.38
Northern Africa	0.31	Egypt: 0.48 Libya: 0.36
Eastern Africa	0.28	Mauritius: 0.51 Seychelles: 0.49 Kenya: 0.35
Central Africa	0.24	Angola: 0.33 Gabon: 0.32
West Africa	0.19	Cape Verde: 0.41 Nigeria: 0.31 Ghana: 0.30
World average	0.45	N-American average: 0.84

Source: (Hafkin 2009:6)

From the international practices and applications of e-governance discussed above it can be deduced that e-governance could facilitate institutional effectiveness, accountability and responsiveness. These benefits can, however, only be realised if public managers have the required knowledge and skills to manage processes associated with ICT applications.

## **E-GOVERNANCE SKILLS REQUIRED FOR PUBLIC MANAGERS**

The design and application of electronic resources in governance require a certain amount of skills and competencies (*cf.* Zouridis and Thaens 2003:161). It becomes imperative for public managers to train in domains that would enable them to utilise ICT successfully.

### **Types of training for e-governance skills**

According to UNPAN (2011:12), UNESCO (2014:14), and NeGP (2014:5), the following types of training typically are provided to cultivate various e-governance skills:

- *Type 1:* Basic skills in Information and Communication Technologies (ICT) for office work, applications for office productivity as well as Internet and e-mail.
- *Type 2:* Governance-related knowledge and skills to address the competencies required to execute ICT projects. This includes e-governance life cycle, Governance Public Relations (GPR), Business models and Public Private Partnership (PPP), regulatory frameworks, and contract management.
- *Type 3:* Specific e-governance competencies and applications.
- *Type 4:* The soft skills to develop the right attitude for e-governance transformation and reforms such as change management, team building, leadership and effective presentation.
- *Type 5:* The specialised professional skills in the areas of technology and management such as project management, IT Security, and IT Audits.

Table 3 outlines various generic and broader e-governance-related training competencies and skills as identified by a number of countries globally.

A number of African countries have also embraced e-governance training initiatives. Jayaram (2013:7) explores the training initiatives for e-governance taken by sub-Saharan African countries such as Kenya, Uganda, Benin, Burkina Faso and Senegal. He (Jayaram) identifies the skills required in e-governance training as cognitive, non-cognitive, specific and technical skills. These skills are presented in Table 4 below.

**Table 3: Generic e-governance management training competencies and skills**

Country	Intellectual competencies	Management competencies	Human relations competencies
Australia	<ul style="list-style-type: none"> <li>• Policy adviser</li> <li>• Strategic thinker</li> </ul>	<ul style="list-style-type: none"> <li>• Master public and private management</li> <li>• Adaptive leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel management</li> <li>• Focus on results</li> <li>• Know how to manage contracts and networks</li> <li>• Adapted leadership /global vision</li> <li>• Interpersonal relationships</li> <li>• External relations</li> </ul>
Canada	<ul style="list-style-type: none"> <li>• Cognitive ability</li> <li>• Creativity</li> <li>• Ability to shape the future (vision)</li> </ul>	<ul style="list-style-type: none"> <li>• Taking action</li> <li>• Organisational understanding</li> <li>• Teamwork</li> <li>• Management of partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Interpersonal relationships and communication skills</li> <li>• Personal qualities: vitality, ethical values, personality (perseverance and self-control),</li> <li>• Flexibility and self-confidence</li> <li>• Personnel management</li> </ul>
France	<ul style="list-style-type: none"> <li>• Adaptability</li> <li>• Strategic thinking</li> <li>• Management of knowledge</li> <li>• Management of networks</li> <li>• Communication</li> <li>• Innovation and continuous learning</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation of performance</li> <li>• Leadership skills</li> <li>• Adapted leadership</li> <li>• Ability to manage projects</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel and Human Resource Management</li> </ul>
UK	<ul style="list-style-type: none"> <li>• Learn and improve</li> <li>• Have personal impact</li> <li>• Think strategically</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasise the delivery of services</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel management</li> <li>• Get the best out of people</li> </ul>
USA	<ul style="list-style-type: none"> <li>• Strategic thinking</li> <li>• Adaptability</li> <li>• Management of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation and performance of managers</li> <li>• Leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel and Human Resource Management</li> <li>• Management of networks and partnerships</li> </ul>

Source: (United Nations Department of Economic and Social Affairs, UNDESA 2007:48)

**Table 4: e-Governance skills required**

Cognitive skills	Non-cognitive skills	Specific and technical skills
<ul style="list-style-type: none"><li>• Basic cognitive skills</li><li>• Analytical and critical thinking</li></ul>	<ul style="list-style-type: none"><li>• Openness to learning</li><li>• Communication: oral and written</li><li>• Work habits, i.e. punctuality and professionalism</li><li>• Teamwork</li><li>• Personal integrity</li><li>• Leadership</li><li>• Entrepreneurship</li></ul>	<ul style="list-style-type: none"><li>• Language proficiency</li><li>• Basic business skills</li><li>• ICT skills</li></ul>

Source: (Jayaram 2013:7)

Ojo *et al.* (2007:4) elaborate further on the training needs for e-governance formulated by the Organisation for Economic Co-operation and Development (OECD), particularly for African countries. According to Ojo *et al.* (2007:4) the OECD identified four sets of skills essential for e-governance:

- IT skills (e.g. skills necessary to implement e-governance) such as IT literacy, hardware, software, communication;
- information management skills, e.g. deployment of knowledge resources within the public administration and the sharing of knowledge;
- information society skills, e.g. the ability to use ICT resources to implement an organisation's e-government strategy in accordance with its overall strategy;
- updated management skills (traditional managerial skills are insufficient for new organisational ICT needs) needed to manage organisational changes resulting from e-government.

Lessons learnt from these international training initiatives and skills could serve as guidelines for best practice and assist other countries, such as South Africa, to implement similar e-governance training programmes.

In South Africa, the National Planning Commission (NPC 2011:70) builds on the developments in science and technology as a means of altering the way people live, connect, communicate and transact. According to the NPC (2011:70) access to and application of ICTs in governance is critical. This is because the extent to which developing economies can emerge as economic powers depends on their ability to grasp and apply insights from science and technology and use these creatively. This makes training in ICT a prerequisite, especially in government departments where direct services are rendered to the citizens.

In order to strengthen the application of e-governance, South Africa has instituted the South African Electronic Communications and Transactions Act

25 of 2002, which pursues, inter alia, the development of human resources in electronic transactions. Furthermore, the South African Qualification Authority (2012) developed unit standards for ICT training – as listed in Table 5 below.

**Table 5: The South African Qualification ICT unit standards**

Type	US ID	Unit standard title	NQF level	Credits
Core	115431	Analyse feedback contexts and apply constructive feedback techniques	5	3
Core	114051	Conduct a technical practitioners meeting	5	4
Core	386055	Conduct software inspections and reviews	5	5
Core	114049	Demonstrate an understanding of computer management systems	5	7
Core	386053	Evaluate requirements and requirement-based test design	5	7
Core	386054	Manage the software testing process	5	7
Core	386056	Plan and design software testing activities	5	8
Core	115384	Test a computer programme against a given specification	5	6
Core	13099	Contribute to the implementation, post-implementation review and maintenance of information systems	6	16
Core	114044	Demonstrate an understanding of change management for computer systems	6	3
Core	259277	Perform analysis of requirements	6	25
Fundamental	258836	Analyse and apply different ICT systems development and lifecycle (SDLC) models for a given scenario	5	8
Fundamental	115392	Apply principles to create computer software by developing a complete programme to meet given business specifications	5	12
Fundamental	115790	Write and cater for a wide range of purposes, audiences and contexts	5	5
Elective	252026	Apply a systems approach to decision-making	5	6
Elective	115358	Apply information-gathering techniques for the development of computer systems	5	7

Type	US ID	Unit standard title	NQF level	Credits
Elective	115402	Assist in researching the problem and the solution within a consulting context	5	6
Elective	114059	Demonstrate an understanding of estimating a unit of work and the implications of late delivery	5	5
Elective	115385	Demonstrate an understanding of the principles of implementing and managing an e-commerce website	5	12
Elective	115380	Demonstrate an understanding of the various types of e-commerce applications	5	8
Elective	243816	Develop a management plan ensuring project-quality for a simple to moderately complex project	5	6
Elective	243824	Develop an integrated project-management plan for a simple to moderately complex project	5	8
Elective	119086	Develop an understanding of systems-security methods	5	8
Elective	117926	Identify and explain ICT risks and recommend solutions for security	5	5
Elective	258838	Investigate implementation options for Information Technology (IT) solutions	5	6
Elective	243812	Monitor and control the execution of the project-management plan for a simple to moderately complex project	5	12
Elective	115397	Understand and apply the concept of the consulting service as a product	5	5
Elective	115378	Demonstrate an understanding of advanced object-oriented programming	6	14

Source: (South African Qualification Authority 2012:16)

## E-governance in the Free State Province

The Free State Province, as geographical locus for this study, has also introduced various ICT initiatives to promote e-governance. The Free State Premier, Mr Ace Magashule (2014:2), committed the Provincial Government to align them with the Declaration of Access to the Internet declared as a basic human right by the United Nations in 2011. As a result, the Free State Government announced planned advancement of ICT as an instrument for socio-economic development.

Launching various ICT projects in the province, Magashule (2014:2) vowed that the Free State Provincial Government would strive to ensure that broadband Internet is accessible, even to people in rural areas. Furthermore, Magashule (2014:2) stated that it was critical for the Free State to achieve the following goal: "... digital inclusion, enabling universal, sustainable and affordable access to ICTs by all, and to provide sustainable connectivity and access to remote and marginalised areas at both provincial and municipal levels."

According to Weidermann (2012:1) the Free State Provincial Government is becoming more proactive in its approach to embrace the information age and in becoming a key player in the global ICT market. He asserts that the ICT Strategic Framework (2012) that the Free State Provincial Government has developed intends to achieve its economic, social cohesion, and developmental targets. This Strategic Framework also provides for the development of a Provincial Regional ICT Innovation Strategy. Weidermann (2012:1) further reports that other ICT plans for the Free State include the development of an SMME Incubation Hub with an investment value of approximately R100 million. This Hub's main aim is to provide a number of services to new businesses in the Free State.

Mvambi (2014:2) asserts that the Free State Provincial Government remains committed to its Provincial Communication Strategy which aims, inter alia, to focus on promoting media diversification and supporting community media in all its sectors. On that note, Mvambi (2014:2) indicates that the Provincial Government implemented a project in 2011 to create an integrated on-line presence for the broader provincial and local government sector – by introducing a government portal (website). Mvambi (2014:2) believes that, prior to this project, the on-line presence of the Free State Government and municipalities were "fragmented, out dated and cluttered with irrelevant information". The Universal Service and Access Agency of South Africa (USAASA, 2011:2) also launched the Free State Broadband Inter-city Network ICT which includes the following benefits and successes:

- Connect schools and build additional computer centres in the Free State.
- Extend training to all educators on ICT's.
- Provide rural/under-serviced areas the opportunity to interact with ICTs.
- Reduce the telecoms' cost to the economy and encourage innovative services to communities.
- Enable and integrate municipal services.

## **E-GOVERNANCE TRAINING MODELS**

Various countries that have advanced in e-governance applications worldwide, have instituted training models to empower officials in the use of ICT.

According to Frigg and Hartman (2012:1) as well as Van der Waldt (2013:45) and Martin (2014:1), a model entails the following: it provides a structure to study phenomena, generally reflects the interrelationship among variables, and simplifies the presentation of a system.

In the context of e-governance training, El Din (2009:2) confirms that models typically entail four stages. The first stage is *training in cataloguing*, which provides governments with information by creating agency websites. Only limited, one-way communication between the government and society is possible during this first stage. The second stage is *training in transaction*, which can provide online transactions with government agencies. El Din (2009:2) states that this process makes two-way communications between governments and communities possible. The third stage is the *training on the integration* of operations within functional areas in Government. Agencies working in the same functional area integrate their online operations. The final stage is *horizontal integration*. During this stage different functional areas are integrated within the same electronic system and put to use through a central portal. El Din (2009:2) also maintains that the last two stages focus on integrating the provision of e-governance activities within existing governmental structures.

Typical e-governance (training) models from within the Southern African context are listed in Table 6 below.

**Table 6: E-Governance models**

Models
e-Presence Measurement model for Africa
Colesca's Ideal e-Governance model for African countries
Bwalya's e-Governance conceptual model for the SADC region
Onyacha e-Governance model for Southern Africa for government, citizens and businesses interaction
Ojhai, Palvaz and Gupta's E-Governance Self-Service model
Layne and Lee's E-Governance Four-Stage model
Westholm's Triangular ICT model between the actors of e-governance
Gohel and Upandhyay's e-governance model
Islam and Ahmed's e-service delivery model
Teerling and Pieterse's Citizen Multi-Channel Behaviour model

These models provide for the general dimensions, domains, and functions that direct the competencies and skills, which public managers require for an effective management of the various processes associated with e-governance.

This concludes a brief theoretical exposition of the application of ICT in the government, the state of e-governance internationally and nationally, skills required of public managers, and the typical e-governance training models that are applied. In the following section the research methodology used for purposes of this study will be highlighted, including sampling procedures, data-collection instrumentation, and research findings.

## **RESEARCH METHODOLOGY**

Based on a qualitative research design, the present survey utilised case-study methodology to determine the e-readiness of public managers in sampled departments in the Free State Province.

### **Sampling**

The sampling strategy had a dual focus: investigating both the departments and the participants as units of analysis. In this regard four Free State provincial departments were sampled, namely the Department of Police, Roads and Transport; Department of Health; Department of Public Works and the Department of Social Development. Purposive sampling was used to identify these departments since preliminary surveys indicated relatively high maturity levels of e-governance applications and extensive usage of ICT in these departments' service-delivery operations within the province.

Regarding the participants, the total population was 30 taken across all sampled provincial departments. Purposive sampling was also applied to select participants who have direct responsibilities in the field of ICT management, applications and training. An interview schedule was compiled to facilitate semi-structured interviews with participants. McLaughlin (2003:4) and Trochim (2006:1) define semi-structured interviews as a flexible method to standardise questions.

### **Training-model design**

Based on an extensive literature survey and a synopsis of common elements identified in various e-governance models (*cf.* Table 6 above), the authors drafted a training model for e-governance which was verified and tested by means of interviews with participants. The draft model is a synthesis of the following aspects:

- principles and elements of management training and development;
- principles and elements of ICT in governance;
- principles and elements of e-governance;
- principles and elements abstracted from an analyses of international models for e-governance;
- theory of model-building;
- case-study analysis (i.e. selected Free State Provincial Departments); and
- input obtained from participants (i.e. verification and validation of a preliminary training model).

The preliminary model functions on three levels, namely:

- a macro- (strategic-) level for e-governance in the South African Government as synopsis of international models;
- a meso- (tactical-) level model for provincial departments outlining the core elements and dimensions for training; and
- a micro- (operational-) level model for internal departmental training.

On a macro-level the government typically establishes the parameters and broad strategic framework for ICT infrastructure, e-governance policies and applications, and provide the statutory and regulatory framework for managerial training. The various elements of the model are linked directly to Government for monitoring and control. Once Government has established the broad strategic parameters for ICT and e-governance, the next meso-layer entails the tactical orientation of provincial departments to implement their respective mandates provided by the national government. This tactical orientation includes the design of appropriate programmes to train public managers in establishing and utilising ICT to foster e-governance. The components in the model are interconnected, which demonstrates the interrelatedness of the different aspects in which public managers should be trained. The provincial government is at the centre and forms the axis, as it oversees the implementation of the elements of e-governance training in each department.

## **Data-collection instrumentation**

The present study entailed semi-structured interviews conducted with selected participants and an interview schedule categorised into five main sections:

- current ICT and e-governance practices and applications in departments;
- e-governance skills required;
- operational considerations;
- managerial considerations; and
- input to the drafted (preliminary) training model.

## RESEARCH FINDINGS

The findings derived from the survey are presented in terms of the five categories listed above.

### Current e-governance practices and applications

Table 7 below highlights the responses of participants on the first set of questions, which were designed to establish current e-governance practices and applications of the sampled departments. The participants' responses were outlined in the form of values and percentages. Their views were recorded in comparative ratios against the total number of those who partook in the research. According to Tukey and Tufte (2015:1), the "part-to-whole" analysis entails the categorical subdivisions in research analysis, which measures the ratio to the whole (i.e. a percentage out of 100%). The percentages were calculated on the basis of the following formula:

$$\frac{\text{The participants' views (PV)}}{\text{The total number of participants (30)} \times \frac{100}{1}}$$

This formula indicates the values of participants' views (PV) out of the total number (30) who participated in the research, multiplied by hundred (100) over 1, to determine the percentage following the part-to-whole analysis. The same formula was applied to the analyses of all categories from the findings.

**Table 7: ICT and e-governance practices and applications**

Questions on current ICTs and e-governance practices and applications	Participants' views (PV)			
	Yes	%	No	%
(Q1) Do you have any ICT management training schedules in your department? (Yes/No) If 'yes' please briefly elaborate.	8/30	27%	22/30	73%
(Q2) Do you have any ICT management training programs in your department? (Yes/No) If 'Yes' please briefly explain the nature of these programs.	8/30	27%	22/30	73%
(Q3) Were you trained in the use of the contemporary departmental IT software or any ICT resources for your departmental services as a manager? (Yes/No). Please elaborate/explain.	8/30	27%	22/30	73%
(Q4) Are you aware of any rules, regulations or policies about ICT operations in your department/unit/component as a manager? (Yes/No). Can you please provide some examples of such rules, regulations and policies?	7/30	23%	23/30	77%

Questions on current ICTs and e-governance practices and applications	Participants' views (PV)			
	Yes	%	No	%
(Q5) Were you ever involved in the design of an electronic governance (e-governance) training model? (Yes/No). If "Yes", please elaborate.	5/30	17%	25/30	83%
(Q6) Is there a specialised ICT management training unit in your department? (Yes/No)	11/30	37%	19/30	63%
(Q7) Is there a need for specialized ICT management skills training to improve services rendered by your department? (Yes/No). Please elaborate.	3/30	10%	27/30	90%

Out of the 30 participants who were interviewed, 73% indicated that there are no ICT (e-governance) management training schedules in their departments. This high percentage highlights the severity of the issue that helped to pose the research problem. Less than a third (27%) of the participants indicated that they have been trained in contemporary departmental ICT software applications, which means a worrying 73% gave a negative response. This situation may have far-reaching consequences for e-readiness in the public service. A meagre 17% of the participants were involved in the design of their e-governance training model.

The issue of management buy-in and commitment may be severely hampered if senior levels of management are not involved in the design of the models they are supposed to implement. It is further significant that only 37% indicated that there is a specialised ICT management training unit in their departments. A tiny 10% furthermore agreed that there is a need for specialist training in ICT management to improve services rendered by departments.

## Skills rating

Improved service delivery is also related to skills of the role-players. This introduces the second set of questions, on the rating of skills. Table 8 below outlines the responses from participants in their rating of skills within the department in question.

**Table 8: Skills rating**

Skills	Participants' views (PV)			
	Ratings (equal to 10)	%	Ratings (less than 10)	%
Interpersonal skills	30/30	100%	0	0%
Communication skills	30/30	100%	0	0%

Skills	Participants' views (PV)			
	Ratings (equal to 10)	%	Ratings (less than 10)	%
Decision-making skills	28/30	93%	2/30	7%
Leadership skills	28/30	93%	2/30	7%
Technical skills	25/30	83%	5/30	17%
Time management	26/30	87%	4/30	13%
Conceptual skills	28/30	93%	2/30	7%
Technical skills (e.g. programme development and design, ICT, presentation)	27/30	90%	3/30	10%

The high rating of skills (1 = insignificant; 10 = very high) confirms that most participants agreed that specialised e-governance skills are required. The main argument was: Should managers possess these skills, they would be better placed to address their ICT responsibilities and implement e-governance initiatives successfully. This brings into focus the following set of questions regarding operational issues.

## Operational issues

Table 9 below highlights the operational issues and considerations relating to questions on current e-governance practices and applications in the sampled departments.

**Table 9: Operational considerations**

Questions on operational issues (Q)	Participants' views (PV)			
	Ratings equal to 5	%	Ratings less than 5	%
(Q1) There is a need to develop and revisit a vision and mission for training in e-governance/ICTs.	28/30	93%	2/30	7%
(Q2) An effective e-governance training plan requires regular assessment of e-readiness.	27/30	90%	3/30	10%
(Q3) An e-governance training plan should be determined by training goals.	28/30	93%	2/30	7%

Questions on operational issues (Q)	Participants' views (PV)			
	Ratings equal to 5	%	Ratings less than 5	%
(Q4) An e-governance training schedule should include a determination for administrative and political support.	28/30	93%	2/30	7%
(Q5) Identifying appropriate service provider(s) should form part of an e-governance training plan.	29/30	97%	1/30	3%
(Q6) There is a need to identify content of management training in e-governance before engaging in operational training.	29/30	97%	1/30	3%
(Q7) Establishing monitoring and evaluation procedures are compulsory to oversee e-governance training.	28/30	93%	2/30	7%
(Q8) There is a need for continuous reviews of e-governance training processes and compliance with statutory prescripts.	28/30	93%	2/30	7%

From the outline of ratings in Table 9 above, it is evident that most participants' ratings are equal to 5, whilst a few ratings score less than 5. The highest rating based on the third question (Q3) (93%) concern *an e-governance training plan [that] should be determined by training goals*. This sets the tone for realistic goals aligned with ICT standards and specifications to which the Free State Departments may ascribe when they implement e-governance in full. The input on question 8 (Q8) is about the need for continuous reviews of training processes for e-governance and to comply with statutory and regulatory guidelines.

## Managerial considerations

The following set of questions concerns the key managerial considerations that should be taken into account in the design of appropriate e-governance training programmes. Table 10 below outlines the analysis of the participants' views, highlighted in percentages, of these mentioned considerations. The percentages were calculated by means of the mentioned formula:

$$\frac{\text{The total number of participants' views (PV)}}{\text{The total number of participants (30) X}} = \frac{100}{1}$$

**Table 10: Managerial considerations**

Questions on managerial considerations	Participants' views (PV)
<p>Which levels of management do you think should be exposed to ICT training for e-governance applications? Why do you say so?</p>	<p><b>100% (30/30)</b> of participants agreed that all levels of management should be trained in ICTs. This number includes supervisors, Assistant Directors, Deputy Directors, Directors, Chief Directors and HODs. The aims are: Promote communication, empowerment, continuous capacity building, continuous education, skills empowerment and knowledge sharing.</p>
<p>In your opinion, what are the main obstacles and hindrances to further implement and enhance e-governance endeavours in your department/unit/component?</p>	<p><b>80% (24/30)</b> of participants cited the lack of funds and political support as the obstacles hindering the implementation of ICT in their departments. The main obstacles highlighted by the other <b>20% (6/30)</b> are:</p> <ol style="list-style-type: none"> <li>i. lack of political and administrative support within departments;</li> <li>ii. lack of ICT resources, and ignorance;</li> <li>iii. placement, recruitment and selection;</li> <li>iv. inadequate ICT knowledge; and cognisance of its importance.</li> </ol>
<p>What in your view may be the benefits of Public-Private Partnership in public management ICT training in the Free State Government?</p>	<p><b>90% (27/30)</b> of participants agreed that funding can benefit from public-private partnerships. The remaining <b>10% (3/30)</b> highlighted the following benefits of public-private partnerships:</p> <ol style="list-style-type: none"> <li>i. funding from private institutions;</li> <li>ii. improved and advanced ICT programmes provided by the private institutions;</li> <li>iii. public institutions offering accredited programmes for public managers;</li> <li>iv. transfer of skills; and</li> <li>v. mutual benefits.</li> </ol>
<p>What do you think are the main benefits of training public managers in ICT/e-governance (e.g. for the department, for government as a whole, for the community/ customers)?</p>	<p><b>93% (28/30)</b> of participants indicated that improved service delivery by the government may result from training public managers in ICTs. The other <b>7% (2/30)</b> highlighted the following benefits when training public managers in ICTs:</p> <ol style="list-style-type: none"> <li>i. improved communication among senior managers and subordinates;</li> <li>ii. improved services by government departments;</li> <li>iii. more effective two-way communication between the government departments and the community;</li> <li>iv. less paper wastage (going "green"); and</li> <li>v. keeping abreast with latest technology.</li> </ol>
<p>What is your opinion about the state of e-governance in the South African government in general and in Free State provincial departments in particular?</p>	<p><b>100% (30/30)</b> of participants agreed that the state of e-governance readiness in the South African government is still extremely low, as most departments are still utilising "old" communication technology such as faxes instead of emails and social networks. The other reason was that e-governance does not receive the attention it deserves in South Africa.</p>

Questions on managerial considerations	Participants' views (PV)
<p>What is your opinion about the e-readiness of public managers in general and their ICT competencies in particular?</p>	<p><b>100% (30/30)</b> participants agreed that most public managers are not academically ready to be trained in ICTs. Therefore, the need is firstly to empower the managers academically and then to introduce ICT training programmes. The other input was that e-readiness in South Africa requires “brooding” or “reawakening”. It also became evident that the e-readiness of public managers in South Africa is generally at an extremely low level.</p>
<p>What is your opinion on the development of ICT monitoring and evaluation procedures to monitor whether public managers utilise the ICT skills they have learned after training?</p>	<p><b>97% (29/30)</b> participants agreed that there is a need to develop regulations, policies, and guidelines to train, monitor and evaluate public managers' ICT programmes; and to assess the application and implementation of knowledge learnt from training to avoid wasting government funds. Only <b>3% (1/30)</b> did not answer the question.</p>
<p>In your opinion, which elements should be considered to be relevant for the development of an ICT training model for your department?</p>	<p><b>97% (29/30)</b> of participants supported and encouraged the development of policies and regulations to monitor and evaluate public managers' ICT practices. They indicated that all relevant ICT elements and programmes are necessary to develop an ICT training model for their departments. Some participants highlighted the following elements to be considered when developing public managers:</p> <ul style="list-style-type: none"> <li>i. Include the process programmes in ICT training;</li> <li>ii. Consider citizens' involvement in Government when developing the ICT content for public managers; and</li> <li>iii. Include web-site (html) training for public managers.</li> </ul> <p>Only <b>3% (1/30)</b> did not answer the question.</p>

When asked to motivate why all levels of managers in an organisation should be trained in ICTs, some participants highlighted the following reasons:

- From middle management upwards, managers are expected to champion the implementing of ICTs within their department. A top-down management approach will go a long way in inculcating a culture of ICT adoption.
- All levels of management should be trained in ICTs to improve communication and expand managers' knowledge.
- All levels of management should be trained in order to improve the services rendered by the government.
- All levels of management, including strategic managers, should be trained to deliver improve planning and decision-making.

Eighty percent (24/30) of participants cited the lack of funds and political support as the main obstacles hindering the implementing of ICT and e-governance in their departments. Other obstacles that were pointed out include:

- lack of administrative support within departments;
- vague understanding of e-governance;
- lack of executive support to champion ICT initiatives; and
- insufficient human capacity.

From the analysis above it is evident that participants agree strongly that all levels of management should be trained in ICTs. An area that deserves attention is the positive contribution that public-private partnerships could make to address these and other identified obstacles. Most participants also strongly agreed that the training of public managers in ICTs could make a significant contribution by improving service-delivery processes, two-way-communication between the government departments and the community, and generate cost-and-time savings.

When participants were asked to comment on the state of e-governance readiness in their departments, all indicated the state of e-readiness as poor or very low. Reasons cited for this state of affairs include:

- outdated technology;
- limited ICT infrastructure;
- public managers who are not academically competent and “techno-savvy”; and
- general reluctance to use ICTs in managerial applications.

The following section seeks to unfold participants’ inputs on a drafted e-governance training model. This model was presented and explained to them during the semi-structured interviews.

## **Input on and refining of the drafted training model**

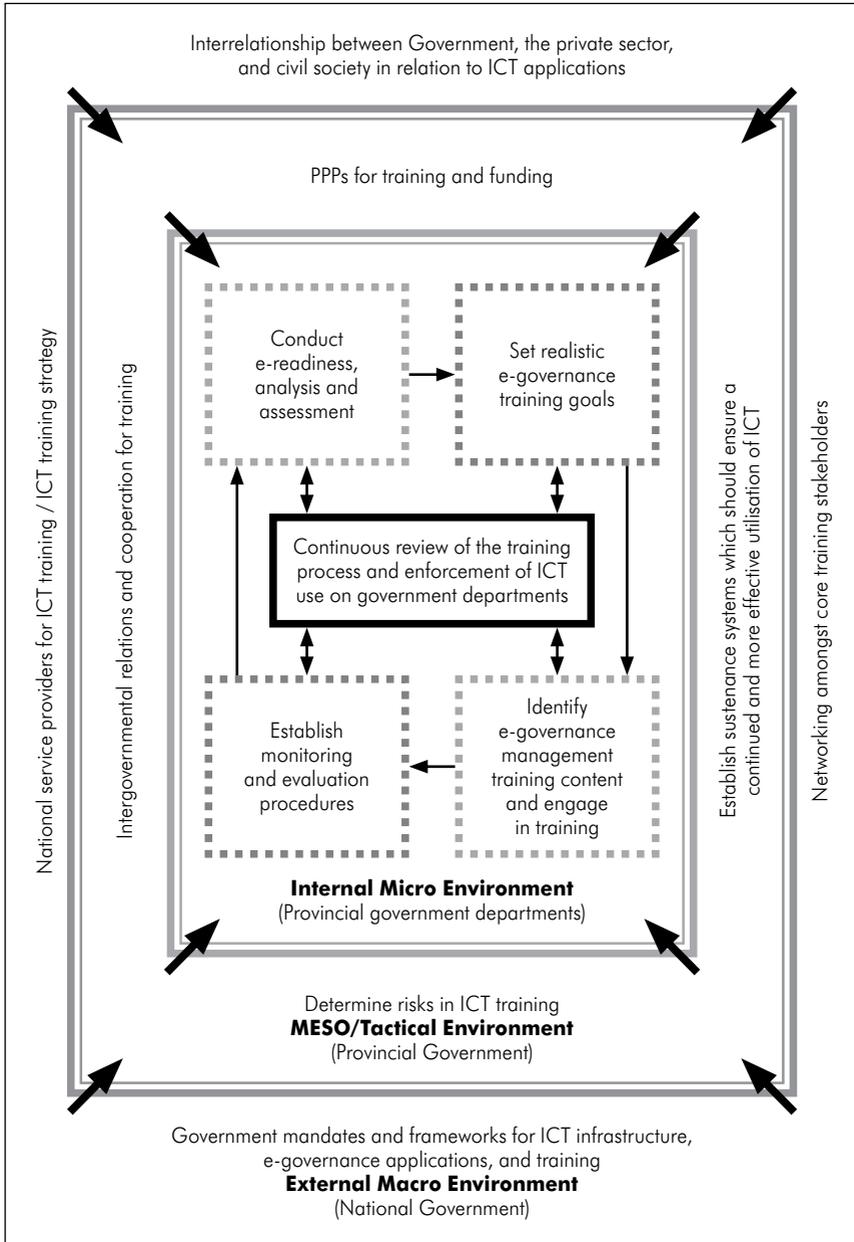
The inputs by the participants validated the suitability of the dimensions and aspects included in the preliminary training model. Their feedback and suggestions on other aspects they deemed as relevant were incorporated to refine the model. The final model is presented as Figure 1.

## **Suggestions to apply the training model**

Based on the synthesis from the literature review, case-study analysis as well as the empirical validation, the following process can be suggested when applying the model in provincial departments:

- Departments should develop their own operational policies and ICT training schedules, programmes and content – in line with international ICT standards.
- Once these policies, schedules and content are formulated, it should be forwarded to the provincial government for scrutiny and approval.

**Figure 1: E-governance Training Model for Free State Provincial Government Departments**



- In accordance with national standards the provincial government, in turn, should approve these above-mentioned ICT training components.
- The provincial government should furthermore ensure that departments are supported adequately by resources, and facilitate the funding of such ICT training programmes and schedules.
- The provincial government should obtain a list of preferred service providers for ICT training from the national government to initiate actual training.
- The national government should support provincial governments in their general e-governance endeavours, and particularly their ICT-training needs. This should include the design of national policies, strategies and programmes, which may be cascaded down to the departments for closer examination. The aim should be to identify ICT content that is relevant to the particular department.
- The national government should continuously benchmark their e-governance practices with international best practice, and thereby ensure that the South African Public Service remains on par with international standards and applications for e-governance.

## **CONCLUSION**

The aim of this article was to establish and assess the general e-readiness of public managers in the provincial government. This meant identifying core skills required to apply e-governance initiatives successfully, and designing an e-governance training model that the Free State Provincial Government departments may use to address the skills deficit. The article also provided a brief theoretical exposition of the application of ICT in Government, the state of e-governance internationally and nationally, skills required of public managers, and the typical e-governance training models that are applied. Finally, the article outlined the research methodology that was employed and the findings drawn from the survey.

From the findings it is evident that public managers should acquire the necessary skills to handle ICT applications. This applies to government departments in general and the effective management of e-governance imperatives in particular. The availability of a skilled workforce is essential for e-governance. Therefore, public managers should have the ability to create departmental conditions conducive to ICT applications. They should also adopt IT systems and implement procedures to facilitate inter- (micro), intra- (meso) and extra- (macro) governmental connections. In light of the rapidly changing world of work globally, there is a need to introduce appropriate models to train public managers in applications of e-governance, worldwide but in particular within the South African government departments.

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# Debt Management Framework for Western Cape Province Municipalities

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## **ABSTRACT**

Consumers, rate-payers and citizens are not fulfilling their obligations contributing to a situation of insufficient available cash for day-to-day service delivery. The current debt situation in municipalities can be linked to the creation of a culture of non-payment, due to the political situation in South Africa pre- and post-1994. South African municipal debt increased by 88 percent (R44 billion) over the last five financial years, from R50 billion in 2009/2010 to R94 billion in 2013/2014. The increased trend of 15–20 percent per year increase in debt precludes the effective, efficient and economic provision of essential and emergency services to communities.

All municipalities need to ensure that an effective collection relationship exists and that municipalities implement policies, by-laws, processes, procedures and systems in this regard. However, many municipalities fail in their quest for effective collection, or lack the capacity to utilise enabling legislation to implement an efficient and effective debt collection framework.

In response to this prevailing scenario, a research study was undertaken to identify and document existing problems and thereby attempt to develop a framework for effective cash and debt collection. The article will explain the research process adopted to develop the framework for effective collection of cash and outstanding debt. A questionnaire survey was conducted with all category A and B municipalities in the Western Cape, with the Chief Financial Officers identified as the respondent.

Analysis of the findings revealed shortcomings with regard to compliance with both judgments and enabling legislation.

The shortcomings were validated and taken into consideration in the formulation of the framework, as were the best practices as prescribed in the legislation and identified in the literature review. The application of this framework in every municipality in the Western Cape is proposed, so as to improve debt collection as a means of promoting better service delivery to all citizens, particularly the poorest of the poor.

## **INTRODUCTION AND BACKGROUND**

Municipalities need to ensure that efficient systems, processes and procedures are implemented and supported by a framework of legislative compliance. For many years South African municipalities have had difficulty in collecting outstanding debt, which undermines effective and efficient service delivery. The non-collection of monies due and payable, negatively affects the ability of a municipality to provide needed services to the particular community, meaning that the municipality will not be able to meet the constitutional requirement to provide services to all citizens. The worst-case scenario is that municipalities are at risk of “bankruptcy”, through the termination of operational and other services in a situation of constant non-collection of outstanding debt.

In terms of Section 25(1) of the Local Government: Municipal Systems Act, (No.32 of 2000) an Integrated Development Plan (IDP) must be compiled that “links, integrates and co-ordinates plans and takes into account proposals for the development of “the municipality ...aligns the resources and capacity of the municipality” and “forms the policy framework and general basis on which annual budgets must be based”. In terms of Section 17(1)(a) of the Local Government: Municipal Finance Management Act, (No.56 of 2003) (MFMA) municipalities, amongst other requirements, must set a realistic anticipated revenue goal for every revenue source, as part of their annual budget.

A poor collection rate will decrease “...realistic anticipated revenue...” and as such negatively impact on development per the IDP. Therefore, the management of municipal debt is an issue of national importance.

During the five-year cycle from the 2008/2009 to 2013/2014 financial years, South African municipal debt increased by 88%, from R50 billion to R94 billion (South Africa. National Treasury 2014).

An analysis of the debts as at 30 June 2014 per type of municipality revealed that metropolitan municipalities were liable for 55% of the total debt. Secondary

cities/emerging metropolitan municipalities (Category B) were liable for 21% of total debt and that the other remaining district and local municipalities (Category B and C) were liable for 24% of total debt. Furthermore, 79% of the above debt was reflected as 90 days and older; and that less than 3% debt was written off.

Further debt analysis reveals that the following essential services had debt outstanding as shown in brackets: water (28%); electricity (24%); property rates (21%); sanitation (7%); refuse removal (7%); and other (23%).

Municipalities' failure to collect money owed to them means that service delivery is severely compromised as debt collection should be at 100%. Clearly, an increase of municipal debt of 88% over five years cannot be seen as positive, effective or efficient. The internal and external consequences of this prevailing scenario are presented hereunder.

The purpose of the research is to provide a framework to assist municipalities with debt management and the collection of outstanding money. The framework will be based on national and international best practises within a constitutional, legislative and judicial context.

## **INTERNAL CONSEQUENCES OF NON-PAYMENT**

The following internal identified factors for non-payment is briefly explained hereunder:

### **Unemployment**

The provision of new posts will link directly to the availability of funds. A situation of non-payment therefore cannot contribute to providing new employment and will not support a national government request for providing additional employment. In a worst case scenario, in a situation of continuous non-payment existing employment in the local government sphere might be at risk of employment loss or reduction (Selepe 1997:5).

### **Infrastructure**

Non-payment will not provide sufficient cash resources to pay for the depreciation (previously referred to as interest and redemption) component of new capital infrastructure. The situation negatively impacts on those members in communities willing to pay or paying for municipal services rendered. Hoffman (2010:7) argues that ratepayers do have rights to withhold payment in situations where municipalities are unable to provide effective and efficient services.

## **Capital investment**

Pieterse (1997:18) argues that non-payment also negatively affects the credit rating (as awarded by private credit rating agencies) of a municipality and is the most important indicator when capital markets consider investing in the local government sphere. A bad credit rating will not attract capital investment, or will attract at an investment premium (Pieterse 1997:18).

## **Contractual responsibilities**

In a typical non-payment environment, lack of cash might affect negatively on the ability of municipalities to pay creditors. Silke (1997:39) highlights that the non-payment of creditors will ultimately lead to insolvent local authorities.

## **Service delivery**

Delpont (1997:31) states that non-payment will force municipalities to cut operating budgets as per the MFMA and will not support an effective and efficient service delivery. A total collapse of services will be disastrous for effected communities.

## **Economic development**

Municipalities must fulfil their obligation to provide development opportunities for, amongst others, previously disadvantaged communities and the poorest of the poor. Without cash-related resources municipalities will not be able to fulfil this obligation.

## **Maintaining existing infrastructure**

To be able to maintain existing infrastructure, municipalities will need resources such as labour and material. Without the availability of the necessary cash resources, municipalities will not be able to maintain as needed. No maintenance will ultimately contribute to the loss or non-availability of infrastructure.

## **Housing**

The housing need in South Africa is of such a nature that the existing contribution of new houses is not sufficient (Silke 1997:31). Although the provision of housing is mandated as national and provincial functions, municipalities can contribute to the provision of housing by means of an unfunded mandate. Municipalities

must therefore ensure that enough cash is available to assist with the facilitation and provision of new houses (Silke 1997:31).

## **EXTERNAL PROBLEMS ARISING FROM NON-PAYMENT**

Non-payment not only contributes to less available revenue, but also contributes negatively to social problems such as poverty, unemployment, indigence, inability to generate income, crime literacy and education.

### **Poverty**

Poverty is usually one of the biggest challenges facing any community. Municipalities are responsible for ensuring an effective system of redistribution of wealth to alleviate poverty by means of indigent grants. Although the national tax basis should provide assistance in this regard, by means of the equitable share of revenue, such provision is seldom sufficient. In an environment of non-payment or non-collection, municipalities will not be able to assist with the alleviation of poverty (Sharpley 2001:26). Sharpley (2001) argues that it is also the responsibility of municipalities, and not only that of national government, to eliminate poverty. Badenhorst (2002:11) concurs with this argument. Municipalities are responsible for engaging the private sector in this regard.

### **Unemployment**

Municipalities need to ensure an environment of job creation and, where needed, to facilitate and contribute to the creation of jobs (Badenhorst 2001:84). However, Wilhelm (2002:29) argues that municipalities need to ensure employment of all citizens to increase the revenue base. An increased revenue base will ensure enhanced service delivery. The non-payment or non-collection of funds will negatively affect job creation and will not curb unemployment.

### **Indigence**

Caring municipalities currently contribute to the public needs of the indigent by means of free services and houses to ensure an enhanced quality of life (Sternberg, 2001:31). Municipalities therefore need to ensure an effective collection of monies due (revenue) to be able to improve the life of the indigent.

## Crime

Part of the revenue collected to fund public spending should be used to combat crime to ensure not only safer communities but to facilitate an environment favourable for tourism (Theobald 2001:38).

## Education

An educated community and nation will eliminate many of the above problems. Although education is a national function, municipalities can contribute indirectly through special projects and interactions. A better-educated public will ultimately ensure enhanced economic activities and as such the ability to contribute more income for public service delivery (Ullman 2002:10).

## **STATUTORY LEGISLATIVE FRAMEWORK AND SELECTED JUDGMENTS**

Since 1994, South Africa has adopted new legislation to give effect to the new democracy. For local government, this commenced in March 1998 with the enactment of the White Paper on Local Government, which resulted in the promulgation of a suite of new local government legislation aimed at transforming local government. The effect of this new legislation has been to change the debt management environment within the local government sphere.

### **Selected Statutory Legislation**

Legislation impacts on the levying and collection of outstanding monies and on the operational activities of municipalities with regard to revenue and debt collection. The applicable statutory legislation is explained hereunder:

#### ***The Constitution of the Republic of South Africa, 1996***

Local government affairs are included in Chapter 7 of the Constitution, 1996 which states that the role of local government is to ensure the provision of services to communities in a sustainable manner. The services referred to in Section 152(1) are recorded in Part B of Schedule 4 and Part B of Schedule 5 of the Constitution, 1996. Section 229 of the Constitution, 1996 provides municipalities with the mandate to levy fees, including property rates, to fund the services detailed in Schedules 4 and 5 of the Constitution, 1996.

### **Local Government: Municipal Systems Act, No. 32 of 2000**

Section 74 of the Systems Act states that municipalities are required to implement a Tariff Policy with regard to all services rendered. Municipalities must give effect to this Tariff Policy and enforce it by means of a tariff by-law, as per Section 75 of the Systems Act, 2000.

From the perspective of revenue and collection of outstanding monies, Chapter 9 regulates the credit control and debt collection of a municipality. The provisions contained in Chapter 9 require that, in addition to levying rates and providing services, municipalities must also provide for the following financial and administrative capacity in terms of section 95:

Section 96 of the Systems Act, 2000 states that municipalities are responsible for the collection of outstanding monies and that they need to adopt, maintain and implement a debt collection policy. Further, Section 96(b) states that the debt collection policy must be consistent with the rates and tariff policy. The Systems Act, 2000 also provides the authority to supervise and implement the organisational and functional responsibility. In addition, in terms of Section 102 various mechanisms and options are available to municipalities with regard to collection of outstanding monies.

Section 118 of the Systems Act, 2000 provides for the issuing of clearance certificates and the transfer of property. The property is the guarantee to the municipality in terms of outstanding debt. Mechanisms to strengthen the capacity of municipalities to collect outstanding monies, is to provide the municipality the right to access property for installation, inspection and repairing purposes. The municipality can also enter into agreements with the employer of a person owing money to the municipality, if the debtor provides consent to the deduction of the outstanding amounts.

In terms of Schedule 1, Section 12A of the Systems Act, 2000 councillors must not be in arrears for longer than three months and in terms of Schedule 2, Section 10, staff must also not be in arrears for a period of three months.

### **Local Government: Municipal Finance Management Act, (No. 56 of 2003) (MFMA)**

Section 18(1) of the MFMA provides parameters for funding of expenditure which "...may only be funded from..."

- Realistic anticipated revenues to be collected (Section 18(1)(a));
- Cash-backed funds from the previous year not already committed for other purposes (Section 18(1)(b));
- Borrowed funds, but only for capital projects (Section 18(1)(c));
- Realistic revenue budget based on previous collection levels (Section 18(2) (a)); and

- Based on actual revenue collected in previous financial years (Section 18(2) (b)).

The MFMA provides the legal and financial framework for the collection of outstanding monies, and is directly linked to the cash or revenue available for spending, as directed by Section 152 of the Constitution, 1996.

**Local Government: Municipal Structures Act, (No. 117 of 1998)**

The rendering of services detailed in the Constitution, 1996 are confirmed in Chapter 5 of the Structures Act, 1998 under "...functions and powers of municipalities..." The chapter guides the delivery of services through the various types of municipalities, as set out in terms of Section 155 of the Constitution, 1996. The intention of the Structures Act, 1998 is to provide the structural mechanism through which the abovementioned services must be rendered.

**Local Government: Municipal Property Rates Act, (No. 6 of 2004)**

The Local Government: Property Rates Act, (No. 6 of 2004) provides two important necessities for the collection of monies from a revenue and debt collection perspective namely: the power to levy rates and the adoption of the rates policy. The rates policy must support the collection of property rates as documented in terms of the credit control and debt collection policy, and must be consistent with these policies, with regard to indigent debtors (Section 97(c)), and for the levying and collecting of all property rates and other services.

**Selected judgments**

The following selected judgments from the High Court, Supreme Court of Appeal and the Constitutional Court must be considered by the municipalities when applying the provisions contained in the applicable legislation, policies and by-laws. The following judgements facilitate the interpretation of the intention and applicability of the legislation. The foregoing must be considered and complied with during the collection of debt and revenue.

**City of Cape Town v Real People Housing (Pty) Ltd;  
Supreme Court of Appeal, 30 November 2009**

The judgement clarifies the meaning and interpretation of Section 118 of the Systems Act, No.6 of 2000 (South Africa 2000b) (*City of Cape Town v Real People Housing (Pty) Ltd.* [2009] S.A. 196 (SCA)).

The practical implication of this judgment is that municipalities must provide a clearance certificate if payment was received for services, during the two years preceding the date of application.

***Mkontwana v Nelson Mandela Metropolitan Municipality and another; Constitutional Court of South Africa, 6 October 2004***

Mkontwana leased out his property and the tenant then contracted with the municipality for services. Mkontwana was unwilling to assume responsibility for the debt of the tenant when applying for clearance in terms of Section 118(1) of the Systems Act, 2000. The municipality was only willing to provide clearance upon payment of all outstanding debt, including the debt of the tenant.

Municipalities however, need to ensure that all systems can support the provision of a duplicate account to the owner if requested. The credit control and debt collection policies also need to be responsive to the fundamental finding in this case, that owners will be held responsible for the accounts of tenants when applying for clearance in terms of Section 118 of the Systems Act, 2000.

***Beck and others v Kopanong Local Municipality; Orange Free State High Court (unreported), March 2002***

Beck and others were in arrears with the water part of their municipal account with Kopanong Municipality; Kopanong instructed the third party delivering electricity to prevent Beck and others from purchasing electricity, based on the principle of a consolidated account. In this particular case buying pre-paid electricity was prevented because of water arrears. Beck and others argued that they received electricity from a third party and not from Kopanong and therefore the action to prevent buying of electricity for a debt of another organisation (Kopanong) was unconstitutional and illegal.

The judge supported the fact of a consolidated municipal account in respect of the service provider.

***Hartzenberg and 8 others v Nelson Mandela Metropolitan Municipality; South East High Court, 10 September 2002***

The principle of disconnecting the supply of pre-paid electricity on account of failure to pay a water account is referred to in this case. The Nelson Mandela Metropolitan Municipality disconnected the electricity supply to Hartzenberg and others because their water account was in arrears. The municipality used the principle of a consolidated account and therefore argued the legality of disconnecting the electricity supply. However, the electricity supply was by means of a pre-paid meter where Hartzenberg and others bought the electricity up-front by means of pre-paid tokens. Hartzenberg and others argued that the municipality had no right to disconnect a service where such service was paid up-front. Judge Liebenberg ruled that:

Unfortunately, the Nelson Mandela Metropolitan Municipality did not have a credit control and debt collection policy and by-law at that stage and as such Judge Liebenberg ruled in favour of Hartzenberg (*Hartzenberg and 8 others*

*v Nelson Mandela Metropolitan Municipality (Despatch Administrative Unit).* [2003] S.A. 10625 (SE)).

***Joseph and others v City of Johannesburg and others;*  
*Constitutional Court of South Africa, 9 October 2009***

The City of Johannesburg's electricity provider, City Power (Pty) Ltd., terminated the electricity supply to Joseph and others' place of residence following the accumulation by the landlord of substantial arrears in payments owing. In both courts Joseph and others sought the reconnection of their electricity supply and an order that they were entitled to procedural fairness in the form of notice and an opportunity to make representation to City Power before the supply was terminated. The difficulty arose in that the tenants (Joseph and others) had no contractual right to receive electricity from City Power: they paid their electricity bills to the landlord who had contracted with City Power for electricity supply. The crux of the case was therefore whether any legal relationship existed between Joseph and others and City Power outside the bounds of the contractual agreement that entitled Joseph and others procedural fairness before their household electricity supply was terminated.

In summary, an entitlement to these services exists and the users receive the service in terms of their public rights and therefore entitled to notice of the intention to termination of the services.

***Rademan v Moqhaka Municipality and others;*  
*Supreme Court of Appeal, 1 December 2011***

Mrs Rademan's electricity service was terminated by the local municipality because she did not pay rates and taxes – she only paid for electricity and water as she withheld payment on rates and taxes due to poor service delivery. Mrs Rademan successfully launched for the reconnection of her electricity. The municipality of Moqhaka appealed against the decision of the Free State High court.

It is clear from the judgment that the intention of the debt collection legal framework is to ensure payment to ensure future service delivery. Ratepayers and consumers cannot withhold payment or part thereof as a protest against poor service delivery.

Ratepayers and consumers should receive a consolidated municipal account that needs to be paid in full, by a consolidated payment – selected payment for selected service/rates/taxes payment will not be allowed.

***City of Johannesburg v Harry Kaplan and another;*  
*Supreme Court of Appeal, 29 March 2006***

The City of Johannesburg appealed against the dismissal of its application for a declaratory order that the amount due by Harry Kaplan, in his capacity as

liquidator of a close corporation which owned property in the city, was a charge upon the property and enjoyed preference in the distribution of the proceeds of the sale of the property over the bank mortgage bond registered against the property. Although the City based its appeal on the provisions of Section 118(1) of the Systems Act, 2000, the real issue was the application and effect of Section 89 of the Insolvency Act, (No. 24 of 1936).

The Supreme Court of Appeal concurred that a municipal debt is a debt against the property; it therefore supported the City of Johannesburg's right to claim the money as a preferent claim against the property (*City of Johannesburg v Harry Kaplan NO (in his capacity as Liquidator of Krokpark CC (in Liquidation)) & another*. [2006] S.A. 17065 (SCA)).

### ***Mazibuko and others v City of Johannesburg and others; Constitutional Court of South Africa, 8 October 2009***

The case refers to the proper interpretation of Section 27(1) (b) of the Constitution, 1996 which provides that everyone has the right to have access to sufficient water. Cultures in all parts of the world acknowledge the importance of water as water sustains life. Human beings therefore need water to drink, to cook, to wash etc. Although rain falls everywhere, access to piped water is at a cost. Mazibuko and others were residents in Phiri, an area of Soweto, Gauteng Province, and received water via a pre-paid water meter. They challenged the legality of these pre-paid meters in terms of Section 27(1)(b) of the Constitution, 1996.

The case concerned two major issues: firstly, whether the City's policy in relation to the supply of free basic water and, particularly, its decision to supply 6 kilolitres of free water per month to every accountholder in the city, was in conflict with Section 27 of the Constitution or Section 11 of the Water Services Act, No.108 of 1997; and secondly, whether the installation of pre-paid water meters in Phiri, Soweto was lawful.

With regard to the installation of a pre-paid water meter, Judge O'Regan of the Constitutional Court, concluded that neither the free basic water policy nor the introduction of pre-paid water meters in Phiri constituted a breach of Section 27 of the Constitution (*Mazibuko and others v City of Johannesburg and others*. [2009] S.A. 1 (CC)).

### ***Jafta v Schoeman and others; Constitutional Court of South Africa, 8 October 2004***

Jafta's property was sold in execution due to non-payment and in the process the property was transferred to Schoeman after the required legal process. Jafta relied on his constitutional right to adequate housing and requested the court to re-allocate the property and declare the allocation to Schoeman, as part of the process of sale in execution, as illegal and unconstitutional.

Judge Makgoro writing, on behalf of the Constitutional Court, summarised by stating that a beneficiary of a government-related housing scheme will fall within the context of "...given access to adequate housing..." and therefore ruled in favour of Jafta. This is of importance as the sale in execution of such properties will be unconstitutional and ultimately will be categorised as wasteful expenditure.

## **RESEARCH METHODOLOGY**

Arising from the analysis of the literature review, statutory legislation and judiciary decisions, a questionnaire was designed, developed and tested for reliability. Prior to the administration of the questionnaire survey a focus group session was conducted with representatives, registered with the municipal finance professional body, namely, the Institute of Municipal Finance Officers (IMFO) to test the reliability of the questionnaire instrument.

An action research approach was adopted to identify the problems and to formulate practical solutions. Du Plooy-Cilliers, Davis and Bezuidenhout (2014:198) highlight the following types of action research: technical action research; practical action research; participatory action research; and emancipatory action research.

For the purpose of this study the practical action research paradigm was adopted, because of the following attributes:

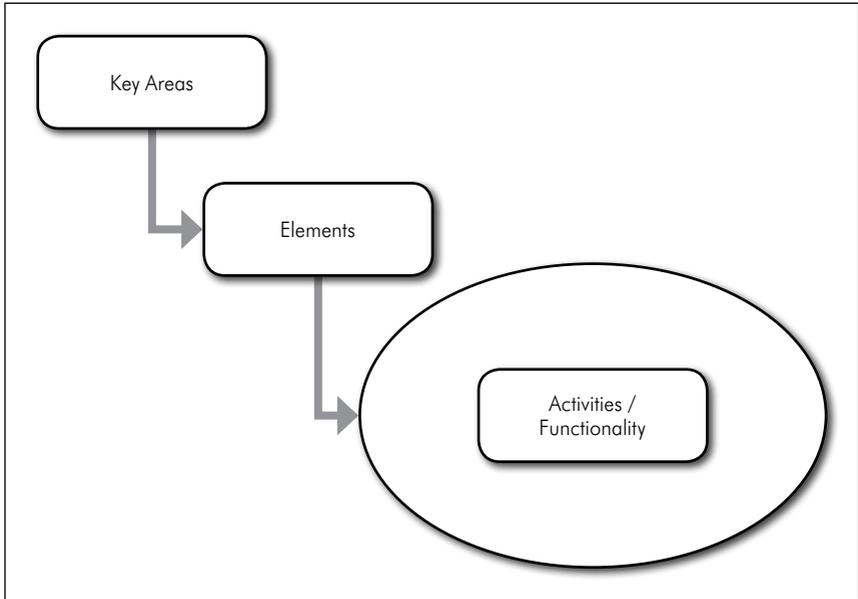
- it involves studying a local problem where the researcher is directly involved;
- it requires the identification and implementation of a plan of action; and
- it reflects on the action and thereby makes amendments to further improve the situation.

Critique provided from the focus group was used to ensure the design and development of an effective questionnaire. Representatives from the following organisations participated in the focus group:

- National and provincial chapters of IMFO;
- South African Local Government Association (SALGA) at national and provincial level;
- Multi-disciplinary debt management task team from the City of Cape Town; and
- National Chief Finance Officers, Metro Revenue Working Group (facilitated by IMFO).

The survey questionnaire listed the items for compliance in terms of the following seven (7) key areas: compliance, customer, reporting, functions, performance, measure and structure.

**Diagram 1: Key Area Breakdown**



The seven (7) key areas listed above comprise of identified elements. Each element was further broken down into activities/functionality as shown in diagram 1.

The weighting per key area and element is reflected hereunder, from 100 being least important to 500 being the most important. The weighting breakdown as measured in order of importance is reflected hereunder:

### **Weighting Breakdown**

- Most important = 500
- High importance= 400
- Mid importance = 300
- Low importance = 200
- Least important = 100

## **RESULTS, ANALYSIS AND FINDINGS**

The findings arising from the analysis of the results per key area and element are presented under separate headings:

## **Municipal legislative general**

The following positive factors were recorded in terms of the survey:

- 80% mostly adhere to legislative compliance in terms of existence of required policies and by-laws; and
- a further, 70% report on issues related to credit control and debt collection, which gets published for public information.

The following negative factors were recorded in terms of the survey:

- lack of a separate customer or related policy in 30% of the responding local authorities; and
- lack of incentives supporting good and struggling debtors.

## **Municipal legislative statutory compliance**

The following positive aspects were recorded:

- 95% of the surveyed local authorities in the Western Cape are compliant with local government legislation; and
- 60% of the sample is compliant with other legislation.

The following finding was noted:

- 40% of local authorities in the Western Cape lack compliance to debt collection legislation.

## **Municipal legislative judgments**

Awareness exists in 40% of Western Cape local authorities regarding the acknowledgement of the importance of judgments in the debt collection process. All local authorities in the Western Cape should be compliant with applicable/relevant judgments.

## **Monthly payment ratio(s)**

The following results were recorded:

- only 40% of responding local authorities in the Western Cape were able to calculate a total payment ratio (12 months moving average) with an average collection of between 95 and 102%); and
- only 10% of responding local authorities in the Western Cape calculated individual rates and services payment ratio (12 months moving average).

A positive finding is that the average payment ratio of 95 – 102% is very high and confirms debt collection commitment.

However, all local authorities in the Western Cape should be able to calculate payment ratios (12 months moving average) to determine the effectiveness of debt collection initiatives, processes and procedures.

### **Outstanding debt per service as at 30 June 2013**

Services most accessible to debt collection, such as electricity services, seem to be under control or at least represent a lower outstanding percentage of the total debt, in the responding municipalities.

However, a concern was noted that the prevailing high outstanding debt percentage for water (32%) and rates (26%).

### **Outstanding debt per customer as at 30 June 2013**

It appears that government debt incurred by commerce and industry, is under control. However, the prevailing high outstanding debt percentage for residential (62%) and indigent (21%) customers was noted.

Indigent debt can be categorised as residential, the total level of residential debtors represent 83% of the total debt.

### **Outstanding debt as per age as at 30 June 2013**

Short-term debt (less than 120 days), at a total of 29%, is under control in the responding municipalities. Composed of current accounts (not yet payable), which stood at 19%, with other short-term debt amounting to a total of 10%: 30 days at 4%; 60 days at 3% and 9 days at 3%. However, a high outstanding percentage of debt for age categories 120 days (5%) and 120 days+ at 66%.

Arising from the foregoing, 71% (R4 865 966 840) of the sample debt is 120 days or older; which has a severe negative effects on the potential for service delivery.

### **Outstanding debt per process as at 30 June 2013**

Only 30% of the participating local authorities calculated debt in terms of process and as such determined the amount and type of debt which required attention.

The negative conclusion could be made that local authorities are unable to determine debt collection focus and/or understand the magnitude of current

and planned debt-collection initiatives because of an inability to determine debt per process.

## **Debt collection cycle**

Major findings of existing debt collection cycles were:

- no local authority in the Western Cape follows the same debt collection cycle as another; and
- all collections start with the billing process (including interest levies) and end with some form of legal process (handover and/or selling of assets).

On the positive side, all authorities in the Western Cape apply a form of debt collection cycle to ensure the collection of outstanding debt. The fact that no uniform debt collection cycle and/or approach exists gives rise to the following concerns:

- 20% of the participating local authorities apply selected debt collection methods versus the rest which follow a “holistic” approach (i.e. using all available initiatives). As certain types of debt require a different approach, selected methods might cause certain debt categories to grow beyond effective control such as rates and taxes; and
- in terms of the sample, 80% of local authorities disregard powerful and effective debt collection methods.

## **Special debt collection initiatives**

All local authorities in the Western Cape utilise a special debt collection initiative to collect outstanding debt.

However, no uniform debt collection cycle and/or approach exist and some local authorities are not utilising all special debt collection initiatives to assist in debt collection.

## **Municipal ratios**

Local authorities were unable to determine the debt collection focus and/or understand the magnitude of current and planned debt collection initiatives because of an inability to calculate important municipal ratios.

## **Debt collection structure**

Formal debt collection structures do exist in Western Cape local authorities, but, overall, the responding local authorities were not monitoring the performance of staff (internal and external) and contractors, effectively.

## DEBT COLLECTION FRAMEWORK

In terms of the results, findings and analysis presented above, a debt management framework was developed to assist every local authority in the Western Cape to effectively manage outstanding debt and cash collection holistically. Refer to the debt collection framework presented as Table 1.

**Table 1: Debt Collection Framework**

Key area	Elements	Weighting
Compliance	<ul style="list-style-type: none"> <li>• Municipal legislation: general</li> <li>• Municipal legislation: statutory compliance</li> <li>• Municipal legislative judgments</li> </ul>	23 000
Customer	<ul style="list-style-type: none"> <li>• Outstanding debt per service</li> <li>• Outstanding debt per customer</li> <li>• Outstanding debt (total)</li> <li>• Outstanding debt per process</li> <li>• Debt collection cycle</li> </ul>	13 000
Reporting	<ul style="list-style-type: none"> <li>• Outstanding debt per service</li> <li>• Outstanding debt per customer</li> <li>• Outstanding debt (total)</li> <li>• Outstanding debt per process</li> <li>• Debt collection cycle</li> <li>• Special debt collection initiatives</li> <li>• Municipal ratios</li> </ul>	12 800
Function	<ul style="list-style-type: none"> <li>• Special debt collection initiatives</li> <li>• Municipal ratios</li> </ul>	11 000
Performance	<ul style="list-style-type: none"> <li>• Special debt collection initiatives</li> <li>• Municipal ratios</li> </ul>	6 000
Measure	<ul style="list-style-type: none"> <li>• Outstanding debt per service</li> <li>• Outstanding debt per customer</li> <li>• Outstanding debt (total)</li> <li>• Outstanding debt per process</li> <li>• Debt collection cycle</li> <li>• Special debt collection initiatives</li> <li>• Municipal ratios</li> </ul>	3 400
Structure	Debt collection structure	1 800
<b>Total</b>		<b>71 000</b>

## CONCLUSION

The proposed debt management framework was developed on the review and analysis of best practices described in the literature, relevant provisions

contained in the prevailing legislation and court judgements. The framework was further developed by identifying the shortcomings arising from the survey with all municipalities in the Western Cape.

Furthermore, the framework will serve as a management instrument to facilitate the effective management of outstanding debt and cash collection as well as serve as a management instrument to conduct self-assessments to determine the debt management status of the local authority, to monitor compliance in terms of key areas and elements and finally, to measure performance in terms of the weightings allocated to each key area and elements.

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# **An Integrated Public Service System (IPSS) Utilising Complexity and Network Theory in the Enhancement of Public Value (PV)**

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## **ABSTRACT**

An integrated public service system (IPSS) is highly feasible as a system geared to the production and measurement of public value (PV), utilising stakeholder engagement, relationship building and citizens' participation. This article draws on the established foundations of complexity, network and PV theory and sets out a case for intended research regarding the adoption and implementation of an IPSS in order to establish results, recommendations and limitations. An IPSS diverges from the current status quo in public management, which is characterised by bureaucracy, authoritarianism, fragmentation and excessive political-administrative control in shaping service delivery outcomes. In demonstrating the operability of an IPSS, a framework based on the principles of nonlinearity and interconnectivity and composed of four distinct 'productivity states', is outlined for the production and measurement of PV, i.e. the products of an IPSS. Network actors and stakeholders, as structural elements of an IPSS, appoint integrative leadership teams to assume responsibility for integration processes, network stability, feedback, innovation, resource utilisation and the growth of the IPSS through network strengthening and the formation of strategic alliances. IPSS management is described in relation to IPSS elements and the broad range of promoting and constraining factors emanating from stakeholder objectives and the complex environment.

## INTRODUCTION

Public administration and management is generally found contained in a Weberian system of government and governance and is therefore absolutely influenced by it. The Weberian system is characterised by bureaucracy, hierarchy, an emphasis on rules and procedures, an exclusion of public participation and generally favours an 'elitist' democracy (Stoker 2006:44). This article presents an exploratory study of an integrated public service system (IPSS), based on a common set of principles derived from complexity and network theory, demonstrating feasibility for an alternative nonlinear approach to the creation and enhancement of public value (PV). An IPSS serves as a vehicle for embedding interconnectivity between the micro, meso and macro spheres of public engagement in order to effect and facilitate integration and the creation of PV. The citizen's role in an IPSS is important as citizens contribute to social and human capital generation.

The research problem in the South African context, as the pursuit for an alternative system for public management practice, characterised by efficiency, effectiveness and economy regarding the employ of scarce resources, information and capacity, networked governance and citizens' participation in terms an authorised stakeholders' status, in the creation and enhancement of PV. The follow up research question asks what system of public administration and management is suitable for the production of high levels of efficiencies in service delivery? A clear understanding and perspective of an IPSS, in terms of its nonlinearity, *raison d'être*, systemic 'network' elements, compatibility with complex environments and its capacity for PV creation and enhancement, becomes desirable.

The availability of literature in support of IPSS structure and operability is extensive. Complexity science is defined by Zimmerman, Lindberg and Plsek in Praught (2002:1) as "demonstrated in systems characterised by nonlinear interactive components, emergent phenomena, continuous and discontinuous change and unpredictable outcomes". Praught (2002:1) locates integration within the bounds of "chaos, self-organised criticality, complex adaptive systems, neural nets, nonlinear dynamics and far-from-equilibrium conditions". These views are shared by Capra (1997), Prigogine and Stengers (1984) and Randolph, Blasinsky, Leginski, Parker, and Goldman (1997). While complex nonlinear systems subsist in the real world, network theory emerges out of similar principles, well grounded by Burt (1992), Granovetter (1993), Gulati, Nohria and Zaheer, (2000), Ansell and Gash (2007), Breiger, Carley and Pattison, (2003) and Emerson, Nabatchi and Balogh (2011). The definition and content of PV is espoused in scholarly works by Moore (1995), Agranoff (2003), Bennington (2007), Bozeman (2009), Meynhardt (2009), Stoker (2006), Talbot (2008), Hills and Sullivan (2006) and Spano (2009).

The aim of this article is to produce a theoretical bases from which to argue that an IPSS is feasible given the permeation, penetration and exigency of complexity, network and PV theory.

## **A DEFINITION OF INTEGRATED SYSTEMS**

The rationale employed in producing grounds for the phenomenon of complex adaptive systems, where network theory and analysis are embedded, constitutes the rationale for conceptualising an integrated system (IPSS). Bond, Curran, Francis, Kirkpatrick and Lee (2000:5–6) maintain that the formation of integrated systems would require “(i) procedural and organisational arrangements, (ii) methodological guidelines and (iii) the development of cross-disciplinary insights” with the involvement of partners.

Follet in Morse (2010:232), supported by Taylor and Doerfel (2005:122), hold that “integration is the uniting difference (points of view, interests, or ways of knowing) into something new that satisfies all interests without compromise or capitulation”; integration is thus a socio-managerial process, drawing the value potential of the parts of the system, i.e. networks, into a synergy-rich situation, resulting in accord, harmony, democracy and consensus among actors, i.e. network participants. Integration neutralises fragmentation, managerial authoritarianism and hierarchical dominance legitimised in policies and procedures which disallow large sections of society from meaningful engagement with government.

In arguing that the elemental composition of integrated systems is complexity and network theory, one sets about exploring phenomena that will open social governance *modus operandi* to new interpretations and possibilities. Byrne (1998:5) holds that complexity “is the precursor of order, not its antithesis”. Byrne (1998:63) states that nonlinearity “reflect(s) the onset of cooperativity between the constituent elements”. Mitleton-Kelly (2003:3) provides “ten principles of complexity and enabling infrastructures”: “self-organisation; emergence; connectivity; interdependence; feedback; far from equilibrium; space of possibilities; co-evolution; historicity, and time and path-dependence”. Estrada, Fox, Higham and Oppo (2010:7) offer a list of “quantitative features” for complex networks: (i) “clusters of well-connected communities”, (ii) formation of “common sub-patterns”, (iii) certain nodes (hubs) have a central role which display “special centrality or betweenness”, (iv) “two groups or two nodes may have weak inter-group but strong cross-group connectivity”. These features are not absolute but rather ‘uncertain’, implying the existence of opportunity. Juarrero (2010:1–3) provides a rationale for complexity science, and hence integrated systems, as a tool with which

one may understand cause and effect as arising naturally from the interactivity between ‘actors’.

Kiel (1995:1–7) explains that complex systems “avoid mode lock-in”, while they simultaneously allow the exploration of a wide “range of behaviors” in dynamic and “disproportionate” systemic states. He affirms that nonlinearity occurs in the “relationships between variables”, where “uncertainty and unpredictability” are initiated by small stimuli. In line with what is expected from an IPSS, Nonaka in Kiel (1995:2) contends that complexity “widens the spectrum of options and forces the organization to seek new points of view”, which is regarded as positive and progressive organisational behaviour. Plsek and Greenhalgh (2001:4) maintain that nonlinear systems such as an IPSS, support small differences in variability of social and related factors, which leads to larger variations in outcomes. This phenomenon became known as the *butterfly effect* arising from Lorenz’s explanations of the interconnectedness of matter. Nonlinear systems behaviour, which proves difficult to interpret rationally, is referred to as “strange attractor” phenomena (falling outside of predictable mathematical parameters), since systemic motion, i.e. behaviour is erratic and uncertain in states of non-equilibrium (Capra 1997:131; Prigogine and Stengers 1984:121; Byrne 1998:5–6). An integrated system (IPSS) would tend towards the attainment of equilibrium, stability, knowledge and enrichment; static systems such as hierarchies, do not perform in this way. Outhwaite in Byrne (1998:38) postulates that “a realist analysis of causality can account for the interaction of various causal tendencies within the complex and open systems among which we live and which we ourselves are”. Open systems and all integrated systems are accorded the qualities associated with adaptivity to socio-economic and environmental demands.

## **EXPLORING THE STRUCTURE OF AN IPSS**

In defining an integrated system’s structure (arrangement of nodes, hubs and individual actors), one would examine network and sub-network structures. IPSSs are empirically and essentially integrated systems, behaving much like networks and complex adaptive systems. Network governments are viewed as “complementary” to “governing structures for authoritatively allocating resources, exercising control and co-ordination” (Niemi-lilahti 2003:59). Network elements of control, management and authority stand to be enriched by the principles of holism, relationship ties between nodes, states of organisational entropy, autopoiesis and nonlinearity, as complexity science offers a distinct path away from hierarchy to a better understanding of organisational behaviour (Niemi-lilahti 2003:59; Zimmerman, Lindberg and Plsek in Praught 2002:1, 9,

11). According to Capra (1997:95–98) autopoiesis is the natural process of living systems to “self-organise, self-reproduce and evolve” within the parameters of their “network operations”. Complexity and network theory may be juxtaposed to hierarchy, as these offer applicability to rapidly changing society, influenced by technological and global factors. Brass *et al.* Faems *et al.* Grandori, Kogut and Powell (in Ceci and Lubatti 2011:565) believe that a network structure is “a hybrid coordination mechanism of economic activity” which incorporates government mechanisms and “market exchanges”, the antithesis of fragmented linear public systems. Gilchrist (2000:264) holds that an integrated structure implies that “a well-connected community is achieved when people feel part of a web of diverse and inter-locking relationships”.

The skeletal structures of organisms provide for the agility, manoeuvrability, growth and flexibility of the entire system. Adopting such an organic analogy, one may argue that ‘structure’ lends to integrated systems the ability required to create value. Each part of an efficient and effective system has its place in any organism known, yet its parts may be understood in terms of their unique qualities, such as the heart, lungs and limbs. Laszlo (2006:98) states that whole systems, meaning the inseparability of the parts, “need both a cultural [ontological] as well as a scientific foundation”, a basis for utilising purpose, knowledge, capacity and resources in order to create value.

Network stability is in reality never attained, given the continuous vibrancy of the role players living with change and complexity. Laszlo (2006:99) holds that a “chaos point” is reached in complex systems after which a system will seek stability; such “states” may range from “dynamic stability” to higher states of stability called “breakthrough”; where stability is not achieved, a system “tips towards breakdown”, e.g. non-service delivery.

## **Equilibrium vs disequilibrium**

Nonlinear public service systems may be in equilibrium, disequilibrium or between the two extremes. Prigogine and Stengers (1984:13) explain that systems in “far from equilibrium” entropic conditions will eventually seek out a pattern that would return them to near equilibrium. Reed and Harvey (in Byrne 1998:63) hold that “in social systems, perturbations [disturbances] of far-from-equilibrium conditions can originate in the values and actions of humans themselves”. Integrated systems display inherent qualities and principles of nonlinearity, disequilibrium, abilities for self-preservation and self-organisation, entropy, varying levels of complexity and states of “organised complexity” (Checkland in Capra 1977:28). In essence, integrated nonlinear systems are in continuous search for equilibrium, migrating between order and disorder.

## Feedback

The concept of positive and negative feedback is integrally tied to a social system's ability to adjust, maintain and redirect itself. Feedback is regarded as "reciprocal relations" (Prigogine and Stengers 1984:137); positive feedback reinforces systemic activities, the means for ultimately achieving a measure of breakthrough, while negative feedback balances and preserves system dynamics, i.e. self-adjusting, in order to maintain direction and purpose (Capra 1977:56–59; Ormand, n.d.:2–3; Brown and Lerch 2007:3). While positive feedback enhances a system's stability, negative feedback requires careful management as it relates to strengthening governmental networks. Integrated systems, employing the principles of feedback theory, may establish "collaborative advantage", challenging conventional leadership and the attainment of social welfare objectives (O'Leary and Vij 2012:510; Morse 2010:231).

## Structuralism and post-structuralism

Kilduff and Tsai (2003:114) argue that structuralists and post-structuralists tender the network qualities indicated in Table 1.

**Table 1: Qualities of structuralist and post-structuralist governance system**

Qualities of structuralist governance system	Qualities of post-structuralist governance as in integrated system such as an IPSS
<ul style="list-style-type: none"> <li>• Economic individualism (Bozeman 2007)</li> <li>• Authoritarianism</li> <li>• Control</li> <li>• Hierarchy</li> <li>• Bureaucracy</li> <li>• Duplication and triplication of activities (duty)</li> <li>• Physical and mental fragmentation</li> <li>• Managerial fragmentation</li> <li>• Pockets of non-productive (idle) behaviour leading to poor efficiency</li> <li>• Silo institutional arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Democratic; team based, professional, flat structure</li> <li>• Holistic</li> <li>• Stakeholder focused</li> <li>• Ability to manage complexity</li> <li>• Ability to manage networks</li> <li>• Ability to manage positive and negative feedback</li> <li>• Integrative</li> <li>• Open and dynamic system</li> <li>• Organic and autopoietic</li> <li>• Task and productivity driven</li> <li>• Developmental, expanding, value driven</li> </ul>

Source: (Adapted from Kilduff and Tsai 2003:114)

Assuming the context of complexity, Kilduff and Tsai (2003:112) argue that given a "critical-realist perspective", actors are unable to confront "powerful forces" over which they have little control, holding that "structuralism" has an important

place in “network research”. Levi-Strauss (in Kilduff and Tsai 2003:113) explains that the structure of social relations determines the content of those relations.

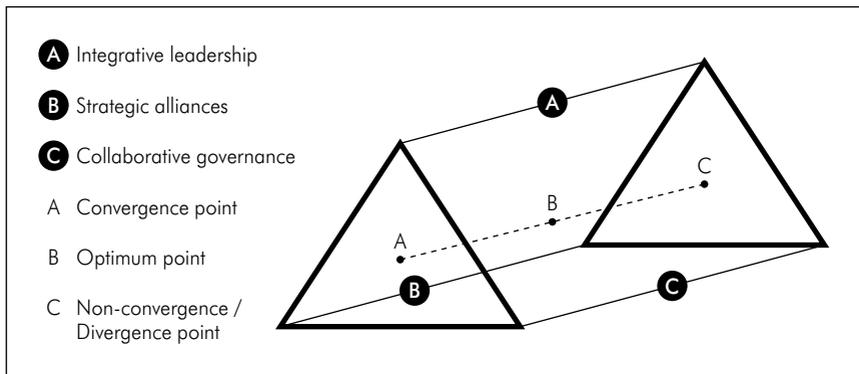
## Relationships in integrated systems

One may argue that relationships between network nodes, hubs and actors are linked to the formation of alliances, integrative leadership and collaborative networked governance. Four principles govern these relationships: (i) the empirics of integration, (ii) conservation and rationalising resources and capacity, (iii) relationship building, responsiveness and reciprocity, and (iv) outputs of PV.

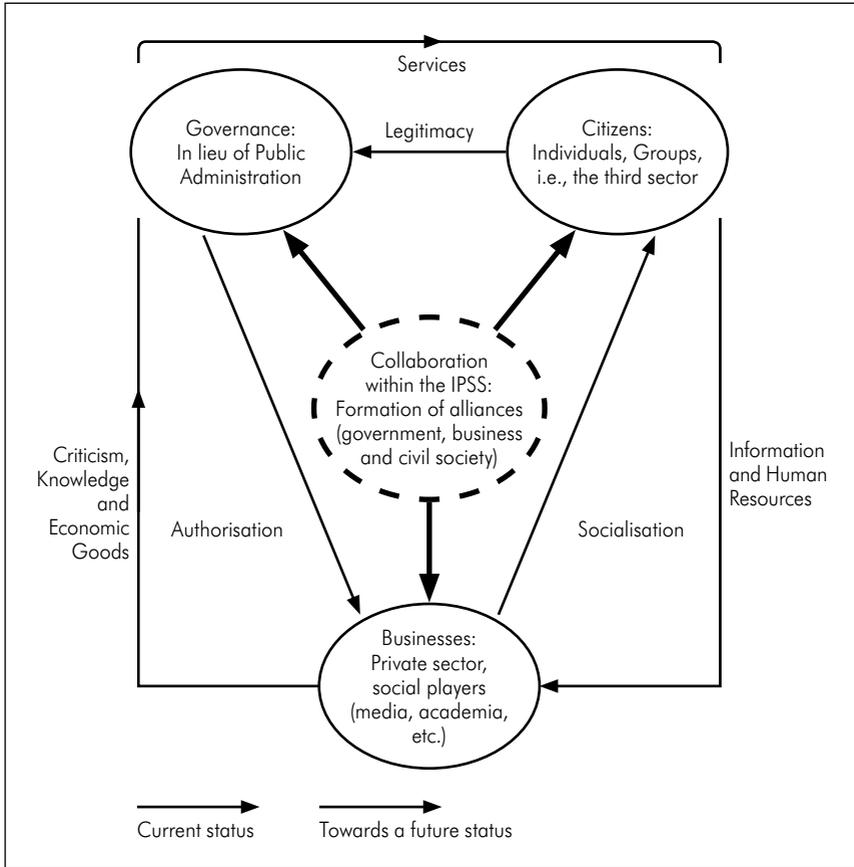
The ideal relationship between key systemic elements would be one of equilibrational relationship. However, the action of endogenous and exogenous systemic factors does not allow for the attainment of an ‘optimal’ point of productivity to be reached. The point of convergence designates (i) a desired state of “near equilibrium” (Prigogine and Stengers 1984:13; Capra 1997:227) for an integrated system, (ii) the tendency to perform tasks in line with similar or the same objectives, and (iii) a concurrence of ideology. The tendency towards convergence is counterposed by its opposite, divergence, i.e. disequilibrium. An optimum point is found on the continuum between convergence and divergence, as illustrated in Figure 1. An IPSS seeks to continually enhance the relationship between strategic alliances, integrative leaders and collaborative governance, in order to create value.

Huxham and Vangen (in Morse 2010:231) hold that through collaboration one may attain the ‘optimum point’ of operability (Figure 1); that in networks, opportunity exists for achieving benefits through engagement. Carr and Wilinson (in Morse 2010:233) maintain that the “transformation to [ideal] integration” implies the utilisation of formal and informal means, resources and

**Figure 1: Optimality of integrative leadership, strategic alliances and collaborative governance in equilibrium relationship**



**Figure 2: A “future status” model for collaboration**



Source: (Adapted from Vigoda-Gadot 2003:37)

capacity to achieve (i) common “agendas”, (ii) “multiple perspectives”, and (iii) “convergence of multiple knowledge systems”.

Vigoda-Gadot (2003:37,149) presents a “future status” model illustrating collaboration between government, civil society groups and the business sector, i.e. an integrative view of collaboration, in the context of an IPSS, illustrated in Figure 2.

The “future status” model, illustrated in Figure 2, employs “legitimacy, authorization and socialization” to effect the shift from the current status to an advanced “future status” of collaborative governance; linearity is replaced with collaboration in a nonlinear manner, thereby stimulating relationships with government bodies.

# IPSS GROWTH

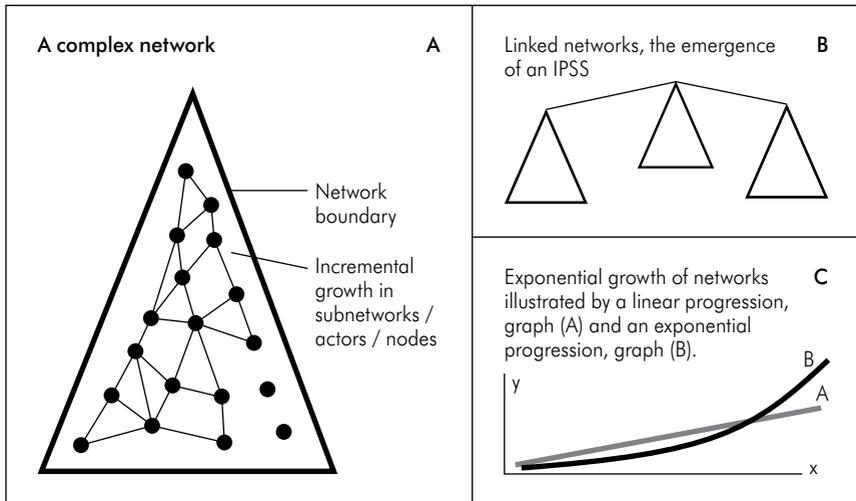
It is presumed that integrated networks have much in common with IPSSs. Network growth will be explained for the purpose of establishing a basis for understanding the complex dynamics of networked government, as proposed for the materialisation of an IPSS.

## Structural holes and network ties

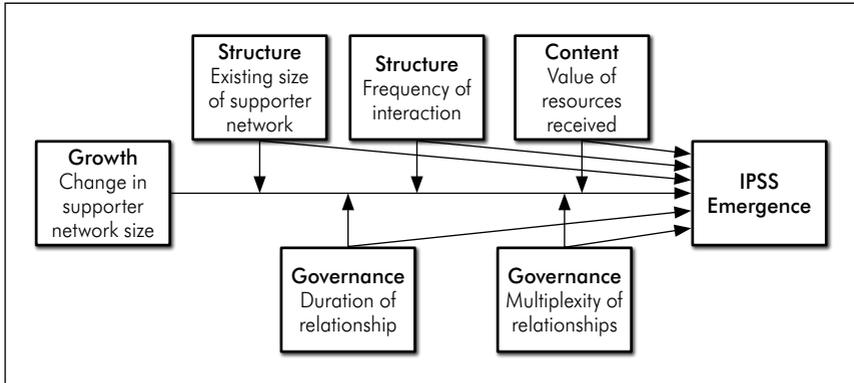
Networks and sub networks are able to grow in size, diameter, density and in complexity. Network study has also revealed breaks (Burt 2004) between groups of people working in the same and between different organisations. When these breaks are closed, through purposeful collaboration between role players, the networks grow by the multiplier effect of added actors, nodes or hubs. Ceci and Lubatti (2012:567) explain that when breaks in associations between role players are closed, i.e. when disconnected “bridges” are connected, “advantages for both flourish”; advantages are opportunities for innovation, exchange of ideas and information flow. Structural bridges may cause efficient and effective network connections which may improve or advance relationships among the role players, i.e., “facilitate goals achievement” (Taylor and Doerfel 2005:123).

In Figure 3A, two nodes in the defined network are unlinked, illustrating structural breaks. An IPSS grows through the process of homophily, matching ‘like’ and new actors, through the strengthening of weak ties (Granovetter 1983)

**Figure 3: Growth and emergence of integrated networks forming IPSSs**

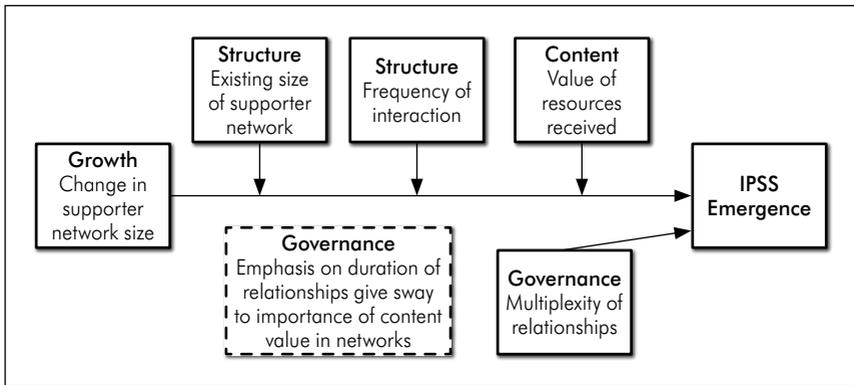


**Figure 4a: Supporter networks and IPSS emergence: poor efficiency**



Source: (Adapted from Newbert and Tornikoski 2012:148)

**Figure 4b: Supporter networks and IPSS emergence: integrated, high efficiency**



Source: (Adapted from Newbert and Tornikoski 2012:148)

and increasing the “density of weak ties” between actors, nodes and hubs (Breiger, Carley and Pattison 2003:33; Newbert and Tornikoski 2012:142; 146). Freeman (in Breiger *et al.* 2003:33–36) holds that the growth in networks may be studied in terms of (i) structural linkages between nodes, (ii) graphic data collected, and (iii) mathematical models. The authors note that the analyses of nodes, position size, density, modularity, centrality and path length are measures for network growth; one may conclude that networks grow exponentially (Figure 3C) and if networks have defined boundaries, networks may merge to form larger networks (Figure 3A and 3B). Figure 3B illustrates the formation of large integrated networks, which is the basis for presuming that large network structures are akin to integrated public service systems (IPSSs).

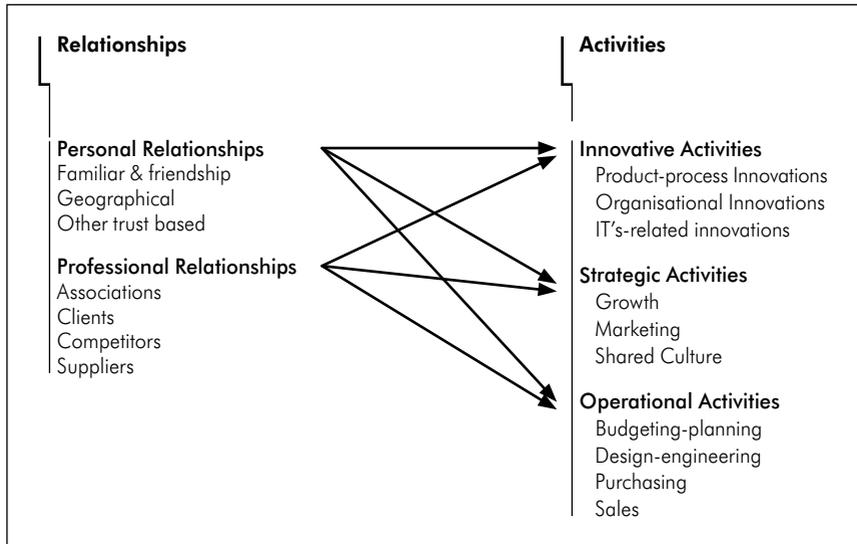
An IPSS grow in terms of their “structure”; (i) when patterns of social ties between actors become more dense, i.e. stimulated by common purpose and motivation, (ii) through “governance” methods, exercising wider authority and legitimacy, and (iii) in relation to acquiring “content”, public benefits, sharing information, capacity and resources (Hoang and Antoncic; Burt; Ostgaard and Birley in Newbert and Tornikoski 2012:142–143). IPSS growth does not necessarily imply a reduction of network effectiveness, nor does it imply an increase in uncertainty (Newbert and Tornikoski 2012:145).

Newbert and Tornikoski (2012:142) argue that further growth may also be impacted on by “supporter networks”, i.e. agents and actors supplying resources to outsider networks, i.e. “nascent entrepreneurs”, without necessarily becoming part of other networks. Government bodies occasionally rely on ‘supporter networks’ while retaining their status of independence, fragmented relations and slow growth, illustrated in Figure 4a. However, a more efficient ‘growth’ IPSS model is illustrated in Figure 4b, where there are fewer conduits, i.e. network paths and improved management of information, resources and capacity of an IPSS.

## Diffusion of innovation

When public organisations integrate (merge) on the basis of pioneering innovations, IPSSs tend to strengthen and are able to produce more PV. Ceci

**Figure 5: Enabling “diffusion of innovation” to enhance integration**



Source: (Ceci and Lubatti 2012:570)

and Iubatti (2012:566–573), borrowing from Rogers, employ the concept of “diffusion of innovation” to illustrate that network growth and the stimulation of innovation among role players are highly correlated with “innovation, strategy and operations” Furthermore, as illustrated in Figure 5, innovation is positively stimulated through the increase in personal and professional relationship ties set up between actors, nodes and hubs. Similarly with IPSSs, an increase in stimulation (or demand) for innovation, once effected, lead to the strengthening of structures, strengthening of relationship ties (between government and public bodies), and growth in the networks which are contained in an IPSS.

## **TOWARDS A FRAMEWORK FOR AN IPSS**

IPSSs operating in the micro, meso and macro arenas are interconnected, producing efficiencies, among them PV. Radin (in Uys 2014:6–7) outlines “macro-level instruments” for the successful integration of stakeholders over a broad spectrum as “structural, programmatic, research, capacity building and behavioural instruments”. On the meso level the “approach” embodies the integration and utilisation of “policies and guidelines, governmental and regulatory governance principles” and the “creation of PV” (Uys 2014:6–7). The micro-level “approach” utilises “generic practical strategies” seen in terms of ethical behaviour, accountability, trust building and motivation with respect to integrated public management (Uys 2014:7). A framework for an IPSS is theoretically contained in complexity and network theory and operationally based in the production of PV.

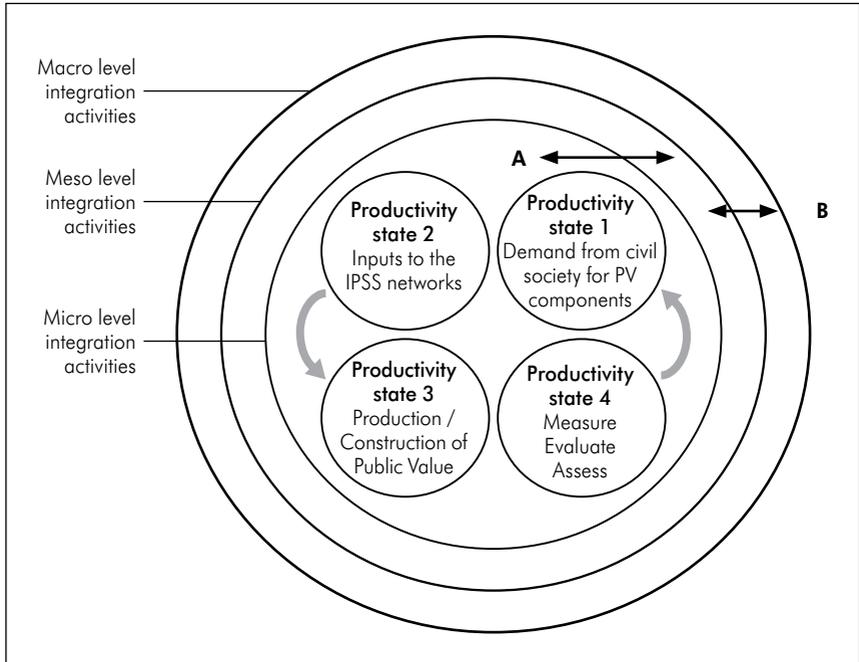
### **Presenting nonlinear bases for an IPSS model**

In constructing a framework for an IPSS, illustrated in Figure 6, a circular diagram is chosen to represent the integrated IPSS model, since, (i) linear and hierarchical stages are replaced by integrative productivity states, (ii) lines which signify linearity are replaced by nonlinear notation, (iii) the outer circle represents a permeable IPSS boundary, (iv) interconnectivity (and dependency) between the nodes are presumed to be non-prescriptive. Four IPSS ‘productivity states’ are defined in terms of the management of the IPSS process, opposed to the employ of ‘stages’ in linear productivity.

Explanatory description of Figure 6:

- Scott (2000:146) employs circle diagrams to represent “multidimensional spaces” “centrality”; “arbitrary visual (graphic) framework for organisational data ... to make the structure of a set of relations clear ... as it embodies no specific mathematical properties”.

**Figure 6: A framework for an IPSS process illustrating integration between the micro (four productivity states), meso and macro levels**



- Kafiriri, Norheim and Martin (2007:78) hold that “decision making” and “priority setting” authority are vested in each of the three levels, namely, the macro, meso and micro levels.
- Arrows A and B illustrate interconnectivity between the micro, meso and macro domains of operability, influenced by a multiplicity of networks and a multiplexity of exogenous and endogenous factors which impact upon IPSS outputs and outcomes.
- McGaughey and De Cieri (1999:241–22) caution that at the macro, meso and micro levels analysis tends to show that an “over-simplification of complex causal dynamics” operating in and between the levels may lead to erroneous interpretations of “convergence, divergence or maintenance of position”.

### **Four productivity ‘states’ essential to IPSS operation**

On the micro level the proposed IPSS framework involves the integration of four ‘productivity states’ based on network theory and collaborative governance principles;

its 'products' are therefore assumed to be measurable. Each 'productivity state', explained below, bears a unique role and purpose in the interest of PV production.

### ***IPSS Productivity State 1: Pressure from civil society for PV benefits***

Material and non-material demands and needs emanating from civil society, including the business sector and government institutions are captured by the institutional organs of society. Key PV elements such as services, goods, interest, social values and the need for participation are lodged with the integrated entity for implementation. IPSS actors, i.e. stakeholders, collaborate and generate feasible solutions for processing.

### ***IPSS Productivity State 2: The inputs required by the IPSS***

Resources, capacity and information are procured from stakeholders and quantified (audited) by IPSS agents (actors). Integration of stakeholder interests, the employment of computer-assisted (ICT) communication and management by teams are primed for efficient, effective and economic utilisation. Organisational goals and objectives are aligned to stakeholder objectives.

### ***IPSS Productivity State 3: The production of material and non-material 'products' and services***

The physical production of PVs as defined stakeholders collaboratively, is executed. The development of citizens' quality of life is the subject of this 'productivity state'. Related tasks are innovation, social harmony and the advancement of inter- and intra-organisational development.

### ***IPSS Productivity State 4: Effecting the quality-quantity measures of material and non-material 'products' and services***

The production of PVs is quantified, audited and evaluated by stakeholders collaboratively. Positive and negative feedback processes are utilised to further advance social benefits.

The coordination of IPSS, particularly 'state 2', and networks analysis, will utilise information technology software. Bacon (1998:468) proposes the utilisation of "middleware" for integrating stakeholder needs and information in the accomplishment of IPSS enablement and citizens' access to services; Gephi software is employed in network analysis to map network actors, nodes and hubs.

## **THE MANAGEMENT OF AN IPSS**

The formulation of IPSS management principles, constant shaping and implementation of the management function of an IPSS is governed by the

theoretical prescripts for an IPSS as described above. Complexity and network theory forms the basis of the management theory for an IPSS and will be used to guide the discussion on aspects of management in integrated systems.

## **Management objectives for an IPSS**

Objectives which drive integration and the operation of integrated public systems necessitate an awareness, more a consciousness by managers, of the nature and character of the integrated system, which determines the manner and mode in which PV productivity and measurement will proceed.

These objectives are influenced as follows: (i) Gilchrist (2000:273) maintains that the purpose of an integrated system is to shape citizens' networks in order to "facilitate the emergence of flexible, effective and empowering forms of collective action"; (ii) Guba and Lincoln; Creswell; Creswell, Hanson, Clark Plano and Morales; Patton; and Savage (in Vasilachis de Gialdino 2009:1) hold that "ontological (the nature of being; how citizens live, learn and desire), epistemological (empirical educational bases), axiological (how citizens interpret and infuse value) and methodological" elements subsist in integrated systems (iii) Randolph, Blasinsky, Leginski, Parker and Goldman (1997:370) believe that an effective integrated system should eradicate duplication, improve services, restore accountability and reduce inefficiency; (iv) Kagan (in Randolph *et al.* 1997:370) identifies four levels on which an integrated system operates, namely the organisational, policy, programme and the direct service delivery level; (v) Uys (2014:1) and Konrad (in Randolph *et al.* 1997:370) suggests three levels for an integrated system's operation, namely, collaboration (incorporating coordination and cooperation), consolidation and information sharing. As complexity and network principles guide management policy in an IPSS, the benefits which arises in the South Africa context are (i) the eradication of waste regarding scarce resources, (ii) openness, transparency and accountability, (iii) efficient and effective services delivery and (iv) accommodating New Public Management initiatives (PPPs).

## **Management challenges in an IPSS**

A number of challenges concerning an IPSS may be studied: (i) the phenomenon of intellectual and physical integration between agencies and organs, (ii) the public, i.e. the representative organs of the public, (iii) production, delivery and measurement of value outputs, and (iv) network, open engagement, practices and analysis, understood in the context of complexity.

Collaboration, coordination and cooperation, i.e. the 3Cs (Uys 2014:1) are integration tools available to agents (actors) that are based on common purpose,

and common vision. The implementation of the 3Cs must be intentional, leading to harmonious action that requires commitment, planning, allocation of resources and capacity for the production of public value(s). Novak, Rennaker and Turner (2011:36–37) state that network actors “must model cross-silo thinking”, to build relationships “across boundaries”.

Krueger, Walker and Bernick (2011:686) hold that resources utilisation are subject to local and global economic conditions, laws, regulations, policies of government and political persuasions. The element of globalisation demands a re-examination of public systems in order to bring about the management of “change and complexity” (Adejuwon 2012:135; Barnes, Raynor and Bacchus 2012:97).

IPSSs experience “natural state(s)” of entropy in relation to their purpose, influencing the need for productivity and profitability; actors will strive to achieve strategic ends through the adoption of means to restore “order through fluctuations”, i.e. striving to attain equilibrium when conditions are entropic, in chaos (Prigogine and Stengers 1984:120, 159). Gulati, Nohria and Zaheer (2000:203–204) contends that “agencies and organs” are not “autonomous” when bound in relationships characterised by “performance, resource availability and capabilities”, since endogenous and exogenous factors determine the environment.

## **Managerial factors influencing collaborative governance in IPSS’s**

Collaborative governance assumes a flexible nature insofar as regulation and control do not thwart the growth and systemic soundness of the IPSS. The analysis of promoting and constraining factors are necessary as these factors impact upon the performance of the IPSS in relation to productivity, organisational performance and stakeholder satisfaction on one level and on another, the prospects for successful collaborative governance within a network domain.

### **Promoting factors**

Cegarra-Navarro and Arcas-Lario (2011:609) found in their study on collaboration between network actors that network ties are strengthened through (i) mutual knowledge, interests and information that arise out of need, (ii) “unlearning” old modes and perceptions, (iii) freedom to act and make decisions, and (iv) trust in their existing knowledge and between actors. The authors contend that an accumulation of organisational “intelligence and co-operative knowledge” play a major role in the delivery of “superior” products and services resulting in improved performance. Cooperative need, it is argued,

**Figure 7: Management framework for control and trust in different risk scenarios**

Relational risk	High	Control cope with uncertainty in a stable environment	Trust and control as complements "applied simultaneously"
	Low	Trust and control are substitutes in undemanding environment	Trust "needed to cope with an unpredictable environment"
		Low	High
<b>Performance risk</b>			

Source: (De Man and Roijackers 2009:78)

supersedes the clinging to stereotypes in networks; network demands therefore take prominence over individual demands and excessive control.

A "framework" for the management or balance of control and trust, (Figure 7), devised by De Man and Roijackers (2009:78), brings an understanding of "control and trust" to collaborative governance. Figure 7 demonstrates that the High-High quadrant is the favoured position for stakeholders to assume, as trust and control mechanisms are collectively controlled and managed, leading to higher motivation in the achievement of collective goals, at high risk and higher uncertainty. The Low-Low quadrant illustrates a situation where actors are yet to enter into collaborative scenarios, thereby maintaining low risk.

Emerson, Nabatchi and Balogh (2011:10–15) supported by Ansell and Gash (2007:544–545), hold that an 'integrative framework' for collaborative governance entails outcomes of "actions, impacts and adaptation" and "principled engagement, capacity of joint action and shared motivation".

### **Constraining factors**

Capacity "constraining factors" related to collaborative governance are (i) "personal, financial, organisational, capacity building, technical expertise and time", (ii) "building alliances" with stakeholders, (iii) initiating "institutional configurations", (iv) the process of integration, (v) the attainment of objectives, (vi) economic utilisation of capacity and resources, and (vii) serving the interests of stakeholders (Ananda and Proctor 2012:105). Vigoda-Gadot (2003:19–20) also hold that the "integration of common political views and shared policy targets" are constraining to effective collaboration.

Hamel, Doz and Prahalad (in Khanna, *et al.* 1998:193–5) note that in an integrated system (IPSS) “tension” is found between cooperation and competition; the “tension” (competition) factors arising in strategic alliances are given as (i) public versus private benefits, (ii) the nature of incentives (for whom, when and why), (iii) opportunity and scope in alliances, (iv) the proportion by which actors benefit from the “synthesis of knowledge” as value, (v) the degree to which common purposes are justified to partners, (vi) uncertainty regarding the utilisation of resources outside of a “ratio”, (vii) levels of trust, and (viii) levels of transparency among partners. Anderson, Geringer, Herbert and Kogut (in Zollo, Reuer and Singh 2002:702) list the challenges in entering strategic alliances as (i) a “lack of consensus around a typology of collaborative agreements”, (ii) the study of performance outcomes and (iii) inter-firm differences and strategic intentions.

Nealer and Naude (2011:112–113) list collaborative governance “challenges” as (i) definitions requiring greater specificity, (ii) a neglect in the practice of integrated approaches, (iii) need to harness a citizens’ focus, (iv) promoting support for sustainable development, (v) abuse of resources, and (vi) non-implementation of monitoring and evaluation processes.

Parks, Joireman and Van Lange (2013:119) state that “social antagonism(s)” and opposition between actors (agencies, organs or individuals) are in conflict with the aims of collaboration in the production of “collectively beneficial”, public goods. Parks *et al.* (2013:138–140) hold that IPSSs may be subjected to “in-group / out-group biases”, gatekeeping and other organisational antagonisms, which may lead to negative outcomes.

## **Integrative leadership**

### **• The role of integrative public leaders**

Integrative leadership relates to the way in which theoretical and practical knowledge are applied in implementing an effective integrated system, i.e. an IPSS. Winston and Patterson (2006:7) and Morse (2010:231, 244) contend that an integrative leader is “one or more persons who selects, trains, and influences one or more follower(s) who have diverse gifts, abilities and skills, and focuses the follower(s) on the organization’s mission and objectives” to procure PV efficiently. Silvia and McGuire (2010:264–266) emphasise “people”-orientated elements; holistic representation, relationship building, integrated structures, multiple linkages, formal and informal as well as cross-boundary collaboration as factors distinguishing the ‘integration approach’ of leadership from the ‘bureaucratic approach’. The broader objectives of integrative leadership are related to the development of PVs, namely social capital, satisfaction of public needs and demands, the utilisation of scarce resources in the attainment

of quality of life. Van Wart (in Silvia and McGuire 2010:269) outlines three categories of leadership behaviour, listed in Table 2.

**Table 2: Integrative leadership criteria**

People-oriented	Task-oriented	Organisation-oriented
<ul style="list-style-type: none"> <li>• Network members are equal</li> <li>• Share information freely</li> <li>• Caring</li> <li>• Trust</li> <li>• Brainstorming</li> <li>• Use own judgement in finding solutions; ethical</li> <li>• Teams share leadership roles motivation</li> <li>• Putting suggestions into practice</li> <li>• Conflict resolution</li> <li>• Incentives, developing staff</li> <li>• Consultation</li> </ul>	<ul style="list-style-type: none"> <li>• Select key performance measures-</li> <li>• Taking charge in emergencies</li> <li>• Clarification and setting standards</li> <li>• Compelling role specification</li> <li>• Scheduling</li> <li>• Setting standards and regulations</li> <li>• Coordination</li> <li>• Agreement on nature of tasks</li> <li>• Movement and flow of work</li> <li>• Assign members to tasks</li> <li>• Monitoring, delegating,</li> <li>• Operations and planning</li> </ul>	<ul style="list-style-type: none"> <li>• Support from superiors</li> <li>• Identifying resources</li> <li>• Gaining stakeholder support</li> <li>• Identifying stakeholders</li> <li>• Environmental scanning</li> <li>• Establish a shared vision</li> <li>• Commitment to mission</li> <li>• Publicise goals</li> <li>• Publicise achievements</li> <li>• Influence values and norms</li> <li>• Changing network structure</li> <li>• Relationship building, partnering</li> </ul>

Source: (Van Wart in Silvia and McGuire 2010:269)

Uys (2014:1) contends that the importance of acknowledging the “what” and the “how” of integrating “the functioning of government and governance”, the practical engagement of the 3Cs and a holistic vision guiding a “change in focus” is what brings the integrated approach nearer to the objective of systemic harmony between players. Espousing the views of Emerson and Wright, Uys (2014:10) builds an argument for integrative leadership in relation to qualities of “balanced decisions”, “effective accountability”, a reduction in loyalty to any specific political party, greater incorporation of technology, being consensus driven “amid diversity” and effecting emotional / social relationships in the arena of inter-organisational dynamics.

**• Leadership by teams**

Fernandez, Chon and Perry (2010:308) assert that integrated leadership constitutes “not of one person”, but a team of experts representing key (pertinent) stakeholders and focusing on relationships, diversity, integrity and the task that is to be accomplished. Fernandez *et al.* (2010:309) argue that integrated leaders “re-conceptualize leadership as a shared, collective process”. Morse (2010:234)

contend that the qualitative and quantitative development of leading team actors in integrated systems, i.e. networks, are dependent upon collaborative efforts to develop (i) accountable behaviour among actors, (ii) integration of “knowledge, abilities and perspectives”, (iii) “efficiency, effectiveness, fairness and mitigation of public problems”, and (iv) value as defined by the actors. Gulati *et al.* (2000:204) argue that stakeholders experiencing effective integration behave “relationally” and that their behaviour could be understood in terms of their external and internal environment, conforming to (i) the rationale, guidelines and principles of complex operating entities, and (ii) the particularisation of PV as the focal output.

- **Paradigm shift**

Capra (1977:9–10) notes that the implementation of an integrated system requires a paradigm shift by public leaders involving three essential elements equally, viz. perception, values and thought; perception and understanding of integrated systems demands “self-assertion” when making “value” shifts. He lists “thought” elements as intuition, ability to synthesise, holism, and nonlinearity, and “value” elements as collaboration, cooperation, sustainability and quality consciousness in collaborative relationships. Novak, Rennaker and Turner (2000:37) support this view and emphasise the need for “cross-silo thinking [and] relationship building across boundaries”.

## **Strategic alliances in an IPSS**

Successful strategic alliances rely on realistic and effective synergies between actors, nodes and hubs in networks, vertical and horizontal integration, alignment of objectives, regular and meaningful feedback and sharing information, resources and capacity. Gulati *et al.* (2000:203) refer to the “interorganisational ties” in integrated systems as having “strategic significance” for “making strategic alliances”. Novak, Rennaker and Turner (2011:36–37) state that “strategic relationships and critical interdependencies, economic value, supporting structure and systems” are focal points responsible for increasing PV. Recognition is given to citizens’ bodies as a complex and core component and agency in the alliance-making process, where “learning in alliances and interfirm partnerships” are inseparable from network operations, and value production and measurement (Gulati *et al.* 2000:204).

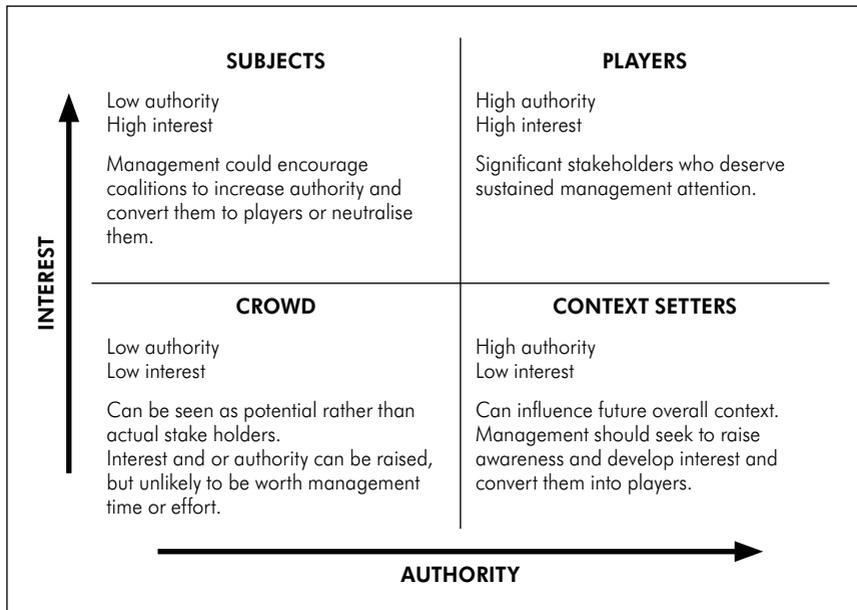
Kennedy and Lubell (in Ananda and Proctor 2012:97) argue that “behavioural cooperation” is not easy to achieve between actors, since the issues around scarce resources tend to be problematic (i) in respect of virtual organisation, (ii) solidifying strategic alliances, and (iii) when decisions are required in relation to who the beneficiaries will be. Zollo *et al.* 2002:702) hold that greater success is

obtained from strategic alliances when stakeholders have accumulated mutual experience. Zollo *et al.* (2002:701) assert that in respect of IPSSs, strategic alliances imply “stable patterns of interaction” and partnering at organisational level. The authors hold that strategic alliances influence performance positively and that benefits accrue from knowledge accumulation, opportunities, growth and the achievement of strategic objectives.

**The ‘Stakeholder Power-Interest Grid’**

According to Ackermann and Eden (2011:181–188) the ‘Stakeholder Power-Interest Grid’ (matrix), illustrated in Figure 8, may be utilised strategically as an adaptable instrument for the assessment and analysis of leading and non-leading stakeholders in an integrated system (such as an IPSS). Some stakeholders have critical roles, while others have auxiliary roles in the IPSS. The authors hold that the “Players” quadrant determines which stakeholders should be allocated high status owing to their leadership position. The ‘Stakeholder Power-Interest Grid’ is a facilitating instrument for network organs to be motivated strongly enough to enter the “Players” quadrant, where both interests and authority are ranked high. “Players” would therefore aid and facilitate “Subjects”, “Context Setters” and “Crowd”, based on information utilisation, need, leverage, capacity

**Figure 8: Stakeholder Power-Interest Grid**



Source: (Adapted from Ackermann and Eden 2011:183)

and resources. The “Subjects”, owing to their high level of interest in network activities, are able to spearhead innovation and the activation of new knowledge, while “Context Setters” are seen as IPSS drivers of growth. The ‘Stakeholder Power-Interest Grid’ may reveal subtle changes in IPSS composition over time. According to the authors, the following strategic elements influence strategic alliances and stakeholder positioning;

- Stakeholder specificity and uniqueness,
- Stakeholders’ equality,
- Acknowledging stakeholder demands as “multifarious”,
- “Stakeholder salience” i.e. visibility,
- The power of weak stakeholders should not be undermined as stakeholders can influence networks through behaviours, attitudes, beliefs and stakeholder coalitions.

### ***Public private partnerships (PPPs) in integrated systems***

PPPs may be considered discrete productive entities, namely, actors, nodes or hubs, within an integrated system (IPSS), bearing network objectives related to shared responsibilities, readiness for innovation, collaboration, strategic intention and added PV. A process of adjustment by PPPs to nonlinear structures and functioning is conceivable. Rangan, Samii and Van Wassenhove (2006:738) argue that PPPs have an added advantage in networks when (i) external conditions “are shrouded by high uncertainty”, (ii) the need for “industrial-specific competencies” are required, and (iii) economic opportunities arise and the matrix (Figure 8) are utilised. Dyer (1997:552) found that inter-organisational collaboration increases the value of outcomes of citizens” such as commitment, information sharing, goodwill, trust, reputation, and contends that there are “indispensable principles which apply to PPPs, firms and representatives negotiation and regard for the market as a place of immense opportunity for “effective collaboration”.

## **FINDINGS AND CONCLUSION**

The findings, recommendations and normative points of discourse, may be derived with the understanding that the article is largely theoretical. Firstly, a positive relationship was established between the structure and operability of an IPSS, networked governance and PV production and measurement. A recommendation is made that this relationship can be explored utilising a qualitative research methodology in order to establish a normative view. Secondly, a framework for an operating IPSS is recommended, indicating (i) four distinct ‘productivity states’, (ii) nonlinearity, (iii) integration between the

micro, meso and macro spheres of operability, and (iv) a networked governance model. A study regarding the implementation of the framework may be pursued in order to examine the PV outcomes. Thirdly, networked governance criteria were explicitly stated and are recommended, particularly in Tables 1 and 2. In addition, four sets of PV criteria which are stated in the OECD Ireland Report (2008), indicated in the addendum, should be implemented in an IPSS. These criteria are viewed as 'normative' in integrated systems. Fourthly, IPSS management functions should be used to initiate (i) networked and collaborative governance practices, (ii) strategic alliances and PPPs, (iii) integrative leadership and (iv) the utilisation of stakeholders' unique resources, capacities and knowledge. A normative set of integrative criteria for management practice within an IPSS may therefore be compiled.

Limitations (problems to resolve) with respect of the above findings and recommendations may be found in;

- the paradigm shift for management from linear to nonlinear systems,
- the implementation of collaboration, coordination and cooperation across boundaries,
- policy amelioration in respect of IPSS requirements
- the management of 'entropy' with regard to consensus concerning exogenous and endogenous factors, political influences, negotiation of 'multiplexity' issues, i.e. consolidating common ties between network actors regarding knowledge diffusion, and finding commonality on objectives and agreements.

If the dictum that public management practices subsist in the system that governs it holds true, then one may deduce that an IPSS will produce outcomes reflecting (i) social and human capital generation, (ii) the careful utilisation of scarce resources, (iii) PV creation, (iv) inclusive stakeholder networks, and (iv) norms and standards for quality of life and sustainable futures.

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# Policy and Praxis of Local Economic Development (LED) in South Africa and Rwanda

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## ABSTRACT

The article derives, from a critical comparative perspective of the policy and praxis of Local Economic Development (LED) in Rwanda and South Africa, to provide insights into the drivers, enablers and inhibitors of LED in these two contexts. It also outlines the national and legal governance enabling perspectives of LED in Rwanda and South Africa.

A theory-driven evaluation approach is used as the point of departure for the rationale or theory of relevant LED policy and praxis interventions to understand their development and impact. The article addresses the following key questions: How is LED conceived at the policy level respectively in Rwanda and South Africa? What are the respective objectives of LED? What are the theories of action underlying the design and implementation of LED- related interventions respectively in Rwanda and South Africa? What are the drivers, enablers and inhibitors of LED policy and action? What lessons can be learned from the approaches in these two jurisdictions that can inform the facilitation of LED approaches as instruments of economic development? A desktop research technique is employed involving the collection, collation and analysis of secondary data, policy and programme documentation and interview material.

## BACKGROUND AND RATIONALE

There is a compelling similarity in the circumstances of the Republics of Rwanda and South Africa on a number of fronts yet also vast differences. Not

least, Rwanda like South Africa has comparatively recently emerged from a traumatic period in its history. Whereas South Africa had experienced decades of apartheid and isolation that had arguably constrained its development until the emergence of the new democratic order in 1994, colonialism and the devastating genocide in Rwanda in 1994 wrought havoc on the economic trajectory of Rwanda. With a small industrial sector and fertile soils the local economy still rests essentially on subsistence agriculture (exporting coffee and tea) and mining, as do the local economies of many rural traditional communities in South Africa where, however, soils are less arable and conditions often are less conducive to small-scale agriculture. From the mid 1980's in Rwanda farm sizes and food production have been in decline with the settlement of significant numbers of displaced persons in rural areas. In South Africa commercial agriculture also faces challenges, albeit for different reasons, and land restitution and restructuring of the sector have seen significant declines in the numbers of commercial farmers. Both South Africa and Rwanda face the prospect of increasing need for food imports and a declining balance of trade in agricultural produce.

Like South Africa with its Truth and Reconciliation Commission, Rwanda is engaged in a process of reconciliation and rebuilding with the President empowered to exercise a prerogative of mercy. Rwanda, despite many challenges has made significant progress with its development. Poverty fell to 39.1% in 2014, the Gross National Product (GDP) per capita rose 8% per annum from 2001 until 2014, inequality and infant mortality are falling, the economy is growing, and businesses and employment are expanding (National Institute of Statistics of Rwanda 2015). The population of Rwanda is young with approximately 43.3% of the population of 10.5 million in 2012 under 15 years of age and 53.4% falling into the economically active age group (15 to 64 years) (National Institute of Statistics of Rwanda 2014). The population in 2016 is 11.34 million of which 28% live in urban areas (The Africa Report 2016:52). Rwanda's population density is among the highest in the world (Banda 2015).

South Africa's population is estimated to have grown at a rate of 1.6% in the period 2013-2014 (Statistics South Africa 2014) as against an estimated growth rate of 2.6% for Rwanda in the same year (IndexMundi Internet Source No date). In the case of South Africa an estimated 28.3% of the population are under 15 years of age and 65.5% in the economically active age group (IndexMundi Internet Source No date).

With Human Development Indices (HDIs) respectively of 0.506 and 0.658 in 2013 Rwanda and South Africa are rated respectively as 151<sup>st</sup> and 118<sup>th</sup> out of 184 countries rated, placing them in the 4<sup>th</sup> and 3<sup>rd</sup> quartiles respectively (Expansion/Country Economy Internet Source No date). Rwanda is economically significantly dependent on the tourism industry for the creation

of jobs particularly among the less technically-skilled rural population; as is South Africa. In both Rwanda and South Africa the real momentum of LED as an element of an integrated and holistic approach to economic development to sustainably address the challenges of globalisation, structural adjustment, liberalisation of economic policy and decentralisation in the wake of increasing disenchantment with centrally-led economic development programmes, began to build in or about 2006. In South Africa the genesis of the concept had already been mooted essentially as a welfare-oriented community development instrument as early as the White Paper on Local Government of 1998.

However, skills levels particularly in the older cohorts of the economically active population in both countries are a brake on inclusive economic development. Both countries face the challenge of job creation and improving livelihoods for a burgeoning population. As in South Africa, and many developing countries on the African continent however, in Rwanda the public sector rather than the private sector has traditionally been looked to as the main and most immediate source of jobs. The imperative with the introduction of LED approaches has been to contribute to changing this perception and to directing the focus of development effort toward a more self-sustaining growth path.

Like South Africa Rwanda is a constitutional state having, like South Africa, adopted its present constitution relatively recently. Whereas South Africa has nine provinces, in Rwanda four provinces are interposed between the national and district levels, replacing the former 11 provinces. In South Africa the nine provinces and the various local government institutions are constitutionally endowed among others with economic developmental roles. Similarly, in the case of Rwanda, the Rwanda Decentralisation Framework developed by the Ministry of Local Government assigns to provinces the role of coordinating governance in the provinces and of monitoring and evaluation (Ministry of Local Government (MINALOC) 2007). LED has been specifically identified as Strategic Area Number 6: Local Economic Development of the Third Phase of Decentralisation Implementation, as one of the strategic thrusts of the Rwandan government's decentralisation initiative. The Rwandan equivalents of the municipalities in South Africa are the directly elected district and local governance structures (sectors and cells) that are responsible for service delivery and the promotion of economic development (Ministry of Local Government (MINALOC) 2011). In terms of Section 156 of the *Constitution of the Republic of South Africa, 1996* local governments in South Africa are similarly tasked. The outcomes to be striven toward in Rwanda as articulated in Strategic Area 6: Local Economic Development, are strongly reminiscent of those reflected in South Africa's own White Paper on Local Government of 1998, specifically providing for:

- Local governments to play an active role in facilitating local economic development;

- Citizen engagement in income generating activities;
- Engagement specifically of women and the youth in economic activity; and
- Efficient and effective service delivery in support of economic development initiatives (Ministry of Local Government (MINALOC) 2011).

However, the realisation of the explicit ideals of LED in Rwanda as in South Africa is negatively impacted by a number of factors. In relation to Rwanda these have been categorised as (RALGA 2015):

- Weak capacity to develop implementation and action plans;
- Lack of incentives to keep stakeholders together;
- Weak understanding of LED as a participatory planning process; and
- Unclear or limited linkages between the District Development Plans (DDP's) and LED.

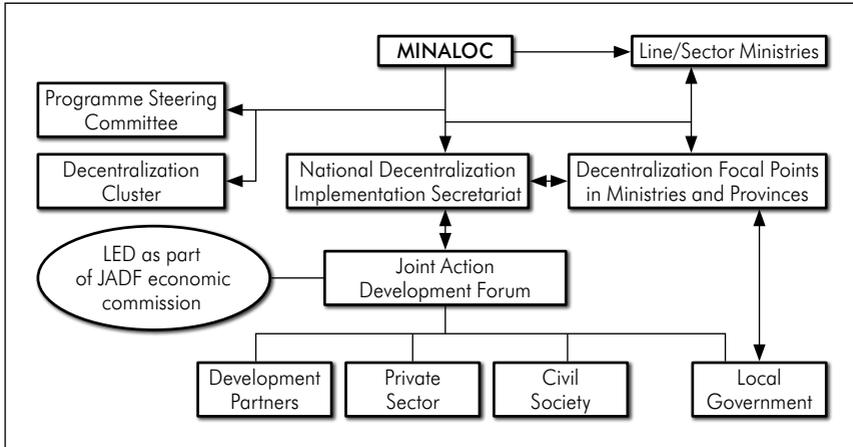
In South Africa a study conducted by the South African Local Government Association (SALGA), the South African equivalent of the Rwanda Association of Local Government Authorities (RALGA), for similar impediments to the roll-out of LED in South Africa, identified (SALGA 2009 in Ackron and Auriacombe 2015:78):

- *A lack of common understanding* of the meaning and role of LED and LED processes;
- *The inability of many local authorities to clearly define a LED strategy* within the broader IDP process; and
- *A lack of planning resources and capacity.*

## **KEY ASPECTS OF THE RWANDAN LED APPROACHES AND IMPERATIVES**

The overall goal of LED in Rwanda is "...to reduce poverty and improve the quality of people's lives sustainably through economic growth and job creation..." (Government Programme 2010-2017 2010). The political will to implement LED is reflected in the legislative context that provides for LED and also in various Rwandan development frameworks including Vision 2020 (Ministry of Finance and Economic Planning 2000) and the Government Programme 2010-2017 (Government Programme 2010-2017 2010). Institutional arrangements have also been effected in support of LED initiatives with the establishment of a Local Administrative Entities Development Agency (LODA) under the auspices of MINALOC to assist the districts to obtain the financial means to implement LED projects that are identified in the DDPs. The intent to achieve collaboration between the public sector and civil society in local planning in support of LED has also been signalled by the introduction of consultative forums called Joint Action Development Forums

**Figure 1: Institutional Structures for LED in Rwanda**



Source: (RALGA 2013)

(JADFs) cementing an approach consistent with a decentralisation thrust in which national government agencies have the task primarily of capacity building and monitoring and evaluation while local planning, budgeting implementation and accountability are the prerogative of local government to enable the integration of LED into the various DDPs. JADFs and their Economic Commissions have the responsibility of championing LED in districts and coordinating LED initiatives and interventions within the local economies.

Rwanda has explicitly recognised that successful LED interventions require comprehensive integration of planning processes. The institutional arrangements for LED governance representing the response of the Government of Rwanda are reflected in Figure 1:

Achievement of the overall imperative of inclusive local socio-economic development and poverty reduction in Rwanda in the present approach of the Government of Rwanda rests effectively on two pillars namely Community Development (CD) and LED, with an additional secondary pillar comprising Support Systems for CD and LED.

Broad Strategic Objectives as identified by MINALOC in 2013 are as follows (Ministry of Local Government (MINALOC) 2013):

- Enhancement of community empowerment and citizen participation;
- Improvement of local capacity for sustainable economic growth through small, medium and micro-enterprise (SME) growth and job creation;
- Enhancement of human capital and skills;
- Development of appropriate economic infrastructure and ICT;
- Increased service delivery in the public and private sectors; and

- A coordinated policy, institutional and regulatory framework for LED.

The National Strategy for Community Development and Local Economic Development of Rwanda (Ministry of Local Government (MINALOC) 2013) to be read with the decentralisation implementation plans has clearly been strongly influenced by the work of the World Bank and defines the purpose of LED as:

*“...to build up the economic capacity of the local area to improve its economic future and the quality of life for the citizens. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and to generate more opportunities for employment. LED is viewed as a process by which local actors within a defined territory get together to:*

1. *Analyse their economy;*
2. *Establish where its competitive advantages lie; and*
3. *Take actions to exploit business opportunities and improve the environment for business within the locality...”* (Ministry of Local Government (MINALOC) 2013).

LED in Rwanda is seen to be strongly linked to the decentralisation imperative. Indeed it appears to be recognised that the effectiveness of decentralisation *per se* is intimately dependent upon the level of development since richer regions are more able to address inequalities and enable the exploitation of opportunity to reduce developmental inequalities. Poorer, less well-developed regions on the other hand depend upon fiscal transfers and therefore to the extent that decentralisation of governance curtails fiscal transfers, complicates or inhibits decentralisation; can in fact impede development in those areas and hence compromise the cause of LED (Vassilis, Rodríguez-Pose, Pike, Tomaney, and Torris 2011). LED and the devolution of powers therefore need to go hand-in-hand.

The momentum for LED in Rwanda began to build in 2006 with the support of RALGA that regraded LED as an integral part of the decentralisation process.

Deployment of the first phase of that decentralisation process took place over the period 2001-2005 with a focus on establishing community development structures at district level amid a number of institutional and policy reforms in the country. Local government elections also took place over this period. Phase 2 of the deployment took place over the period 2006 – 2010 with the central emphasis upon improving service delivery after territorial restructuring in 2005 saw the reduction of the number of provinces from 11 to 4; the number of districts from 106 to 30; the number of sectors from 1 545 to 416 and the number of cells from 9 165 to 2 148. Phase 2 also saw the operational introduction of the LED approach currently being strengthened in Phase 3 (2011-2015) through the

implementation of the National Strategy for Community Development and Local Economic development (2013-2018) (Ministry of Local Government (MINALOC) 2013). RALGA has been strongly supportive of these phased initiatives that have aimed increasingly to devolve developmental decision-making to the district level and to build the capacity of local officials to exercise these new powers.

But Rwanda has also recognised that while LED imperatives need to involve local communities and to be accompanied by appropriate devolution of powers, nevertheless LED cannot take place in a local vacuum. In reality many of the levers that need to be manipulated to achieve effective LED lie outside of the compass of functions of local government and in fact reside in the national and provincial spheres. RALGA (2015) has recognised: "...The state's role is, in general, to assist and create the conditions for local action to emerge and grow. The main focus is on 'what the state can do to support local leaders, communities, businesses, NGOs, organised labour and their stakeholders to realise their own objectives and to work together with each other'. Therefore responsibility for LED does not lie with the state alone and good governance has become a key concept to capture the way LED should be fostered..." (RALGA 2015).

While its focus is local the application of LED must therefore involve a suite of interventions across all spheres of government. Accordingly LED is also reflected in the products of the National Policy and Planning Process in Rwanda. The expressed need for multi-dimensional engagement toward effective LED in Rwanda is reflected in the commitment of the Government of Rwanda since 2008 to public-private partnerships (so-called PPPs) as a procurement option in the National Public investment policy (NPIP). Accordingly a Public Investment Technical Team and a PPP Unit have been established within the Ministry of Trade and Industry (MINICOM) as custodians of the PPP process and to provide guidance. Work is currently underway to establish the necessary legal framework.

Key elements in the national support matrix for LED are reflected in Table 1:

Rwanda's approach to the assessment of local competitiveness informing the formulation of regionally and locally differentiated, customised and nuanced LED strategies appears heavily influenced by the work of Porter, based on the theory of industrial organisation (Porter 1979). This approach in Rwanda has been operationalised using the Participatory Assessment of Comparative Advantage (PACA), a tool developed in the context of donor-sponsored development projects in 16 countries including Brazil, South Africa and Sri Lanka (SA LED Network Internet Source No date). This assessment process in Rwanda takes place during the formulation of the DDPs where each district is required to deconstruct its relative resources, skills and capacities. DDPs reflect the developmental status of the relevant district, the strategic framework for LED implementation, developmental interventions, a monitoring and evaluation framework and resourcing of the DDP. The JADFs are required to play a key

**Table 1: National support for LED in Rwanda**

Source	LED thrust and implication
Vision 2020	Strategic objective setting and commitment to enabling economic development
Government Programme 2010–2017	Promotion of citizen participation in governance
Economic Development and Poverty Reduction Strategy (EDPRS) (2015) and Flagship Programme	Implementation of Vision 2020 and the mobilisation of required resources and investment promotion
EDPRS Flagship Programme Umurenge	Creation of an enabling environment for small enterprise development
District Development Plans (DDPs)	Regional customisation and incorporation of district-specific LED objectives into national planning and expenditure programming

**Source:** (RALGA 2012 and Economic Development and Poverty Reduction Strategy (EDPRS) – Shaping Our Development 2015)

coordination role in aligning programmes and projects with local district developmental imperatives.

While small- and micro-enterprise comprises in excess of 90% of the Rwandan private sector, and accounts for over a third of private sector employment, nevertheless the small- and micro-enterprise sector faces a number of challenges that constrain its capacity to grow and to provide jobs and contribute to livelihoods. These have been categorised as follows by MINICOM (Ministry of Trade and Industry (MINICOM) 2010):

- Lack of entrepreneurial culture;
- Limited technical and business skills;
- Limited business development services;
- High cost of doing business;
- Lack of access to finance; and
- Difficulty in accessing market information and markets

In addition the informal sector operates largely under the radar and comprises those activities not registered in accordance with the Companies’ Act No. 7 of 2009 or other legislation applicable to SMEs and cooperatives. The extent of the informal sector is suggested by studies indicating, for example, that of an estimated 73 000 businesses in Rwanda (Rwanda Private Sector Federation (PSF) 2007) in 2008 only approximately 25 000 (34%) were registered. According to a more recent establishment census the number of businesses had by 2011 increased by 40% to over 123 000 of which only 11.4% were registered with the Rwanda Revenue Authority (RALGA 2015). There appears in Rwanda to be

a growing consensus that specific provision in LED strategy and praxis needs to be made for informal sector enterprises as crucial contributors to employment creation and household income.

The imperative of developing a role for Rwandan SMEs in national and international value chains is encapsulated in the LED Hexagon approach informing Rwanda's LED strategising (Meyer-Stamer 2006). MINICOM reported in 2012 that it had since 2011 embarked on a programme to identify the most competitive SME sectors per district in order optimally to unlock SME competitiveness along viable and appropriate value chains (Ministry of Trade and Industry (MINICOM) 2012). Such value chain analysis would however be intended to go beyond processed products and services and would also encompass agricultural value chains crucial to Rwanda as a country reliant on subsistence agriculture. The imperative of the programme would be added value and market access for Rwandan producers and would seek to focus effort on optimal value-chain linkages with the greatest potential viability.

Given the importance of the development of enterprises in LED, and particularly so of the development of SMEs Business Development Services (BDS) that provide capacitation particularly at individual enterprise and sector level are in the literature regarded as crucial. In Rwanda Business Service Centres have been functioning under the Rwanda Development Board (RDB) since 2006. The RDB was established as an independent, multi-agency body reporting directly to the President, specifically charged with integrating the entire investor experience under one institutional roof. Specifically included are such elements as business registration, investment promotion, environmental impact approvals, privatisation, human capacity building in the business sector, facilitation of access to finance, advisory services and counselling including export development and tax advice and other focused sector support initiatives (Ministry of Trade and Industry (MINICOM) 2012). Access to finance is regarded as a major imperative of the Rwandan LED approach and particularly so the challenge of addressing the perceived inhibiting effects of collateral requirements imposed by the formal banking system upon business ventures that are perceived as posing higher risk.

Key challenges facing SMEs in Rwanda as identified by MINICOM and informing the Rwandan approach to small enterprise development are summarised in Table 2:

Currently the Rwandan approach to LED has a strong agricultural emphasis encompassing both rural and urban agriculture. While the disparity of opinion on the role of agriculture in the development path is encapsulated for example in the work of Awokuse and Xie (2015), nevertheless Rwanda has opted for an agricultural thrust to its LED programmes. It is based on the perception that in a predominantly agrarian economy this is important to ensure increased

**Table 2: Key challenges facing Rwandan SMEs**

Category	
Macro-level	<ul style="list-style-type: none"> <li>• Limited transport and energy</li> <li>• Lack of a strong insurance industry</li> <li>• Limited financial outreach</li> <li>• Difficulties with contract enforcement</li> <li>• Weak education system</li> <li>• Burden of regulatory compliance</li> <li>• Limited capacity building capability</li> <li>• Inability to exploit scale economies</li> <li>• Lack of market intelligence</li> <li>• High taxes</li> <li>• Lack of capital</li> <li>• Dysfunctional pricing</li> </ul>
Challenges to start-up	<ul style="list-style-type: none"> <li>• Lack of entrepreneurial culture</li> <li>• Limited technical and business skills</li> <li>• Limited Business Development Services</li> </ul>
Challenges to growth and up-scaling	<ul style="list-style-type: none"> <li>• High cost of doing business</li> <li>• Lack of access to finance</li> <li>• Lack of market information</li> </ul>

Source: (RALGA 2015)

farm production to keep pace with population growth; the need to provide primary agricultural inputs for secondary processing and value addition; and as a means for generating export surpluses and foreign exchange (RALGA 2015). In this Rwanda relies on the approaches reflected in the classical works of Smith and Ricardo (in Lewis 2008) among others, all of whom placed emphasis on agricultural production as the *sine qua non* for economic growth – albeit in the predominantly rural context of the times in which they were writing. The knock-on effect of an unlimited supply of cheap labour into the predominantly urban secondary (or ‘capitalist’) sector as a result of low or negligible marginal productivity in primary sectors such as agriculture, is seen by some as a significant potentially negative influence on the growth path in developing countries (Lewis 2008). Positive inter-sectoral linkages between agricultural development and the non-agricultural sectors of the economy in accordance with the proposition of Johnston and Mellor (Johnston and Mellor 1961) regarding the role of agriculture in shaping the economic growth path, are cited to be (RALGA 2015):

- Providing food for domestic consumption;
- Releasing labour through greater agricultural efficiency for industrial employment;
- Enlarging the market for domestic industrial output;

- Augmenting savings; and
- Earning foreign exchange.

Pursuant to its prioritisation of the agricultural imperative in LED the Rwandan approach to the facilitation of agricultural development is influenced by the social capital perspectives of Durlauf and Fafchamps (2004).

Accordingly Rwandan interventions are based upon multiple social-institutional emphases to serve development of markets and traders, with particular emphasis on the development of market institutions as a means of improving allocative efficiency in developing economies. Institutions are defined following Williamson (1985) as the structure of relations between individuals within the system of market interactions playing among others the following roles in strengthening markets:

- i. Reducing transaction costs;
- ii. Managing risk;
- iii. Building social capital;
- iv. Enabling collective action; and
- v. Addressing market gaps.

Stated objectives in pursuit of these overarching and cross-cutting institutional imperatives in Rwanda with LED implications include (RALGA 2015):

- The shortening of the long transactions chains in African economies in particular where many players and complex transactional arrangements typically are interposed between producer and marketplace thus directly influencing costs;
- The integration of smaller producers into markets;
- The design and development of the rural infrastructure web so as to serve markets and the requirements of more effective marketing of the produce of small and informal producers;
- The strengthening of post-harvest strategies to ensure optimal use of produce and the reduction of wastage and loss, poverty reduction and improvement of physical food security of communities;
- Regional agro-based clustering of economic activity according to the concept of “clusters” as conceived by Porter (1998) as “...geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition...”. Following a selection process in 2011, MINICOM (Ministry of Trade and Industry (MINICOM) 2011) identified priority clusters in all provinces. Agro-processing and handcrafts feature among the top three priorities in most districts throughout Rwanda; and
- The integration of cross-cutting gender and environmental considerations together with the youth in LED initiatives. The emphasis on gender equality in

Rwanda has become increasingly statutorily enshrined since the incorporation of specific measures in the Constitution adopted in 2003. Among others the Organic Land Law No. 8 of 2005 provides for equal land ownership rights for women and men and the National Agriculture Gender Strategy (2010 in RALGA 2016) seeks specifically to address gender issues in the agricultural sector. A Ministry of Gender and Family Promotion resides in the Office of the Prime Minister with a National Gender Cluster chaired by the Minister of Gender and Family Promotion. A Gender Responsive Budgeting Initiative (GRBI) is coordinated by the Ministry of Finance and Economic Planning. The Rwanda Environmental Education for Sustainable Development Strategy (2011-2015 in RALGA 2015) identifies environmental issues not only as an adjunct to development but at its core dealing with such issues as water resource management; climate change; conservation of biodiversity; land use management; forestry management; ecology; recreation facilities as well as transportation and energy (Rwanda Environmental Management Authority (REMA) 2010).

## **KEY ASPECTS OF THE SOUTH AFRICAN LED APPROACHES AND IMPERATIVES**

Whereas the former dispensation in South Africa was characterised by a strong focus on central planning and control, and a very limited role for local authorities in economic planning and development beyond certain spatial (town) planning responsibilities, the post-1994 government has placed a strong emphasis on community and grassroots initiatives and participation. Importantly, local government is now viewed as a sphere (as opposed to a tier) of government, and has been allocated a range of roles and responsibilities with respect to economic and social development (SALGA LED Position Paper 2008).

LED in South Africa has been empowered through various policy instruments and statutes:

- *The Constitution of the Republic of South Africa* of 1996 recognises the importance of local government in economic development particularly in Sections 152, 153 and 156 and Parts B of Schedules 4 and 5 (*Constitution of the Republic of South Africa, 1996*);
- The White Paper on Local Government (1998) which introduced the concept of “developmental local government”;
- The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) made integrated development planning by municipalities compulsory and legislated a number of key LED functions, roles and responsibilities;
- The LED Guidelines issued in 2000 (later revised in 2005 in Ackron and Auriacombe 2015:89) which provided a pro-poor focus for LED;

- LED Draft Policy Papers of 2001 and 2002 (in Ackron and Auriacombe 2015:89);
- The National Spatial Development Perspective (NSDP) as revised from time to time since 2006 which brought a spatial dimension to LED through insights into spatial development potential and a spatially nuanced economic development strategy (National Spatial Development Perspective (NSDP) 2006);
- The Policy Guidelines for Implementing LED in South Africa (Department of Provincial and Local Government (DPLG) 2005) that represented a significant shift away from initial LED approaches and emphasised the importance of local competitive advantage in the determination of LED strategy. The guidelines also introduced the concept of LED Agencies (so-called LEDAs) at district municipality level to perform “Technical” LED tasks and functions (Department of Provincial and Local Government (DPLG) 2005);
- The National Framework for LED in South Africa (2006–2011) aiming to build a shared understanding of good LED practice and motivate more effective implementation through an institutional approach rather than the project-based approach hitherto adopted. It envisaged “...Robust and inclusive local economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives...” (in Ackron and Auriacombe 2015:112);
- The Integrated Sustainable Rural Development Strategy and Urban Renewal Strategies and Strategic Agenda of the erstwhile Department of Provincial and Local Government (DPLG) dealing with roles and functions including those relating to LED. The strategic agenda identified provided a strategic approach and cemented the move away from solely project-based LED. LED together with Municipal Transformation and Organisational Development, Basic Service Delivery, Municipal Financial Viability and Management, and Good Governance and Public Participation was designated one of five key performance areas (in Ackron and Auriacombe 2015:112);
- The National Development Plan 2030 that recognises deficiencies particularly in local government capacity and seeks to address them and also recognises the importance of small enterprise development. These initiatives serve to address a number of the deficiencies thus far evident in South Africa’s approach to LED (National Planning Commission (NPC) 2012); and
- The Revised National LED Framework (2013 – 2018) (Department of Cooperative Governance (DCoG) 2013) which presents yet another ‘new’ LED strategy in an arguably already over-specified area of endeavour, consolidating existing national economic development programmes and focusing on their relevance to LED.

The publication of the White Paper on Local Government in 1998 was a watershed in the formal implementation of the LED approach and marked its

policy genesis in South Africa. In it LED was specified as one of the outcomes of developmental local government, described as "...local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives..." (White Paper on Local Government, 1998). Developmental local government was an extension into the local government sphere of the wider concept of the developmental state contemplated by Johnson (1982). Accordingly the White Paper also introduced the concept to South Africa of Integrated Development Planning (IDP). In 2008 the former DPLG was to identify LED specifically as one of six key performance areas of IDP. The Municipal Systems Act of 2000 whose aim was: "To provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities" placed a statutory obligation upon municipalities in South Africa to formulate IDPs (Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)).

The thrust of the IDPs, including their LED content, was specified in Sections 26 and 27 of the Systems Act. The White Paper on Local Government of 1998 importantly established the context that has influenced the implementation of LED initiatives in South Africa. The White Paper explicitly indicated (paragraph 53) that the intention was that local government had an essentially facilitative role in creating conditions conducive for LED and that it was "not directly responsible for creating jobs"; there was confusion in its interpretation (White Paper on Local Government, 1998). LED became generally regarded as a function of local government yet while the promotion of social and economic development was identified as one of the objects to be striven for by local government, the Constitution did not provide explicitly for LED in the functions of local government as set out in Sections 155 and 156 and Parts B of Schedules 4 and 5.

Compounding the confusion in the bureaucratic mind, since the LED concept had been mooted within the context of local government and the only references to it were in the Municipal Systems Act of 2000, a piece of local government legislation, LED was consigned institutionally largely to the local government sphere and local authorities were seen as the prime movers of LED initiatives. International experience has demonstrated that local authorities can indeed play a pivotal role in LED initiatives for poverty alleviation since they are strategically placed to undertake local long-term planning in the arena of poverty alleviation particularly as it relates to relationships with NGOs, CBOs, and the private sector (Pieterse 2000). However their capacity to do so is necessarily a function of mandates, skills and resourcing.

Although in South Africa credence is given to other stakeholders such as the private sector, NGOs and others, in reality local government is at the centre

of the LED planning debates in contemporary South Africa (Triegaardt 2007). Further compounding the confusion has been the fact that by far the majority of non-metropolitan municipalities had little if any economic expertise in their ranks to deal with the challenge of an integrated approach to LED, nor were they mandated to control key drivers of economic growth and development in local communities. Such key LED interventions in the context of South Africa for example as the promotion of industrial development were retained at the level of the provinces, and yet others in the national sphere. South Africa's former DPLG was moved to provide further clarity of the South African approach in a series of guideline papers (Department of Provincial and Local Government (DPLG) 2005). The DPLG's Policy Guidelines for Implementing LED (2005) specifically stated that, "...Whilst the Constitution of 1996 places a great responsibility upon municipalities to facilitate LED (sic), the schedule in the Constitution that lists the functions of municipalities does not include LED...It is further envisaged that municipalities play a connector role in respect of LED whereby they draw on resources locked in a range of different government support instruments into their localities...The idea is not for municipalities to run programmes themselves but to focus on establishing forums to build partnerships and to network with a range of stakeholders...LED should not be viewed only as a programme but everything that a municipality does impacts on the local economy...For example procurement policies can be structured to address the use of local labour, and all infrastructure development should reflect positively on the development of the local economy, whatever its purpose..." (Department of Provincial and Local Government (DPLG) 2005).

In the 2006 National Framework for LED issued by the former DPLG, provided 10 guiding principles for LED as follows (Department of Provincial and Local Government (DPLG) 2006):

- (i) Through a developmental approach, Government has a decisive and unapologetic role to play in shaping the economic destiny of our country;*
- (ii) Creating an environment in which the overall economic and social conditions of the locality are conducive to the creation of employment opportunities is the responsibility of Local Government;*
- (iii) Local Economic Development is an outcome of actions and interventions resulting from local good governance and the constant improvement and integration of national priorities and programs in local spaces;*
- (iv) Inward investment from the state or private sector will only be effective where the potential and competitive advantages of each area are known and exploited;*

- (v) *Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government centred on the application and localization of the principles espoused in the National Spatial Development Perspective (NSDP);*
- (vi) *Locally-owned appropriate solutions and strategies must emerge to support national frameworks in both rural and urban local spaces and should promote sustainable development and sustainable human settlements*
- (vii) *South Africa competes in a global and increasingly integrated world economy (our italics) whose threats must be minimized and whose opportunities must be exploited*
- (viii) *Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies*
- (ix) *People are the single greatest resource and including all citizens in development and increasing their skills leads to increased opportunities for stimulating local economies*
- (x) *Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies and will shape local spaces”.*

Objectives associated with the above guiding principles as identified in the National Framework are as follows (Department of Provincial and Local Government (DPLG) 2006):

- “(i) To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage litany of non-viable projects or start-ups;*
- (ii) To support local economies in realising their optimal potentials and making local communities active participants in the economy of the country;*
- (iii) To elevate the importance and centrality of effectively functioning local economies in growing the national economy;*
- (iv) To wage the national fight against poverty more effectively through local level debates, strategies and actions;*
- (v) To improve community access to economic initiatives, support programmes and information;*
- (vi) To improve the coordination of economic development planning and implementation across government and between government and nongovernmental actors; and*

*(vii) To build greater awareness about the importance and role of localities and regions which globally are playing an increasingly significant role as points of investment facilitated by supportive national policies” (Department of Provincial and Local Government (DPLG) 2006).*

The following key roles for LED are identified (Department of Provincial and Local Government (DPLG) 2006):

- To provide leadership and direction in policy-making, by-laws and processes to regulate land in a manner that reduces the costs of doing business and to maximise the involvement of people in the local economy;
- To administer policy, programme and projects—the core function of any structure responsible for LED is recognised as to coordinate and maximise the impact of programmes and projects with respect to growth and development;
- To be the main initiator of economic development programmes through public spending, regulatory powers, and (in the case of larger municipalities) the promotion of industrial, small business development, social enterprises and cooperatives.

However, arguments can be made that insufficient capacity building and orientation took place to give effect to these notions and by 2010 SALGA, in analysing LED in local government in South Africa, was to find the following in the local government sphere in particular (SALGA 2010):

- A lack of common understanding of the role of LED and LED processes. There is no single common approach towards the development of an LED strategy. The main areas where there is divergence of opinion are around what constitutes an effective and sustainable LED strategy and the role of the local authority in that strategy. The large body of policy and legislative documents that bear on LED arguably have contributed to the confusion since it has not been clear how practitioners in local authorities are meant to prioritise, interpret and apply the various policies. In effect therefore a case can be made for the assertion that LED and the roles of the various agencies have been over-specified. This debate on the apparently confused essence of the LED approach in South Africa at the inception, together with the problems experienced by many local authorities in designing and implementing an effective LED strategy, resulted in two major efforts by the former DPLG to formulate a national policy framework for LED. The first culminated in 2001 in a document entitled *Refocusing Development on the Poor* (in Ackron and Auriacombe 2015:89) in an essentially community development-based attempt to direct efforts toward poverty reduction, and the second in 2005 resulted in the *Policy Guidelines for Implementing LED in South Africa*. The latter contained significant key policy shifts, enhancements and clarifications.

Importantly, these guidelines are an attempt to align national policy initiatives (such as broad-based black economic empowerment (BBBEE), and the focus on the so-called “second” economy”) with LED efforts by local government (Ackron and Auriacombe 2015:89);

- An increasing urban-rural divide in LED processes and practices. The average level of inequality across South Africa is not declining, and in many instances is increasing. The relative development and progress of national growth strategies is also affecting the urban-rural divide with industrial and strategic sector policies tending to favour metropolitan urban areas whereas South Africa’s rural agricultural interventions around land reform and communal emerging farmer support has not been particularly effective (Ackron and Auriacombe 2015:89);
- Practical spatial constraints of economic planning at a very local level. All the policy guidelines allocate considerable responsibility to local authorities to develop and implement LED strategies for their own local areas. However, the reality is that almost all economic activity has a spatial component that very seldom coincides with the administrative jurisdictions of local governments. The real potential for LED lies in transversal value-chain analysis and interposing community economies as value-adders into those value chains. This is particularly true in South Africa where a high economic concentration factor prevails with economic activity tending to be concentrated in relatively few enterprises with a wide geographic reach. Long value chains in the modern economy, specialisation and the pursuit of economies of scale all militate against the existence of truly “local” economies. But this lies beyond the capacity of those formerly charged with the responsibility for LED strategising in the local sphere (Ackron and Auriacombe 2015:89);
- A less-than-effective working relationship between provinces, districts and local authorities. This can be attributed to the perception that LED is a “local” issue not affecting “provincial” or “national” sector departments and institutions irrespective of the fact that those entities may be mandated with the levers of power to effect LED;
- A lack of effective LED “networks” in many areas. There are often deep divides between conservative business interests in many areas and the local authority, which are not conducive to building the kind of relationships which support effective LED strategies. These are exacerbated by a misunderstanding of the role of the local authority in LED and also a lack of political commitment as well as capacity on the part of local municipal LED officers to reach out to key stakeholders with the result that inclusive relationships with private business, other political parties and NGOs within the community are non-existent (Ackron and Auriacombe 2015:89);

- The inability of many local authorities to clearly define LED strategy within the broader IDP process. This is also a function of confusion as to the role of local government in LED; and
- A lack of planning resources and capacity. This extends particularly to a lack of formal understanding of the way economies and businesses function and of an overly “local” and bureaucratically constrained view of the meaning of LED.

The findings of the investigations by SALGA combined with the central emphasis on local government in facilitating LED prompted the development of an assessment tool for determining the LED “maturity” of local authorities as a means of achieving focused capacitation. This LED Maturity Assessment: Qualitative Benchmarking Tool was developed in 2009 and is currently in the process of being rolled out in the local government sphere. It sets out to indicate relative LED maturity of local authorities according to the following scheme defining LED maturity for the purpose of focusing supportive capacity building interventions in the local government sphere (SALGA LED Maturity Assessment: Qualitative Benchmarking Tool 2009):

### **Insight and strategy**

- Shared vision and focus aiming to achieve what matters most and focusing activity and resources where the best results can be realised.
- Understanding the local economy; knowing where to look for opportunity; knowing good ways of exploiting such by means of sound LED principles.
- Strategic decision-making; reliable quality of decision-making.

### **Ability to execute**

- Proficiency of municipal service delivery.
- Public- and private-sector champions implement LED initiatives; efficacy of implementation of prioritised LED initiatives (and therefore strategies) by public and private sector stakeholders.
- Stakeholder participation and contribution to sound LED decisions.
- Effective and efficient facilitation of LED by municipal LED and sector leaders.
- Governance of LED by business and political leaders.

Explicit institutional development in support of LED in South Africa has comprised primarily the establishment of LED Forums in municipalities, administered by local municipal LED officers in local municipal LED units and the establishment of LEDAs of which approximately 30 have been established

across South Africa with varying levels of apparent success and often without agreement between LED role players as to their mandates relative to those of local authorities. The province of KwaZulu-Natal has determined that such LEDAs be established in each of its districts. Yet the National Planning Commission in 2011 was moved to observe in relation to consultative structures and processes with local communities that: "...Despite these avenues, there is growing distance between citizens and the government..." (National Planning Commission (NPC) 2012).

Approaches to LED in South Africa have had confused beginnings and the legacy is still evident. Confusion has arguably also impacted upon implementation. The vision that however has now evolved and that now underpins the stated core of policy regarding LED in South Africa, if not its implementation, is an inclusive one of "...creating robust and inclusive local economies that exploit local opportunities, address local needs and contribute to national development objectives such as economic growth and poverty eradication..." (Department of Provincial and Local Government (DPLG) 2005). South Africa's DPLG in the national framework summarises as follows the core parameters for LED implementation (Department of Provincial and Local Government (DPLG) 2006):

- LED at municipal level is much more than just the traditional LED "Projects" that the LED Fund supports in municipalities;
- LED means facilitating sustainable employment creation (more than just job creation) and in this sense business plays a major role;
- There is an LED component in both the IDP and PGDP reflecting government's actions to support LED in accordance with its mandate;
- LED considerations cut across all sector government departments and all government spheres. National and Provincial Government therefore have key roles to play in facilitating and supporting LED;
- Municipalities play a strategic stimulation, facilitation and "connector" role in LED, but it is communities and other stakeholders (such as sector government departments and agencies with the requisite mandate) who are the actual implementers of LED programmes and initiatives.

It can however be argued that the approach to LED in South Africa remains confused and disjointed and that its association in the bureaucratic mind almost exclusively with the local government sphere in implementation, when the mandates of other spheres and jurisdictions so directly impact local economies, in fact belies the explicit policy intent of LED and in South Africa continues to frustrate the more inclusive and integrated purpose LED has been intended to serve. The shifts in policy emphasis that have occurred since 2000 and the plethora of policy documents on LED have compounded the confusion. Until

comparatively recently, the main focus of most municipal LED initiatives was inherently unsustainable community economic development projects which collapsed when donor funding was no longer available. This necessitated a shift in emphasis to the creation of more conducive local environments for investment through the proper performance of local government on its Constitutional mandate and particularly in the area of provision of infrastructure and services rather than by attempted direct intervention in local economies.

Where before 2005 the community economic development approach had typically been project-based the emphasis now also shifted, particularly in the larger centres to an institutional approach focused on market capacitation and development of the institutional underpinnings of economic activity as a more effective way of leveraging public sector funding into economic growth and development; although the project-based approach still remained current in most smaller and rural local authorities. The appointment of community development officers, with no training in or orientation towards economic development, to manage LED initiatives cemented a community development project-based approach and tended to frustrate a wider and more inclusive institutional purpose. The overwhelming preoccupation with a community development project-based approach in the local sphere prompted the former DPLG in 2006 to explicitly declare that "... local economic development is not about municipalities or other public bodies financing small local projects from the public purse...Nor is it about Mayors, Councillors or municipal officials trying to run or manage these or even larger projects..." (Department of Provincial and Local Government (DPLG) 2006).

The most likely reasons for the divergence in approach between urban and rural LED in South Africa have been suggested by SALGA (SALGA 2008 in Ackron and Auriacombe 2015:118) to have been:

- Attitudes towards formal and big business in the metropolitan areas tend to be very different from those in smaller areas with a greater willingness on the part of local government to work with the private sector. In the smaller (and less sophisticated) local authorities there seemed to be an adversarial rather than a cooperative spirit between local government and the private sector;
- The larger centres are able to employ people with experience in economic assessment and development capable of facilitating a less simplistic and literal "pro-growth" approach;
- Government through the LED fund had indirectly supported a project-based approach rather than an inclusive institutional approach as indicated by international good practice. But the literal, simplistic approach retains its appeal as it is much easier for the economically less literate to conceive of and design projects than it is to comprehend the more fundamental though complex institutional challenges; and

- Relatively high levels of employment in the formal sector tended to underscore the benefits of a cooperative approach with business.

The most recent revision of the LED framework based upon the 2010 review of progress and challenges to effective LED in South Africa, based on the 2006 framework, retains the vision of "...Robust, inclusive and sustainable local economies exploiting local opportunities and competitive advantages, addressing local needs and contributing to national development objectives" (Department of Cooperative Governance (DCoG) 2013). It seeks to consolidate the elevation of LED from the local sphere to which it has since its inception been consigned and to consolidate LED into national economic strategy and policy practice and yet again to articulate the role of local government in LED. The Planning Commission in 2012 recognised that "...Local government faces several related challenges, including poor capacity, weak administrative systems, undue political interference in technical and administrative decision-making, and uneven fiscal capacity..." (National Planning Commission (NPC) 2012). While LED approaches in South Africa rely on the local government sphere for energy and direction their momentum thus remains correspondingly at risk. The pro-poor policy focus is retained in the new guidelines, albeit subordinated to greater economic realism which largely replaces the earlier purely ideological welfare imperatives. Accordingly the stated objectives of the new framework are to:

- Support the national goals of reducing poverty, inequality and unemployment
- To intensify support of local economies in realising and building on their economic potential
- To strengthen intergovernmental coordination of economic development planning and implementation
- To deepen and enhance the economic importance of LG in national development
- To develop greater awareness of the significance of localities, regions and metropolitan municipalities as nodes of economic growth.

These objectives are, in terms of the new framework, to be pursued in accordance with the following guiding principles:

- i. (An) accelerated, shared and inclusive economy;
- ii. Local competitiveness;
- iii. Integrated Spatial and Economic Planning and Development;
- iv. Redressing poverty and proactive absorption of the poor;
- v. Economic management by a developmentally capable state;
- vi. Learning and skills development; and
- vii. Integrated urban and rural economic development.

The revised framework further identifies the revised LED Core Pillars as building a diverse economic base; developing learning and skillful economies; developing inclusive economies; enterprise development and support; and economic governance and infrastructure. In pursuit of these core pillars five LED Support/Enabling Pillars representing areas where support is required are recognised, namely: monitoring and evaluation; funding; organisational and institutional development; capacity development; and planning and strategy.

## CONCLUSIONS

Both South Africa and Rwanda have, in different governance spaces, made significant attempts to institutionalise their interpretations of the appropriate good practice principles of LED approaches. Both are building from relatively fresh foundations – in the case of Rwanda in the ongoing post-colonial rebuilding phase and more particularly in the wake of the national genocide of 1994; and in South Africa's case in the reconstruction and development phase in the wake of the demise of apartheid and the new constitutional dispensation of 1994. Both have therefore to deal with the consequences of a broadly contemporaneous national hiatus which has in effect presented the new administrations with a *tabula rasa* for the determination of new directions and imperatives. Both find themselves facing the challenge of accelerated economic development in a globalising world and the dire need to create sustainable livelihood opportunities for their populations.

While the sectoral compositions of the two economies differ, there are nevertheless enclaves of economic activity in each where the experiences and insights of the other are potentially of value. Ultimately all economic performance in the national and international spheres is the aggregate of economic performance on the ground in the regional and local community spheres. The stimulation of more inclusive economic activity in the local sphere is therefore a means of delivering enhanced and more inclusive performance in the national and international spheres as well and is therefore integral to national economic development strategy. The application of the principles of LED provides the means of providing a sharper local community development focus.

While there is a strong legislative mandate for LED in both countries, it will be difficult to sustain if the public, Civil Society Organisations (CSOs) NGOs and private sector stakeholders are not effectively mobilised in the creation of wealth, employment and improved living standards of local communities. PPPs can play an important part in establishing sustainable LED programmes.

## NOTE

- 1 This article is partly based on a doctoral at UJ under the supervision of Prof C J Auriacombe. Ackron, J. Currently registered for a D Litt et Phil (2016-2017). Ackron, J.A. *Comparative Perspective of the Policy and Praxis of Local Economic Development in South Africa and Rwanda*. Unpublished Thesis. Johannesburg: University of Johannesburg.

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# Path Independence

## Lord Lugard and Boko Haram Terrorism in Northern Nigeria

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### ABSTRACT

History is important, and in using the concept of Path Independence, this article seeks to analyse and understand the way in which colonial policies, inheritance and institutions in Northern Nigeria was instrumental to the birth of Boko Haram terrorism in Northern Nigeria. A fragment of observation has been given in research to the underlying colonial policies that gave rise to Boko Haram terrorism which threatens the very fabric of Nigeria's existence. This article argues that the British colonial policy of indirect rule in Northern Nigeria fostered illiteracy and poverty, entrenched Quranic education, which produced millions of youths who were desperately poor, unemployed, marginalised and excluded from post-colonial Nigeria, hence their decision to seek refuge in terrorism in order to be heard. The author argues that the lessons of path independence concept is that lasting solutions to the problem of Boko Haram terrorism must involve efforts in understanding and tackling the issues from its historical, political, cultural and educational roots in the region.

### INTRODUCTION

In this article, the author uses the concept of 'path independence' which is an analytical mechanism that emerged in the field of economics to examine the initial conditions that was instrumental to the rise of Boko Haram terrorism in Nigeria. The Path independence concept was first mooted a century ago and was popularly used to analyse economic growth and development (David 1985: 335; Arthur 1989:118; North 1990:25; Witt 1997:756). The path independence notion was a hallmark in the works of Carl Menger's and Thorstein Veblen's

(cited in Veblen 1988: 380) relating to the economic growth and development of Germany and the United Kingdom (UK), (Elster 1976:380; Franz 1990:110). An early question that was posed and solved using the path independence concept was the question of why German economic growth and development surpassed that of the UK at that time.

The author decided to use the path independence concept to analyse the problem of Boko Haram terrorism in Northern Nigeria, not because he believes that all of Nigeria's problems are rooted in the colonial encounter, but because he believes that it is important that in seeking solutions to the problem of Boko Haram terrorism in Northern Nigeria and West Africa, there is a need to have a holistic understanding of the underlying issues (Ndlovu-Gatsheni 2012:3). This knowledge will help policy makers on the continent to implement appropriate short-term and long-term solutions for the malaise. This "strong thought" narrative is evident in the work of the radical Slovenian philosopher, Slavoj Žižek, who bewailed the dominance of 'weak thought narratives' in examining current affairs while brushing aside the deeper causes of some problems in the world like underdevelopment and terrorism (Ndlovu-Gatsheni 2012:3). Slavoj Žižek (cited in Ndlovu-Gatsheni 2013: 3) put it like this:

*"Why are so many problems today perceived as the problems of intolerance, rather than as problems of inequality, exploitation, or injustice? Why is the proposed remedy tolerance, rather than emancipation, political struggle, and even armed struggle?" (Ndlovu-Gatsheni 2012: 3).*

Embedded in the narrative of Žižek (cited in Ndlovu-Gatsheni 2012:3), 'weak thought postulations' triumphs when a researcher takes a simplistic and one-sided view of a situation or concept, while 'strong thought postulations' triumphs when there is comprehensive analysis of the issues involved in an event ( Ndlovu-Gatsheni 2012:3). The use of the path independence concept in analysing the issue of terrorism in independent Nigeria is both relevant and poignant. The concept validates the view of the Latin American sociologist and exponent of coloniality Ramon Grosfoguel (2007:219), who opined that legacies of colonial rule still continue to haunt many countries in the developing world. Grosfoguel (2007 219: 219) explained it like this:

*"One of the most powerful myths of the twentieth century was the notion that the elimination of colonial administrations amounted to the decolonization of the world. This led to the myth of a 'postcolonial world'. The heterogeneous and multiple global structures put in place over a period of 450 years did not evaporate with the juridical-political decolonization of the periphery over the past 50 years. We continue to live under the*

*same 'colonial power matrix.' With juridical-political decolonization we moved from a period of 'global colonialism' to the current period of 'global coloniality' (Grosfoguel 2007: 219).*

## **CONCEPTUAL CLARIFICATIONS**

### **Path independence**

In defining the concept of Path Independence, Veblen (cited in Arrow 2000:175) offered an incisive explanation, stating that although the United Kingdom had an early start in terms of economic and technological development, it was overtaken by Germany because as economic growth and development gathered momentum, the UK was impeded from further expansion and growth because its technology was obsolete, as the space for innovation and expansion was restricted. Veblen (cited in Arrow 2000:175) gave the example of the railway system and freight-handling technology associated with it. In an ideal world, the outdated railway systems of the UK should have been scrapped and new concepts installed. However, one of the difficulties inherent to scrapping the technology was that the whole system was intertwined, and it would entail the total scrapping of the whole system – a herculean task if one bears in mind that the economic cost of installing the new technologies would be unaffordable (Arrow 2000:175). This means that the economic growth and development of the UK was fundamentally altered by an earlier decision.

As a result of the ability of the path independence concept to create further understanding in diverse disciplines beyond the field of economics, a semblance or typology of the idea is now deployed in a wide range of studies in the social sciences and humanities (Hirsch and Gillespie 2001:11; Magnusson and Ottosson 1997:25). It has even been useful in explaining facts in disciplines as complex as Risk Management (Goldstone 1998:835; Anderlini and Ianni 1996:150); regulatory frameworks in Economics (Antonelli 1997:650); electricity (Cowan 1990:550; Cowan and Hulten 1996:65); treatment and management of pest (Cowan and Gunby 1996:525; Ruttan 1997:1522); the use of engineering to improve technologies (Araujo and Harrison 2002:10); allowing organisations to improve their management of their technological fundamentals (Redding 2002:1220); improving efficiency in multi-national organisations (Bebchuk and Roe 1999:130); patterns of legal change in common law (North 1990:25); and a study of how societies develop through history (Goldstone 1998:835; Mahoney 2000:515).

Arthur (1989:20) amplified the 'path independence' narrative when he elaborated that the road to economic growth and development is a set pattern

of prior policies and it is in fact historical events related to how and where to invest, rather than technology, that influence future economic growth and development (Arthur 1989:20). In general terms ‘path independence concept’ means that an end product is mostly largely influenced by the decisions and policies taken earlier in history (Hathaway 2003:104). In simple terms, this means that history matters. Sewell (1996: 64) elaborated on this when he stated that past events or policies have impact on future events in a country. Levi (Levi 1997: 28) defined the term as follows:

*“Path Independence has to mean, if it is to mean anything, that once a country or region has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice. Perhaps the better metaphor is a tree, rather than a path. From the same trunk, there are many different branches and smaller branches. Although it is possible to turn around or to clamber from one to the other—and essential if the chosen branch dies—the branch on which a climber begins is the one she tends to follow” (Levi 1997:28).*

When this concept is deployed to political science, it means that a political event in post-colonial Nigeria can be understood and analysed with reference to the initial policies of the British colonial authorities, specifically how the indirect rule policy contributed immensely to the growth of Islam and entrenchment of Quranic education in the country. Pierson (2000: 251) theorised that it would be difficult to fully grasp the value of any political outcome without comprehending the path it took. He further elaborated that the path independence concept helps to clarify how initial policies in a particular direction, which was in support of Islamic education, precipitated further movement in the same direction, resulting in the birth of Boko Haram terrorism in the region (Pierson 2000:252).

## **Explaining Boko Haram**

Boko Haram is an Islamic religious group which gained notoriety when it achieved national prominence because of the sect’s murderous activities in the North Eastern states of Yobe, Bornu and Adamawa in 2002. In the communities where they operated during their early years, the group widely known as Boko Haram preferred to be known and addressed with their Arabic name which in English means ‘Those Muslims dedicated to the preaching’s of the Prophet’(Adibe 2012b:48; Chothia 2012:1).

Boko Haram was established in the North Eastern state of Borno’s capital city, Maiduguri, where many people who lived in the city referred to them as

'Boko Haram'. This is the joining together of the Hausa word 'Boko' which is 'Western pedagogy' and the Arabic word 'Haram', which figuratively means 'sin' and literally means 'forbidden' (Adibe 2012b:48). Thus, through the popular media in Nigeria, Boko Haram gained widespread popularity and its name is commonly translated and known as "formal schooling is prohibited" (Adibe 2012b: 48). Although the loose English interpretation of the term 'Boko Haram' may be unable to capture the true essence, spirit and vitality of its original Arab meaning, what is manifestly clear is that they are against anything European (and this includes its music, education, politics, culture), which it believes is corroding the real values of Muslims in Northern Nigeria (Chothia 2012:1).

No agreement exists regarding the exact date and origin of the terrorist group in Nigeria; because only a few reliable studies have been conducted in Northern Nigeria since the insecurity began (Adibe 2012b: 48). Some scholars date the emergence of the group back to 1995 (Bello 2013:67). Even at that time it was not a well-known group, as many people living in the area in which it is located, namely the city of Maiduguri, called it Sahaba (Madike 2011:1). It was then purportedly under the control of Lawan Abubakar, and its head of operation was located in Maiduguri, the capital city of the Borno state of Nigeria. Lawan Abubakar went for further studies in Saudi Arabia and handed over operational responsibilities to the late Ustaz Mohammed Yusuf, who later died in police detention in 2009 (Bello 2013:67; Adibe 2012b:48; Adibe 2012:6; Madike 2011:1).

It was widely believed, in the literature on Boko Haram terrorism in Northern Nigeria, that Mohammed Yusuf, before he assumed the command and control structures of the group, studied the Quran in Chad and Niger Republic (Adibe 2012:6; Madike 2011:1). He then developed his radical Islamic and intolerant views, in opposition to Westernisation and modernisation, when he returned to Maiduguri (Adibe 2012b:48). When he finally settled in the city, Yusuf began his fundamentalist and provocative preaching's against non-Muslims and other Islamic scholars. His anger was also directed towards the key politicians both at the state and federal government levels of Nigeria (Danjibo 2009:6; Bello 2013:67).

Many researchers on the group believe that before 2009- the stock in trade of the group was the fiery and radical teachings and preaching's of Mohammed Yusuf (Danjibo 2009:6; Bello 2013:67). However, the violent repression undertaken by the Nigerian government in which some 800 people died and the death of their leaders (Adibe 2012:6), radicalised the movement and turned it into a fully-fledged terrorist organisation which wreaked havoc against innocent men, women and children (Adibe 2012:6). In what was interpreted by many in Nigeria as a revenge attack against the Nigerian state and its citizens for the death of its organiser, the group undertook a shooting incidence in Borno in January 2010 at the Dala Alemderi Ward in the Maiduguri area which caused the death of four people (Vanguard, December 10, 2011). The death of

Yusuf their Chief Iman strengthened the radical elements in the movement and resulted in Abubakar Shekau (The current leader of the organisation) taking over control of the group in early 2012 (Suleiman 2012:41; Adibe 2012:6).

The violent reaction of the Nigerian authorities to the Boko Haram group and the extra-judicial murder of its leader while in police custody radicalised the group in a move reminiscent of the brutal crackdown that the Roman procurators Cumanus and Felix unleashed on the Jewish population, which precipitated the emergence of the first century terrorist group known as the Sicari (Horsley 1979:449). Johnson (1964: 51) was of the view that in most societies, the ruling class can be distant from the wishes and aspirations of the ordinary citizens, but when its brutality and intransigence gives the population no other avenue to vent their anger and frustrations; they may resort to violence (Johnson 1964:51). This is, however, in no way a justification for the savagery and carnage experienced by the population of Northern Nigeria at the hands of Boko Haram terrorists.

Boko Haram, in English, means 'formal schooling is prohibited', but a very illuminating study undertaken by Alao (2013: 14) unveiled the misconceptions regarding the intentions and struggles of the group. Alao (2013:14) postulated that the group is not merely railing against Western education, but also seeks to ultimately entrench and impose the Islamic culture and civilisation on the majority of people residing in Nigeria (Alao 2013:14). They are not just promoting Islam, but are also attempting to mobilise a large section of the population in Northern Nigeria who are opposed to the poorly administered Nigerian state, which is against Islamic law and tradition (Alao 2013:14). More importantly, they are also fighting against the Northern Islamised elite, who are in cohorts with the federal government of Nigeria, and are responsible for the rise in Western corruption, poverty and unemployment, which characterise the daily existence of the average person in Northern Nigeria (Bello 2013:67; Adibe 2012:6; Madike 2011:1).

Crucially, Boko Haram challenges the authority of the Northern Nigerian political and economic elite who, they believe (rightly or wrongly), are in collaboration with the Christian dominated federal government of Nigeria under President Jonathan Goodluck, which is responsible for the pauperisation, impoverishment and exploitation of Northern Muslims. According to their terrorism is a fight against an oppressive state that is against Muslims (Tanchum 2012:80).

## **Terrorism**

Terrorism is commonly believed to be a malaise of the modern life, but it is in fact deeply rooted in ancient times (Schmid 2004:210). Most of what we know about terrorism is strongly related to religious terrorism, which dates back 2 500

years ago and was closely associated with the Hindus (Hoffman 1998:25). In the Roman ruled province of Judea (which is located in present day Israel and Palestine) in the first century, there was a Jewish group named the Sicari, which revolted against Roman rule 1 900 years ago, as well as the Islamic assassins, who operated 900 years ago (Schmid 2004:210; Hoffman 1998:25). Much of what we know in the modern world about the ancient Jewish group known as the Sicari's was based on the account of the Flavian historian Josephus (Rhoads 1976:15).

Josephus explained that when Sulpicius Quirinus started an official census for the Roman imperial rule in Jerusalem in order to aid them in the taxation of the Jews, many people opposed the census, and a young man from Galilee referred to as Judas was the organiser of those who protested the policy (Rhoads 1976:15). He exploited the mass displeasure about the head count organised under Roman colonial rule and discredited it, thereby instigating a revolt against Rome rule in the region (Rhoads 1976:15). Judas and members of his group, which was named the Fourth Philosophy, although they were later murdered by Romans, were mentioned in the Holy Bible Acts 5:37 (D'Allesion and Stolsenberg 1990:332)

Approximately 40 years after the death of Judas and the vanquishing of his followers by the Roman colonial government, the Sicari terrorist group (they were called Sicari by the Roman authorities because of the knives they used in their killings (D'Allesion and Stolsenberg 1990:333).The group was formed, mirroring the exact beliefs and values of the members of the defunct Fourth Philosophy (D'Allesion and Stolsenberg 1990:333). They instilled an atmosphere of fear and terror against their colonial rulers and fellow citizens who they believed were helping to consolidate Roman cruelty and exploitation under the Roman procurator Pontius Pilate (Rhoads 1976:15; D'Allesion and Stolsenberg 1990:333).

In a move reminiscent of the Boko Haram group's kidnapping of school girls in Chibok Northern Nigeria, and demanding the release of all Islamic militants held by the Nigerian government, the Sicari also used kidnappings as a way of exacting revenge and placing demands on governments (D'Allesion and Stolsenberg 1990:333). This is how Josephus (D'Allesion and Stolsenberg 1990:332) explained their activities in first century Jerusalem:

*"But while the country was cleared of these pests, a new species of bandit was springing up in Jerusalem, the so-called Sicari, who committed murders in broad daylight in the heart of the city. The festivals were their special seasons, when they would mingle with the crowd, carrying short daggers concealed under their clothing, with which they stabbed their enemies. Then, when they fell, the murderers joined in the cries of indignation and, through this plausible behaviour, were never discovered. The first to be assassinated by them was Jonathan the high priest; after his death there were numerous daily murders. The panic created was more alarming than the calamity itself;*

*everyone, as on the battlefield, hourly expected death. Men kept watch at a distance on their enemies and would not trust even their friends when they approached. Yet even while their suspicions were aroused and they were on their guard, they fell; so swift were the conspirators and so crafty in eluding detection" (D'Allesion and Stolzenberg 1990:332).*

After the first century revolt of the Jews against Roman colonialism, terrorism became prominent again during the French Revolution, as it was used to determine the activities and sometimes the atrocities which took place during the so-called 'Reign of Terror' after the French Revolution (D'Allesion and Stolzenberg 1990:332; Hoffman 1998:25). Maximilien Robespierre and his 12 man team used the instruments of Public Safety to impose a period of fear and terror on the French population and they were then referred to as "Terrorists" (Rhoades 1976:15). The group utilised the instruments of the French state to harass, intimidate and cow their opponents into total submission or annihilation (Bagaji *et al.* 2012:36; Hoffman 1998:25). In this dispensation, terrorism can be broadened to include the activities of a prebendal state, as is common in most Sub-Saharan African countries, where the instruments of the state are used to smash any opposition to dictatorial rule. As in Nigeria under General Sani Abacha and the Republic of Guinea under Sekou Toure; this type of state terrorism also happened in the defunct Soviet Union under Lenin and Stalin; after the Bolshevik Revolution of 1917. However, it must be emphasised that this article does not focus on state terrorism, but rather on religious terrorism which Boko Haram typifies (Bagaji *et al.* 2012:36).

Terrorism is a term that can be used to foster propaganda, as the National Party of South Africa used it to discredit freedom fighters under the then outlawed liberation party of the majority of Africans in South Africa known as the African National Congress (Roberts 2008:20). Thus, the blurring of the line between what actual terrorism means and what resistance means, as in the case of Nelson Mandela and members of his African National Congress in their resistance to White minority rule, has to some extent made the term 'terrorist' a very controversial one. This is because it denotes many emotions and meanings to people. In view of the shortcomings inherent to the definition of the concept, Laqueur (1999:14) held that it can be used to properly conceptualise terrorism. From an analytical perspective, Laqueur was of the view that because the word 'terrorism' is one which has a general application and involves certain assumptions, concepts such as this 'are almost always misleading' (Laqueur 1999:14). The concomitant effect of this development is that the scholarly study of terrorism has become 'descriptively rich but analytically barren' (Ross 1993:320).

In a definition provided by the United States (US) State Department (cited in Berrebi 2007:5) the American government encapsulated its own definition of terrorism, as indicated in the following terms:

*“The term ‘terrorism’ means premeditated, politically motivated violence perpetrated against non-combatant targets by sub national groups or clandestine agents, usually intended to influence an audience” (Berrebi 2007:5).*

To further illuminate the terms used in its definition because of the complexity involved in ascribing a meaning to its definition of terrorism, the American State department clarified what it meant by the term ‘non-combatant’, by stating the following: “the term non-combatant should be understood to include, in addition to civilians, military personnel who at the time of the incident are unarmed and/or not on duty. We also consider as acts of terrorism attacks on military installations or on armed military personnel when a state of military hostilities does not exist at the site, such as bombings against U.S. bases in the Persian Gulf, Europe, or elsewhere” (Berrebi 2007:5).

The Security Council of the United Nations referred to terrorism as (cited in Adegbulu 2013:262):

*“Criminal acts, including against civilians, committed with the intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror in the general public or in a group of persons, intimidate a population or compel a government or an international organization to do or to abstain from doing any act, which constitutes offences within the scope of and as defined in the international conventions and protocols relating to terrorism” (Adegbulu 2013:262).*

In a similar vein another United Nations Committee paid more attention to attacks against members of the ordinary unarmed population in its definition of terrorism. This is how the panel defined terrorism:

*“Any action, in addition to actions already specified by the existing conventions on aspects of terrorism, the Geneva Conventions and Security Council resolution 1566 (2004), that is intended to cause death or serious bodily harm to civilians or non-combatants, when the purpose of such an act, by its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act” (Adegbulu 2013:262).*

In spite of the shortcomings in relation to the concept ‘terrorism’, evidence abounds in literature to suggest that there is an understanding amongst writers that for an act to be considered a terrorist act, it must involve the wilful taking of human life, with the full intention to inflict severe damage on defenceless unarmed innocent civilians (Harmon 2000: 5). Based on the definition posited

above, the author can then infer that the actions and atrocities of Boko Haram over the past six few years constitute acts of terrorism.

The type of terrorism which Boko Haram practises in Northern Nigeria is religious terrorism, which originates from the Islamic religion. It manifests when a religious rationalisation and justification of terrorist acts occurs and it is apparent that Boko Haram views anything Western- both in terms of education and values, as anti-Islam and something that must be eradicated from Muslim societies. The toxic quest for and manipulation of Islamic religion as a tool to commit murder is opposed to modern civilisation and life, and the French philosopher and social theorist Blaise Pascal warned against this in the 16<sup>th</sup> century, when he theorised that “Human beings never perpetrate evil deeds with impunity like when they undertake it with religious conviction” (cited in Robbins 1997:144). Furthermore, Karl Marx called them “dangerous dreamers of the absolutes” (cited in Schmid 2004:211).

## **UNVEILING THE LINK BETWEEN PATH INDEPENDENCE AND BOKO HARAM TERRORISM IN NORTHERN NIGERIA**

For clarity purposes, it is important to emphasise that when Northern Nigeria is used in the article, it is meant to underline both a political and a geographical construct (Tukur 1979:866). The British colonial government divided Nigeria under North and South before joining the two regions into one country in 1914 (Tukur 1979:866). It was very clear in the introductory section of the article that the central theme of the concept of path independence is that history matters, and that prior policies once initiated and implemented in a particular area or country would have repercussions in future events of the area (Levi 1997:28; Sewell 1996:64; Hathaway 2003:104). In this section of the article, the author unveils the different ways in which the concept of path independence in Northern Nigeria during British colonial administration of the area manifested itself in the Boko Haram terrorism which occurs today in the region. The evidence of the effects of the path independence concept is evinced in the form of the indirect rule policy of the British colonial government, the preferential treatment giving to the spread of Islam and Quranic education in the religion at the detriment of Christianity ( Brown 2000:25). The concomitant effect of these old colonial polices (which is termed path independence in the article) of the colonial government of the time will be seen in the high level of illiteracy in Northern Nigeria today; thousands of unregulated Quranic schools that spew hate and bigotry; highest level of poverty in the country today; absence of religious tolerance because of lack of religious diversity. These factors combined to make the region a fertile ground for the birth and growth of Boko

Haram terrorism in Nigeria (Grier 1999:325). There is further evidence in the literature to ascertain the relationship between colonialism and development outcome of a former colony, and the findings are that the concept of European rule determines the development trajectory of the newly independent nation (Brown 2000:25; Grier 1999:325; Kohli 1994:1275; Lange 2004:400; Mahoney 2003:60; Sokoloff and Engerman 2000:220; Young 1994:20).

There is a view expressed in the literature on African politics and development that the indirect rule policy of the British government was very pervasive, and that it stalled political, educational and cultural growth and development in the colonies (Lange 2004:400; Mahoney 2003:60; Sokoloff and Engerman 2000:220). Amongst the historical legacies of indirect rule was the fact that it entrusted ineffective central administrations and created what Mamdani (1996:15) called 'decentralised despotism'. This is based on the fact that this despotism gave the local chiefs the opportunity to wield their customary powers for personal benefit (Reno 1995:40; Boone 1994:115; Mamdani 1996:15; Migdal 1988:25). Drawing inferences from these authors mentioned above, it is easy to understand why the local chiefs in Northern Nigeria, who were in cohort with British colonial administration, favoured Islam and Quranic education. The corrosive effects of this policy are still being felt today in post-colonial Nigeria, as Boko Haram terrorism has been a source of social disorder for almost a decade.

The policy of indirect rule was meant to entrench and legitimise British rule in its colonies- Sir Donald Cameron was the Governor-General of Nigeria in the 1930's, and a chief disciple of Lord Lugard in Nigeria and Tanzania (Cameron 1937, cited in Spear 2003:8). He rationalised this policy in the following words:

*"The rule of the Chief is deeply rooted ... the people have a real attachment to their Chief and the system of tribal government to which they belong. It would surely be mere vandalism to set out to smash an organisation like this ... Their loyalties to their own institutions ... [which] form one of the most valuable possessions which we have inherited ... make for law and order in the land as nothing else can"* (Cameron 1937 cited in Spear 2003:8).

One of the widely known definitions of indirect rule is the one provided by Perham (Smith 1937:372) in her masterpiece entitled *Indirect Rule in Nigeria*, in which she defined the policy as follows:

*"Indirect Rule can be seen as a system by which the tutelary power recognises existing African societies and assists them to adapt themselves to the functions of local government"* (Perham cited in Smith 1937:372).

It is vital to elucidate that the word “assist” in the definition provided by Perham is a metaphor for direct obedience to any traditional authority, prince or chief appointed by the British colonial governments, and any acts of rebellion by Africans would be severely dealt with by the authorities. Since colonialism was intended to fulfil the wishes and aspirations of the metropolitan capital and powers in London, it then holds that any acts of disloyalty would be rooted out. In her extensive research on indirect rule in Africa, Fields (1985:25) elaborated on the problems with colonialism in Africa. She argued that indirect rule became effective “by making black men with legitimate authority appendages of white men without it”. It “was a way of making the colonial state a consumer of power generated within the customary order ... Real power issued from the ruled and most of the colonial powers were derived from local customs of the people” (Fields 1985:25).

It is essential that policy makers and researchers in the field of African politics in discussing the policy of indirect rule are aware of the intellectual world view and vision of Lord Lugard (1922, cited in Lange 2004:907), the chief proponent of the policy who was instrumental in its entrenchment in Northern Nigeria. This is how he explained it:

*“The essential feature of the system . . . is that the native chiefs are constituted as an integral part of the machinery of the administration. There are not two sets of rulers—the British and the native—working either separately or in cooperation, but a single Government in which the native chiefs have well-defined duties and an acknowledged status equally with British officers. Their duties should never conflict, and should overlap as little as possible. They should be complementary to each other, and the chief himself must understand that he has no right to place and power unless he renders his proper services to the State” (Lugard 1922, cited in Lange 2004:907).*

Behind the hyperbole of the claims of the Governor-General punting the virtues of a supportive and harmonious state of existence between the state and local chiefs in the thesis of Lugard, an African theoretician by the name of Mamdani (1996:15) critiqued this narrative and insisted that the real impact of the policy was far from the stated position. He held that the reality of indirect rule meant that there were two separate and divided states that existed in the colonies—one headed and controlled by the Europeans and the other dominated and controlled by the local chiefs and run as their fiefdom (Mamdani 1996:15). Mamdani (1996:15) asserted that while recruitment, promotion and work in the colonial administration followed the Weberian sense of bureaucracy, recruitment and administration on the side of the local chief were based on lineage or strict

allegiance to the chief and his caprices. It was indeed a patrimonial system of government, as dictatorship was rife in the local communities of the British colonies under indirect rule (Boone 1994:115; Chanock 1985:35; Merry 1991:905; Migdal 1988: 25; Roberts and Mann 1991:40).

In order to understand the policies of the British colonial government in Nigeria, it is important to unravel their perceptions of Islam, which at that time greatly influenced their policy of indirect rule in Northern Nigeria (Lange 2004:907). The way in which British colonial officers viewed Islam also shaped the type of policies that they adopted in Northern Nigeria (Reynolds 2001:602). The most common British perception of Islam was that it is a type of 'oriental despotism' (Reynolds 2001:602), which it held responsible for the enslavement of Africans when slave trade existed. The common belief, which even permeated the top echelon of British politicians and policy makers of the time at the colonial office in London (former name for the British foreign office) and the colonial administrators on the ground in much of West Africa, was that Islam was a negative force that hindered the overall growth and development of Africans (Lugard 1922, cited in Lange 2004:907).

A classic example to illustrate the rationale and mind-set of the British colonial government in Northern Nigeria can be found in a case brought against African Christian converts by an administrator to the District Officer (DO) Kabba Division of the Resident Ilorin Province in 1920 in Northern Nigeria (cited in Barnes 1995:417–419). Mr. Fitzpatrick, who was the District Officer in the Division, showed the true intention of the colonial government when he expressed his misgivings and distrust of Christians in the region when he made the following statement regarding his frustration with the work of Christian missionaries (cited in Barnes 1995:417–419):

*“The Christianised African in Kabba is presently a difficulty and is rapidly becoming a problem. To-day his attitude and his actions make it hard for the Native Administration to govern: tomorrow they may make it impossible. The Christians have been doing much less than their fair share of work at the bidding of the Native Authority. This, the Native Authority complain, has resulted in a large accession to the number of Christian adherents, and unless these people will change their ways, and accept their duty towards the District Head, to the heads of their families, etc, like the Pagans and the Muslims do, then, in a very short time, every man of working age in Kabba will be an ‘adherent,’ and the Native Authority might just as well cease to function” (Barnes 1995:417–419).*

It is crucial to note that at the root of the dissatisfaction of D.O. Fitzpatrick (the District Officer) with Christians who disobeyed the native authority is the fact

that the British colonial authorities depended on the native authorities to satisfy their insatiable demands for labour, land and taxes, and when the district officer expressed unease about the possibility of the new Christian converts disturbing the new 'social order', one has to bear in mind that the new order was a metaphor used to preserve colonial privileges and position, and it was not in any way an attempt to assuage the interests and wishes of the local population in the Ilorin Province (Barnes 1995:417–419).

The British colonial preference for Islam and disdain for Christianity were exemplified by the statement of the former Governor, Sir Hugh Clifford, who issued a strongly worded statement about the official view of colonialism in the region (cited in Barnes 1995:417). Clifford (cited in Barnes 1995:417) expressed the following view:

*“The native population must be compelled to treat the native courts and Administrations with proper respect and should be punished if they fail to do so. If this line is taken, and the Native Administrations are properly supported by the Political Officers the so-called Christians will not be long in finding out that they are not at liberty to misconduct themselves”*  
(Barnes 1995:417).

A thoughtful reading of Mamdani's (1996:15) thesis on indirect rule in British Africa will enhance our understanding of the fact that the main building block of indirect rule was the native authority, and the British had every reason in the world to protect and defend the goose that laid the golden egg in their colonial enterprise. It was because of the 'disruptive' influence of the Christian converts in some parts of the region and the need to preserve colonial power that Islam became the religion of choice for the British (Migdal 1988:25; Roberts and Mann 1991:40). 'Disruptive' was a word used by the British as a metaphor for the unquenchable quest for equal voting rights, respect for fundamental human rights and an end to colonial rule, which was spearheaded by educated people from Southern Nigeria, who were mostly Christians (Chanock 1985:35). The British colonial authorities believed that by favouring Islam in Northern Nigeria, this type of behaviour would be curtailed (Boone 1994:115; Merry 1991:905).

The British, under Lord Lugard, were determined to stop the spread of nationalist sentiments in the northern region, and the best way to do this was to stop the spread of Western education and allow Islam and Quranic education to gain a foothold and dominate the religious affairs of the region (Merry 1991:905). For the emirs, indirect rule provided them with a convenient means to strengthen their stranglehold on local power and privileges, and Islamic education became a useful tool in their quest for political and economic power in the region (Hubbard 1973:50). Tukur (1979:866) held that the primary

objective of British formal education in the region was to consolidate the current order. This order would entrench colonial rule in the region, and this was achieved by giving the inhabitants as minimal formal education as possible (Tukur 1979:866).

Since the status quo maintained their privileges, the emirs and traditional leaders in Northern Nigeria never pressed the British government for funds to build more Christian schools, as they encouraged Quranic education in their areas of influence (Hubbard 1973:50; Coleman 1968:138). The contempt with which both the colonial authorities and the emirs held Western education in the region is abundantly illustrated with the evidence that throughout the time of British rule in the region (1900–1960), it is on record that no single emir from the region ever made an official request for additional capital which could aid in the growth of formal schools in their areas of jurisdiction (Ozigi and Ocho 1980:41). This was in contrast to the situation in Southern Nigeria, where the demands for the development of Western education and schools were a continuous occurrence. It was also the view of some experts on colonial rule and education in Northern Nigeria that the emirs took the decision to favour Islam and Quranic education for fear of the rise of a new aristocratic class (Ozigi and Ocho 1980:41).

As a result of the active connivance of both the emirs and the British colonial authorities, Quranic education emerged and became widespread in the region, to such an extent that even as early as 1921, 98.2% of Muslims in Northern Nigeria were under the instructions of Mallams in different Quranic schools in the region (Meek 1925:12). These legacies lingered on in post-colonial Northern Nigeria, and in 1973, it was estimated that the number of Quranic schools in Northern Nigeria was about 20 000, and Islamic religious instruction was a compulsory subject in all the secondary schools in the region (Damachi 1973:15). It has to be emphasised that the British feared opposition to their rule if Western education was allowed in the North as it was in the South, where Western education had led to the growth and development of nationalist leaders who were asserting their right to self-rule in Nigeria (Fafunwa 1974:10; Umar 2001:14; Ozigi and Ocho 1980:41).

Many historians and experts on British colonial rule in Nigeria are of the view that the British promised the Northern rulers and emir's religious non-interference in their Islamic faith and education, while making a concerted effort to exclude Western education from the region (Turaki 1993). Due to the separate policies that existed in Northern and Southern Nigeria, the educational programmes were largely Western in the South, while in the North, Quranic and Islamic education dominated all spheres of education. Today, in post-colonial Northern Nigeria, many communities and parents prefer to send their children to Quranic schools and view Western schools and education with suspicion

and distrust (Fagbumi 2005:4; Ogunsola 1982:30). This antagonism towards and distrust of formal schools in the region developed because of the British colonial government policy of restricting the presence of Christian missionaries in the region (Fagbumi 2005:4). This policy was in sharp contrast to the undiluted freedom enjoyed by Christian missionaries in Southern Nigeria, and today, the differences in education between the north and south have led to the existence of a gulf in the country, with its concomitant effects (Ogunsola 1982:30).

Even at the dawn of independence in Nigeria, the nationalist leaders were worried that the preponderance of Islamic education and Quranic schools could be a cog in the wheel of the overall transformation and growth of the new nation (Abdurrahman and Canham 1978:63). Many leaders from the south were perturbed about the huge number of 'Almajiri' that were being produced in thousands of Quranic schools in the north, and their ability to make any meaningful contribution to the nation, which is a problem that still persists today (Abdurrahman and Canham 1978:63). Mustapha (2004:11) explained that the huge regional inequality between Northern and Southern Nigeria as regards education had "a ripple effect" on the formation and development of human capital which are crucial for the nations growth and development (Mustapha 2004:12).

The legacy of the British colonial policy to favour Islam and Islamic education in Northern Nigeria still echoes loudly today. The effects can be gleaned with reference to the following statistics from a national survey in Nigeria on educational disadvantages in the North. Based on data provided by the Nigerian Demographic and Health Survey, only 35% of girls of the required age attend kindergarten schools in the North-West (Borno, Adamawa and Yobe, where Boko Haram terrorism originated and where its activities are more prevalent), in comparison to 47% of boys (National Population Commission 2011 44–59, 159–177).

Contrast these with the data from the states in the South-East (comprising Imo, Anambra, Abia, Enugu and Ebonyi states), where 80% of both girls and boys are enrolled in primary schools. In a further depressing statistic, in the Northern State of Sokoto, 91% of children aged 5–16 years are illiterates. In another Southern state in Nigeria, Lagos State, the literacy rate is 92% while in the Northern state of Sokoto, the literacy rate for children is around 14% (National Population Commission 2011:44–59, 159–177).

Inferences from a ground-breaking study which bears a striking resemblance to the evils of terrorism in our contemporary world, Becker (1968:169), provided theoretical and empirical proof that a significant number of property crimes like terrorism in the case of Nigeria are influenced and determined by poverty, ignorance and limited education. These elements are in abundance in Northern Nigeria, as a result of the legacies of Quranic education and decades of

oppression by the ruling elite. Becker (1968:169) held that criminals undertake illegal activities because the reward of the crime outweighs the loss of income that they would have received if they were lawfully employed. However, since they lack legal employment as a result of limited education and a low level of skills, crime has become a profitable venture. In the case of Northern Nigeria, terrorism has become the only means of escape from a state of illiteracy, disillusionment and poverty.

Clark (1970:25) agreed with the aforementioned view of Becker that commensurate efforts devoted to crime prevention and terrorism should also focus on poverty reduction and alleviation, as poverty and illiteracy are a fertile soil in which crime germinate and grow. This sentiment was shared by George Bush, who explained this through a message to the then President of the Palestinian region, Chairman Yasser Arafat, in which he condemned the wave of terrorist attacks which had engulfed the Middle East in 2002. President Bush also implored world leaders to diligently work together with America and its allies, in order to stifle the funding for terrorist organisations globally and prevent them from finding a safe haven anywhere in the world. President Bush said the following in this regard:

*“We fight poverty because hope is the answer to terror . . . We will challenge the poverty and hopelessness and lack of education and failed governments that too often allow conditions that terrorists can seize” (White House News Release 22 March 2002).*

This narrative was amplified at one of the biggest gatherings of former Nobel Prize laureates globally in 2001, during which many of them voiced their concern at the scourge of terrorism which is endangering peace and development worldwide. Elie Wiesel (cited in Jia 2001:7) explained it like this:

*“The roots of terrorism nest in “fanaticism, hatred, and the will to live in ignorance.... What is it that seduces some young people to terrorism? It simplifies things. The fanatic has no questions, only answers. Education is the way to eliminate terrorism” (Jia 2001:7).*

Kim Dae-jung concurred by elaborating that “At the bottom of terrorism is poverty. That is the main cause. Then there are other religious, national, and ideological differences” (Jia 2001:8). South Africa’s Desmond Tutu, former Archbishop of Cape Town, hit the nail on the head when he concluded that education is an important mechanism in the fight against terrorism (Jai 2001:8). Finally, the author has tried to underline the intricate thread that connected the rise of Boko Haram terrorism in Nigeria today with the old colonial policies of the

British government which is referred to as the concept of path independence in the article. This in essence means that the high level of poverty in the Northern Nigeria; the high level of illiteracy in the region occurred because many of the children in the area attend Quranic schools instead of Western schools. The high level of religious intolerance and Islamic fundamentalism which is rampant in the region are products of the old inherited legacies of British rule in the region. This is path independence manifesting itself in the area. This means that efforts to solve the problem of Boko Haram terrorism must understand and recognise the historical, political, religious and cultural roots of the problem.

## **POSSIBLE SOLUTIONS TO BOKO HARAM TERRORISM IN NIGERIA**

In Gabriel García Márquez's masterpiece entitled *Chronicle of a Death Foretold*, he recounted the murder of Santiago Nasar and how everyone in the town knew that it was going to happen but did nothing (Garcia Marquez 1983). The same analogy can be applied to Nigerian leaders, as many were aware of the dangers of thousands of impoverished and unemployed youths in the country, knowing that they were a threat to the social order and fabric of the nation if they continued to be excluded from the political economy of the country. However, they did nothing to avert the catastrophe until Boko Haram capitalised on the sense of disillusionment experienced by the youths and used Quranic schools to turn them into enemies of the state.

After the tragic and unfortunate events of 9/11, many policy makers and politicians in the West zeroed in on the relationship between Islamic religious education and terrorism. In Nigeria there was a general reluctance within the political and religious elite to interrogate those links and it was only when Boko Haram terrorism had become endemic that the attention of the Nigerian media, analysts, policy makers and politicians was turned towards the toxic nature of unreformed Islamic religious education. In further support of the global opprobrium evoked by Islamic religious education after 9/11, George Tenet, former Head of the CIA explained it like this (cited in Riaz 2005:2):

*"All of these challenges the connection between terrorists and other enemies of this country; the weapons of mass destruction they seek to use against us; and the social, economic, and political tensions across the world that they exploit in mobilising their followers come together in parts of the Muslim world, and let me give you just one example. One of the places where they converge that has the greatest long-term impact on any society is its educational system. Primary and secondary education in parts of the*

*Muslim world is often dominated by an interpretation of Islam that teaches intolerance and hatred. The graduates of these schools –“madrasas”– provide the foot soldiers for many of the Islamic militant groups that operate throughout the Muslim world” (Riaz 2005:2).*

This view of the interrelatedness between Islamic education and terrorism was also echoed by Thomas Friedman after a visit to a Quranic school in Afghanistan, where the leader of the Taliban in the country, Mullah Omar, suggested that the fight for peace in the area should be waged within the walls of the Quranic schools (cited in Riaz 2005:2). The same sentiment regarding the focus of the war on terror is also true for Northern Nigeria. The author does not advocate that terrorists in Northern Nigeria should be treated with kid gloves, but in the long run, when and if military victory is achieved by the Nigerian government, they should focus on reforming the millions of Quranic schools in the North. This can only happen if there is active collaboration and synergy between the state governors and religious authorities in the region and the federal government of the country. The thousands of youths churned out by these schools provide a fertile breeding ground for Boko Haram recruitment, and there needs to be a fight to win the hearts and minds of Muslim youths through education on the evils of fundamentalism. There should be an overhaul of the curriculum of Quranic teachers and more regulation of Imams who teach in these schools, to prevent indoctrination of young minds (Kukah 2010:6).

Millions of Nigerians still live in abject poverty, but the figures are much worse in the northern region. There is evidence in the literature (Clapham 2002:200) that poverty and the breakdown of law and order are all emblematic of the poor governance which characterises many countries in Africa (Clapham 2002:200). This becomes worse when toxic Islamic fundamentalism is added to the mix, it becomes a veritable recipe for terrorism and state implosion and Boko Haram terrorism in Nigeria exemplify this anomaly. This was aptly described by the Catholic Archbishop of the Sokoto Diocese in Nigeria (Kukah 2010:5), who stated the following:

*‘The evil effects of bad governance, corruption, total lack of security and welfare have all become part of our daily lives. Clearly, in the eyes of the sect members, the persistence of corruption, collapse of public morality, injustice and so on, could only be attributed to those who govern. In their reasoning, those who govern us do so because they have acquired their tools by gaining Western education’ (Kukah 2010: 5).*

It is crucial that the government of Nigeria should make a concerted effort to reduce economic exclusion and create jobs, which would go a long way

towards alleviating poverty and hopelessness in the lives of the youths in the North. Through this policy of creating jobs and alleviation of poverty, millions of youths could be dissuaded from joining terrorist groups such as Boko Haram. Finally, there is no quick fix for the problem of Boko Haram terrorism, but the efforts to solve the evil of terrorism should involve fundamental changes in the government, which must privilege good governance, accountability, reduction in corruption and the provision of social and physical amenities to the people. Above all, Babawale (1999: 218) is of the view that in order to combat terrorism, drastic change and reforms in Nigeria should and must be geared towards investment in education, mass media and mobilisation of all Muslims in the north, so as to educate them about the evils of terrorism and religious intolerance.

## **CONCLUSION**

The path independence concept used in this article has clearly shown that post-independence religious diversity and tolerance might have existed in Northern Nigeria, if the British colonial authorities in the region had done more to encourage transparency and Christians to proselytise in the region. In their bid to maintain colonial social and political order, and extract as much tax as possible from the populations of Northern Nigeria, the British government allowed Islam to flourish, to the detriment of Christianity. This policy over time spurned out a generation of men and women in the North who were socialised and indoctrinated to accepting the narrative that anything Western, whether education or religion, is an enemy of Islam and the region. It was the political decisions of 1914, championed by Lord Lugard during the period of the amalgamation of the North and South into one country. This error laid the seed for the birth of Islamic fundamentalism and, in turn, Boko Haram terrorism in northern Nigeria.

Simply put, British colonial rule in Northern Nigeria sowed the seeds of religious intolerance through its covert and overt support for the proselytisation and rise of Islam, to the detriment of other religions such as Christianity. If they had allowed different types of religions to flourish, as happened in Southern Nigeria, the Northern Muslims would have learned the virtue of tolerance and peaceful co-existence. The political order which the British government sought and gained through their indirect rule policy had repercussions decades after independence as Islam became the dominant religion in the North, and the absence of religious diversity and tolerance in the region resulted in the birth of Islamic fundamentalism which is manifestly clear in the Boko Haram terrorism of today.

Closely linked to the rise of Islam is Quranic education, which has Arabic as its mode of instruction. One of the legacies of Quranic education is the insane level of poverty in the Northern parts of the country, compared to the southern parts of the country. Quranic education churned out millions of youths who were unable to get formal employment in the country. Many of the young Muslim youths turned to Islamic terrorism and fundamentalism as a means of escaping their economic deprivation and hopelessness, and their absence of self-worth and self-belief. These tragic events were all legacies of the path taken by the British colonial authorities, which is known as path independence. These earlier paths are inexorably linked to Boko Haram terrorist activities in post-colonial Nigeria.

Deploying the concept of path independence to analyse and understand the evil of Boko Haram terrorism in Nigeria today, one can go back to the view of one of the leading authorities in this field. With regard to path independence, Karl (1997:36) clarified further “the impact of decisions made in the past persists into the present and defines the alternatives for the future”. This assertion is abundantly clear in the policies of the colonial authorities in Northern Nigeria which gave Islam preferential treatment. This had huge ramifications, in that the ruling elite in the region at the time encouraged Quranic education rather than Western education. Thus, the steep rise in Quranic schools in the North and the mallams’ teaching in the schools were neither properly reformed nor regulated by Islam or the central authorities in the region. This absence of regulation or even a standard curriculum map out the teaching modules and instructions for the Imams and the existence of a great affinity between religion and the state continued in independent Nigeria.

This toxic state of affairs resulted in a process in which millions of students who graduated from Quranic schools were unable to get jobs in the formal structures of the Nigerian economy, and turned to Islamic fundamentalism out of frustration imbued with a deep sense of marginalisation and disillusionment at their exclusion from the fruits of the Nigerian state. It is within this context that the vulnerable millions of poor, unemployed and unemployable youths provided Boko Haram with a massive following in their present terrorism against the Nigerian state and its population.

In terms of the inability of contemporary leaders in Northern Nigeria to curb the excess of Islamic terrorism in the region, Nooteboom (1997:57), using the concept of path independence, suggested that “directions for future development are foreclosed or inhibited by directions taken in past development”. In this instance, Nooteboom (1997:57) was referring to the past policies of the colonial government in Northern Nigeria. This does not mean however that the mission of changing the minds of Muslims in Northern Nigeria is impossible. Rather, it means that it is a task that requires the cooperation of both the political and

religious leaders in the country as a whole and the region in particular. The time to start to implement the reforms and regulations is now. It is not too late for the federal government of Nigeria and the religious leaders of Northern Nigeria to change the minds and hearts of their citizens.

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# Government-wide Risk Management

## Planning for Better Governance

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### ABSTRACT

The changing nature of global drivers of governance requires a revision of the role and function of risk management in the cooperative government system in South Africa (SA). Risk management processes are currently experiencing challenges to improve best practices and reshape the facilitation of good governance. The SA government functions as a cooperative governance system which is governed *inter alia* by the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005), generally referred to as the 'IGR Act'. The organs of state within each sphere of government are required by this Act to direct and organise their engagements with one another, by way of mutual aid and application procedures among the three spheres of government to facilitate cooperative governance (Greýling 2014:193).

The cooperative governance system in SA presents a number of challenges to good governance of which the management of risks in the intergovernmental system, *inter alia* presents challenges regarding pressures to streamline the delivery of services. This article considers cooperative governance challenges which impact on risk management. Risk management is fragmented across the implementation level in the public sector as there is a lack of integration of risk management between and across institutions. Notably, risk management is an integrated process and should be linked to organisational objectives to cascade national planning in order to reach service delivery objectives.

The findings of the research suggest that risk management in the public sector is not geared towards enhancing the capacity of the State to plan in a manner that sustains coherence in the system of governance. The research recommends risk management tools to measure the state

of governance and improve planning and decision-making. Finally, the research recommends a government-wide risk management system (GWRM) with increased focus on coordination and integration of risk management towards sustainable cooperative governance.

## INTRODUCTION

The manifestations of risk management have many dimensions, the challenges experienced in risk management are mostly systemic in nature and a systematic assessment of these challenges is required. This article aims to provide an overview of general trends and characteristics in reshaping risk management in the context of the SA cooperative governance system and provides an overview of the critical factors contributing to the development and improvement of risk management practices.

This article focuses particularly on one policy objective of risk management in order to ensure accountability, as set out in the policy objectives of the Municipal Finance Management Act (MFMA) of 2003 (Act 56 of 2003) and the Public Finance Management Act (PFMA) of 1999 (Act 1 of 1999) (as amended by Act 29 of 1999). This article aims to provide an overview of the challenges experienced in effectively managing risk in a cooperative governance context such as SA. The objective of discussing this theme is to determine the conceptualisation, institutionalisation and process of risk management across the three spheres of government to discern the various obstacles to risk management in intergovernmental relations and the cooperative governance system.

This article provides recommendations for improving risk management in the SA public sector. Insights for the assessment provided in this article are obtained through experience and observations in practice, including group discussions, various symposia, results from a doctoral research project completed in 2013, document analysis of relevant National Treasury framework documents and regulations, forums and discussions with individuals engaged in risk management locally, and internationally. Primarily, this article identifies human capacity and social capital as systemic risks to the context of good risk management principles in cooperative governance. Systemic risk is the risk of distress in a system caused by an imbalance or failure of a significant part of a particular sector (Schwerter 2011:338) or sub-system, for instance, an overall failure of a country's governance system due to incapacity to deliver services as a result of ineffective skills because of a failing education system. To overcome systemic risks, a system-wide or macro-prudential approach to analysing risk is sufficient. Schwerter

(2011:338) states that the “crucial issue of systemic risk is the conceptual point of view”. This article uses a conceptual systems analysis approach in analysing how risk management can be improved in the public sector.

## **CONCEPTUAL CONTEXT**

The main focus of this article lies in exploring impediments to effective risk management in the context of a cooperative governance system.

### **Intergovernmental relations and cooperative governance in SA**

According to Malan (2012:115) “the attainment of development goals in South Africa is heavily dependent on an effective system of intergovernmental relations (IGR) and also upon the degree to which the institutions of government can operate in mutual trust and good faith and in a state of institutional harmony”. Furthermore, intergovernmental relations “are intended to promote and facilitate cooperative decision-making and ensure that policies and activities across all spheres encourage service delivery and meet the needs of the citizens in an effective way (DPLG 1997:3 in Malan 2012)”.

Malan (2012:117) explains the SA cooperative governance system and states that “cooperative government represents the basic values of the government as stipulated in Section 41(1) of the Constitution, 1996, as well as the implementation of these values through the establishment of structures and institutions. Cooperative government is a partnership among the three spheres of government requiring each government to fulfil a specific role. Cooperative government does not ignore differences of approach and viewpoint among the spheres, but encourages debate to address the needs of the people they represent by making use of the resources available to government”.

Malan (2005:229) explains that cooperative government is a partnership among the three spheres of government requiring each sphere to fulfil a particular role, reach particular outputs and together achieve key national policy goals. An extensive policy environment has been created in SA to promote intergovernmental relations and cooperative governance among the three spheres of government (Malan 2005:239).

There are a number of weaknesses in the practices of monitoring, support and intervention in intergovernmental relations and cooperative government (Malan 2005:118). The human dimension in intergovernmental relations and cooperative government is complex and should not be taken too lightly as intergovernmental relations activities and cooperative governance do not take place in a vacuum and are mostly informal (De Villiers and Sindane 2011:29).

Intergovernmental relations are concerned with the interaction between the various spheres in government, including national, provincial and local. Intergovernmental relations entail a network of interactions and parts of institutions, policies and protocols to form coherence in government. The IGR Act aims to provide mechanisms to manage national government, provincial governments and local governments to promote and facilitate intergovernmental relations (DWAF n.d. 5). The purpose of the IGR Act is to deliver procedures to facilitate the settlement of intergovernmental disputes and to build sustainable relationships between the various spheres of government (DWAF n.d. 6). The IGR Act provides a framework for the coordination of intergovernmental relations in SA.

## **Conceptualisation of risk management**

Risk management is a “continuous process that depends on the changes in the internal and external environment of an organisation” (Tchankova 2002:290). Borgsdorf and Pliszka (1999:1) define risk management as “planning, organising, leading, and controlling the resources of an organisation so as to minimise the potential effects of risk on the entity”. According to Mills (2001:245), “risk management is not a new concept; traditionally it has been applied instinctively, with risks remaining implicit and managed by judgment and informed by experience”.

The risk management process includes a number of sequential steps. The initial step of risk management is risk identification and analysis, where the relevant risks are identified, a risk register or index of the various risks is compiled during this step. The second step includes a risk assessment or evaluation, where a profile of the risk is assessed based on the most probable risks that could materialise and their potential effects should the risk materialise, this would indicate the risk exposure of the organisation, and is determined based on the most likely risks with the highest impact risks. After the risks have been identified and assessed, the best response mechanism to address the potential issue is established, and during this phase the controls are identified. Thereafter, the effectiveness of the controls is assessed and the residual risk is also evaluated. Finally, the risk is communicated, reviewed and reported (HM Treasury 2004:45).

Risk management is a management function; management must identify risks, assess the degree of exposure and then determine the necessary risk treatment. The risk treatment includes the action to accept, avoid or transfer the risk and the implementation of mitigation measures and controls. Risk management is transdisciplinary and involves finance, human resources, and marketing, and is placed at both board and routine management level.

The following factors are essential to ensure the institutionalisation of risk management in an organisation:

- risk management is understood to be part of an organisational culture that supports prudent risk-taking and innovation;
- risk management policies and the advantages of effective risk management are known to all staff;
- a transparent and replicable risk management process has been established and is effectively implemented;
- risk management is specifically linked to the achievement of objectives of the organisation and fully embedded in all management processes, including inter-organisational collaboration,
- strong ownership of the risk management process;
- risk management processes are clear and transparent;
- risks are actively monitored and reviewed (Cleary & Malleret 2006:81).

## **CONTEXT OF REGULATORY AND INSTITUTIONAL ENVIRONMENT OF RISK MANAGEMENT IN THE SOUTH AFRICAN PUBLIC SECTOR**

Risk management in the public sector in SA is directed through the Public Sector Risk Management Framework (PSRMF) (National Treasury 2010). According to the PSRMF (National Treasury 2010:6) “legislating risk management in public sector institutions is in itself a macro risk management strategy of Government towards ensuring the achievement of national goals and objectives”. This is done through the PFMA. Institutions are encouraged to obey the principles advocated in the King II Report on Corporate Governance (King II), given its promotion of an advanced level of institutional conduct (National Treasury 2010:6). The principles of Batho Pele also clearly express the necessity for sensible risk management to reinforce government objectives, by attempting to encourage a culture of accountability by public servants in service delivery (National Treasury 2010:7). Risk management as a service delivery imperative benefits the institution by underpinning and bolstering institutional performance through:

- “more efficient, reliable and cost effective delivery of services;
- more reliable decisions;
- innovation;
- minimised waste and fraud;
- better value for money through more efficient use of resources; and
- improved project and programme management, which provide better outputs and outcomes” (National Treasury 2010:5–6).

**Figure 1: Public Sector Enterprise Risk Management**



Source: (National Treasury 2010:5)

The general risk management methodology that steers the implementation of risk management in general in SA requires a methodology of risk assessment that determines the impact, likelihood and necessary responses to risk through an Enterprise Risk Management (ERM) process. The ERM approach entails that “any successful ERM implementation is reliant and dependent on an architecture that considers various interrelated and inter-dependent components” (National Treasury 2010:5). The system and process for ERM is illustrated in the following diagram.

Listed below are several obstacles to the successful implementation of ERM as outlined in the PSRMF:

- “lack of buy-in from management;
- risk management is positioned as compliance;
- risk management is seen as a backroom exercise;

- risk is being managed in silos;
- risk management is not considered in the strategic direction of the institution;
- past mistakes are overlooked;
- there is no clear road map for improvement” (National Treasury 2010:17).

According to the PSRMF it is crucial that each government institution establishes a risk management policy which determines the institution’s stance on ERM, and consequently a risk management strategy which guides the implementation of the risk management policy (National Treasury 2010:7).

## **Risk management at the institutional level of government**

The PSRMF also outlines various cooperative governance responsibilities of government institutions and stakeholders. On the whole, a number of key stakeholders contribute to the overall governance of risk management in the institution. These role players include the Executive Authority, the Accounting Officer who takes on the role of Chief Risk Officer, a Risk Champion, and a Risk Committee established to assist the Chief Risk Officer in governing risk management in the institution. The Audit Committee (internal and external audit) and management should also contribute to the overall risk management process.

The responsibility of the Executive Authority is emphasised by the National Treasury (2010:42) as “Executive Authority should take an interest in risk management to the extent necessary to obtain comfort that properly established and functioning systems of risk management are in place to protect the Institution against significant risks”.

As mentioned before, the Accounting Officer/Authority fulfils the role of Chief Risk Officer of the institution and is responsible and accountable for the overall governance of risk in the institution (National Treasury 2010:44). The Chief Risk Officer is responsible for providing specialist expertise to institutionalise risk management and facilitate risk management that will enhance the performance of the institution (National Treasury 2010:54). Moreover, the National Treasury (2010:49) instructs that the “Risk Management Committee is appointed by the Accounting Officer/Authority to assist them to discharge their responsibilities for risk management”. According to the National Treasury (2010:59) “the Risk Champion is a person with the skills, knowledge, leadership qualities and power of office required to champion a particular aspect of risk management”. The Risk Management Committee and the Risk Champion, provide a support function to the Chief Risk Officer in ensuring good governance and effective risk management in the institution.

The Audit Committee provides oversight of the institution’s control, governance and risk management (National Treasury 2010:47). The National

Treasury (2010:61) furthermore explains that “the role of the Internal Auditing in risk management is to provide an independent, objective assurance on the effectiveness of the institution’s system of risk management”. Whereas, “the external auditor (Auditor-General) provides an independent opinion on the effectiveness of risk management” (National Treasury 2010:63).

The National Treasury (2010:56) further instructs that “management is responsible for executing their responsibilities outlined in the risk management strategy and for integrating risk management into the operational routines” and “other officials are responsible for integrating risk management into their day-to-day activities” (National Treasury 2010:58).

As noted before, the PSRMF represents the pre-eminent and prominent source of reference, recommendations and guidance on risk management practices in the public sector. The PSRMF builds on and advances the National Treasury Risk Management Framework published in 2004. The PSRMF comprises all components of the ERM (National Treasury 2010:5).

In terms of the framework provided by the National Treasury, a government entity should use the framework to compile its risk management strategy and policy. There should be alignment between a government department’s risk management policy, plan and process. In most cases, risk management is dealt with and administered by the corporate governance unit on a departmental level, which is a support services unit. The corporate governance unit would ensure that there is a risk management committee in place, and should administer quarterly meetings. There should be a link between the audit and risk committee. Corporate governance should arrange risk assessment workshops and compile risk registers for the department (Nel 2013:290).

The Chief Audit Executive (Head of Internal Audit) has to compile a three-year rolling coverage plan based on significant strategic and operational risks that could prevent the institution from achieving its planned objectives. The first year’s planned audits contained in the three year rolling internal audit coverage plan will become the Internal Audit Unit’s annual coverage plan. The plan should be compiled in consultation with management to obtain inputs and agree on high risk areas to be focused on in the next three years. This plan is then submitted to the Audit Committee for approval together with an annual internal audit coverage plan considering changes in the three-year coverage.

The plan should be based on or determined by the audits that will be conducted based on the high risk areas identified by management and Internal Audit. The purpose of the plan is to express an opinion on the adequacy and effectiveness of the department’s internal control environment. This should also extend to whether or not the department’s risk management process is adequate

as prescribed in the Institute of Internal Auditors (IIA) guidelines and practice advisories, to which, accordingly, the department's risk management conduct should adhere. Internal audit provides an oversight role and is independent from the risk management function. However, the above benchmark is not applied uniformly in all government departments and across all spheres of government. The above risk management process should be cascaded down to the three spheres of government and risk management policies and plans should be implemented that are aligned to a department's risk management policy. However, there is often a breakdown in the implementation because the responsibility of risk management ultimately rests with the Accounting Officer (AO) (Nel 2013:291).

The PSRMF is universal to all spheres and sectors of government and is relevant to:

- National departments;
- Public entities;
- Provincial departments;
- Provincial public entities;
- Municipalities; and
- Municipal entities (National Treasury 2010).

The PFMA provides a legal foundation for risk management for national departments, provincial departments, public entities and provincial public entities.

## **Risk management at the national and provincial levels of government**

At the national level, the National Treasury has explicit roles in terms of section 6(2) of the PFMA and sections 5(2) and 34 of the MFMA and at the provincial level:

- prescribe uniform norms and standards;
- monitor and assess the implementation of the PFMA and MFMA;
- assist institutions in building their capacity for efficient, effective and transparent financial management; and
- enforce the PFMA and MFMA (National Treasury 2010:65).

## **Risk management at the municipal level of government**

The following legislative instruments provide the legal foundation for risk management at the municipal level:

- The MFMA;
- Municipal Structures Act of 1998 (117 of 1998); and
- Municipal Systems Act of 2000 (32 of 2000) (National Treasury 2010).

## CHALLENGES IN PUBLIC SECTOR RISK MANAGEMENT

There is a lack of coordination between the various spheres of government and this negatively affects the institutionalisation of risk management in SA, due to a lack in cooperative relationships. Sometimes departments do not see eye-to-eye and there still remain turf wars between government departments. Sometimes line agencies are not kept in line and sometimes line agencies make unrealistic commitments on behalf of government (Nel 2013:339). There is a need for the integration of risk management and the government-wide governance of risk management. Integration of risk management and strategies should enable government-wide risk management (GWRM), where the function of risk management is embedded in all organisational structures and a system for implementation and monitoring is institutionalised. However, it seems as if the current integration of the various spheres is not appropriately conceptualised or explicitly determined practice (Nel 2013:291). An integrated approach is required to facilitate the synergy of risk management. The service delivery aims of government should be the driver of integration. There is a lack of congruence or synergy between each sphere, disabling integration.

The integration of risk management should be conceptualised at the institutional level and it should constitute a unidirectional approach, thereby allowing for integration and the institutionalisation of risk management at government-wide level. GWRM would require that government take ownership of risk management across all spheres of government. The absence of integration between the various spheres of risk management can be further postulated due to the lack of commitment and understanding of risk management, as a result of a lack of skills, experience, and human capacity (Nel 2013:291). In some cases the responsibility is perceived as a side-job for financial and other related resources, as a consequence of a lack of understanding or of risk management implementation, skills, a culture of apathy and practice, and an isolation of the risk management process due to insufficient communication between relevant parties. A small number of skilled individuals understand the purpose of risk management. There is a misconception that risk management is done at the project level, with the effect, in some cases, that risk management is understood in terms of safety, health, environment and quality (SHEQ). On the contrary, risk management should be recognised government-wide, including at the programme and project levels.

The SA government exhibits or shows evidence of all the risk management shortcomings listed above. There is too much focus on beta risks, with alpha risks often being disregarded or seen as 'soft risks'. Technical and financial risk is referred to as beta-risk, alpha-risk signify other non-technical and financial risks (Frei and Ruloff 1988:3). Different disciplines present different risk management

methodological approaches. The different risk management methodologies inherent in different disciplines, if combined, can provide innovative assessments through, for instance, triangulation and scenario development, if resources are pulled together. Specialists and generalists can contribute to innovative risk management (Nel 2013:298).

Risks are systemic and risk management is a systematic process which requires a team of experts, for instance, multidisciplinary teams. In order to institutionalise a risk management system a dedicated team and resources are required to track, monitor and review risks in the institutions. In order to achieve this, a dedicated diversified skills base in government is necessary. Emphasis regarding risk tracking has been on financial risk tracking; risk tracking should include things like board representation and other non-fiscal and technical issues. Many officials involved in risk management refer to skills as technical, financial or legal, and display a lack of generalist understanding. This is particularly evident in the conventional bureaucratic structures of government, where stakeholders function in silos, and 'the one hand does not know what the other is doing' (Nel 2013:299).

Innovation in risk management is needed because red-tape and bureaucracy inhibit innovation. The lack of understanding of the value of risk management is indicative of an absence of a risk culture. A risk culture embodies a consensus on the meaning and value of risk management, contributes benchmarking for best practice, and enables conventions for best practice and a drive for innovation. Sustainable risk management practice should strive to achieve innovation through risk management, or as a spill-over effect of risk management. The phenomena of risk translate into either loss or opportunity. There is a culture of risk avoidance in traditional risk management practice in the public sector in SA, in order to avoid loss. However, high-return opportunities carry risks, but through systematic risk management the risks can be managed in order to isolate, mitigate or reduce the risk, and rewards can be gained from these opportunities. Innovation in risk management through holistic thinking and intellectual risk-taking encourages the culture of risk-taking in order to maximise opportunities (Nel 2013:300).

Risk management in SA, particularly in the public sector, is characterised by a culture of risk avoidance as bureaucratic practice; control in regulation provides a 'comfort zone' and a lack of intellectual risk-taking.

There is a prevalence of remaining within the boundaries or 'silos' of the bureaucratic function of government. For innovation to take place in risk management it is essential to move beyond traditional risk management paradigms. In order for risk management to have a societal impact, innovation is required, but this innovation cannot take place in the absence of efficient and effective human capacity development (HCD) and social capital development

(SCD). In order to stimulate innovation there is a need to find more unstructured and open-ended ways of exploration. Considering that the public sector has an administrative function, it should encourage participation, consultation and capacity development in order to reduce red-tape and 'silo-mentality'. This requires refraining from focusing only on the boundaries presented, and to consider possible frontiers, in order to encourage a holistic approach to risk management. A paradigm shift is needed to improve systematic risk management, to improve service delivery, and to ensure sustainable and good cooperative governance (Nel 2013:299).

Contrary to the bureaucracy of control in its silo approach to governance, creativity is necessary to allow innovation into the risk management process. However, an interrogation is required of how creativity and control can coexist. Creativity implies new phenomena and change, whereas control signifies a comfort zone and fear of the unknown.

The issue is not risk modelling or methodologies, as there are very sophisticated modelling mechanisms; the problem lies in understanding, implementation, communication and monitoring. Risk management is not an arduous task, but it requires careful planning and monitoring, with regard to risk analysis, scenario development for the optimum course of action, and that the focus should be impact. In order to increase effective risk analysis and management, risk managers should develop flags for scenarios and should constantly adjust the probability of flags, enabling adaptation to change (Nel 2013:301). However, none of the above can take place in an environment facing HCD and SCD challenges.

## **Human Capacity Development**

While there are many risk solutions that offer control over risks, human capacity is a critical component – humans are the critical part as they can make mistakes that can lead to loss. Human capacity involves the experience, skill, competence and knowledge of a human being to provide value added and sustainable inputs into an organisation, to create new knowledge and to share knowledge.

Human capacity involves the capability and competence of humans to perform productively according to technical and non-technical standards. HCD includes the development of critical skills and the enhancement of human resources. Continuous audits of human capacity should be undertaken, as well as monitoring and evaluation of the procedures, structures, principles, processes and tools, and methods. Audits can be in the form of psychometric testing, process mapping of productivity, training and education, and encouraging and rewarding employee inputs. Holistic initiatives that encourage creative experimentation and intellectual risk-taking in order to develop competitive and innovative decision-making should be encouraged. Government slowness

and ineffectiveness can also be accounted for by a lack of productivity due to human incapacity or a lack of training.

There is a problem with staff turnover in the public sector. The challenge of staff turnover is that employees are not incentivised due to a lack of human and financial resources, and they are demotivated by red-tape and bureaucracy. Administrative burdens and the red-tape of bureaucracy inhibit staff development and also bogs them down with day-to-day on-the-job activities. Capacity for risk management in the public sector is often strained and overstretched. In effect, low staff turnover inhibits institutional memory and there is little knowledge transfer for risk management. In the long term, changes in staff influence the retention of institutional knowledge. The lack of capacity in risk management is also due to an absence of learning and development in the public sector. People do things for the sake of compliance and not for the sake of learning and development. In complying for the sake of compliance, people revert to old ways of doing things (Nel 2013:329).

## **Social Capital Development**

Maladministration, lack of proper control systems and a lack of skills has presented impediments to the improvement of cooperative government and intergovernmental relations in SA (Uwizeyimana 2014:92–93). There is a lack of understanding and awareness of the need and purpose of risk management. In order to encourage cooperative government wide risk management, there should be greater focus on consensus-building and understanding of risk management. Consensus-building for a shared rationality and greater understanding can be achieved through SCD improvement. SCD implies the rationality of individuals, groups, organisations and society as a whole, and the interaction and experiences shared between the entities. This is becoming more important, as no entity functions in isolation in the network society of the current globalised nature of the world; entities can no longer be insular and function in silos (Nel 2013:376).

What binds people together is trust and relationships. In order to establish some form of social cohesion for a shared understanding and vision, increased effort should be made towards establishing and maintaining cooperative governance and for capacity development to spill over to all levels of government and provide sustainable long-term links between the different levels of government. Capacity development can also be increased by managing the alpha risk across government spheres, particularly in the interface between the different spheres of government (Nel 2013:378).

Lack of social capital results in division, corruption, cynicism, lack of buy-in and vision, racism, crime, and weak institutions. Government should direct

governance efforts towards establishing an identity of cooperation and shared vision, by upholding best practice values for the public interest, and integrating values across all spheres of society. Things that can bind or divide a society include, among new technologies: semiotics, semantics, politics and for instance, limited resources. It is difficult to develop social capital amid SA's plurality without increased efforts. Additionally, the elements that influence the credibility of governance need to be determined and addressed. Elements that influence the credibility of governance can be classified as alpha risk. These alpha are interrelated and can have an overlapping effect. Alpha risks identified in this article that could contribute to division among stakeholders include for instance:

- a lack of legitimacy and identity may lead to a lack of motivation and dedication;
- a lack of clear purpose will cause a lack of foundation and direction;
- a lack of understanding of resources available and required, which may lead to lack of productive deliverance;
- a lack of knowing rights and responsibilities;
- a lack of trust and cooperation;
- a lack of sufficient incentives, empowerment and reward systems;
- a lack of career-pathing and uncertainty regarding required professional profile;
- a lack of feedback to facilitate grievance and recovery management;
- a lack of leadership and mentorship, and no demonstration or examples of best practice;
- a lack of freedom for creativity and innovation;
- dysfunctional 'peace-makers', in other words dispute and conflict resolution and judicial bodies that are not representative, for instance ineffective dispute resolution boards;
- a lack of consistency in management creates uncertainty and may lead to labour disputes;
- a lack of skills transfer to the next generation;
- a lack of team work and group dynamics, and interaction and communication between stakeholders;
- a lack of competition and opportunity;
- lack of marketing and reputation management; and
- a lack of accountability, ownership, advocacy and transparency (Nel 2013:379).

Social capital focuses on the perceptions of entities and in order to increase social capital, stakeholder perceptions need to be altered. It is easy to change techniques and tools, but the most challenging is changing mind-sets. The 'lenses' through which risk management are viewed should be addressed for a paradigm or frame of reference shift.

## GOVERNMENT WIDE RISK MANAGEMENT

Risk management is seen as an isolated function in public organisations. This is misleading, because risk management involves every employee in the governance process, and all employees through their respective responsibilities should contribute to risk management. The perceived lack of awareness of the role of risk management and the perceived lack of ownership, accountability and responsibility contribute to the unsustainability of the organisation through inappropriate risk management. Despite this, the public sector has not increased efforts for the risk management training and education of employees. In many cases, risk managers do not have the interdisciplinary capabilities which are essential to enable across-the-board capability. In effect, risk management in SA is approached from a beta-risk mentality. Risks are systemic in nature and not all risks have a technical, business and financial (beta-risk) origin. For instance, a culture of unwillingness can lead to underperformance which has a financial impact through below-margin functioning of an organisation, which can lead to decreased stakeholder value. A culture of unwillingness is also a non-technical risk that possibly originates from employees who feel undervalued; this can be due to management that treats employees with disrespect and disregard, where they lose motivation to extend their work efforts to beyond day-to-day tasks. Non-technical, financial or business risks (referred to as alpha-risks in this article) can lead to beta-risks. This represents a gap in risk management capability in SA, and leads to unyielding risk management (Nel 2013:294).

In general, there is a perception that risk management is a project-level function. Risk management should move beyond project management (PRM) and financial management. Risk management also involves human and non-material risks that cannot directly be measured. Risk management is a strategic function, encompassing all levels of an organisation or project and should manifest at the macro, micro and meso (individual) levels of all organisations. Also, risk management should be included in all organisational functions, including, *inter alia*:

- business risk, for example sensitivity analysis and feasibility;
- employee risk, for example management of people, training, intellectual property and other human resources functions;
- legal risk including legislative, corporate governance, business process compliance and contract management;
- corporate risk focusing on the stakeholder value, profitability and sustainability of the organisation; and
- financial risk through financial management and cost modelling (Nel 2013:295).

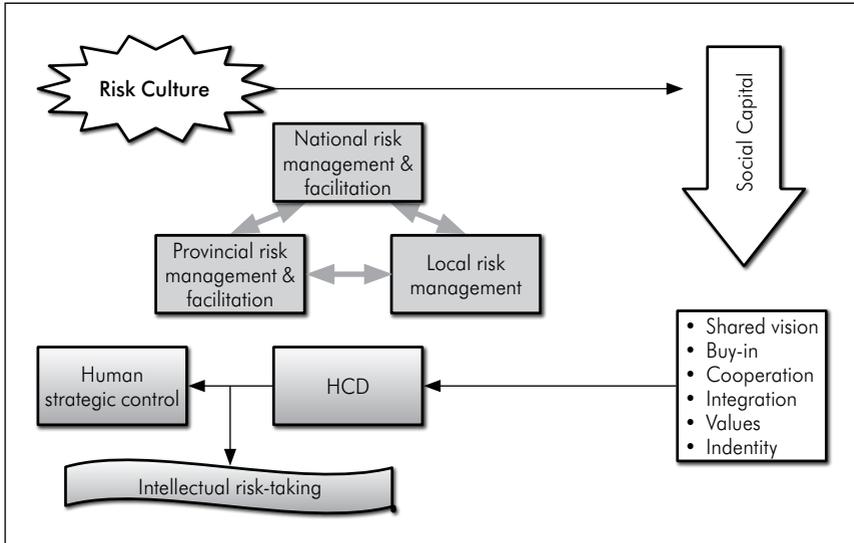
The above functions can be viewed and treated as proxy indicators, due to their multiplier effect. The problem in SA is the approach to risk. The current organisational culture is perceived as not enabling to the effective implementation of risk management principles, this is referred to as a lack of risk culture, an innovative culture to make intellectual decisions and ultimately decisions that encourage effective risk mitigation through intellectual risk-taking. Risk management in the SA context is not embedded in the management function, and inhibits institutionalisation of risk management. Furthermore for innovation to take place in the risk management process, practice needs to move beyond risk modelling. The allotment of risk models is very theoretical and generic. Risks should not be too broad, and should be broken down to manageable activities. There is an absence of dedicated risk management functions, as in some cases there is no clear evidence of a risk management process in organisations. Risk management does not simply entail an assessment exercise; it involves the hands-on management of risk and the embedding of risk management in all management. The lack of an institutionalised risk management process can be accounted for as insufficient understanding of the value and role, the lack of experience and expertise in risk management. This leads to risk management not being recognised as a strategic function (Nel 2013:296).

HCD should enable growth and learning and it is important for risk managers not to work in isolation, but to facilitate the development of employees to create a greater awareness of risk and to foster a good risk culture. Risk management skills development should incorporate aspects such as interdisciplinary ability and an ability to ask critical questions of why, and not only of how. Career mapping should be incorporated in the skills profile in order to further HCD (Nel 2013:376).

A typical skills profile recommended to enable HCD and best practice in risk management should include: law and policy, mentoring and coaching, information technology and communications skills, sustainable development planning and management, monitoring and evaluation, change management, ethics and social justice practices, procurement and supply chain, research skills, risk analysis, assessment and risk management skills, project finance, contract management, human resources or industrial relations, organisational development and strategic planning, and project management. Risk managers need not be technical experts in the abovementioned skills, however, a generalist experience and grasp is recommended. Alternatively, in addition to having interdisciplinary risk management, multidisciplinary teams can prove very successful, as a team of experts with the above skills can approach risk planning and management most effectively (Nel 2013:376).

Risk management workshops are effective means to encourage communication and to evaluate the risk profile of the organisation. Continuous

**Figure 2: Government Wide Risk Management**



Source: (Adapted from Nel 2013:383)

risk management workshops should be conducted to assess the culture of the organisation and to provide a sounding board for employees to share lessons learnt in order to guide best practice

Social capital should be developed through the greater participation of all spheres of government. This can be achieved through greater transparency, increased communication and information. A lack of understanding and various perception silos create division due to lack of social capital. Governance should aim towards empowering people instead of simply yielding its authority. In order to create identity, it is postulated that there is a need to deconstruct current silos through enabling theoretical frameworks. To do so, leadership is needed to investigate the ‘glue that holds together’ and then manage the connections between entities (Nel 2013:382). There is a seeming unwillingness in the public sector to support or buy in to the risk management process, it is seen as a side-line activity. This leads to a lack of shared rationality or vision, and creates antagonism among the parties.

Governance should also draw on psychological and sociological learning theories of persuasion and presentation to determine why people hold a certain perception, and to guide SCD. Other methodologies that could also provide insights into identifying alpha risks that could hamper human and social capital development include for instance, institutional ethnography in order to draw conclusions from experiences of individuals and organisations to reveal power

relationships and other characteristics of the institutions within which they operate (Babbie 2010:311).

The following diagram depicts necessary aspects of a government-wide risk management system with an enabling risk culture in a cooperative governance system towards improving best practice in risk management (Nel 2013:328).

By addressing human and social capital, a more resilient risk culture can be fostered, and intellectual risk management can take place through which there is not a sole reliance on strategic controls to mitigate risk, and government could allow more holistic solutions through human strategic control and strategic decision-making to facilitate integrated risk management. Shared vision, buy-in, cooperation, skills development, an increase in human resources, integration of risk management at the various levels of government and shared identity values are essential.

## CONCLUSION

In conclusion, this article identifies human and social capital as systemic risks to the context of good risk management principles in cooperative governance. Capacity for risk management is lopsided. One of the greatest challenges for institutionalising risk management across government, is the lack of capacity, specifically human and social capital. This lack of capacity extends to skill, experience, understanding, shared vision and the amount of human resources dedicated to risk management. The lack of human and social capacity is an institutional challenge. Government efforts should be aimed at facilitating the improvement of human and social capital, and enable an environment that is conducive for intellectual risk-taking, strategic decision-making and the integration of effective risk management practices across all levels of government.

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ISSN 1015-4833