Public Financial Management Framework for the Department of Public Works in Durban Metro, South Africa

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I. Malusi David Ngcobo declare that

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Dedication

Special Dedication is sent to my Aunt, Amy Nomafuze Ngcobo I went to school with no shoes, you bought me first shoes and you saw a great potential in me, and you sacrificed your life for me by ensuring that I got education, and I educated myself because you taught me and instilled the value of education. Without your selflessness, I would be nothing; maybe I would have been an illiterate shepherd in rural area of Maphumulo where I come from. You made an immense contribution in my life which needs a lot of appreciation and gratitude. Getting a PhD degree is mammoth, colossal and insurmountable task requiring dedication and sacrifice, which you taught me. This Doctor of Business Administration-PhD degree I Malusi David Ngcobo solemnly and unselfishly declared that I dedicate this PhD posthumously to the late Honorable Dr. Amy Nomafuze Ngcobo. May your soul rest in peace. I will always love, cherish and remember your contribution you made to my life. How I wish you were here. As I parade the aisle to become Dr. MD Ngcobo. Wherever, you are, as parade I can hear you in the background with my late aunties Jane, Khanyisile and progressive family members ululating aesthetically with exuberance, ebullience, enthusiasm, excitement and fascination calling me by the nickname which you gave me “Luseni, and Loo Special”. You have done it my son. The life sacrifices you selfless made to us as a family cannot go unnoticed, they are now reaping fruits, unfortunately you are no longer with us physically but spiritually I know you are. The words that you say to everybody about me “Malusi must not die because if he dies I will die because others don’t care about me”. Those words continue to echo in my ears continuously whenever I think of you. Thanks very much to have such a credence in me I have kept them in a special space in my heart, so as your love and spirit. You were very tough, fastidious, meticulous, independent and conscientious, but to me you were everything that’s why you are number one. Your traits and attributes are with me now let me assure you I won’t drop the ball. May your soul rest in tranquility? You did a magnificent job. I will always love you. Thank you and thanks again.

Dedication is sent to my late grandparents: Peter and Hilda Ngcobo, MaBusana and Jeremiah Mkhize, my late aunties: Ntombizodwa Jane Sthole, Nokukhanya Isabel Mkhize, and to my father Thembinkosi Ngcobo; thanks for their ancestral spirit and support. You are gone forever, presumably you are in heaven but I feel your spiritual existence in me. To all of you, thanks very much for spiritual guidance. On top of it all God; with God Almighty everything is possible. God is good all the time, for the good God never fails. I thank you

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Abstract

During Apartheid era the Public Service of the RSA did not adhere to principles of good governance like (PFM), transparency and accountability. They were actual lip or spoken conceptual frameworks, but not executed to the latter. As a consequence (PFM) operational systems and processes experienced insurmountable challenges ranging from embezzlement and squandering of public funds. Unprecedented failures by government institutions and employees to comply with financial legislation led to fraud and corruption skyrocketing. Mammoth task facing democratic government was to overhaul and transform Apartheid regime PFM systems. The amalgamation and integration of SA's Public Service into single unit was indispensable yet it caused gigantic challenges. One of the pressing challenges faced democratic government was to gain citizenry confidence, therefore public financial management reforms, transparency and accountability was at the epicenter to gain legitimacy. The SA'S Constitution affirms that execution of (PFM) regulatory reforms, systems and strategies must aligned with PFMA. Despite democratic government innovations of improving government financial operations and performances, some provincial and local governments had not complied with public performance-measurement. That led to some being placed under national or provincial administration under section 100 and 139 (1 and 4) or 137 of the MFMA under the SA's Constitution. Theoretical frameworks and systems of performance-measurement were designed to assist the employees to achieve efficiency, effectiveness and decision making. Successful changes envisaged by the democratic regime required financial, technical and human resources to bolster the process. Literature emphasized that resources are fundamental elements needed in improving public sector and subsequently bring the envisaged change. Literature consistent findings highlights that organizational change does not come cheap and it requires incentives and trade-offs to be successful. SA's government changes were needed to redirect the scarce resources of the state towards a new host of avenues, developing new strategies, processes, practices, plans to implement proposed change, and redeployment of employees with expertise. Strategic interventions became an indispensable phenomenon why the change was envisage at that point. There was an urgency of reorganizing and restructuring governmental operational systems to test the recent innovations. Failure to

provide necessary resources to beef up envisage change would have led to feeble execution efforts coupled with high levels organizational failures. PFM is the case study taking into cognizance PFMA's impact in handling public revenue in government institutions like Department of Public Works. PFMA is an Act crafted to strengthen the objectives of sound public financial management. PFM and PFMA had to ensure that financial modernization and improvements were implemented. PFMA, of 1999 must safeguard that management manages operations with distinction, be held accountable by eradicating fraud, corruption, and wasteful expenditure in government. Twenty four years after 1994 democratic dispensation SA's public service transformation continues, but government struggle to produce clean financial audits. SA is constitutional democracy mandated to implement PFMA in all government institutions. The study assesses success rate at which financial management reforms like PFMA, PFM, Integrated Financial Management System (IFMS) and New Public Financial Management (NPFM) mechanisms has achieved in handling public finances. PFM must ensure proper utilization of public funds by meeting defined standards of probity, regularity, efficiency and effectiveness.

Glossary of acronyms

AG-Auditor-General

AGOA-African Growth Opportunity Act

AGSA-Auditor-General of South Africa

ANC-African National Congress

APAC-Association for Public Accounts Committee

APRM-African Peer Review Mechanism

AU-African Union

BRICS-Brazil Russia India China South Africa

CBOs-Community Based Organizations

CEO-Chief Executive Officer

CODESA-Convention of Democratic South Africa

COO-Chief Operations Officer

COPE-Congress of the People

CPI-Corruption Perception Index

CPSMS-Central Plan Schemes and Monitoring System

CSOs-Civil Society Organizations

DA-Democratic Alliance

DDG-Deputy-Director General

DG-Director-General

DPW-Department of Public Works

DRM-Domestic Resource Mobilization

DSD-Department of Social Department

EAP-Employees Assistance Programme

EFF-Economic Freedom Fighters

FF-Freedom Front

FIC-Financial Investment Corporation

FSB-Financial Services Board

GAAP-General Accepted Accounting Practice

GCIS-Government Communication Information System

GWME-Government Wide Monitoring and Evaluation

HOD-Head of Department

HRD-Human Resource Development

HRMD-Human Resource Management &Development

HRM-Human Resource Management

IARS-International Accounting Reporting Standards

IBP-International Budget Partnership

ICC-International Criminal Court

IDEA-Institution for Democracy and Electoral Assistance

IDP-Integrated Development Plan

IEG-Independent Evaluation Group

IFAC-International Federation of Accountants Committee

IFMIS-Integrated Financial Management Information System

IIA-Institute of Internal Auditors

IMF-International Monetary Fund

INTOSAI-International Organization of Supreme Audit Institutions

IPSAS-International Public Sector Accounting Standards

ISAD-Information Society and Development

IT-Information Technology

JSE-Johannesburg Securities Exchange

LOGIS-Logistical Information System

M&E-Monitor and Evaluation

MBE-Management by Exceptions

MEC-Member of Executive Council

MFMA-Municipal Financial Management Act

MLT-Motivation Language Theory

MP-Member of Parliament

MTBEF-Medium-Term Budget Expenditure Framework

NCOP-National Council of Provinces

NDP-National Development Plan

NEPAD-New Partnership for African Development

NGOs-Non-Government Organizations

NPFM-New Public Financial Management

OAU-Organization for African Unity

O-CPO-Office of Chief Procurement Officer

OECD-Organization of Economic Cooperation and Development

OFS-Orange Free State

OPM-Oxford Policy Management

OUTA-Organization Undoing Tax Abuse

PAC-Pan-Africanist Congress

PAYE-Pay As You Earn

PBAS-Public Based Accounting Systems

PEFA-Public Expenditure and Financial Accountability

PESTEL-Political Economic Socio-cultural Technology Environmental &Legal

PFMA-Public Financial Management Act

PFM-Public Financial Management

PFMS-Public Financial Management Systems

PIC-Public Investment Corporation

PNC-Presidential National Committee

PPPFA-Preferential Procurement Policy Framework Act

PRASA-Passenger Rail Agency of South Africa

PSAM-Public Service Accountability Monitor

PSC-Public Service Commission

ROA-Return on Asset

ROE-Return on Equity

RSA-Republic of South Africa

SABC-South African Broadcasting Corporation

SADC-South African Development Community

SAHRC-South African Human Rights Commission

SAIs-Supreme Audit Institutions

SAPS-South African Police Services

SARS-South African Revenue Service

SASSA-South African Social Security Agency

SCM-Supply Chain Management

SCOF-Standing Committee on Finance

SCOPA-Standing Committee on Public Accounts

SHRM-Strategic Human Resource Management

SIU-Special Investigative Unit

SMS-Senior Management Services

SMT-Senior Management Team

SOEs-State-Owned Enterprises

SONA-State of the Nation Address

TQM-Total Quality Management

TVBC-Transkei Venda Bophuthatswana and Ciskei

UDM-United Democratic Movement

UK-United Kingdom

UNO-United Nations Organization

USAID-United States Agency for International Aid

USA-United States of America

VAT-Value Added Tax

VMOSA-Vision Mission Objectives &Action

VOSIC-Vision Objective Strategy Implementation &Correction

WTO-World Trade Organization

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Chapter 1: General Introduction

1.1 Introduction

The vision of the South African Government is that of ensuring that all inhabitants in the Republic of South Africa are given a better life regardless of their socio-economic status. Annually, the South African President, in country's national address called "State of the Nation Address" (SONA), summarize or sketch out plans, programmes, projects and targets to be implemented by government. As the Chief of Staff and the Head of the Government the President gives the marching orders to his/her foot soldiers, the Executive and Members of the Executive Council (MECs), what must be done, why, when and how? The national departments must ensure that the national programmes and targets as envisaged by the President of SA are successfully implemented. Furthermore, they had to ensure that those programmes become the integral part of their organizational strategic plans, and subsequently becomes government strategic plans in the provincial and local government spheres. A week after the presidential address the Minister of Finance from the National Treasury tabulates the country's budget in front of two houses National Assembly/Parliament and the Council of Provinces (NCOP).

Despite this, the Public Financial Management (PFM) deals with all aspects of government resource mobilization and management of financial income and expenditure of the government (Selfano et al., 2014, Sloan, 1963). According to Ajayi and Omirin (2007), PFM is the catalyst for economic sustainability, stability, development and growth of any country. The PFM has to make sure that the state and the various government departments or institutions manage and spend public money or resources in an open, transparent and efficient manner with the task of improving service delivery and value-for-money for its citizens (Selfano et al., 2014). Therefore, the matter of accountability must reign supreme in handling the public purse, taking into cognisance budget execution and the three E's i.e. the economy of the country, efficiency and effectiveness (Pauw, 2009). The delivering of such an important service to the country requires the expertise and skills of dedicated, productive and competent civil servants (Pauw, 2009, Pauw et al., 2015). The competent and productive civil service employees are the cornerstone for the successful implementation and execution of Public Financial Management. Furthermore, the strong and sound financial regulatory systems, and legal frameworks are imperative in the appropriate execution of Public Financial Management in the SA's public service. This research seeks to assess the effectiveness of strategies used by various stakeholders in the implementation of Public Financial Management Systems (PFMS) and

Public Finance Management Act (PFMA) within the Department of Public Works (DPW) in Durban Metro. Department of Public Works has been over the year's experienced reports of mal-administration, fraud and corruption, wasteful/irregular expenditure and lack of fiscal discipline. The precise application of PFM reforms has been categorically remarked as the driver to propel efficient and effective public service to deliver quality service, employment and wealth creation (Asselin and Srivastava, 2009). The study begins by providing a background of the study, the research problem, aims of the study, research objectives, research questions, the significance of the study, literature review followed by how research will be designed, a collection of data, ethical considerations, conclusion and the format of the study.

In the absence of transparency and accountability within PFM systems and operations, corruption flourishes and thrives (Government of Kenya, 2014). Corruption within South African Public Service is a great concern or a serious and worry some problem facing many South Africans. Procurement systems, internal and external auditing systems including accounting and reporting have been, earmarked as some of the major root causes of corruption in Department of Public Works and Public Service (DPWPS) in general (Auditor-General of South Africa, 2014). Tendering fraud and inflation of the prizes remains a mammoth challenge facing South African Public and Private Services. Because of that, South African citizens perceive Public Service (PS) to be a corrupt entity. A big gap exists between theory and practice in the implementation of PFM and PFMA within the South African Government Public Service. The good policies that have been promulgated and advocated by statute seem not to bring the desired outcomes. The various departments under the South African Public Service (SAPS) have been over the years rocked by unauthorised expenditure, fraud, corruption, maladministration, misappropriation of funds, especially within the DPW. The DPW has a mammoth and insurmountable task of infrastructure development and refurbishment of government buildings nationally. The DPW handle gigantic financial resources and that opens the doors for corrupt activities. The inadequate managerial expertise concerning planning and budgeting had been one of the greatest concerns and weaknesses of the SA's public service, which has grossly affected managerial leadership and performance. The lack of skills and capacity of employees with necessary skills had been earmarked as contributory factor to financial mismanagement, and irregularities. The issue of skills in the SAPS must be viewed in the historical context because of the Apartheid era, which promoted racial education and unskilful labour force. The issue of political deployment that is being pursued by ruling party, the African National Congress (ANC) is seen as one of the root causes of many in competencies taking place within the South African Government Public Service including the DPW. The political or cadre deployment can be explained a system of recruitment, hiring and employing a candidate who may not have the adequate qualifications or meet the job description or job specifications, but the candidate is given the post on the basis that he/she is a loyal member of the ANC. The political or cadre deployment seems not to look for academic expertise and qualifications but loyalty and self-attainment. In view of the given scenario, this study seeks to ascertain the productiveness of strategic management in the SA's public service. Furthermore, is to determine the relevance of the DPW strategy, in its quest of enhancing and improving service delivery to the citizens.

1.2 Research problem

There has been a gross violation of accounting mechanisms and procedures in most government departments within the Republic of South Africa including the DPW. There has been no compulsory adherence to the statutory framework Act like PFMA, corporate governance, PFM and Public Administration (PA). Two Cabinet Ministers from DPW were fired for maladministration and public funds mismanagement. That incident of firing of Ministers sparked various departmental and criminal investigations by either South African Police Services (SAPS), disbanded Scorpion Investigative Unit, Hawks, Public Protector (PP), Special Investigative Unit (SIU), and Commissions of Inquiry (CI) has also been set to investigate maladministration and mismanagement, findings had been shocking and alarming. The embezzlement and squandering of the public purse by Senior Management Team, political office bearers and ordinary employees highlights the extent of the problem. The State of Capture Investigation and Report by the Public Protector also gives credence the volume of the problem. The announcement of Judiciary Commission of Inquiry to investigate the State of Capture by President Jacob Zuma signified that extent of maladministration the Republic of South Africa (RSA) is facing. Therefore, this study will assist the Department in identifying areas of concern with regard to strategic management, to inform the development of corrective actions to enhance the effectiveness of strategic management in the Department of Public Works and the public service at large.

1.3 Hypothesis

With reference to public finance management system in the South African Public Service (SAPS), governance elements are negatively affected, such as expenditure management, risk management, decision-making, ethics, the oversight function of Parliament and compliance with the PFMA. As a result, the challenge of the leaders is how to deal with the above governance elements as they emerge in the Public Service. To test the aforementioned hypothesis, the researcher has used unstructured interviews with departmental officials, the chairperson of the Standing Committee on Public Accounts (Scopa) and the National Chairperson of Public Accounts Committees. Furthermore, to test the hypothetical issues discussed above, the official documentation of the Auditor-General, including the scrutiny of the departmental annual reports and other relevant official documents, have been analysed.

1.4 Aim and Objectives of the Study

The aim of the study is to present a recent and improved study with evidence that approves or disapprove the existing studies and theories applied in the PFM within the DPW. Supply the current methodology for PFM regarding corporate governance, fiscal discipline, accounting and reporting about budgeting execution, procurement processes and PFMA. The specific objectives of the study are:

- To assess the effectiveness of the current strategies employed in the execution of Public Financial Management Frameworks within the Department of Public Works;
- To determine the understanding of Senior Management Team (SMT) of their roles in management and implementation Public Finance Management Act (PFMA) within the Department of Public Works in Durban Metro;
- To propose theoretical perspectives and frameworks for the efficient and effective execution of Public Financial Management Systems to the Department of Public Works and;
- To formulate a model or framework that could help in improving PFM implementation and governance.

1.5 Research questions

- How effective are the current strategies in the implementation of the PFM Frameworks within the Department of Public Works?
- What is the Senior Management Team's (SMT) understanding of their roles in the management and implementation of the PFMA in the DPWs in Durban Metro?
- What theoretical perspectives and frameworks are available for the efficient and effective execution of PFM within the DPWs?
- What model will be appropriate in the management of PFM within DPW in Durban Metro?

1.6 Explanations of terms and concepts

1.6.1 Public Financial Management

Public financial management concerns the effective management of the collection and expenditure of funds by governments. As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently as possible with a minimum of government wastage (Allen et al., 2013). Efficient public financial management is central to creating a relationship of mutual trust and shared consensus between government and citizens

1.6.2 Public Financial Management Act

It is a South African Act (No.1of 1999) constructed and passed by National Assembly with a view of safeguarding the financial and fiscal resources of the state. Public Finance Management Act has to ensure fiscal discipline, assets, liabilities of the state are appropriate, efficiently and effectively managed and at all cost, avoid and eliminate irregular/unauthorised expenditure, fraud and corruption, and therefore officials must act within the constitutional legal framework and be held accountable (Wildeman et al., 2012).

1.6.3 Integrated Financial Management Information System

Integrated Financial Management Information System (IFMIS) is an information system that has been designed to fast-track financial activities and events by summarising financial information (Dorotinsky, 2003). The IFMIS is designed to support the necessary fiduciary responsibilities, adequate organizational administration and management reporting, policy-making decisions, planning and preparation, and producing auditable and reliable financial statements. The IFMIS covers a much wider spectrum rather than being an accounting mechanism or system. The IFMIS is configured and designed specifically to operate in accordance with the environmental needs and specifications from where it is installed (Rodin-Brown and Smith, 2008). In general terms, it refers to the automating of financial operations.

1.6.4 Public Accounts

The Government of the Republic of South Africa deals multi-faceted functions of public financial management, this involves normal income and expenditure of the government, and there are certain consolidated funds, and transactions that enter into government accounts and the government acts like a custodian or a banker to safeguard the revenue like pension funds, deposits and provident funds. The funds received by the government will be kept in the Public Account until they are utilized by depositors, authorization by parliament is not required as the money does not belong to the state but it belongs to those organizations or individuals who deposited the money.

1.6.5 Public Expenditure and Financial Accountability (PEFA)

Public Expenditure and Financial Accountability **(**PEFA) is a mechanism, methodology and systematic approach used to evaluate public financial management outcomes or performance and accountability. It is a measurement based mechanism whereby the countries Public Financial Management (PFM) framework and systems are measured (Swedish Development Advisers, 2016). Public Expenditure and Financial Accountability is an indispensable and diagnostic tool in assisting countries and senior authorities in decision-making regarding building the capacity of countries and budget support strategies (De Renzio, 2016). Public Expenditure and Financial Accountability is defined as deliberate strategic interventions to institute financial changes in policies, legislation, processes and structures of a public service institution with the intentions of strengthening and improving financial and fiscal management so as to achieve fiscal discipline, fiscal organizational outcomes and accountability (Bouckaert and Pollitt, 2011).

1.6.6 Political Accountability

The citizens who are served by the government viewed the state as the institution that will work and act on their behalf and in the best of its constituency. The people, therefore the government and the political office bearers must account for whatever action they have taken. Government and politicians are held accountable by the citizens or the person who entrusted or conferred those responsibilities to them (Przeworski et al., 1999).

1.6.7 Financial Accountability

This phenomenon deals with the handling of finances in any organization. In the public sector domain or in state owned enterprises (SOEs) the public or the citizens expect the government leadership or management to account for every cent used. Therefore proper accounting and reporting control measures, standards and practices must be adhered to achieve desired outcomes (Reid, 2013).

1.6.8 Organization

There is a synonymous utilization of the terminology with company, institution, and body. It's described as a legal, formal or informal structure that follows a determined or prescriptive operational behaviour to achieve its objectives (Gildenhuys and Knipe, 2000).

1.6.9 State Owned Enterprises (SOEs)

This is conceptual framework or terminology used in South African context to define the companies that are owned by the Government of the Republic of South Africa. The SOEs are under the declaratory order of council under the jurisdiction of Section 66 of the South African Constitution (State Owned Enterprises Act 1992 No.90).

These are government/state owned enterprises or institutions which are under the armpit or direct control by the Board of Governors/Directors, the state is the major shareholder and the Board of Governors report to the Minister of Public Enterprises who is the account officer to the National Parliament. These institutions may comprise of those that are placed at the national level, provincial and local spheres. Denel, South African Airways (SAA), Transnet, South African Broadcasting Corporation (SABC), Public Rail Agency of South Africa (PRASA), Post Office (PO), Telkom and Eskom are South African Government state owned enterprises who are managed like private sector companies, and maximisation of profit is the key driver (Chandra, 2011). For the sake of this study, it's imperative to highlight that since the dawn of democracy SOEs had continuously failed to meet the financial outcomes expected by the Board of Governors and the government. It is for this reason that SAA, Eskom, Post Office and SABC had continuously received financial bail outs from National Treasury to survive shutdown or liquidation.

1.6.10 Transparency

The extent or the levels at which the government is practising openness in its operations and systems. Transparency by the state is seen as a pivotal principle for macroeconomic, good governance and fiscal accountability (Arbatli and Escolano, 2015, Gelos and Wei, 2005). "Transparency is the requisite of democratic governance" (David et al., 2015, Justice and McNutt, 2013). The government must provide full credible and reliable information with regards to its financial policies and operations as well as political activities (Borins, 1998, Abu Bakar et al., 2011, Kopits and Craig, 1998, Delaney, 2015). There has been an overwhelming increase of population using the internet, therefore, governments must provide citizens with websites to access government information and services, such processes enhances transparency (Pina et al., 2010, Harder and Jordan, 2013).

1.6.11 Strategic Planning

It is seen as a framework that provides direction, guidance and support for operational management. Strategic planning is the backbone of any prosperous organization. Strategic planning is the competence, responsibility of leadership and management, and must ensure it happens at all levels of the organization (Mintzberg, 1994, Mintzberg et al., 2013).

1.6.12 Financial Accounting and Reporting

This is an international standard way in which institutions and organizations apply in order to have a comprehensive outlook of their financial position, performances with regards to profitability or losses and take the necessary corrective action to implement changes and ameliorate the situation (Stolowy and Lebas, 2006, Walton and Aerts, 2006, Petrova, 2016, Wernicke and Andreu, 2009).

1.6.13 Strategic Management

It is the process whereby the organization aligns its internal operations and capabilities with external environmental demands to enable the organization to allocate the necessary national sustainable resources and developmental strategies required to execute or perform the designated job (Clayton, 2013). The resources may either be of human nature or materialistic value. It is the starting point of formulating, crafting and implement strategies that will subsequently achieve the overall organizational objectives and goals (Rowe, 1990, Robert et al., 1996, Rowe et al., 1986).

1.6.14 Mission

It is the statement of purpose that distinguishes distinctively one organization from another, if applied appropriately by top management will yield organizational performance and business success (I. Williams Jr et al., 2014). It's a strategic tool that the organizational management and leadership intends to utilize to ignite and inspire the inner operations and workings of the company or institution and employees to achieve desired goals and outcomes (Mullane, 2002).

1.6.15 Vision

Mission and vision statements are in many instances often confused and used interchangeably; however, vision needs to cover a wide spectrum of organizational interests and desire of employees (Kantabutra and Avery, 2010). It states the long-term goal, perspective and objective of an organization and the environment where it operates. Its stable does not shift as a result of short-term demands caused by markets and technological changes and pressures (Kantabutra and Avery, 2010). Good vision must have a primary goal that will instinctively and enthusiastically inspire and motivate the employees (Bass, 1990, Conger, 1991, Avery, 2004). Some theorists believe that vision should have some common shared elements or principles like clarity, conciseness, future projections/orientation, challenge, stability, desirability and abstractness (Kantabutra and Avery, 2010).

1.6.16 Strategy

It is a long-term plan or a tool that an individual or an organization use to position himself/itself to gain a competitive advantage against its competitors (Porter, 1991). The strategy in many instances begins with conscientious planning and ends up with action; it enables organizations to continuously maintain supreme performance, positions or status over time than its competitors (Wilden et al., 2010) The successful organizations and business praised their strategic prowess for their successes and performances (Eisenhardt et al., 2000).

1.6.17 Apartheid

It was a legislative Act and regulatory statutory framework and racial policy, which regulated the interaction between Blacks and Whites in South Africa. Apartheid was repressive and it used coercive force and sinister methods to exist. All government institutions including private sectors operated along racial lines, Whites supremacy reigns and they enjoy almost all privileges wealthy and opulence whilst Blacks were oppressed and languishing in poverty. Distribution of state resources and services were skewed to favour Whites, it is for this reason that the United Nations declared Apartheid as a crime against humanity. It is for that reason that South Africa was banned to become a member of United Nations and many other international organizations and bodies like Federation of International Football Association (FIFA, Olympics, and International Monetary Fund (IMF). When the democratic government took over in 1994 it had an insurmountable task of addressing imbalances and the backlog of Apartheid (Connolly, 2013, Beinart and Dubow, 1995).

1.6.18 Democratic dispensation

It is during a period when South Africans embraced a new democratic order, values and principles in 1994. South Africa was transformed from an oppressive regime and tyranny to democratic dispensation after Apartheid with racial segregation policy collapsed and replaced by all-inclusive South African Constitution, which made South Africa become a constitutional democracy, which respects the rule of law, Human Rights and Bill of Rights (South African Constitution, 1996).

1.6.19 Unauthorised expenditure

The financial resources, money or funds that were spent for other purposes than what it was allocated for or the excess incurred which was not budget for (van Zyl, 2014, Gloeck and De Jager, 2005).

1.6.20 Effectiveness and Efficiency

Efficiency and effectiveness are management terminologies that often ambiguously and synonymously used; effectiveness is the notion of doing or implementing the right things or right tasks with an aim of producing an expected outcome. The term effective is associated with power. Efficiency on other hand is about best functioning ability and performance i.e. doing things in the right way or manner without wasting resources, time and effort and produce the desired results (Mihaiu et al., 2010, Rainey et al., 1976)

1.6.21 Budget

The budget can be defined as an internal and external comprehensive quantitative estimated future projection of a company or an organization's income and expenditure statement, cash flows that reflects the organizational interests, expectations and goals which an organization intends to achieve at a near future (Khan and Hildreth, 2002).

1.6.22 Budget Execution

The budget has to undergo stages of development, including planning which precedes all organizational activities, public participation in terms of public sector and budget presentation in front of the legislature or any authorized audience or body which authorises or approve a budget to be implemented. The stamp approval by designated body confirms the authenticity and legitimacy of budget execution (Khan and Hildreth, 2002).

1.6.23 Decentralization of Budget/Fiscal

Budgeting is the core business of government. The budget can be described as a process or an activity whereby the central or national government devolves it powers to subnational structures of government of decision making, responsibility, authority and powers with regards to management and administrations of public finances (Lao-Araya, 2002, von Daniels, 2016, Hagen, 2005)

1.6.24 Parliamentary Oversight

The parliamentary of the RSA has two committees who are playing a critical role with regards to financial oversight they are Standing Committee on Public Accounts (SCOPA) and Standing Accounts on Finance (SCOF). The role of these committees is to institute and safeguard, check and balance in the utilization of government's resources. These committees must ensure that the responsible personnel entrusted with responsibility and the role of budget execution is accountable. Standing Committee on Public Accounts and SCOF are constitutionally bound to take appropriate action against non-compliance, non-performance and inadequate performance regarding misappropriation, wasteful expenditure, and unauthorised expenditure of the government resources (Marais et al., 2009).

1.6.25 Public Finance Management Reforms

This is a process whereby transformational and developmental changes are instituted and executed by the given department i.e. public finance. The indispensable changes are designed to address financial irregularities and inefficiencies, fraud and corruption and poor management of government financial resources and subsequently improve accountability within the public sector (Ajam and Fourie, 2016). Successful reform needs to take account of local conditions and should focus on both the process of reform (i.e. how to achieve the correct “enabling environment”) as well as on substantive changes to the fiscal framework (Andrews and Bategeka, 2013, Steger, 2013).

1.6.26 National Parliament

It is the South African Legislative Body, which operates at a national level, is composed of the country's President and the lower house called National Council of Provinces (NCOP). The National Parliament of the Republic of South Africa is tasked with the responsibility to enact laws.

1.7 Research Methodology

The research approach employed in this study is the qualitative approach. It was selected based on the nature of the problem, which requires to be studied in depth and in detail. According to Durrheim (1997) and Blanche et al. (2006), qualitative methods allow a researcher to study selected issues in depth, openness and in detail as they identify and attempt to understand the categories of information that emerge from collected data. To enable the researcher to collect in-depth and comprehensive information about the effectiveness of strategic management in the public sector, a case study research method was used in this study (Patton, 2002). It is known that case studies have the advantage of allowing new ideas and hypotheses to emerge from careful and detailed observation (Bull and Lindegger, 2011). The research intends to use both primary data and secondary data for the gathering of information.

1.8 Significance of the study

The study could assist in providing a conceptual analysis of public administration in general and public finance in particular. The study will also assist managerial leadership within the Public Service in understanding the weakness of the traditional public administration, and the challenges of the new school of thought called the new public management. In this context, the study will be of valuable importance in changing the mind-set of public officials within the Public Service towards the current public management doctrine. It is hoped that the result of the study will assist in providing and evaluating the theoretical frameworks and perspectives of PFM, and corporate governance within the SAPS and more specifically within the DPWs. Identifying areas of concern with regard to strategic management in the department of Public Services. The study could assist public officials, with information and theory in the area of strategic management in complex adaptive systems. Understand the mechanisms that must be utilized to improve service delivery by bringing forth the most recent innovations, which provide capacity-building programs for the unproductive workforce. The study could generate new knowledge by contributing to the field of study research or findings, and resolve existing controversies improve performance and emphasise the importance of compliance in PFM execution. The study could also contribute to some questions in the public administration discourse whether the resources available to the state are limited, and yet the government must make decisions to fulfil the needs

1.9 The limitations of the study

A research undertaking of this nature always poses serious limitations. The keys challenges is that with public sector legislation, bills and acts are always, transformed, improved, and it will continue for some time to come in the future. It was practical impossible to interview all senior management personnel. In many instances with regards to interviewing Senior Management Team (SMT) the researcher experienced challenges and difficulties because of their availability. The SMT were very busy with meetings and their prescriptive roles to perform as per their job description. It was also difficult to despatch questionnaires to the ordinary employees because of organizational bureaucratic security measures, therefore the researcher relied on the services of SMT for questionnaire distribution. The study did not cover Department of Public Works (DPW) countrywide as the study was limited to DPW in Durban

Metro therefore findings can't be generalized as a true reflection of all DPW in South Africa. It was going to be time consuming to cover everybody with limited or scarce resource. The study was affected by time margins because of the number of issues to be researched, especially on the DPW and its PFM system and progress in Durban Public Service.

1.10 Ethical Considerations

According to Amdur and Bankert (2010) argued that it is indispensable that participants must consent to take part in the research to minimise abuse by scientist all being done under the auspices of the research. The participants were informed upfront why the research was being conducted. In this study, anonymity was, guaranteed the names and credentials of the respondents were not asked. Permission to conduct a research in the Department of Public Works was sought by the researcher and permission was granted by Director-General in the National Head Office in Pretoria. The letter stating the aim and objectives of the research accompanied every questionnaires and that participating in the study was voluntary. The attachments in study stipulated that the research was an academic requirement and was not, intended to harm, injure, denigrate, jeopardize or vilify anyone. The study was not funded and the results will not be publicized either in print or electronic media unless Department of Public Works decide otherwise. The document remains the property of the University of KwaZulu-Natal.

1.11 Thesis structure

Including this introductory chapter, this study is comprised of seven chapters outlined as follows:

Chapter 1: This chapter provides the reader with relevant information on the background of the research project, the problem statement, the significance as well as the main aim of this research project. This chapter provides important detail regarding the reasons why this study is worthwhile as well as to encourage the reader to read this document with great interest. The main of this study is stated in order to inform the reader as to what has to be achieved at the end of this research project. Because it is essential to provide a detailed and informative overview of the research project in chapter one.

Chapter 2: This Chapter provides a detailed literature review of strategic Public Financial Management. In this chapter, the researcher has attempted to deal with critical concepts of the literature separately to allow the researcher an opportunity to comment appropriately. All the Public Finances of the RSA operates under the constitutional and legislative framework called, PFMA and PFM. It is the responsibility of all elected representative of the South African Government be it in national, provincial or local to ensure that adherence to PFMA is not compromised. Public Financial Management Act serves as benchmark to procure good and services of all government institutions, therefore its compliance must be achieved at all cost. Furthermore, it looks at other financial control measures and mechanisms like SCOPA and parliamentary finance committee, Chapter 9 Institutions like Auditor-General of South Africa, PP and the role played by Minister of Finance. All the prior mentioned institutions are mandated to ensure transparency and public accountability of office bearers on how public purse has been utilized.

Chapter 3: This chapter presents the conceptual theoretical analysis of PFM literature both local and international including the most recent published journals and articles, the theory and development of Public Administration, public finance evolution, strategy and organizational culture and behaviour. The South African Government alignment to the statute and international accounting mechanisms**.**

Chapter 4: This chapter highlights the research methodology and data collection used in this study and elaborated on the methods and the researcher has intended to structure approach the research. SPSS was used to interpret and analyse the data. This was done by applying statistical techniques to study different variables in the research like correlation coefficient PFM was correlated to PFMA. Bar graphs distribution was used to check levels of respondents in gender and in Likert scale format questions, ratio scale in terms of the age distribution of respondents. Pie graphs to check percentages and relative sizes of components between variables. Frequency table or bivariate tables test behavioural patterns of respondents. Chi-square(x2) statistic used to test the relationship between two categorical nominal variables, which was compared to standard deviation, it was also used to measure dispersion or variation in a set of scores calculated by means of square root (Blanche et al., 2006).

Chapter 5 presents the research findings and highlights how the study will look upon the findings that have been collected from all respondents. The findings of the previous studies in relation to the findings of the current study. The extent of the reforms and the gaps that exist between these findings.

Chapter 6 presents and interprets the result of the study. This section will tabulate the outcomes by advancing appropriate and concrete evidence received from the study with regards to corporate governance matters, Public Financial Management, Public Financial Management Act and public finance administration.

Chapter 7 provides an overall conclusion to the whole study, determining whether the research questions were reached, stating limitations and providing recommendations for future research to be done in this field with regard to the South African Public Service.

1.12 Conclusion

The South African Public Service has taken dramatic transformation since the dawn of new dispensation and democratisation of South Africa since 1994. Transformation is a continuous process so has it been with the public service of South Africa up to the period when the study was conducted. At the epicentre of the transformation of South African Public Service is the PFM and PFMA which its fundamental task and obligation are to manage and safeguard the public resources and the public purse. South African citizens like all other citizens globally are entitled to quality service delivery and continuously improving service, therefore the principles of good governance must be adhered to if desired outcomes are to be met. The sound and good governance require the service of a dynamic and skilful workforce, the management with outstanding dexterity and expertise to manage the challenges and problems with conviction, and distinction within the organization, so as to achieve organizational outcomes and goals. The senior management team (SMT) and employees must therefore explicitly understand the environment from where they are operating to overcome risks and threats which may jeopardise their operations in the governmental institutions, business or organizations.

The failure to understand the environmental challenges and problem give rise to negative connotations and repercussions to the mission and vision of the organization by hampering the organizational performance. The negative implications of environmental risks and threats include financial format, political and socio-economic outlook. It is important to highlight that managers with depth and abundance of knowledge become pillar and cornerstone for organizational survival, renewal, and performance. The management with necessary and adequate skills and traits will ensure that the legislative and statutory framework like the Public Finance Management Act is executed to the latter without fail. The state at which the South African Public Service is at, is a result of complete failure to adhere to or comply with PFM, PFMA and good governance principles. The PFMA of 1996 of South Africa was created to instil corporate governance culture whereby managers odd to manage so as to improve financial performance, secondly to hold management accountable for utilization of public funds/resources when providing a service to the citizens. The following chapter will give the Constitutional Framework of the RSA and PFM mechanisms, control measures and operations.

Chapter 2: The Public Financial Management Operations under the Constitutional Framework of the Republic of SA

2.1 Introduction

In Chapter one, background to the study, purpose of the study, problems associated with the study’s objective, research design, research and important concepts were clarified. However, this chapter discussed the literature review on legislative framework of Public Financial Management Operations (PFMO) under the Constitutional Framework of the RSA.

Generally speaking, the field of finance is broad and dynamic. It directly affects the lives of every person and every organization globally. Finance and economics cannot be separated as they are closely related to each other. In the public sector, economics involves the study of public finance, government policies and its role in the industrial sector of the economy (Flynn, 2012). Financial managers and executive managers must be able to understand and use the economic theories as guidelines for efficient and effective financial management (Nica, 2013). This is in accordance with (Gitman et al., 2015) views who stated that financial managers must understand the economic framework and be alert to the consequences of varying levels of economic activities and changes in economic goals.

The SA Government has a constitutional to mandate to fulfil is to ensure that the implementation of the PFMA in all government institutions is complied with, and appropriately executed without fail. Prior 1994 SA democratic dispensation the Public Financial Management Operations (PFMO) within Apartheid regime had insurmountable challenges, ranging from embezzlement and squandering of public funds, transparency and accountability were non-existent, failure to comply with financial legislation like PFMA and high levels of fraud and corruption. The Apartheid regime had no audacity, legitimacy and acceptance as it was not voted by all South Africans, therefore, it was not a representative and democratic government. As most of the financial policies (pre-1994) were ushered by the Exchequer Act, the introduction of the PFMA No 1 of 1999, and amended by Act 29 of 1999, increased the frustration and challenges of compliance by public institutions and government departments. These challenges and frustrations hovered over officials who served the old system (pre-1994) and bridged over to the new democratic system. Public Financial Management systems under the Apartheid was seen as unworkable systems because of its in competencies in financial auditing, recording and accounting practices.

The envisaged challenges to address the inefficiencies and in competencies of the past caused a lot of frustrations, stress and anxiety and unprecedented failures of compliance by many government institutions, departments and employees. There was an insatiable need to implement a New Public Financial Management (NPFM) and Integrated Financial Management Information Systems (IFMIS) to improve and accelerate processes and systems to service all South Africans regardless of their racial status. This summary or glimpse given provides alternative view-point to the reader to have in-depth perceive analysis on how SA public service and public monetary systems operated within Apartheid regime before political dispensation of 1994 and the way it has evolved to satisfy the modern monetary restrictive systems, and legislative framework in order that whoever reads this document might have a vivid image of SA's constitutional founded institutions. South Africa is a constitutional democracy i.e. Constitution is the supreme law of the country (Constitution of the Republic of SA Act, No. 108 of 1996).

The PFM in this research is the case study, which will be taking into cognisance the impact (PFMA has in handling the public revenue in the RSA with special reference to DPWs. The PFMA was crafted to promote and enhance the objectives of sound public financial management. This was to take place under the auspices of service delivery maximization through effective and efficient utilization of limited public funds. Public Financial Management Act must continuously ensure that modernization and improvements are implemented in PFM to safeguard that the Senior Management Team (SMT) manages the operations with distinction, be held accountable by completely eradicating fraud, corruption and wasteful expenditure in the public service. The research focuses on the DPW in KwaZulu-Natal, Durban, and SA. The DPW as a department and an organization, its mandate is to perform constructional work of building state institutions like schools, clinics hospitals, refurbishment and revamping of the state buildings to accommodate and benefit the citizens of SA.

Department of Public Work is governmental institution, which needs to have all elements of an organization. Organizations throughout the globe they tend to have common elements like organogram, environment, vision, mission, culture and the organizational mechanisms of handling public/private finances like accounting and auditing called Financial Management (FM) (Narayanaswamy, 2017). Financial statement tell the organizational story in numbers, how government institutions, businesses and non-profit organizations draw financial statements to check income and expenditure (Narayanaswamy, 2017). Financial Management, which is defined as the legal and administrative system and procedures, put in place to permit government ministries and agencies to conduct their activities to ensure correct usage of public funds meeting defined standards of probity, regularity, efficiency and effectiveness (Martin, 2016). Financial management includes the revenue, the management and control of public expenditure, financial reporting, reporting, cash management and asset management (Chan, 2006, Allen and Tommasi, 2001).

The correct utilization of internal control measures and practices are seen as the panacea to solve a lot of challenges and weaknesses in organizations that had previously neglected them (Habbash and Alghamdi, 2017, Rahim et al., 2017). The fiscal legal framework is instituted in any organization to reduce the possibilities of creating conducive environment to accumulate illegal debt, many governments worldwide have adopted the framework; however, there is no enforcement and commitment to its implementation (Zharku, 2018). For instance, in the study conducted in Italy between (1999-2000, firstly fiscal rules were fixed and deficit was low. It was affirmed by the researcher that relaxation of fiscal regulations increased the deficit and tax collection became lowered (Troiano, 2017). Similarly, this research looks at some of this sort of conceptual framework.

2.2 Theoretical Perspective of Public Financial Management Literature

Public Administration is multidisciplinary in its approach. Its approach is formed of, among others, governance, management, leadership, public policy, human resources and public finance. The latter is the most important because it supports the government's vision of achieving its goals, because public finance is that the cornerstone of service delivery. This is because once the budget is compiled and distributed with efficiency to agencies, departments are expected to confirm that strategic designing, monetary designing and management, auditing, debt management, revenue management and expenditure management are central in managing public finances. Radelet (2015) and Radelet and Sachs (1998) suggest that in most developing countries in Africa, Public Financial Management is very weak and this promotes highly levels of rent-seeking behavioural patterns and corruption. In the article 'Merging Africa' has echoed significant improvements in PFM and macroeconomic performances in Africa after 1990s (Radelet and Sachs, 1998). Prior to this transformational historical epoch, Africa was faced with high budget deficits, national bankruptcy, escalating debt-burdens, thriving illegal black markets and ever-increasing levels of poverty (Sachs et al., 2004, Radelet, 2015, Gurría, 2011). The reviewed literature brought up conceptual framework clarifications that provided coherent and systematic operationalization in the research. The rationale of the theoretical review was to gain familiarization that can provide the differences or similarities on related concepts between the existing theories and the findings from collected data.

The study will be using both local and international literature available to back the theoretical and conceptual frameworks. In local literature, focus will be on the Public Audit (Act, No. 25 of 2004, (Public Service Amendment Act, No. 30 of. 2007) which stipulate audit procedures and methods followed in public entities in SA public sector. Finally, the study will exhibit what needs to be done or followed to ameliorate the challenges. During the 21st century the initiatives of transparency and accountability by various countries worldwide has gained momentum in corporate governance, democratisation and developmental aid (Gaventa and McGee, 2013). Organizations must therefore ensure that Transparency, Accountability Initiatives (TAIs) are in place to achieve to good governance (Carlitz, 2013).

According to Abdullah and Abdul Rahman (2015) and Nordin et al. (2012), transparency and openness are the pillars of PFM and governing system. Nordin et al. (2012) emphasized that Transparency Initiatives (TI) are indispensable elements or ingredients to deal with corruption, fraud and corrupt behavioural patterns. The responsible government that is accountable to its citizens needs to be transparent and open when dealing with financial matters like budgeting and public expenditure in order to build trust and accountability (Gurría, 2011, Gurria, 2016, Carloni, 2018). Public and civic organizations should be encouraged to participate in auditing the government income and expenditure statements (Organization of Economic Cooperation and Development (OECD), 2017). The Organization of Economic Cooperation and Development Secretary-General (Gurria, 2017) furthermore advocate that the government have to apply the principles of justice and accountability. The citizen’s participation through government transparency levels in budget policy formulation and implementation will measure and determine whether the government is good or not. This must not be based primarily upon analysing and processing information at the citizen’s disposal, participation is paramount (Gaventa and McGee, 2013). International Monetary Fund, (2008) in its document “Code of Good Practice” it set out clear principles what it meant by fiscal management and transparency.

The principles outline clear the guidelines, the responsibility and role that must be applied by government in implementation of PFM, these include participation, inclusion, transparency and accountability (International Monetary Fund (IMF), 2008, (Carothers and Brechenmacher, 2014). The journal further gives the benefits brought by appropriate execution of transparency, the outcomes are exceptional good, and sound corporate governance is achieved which has a positive bearing of dropping the levels of corruption within the public service. International Monetary Fund further emphasised the important role played by Non-Governmental Organizations (NGOs) and Community Based Organizations (CBOs) in developed economies concerning budget planning, execution, monitoring and evaluation. Third world economies must be encouraged to emulate better practices of the first world economies (IMF, 2008). Wakiriba et al. (2014) have established how the control measures on financial management in Kenya were achieved. Kenya's Government had introduced an explicit internal control mechanisms categorized by distinct roles of management concerning managerial commitment and supervision (Wakiriba et al., 2014). Financial resources are indispensable resources to any organization, so the survival of any organization depends on how that resource is handled; therefore, budget transparency becomes the pillar and apex priority of sound governance in any organization (Carlitz, 2013). Financial control is to safeguard and provide an accounting framework for the better management of all resources of the organizations (Allis, 2004, Ellis et al., 2013). Information Financial Management Systems (IFMS) provides information technology, which provides easy access to financial information of budgets past, and present. According to Simson et al. (2011), there is a big gap between theory and practice in the implementation of PFM, especially amongst developing countries like South Africa, where lack of leadership was identified, coupled with dishonesty, lack of professionalism, ineffective human resource management, fraud and risk management (Dzomira, 2015). Problems and challenges experienced by those who are supposed to implement PFM emanate from the incapacity of employees, lack of technological expertise, economic and political realities in government financial operation systems (Ajam and Fourie, 2014, Tsheletsane and Fourie, 2014, Enu-Kwesi, 2018).

Theories in recent literature offer a wide range of information on PFM strategic reforms like prioritising, and preconditions needed to make the programme a success. Kioko et al. (2011) stated that the lifeblood of any public organization is its financial resources and how these public financial resources are utilised. Wenher and de Renzio (2013) emphasized that in developing countries like SA, legislatures are adopting budget activism. There is budget cycle procedure that must be followed, which include budget preparation, budget implementation, accounting and reporting, and lastly external oversight role by Minister of Finance and Legislative Assembly (Ajam and Mkhize, 2006, Ajam, 2008, Ajam, 2014). For the governments to ensure that accountability and sound governance is achieved, they must establish National Audit Committees and a Public Accounts Committee (PAC). The PAC is seen as a democratic parliamentary mechanism or infrastructure tasked with the responsibility of ensuring that government accounts for all its policies and actions are utilized for public resources (Hoque, 2015). Chirwa and Nijzink (2013) stress the importance of democratic institutions which would make the government to account and these institutions to be accountable as well i.e. national prosecuting authority, judiciary, political parties and human rights commissions. When SA transformed from an authoritarian state into a democratic dispensation, it had to establish institutions supporting democracy (ISDs) like PFMA (Notshulwana and Lebakeng, 2019), Republic of SA's Constitution, Section (RASCS), 1996).

Simson et al. (2011) suggested that strong PFM in developing economies be strengthened to improve service delivery to the citizens and capacitate communities to have a better understanding of how public finances are managed; furthermore, they encourage and prioritise community participation. The Manilla Consensus Journal emphasized that PFM must be improved through credible reform processes which will benefit all stakeholders, and that a lot needs to be improved by the developing countries with regards to economic management or governance (Achua, 2011). Oxford Policy Management provides capacity building to government requiring design frameworks and assistance in implementation of Public Financial Management Policies (PFMP) (Prest, 1985). Oxford Policy Management (OPM) has a success story having operated in more than 90 countries worldwide including SA providing institutional reforms in National Treasury like budget planning, monitoring and evaluations mechanisms like strengthening accounting and audit systems. Public Financial Management Reform Strategy for Government of the Republic of Zambia (2013-2015). The Zambian and Ethiopian Governments have introduced Public Expenditure and Financial Accountability (PEFA), which has made the public service to undergo a processes of reform to improve budgeting, planning and execution, procurements procedures, debt management, accounting and reporting, monitoring systems and evaluation methods (Warsame and Ireri, 2017).

According to Newberry (2002), Financial Management Systems and government reforms must follow theoretical coherence and consistency. This is an important phenomenon when dealing with NPFM reforms, which are viewed as mechanism to improve public performance (Newberry, 2002). Similarly, a study conducted by Cangiano et al. (2013) assessed whether the medium-term budgetary framework, fiscal policies, rules and fiscal councils, performance budgeting and new techniques on fiscal risk management reforms had been able to change the mind-set of governments to make a paradigm shift on how PFM is viewed (Cangiano et al., 2013). The conceptual notion in NPFM encompasses introduced reforms in organizational procedures, systems and legal framework for effective utilization of public financial resources (De Vries and Nemec, 2013, Denhardt and Denhardt, 2000). The purpose of Public Sector Financial Management is to promote accountability in decision-making, public service that is efficient and responsive, scrutinised processes concerning budgetary issues and democratic principles (Denhardt and Denhardt, 2015). The declining of resources in the public sector versus the continuous rising needs and expectations of society has ignited interest on performance management and its effectiveness (Kroll, 2012, Van Dooren et al., 2015). Accountability of government to the parliament is the constitutional requirement in New Zealand. Deakins and Dillon (2002) and Mulgan (2004) emphasized that it is indispensable to improve the management of scarce financial resources. Efficient and effective usage in shrinking budgets and rising public expectations of the citizens is a critical phenomenon, which must be met by Public Financial Management at all cost (Cangiano et al., 2013, Bednarska-Olejniczak and Olejniczak, 2017). On other hand Carson et al. (2012) suggested that corruption in the public sector hampers efficiency in public institutions as it increases unauthorised and wasteful public transactions. Furthermore, the study emphasized the strengthening of International Organization of Supreme Audit Institutions (INTOSAI) and Capacity Building Committee (CBC), which will strive for continuous improvement through collaboration, cooperation of knowledge development and sharing (Makwetu, 2017). Therefore, integrity is essential for building institutions resistant to corruption, lobbying, financing democracy, public procurement, whistle blower, accountable governance (Ambe, 2016). Domokos et al. (2016) emphasized that there shall be no well-operated state or well-governed country without transparency.

The democratic state must be accountable, and that is enforceable by the citizen awareness to demand the right to know, as how their money is utilized by those who are entrusted with such a responsibility (Jakovác et al., 2016, Horvath and Vaško, 2016). Furthermore, Gherai et al. (2016) recommends the following: the legal instruments for corruption prevention in the public domain must be formulated, a code of conduct amongst public officials, that government apply Information Computer Technology (ICT), transparency, integrity in employees in PFM execution, effective implementation of accounting mechanisms, compliance and review. (Bird and de Jantscher, 1992) in the United States Agency of International Development (USAID, 2013) emphasized that sound application of PFM requires an implementation team with management information systems (MIS) involving a project manager, a public financial economist, a qualified accountant, an IT expert and a logistics expert (Chignell, 2017). The issue of good governance plays a pivotal role in the management of the country's social and economic resources. Furthermore, it determines the level of democratic maturity of a state, and the World Bank sees it as prerequisite for the effectiveness of the government (Pelizzo and Stapenhurst, 2013, Santiso, 2013). Therefore, developing countries need to embark upon transformational improvements on democracy, and to have political power envisage the desired changes in order to qualify for aid by the World Bank (Santiso, 2013). Government auditing plays a critical role in curbing corruption within the public service and the utilization of public resources; there's close a relationship between governmental institutions of auditing and corruption control (Ionescu, 2014)

The Public Finance Management Act (PFMA) (Act 29 of 1999) is an act that was passed by South Africa's National Assembly, with the main aim of safeguarding the appropriate utilization of financial and fiscal resources within the public service of the Republic of South Africa. Furthermore, PFMA has to ensure that financial resources abuse by fraudulent authorities and employees is eliminated. PFMA promotes fiscal discipline and, is designated to watch, and safeguard financial management operations within the provincial governments and national government. According to PFMA, Act 29 of 1999, this piece of legislation is designed to "ensure that all revenue, expenditure, assets and liabilities of the government are managed efficiently and effectively; it also serves to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith". The Public Financial Management Act of India (2012) promotes the Public Financial Management System (PFMS), which in the past was known as Central Plan Schemes Monitoring System (CPSMS) that has to ensure that the notion of fiscal discipline in budget planning and execution, accounting, monitoring, reporting and reconciliation is implemented (Gupta and Sikarwar, 2013). The Public Service of India were to be trained, and be developed to use Information Computer Technology (ICT) under the launched Public Financial Management System (PFMS) (Sikarwar, 2016). The departments and Central Ministers were expected to rollout the completed PFMS programme and integrate their applications and systems within the PFMS by October 2016 and other institutions by March 2016 (Ansari et al., 1997).

2.2.1. The Theories of the State

2.2.2. The Dual-State Authority Theory

The characteristic of a dual authority is that it is deeply divided into bi-communal or multi-communal polities. The political authority is divided between the sovereign political centre of the common polity on one side, and the institutionalized or semi-institutionalized political centres of the constituent communities on the other side (Harowitz, 1982). This means that it is unlike cohesive nation-states, two polities are deeply divided along linguistic lines or ethno-national religious which seems to characterized a by non-congruent societal and political boundaries that reflect a conflict between two principles of "national" affiliation-'"national" in the sense of "nationality" and "national" in the sense of "nationalism."' (Fraenkel & Meierherich, 2018),

The territorial boundaries of government borders and the criteria for citizenship are clearly distinguished between those citizens belonging to a polity and those communities who do not (Sakwa, 2010). Communal affiliation in contrast, is at least in part voluntary and permits different levels of relationship to the system, any degree or level of which may be accepted as a criterion for membership in the society (Shils, 1968). The duality of national authority and identity structure and the non-congruent boundaries of government and society relate to the fundamental conceptual problems of political sociology and political science (Siarini, 1983). In the midst of dual authority and inconsistences of collective identity, notions such as "the political system," "sovereignty," and "political legitimation" in their conventional explanation lose much of the explanatory power, whilst prevalent issues such as the level of autonomy of politics gain a new significant position (Shils, Edith and Kaul, 1941). Therefore an attempt to a fresh conceptualization may deem necessary as a promising point of departure for an analysis-oriented towards theory building and for establishment in formulation of empirically testable hypotheses (Sabine, 1999).

According to (Fraenkel and Meierherich, 2018), the dual-state authority is a political system which has a divided society into a system of government comprising of at least two population groupings possessing primordial communal identities that determine their respective political aspirations. By definition the dual-state has the following characteristics (Fraenkel & Meierherich, 2018):

- The non-congruent boundaries of community and state (a systemic dimension).
- The separation of community and communal affiliations as determinants of national identity (an individual dimension).
- The coexistence of a community-exclusive authority structure and a shared "inclusive" state system (an institutional dimension).
- The divergent political aspirations (a value-orientation dimension). In conventional political analysis the state system is treated as "the political system" and the communal systems of authority as subsystems.

The biggest challenge with such an approach in its prevalent context is that it tends to overlook the origins of the duality of the system structure. This shortcoming and discrepancy is relevant to actual political analysis, since in the dual-state authority systems political conflict and tensions stems from the very structure of a system that provides for a divergence of societal interests and aspirations within one state (Monghan, 2012). The abandonment of the conventional political science approach, which assumes state supremacy, would require a departure from a one-dimensional definition of the boundaries of "the political system" as citizenship in a territorially based state system (Shils, Edith and Kaul, 1941). The departure from such is consistent with the proposition that the legitimacy of the state authority originated, at least in part, from attachment to fundamental societal values and symbols of authority that in multi-community systems are rooted in communal cultures (Fraenkel and Meierherich, 2018).

Therefore, the conventional approach cannot define the phenomenon of differential attachment to the system as exemplified by various cases of institutionalized discrimination against one society and by cases of partial attachment, such as an active involvement of the diaspora in the policies of the society. As a result of these limitations, one would suggest that the point of departure for the development of an alternative conceptual framework (Shils, 1941).

Horowitz (1982) "authority centre." The concept of the centre as a focus of institutional and charismatic authority was introduced into the discourse of the social sciences by Edward Shils in his studies on political development. It offered with instrumental opportunity to analyse the politics of developing communities and non-sovereign political systems that had not yet gained the status of full-fledged polities. Shils based his model on the distinction between "centre" and "periphery." According to (Sabine, 1941), this concept, a centre possesses both institutional and symbolic explanation. Therefore, serves as a basis of inspiration and as a focus of commitment and authority for the population attached to it. The periphery, on the other side, comprises those sectors of society that are involuntarily or voluntarily subject to the centre's power of authority but however do not actually shape the society's characteristics or actively participate in the society's authoritative political institution, namely, the state (Fraenkel, 1941). In this context, affiliation to the community is defined in terms of attachment to a common centre as a focus of authoritative power (Sabine, 1941). This attachment has two dimensions: in its active form it involves participation in, or at least identification with, the centre of communal authority; in its passive form it implies responsiveness to the centre's authority or at least compliance with it (Horowitz, 1982).

2.2.3. Public Choice Theory

The public choice theory has been in existence over a period of 40 years and it is continuously developing, largely it forms the basis of economic reasoning and mindset which is supposedly characterized by explicit assumptions and deductive rigor (Wagner, 1998). Public choice emphasized that planning and co-ordination are imperative to achieve good performance in local government systems. However public choice theory also provides a sharply contrasting version that efficiency and responsiveness are advanced by local government structures focusing on markets and competition (Gwartney, et.al. 2001). Regardless of the empirical validity of such argumentative discussions the public choice perspective expands the debate on reorganization (Gwartney and Lawson, 2001). Public choice theory does not only focuses on fragmentation but also on concentration, or the 'market share' of each sphere and unit (Rittberger, Volker and Wagner, 2001)

There are unrealistic assumptions which seem to suggest that public choice models are based on an allegation that human behavior is primarily selfish rather than altruistic (Gwartney and Lawson, 2001). As According to (Gwartney and Wagner, 1998) suggests that economists have continuously used the self-interest postulate to develop theories which advance the understanding of how markets work. Public choice represents an extension of this postulate to politics since there is no evidence that entrance into a voting booth or participation in the political process causes a personality transformation, there is sound reason to believe that the motivation of participants in the market and political process is similar (Heckelman, 2004).

Therefore, if political behavior is strongly motivated by greed, selfishness than selflessness, public choice models are likely to meet with some empirical success (Stringham, 2012). The empirical tests provide evidence for both, and against public choice theory, so it is premature to dismiss its practical validity (Boyne, 1998). Public choice theory suggests that local government structures perform at utmost best when there is horizontal and vertical and fragmentation, and when market shares are evenly distributed rather than being concentrated in a single sphere or in a few large units within a sphere (Gillette, 1998).

2.2.4. Principal Agent Theory

The models of principal-agent form the fundamental basis for an extensive set of studies and discussions relating bureaucracy to political elected officials (Lane 2006). Despite the abundance of research material, there has been insufficient attempt to test the fundamental assumptions of the principal-agent model (Box 1999). Two assumptions has been made by the model, firstly, is that there is a goal oriented conflict exists between principals and agents, and that agents possess more information than their counterparts i.e. principals, resulting in an information asymmetry between them (White 1954; Waterman and Meier, 1998). On the other side of the goal conflict principals may have information; agents do not have at their disposal. In this scenario politicians will dominate any relationship with bureaucratic institutions because politicians possess both authentic legitimacy and technical expertise and knowledge (Malmir, et. al. 2014). As a result of that situation especially in less-developed countries, political-bureaucratic relationships in patronage systems developed, these characteristics developed because, bureaucrats were not perceived to have any special technical knowledge (White 1954). The bureaucratic institutions have no choice but to serves as personal staff for the politicians because principals have an information advantage. Bureaucratic resistance will be limited to the rigid carrying out of policies, that is, administration by rule book (Mahmoud, 1999; Abu-Tapanjeh, 2009).

However in some instances principal-agent models are derived from disciplines such as law, finance, accounting, and economics (Ross 1973; Donaldson, 1990). The principal agent model, has applied in such disciplines as sociology, political science, and public administration, is in essence a theory about contractual relationships between buyers and sellers (Ross 1973; Donaldson, 1990; Pratt and Zeckhauser 1985). These prior mentioned disciplines have become the basis for an extensive set of studies relating bureaucracy to elected officials (Mitnick, 1973; 2015). Such models also have been extended to presidents' decisions to use force (Downs and

Rocke 1994) and to the Supreme Court and its relationship to lower courts (Songer, Segal and Cameron 1994).

2.2.5. State Autonomy Theory

The societal-centered theorists consider the social formation the primary and starting point of inquiry in understanding what the State is (Perera, 1992; 2001; Nyamori and Lawrence 2001). Marx observes that "forms of state are to be grasped neither from themselves...but rather have their roots in the material conditions of life...", and that "the anatomy of civil society is to be sought in political economy (Marx, 1859). Engels observes "the state is therefore by no means a power forced on society from without...rather it is a product of society at a certain stage of development …this power, arisen out of society, but placing itself above it...it the state". Marx and Engels (1859) (and for neo-Marxists), the state serve as an extension of civil society, a mechanism or tool that reproduces the normative social order or hierarchy so that particular, not general, interests are protected and advanced. According to (Marx and Engels, 1859) (and to neo-Marxists) the "state and its bureaucratic organization constitute 'parasitic' entities" (Held 1989; 2013). In a capitalist society, no matter what level of economic development and what form of state, the particular interests are those of owning capitalist class. The state assures the maintenance of the necessary "general conditions for the reproduction of the wage labor/capital relation which is the heart of bourgeois societies" (Munck, 1984:206), Echoing Marx's dictum, Zeitlin observes "the political form of the bourgeois state, either democratic or authoritarian, is the relatively contingent historical product of specific social struggles between classes and class segments...in determinate circumstances" (Held. 1981:14). Weber argued, "Are compulsory associations claiming control over territories and the people over them" (Skocpol 1985:7).

The state autonomy theorists have strong believe that the state is an entity that is impervious to external social and economic influence, and has interests of its own (Burt, 1980; Domhoff, 1991). Adam Smith (1976) in the Wealth of the Nations suggested that it was important to protect and insulate the state from being influenced by the business (Skocpol and Rueschemeyer, 1985). In the absence of state autonomy, the state policy will be infiltrated by corruption emanating from business and merchants and thus result into the complete neglect of society (Smith, 1976). Schumpeter (1950) argued that safeguarding certain government functions and operations was indispensable for successful democracy. The government without autonomy has obligation to someone else (Skocpol, 1885; DeCanio, 2000). Ianoni 2009) “argues that if the state, as an expression and part of a pact of domination, operates as a corporate actor with relative autonomy, vision and capacity to promote the development, it is a key institution to the economic transformation.” Poulantzas (1968) introduces the theoretical reflection on the autonomy of the state (ATOS). He explains the government for its order, cohesion function, and organization principle of the various hierarchies of a social formation (Ianoni, 2013). The state cohesions, and the set of levels of a complex social unit and also regulates the overall balance of the system (Poulantz, 1968). The (ATOS) are very strong in democratic capitalism and they show credible balance in content both in state-centred and society-centred, the scenario fits well within the SA context, as the country practised democratic capitalism (Jessop, 1990).

There have been external challenges to state autonomy emanating from globalization, supranational regimes, and conflicts amongst various nations (DeCanio, 2000). The advanced democratic states are not insulated from autonomous challenges; they have experienced a lot of threats from within, especially from powerful private interest groups (Becket, 1983; Nordlinger, 1981). The high levels of private-interest to influence on policy making, is paramount to corporate lobbyists to gain advantage (Berry, 1999).

2.2.6. Local State Theory

Melese, Blandin, and O‟Keefe, (2004) has suggested that previous research conducted has shown that public sector organizations global are faced with myriad challenges and problems which relates to public service performances and outcomes. Firstly, there is dire the need to improve organizational efficiency and cost management, secondly, there is an urgent need to improve organizational effectiveness by strategically linking resource inputs with outputs, Lastly, the need to improve organizational accountability whereby budgets are linked with performance (Melese, Blandin, and O‟Keefe, 2004). The mammoth changes in the role of the state in local economic governance in the last two decades has taken place, including partnerships and production networks, the reorganizing of welfare and community, state fragmentation and quangoisation, and the role of private sector (Bardhan and Mookherjee 2000). Hinds, Sanchez, and Schap (2004) defined he quangos as quasi-governmental organizations which may constitute private or public bodies. “Quangos spend public money to fulfil a public task, but with some degree of independence from elected representatives” (Flinders, 1999a: 4). The local state is theoretical looked upon as a periodical threshold in the social relations of a civil society and encompassed with a variety of contradiction (Bailey, 1999). The disagreements in local economic initiatives between the self-determination of the state and its regular routine to serve particular interests, and between its universal and partial aspects become visible (Bennett 1990; McMichael 1996). Local economic initiatives (LEIs) occurrences are highlighted by inexplicit and weak theorisations of the state (Palmgreen and Clarke, 1977). The growth of LEIs throughout the developed capitalist countries over the last twenty years involves significant changes in the roles of national, provincial and local governments, not only in the economic sector but in social regulation more widely (Bradbury, and Stephenson, 2003). LEIs have also been central to changes in the relation between provincial and local (henceforth 'local') governments and civil society, and to the 'quangoisation' of the local state (Dede, 2019). Discussion of LEIs has drawn on greater discussions around the 'hollowing out' of the nation state, changing operational methods of corporate governance, and the putative emergence of an 'entrepreneurial', 'enabling' or 'networking' state (Dede, 2019). But these notions have largely been deployed in a descriptive register. In particular, a number of fundamental issues concerning LEIs within the state have not been tackled adequately (Boisier, 1982; Duncan and Goodwin, 1988). Marxist theory of the state explores state formation and political strategy in LEIs. While explicit theorisation has mostly been absent, the literature on LEIs contains two broad, and contrary, sets of implicit assumptions about the state (Eisenschitz and Gough1998).The first emphasises the strength of global flows, and is sceptical about the ability of local states to achieve significant autonomy from these flows (Duncan and Goodwin, 1988).

The study conducted by (Pretorius and Pretorius, 2009; Bekker, 2009; ACCA, 2010) have demonstrated that a strong public financial management is an indispensable tool needed in improving the quality of public service results, because it affects how funding is utilised to address national, provincial and local priorities, the availability of resources for cost-effectiveness and investment of public sector services. The Association of Certified Chartered Accountants (ACCA) (2010) study highlighted that the general society is more likely to have a greater confidence and trust in public sector organizations if financial control mechanisms in accountability, transparency and financial stewardship in the use of public funds are extremely strong (Oseifuah, 2013)

2.2.7. Marxist Theory of the State

The Marxist theory of the state approach focuses around the state as a social relation in which the state is not supposed to serve 'the needs of capital', even at the highest degree of abstraction, does not guarantee social reproduction, and cannot be viewed as an object open to be captured by a particular class (Block, 1984). Rather, the state embodies the social relations of capitalist property, capital accumulation and exploitation (Clarke, 1991b; Bonefeld, 1993). These relations are not merely conflictual (as radical pluralists point out) but contradictory, that is, their reproduction tends systematically to disrupt them (Block, 1984). The state often modifies the form of these disruptions, but cannot overcome those (Bridges, 1974). As the capital, is facing inevitable, ever-continuous challenges, and chronic dilemmas, so does state action of using public resources and powers to alleviate economic positions of economic groupings. (Corrigan, 1980; Stigler, 1971).

One consequential result of this conflict is the instability and variety of both, of the institutional forms of the state and of its strategic implementation, as these prior mentioned state formations, responds to these ever-present and continuous contradictions developed within specific territorial jurisdictions and historical paths (Miliband, 1978; Hay, 1999; Barrow, 2008). The main structure of the state is the capital-labour relationships, which comprises of subordination of labour workforce to capital and creative, and active role for labour; these are both in conflict, and mutually genuine and dependent contradictions (Friedman, 1977). Therefore, class relations are established through varied combinations of incorporation and coercion, and the state is injected by this tension (McKinnon. 1989). It is not that the state has conflicting and distinct functions of aiding sustaining legitimation and accumulation (Clark and Dear, 1984; Johnston, 1989), but rather that these state elements mentioned above are mutually aligned to support each other, yet they pose contrary sides of the class relationship, which reflects the developmental progression of the production forces and the divisive domination of capital (Maravall 1979). The latter contradiction is viewed also in the conflict between the increasing socialisation, and cooperative social relationships of production and exploitation, and the private accumulation, appropriation and complete control of surplus value (Maravall 1979). These two elements of social relationships are mutually dependent; firstly, the investments which happen to develop the socialisation of production receive funding from private profit; whereas the profits which then flow to individual companies are produced through the means of social cooperation (Clarke, 1977). Yet the two sides are opposing each other. The efficient production often needs the overriding of private decision making (Avineri, 1968). This scenario presents ample opportunity and freedom to accumulate across spatial barriers or across sectorial is paramount for the self-expansion and development of capital, yet the surplus value which spearhead this process is produced by sector ally and territorially embedded capital

(Clarke, 1991b; Bonefeld, 1993). Socialisation is shown in attempts by capital collectively, individually, or through the state interventions, by overriding vested interests in order to take account of wider economic, social and political costs that tends to interfere with its expanded reproduction (Clarke, 1991b; Bonefeld, 1993). These pressures for socialisation tend to develop with ever-increasing production's sophistication.

The political power privatisation is inherent and common in capitalism; this is whereby the subordination of workforce fundamentally takes place through the labour market systems and within production, allows the state autonomy from the ruling class to continue in an unprecedented way in class societies to flourish (Wood, 1995). Furthermore, the organisation's socialisation of production is achieved at utmost best by a state with powerful autonomy from civil society organizations and its vested interests, so that it can best regulate relations between capitals, between labour and capital, and between sections of labour (Clark and Dear, 1981). The autonomy of the state can at best help to protect the reproduction of labour power from excessive exposure and abuse to the law of value. For labour-force, the autonomy of the state from particular capitalistic perspective enables it to reflect the 'common good' and gives great hope of emancipation and freedom, even if it obscures the basis of the social order in the partiality of capitalist property (Meszaros, 1969). Through its autonomy, the state then is seen to representing the universal perspective of capital (Meszaros, 1969). However there are limitations existing to this autonomy. The universalistic welfare maintenance may be expensive and insufficiently targeted to what capital thinks is required (Clarke, 1977). Companies and sections of the society seem to take the fundamental promise of universality in literally manner and produce demands which are in direct conflict with other private or personal interests (Solo, 1978). Furthermore, the actions of the state continuously move through an involvement with particular sections of civil society which in many instances tends to pull it to serve those interests, state is the agency of the ruling class (Clark and Dear, 1981). Therefore if the state continues to engage in the socialisation process of production too explicitly, its autonomy is undermined and the production of surplus value rendered too visible (Burawoy, 1931). These pressures have the power to make fragmentation to the actions and institutions of the state (Clark and Dear, 1981).

The direct responses to partial interests make for the compartmentalisation of solutions and localisation of problems which treat each problem or challenge in isolation, soluble by technical fixes (Solo, 1978). But this hides the intractability of the contradictions and the connections between problems and their sources because the state is the nexus of all economic choice and activity (Solo, 1978). The fragmented, hierarchal and structural divided state serves as a powerful source to distract or demobilize the working class, since it obscures the global interdependencies of capitalism and the linkages between accumulation and society (Das, 1996). But it also affects capital, since policy frameworks are quite often merely crafted to displace problems or alleviate symptoms, this is the explicit punishment for not addressing socialisation (Das, 1996). As capital fluctuate between partiality and universalism, so the state swerves between pragmatism and holism (Solo, 1978). Its self-determination may urge enormous commands by labour, yet the fiasco resulting from its structural fragmentation are a persistent fountain of discontentment which may develop further demands (Das, 1996). Thus the stability and equilibrium between the state's sovereignty and fragmentation is always volatile. The methods in which problems and predicaments are formulated as recognizable or connected, are a terrain of class struggle (Burawoy, 1931).

2.2.8. Stakeholder Theory

According to (Goodpaster, 1993) in Business Ethics and Stakeholder Analysis suggests that stakeholder came into existence in the beginning of the 1960s. It is a deliberate and intentional play on the term stockholder symbolizing that there are various parties involved, and who have a stake, and influence in the organization's decision-making of current publicly held organizations, in addition to those who are holding equity position in the corporation or organization (Goodpaster, 1993; Donaldson and Preston, 1995). Stakeholder theory begins with the allegation that values are pivotal and explicitly recipe of doing business (Gibson, 2000). It emphasised that managers must articulate and pronounce the shared sense of the value they create and brings its core value to stakeholders that's bind them together (Donaldson and Preston, 1995). It also enforces managers to be crystal clear about how they intend to do business (operations), specifically what kinds of relationships they want to pursue, and there is a need to create specific goals with their stakeholders to deliver on their purpose (Donaldson and Preston, 1995). Sundaram and Inkpen (2004) in article titled, "The Corporate Objective Revisited" by clarifying misconceptions about stakeholder theory and concluding that truth and freedom are best served by seeing business and ethics as connected The stakeholder in an organization can be described as any individual or group who can be affected or affect the organization to achieve its goals and objectives (Goodpaster, 1993). The stakeholder groups beside directors and shareholders are suppliers, employees, creditors, customers, governments, competitors, society and environment (Freeman, 1984). As a consequence to that, all these stakeholders own a stake in modern business organization, therefore that organization has a responsibility to these stakeholders and that it business activities have a moral responsibility, implications and duty for its stakeholders (Freeman, 1994).

Stakeholders are identified by the interests they have in the organization, whether the organization has any corresponding functional interest in them (Freeman, 1999; Savage et., al, 2010). All stakeholders' interests have intrinsic value (Savage, et. al. 2010; Freeman, 1999). That is, each member of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareholders (Savage, et. al, 2010)'. According to (Swanson, 1999; Orlitzky, and Swanson, 2002) normative theories/research concern why organizations should consider taking stakeholder interests into account, so as to assesses the effects of stake-holder management on achievement of corporate goals.

2.2.9. Agency Theory

Organization theory and business policy had been over a long period of time strongly influenced by agency theory, which depicts or see top management in the large modern organization or corporation as agents whose vested interests may diverge from those of their principals, the shareholders where both parties are utility maximizes (Jensen and Meckling, 1976; Morris., 1987). Agency theory argues that shareholder interests require protection by separation of incumbency of roles and responsibilities of board chair and Chief Executive Officer (Barney, 1990; Barney and Mackey, 2005). Agency theory argues that in the modern corporation, in which share ownership is widely held, managerial actions depart from those required to maximise shareholder returns (Berle and Means 1932; Pratt and Zeckhauser 1985). In agency theory terms, the owners of the organizations are principals and the managers are seen as agents and there is an agency loss which is the level at which returns to the residual claimants, the owners, fall below what they would be if the principals, the owners, exercised direct control of the corporation (Jensen and Meckling 1976; Fox and Hamilton 1994). Agency theory specifies mechanisms which reduce agency loss (Eisenhardt 1989). These mechanisms incorporate incentive or enticement schemes for managers which recompense them financially for maximising shareholder interests (Eisenhardt 1989). Such projects typically include plans whereby senior executives acquire shares, mostly at a marked-down price, thus enabling the coordination of the financial interests of executives with those of shareholders (Jensen and Meckling 1976). Other similar projects hook-up executive compensation and levels of benefits to shareholders returns and have part of executive allowance deferred to the future to recompense long-run value maximisation of the organization and impede short-run executive action which ruins corporate value (Schanze, 1987; Eisenhardt 1989).

Steinberg (2008) applies principal–agent theory to non-profit organizations and concludes that the presence of multiple principals with different objectives hinders the potential of agency theory to resolve questions of non-profit accountability. Therefore, a recommendation is to complement agency theory with other theoretical perspectives (Eisenhardt, 1989; Steinberg, 2008). In line with this view, argument is that a more comprehensive principal–agent theory of non-profit organizations can be established by combining agency theory with the insights of stakeholder theory, stewardship theory, and empirical literature on the governance and management of non-profit organizations. First, with the exception of (Steinberg, 2008), previous non-profit literature has focused almost exclusively on internal agency problems of non-profit organizations. However, non-profit organizations are usually also accountable to external stakeholders such as their donors and clients (Steinberg, 2008). Hill and Jones (1992) argue that these kinds of stakeholder relationships can also be modelled as principal–agent relationships. This line of thinking using a stakeholder perspective to identify the possible principals of a non-profit organization and to divide non-profit principal–agent relationships into different categories (Davis, Schoorman and Donaldson, 1997).

The current mind-set of strategic management and business policy has been swayed by agency theory causing a lot of fiascos (Crowther and Jatana, 2007). This holds a view that managers will not act accordingly to maximise the returns and profits to shareholders unless appropriate governance structures are formulated and implemented especially in the big corporation to safeguard the interests of shareholders (Jensen and Meckling 1976; Crowther and Jatana, 2007). The board of directors has paramount function to perform in this scenario, particularly in the relationship between the chairperson and the chief executive officer is vital (Tricker 1984). The interests of the shareholder will be safeguarded and protected in instances where the chairperson of the board is not occupied by the Chief Executive Officer or where the CEO has the similar interests and attributes as the shareholders through an appropriately and pertinent designed incentive based compensation plan (Williamson 1985). However such a view runs counter to other thought about strategic management, by holding a view that a more critical aspect for shareholder returns is a correctly crafted organisational structure which grants the CEO to take efficacious action (Tricker, 2000; Donaldson and Davis1991). There are contrasting viewpoints between incentive and the governance of the CEO and subject them to empirical tests and scrutiny (Donaldson and Davis1991).

2.2.10. Stewardship Theory

Stewardship theory suggests that shareholder interests are maximised by shared incumbency of these roles (Jensen and Meckling, 1976). Stewardship theory on other hand has been introduced in discourse narrative as a means of defining relationships based upon other behavioural premises (Donaldson and Davis, 1989, 1991). Stewardship theory defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals (Fox and Hamilton, 1994). Stewardship theory has its origin in psychology and sociology, and was designed for researchers to examine situations in which executives as stewards are motivated to act in the best interests of their principals (Donaldson and Davis, 1989, 1991). In stewardship theory, the model of man is fundamental based on a steward whose behaviour is ordered in such a manner that seems to follow pro-organizational collectivistic behaviours have higher utility than individualistic, self-serving behaviours (Lawler.1986, 1992; Muth and Donaldson, 1998). The given a choice between self-serving behaviour patterns and pro-organizational behaviour, a steward's behaviour will not change from the interests of her or his organization regardless of the circumstances (Chiles and McMackin, 1996). A steward will not substitute or trade self-serving behaviours for cooperative behaviours (Caers, et. al., 2006). Thus, even where the interests of the steward and the principal are not aligned, the steward places higher value on cooperation than defection (terms found in game theory) (Davis, et., al., 1997). Because the steward perceives greater utility in cooperative behaviour and behaves accordingly, his or her behaviour can be considered rational (Scandura and Schriesheim, 1994). According to stewardship theory, the behaviour of the steward is collective, because the steward seeks to attain the objectives of the organization (e.g., sales growth or profitability) (Donaldson and Davis, 1989, 1991).

Table 2-1: Comparison of Agency Theory and Stewardship Theory

	Agency Theory	Stewardship Theory
Model of Man	Economic man	Self-actualizing man
Behavior	Self-serving	Collective serving
Psychological Mechanisms		
Motivation	Lower order/economic needs (physiological, security, economic)	Higher order needs (growth, achievement, self-actualization)
	Extrinsic	Intrinsic
Social Comparison	Other managers	Principal
Identification	Low value commitment	High value commitment
Power	Institutional (legitimate, coercive, reward)	Personal (expert, referent)
Situational Mechanisms		
Management Philosophy	Conrol oriented	Involvement oriented
Risk orientation	Control mechanisms	Trust
Time frame	Short term	Long Term
Objective	Cost control	Performance Enhancement
Cultural Differences	Individualism	Collectivism
	High power distance	Low power distance

Source: Eelderink, G.J., 2014. *Effect of ownership structure on firm performance* (Master's thesis, University of Twente).

It is important to highlight there is a strong possibility that conflicts of interest that can emerge between principals and agents, thus resulting into potential problems of opportunism, and the structures that evolve to contain it, such as supervision and incentives (Pontes, 1995; Sundaramurthy and Lewis, 2003; Caers, et., al., 2006).

2.2.11. Social Contract Theory

The conceptual framework of social contract is "union of ideas of agreement and obligation". The social contract theories legitimize civil power appealing to the notion of rational agreement (Wellstood, 1897). The social contract theory is comprised of politics; morality, hypothetical circumstances of pre-regulated society, and law posit actual known as the "state of nature" (MacMillan, 1977). Theorists suggest humans will buy contract, compact or convent that individual will give up the condition in order of unregulated freedom in order to gain a security for a civil society right ruled by just, compelling rule of law (Wellstood, 1897; Watt, 1897). The social contract theoretical viewpoint is that business serves as the fundamental basis for business existence (Watt, 1897). The proponents of social contract theory regard it as moral ideal, as a supreme law that is even bigger than the government, it subscribes to the notion that the government has to be assessed or evaluated (Rousseau, 1962; 2018).

The existence of social contract of business, corporations, companies and government exists as a result of commitment and cooperation of the community (Lessnoff, 1986). The government gets its workforce from the community, sells its services and goods to the community, and it is given operational status and license by community (Cava and Mayer, 2007). This implies that a contractual agreement has to be entered into. The dependence of government and business to the community for its existence, therefore there has to be something concrete or tangible which the community can use to hold government or business responsible or accountable (Barnett, 1989; 1991). The social contractual relationship between the state, business and their stakeholders in most instances is based on explicit and implicit agreements (Randy, 1989; Hoffman and Frederick, 1986). Therefore, it is paramount that government and business must exercise high level of ethical discipline and show concern for the community (Thomas, 1989; Rousseau, 1989). Through that non-economic exercise or action it forms bondage between government business, employees and their stakeholders, and contractual understanding thus trust and confidence is boosted (Weiss, 1998; Weissand Fershtman, 1998). The strong view exists that business are analogous to individuals, that they have conscience like humans, and act as moral agents in stakeholder engagements and relationship (Boatright, 1994). Goodpaster and Matthews (1982) argued that the exception being that they seem not subscribe to individual analogy. Understanding organizations as humans provided and established a framework with superior attributes to that of business being impersonal institutions (Hoffman and Frederick, 1986). Goodpaster and Matthews (1982) accepted organizations as nothing more or less morally accountable than ordinary humans.

2.3 The Constitutional Framework of the Republic of South Africa

The supreme law of South Africa is the Constitution, which makes South Africa a constitutional democracy, meaning it affirms the rule of law. According to the Constitution of the Republic of South Africa, the country has nine provinces, with each having some limited autonomy; they can make provincial and municipal laws that must not be contradictory to the Constitution and National Legislations (Constitution of RSA, 1996). South Africa's handling of Public Finances operates under the constitutional legal framework or the document called the Public Finance Management Act (PFMA) and other state related conceptual documents like the Municipal Finance Management Act (MFMA) (Government Gazette, 1999). All public departments, institutions or State Owned Enterprises (SOEs), employees employed in government departments, including the Executive, Judiciary and Legislature must adhere or comply with the principles of PFMA, which makes provisions, rules and regulations regarding public expenditure. Every organ of the South African Government must without fail follow the due processes or procedures to use the public funds sparingly and account for every cent spent

(PFMA, Act No 1 of 1999). Furthermore it looks at Public Financial Management (PFM) as the central core or central nervous system in managing the public business or funds. The South African Constitution prescribes that the South African Government has to operate in the country using three tiers of government i.e. national, provincial and local or municipal (Constitution of RSA, 1996). Governments are organizations formed to exercise authority over the actions of people who are living together in a society, and to provide resources or funds to finance the essential services to the society. Individual members of society pay taxes and because of that they become recipients of income financed by those taxes e.g. pensions, social security and subsidies to the poor (Pollanen, 2015). The study conducted in Canada highlighted that bureaucratic structures of legal, political and governmental institutions in some instances hinder the effective implementation of critical financial practices and applications like accrual-based financial accounting and reporting (Pollanen, 2015).

Government income and expenditure in the Republic of South Africa (RSA) is financed directly or indirect by taxpayers' money that is collected by the South African Revenue Service (SARS) (Rustin and Nel, 2011). Public finance is the economics field that studies government activities and alternative ways of financing the expenditures of government (Information Services Section' Research Unit' Parliament of the Republic of South Africa, 2011). The financial resources that governments obtain are used to provide citizens with goods and services such as roads, national defence, fire protection and police in a very efficient way (Cangiano et al., 2013). Runde and Savoy (2016) examine the relationship between Domestic Resource Mobilization (DRM) and PFM impact it has on each other. Chimilila (2018) suggested the mechanisms through which developing countries can utilize DRM to fund their own programs and initiatives without seeking foreign donors despite the socio-economic conditions. Domestic Resource Mobilization is explained as the mixture government financial resources at the state disposal collected from indirect taxes or direct taxes to fund state operations (Runde and Savoy, 2016).

Sound public financial management has a positive political impact on DRM to get donors outside the country's borders whilst poor PFM has a negative impact (Savoy, 2014). Poor PFM methodologies impact negatively on the government's mechanisms to raise more revenue from taxpayers because wasteful expenditure lowers taxpayers' morale to contribute positively (Runde and Savoy, 2016). It is important to highlight that South Africa has a unique macro and microenvironment, which brings to the fore distinctive challenges faced by the South African Government in dealing with public issues because of its Apartheid history of socio-political injustices. The backlog of the past posed serious and precarious challenges to the national, provincial and local government's public financial management systems, instead of the government expediently moving forward, it has to go back and address the imbalances of the past, that is, redress the unjust legislations and laws regarding the public sector because public service was segregated along racial lines (Government Gazette, 1999). The Apartheid regime segregated the public sector in a stratified way: at the top were Whites, followed by Coloureds, then Indians, and at the bottom of ladder were Blacks of African origin. Budgeting and financial distribution followed the socio-political stratum previously mentioned.

The South African government had an insurmountable and mammoth task to address in the public sector and levelling the playing field after Apartheid collapsed. It is important to highlight that after the new dispensation advocated that previous stratum be dismantled, to merge or amalgamate the four public sectors into one or single public sector, to service any South African citizen regardless of racial attributes was indeed a gigantic challenge. The level of corruption within the public service then and now has not improved significantly as thought. South African public sector is perceived to be corrupt by various state agencies like Standing Committee of Public Accounts (SCOPA), Standing Committee on Finance (SCOF). Public Service Commission (PSM) and the PP, including civil organizations like Corruption Watch, OUTA, and Save SA and it is for this reason that public-private partnerships is being advocated to fight socio-economic challenges, fiscal and socio-political challenges to root out fraud and corruption within the public service (Fombad, 2014).

The study conducted in Botswana highlights the predicaments imposed by representative democracy because it subscribes to the notion of delegation of powers (Groop, 2017). The article highlights that the delegating party may have little knowledge as to what the delegated person is doing, therefore the delegating party must prescribe accountability control mechanisms to detect abuse of power and corruption. According to Mbao and Komboni (2008), the success story of Botswana of continuously achieving international credentials and accolades on good governance, the article gives credence to the radical corruption strategies that were adopted which involved secrecy with participants by promising them incentives, rooting out maladministration in government institutions, and ensuring that radical corruption strategies are implemented. Corruption in the African continent is entrenched or embedded in leaders as a culture, and remains visible in many states with a number high-shocking and prolific scandals involves politicians and office-bearers (Warf, 2017).

The South African Constitution speaks of the separation of powers between Legislative Assembly, Judiciary and Executive. The issue of separation of powers is a political doctrine of Charles de Secondat and Baron de Montesquieu (1689-1755). In their book, "The spirit of Laws", de Secondat and De Montesquieu (1748) advocated for the separation of powers, and John Locke (1632-1704) supported the theory whilst Thomas Hobbes opposed it (Ishay, 2008). The 1996 SA's Constitution further affirms that no branch or arm of the prior mentioned organs of the state is more important than other branches. It also stipulates that these branches need each other so that there is co-existence, equilibrium, interdependence and balance of power to enable them to work independently. These state organs one must not interfere or meddle into other one's terrain, so as to maintain and exercise checks and balances and avoid the abuse of power as required by the constitution as it illustrated in the chart below:

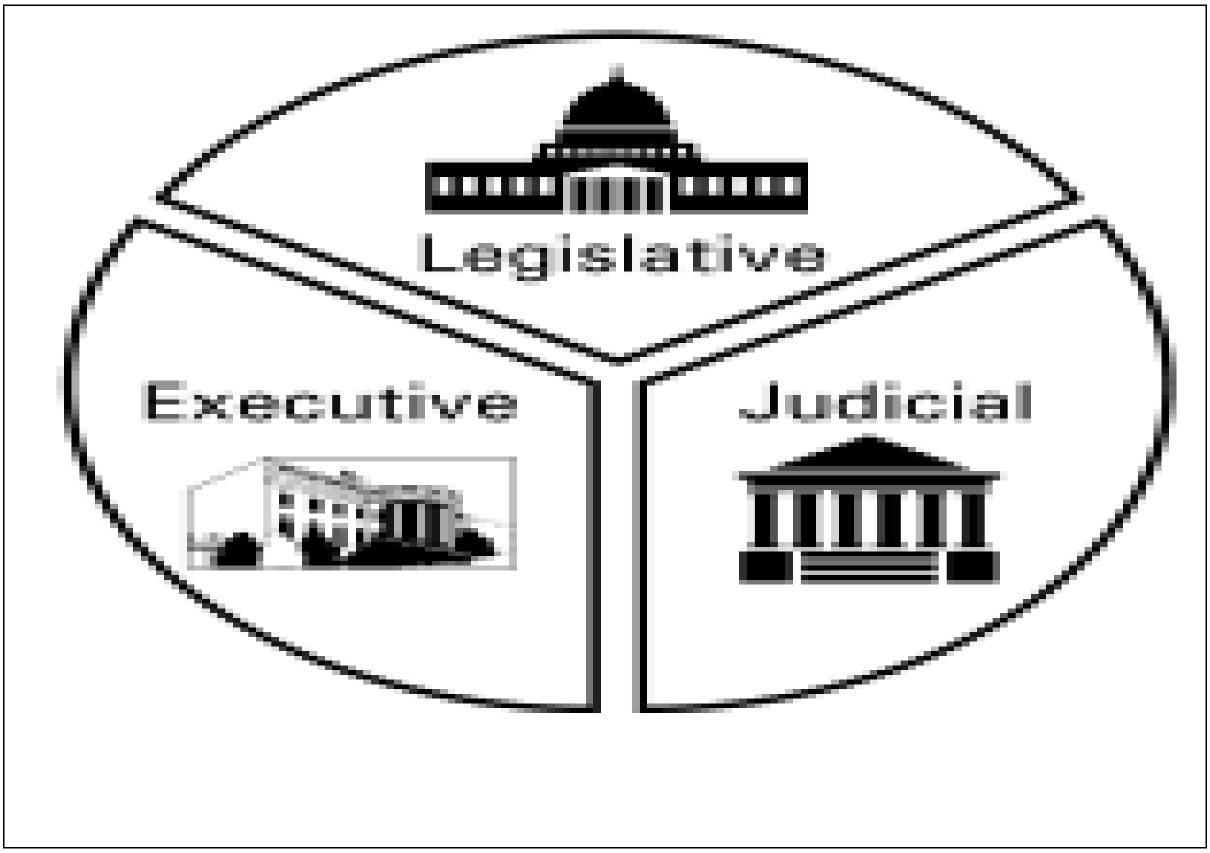

Figure 2.1: The Constitutional Legislative Framework of the Republic of South Africa

Source: Pauw, Woods, Van der Linde and Visser (2013:5)

2.3.1 The Separation of Powers within the Republic of South Africa

In 1994, under new political dispensation, the South African citizens held their first national democratic elections, which for the first time gave franchise to the Black majority that was previously denied the right to cast their votes. The election was inclusive of all racial groups and, of historical significance as it put to an end, and completely abolished, three centuries of the constitutionalized racial oppression and segregation by an undemocratic and illegitimate government. The Dutch people from Netherlands who came under the auspices of opening a halfway and refreshment station first ruled the RSA. They ended up oppressing the indigenous people, the Khoisan. Later on, South Africa was conquered and ruled by Great Britain (GB), now become the United Kingdom (UK). Later still, in the twentieth century, the UK left South Africa as a British colony under the watch of the oppressive White racist Afrikaner elite. The Afrikaners' rule was signified by high levels of brutality and the policy of racial segregation and oppression called Apartheid. The negotiations were held at the World Trade Centre to find South Africa's political consensus and agreement. The negotiations that preceded the ever-democratic elections gave birth to the Congress of Democratic South Africa (CODESA) and the Constituency Assembly came with the constitutional commitment, agreement and conclusion that decentralization of powers was the best option that suited the diversified country like South Africa (Friedman, 1993).

The Constitution of the Republic of South Africa stipulates "there is to be a single, united Republic of South Africa". In short, South Africa is a unitary state with some federalist characteristics or outlook. The Republic of South Africa is categorically divided into main three "spheres" – national government, provincial government, and local government - which are "distinctive in character, interrelated and interdependent " (The Constitution of the Republic of SA, 1996: Section 40). The nine provinces have their legislative powers and status, enshrined, and secured in the Constitution of the Republic of SA.

2.4 The Concept of Federalism within South Africa System

2.4.1 The Historical Origins of Federalism

Federalism is derived from the Latin word "foedus", which means, "covenant." The term "covenant" highlights a partnership, togetherness or marriage in which groups or individuals enter into consensual agreement to unite or form a pact in order to achieve the common outcomes or results without losing their fundamental principles, rights, privileges or identities (Kincaid, 1999). In countries pursuing federalism, this covenant or partnership involves the fundamental and underlying principle whereby at least two constituent states, wards, parts or sections which are not fully independent will make up or form the system as a whole (Gamper, 2005). Federalism must ensure that sovereignty prevails and constitutionally operates between two divisions, which is, the centralized governing or ruling authority/power and constituency political units, like provinces or states (Elazar, 2017). Some theorists see federalism as a system that accommodates and consolidates both systems: that of the constituency unit (self-rule or self-determination), intergovernmental relationships and at the federal level (Elazar, 2017). "Federalism is an institutional arrangement in which (a) public authority is divided between state governments and a central government, (b) each level of government has some issues on which it makes final decisions, and (c) a high federal court adjudicates disputes concerning federalism" (Kelemen, 2013).

2.4.1.1 The Character of a Federal State

Federalism can be traced back in the 18th century between 1781 and 1789, where the United States shifted from confederation to federation (Bryce, 1901, Schlesinger, 1968). The early contributors to the notion of federalism were Alexander Hamilton, James Madison and John Jay. These theorists saw federalism as a mechanism to address and achieve the following: mutual recognition, respect, dignity, social diversity and tolerance. It is a political, social and constitutional technique to achieve certain outcomes such as social security, economic benefits, liberty, equality, mass democracy and territorial expansion benefits (Burgess, 2006, King, 1982, Winthrop, 1976, Stoppenbrink, 2016). Political science defines federalism as the classical type of government when it is compared with the unitary system. Freeman (1971) and Hicks (2016) define Federalism as a system of compromise with the aim of mediating between two extreme positions or across divisions to reach common classification or consensus amongst aristocracies, monarchies and democracies. The countries that are pursing federalism have a strong belief that it is able to address the challenges of the diversified, multi-cultural, or multi-national society by forging unity (Hicks, 2016). Federalism has the power of harmonizing two contrasting views by forging some kind of union to establish some independence (Burgess, 2006). The federal government is seen as a mean system of big states and small states forming a unit, two opposing political forces between a large states comprise of order, peace, and well-being enmeshed with the small states full autonomy of single or well to do citizen, infrastructure development (Hicks, 2016).

2.4.1.2 The Historical Theory of Fiscal Federalism

The traditional theory of fiscal federalism, sometimes is called the "first-generation theory of fiscal federalism", is an economic one or case which highlights and emphasises the decentralization of fiscal policy, whereby there is a high potential, level or degree of social-welfare gains because a lot is promised, and guaranteed with regards to allocation of resources in the public service (Levine et al., 2012, Otsuka et al., 2014). The “local public goods” distribution will only benefit citizens who are staying at a certain geographical area, jurisdiction or location (Bellofatto and Besfamille, 2018, Salman and Iqbal, 2011). The federal fiscal system as a decentralized form of government is in a better position or level to determine the degrees of output and outcomes of such goods taking into account the local costs and preferences (Salman and Iqbal, 2011, Kalirajan and Otsuka, 2012).

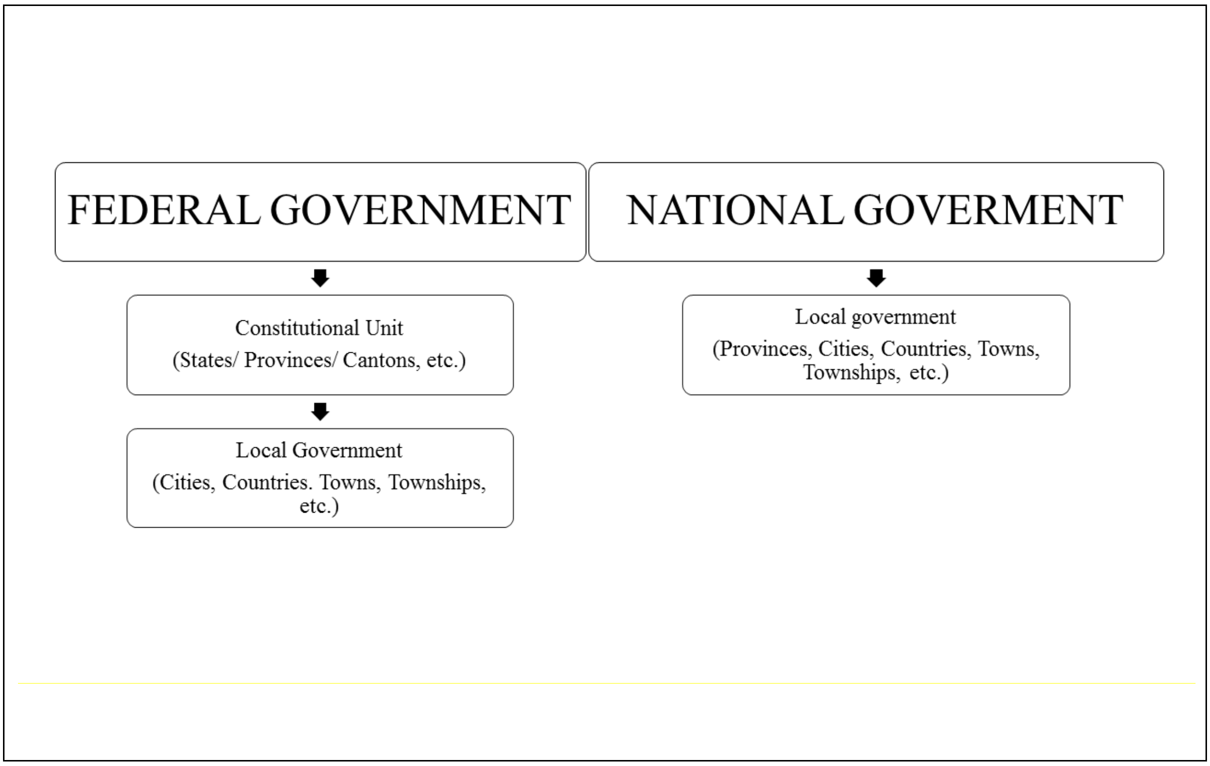

Figure 2.2: The Comparison of the Federal Structure and the Unitary Structure

(Source: Camper, 2005)

2.2.1.3 The Reasons Justifying for Federalization

The Constitution of countries practising federalism like that of the United States of America, Sweden and Germany give certain powers to the national government but with the same token prohibits the national government to exercise other powers. The theorist who supports federalism argues that federalism is linked to multi-layered systems and offers a lot on regional democracy, self-determination and greater self-rule (Blokker and Reutter, 2015, Bulmer, 1989; Daba and Mulu, 2017). The IDEA believes that federalism is indeed an ideal system or institutional solution to the countries with challenges, which are associated with high levels of diversity and scale confronted with violence and conflicts (Glasius and Lewis). The diversity of various ethnic communities, population groups as well as their religion, cultural and linguistic attributes are acknowledged and accommodated (Daba and Mulu, 2017, Burnell, 2013).

Erk and Anderson (2009) suggest that federalism is good for some states but not all. For example, it is good for small countries with a high level of homogeneity as oppose to countries with heterogeneity. Federalism can be disadvantageous in the sense that it can cause a duplication of state functions and contradictory and overlapping statutory policies and legislation when the state executes its functions (Burnell, 2013). Federalism promotes fiscal federalism, which can cause financial burden to Treasury to accommodate the minorities and the states, which may not be economic viable (Yushkov, 2016). The maintenance of various fiscal spheres of the government is indeed a mammoth task and is very expensive. For example, it took Russia more than 20 years of trying to implement fiscal federalist operational systems, which will be sustainable to benefit all levels of government. Yushkov et al. (2016) highlight the problems and challenges that the Russian Fiscal Federalism endeavour experienced, and the successes that the system has achieved.

Fiscal decentralization is seen as the vehicle to drive and boost economic growth, and as the fundamental concept needed to expedite public finance reforms. The taxes and revenue collected will be decentralized and sent to regional and local spheres (Yushkov, 2016). Fiscal decentralization can immensely improve service delivery within the public service (Sow and Razafimahefa, 2015). Service delivery improvements are achievable provided certain conditions are met; these include political willingness and commitment, conducive environmental institutions, and revenue decentralization (Sow and Razafimahefa, 2015). Literature stressed that political economy and economic development constraints have a negative impact on the success of fiscal decentralization, therefore policy-makers must take into cognisance the institutional mechanisms in play in order to properly implement fiscal decentralization (Kim, 2018, Dougherty and Akgun, 2018). The larger that public government institutions become, the more the Treasury will pay with regards to staff-salaries, departmental offices, packages or allowances, which may be unsustainable for developing economies like South Africa (Caliso and Flores, 2018). Fiscal decentralization is seen as an indispensable political tool and economic mechanism to ignite and expedite resource mobilization in developing countries, which have shadow economies, provided business and government operations become transparent to the public (Janský and Palanský, 2016). Fiscal decentralization and distribution has financial impact to the poverty prevalent in the Republic of South Africa, because the central government shifts its fiscal responsibilities to regional and local spheres (Moche et al., 2014).

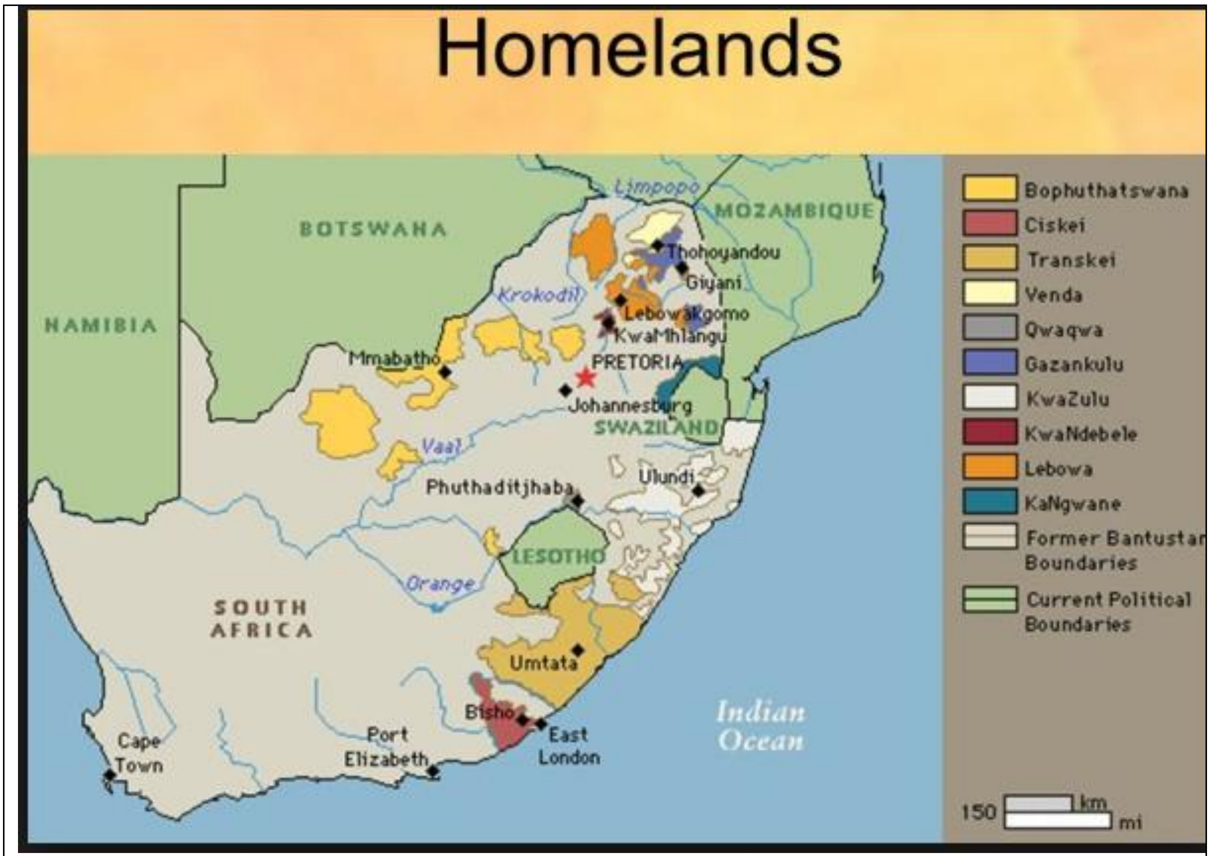

Figure 2.3: The Political Map of South Africa during Apartheid before the New Dispensation

Source: On the Worldmap.com (2018)

The map above shows how South Africa was ethnically divided during the Apartheid era to perpetuate racism and segregation. These ethnic divisions created during apartheid highlight the fragile form of federalism that was practiced, which later was consolidated in the democratic dispensation that established the nine provinces. Those who were in power during Apartheid opted for federalism to preserve the status quo and entrench legitimate rule under the pretext of ethnic diversification and accommodation.

Ethnic homogeneity as opposed to homogeneity is viewed as the characteristics of the populace of various countries worldwide. These ethnic diversities are seen as the root cause of many ethnic conflicts in many countries globally (Selassie, 2003, Fessha, 2016). The failure of various governments worldwide to address the multi-ethnic diversities within their political units has created an incendiary environment the breeds such ethnic wars. These failures to create multi-ethnic states and governments led to the cultural and linguistic suppression, where one dominant group subjugates another smaller one (Feesha, 2016). The most heinous ethnic genocide was the one that took place in Rwanda, which left more than one million Rwandese dead. The ethnic genocide was between two ethnic groups the Tutsi and the Hutu. The most-likely situation happened in Sudan where the East and West waged ethnic war for thirty years. During the time of the multi-party national negotiations called Convention of Democratic South Africa (CODESA) in South Africa, the negotiators and participants were fully aware of these ethnic atrocities. Therefore, ethnic politics, conflicts and wars were to be prevented at all cost hence the issue of federalism gained momentum (Selassie, 2003, Kefale, 2013)

Prior to the period of independent states called Bantustans, the Union of South Africa of 1910 divided the country into four provinces: the Cape of Good Hope and Natal they were classified as British Colonies, Transvaal and Orange Free State (OFS) which were later regarded as Afrikaner (Boer) Republics. The diagram to follow highlights how South Africa was politically divided, developed and transformed to enhance and entrench, so as to consolidate, Apartheid ideology and hegemony, and to preserve the status quo of White dominance. The so-called Independent Bantustans or Homelands were formed by the Apartheid Government and called independent states because they were granted total political autonomy and authority in running some of the departmental institutions without the interference from the national government. These states were called TVBC states for Transkei (1976), Venda (1979), Bophuthatswana (1977) and Ciskei (1981). The TVBC states were able to craft and formulate their own legislative frameworks, and Acts to run their governmental institutions. The departments that they included were the Police, Education, Health, Agriculture, Defence and Native Affairs. It is important to highlight that these states were aligned according to ethnicity, homogeneity and the linguistic accommodation and acceptance; the TVBC states are seen as the United States of South Africa (Christopher, 2002).

In December 1991, the multi-party political negotiations, called Convention of Democratic South Africa (CODESA), started at the World Trade to establish, craft and draft a new Constitution for a democratic South Africa. It was from these multi-party political negotiations that consensus was reached to form a federal state. The agreement led to the division of South Africa into nine provinces namely KwaZulu-Natal, Gauteng, Orange Free State, Mpumalanga, North-West, Western Cape, Eastern Cape and Limpopo. Most of the colonial and Apartheid political divisions of SA were accommodated in the new democratic dispensation and in the South African Constitution.

2.4.1.3 The Justification and Adoption of Federal State in South Africa

The negotiators at the Convention of Democratic South Africa reached an agreement by adopting the notion of a federal state, but not outright federalism as practised in advanced countries like United States of America (USA), Sweden and Germany. South Africa's 'federalism' is characterised by national government intervention into provincial spheres and this is enshrined in the South African Constitution. The consensus reached was because of various complexities that existed within South Africa society these include history, religion, culture, Apartheid and linguistically differences.

It is important to highlight that whilst federalism plays a pivotal role in solving ethnic diversities, however, federalism must not be viewed as the panacea for resolving all ethnic diversities, nationalism and challenges. The agreement was reached based on the following fundamental principle: The national security and protection of South Africa' sovereignty, it was feared that SA would be under the severe threat of aggression or invasion by those who had been in power before, especially in Bantustans if they were not consolidated into the new dispensation. Any aggression would warrant intervention by the national government's armed forces, which is capable enough to respond to any threats to overthrow a province. Secondly, was the issue of common markets; federal state were agreed upon to enhance provincial economic and commercial interests. This would create a scenario whereby there would be a common market, which would allow free flow of commercial activities amongst diversified provinces. Furthermore, common markets created an independent space by mitigating some provincial powers of self-governing and self-determination in economic and financial policy formulation (Kincaid and Cole, 2005). Thirdly, the federal state with provincial government powers was seen as remedy to alleviate conflict that might arise out of multi-cultures and ethnicities. The conflict was seen as going to have detrimental and devastating effect on the political development and stability of the new South Africa. The national borders were formulated taking into cognisance the territorial, cultural, linguistic and ethnical divisions. The new arrangement was done to preserve the territorial independence, powers and integrity of the provinces. Furthermore, this new agreement gave certain autonomy, guaranteed the minority rights and where majority rights and powers can be shared with minorities to avoid and manage conflict before it erupts. Federal state would also provide constitutional tools and means of self-determination and conflict management that is what they how view it in Southern- Sudan when they opted for power-sharing (de Villiers, 2014). Conflict management also provided ample mechanisms and tools concerning decision-making. Lijphart (2002) argued that power sharing is the better option for a segmented and multi-cultural society than a democratic rule based upon by the principle simple majority.

Linder (2010, 2012) suggests that political federalism largely promotes or encourages consensus democracy, which is by far the most advanced and superior form of democracy than majoritarian rule. The federal form of government was opted in South Africa as a remarkable and appropriate way of dealing with democratization and better governance, decentralization and consolidation of state power. This was viewed as a mechanism that would enforce greater security and economic development as it will focus on small-scale political units, which take into cognisance their electoral sensitivity, needs and distinctiveness (Watts, 2001, 2002). Furthermore, in the case of SA, decentralization was seen as means of providing, and giving more power to the constituency or democracy to those highly sensitive minute political units. In South Africa, federalism was seen as system whereby there will be no outright majority because the system compounded both minorities and majorities into one constituency. The phenomenon of managing ethnic differences and conflicts is seen as a recipe for bringing foes to work together in harmony and a victory to power-sharing (Schlesinger, 1968, Schneckener, 2002). In the Republic of SA, the federal provincial units were seen as a mechanism to address and further expedite the powers to the sub-national political units by empowering them to address greater issues in their constituencies. Federalism is viewed as the most advanced and superior form of decentralization and a consociation power, the case study of linguistically and religious differences, Swiss system considers socio-cultural diversity and accommodate it

(Linder, 2010), the international and constitutional law (Celik, 1985, Elazar, 2017) also supports this narrative, notion or school of thought. The failure to reach compromise might lead minority groups to opt for bullet rather than ballot (Mueller and Rohner, 2017).

Figure 2.4: The Map of South Africa after the Collapse of Apartheid (Democratic Dispensation)

Source: On the Worldmap.com (2018)

It is important to highlight that division of South Africa into nine provinces and into the three tiers of government: national, provincial and local, shows some federal outlook or similarities. The population of SA is fifty-five million (Statistics SA, 2015). Why is South Africa not regarded as federal state? The first reason is that South African Constitution established a fragmented and weak federal state and the fact that federalism is not mentioned in the government documents and the Constitution is the conclusive proof that South Africa is not a fully-fledged federal state. Secondly is that the dominance and hegemony of national government is evident everywhere that also being espoused by the dominance of the African National Congress (ANC) which always seek to gain control of all provinces and national. The third reason being that whilst provinces and local government have some constitutional status, privileges, rights and powers, direct intervention by national government to the provinces is guaranteed in the Constitution of the Republic of South Africa, the similar applies with the provinces where they can freely intervene in the municipalities, if they underperform and efficiency is compromised. These national interventions are justified by the Constitution and they signify the supremacy and authority that the National Government has, these national strategic interventions are made when the provinces and municipalities fail to achieve efficiency in government. Furthermore, these strategic interventions are made under auspices of achieving uniformed national norms and standards countrywide. Centralization is more evident in the financial sectors, the national government has exclusive monopoly in increasing taxes up to whatever percentage that it deems fit, and the provincial does not have the luxury to do so, but the municipalities do have some autonomy because it can increase taxes by increasing property rates.

2.4.1.4 The Origin of South African Model of Separation of Powers and its Operations

South Africa follows the footsteps of the world-renowned international democratic countries like United Kingdom (UK), United States (US) and some other countries in Europe. What does separation of powers mean? The separation of powers means that the Republic of South Africa is governed on three levels. There is The Executive/Cabinet, which governs the country on daily basis comprising of elected members of the legislative assembly appointed to positions by the President of the Republic of South Africa (Constitution of RSA, 1996). Secondly, the Legislative Assembly or Parliament which makes the laws of country and make Executive to account on behalf of the people of South Arica. Lastly, the Judiciary, which enforces constitutional compliance. The President appoints the Executive and concomitantly becomes in charge thereof. It is important to mention that the Presidential appointment of Deputy President, Ministers and Deputy Ministers remains his/her sole prerogative and right enshrined in the Constitution of the Republic of SA. The President has the right to employ and fire the Members of the Executive at will. The insurmountable powers of the President of firing and hiring cannot be challenged in any structure or court of law thereof. The executive authority or powers of Republic of SA are vested in the President. President and the Executive are like Chief Executive Officers of the country they are accountable to the Legislature or National Assembly, which is a law making body or institution (Constitution of RSA, 1996).

2.4.2 The Apartheid Policy

Before 1994 democratic dispensation, SA was ruled by the constitutional policy of separate development that denied African majority the right of franchise. Because of that, the Black majority in South Africa were excluded in decision-making and legislative structures. The franchise rights forms the basis of civil rights, bill of rights and human rights in any civilized democratic state, its absence signifies totalitarianism, tyranny and dictatorship. The Apartheid policy was the legislative Act and regulatory statutory framework and racial policy that regulated interaction between Blacks and Whites in SA. Apartheid was repressive and it used coercive force and sinister methods to exist. All government institutions including private sectors operated along racial lines, Whites supremacy reigns supreme and they enjoy almost all privileges including wealth and opulence whilst Blacks were oppressed and languishing in poverty. Distribution of state resources and services were skewed to favour Whites, it is for this reason that United Nations Organization (UNO) later called United Nations (UN) declared Apartheid as a crime against humanity. It is for that reason that SA prior 1994 political dispensation was banned to become a member of United Nations and many other international organizations and bodies like Federation of International Football Association (FIFA, Olympics, World Bank, World Trade Organization (WTO) and International Monetary Fund (IMF). When the democratic government took over in 1994 it had an insurmountable task of addressing imbalances and backlog of Apartheid (Beinart and Dubow, 1995, Connolly, 2013).

2.4.3 The South African National Legislative Assembly (Parliament)

South Africa is constitutional democracy therefore the Constitutional Court under the stewardship of the Chief Justice makes Judiciary to be custodian of the Constitution of the Republic of SA (Constitution of SA, 1996) The Speaker of the National Assembly on other hand is charge of the Houses, National Assembly and National Council Of Provinces (NCOP) which form the National Parliament of the Republic of SA (Senay and Besdziek, 1999, Madlingozi and Woolman, 2007, Meyerson, 2004). According to the Constitution of the Republic of SA (Constitution of SA, 1996), the Constitution of RSA is the supreme law of the country and any law or legal statutory framework which its conduct and application is inconsistent with the Constitution is invalid. The new dispensation transformed South African government from being a Sovereign Parliamentary State to a Constitutional democracy (O'Regan, 2004). The balance of power in a new Constitutional democracy slightly shifted away from the representative democracy whereby the Members of Parliament (MPs) are directly voted and chosen by the people (electorate) to represent them in National Parliament of South Africa, to a direct accountability system which the National Parliament can be removed or dissolved the Executive or Cabinet without the audacity and powers of the electorate who elected them to those positions, these powers are vested in the competence of the Judiciary.

The failure by the Executive to comply with the constitution can be referred to the Legislative Assembly for discussion, and if aggrieved members are not satisfied with the ruling they can send their grievance to Constitutional Court of the Republic of SA. The Constitutional Court will make a ruling but it cannot interfere with or tell the Executive or National Assembly what to do, as it happened with the historical ruling in the Constitutional Court judgement on President Zuma's security upgrades in his Nkandla private residence where President Zuma was found to have breached the Constitution of the Republic of SA, the Presidential Oath of his Office, the Public Financial Management Act (PFMA) and Public Financial Management (Public Protector, 2015). The Constitutional Court did not give verdict as what should happen with the president it was all left in the hands of the National Assembly. Opposition parties opted for impeachment for violating the constitution and his oath of office. The Executive, chapter nine institutions, like public protector and National Assembly, must safeguard the resources of the state, the tax-payers money against impropriety, and abuse. These structures must not be oblivious when they see mismanagement rearing its ugly head, they must act like whistle-blowers of society (Constitution of SA, 1999). This chapter will look at how South Africa has responded to the public financial challenges. This will be done by providing the most current literature on the subject of Public Financial Management and lastly to respond to the aim of the study, objectives of the study and provide answers to the research questions.

2.4.4 The Fundamental Role and Functions of the South African Government

The Constitution of the Republic of SA advocates that the government or the Executive be tasked with the responsibility of running daily activities of the state to the benefit of its citizens. Public Administration and Public Financial Management are the determinants that give direction as to how the government tends to run the state, and satisfy the ever growing needs of the citizens of South Africa. It for this reason that the Presidential Review Commission in 1998 was formed, to implement strategic planning and performance management systems (Minnaar, 2006). Both Public Administration and Public Financial Management requires application of strategic planning policies, and principles to the latter in order to achieve good governance (Minnaar, 2006). Good and sound governance requires responsive and good government, therefore to achieve good governance, government must be more responsive and more transparent, productive and free of corruption, for government to enable to do that must have an efficient public service and, effective government institutions which are there to serve the entire nation at all cost to the best of their abilities (Bekker, Andrews, 2010, Fukuyama, 2013, Bryson, 2018).

The modus operandi of the South African Government starts with policy making which is goal-driven with the ultimate objective of delivering measurable outcomes to the citizens. The outcomes to be achieved must take place within a specified environment which stipulates the nature of scope, and goals that must be pursed and executed. Furthermore management must understand the performance management system (Ramulumisi et al., 2015). Public policy making in the South African context is preceded by the political policy-making framework, followed by the executive policy-making framework, and lastly the administrative policy making framework (Constitution of South SA, 2001). The political parties and Community Based Organizations (CBOs) during policy-making processes are invited to make submissions and presentations in community forums called "Izimbizo": a Zulu word which means "Community Gathering" (Masango, 2002). In these community gatherings or forums the views, needs and wants of the ordinary citizens are taken by elected members of the constituency like Members of Parliament (MP) or Ward Councillor into their respective Legislatures (McEwan, 2003).

It is important to highlight that in these forums citizens make suggestions regarding what they want to be included in the Mid-Term Budget Expenditure Framework (MTBEF), final budget and any public financial matters. Hence, such community engagements budgets are taken out of Legislative Chambers to community halls, sport fields and marquees. Its bottom-up approach, a discourse and narrative of the citizens is translated into government agenda or policy. The MPs take the mandate from their constituencies to the parliament, in the National Legislative Assembly that mandated proposal from the constituency is debated, and when the Members of Parliament (MPs) vote in favour of the legislation or proposal which after being voted becomes a law or an Act, which must be applicable in all tiers of the government. In this way citizens participation is indirectly enhanced and promoted. The Executive must make sure that passed laws are executed in all spheres of government by designated officials of government. The administrative arm must ensure the operational formulation; framework and guidelines for regulating administration are followed at all cost (Ramulumisi et al., 2015, Minnaar, 2006).

2.4.4.1 The Public Financial Management Operations within South African Government Department

The Constitution of the Republic of SA, 1996 stipulates that all government departments are responsible and constitutionally obliged to implement any of the laws, regulations, Acts and policies that have been decided or agreed upon by the National Parliament or the Executive/Cabinet. The Director-General (DG) is the most senior personnel after the Minister, is the head of the department (HOD).Therefore, she or he is the accounting officer, that is, the one accountable for everything happening in the department either good or bad. Furthermore, the DG must ensure that suitable managers and staff with necessary and adequate expertise, skills, qualifications, and credentials are hired to execute the functions, fulfil the objectives, and mission of the government. It is pivotal that every department must have a strategy, which must produce basic results which must be outcome-based. Every department must plan and prepare a budget covering an envisaged or specific period. Under the National Treasury's guidance, supervision and monitoring, all government department budgets are integrated and consolidated into single national budget, which has to be approved by the National Assembly or Parliament. The provinces or local government must at all times comply with laws and policies set up by National Government. Therefore, this will prevent government entities from being liable for civil penalties for violation or breach the laws and policies set down by the government through its parliament. According to the Constitution of the Republic of SA, 1996 the provincial government and the local government must receive their revenue, which may be in the form of loans and grants, from the National Treasury (Department of Public Service and Administration (DPSA), The Machinery of Government, 2003).

2.4.4.2 The Ideological Framework of South African Government

The South African Government operates under four main basic principles i.e. socialism, capitalism, which has the elements of laissez-affaire connotation, social welfare state, and the economic state (Bogopane, 2014). The sound governance in any organization is a recipe for effective management, safeguarding the public resources utilization in a continuous manner in an unpredictable environment. In order to achieve good governance there has to be institutional mechanism that will focus on effective management, total quality management systems (TQM), operational systems and transparency Fourie (2007, 2009). The Constitution of the Republic of SA (RSA) encourages free and fair competition in the free market economy amongst its citizens, therefore the state must provide the conducive environment for the citizens to compete without prejudice of any kind (Thebe, 2017, Gildenhuys and Knipe, 2000). The

South African Government operates under the notion of Mixed- Economy, whereby the elements of Socialism are executed which benefits the citizens through social grants, free health, and education and pension funds. These welfare systems do provide a fertile ground for fraud and corruption. The connotation of social welfare state enables the state to provide minimum standards of a ‘better life for all’ its citizens as promulgated by the African National Congress (ANC) in its election manifesto. The economic welfare elements on other hand, advocate for democratic norms, and values that emphasize the notion of free enterprise with little government influence or intervention in the affairs of individuals in the economic or business arena (Bekker, 2009). Managing the public sector is highly unpredictable because of the environment of operation, because the simple and concise instructions communicated by leadership are in many instances not implemented (Heyns, 2015). It is important to highlight that the South African government operational framework is based upon political ideology which has significant influence in deciding path, or routine that the government must take with regards to financial policy of the state, and adherence to constitutional framework (De Vries and Nemec, 2013, De Vries et al., 2016).

The government might take a radical stance regarding the issues of free trade, private ownership of businesses and free enterprise. These ideological frameworks are contradictory thus create uncertainty amongst citizens, especially those in business as they regard government influence as being bad for business, and meddling in free market economy, which is why they advocate for innovations instead, and a variety of methods like New Public Management (NPM) that can improve the performance of public service (De Vries et al., 2016). Osborne et al. (2014) and Dorsman et al. (2015) argued that the recession that took place in 2008 made governments worldwide respond with various strategies in addressing the impasse, one of the strategies was to reduce public spending in order to create growth. However, Osborn et.al. (2014) argued that NPM is not a viable mechanism to solve the problem. Performance management has ignited new trends internationally in addressing public management thus, introducing major organizational changes in public service institutions, organizational innovations are seen as critical elements in the success of a public organization (Dorsman et al., 2015). Organizations are continuously implementing new methods, and techniques in delivering services to their customers, these organizational innovations are a response to meet external environmental changes emanating from customer demands, deregulations, and scarcity of resources (Walker, 2014, Pollitt and Bouckaert, 2011). These internal organization changes are in pursuit of closing the gaps and flaws within the system, in order to achieve better performance in delivering of quality service to the community, and the organizational performance must be measured against organizational objectives (Spekle and Verbeeten, 2014). In Public Administration, innovation is defined as a process or a system of establishing and developing organizational projects, institutions, and services which are new to the government it does not matter whether such projects have been existing in some department (Zhu, 2014).

Governments worldwide are always faced with the challenge of creating a conducive environment where the citizens can develop economically. Secondly, the government must provide space for equal chances and opportunities, so that the citizens can compete freely in a conducive environment and achieve a better life (Minnaar, 2014). The South African government is expected by law to follow-suit the global trends and norms in managing the public purse, as SA is a signatory in many world bodies like International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO), the African Union (AU), the African-Peer Review and Brazil, Russia, India, China and South Africa (BRICS). They all are advocating for good and preaching the gospel of good governance amongst their partners (OECD, 2013). Constitution of the Republic of SA (1996) compels government departments into aligning, complying and adhering to Public Finance (PF), Public Finance Management (PFM) and Public Finance Management Act (PFMA). The diagram below illustrates how the Constitution of Republic of South Africa’s financial framework is designed; it stipulates the modus operandi and the procedures that the government must pursue in the administration and financial management of government resources. Although the Public Finance Management Act gives clear guidance and guidelines which must be followed by all government institutions and departments, many of the prior-mentioned institutions have failed to produce the desired outcomes. There is an outcry from South Africa citizens that the government is lacking immensely on accountability in both public representatives and institutions (Van Heerden and Steyn, 2012).

2.4.4.3 The South African Constitution

In SA the National Legislature is supposedly in charge of handling the public purse, but it cannot execute this mammoth task alone; it is for this reason that the National Legislature uses other stakeholders or state agencies like provincial legislatures to take part in the administration and management of the public purse.

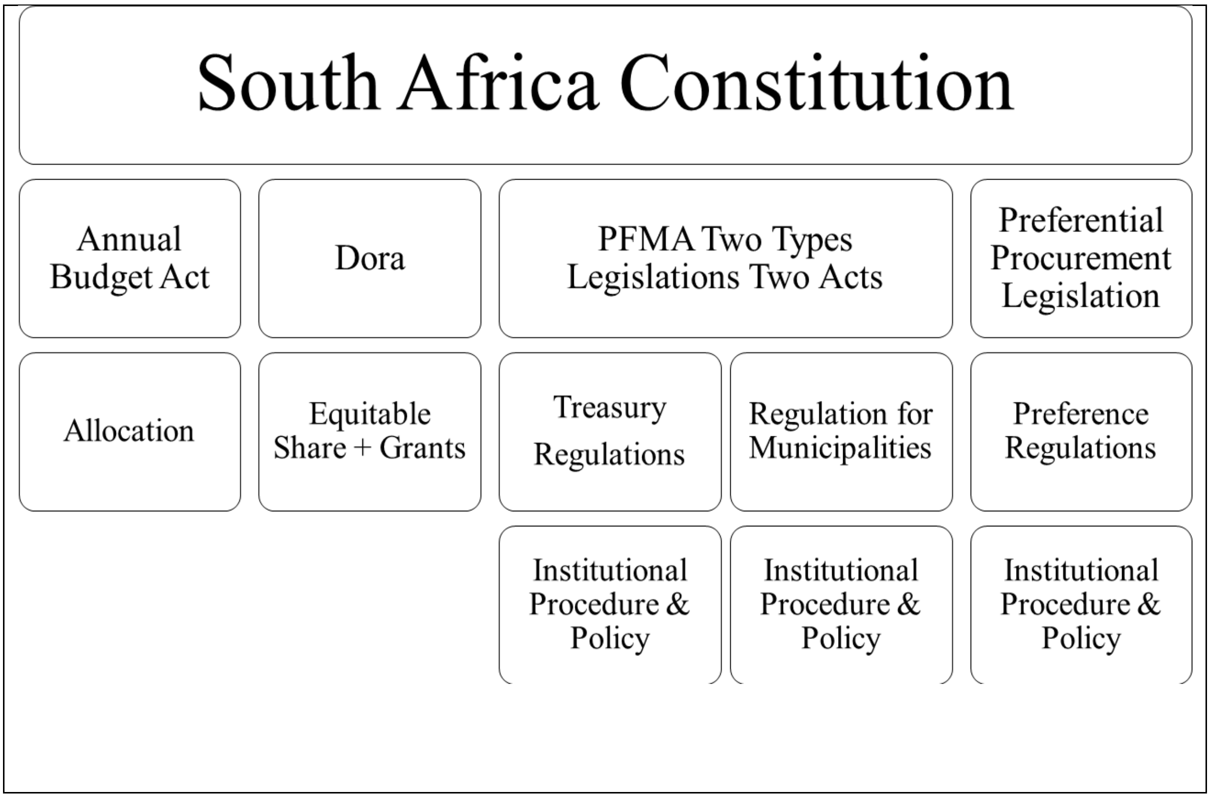

Figure 2.5: The South African Constitutional Public Financial Management Framework

Source: (PFMA, 1996, Constitution of the Republic of SA, 1996)

The South African Public Financial Management Framework constitutes of the various roles and functions played various role players under the leadership, stewardship and custodianship of the National Treasury. The National Treasury of SA is constitutionally mandated as an executive institution to facilitate, overseer and monitor all the issues relating to Public Financial Management. The National Minister of Finance in SA is in charge of all public finances of the government and s/he is an Accounting Officer who must account for all income and expenditure of the state. The notion of corporate governance remains the pillar of handling public purse as per chapter 13 of the SA Constitution. Despite all financial control institutions and monitoring measures, some government institutions continue to receive unqualified audits from Auditor- General. On the following page is the organogram of the National Treasury.

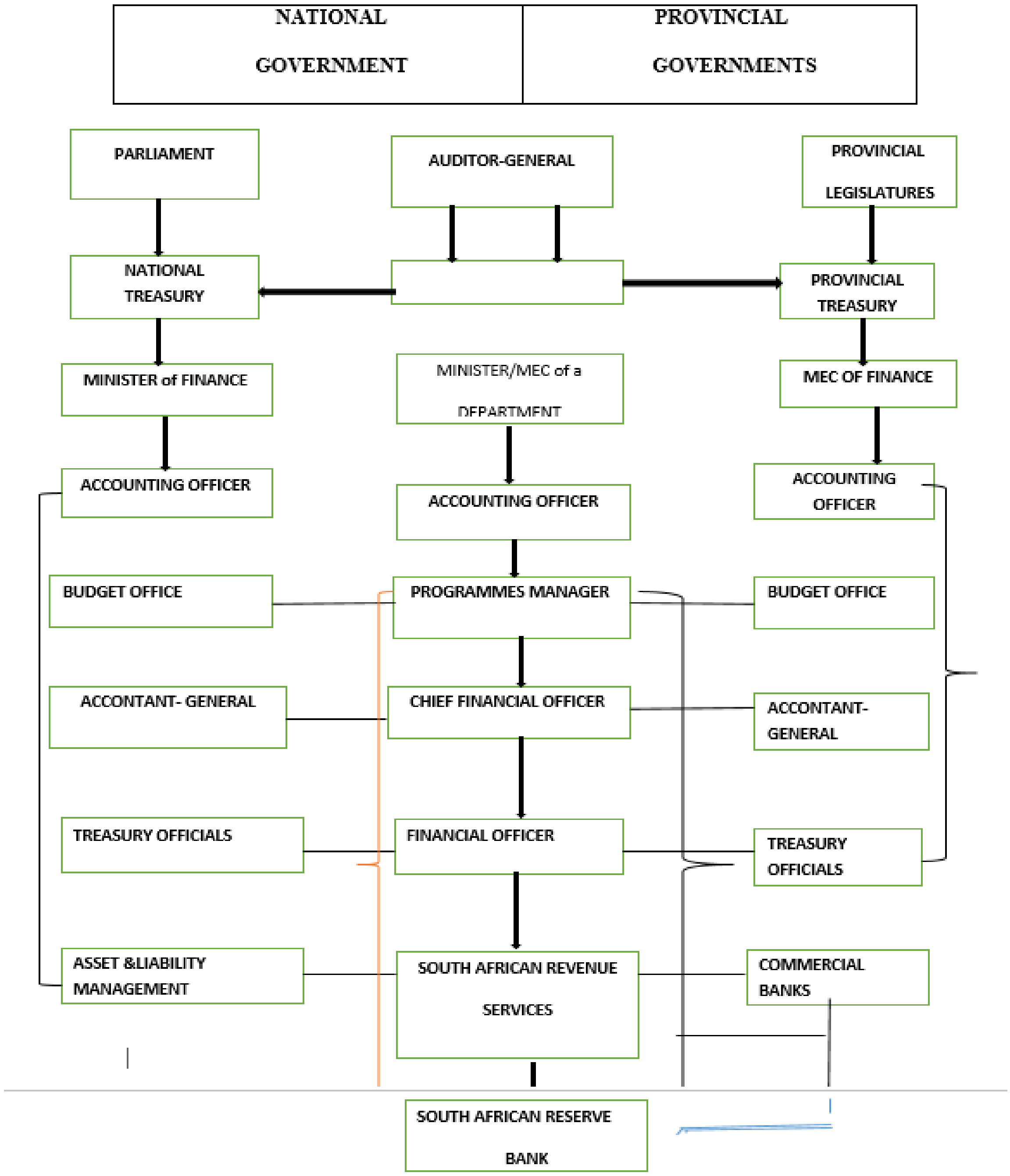

FIGURE 2.6: The Financial Role Players in the Government of SA

Source: (National Treasury of South Africa, 2013)

2.5 The Environmental Factors where SA Government Operates

In any society the environment plays a tremendous role in behavioural patterns of individuals (Robbins, 2001). Governments and organizations throughout the world do not operate in a vacuum, but in an environment full of people or the public. Private institutions or organizations provide the society with places where they can obtain food, on other hand the state's administration and management must provide society with necessary services like health care. The communities' continuous demand of quality service puts a strain on state financial resources (Robbins, 2001).

- Management and administration must take place under certain environmental scenario.
- The environment where the community resides creates demands and needs in people's life, which must be satisfied and met by the government.
- The environmental challenges stimulate demands which administration must respond into by taking the necessary action to address the needs of society.
- The needs of the society comes as inputs that administration gets from the environment where it's operating and must respond to it appropriately and meet expectations of society.
- The inputs from the environment must be converted into outputs by administration and management by providing a service that community wants e.g. providing of social services like health care and education. The diagram illustrates the environment under which the Government of SA operates, and in trying to meet and fulfil the demands and needs of the citizens.

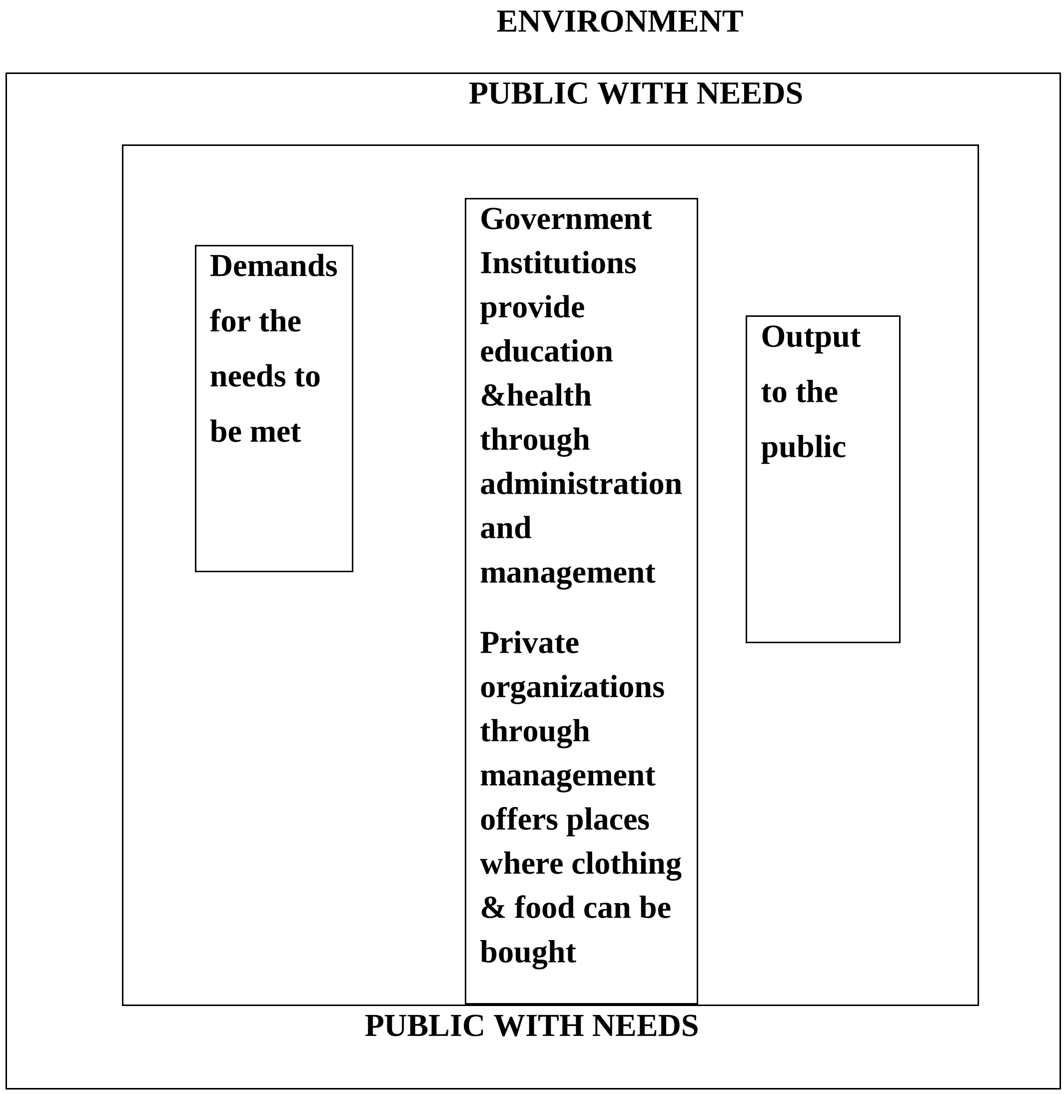

Figure 2.7: The environment under which SA Government Operates

Source: Pauw et al (2013)

2.6 The Civil Society in SA Government Demands Accountability

There are many civil societies in SA including the Corruption Watch, which was launched in 2012, the Helen Suzman Foundation, Freedom under Law, Right 2 Know, Black Sash, Save SA, Litigation SA, Organization for Urban Tolling Alliance (OUTA) and My Vote Counts. It is important to highlight that the prior mentioned civil society movements are Non-Governmental Organizations (NGOs), which means that their mission is to deal with government irregularities, maladministration and infringement of the Constitution of the Republic of South Africa. These organizations act as the whistle-blowers of society because they oppose government maladministration. They have on several occasions taken the government into various courts to make the state rescind some of its decisions. Accountability does not only end when the government delivers goods and services to the passive and inactive citizens but to ensure about quality and citizen's satisfaction (World Bank, 2012). The government must ensure it develops and empowers it citizens to become active and vibrant participants in community programs so that it becomes "A People-Driven Program" (World Bank, 2012). The shortest pathway to accountability is the direct communication and interaction between the community and service providers so as to curb undesirable outcomes (Jilke, 2013, Fox, 2007, Fox, 2015, Kosack and Fung, 2014). The community should be given an opportunity to exercise substantive power of influence to service providers, this is called "client power, public involvement and participation requires well capacitated, confident and enlightened citizens who can hold the authorities and Executive to account without any fear, favour, prejudice or reprisals of any kind" (Friedman and Miles, 2006, Obiyo, 2013).

Community based organisations (CBOs), non-governmental organizations (NGOs) and non-profit organizations (NPOs) in SA are continuously demanding and exerting pressure for greater accountability and transparency to the governmental officials, the State, members of parliament (MPs) and Executive. It is one of the reasons why South Africa remains with a relative margin of corruption compared to their counterparts in Africa and Latin America. The vociferous shouting, whistleblowing and continuous surveillance by civil society groups of government officials has made them to become major role-players in fighting against corruption (Essoungou, 2013).

2.7 Freedom under Law and Black Sash (NGOs) vs Department of Social Development

The 2017-2018 civil society case was at Constitutional Court between Freedom under Law and Black Sash vs Cash Paymaster Services (CPS) a privately owned -company contractually tasked to pay out pension grants of Department of Social Development (DSD). Freedom under Law and Black Sash wanted the Constitutional Court to bar the South African Social Security Agency (SASSA) and CPS from entering into a new contract, which was going to benefit CPS in exorbitant and insurmountable profits. In 2013, the ruling was made for the tendering process to be halted. The ruling favoured Freedom under Law and Black Sash, DSD was told to stop the process and open a new tendering process and DSD was ordered to pay the cost of the court case. These civil society organizations saved millions of Rand of taxpayer's money (Radcliffe, 2016).

2.8 Freedom under Law, Helen Suzman Foundation versus the South African Police Services

The case between the Berning Nhlemeza, the Head of Hawks, and Richard Mdluli, Head of Crime Intelligence, who were accused of having committed heinous crimes, and mismanagement of funds using their positions, and therefore unfit to hold esteem positions in security departmental offices. They were both suspended and later Mr Nhlemeza was fired after his appeal was set aside. Mdluli's case is scheduled for the end of June, once again finding the public servants guilty of maladministration has been a success of vibrant civil society movements who had also saved a lot of taxpayers as these individuals were paid a lot of money whilst waiting for their trials.

Helen Suzman Foundation took government to court over its failure to arrest Northern-Sudan President, Omar al-Bashir, as ordered by International Criminal Court (ICC) since the South African government as signatory to the Roman-Dutch Statute should have complied with the directive of arresting Omar al-Bashir. Once again, state was found guilty of being an accomplice in breaking the law and attempting to defeat the ends of justice court concur with Helen Suzman Foundation (Rispel et al., 2015). The court case between the Presidents of the Republic of SA vs Glenister and the Helen Suzman Foundation on the disbandment of the crime-fighting unit called the Scorpions, which after an extensive court case the government won. Freedom under Law and Helen Suzman Foundation launched a court case that fraud and corruption charges levelled against Pravin Gordhan were unlawful, irrational, and that the case was hopeless to be won in court. They also cited that laying charges against the Finance Minister Pravin Gordhan caused the Rand to drop sharply; the charges must be dropped, as there were very little chances of conviction. Civil society organizations continue to play a significant role of being the voice of the citizens. They remain the voice keeping government officials and the Executive accountable for their actions (Radcliffe, 2016).

2.8.1 The Role played by the Political Parties on Accountability and Transparency of the Executive, Legislature and Government Departments/Institutions

The Democratic Alliance (DA), the Economic Freedom Fighters (EFF) and United Democratic Movement (UDM) are leading the pack in the opposition in taking the government to court relating to public finance mismanagement and constitutional matters. The EFF and the DA took President Zuma to Constitutional Court for financial mismanagement and impropriety when upgrades were done in his private homestead in Nkandla which cost the taxpayer R 246 million. The Public Protector found that there was gross negligence and complete disregard of the Public Financial Management Act when the upgrades were done. Both the Public Protector and the Constitutional Court, respectively, found that the president had breached his Oath of Office. He was then ordered to pay back the money for the items, which were not regarded as security upgrades, as he claimed, but as personal luxuries like the swimming pool. The sum of R 8 700 million was ordered to be paid by President Zuma from his own financial pocket (Naidoo, 2012). In 2011, the Democratic Alliance took President Zuma to court in an attempt to have him rescind his decision to employ or appoint Mr Menzi Simelane as National Director of Public Prosecution, who was said to be unfit or proper to hold that office. The court agreed with the DA that Simelane was not fit to hold office. The DA once again took President Zuma to court to give reasons as to why he sacked Pravin Gordhan as Finance Minister, because his reshuffling had financial ramifications in the Rand; the Judge Vally then ordered President Zuma to give reasons to the DA why he sacked Finance Minister Gordhan. The DA, EFF and UDM have taken the National Speaker of the Assembly and President Zuma to the Constitutional Court, where they wanted the speaker to grant MPs the right to vote in a secret ballot in a vote of confidence against President Zuma. Both the President and the Speaker of Parliament, Baleka Mbethe, are refuted the claims as having no basis constitutionally. The DA then took the Department of Justice and the Correctional Services to court, with its intention of withdrawing from International Criminal Court (ICC). Once again, the state was found as not having followed the correct legal framework in its intention to withdraw from the Roman-Dutch Statute. The DA also has won another case against President Zuma, to have the charges of corruption against him reinstated by Northern Gauteng High Court as they were dropped in (October, 2016). The DA had also laid charges against the Passenger Rail Agency of SA (PRASA) concerning how its Group CEO Mr Montana had solicited billions of Rand of SA taxpayers to enrich his associates and himself by contravening PFMA and Supply Chain Management (SCM) Framework of PRASA.

The reader might be mesmerized as to why political parties has been included in this research? Various political parties and formations in SA socio-political landscape have placed a tremendous pressure on government to account. The SA political parties have become the whistle-blowers of maladministration within government institutions. These political parties had taken government to court on various accounts of maladministration and violation of constitutional and legislative statute. The political pressure for the ruling party the African National Congress (ANC) has happened in national, provincial and local spheres the political parties demanding the ANC to account politically for the actions of its political office bearers like councillors in the municipality, Member of Executive Council (MEC) in the provinces, National Ministers and President. Furthermore SA citizens are concerned about the corruption ratings of SA in the international domain. SA is ranked 69 out of 176 member states with regards to fraud and corruption which is continuing to rise (Transparency International & Corruption Perceptions Index, 2012). Furthermore it highlights the pivotal role that has been played by various political organizations, had they not intervened the looting of the state resources, income and expenditure statement of the state might have worsened. Despite the overwhelming outcry from a number of Non-Governmental Organizations (NGOs) who have taken it up to fight scourge of corruption in the public service include National Anti-Corruption Forum (NACF), Corruption Watch, Save SA and the various opposition political parties. There is also constitutional and legal frameworks to curb irregular maladministration and wasteful expenditure, but fraud and corruption has not subsided but is increasing at alarming rate through tender-entrepreneurism, procurement and Black Economic Empowerment (BEE) fronting (Lodge, 2014, Koelble, 2017).

2.9 The Chapter 9 Institutions

2.9.1 The Oversight Role of Chapter 9 Institutions and Government Accountability

Gallagher and Ocampo (2013) express that the IMF finds that developing countries in many instances are faced with challenges of strengthening the fiscal and financial discipline within their governments, secondly they have to create a conducive environment and atmosphere for public financial personnel and managers and to safeguard the financial processes of the state, this can be achieved by allocating and aligning state resources with the policy priorities of the government. It is for this reason that SA established Chapter 9 Institutions. Politically, the Chapter 9 Institutions is the State Institutions Supporting Constitutional Democracy (SISCD). Their roles and functions are enshrined in the Constitution of the Republic of SA, consist of the Public Protector (PP), the Auditor-General (AG), the Electoral Commission (IEC), the South African Human Rights Commission (SAHRC), the Commission for Gender Equality (CGE), and lastly, the Commission for the Protection of the Rights of Cultural, Religious and Linguistic Communities (The Human Right Commission (HRC), 2006). These institutions are independent of government, subject only to the Constitution and the law, and report annually to Parliament. In 2006, an ad hoc Committee on the Review of the Chapter 9 Institutions and Associated Institutions was established to investigate the effectiveness and efficiency of these institutions, and to establish whether they were fulfilling their constitutional mandate.

Although Chapter 9 brings together six distinct institutions, they have important things in common which suit them for their twofold roles as institutions intended both to check government and to contribute to transformation. The prior mentioned institutions are independent of government and they are operating under the Constitution of the Republic of SA and the statutory law, and must report annually to the National Parliament. These institutions were established to safeguard the efficiency and effectiveness regarding constitutional issues and continuous adherence and implementation thereof. Whilst they all play pivotal role in doing checks and balances of the government operations, however the Auditor-General and Public Protector are the most appropriate watchdogs and relevant for this study as they have jurisdiction to investigate the misappropriation of the public purse and abuse of state resources.

2.9.2 The Public Protector (PP) of the Republic of SA

The 1993 Interim Constitution of the Republic recommended the introduction of Public Protector's office under the constitutional framework called the Public Protector Act. In October 1995, the office of the PP became operational in SA (SA Constitution, 1994). The PP's office was seen as mechanism of strengthening and reinforcing constitutional democracy in SA by continuously maintaining the ethics of an efficient, effective and properly organized public services. The Constitution of the RSA of 1996 gave this office the authority and audacity to investigate the government affairs on matters relating to public maladministration and mismanagement, to make earnest reporting about status of affairs, and as per the findings thereof institute or take the decisive and precise remedial action (Public Protectors Act, 1994).

This was seen as the legitimate and decisive step by the new democratic government to protect the SA public against unconstitutional laws, intergovernmental maladministration and abuse of state resources. The PP's office was arguable seen as a means of the newly elected democratic government to deal with fraud and corruption within the government institutions. Furthermore, the office of the PP was to uphold the principles of good governance, transparency and accountability (Constitution of the Republic of SA Act 200 of 1993). The modus operandi of the PP starts by investigating the alleged reported act of maladministration, fraud or corruption brought forward by any public member or whistle-blower, the Public Protector must gather evidence through documentation, and call upon witnesses to give testimonies about the alleged complaint to determine whether it is authentic or not. The PP is constitutional obliged to report biannually its findings to the National Parliament which must take the decisive action about the concluded act of corruption.

The PP its constitutional mandate is to strengthen democracy by investigating thoroughly the improper and prejudicial conduct, abuse of power by officials in government affairs, maladministration, administrative dispute resolution**,** negotiations, advising, mediation by rectifying acts and take remedial action as it happened with upgrades at President Zuma's private home which cost R 246 millions of tax taxpayer's money. The President was ordered to pay back the money by the PP; the sum of R 8million was paid to the National Treasury. An amount of R 700 million has been lost due corruption since the dawn of democracy in SA. A sum of R 2.429 billion in irregular expenditure was lost in the Free State during the period between 2013-2014 because of non-compliance with the procurement of goods and services, and Supply Chain Management. Tshwane Metro paid R 830 million between 2013 October-May 2015 to install 800,000 water meters. PRASA paid a sum of R 620 million for unsuitable locomotives and the tender processing was irregular. These are irregularities in spending of taxpayers' money. If it was not for the PP, the prior mentioned irregularities might not have come to the public domain (Pillay and Kluvers, 2014). The Public Protector is supposed to safeguard and protect the resources of the state, but the former Public Protector's son damaged a state vehicle, which incurred damages of around R470 000 in repairs (South African Broadcasting Corporation (SABC), 2016). It is important to highlight that whilst the powers of the Public Protector are enshrined in the SA Constitution Act 23 of 1994, there was however, disagreement and confusion about the powers of the Public Protector with regards to whether the remedial action she recommended was binding or not.

There was a constitutional impasse concerning remedial action of the Public Protector, hence two professors who were the heads of departments from the school of law at University of Witwatersrand and University of Cape Town were approached to give clarification on the matter. Their response on the matter was astonishing, as it was not unanimous decision; it was for this reason that Economic Freedom Fighters and Democratic Alliance approached the Constitutional Court to make a ruling. Moreover, the PP investigated the alleged corruption in the SABC, where the then Chief Operations Officer's qualifications did not meet the job requirements. The PP investigated whether the COO was fit to hold that office and position without requisite qualifications. The PP's remedial action was that the COO should relinquish the position. The Supreme Court of Appeal argued that the PP's remedial action was binding. In the previous scenario, the DA had taken the matter to court, where it was confirmed that the PP's suggested remedial action was not binding, but merely a recommendation. This latter ruling was later refuted by the Supreme Court of Appeals and later confirmed by the

Constitutional Court in President Zuma's constitutional case regarding upgrades in his private residence.

2.9.3 The Public Protector and the Proposal of the State Capture Commission

In 2013 there were spurious allegations that emerged from various opposition political organizations in National Assembly that the South African Government was captured, influenced and controlled by outside forces and certain powerful individuals or families. On top of the list with such influence were the Guptas' family or brothers. The Guptas were alleged having the powers to appoint and dismiss the Ministers. Furthermore, there is strong assumptions that Guptas were having insurmountable power leverage in the state owned enterprises (SOEs). These allegations were propagated by the Congress of the People (Cope), Economic Freedom Fighters (EFF), Democratic Alliance (DA), Inkatha Freedom Party (IFP) and United Democratic Movement (UDM), African Christian Democratic Party (ACDP), Freedom Front-Plus (FF), Pan African Congress (PAC) and some smaller organizations. Some other allegations came civil organizations and whistle-blowers like Organizations of Urban Tolling Alliance (OUTA), Save SA, Corruption Watch, Helen-Suzman Foundation, Ahmed Kathrada Foundation, and Freedom under Law, Social Justice Coalition and lastly Section 27.

Some of these organizations approached the Public Protector to investigate the allegations into the due influence in the appointment of the Executive by then the President Jacob Zuma and the abuse of power and state resources by the Executive for self-enrichment or aggrandizement. The findings of the Public Protector in her recommendations highlighted that a commission of inquiry be established to unearth the allegations of the state capture. The concept of state capture commission simple means that the South African Government was controlled and influenced by outside forces which dictated to the Executive what to do or not do. The then President Jacob Zuma appointed the commission of inquiry which was to be chaired by the Deputy Chief Justice Zondo. The terms of reference (TOR) contained 15 points which pointed to maladministration, fraud and corruption, appointment of the Executive and external interference and influence thereof. The first witness to the State Capture Commission of Inquiry was the Acting Deputy- Director General (DDG) from the Chief Procurement Office. The Acting Deputy-Director General highlighted the velocity, magnitude, volume and complexities of procurement within the South African Government. The (DDG) explained and outlined the procedures as well as modus-operandi that must be followed in the acquisition of goods and services of the state, the Acts involved like Public Financial Management Act (PFMA), Municipal Finance Management Act (MFMA), and the Public Procurement Act. On the 25th of August 2018 the then the Deputy Minister of Finance took the stand as the second witness in the saga of State Capture Commission of Inquiry. The witness highlighted as to how the Guptas tried to coax him to give them favours in the state owned enterprises. In return of the favour the Deputy Finance Minister would be promoted to be the Minister of Finance. Furthermore the Deputy Finance Minister informed the State of Capture Commission the Guptas promised to pay him R 600 million which he didn't accept. The Deputy Finance Minister pointed out that the Guptas told him that they had insurmountable powers to appoint and fire the Executive. On the 27th August 2018 the third witness to give evidence in the State Capture Inquiry was the then Chairperson of the state owned enterprises (SOEs) she took a podium where she made allegations as to how she cajoled by the Guptas to influence the procurement processes to their advantage in the state owned enterprises (SOEs), (Commission of State Capture Inquiry, 2018). The chairperson of the (SOEs) was promised the ministerial position as it happened with the first witness (Commission of State Capture Inquiry, 2018). The fourth witness to take the stand was the then the Head of the Government Communication Information System (GCIS) and the Government Spokesperson dealing with government correspondence and information publicity. The Head of GCIS highlighted how the former President Jacob Zuma pleaded and influenced him to advertise the government tenders and contracts in the Guptas newspaper the New Age. The GCIS Head also made allegations that the Guptas threatened to kill him if he did not toe the line, similar allegations were made by the Chairperson of Public Enterprises (State of Capture Inquiry, 2018). During the writing of this thesis commission was continuing.

2.9.4 The Auditor-General of the Republic of South Africa

The Auditor-General is Chapter 9 institution within the Constitution of the Republic of SA (sections 181 & 188). The Auditor-General of SA (AGSA) main responsibility is to promote and enhance democracy. The AGSA has to ensure that transparency and accountability and good governance is achieved by adhering and complying with legal statute.

2.9.5 The Framework under which Auditor-General of SA Operates

The AGSA office in order to fulfil its constitutional mandate of safeguarding the fiscal utilization of public resources is obliged to take into cognisance the key stakeholders provided in the framework. The failure to comply with designated framework means the credibility of his/her findings will not receive authenticity, reliability and validity.

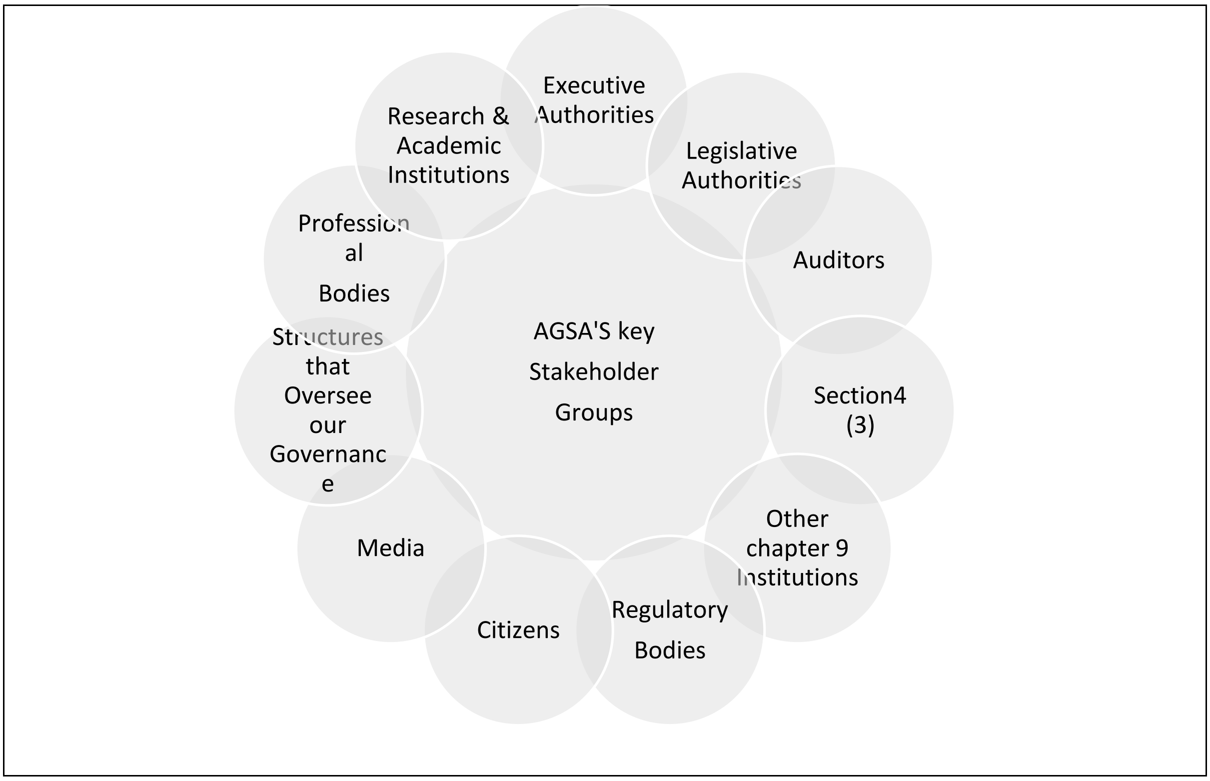

Figure 2.8: The stakeholders in Auditor-General of South Africa

Source: (Perry, 2017)

Despite all these key stakeholders oversight role, however the AGSA audit reports highlights that various government institutions are struggling to cope with record-keeping, so without sound recording-keeping and management in the SA's Public Sector, effective auditing and accounting process is compromised (Ngoepe and Ngulube, 2016). Record-keeping, management and auditing forms the solid relationship and foundation for all accounting practices, AGSA had instances found that documents were either disorganised or did not exist which made retrieval process impossible, hence financial accountability being highly compromised (Ngoepe and Ngulube, 2016). The AGSA is there to make the government to account or "the watchdog over the state performance". It performs the oversight role on public finances of all government divisions or tiers be it national, provincial or local, powers are constitutional granted by Section 188 of the Constitution of the RSA. The Auditor-General has found gross maladministration, wasteful and irregular expenditure in various government departments and public enterprises. In 2013, Auditor-General found out that R14million spent by Passenger Rail Agency of SA (PRASA) on procurement, which was irregular because of not following due process in renewing of contracts and Supply Chain Management. PRASA out 56 targets it was given, PRASA only managed to meet only 29 out 56 and that cost entity a lot of money (Auditor- General Report, 2014-15). The greater demand of accountability and transparency by citizens, and the global recession of 2008 has made governments worldwide to adopt integrated financial innovations practised in the private sector (Bartocci and Picciaia, 2013).

In January 2013 The Auditor-General found out that eThekwini Municipality’s irregular expenditure was R 785 million, and that 74 tenders worth more than R 7.7 million were given to eThekwini Municipality’s employees, which displayed high levels of conflict of interest; furthermore, 161 tenders or contracts, worth R 32 million, were awarded to government employees. The AG also found out that 15 employees of the council breached the principles of Supply Chain Management. In Mpumalanga Province, the sum of R 2 billion was incurred as irregular expenditure by the Department of Health (DoE) during the 2014-2015 financial year. In 2014-2015, a sum of R 46.7 billion was spent as irregular expenditure across SA’s national, provincial departments and State Owned Enterprises (SOEs). In 2012-2013 Auditor-General found out that, R 12 billion was outstanding in Department of Health in Gauteng. An Accounting Officer in the Department of Health in Gauteng failed to prevent irregular expenditure of R 5.7 billion and R 408 million of wasteful expenditure, R324 millions of which was wasted in acquiring goods and services, R 270 million on security without following procurement processes, R 825 million in unsolicited tendering bids and lastly R 120 million irregular expenditure on infrastructure development (Auditor-General Report, 2015-16). Because of wastage of public resources, Members of Parliament have expressed their dissatisfaction and intolerance of continuous corruption within the public service (Integrated Annual Report, 2017-2018).

On the recommendations of the Standing Committee on the Auditor-General (SCoAG), Public Audit Act Bill (PAA), which was later followed by Public Audit Amendment Bill, was crafted and passed by parliament, to strengthen the mandate of the AGSA of facilitating corrective and consequential action, on the audit findings and recommendations in pursuance of curbing maladministration (Integrated Annual Report, 2017-2018). The AGSA, addressing the parliament ScoAG, informed MPs that government irregular expenditure is above R 45 billion (Makwetu, 2018). In 2016-2017 the AGSA reported that the municipalities of SA carried an irregular expenditure of R 28.4 billion which accounts to more than 70% of the total irregular expenditure. In 2017-2018, State Owned Enterprises were seeking a R 59 billion bailout from the National Treasury (Daniel, 2018). The South African Broadcasting Cooperation (SABC) is owing 64 companies R 100 million, Eskom is owing R 19 billion due irregular expenditure since 2012. SAA has in recent years received more than R 15 billion bailouts which is estimated at R 21 billion in 2021. In 2017, the South African National Road Agency Limited (SANRAL) was owing R 10.5 billion, because SANRAL wrote-off the debt of R 3.6 billion that was owed by Gauteng motorists who vehemently refused to pay for the service. The total irregular expenditure in 2018 stood at R 72.6 billion, whereas in 2017 it was R 42.8 billion. The irregular expenditure nearly doubled in 2018 in spite of all governmental financial control mechanisms, which is a worrisome and frustrating scenario for the AGSA, SCOPA, SCOF, Executive and National Assembly. Transnet R 8.1 billion, Water and Sanitation R 6.2 billion, Water and Trading Entity R 4.9 billion. Department of Correctional Services R 3.2 billion, Property Trading Management Entity (PTME) R 2.3 billion, Department of Basic Education R 1.7 billion , Department of Defence R 1.7billion, Department of International Relations and Cooperation (DIRCO) R 1.2 billion, SA Social Security Agency (SASSA R 1.7 billion, SA Postal Office (SAPO) R 1billion.

2.9.5.1 The Implementation of Public Financial Management in South Africa

The execution of Public Financial Management (PFM) in the Republic of SA must be accordance with the constitutional framework of Public Finance Management Act, 1999 (Constitution RSA, 1996) This study seeks to determine and assess the extent to which PFM and PFMA were able to achieve the set objectives as required by the statute in the Department of Public Works. The statute stipulates that government departments should without fail achieve or enhance effectiveness, value for money, efficiency and equity in spending public money. Public Finance Management Act and PFM will be viewed in accordance with financial audited statements, budgeting, meeting annual performance targets, risk factors, plans but able to achieve critical success against all odds. The challenges in administrative leadership with regards to skills availability and capacity in execution of PFM poses serious threats when it comes to issues of financial accountability. The correct implementation of PFMA and PFM will combat and eliminate fraud and corruption within the Department of Public Works (DPW) because both they categorically stipulate the modus operandi to be pursue regarding financial accountability, budgeting planning and implementation, reporting and monitoring, and lastly supply chain management, when PFMA and PFM are executed accordingly significant financial improvements will emerge (PFMA, 1999).

2.9.5.2 Budget Planning and Execution

The continuous existence of an organization depends on how budget planning, presentation and implementation are handled, budgeting plays an indispensable role in any organization's utilization of resources without proper and appropriate budgeting mechanisms organizations will not survive (Ahmad, 2014). Budgeting outlines the organizational aspirations, interests, goals and objectives which the organization intends to achieve in the future. Budgeting forms the fundamental basis of all organizational financial planning processes and activities, which safeguard, monitor and control country's national economy, towards a systematic planned development of ensuring that correct and appropriate utilization of government purse are pursed (Lee et al., 2013). Budget execution is the mammoth task and challenge for many public institutions because government must craft precise financial forecasts, and projections of how certain organization's developmental programs must be implemented using economic framework (Gachithi, 2010). Budget implementation is not without challenges as unforeseen and extenuating circumstances, costs and needs emerges which cause economic fluctuations in the financial structure which requires vociferous budget review, and variance which can guarantee proper implementation (Onyiah et al., 2016, Kiilu and Ngugi, 2014). The organizational success largely depends upon the efficient and effective planning, utilization and execution of the budget. Budgeting plays a pivotal role in strengthening fiscal and financial discipline of the organization by prioritizing, and aligning policies with resource allocation to enable a conducive environment for the public financial officers, and monitor the due processes (Mkasiwa and Gaspar, 2014). The Constitution of the Republic of SA gives credence to the Minister of Finance to ensure that tax revenue collection is well executed by SA Revenue Services (SARS) within the legislative, and legal framework (Constitution of RSA, 1996). The Minister of Finance is tasked by SA Constitution to do budgeting planning of the public purse through various mechanisms like Mid-Term Budget Framework Review (MTBF), and present or tabled it to the National Assembly for discussions, debates and adoption (Government Gazette, 1996). Similar practice must take place in provincial and local government spheres such as municipality. The Member of Executive Council (MEC) of Finance in the provincial legislature, mayors and municipal managers must follow suit (PFMA, 1999). The Minister of Finance has to ensure that control measurement and stewardship are in place to safeguard public funds (PFMA, 1999). The MTBF enables the country to evaluate economic climate and growth, the economic challenges like budget deficit, budget predictions, and proposal for the next financial year (Constitution of Republic of SA, 1996).

2.9.5.3 Accounting, Recording and Reporting

The Minister of Finance of the Republic of SA is a representative of the Executive and has a sole responsibility of being answerable to the executive of the government (monocratic budgeting) and the Legislative Assembly regarding national budgeting and central budgetary matters. The Minister of Finance of SA is in charge of National Treasury therefore has to ensure that adequate information and records are always produced, decision-making control measures are in place, information is disseminated and freely accessible to all South African citizens whenever is needed (Constitution of RSA, 1996). The Public Service Accountability Monitor (PSAM) is an independent research organization, which seeks to strengthen democratic values underpinned by accountability and transparency as the cornerstone and life-blood of sound democratic state. PSAM is tasked with the responsibility of doing research which encompasses monitoring and policy analysis of public sector financial performance. PSAM collect information on how public institutions handle and manage resources of the state, and how the government is dealing with cases of corruption and misconduct. Public Service Accountability Monitor cascade such information over to the legislature, the ordinary public and civil organizations. By providing such information and tools PSAM wants to enable the prior mentioned units to institute or launch legitimate, and authentic complaints so that the entrusted government officials and ministers are held accountable, about their performance in the utilization of public resources. This allows an ample opportunity for the ministers to respond appropriately by providing the comprehensive report about their organizational challenges, failures, achievements, and successes to the citizens of the Republic of SA. Public Service Accountability Monitor has to ensure that the recommendations tabulated by oversight bodies like SCOPA, SCOF and Auditor-General are implemented without fail. Furthermore to ensure that financial records are well documented and kept. PSAM must ensure that commitments and pledges made by government ministers, senior management team and officials are executed. In the national legislation, the Constitution of the Republic of SA, Section 215 stipulates categorically that the national, provincial and municipal budgets, should be tabled before government legislative institutions, it also prescribes the format of how these budgets should presented. Section 216 of the Constitution of the Republic of SA deals specifically with treasury measures of control, and requires legislation to "establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government" by introducing, among other things, "generally recognised accounting practice" and "uniform treasury norms and standards". In addition, sections 217, 218 and 219 deal with procurement, government guarantees and the remuneration of persons holding public office respectively (Constitution of SA 1996).

2.10 External Financial Control Measures

2.10.1 The Oversight Role

The public finance management system in South Africa has gone through fundamental changes and is still under transition, especially after South Africa's democratization in 1994. These fundamental changes in public finance are characterised by the fact that public service, in general, in South Africa has evolved as well and is still in the process of transformation. Based on the PS transformation in general and public finance in particular, institutional design and the mind set of public servants in general have to respond to the transformation taking place in the Public Service.

Therefore, managerial leadership should be skilful both conceptually and technically, especially in public finance systems and governance in general. It is because a skilful leader should be able to ensure that government objectives, particularly in implementing the PFMA 1 of 1999 including the Municipal Finance Management Act (MFMA) 56 of 2003 are maintained. Furthermore, these institutions ensured that the Executive is held accountable in handling the public purse and the resources of the state. These institutions involves Standing Committee on Public Accounts (SCOPA), Standing Committee on Finance (SCOF), Public Protector, various Portfolio Committees, the National Parliament and Auditor-General. These oversight institutions have the authority and audacity to summon the Executive to account about their performances in their department (National Office of Auditing and Accounting, 2002). The Constitution of the Republic of SA, 108 of 1996 (SA 1996), Chapter 13, which is not like many constitutions of various countries in the world in detail addresses the issue of public financial management.

2.11 The National Parliament of the Republic of SA

The Constitution of the Republic of SA, 1996 stipulates and give powers to the Parliament to exercise oversight role in monitoring and overseeing how the government operates or acts, South African government actions or operations must align with constitutional framework. The Constitution stipulates that Parliament have mandate to ensure that all organs of the state are monitored. The oversight has to ensure that government performs appropriately and its utmost best by delivering the quality service to the people of SA (Constitution of the Republic of SA, 1996). The Parliamentary Committees are constitutional frameworks of the Republic of SA, which were formulated to as the mechanisms of the Houses to fast track, facilitate, do checks and balances by monitoring the actions of the government (Constitution of the Republic of SA, 1996).

2.12 The Public Sector Governance

There is no universal accepted definition of public sector, however theorist agree that it is a public administration discourse composed of a series structural arrangements, which has to do with allocation of resources, and the effective and efficient utilization thereof so to benefit the citizens (IFAC, 2013). Furthermore, public sector governance must take into cognisance the stakeholders and role-players involved i.e. government, community based organizations, private sector and public sector. Governance may be defined as a process or a system decision-making and the process under which those decisions are being executed (Abednego and Ogunlana, 2006).

2.12.1 The Public Sector/Service Innovation

This can be explained as an introduction of a new or improved public service system encompassing a lot of improvements ranging from organization's communication methods, modus operandi, and organizational processes (Bekkers et al., 2013)

In the most recent years greater focus has been directed to the role played by government in governance of the state resources. According to Ansell and Torfing (2014), corruption and poor governance have plagued governments in the developing countries but through public sector innovations and collaboration, there is improvement. Corruption and governance are crucial elements because of the manner they affect the governance of the state, and inter-alia are affected by the role played by state, therefore these concepts determines good governance, good government requires good governance (Andrews, 2015). Furthermore, good governance is an essential element or component to enhance financial and economic management framework encompassing stable macroeconomic outlook, government commitment to economic and social equity (Department for International Development (DFID)(Brinkerhoff and Brinkerhoff, 2015). The government has to ensure that efficient and oversight institutions are promoted to do checks and balances and make government accountable (Public Protector, SA, 2016). There is variety of factors that cause poor governance these may emanate from ignorance, lack of efficient and vibrant institutions, pursuing inefficient and stagnant ideological frameworks and economic models, hence the need of innovations (Ferri and Zan, 2019, Faúndez, 2016). It is important to highlight that poor governance does not equate corruption but it must accepted that poor governance in many instances is a recipe an ingredient for corruption and poor performance (Donen, 2018). According to Mandeli (2016), lack of government commitment to craft and execute good governance's principles and policies, it compromises and jeopardises good governance. Where there is poor governance, corruption thrives and it will reign supreme (Corkery et al., 1995, Agere, 2000). Public sector innovation and public governance has an influential bearing on each other, public sector innovation inspire organizations to emerge sophisticated systems of social change that will subsequently require new mechanisms to execute public governance (Scupola and Zanfei, 2016, Downes and Nunes, 2014)

2.12.2 The Financial and Fiscal Commission

The competence and responsibility Financial and Fiscal Commission is that of being a consultative body or an organization, which gives government advices about financial and fiscal matters and makes necessary recommendations for all government organs, and institutions in all spheres or tiers of government. By the virtue of constitutional powers invested in the President of the Republic of SA she or he remains, having a prerogative right to appoint the members who sits and serve in this commission are who are conscientiously chosen because of their expertise and prowess. The Financial and Fiscal Commission just like Public Service Commission (PSC) must act and execute its mandate in an impartial manner by making appropriate recommendations as enshrined in the Constitution of the Republic of SA, 1996 in all spheres of government that is national, provincial and local government (Erasmus and Visser, 2002). As an independent body, the commission is required to act impartially and to make recommendations regarding matters as prescribed in the Constitution (1996) relating to the three spheres of government (Erasmus and Visser, 2002). The Financial and Fiscal Commission is bound by the Constitution of the Republic of SA, to respond to the basic requirements and needs concerning how it has performed and managed in public finances. Furthermore, these two departments must on regular basis report to the National Parliament, the National Council of Provinces (NCOP), and the provincial legislatures on all proposals and recommendations Financial and Fiscal Commission must display principles of openness and transparency. It is the duty of the commission to propose advice and make recommendations. The Financial and Fiscal Commission with regards to the division and utilization of public purse between the various tiers of government, the commission recommended that the state revenue must be equitable distributed with other inter-governmental fiscal and financial matters. The Financial and Fiscal Commission has a potential and capability of controlling the negative imperatives and effects, which might have subjective connotations and implications, which are advocated and intended to benefit the powerful, and influential political decision-makers in the distribution and allocation of the state resources within various structures of the government (Erasmus and Visser, 2002).

2.12.3 The Role of Public Service Commission in Public Sector of South Africa

The Public Service Commission (PSC) of SA is supposed to be an impartial and independent body crafted and established by the Constitution of the Republic of SA (1996). It was seen as the mechanism and custodian to safeguard the appropriate application of sound governance practices in the public service. Its constitutional mandate was derived from Sections 195 and 196 of the Constitution of SA, 1996. The PSC is mandated to promote greater professionalism, well and sound ethical leadership and environmental practices. Furthermore, PSC must ensure that it adds substance and valuable ingredient in public service by ensuring that it is efficient, effective, accountable, equitable, committed, and incorruptible and respond promptly to the basic demands of the citizens of the Republic of SA (Public Service Commission, State of the Public Service Report, 2013).

As per the Constitution of the Republic of SA, 1996 in Section 196(4), the PSC is constitutionally obliged to enhance democratic principles, values, norms and standards enshrined in the Constitution. The PSC must always keep public service in check or alive by ensuring that thorough investigations on public service and administration are appropriately and properly executed. The PSC must evaluate and monitor the performance of public service administration practices and operations by reporting, cascading and disseminating their findings, and information to the relevant stakeholders like Parliament and government departments. The PSC must propose and recommend strategic measures and controls, tools and mechanisms to ensure greater effectiveness and efficiency in the public service performance. The PSC must annually without fail make a full presentation in the National Assembly; or in the provincial legislatures to divulge the provincial activities, provincial performances and compliances. The reporting that is done to the respective provincial either legislatures or the National Parliament must not be compromised (Du Toit and Van der Waldt, 1999). The PSC must always retain its status of impartiality and independence in order to retain its credibility and worthiness. About the issue of the HRM, PSC to ensure that sound governmental procedures and practices, which relates to HRM are adhered to or complied with, as per the regulatory prescripts outlined in the PSA of SA.

Thonzhe and Doorgapersad (2017) suggested that if the PSC has found flaws of incapacity and inadequacies in the human resource, PSC must develop training programs to empower the employees to excel in sound public financial management performances. Whilst the government procedures, Acts, rules and regulations, policies and frameworks plays a pivotal role in the public administration but on other hand they can’t interpret, implement and evaluate policies, nor can they take away the assessment and insight role presented and offered by the governmental employees and officials i.e. the human touch or involvement is irreplaceable. In conclusion, PSC has a tremendous potential of paradigm shifting or drifting away from the paradigm of statutory principle and compliance to a model that is outcomes or results based (Thonzhe and Doorgapersad, 2017).

2.13 The Parliamentary committees of the Republic of South Africa

2.13.1 The Association of Public Accounts Committees (A.P.A.C.)

The first public accounts committee was established in United Kingdom in 1861 (Botes, 2011). The A.P.A.C was establish an oversight legislative mechanism to enforce good governance, financial accountability, eradicate fraud and corruption, and create conducive environment for sustainable economic growth (Pelizzo and Stapenhurst, 2013). The SA Parliament Public Accounts Committees and the nine provinces of SA established the Association of Public Accounts Committees in the year 2000 (Lodge, 2005). This was done to follow the global phenomenon, the model pursued was specifically taken or derived from the New Zealand, and the Australian frameworks called the Council of Public Accounts Committees (Wenher and de Renzio, 2013, Wehner, 2004, Pelizzo, 2011). The Association of Public Accounts Committee managed to make a paradigm shift in public financial management of SA. The A.P.A.C paradigm shift strategy enabled and enforced South African national legislature, provincial and local legislatures to endorse Public Accounts Committees. The A.P.A.C was seen as the desirable and recommended tool and mechanism for effective implementation of financial policies, laws, administration and practices overseeing quality service delivery on the public institutions. Various attempts were made to involve the expertise and competence of tertiary institutions like universities, colleges, and training and learning centres. These institutions must also through their curriculum focus their attention on the methodology, and mechanisms to enhance and necessitates the improvement of public financial management, accountability in the government institutions and departments of SA. Furthermore, the Association for Public Accounts Committee recommended that the learning institutions must do a lot of research, craft and formulate financial and special designated courses to capacitate public servants in the Accounting and Public Finance. With such government strategic interventions, the government will inevitable produce highly level of prospective and capable public servants, which concomitantly will produce greater number of Chief Financial Officers (CFOs) to lead, supervise, monitor and manage Public Finance in the various government institutions and departments.

2.13.2 The Standing Committee on Public Accounts (SCOPA)

It is the responsibility of the SA Parliament enshrined in the Constitution of Republic of South, 1996 that National Parliament must always be more critical of the role and the responsibility played by Executive, and should without any shadow doubt play a vital oversight function (Lodge, 2005). Since its inception the various Standing Committees on Public Accounts (SCOPA), Auditor General's offices and Public Finance Management Act (PFMA) are continuously co-operating very well in doing sterling and marvellous work of raising the compliance bar or level for the various government institutions and departments (National Treasury, 2001. Through co-operation, these organs of the government institutions i.e. (SCOPA, APAC and PFMA) made a paradigm shift in advocating and insisting for the introduction of an accrual method of international accounting standards called the General Accepted Accounting Practice (G.A.A.P.). The General Accepted Accounting Practice (G.A.A.P) replaced Cash Accounting system, which was used by the previous Apartheid regime or dispensation (National Treasury, 2001).

External auditing is enshrined in the SA Constitution of 1996-it gives credence to Auditor-General to audit government departments, and institutions including national assembly or legislatures in the provinces and local government (SA, Constitution, 1996). The external auditing is available to do checks and balances of the National Treasury by scrutinizing its administration, financial accounts including the income and expenditure statements, examining policies, value for money, service delivery of the government and to hold the public servants and the government to account about their actions (PFMA, 1999). In SA the financial oversight role is played by Standing Committee on Public Accounts (SCOPA) that calls upon various government departments and State Owned Enterprises (SOEs) to the National Assembly (National Treasury, 2001). These government entities are called to account and report about their departments' financial performances including irregular and wasteful expenditures. The Auditor-General Institution is an independent body that checks all government departments' public spending in national, provincial and municipalities, report to the National Assembly about his/her findings, and make recommendations (Constitution of the Republic of SA, 1996). The (PSAM) has enable to provide necessary and adequate information and simplified documents that are user friendly to citizens so that the public can demand transparency and accountability in government institutions. Public Service Accountability Monitor has encourage the citizens to participate by offering the public incentives to participate, civil organizations are encouraged to participate regardless of their social status and position, use mass media to ignite the concerns of the citizens and lastly encourage peaceful protest and constructive engagement with government officials taking into cognisance the following categories: strategic budget planning, budget preparation and budget approval.

2.13.3 The Strategic Budget Planning, Budget Preparation and Approval in the Republic of South Africa

On Corporate Governance (King IV) Report recommended that governing bodies must continuously ensure in monitoring and exercising the oversight role in the organizations or institutions under their jurisdiction, furthermore it must manage and guarantee the security of critical information at their disposal or at hand. Whilst the internal audit function (IAF) is seen as an indispensable assurance provider and a model by Institute of Internal Auditors (IIA) and auditors in general (La Torre et al., 2019). The King IV Report did not provide any implementation guidelines nor do continuous benefits or recommendations thereof on the oversight role of the internal audit function (IAF) implementation (IIA, 2013). The application of continuous auditing is seen by auditing institutions and auditors as modernised or recent audit technique, mechanism or solution that embraces the notion of cost-effectiveness, which organizations can implement to address internal audit functions, and thus provide continuous assurance to the stakeholders (IoDSA, 2016, (Barac and Williams, 2016). The first part of the article, deals with strategic planning framework which is at (macro) level which integrated and covered the processes of annual planning which has a traditional connotation and continuous auditing practices (IoDSA, 2016). The main objective of Part II of the article focused on the development of a conceptual framework which provides the clear guidelines of continuous implementation of auditing practices, focusing on operations at (micro) level (Goosen and van Dyk, 2017).The insight being focused specifically in providing assurance on the automated controls or machines designed to service a specific business or organizational process, systems and its Information Technology (IT) infrastructure (IoDSA, 2016). These systems ensures that internal audit functions continues unabated, and provides independent assurance to stakeholders and the governing bodies that the phenomenon of integrity, confidentiality and availability of organizational information as portrayed in King IV Report is respected (IIA, 2013).

Governments throughout the universe requires creditability, without authenticity, legitimacy, and credibility it will be extremely difficult for the government to collect taxes from taxpayers, donors and to borrow money from credible organizations like International Monetary Fund (IMF) and World Bank, which enable the state to carry its mandate of fulfilling its policies of raising funds.

The Constitution of the Republic of SA has legal justification regarding the issue of budgeting because it is enshrined in the constitution. The legal framework of the Constitution of the Republic of SA stipulates categorically the various stages or legislative procedures and processes to be followed regarding crafting and planning, budget voting, budget approval and budget execution. Furthermore, the Constitution has inherent strongholds which stipulates responsibilities and roles given to organs of the state and financial managers assigned with the task thereof. There is a strong need for appropriate financial measures to monitor, evaluate and control before any payment or transaction that is done to eliminate maladministration, fraud and corruption. The public purse of the South African taxpayers cannot be utilized without parliamentary authorization or approval. The Rules of the House tabulates the procedures, rules and legal framework to be used until the budget is approved by the parliament by both houses the National Assembly and National Council of Provinces (NCOP). The Constitution of the RSAA, 1996 stipulates that the NCOP represent the interest of the nine provinces in national tier of government. This is achieved by providing by provincial personnel or Members of Executive Council (MEC) to take active participation in the National Assembly discussions, debates and processes regarding the matters, problems and challenges affecting the provinces. The NCOP must ensure that challenges and predicaments affecting the provinces are taken care of, and are given credence it deserves. Furthermore, the NCOP constitutional mandate is to amend, consider, suggests amendments, passes or rejects any government legislation. The limitations however exist within NCOP as it cannot make any proposals or suggestions regarding financial matters of the government, the powers to make proposals are invested in the Minister of Finance. According to the (Constitution of the Republic of SA, 1996), the Minister of Finance of the Republic of SA must at the beginning of the year tabulate the budget. The Minister is guided and directed by the two bills the first one is called the "Division of Revenue Bill" one of these is tasked with responsibility of dividing the money between national, provincial and local governments, the second one has to display to the South Africans how the national government is going to spend or utilize its money. The National Council of Provinces must debate and discuss the budget extensively before voting on it, NCOP must be involved in all stages of budgeting including final stage of revenue division.

2.14 The Effective Financial Management Systems and Control Measures

The principles, activities and matters regarding the public financial management within the public sector of SA goes through a diversified governmental institution. These bodies or institutions reflect the roles, duties, requirements, public interest and expectations and the responsibilities of the personnel within the government to execute that task to the public. These public expectations demand these bodies or institutions to meet certain standards or criteria. These government institutions or bodies are constitutional and mandatory obliged to meet the minimum prescribed standards and demands as tabled in the Service Charter, called Batho Pele, these involves a variety of expectations from the public i.e. fairness, impartiality, honesty, openness, accountability, transparency, reliability, accuracy, objectivity, integrity and value for money.

2.14.1 The Role of Accountability played by Oversight Bodies

The government institutions must provide proof of effectiveness, legitimacy and accountability to receive continuous support from the public, therefore institutions like internal audit function (IAF)and Institute of Internal Auditors (IIA) must be adhered to, because it adds value to the organization (Erasmus and Coetzee, 2017, Eulerich et al., 2015). There is continuous demand of accountability by the public, therefore the proof of accountability and effectiveness will be judged by the relationship the institutions have with the public, the government institutions must fulfil the needs and expectations of the public (Diale, 2016, Piper and von Lieres, 2015).Therefore, the oversight bodies must ensure to evaluate the performance and effectiveness of these institutions (Piper and von Lieres, 2015) The public sector employees 'performance must be monitored and evaluated to determine the institutional successes (Erasmus and Coetzee, 2017, Matei and Antonie, 2014). The monitoring and evaluation of the public service should involve the community at large, and the citizens must be kept informed and updated about the developments, so as to demand accountability from the civil servants for their achievements and failures (Matei and Antonie, 2014). In the 21st century public institutions has transformed remarkable through the introduction of information computer technology (ICT), Integrated Financial Management Information Systems (IFMIS), and E-Governments. These technological innovations and changes has made tremendous impact on how the public view the public service, this has changed the behaviour, attitudes, expectations and needs of the public, the public expects more from the public service rendered, and high levels of accountability because technology makes things and life much more easier (Hendriks, 2013).

van Zyl (2014) suggests that transparency by government institutions leads to greater accountability, it's for this reason that the development activist and practitioners, civil society organizations (CSOs) and government have continuous published information with hope that this will yield fruits of greater accountability within government institutions however this hasn't been forthcoming (van Zyl, 2014). There is a strong view shared by practitioners that greater transparency often leads to accountability, this happens when supreme audit institutions (SAIs), political parties, donors, Members of Executive and legislative institutions, and other formal bodies use the information at their disposal to hold the government accountable and institute the necessary sanctions (Fox, 2015, Fox, 2007, Yu and Robinson, 2012). Peixoto (2013), Khagram et al. (2013) and Fung (2013) shared a similar view. The diagram below by the World Bank (2013) illustrates, suggests and provides the framework that involves citizen's participation and collaboration in the quest of making government accountable to the people.

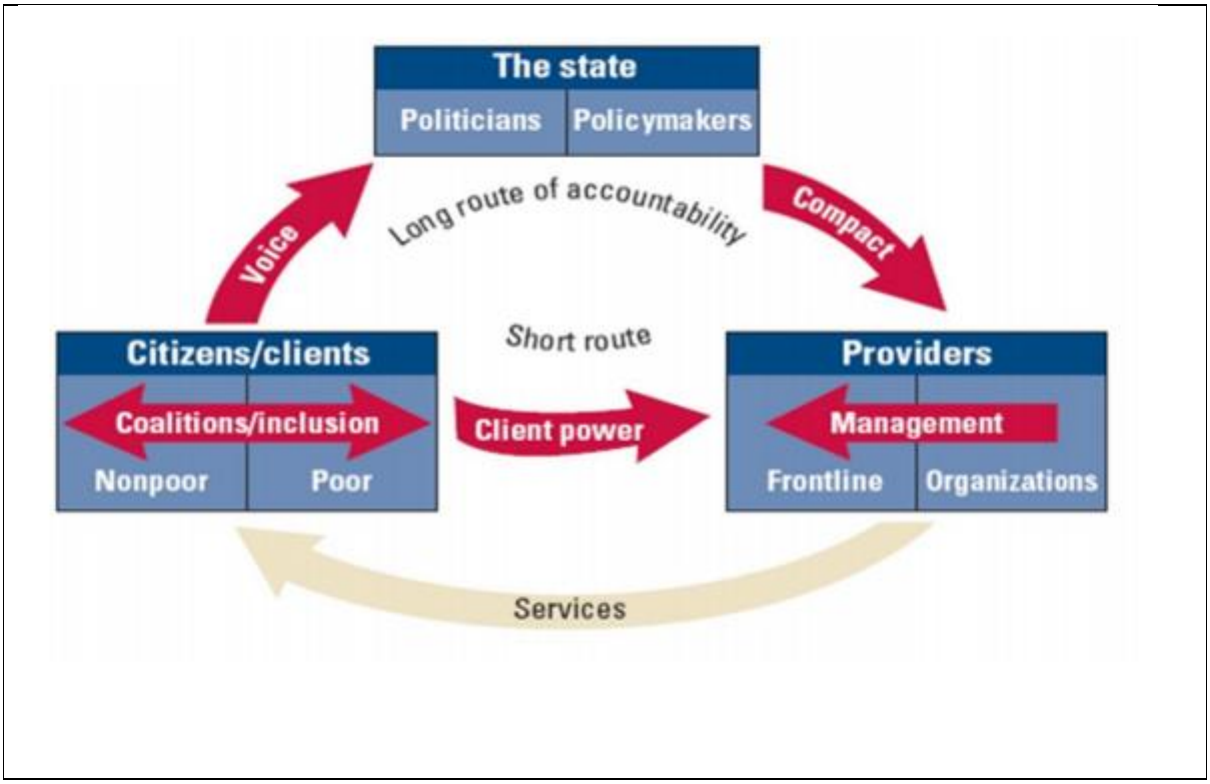

Figure 2.9: The World Bank framework for accountability and key relationships of power

Source: Creative Commons Attributions 3.0 Unported license (CCBY 3.0) World Bank (2013)

2.14.2 The Value-for- Money Principle

The value-for-money is the fundamental economic or financial concept that encompasses the notion of equity, effectiveness and efficiency in the government spending of the Republic of SA. The issue of value-for-money in Public Financial Management is perceive to have public connotation of value. The public value is highly contested concept presumably derived from socio-political framework and planning processes, because it determines the resources needed to implement certain organizational programmes, and policies to attain the public value (O'Flynn, 2007). In most definitions equity is not regarded as part of the value-for- money but in SA is included, the international standards concentrate specifically on economy, efficiency and effectiveness. The inclusion of equity in the explanation of the value-for-money is SA phenomenon it is because it is enshrined in the SA Constitution, Section 195 which articulates the issue of values and principles that must be taken into cognisance, and this is also postulated in the Bill of Rights. In chapter, two of the Constitution of the Republic of SA emphasised the need of the government to take into account the socio-economic rights in the distribution of scarce resources. Public Financial Management Act (PFMA) of 1996 of SA was crafted to modernised and revitalised Public Financial Management; therefore, PFMA covers a wide scope of public sector activities which goes beyond government public expenditure, efficiency, performance and effectiveness. Public Finance Management Act introduced various reforms, which its objective was to make significant and innovative changes to meet the requirements and standards of the value-for-money. The reforms were made in accounting and auditing practices and systems, beefing up internal control mechanisms and environment, asset, investment and cash management systems, and lastly liability management. The diagram below highlights the features or ingredients needed to achieve what the money worth. The question always asked is whether the service rendered is worth the money or resources paid.

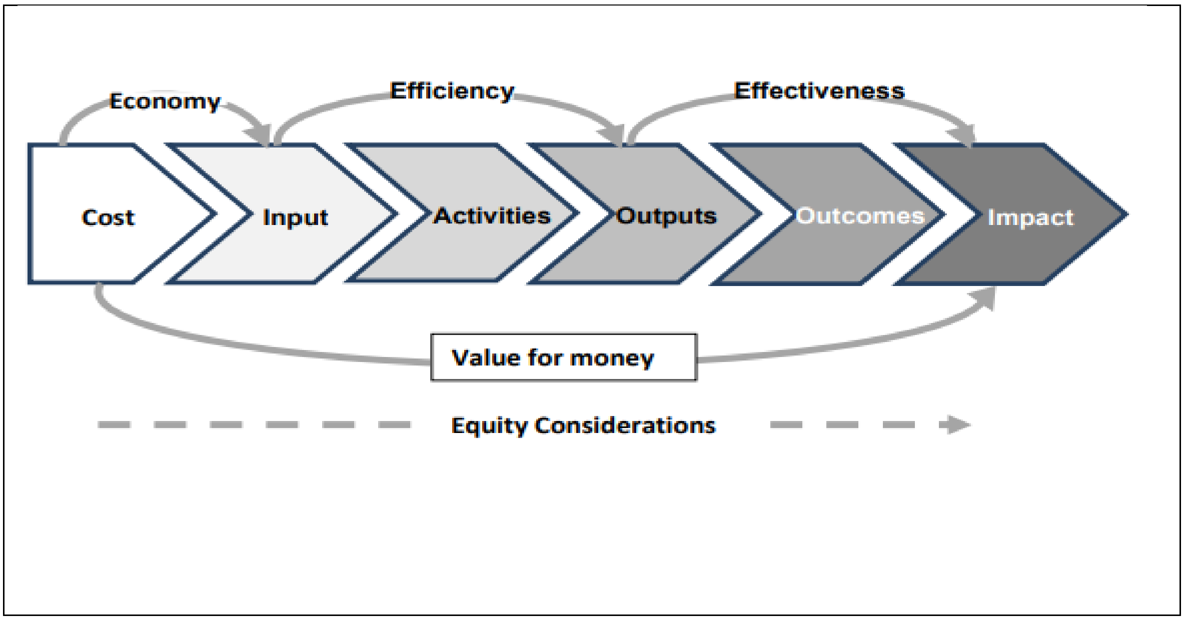

Figure 2.10: The value for Money Framework

Source: DFID (2011)

2.15 The Effective Way of dealing with Misconduct, Maladministration and Corruption in the Public Sector

According to the Organization for Economic Cooperation and Development (OECD) in 2015 thirty democratic countries formulated a cooperative strategy known as Toolkit. It was a strategy for working together to address socio-environmental problems, and economic challenges imposed on them by the globalization phenomenon. The Organization for Economic Cooperation and Development is at the head of spearheading and assisting the member states to understand, and address the new pending challenges, concerns of corporate governance and economic evolution. The member states include the G 7 countries comprising of United States, United Kingdom, France, Germany, Italy, Japan and Canada, the Scandinavian countries, and the Commission of European Communities. The Organization for Economic Cooperation and Development provided the member states with a platform or an opportunity whereby their policies and frameworks can be compared, be subjected to public scrutiny and analysis. Such public assessment enables the member states to seek solutions to common challenges and problems; it enables the member states to emulate good governance practices and policies in cooperative way to strategically coordinate, formulate domestic practices, and international frameworks and policies. Membership in the Organization of Economic Cooperation and Development is indispensable because it enables the members to benefit from the organization's statistical research findings, dissemination of information regarding agreed upon socio-economic environmental standards and guidelines. Transparency is seen by many scholars, practitioners and governments as way, vehicle and mechanism that can lead to greater accountability if applied to the latter (Yu & Robinson, 2012). The achievement of accountability depends on the levels at which the government and its institutions are prepared to disseminate or cascade information to the public domain and civil society organizations (CSOs). A strong assumption prevails that transparency is the government competency and responsibility, therefore governments must ensure that information about government modus operation is freely accessible and user friendly to the citizens (Tshangana, 2013, Peixoto, 2013, Albu and Flyverbom, 2016). The information published by various state institutions in oversight bodies, international norms and standards, legislatures and supreme audit institutions (SAIs) are subsequently used by the community civil organizations to demand accountability of the state ,and apply the necessary the sanctions as stipulated in the constitutional framework (Carter, 2014, Fox, 2007, Yu and Robinson, 2012, Khagram et al., 2013).

2.16 The Creation of Performance Monitoring and Evaluation in SA Public Sector

The conceptual framework of monitoring and evaluation (M&E) is indeed an extremely challenging complex phenomenon, multi-disciplinary and technical-intensive activity. Government-Wide Monitoring and Evaluation (GWM&E) is even more diversified because it requires extensive knowledge within public sectors and across various spectrum of governments operations, which may involve government and departmental planning, budgeting planning, preparation and execution, and other implementation tools and mechanism needed in the public sector. The SA context became highly complicated and complexed because monitoring and evaluation. The challenges emanated from the organizational structure of SA government because the modus operandi is decentralized into three spheres of government that is national, provincial and local. With the powers and functions stretched across these tiers, therefore to achieve the desired outcomes, it becomes a difficult challenge. The complexity and complicated SA inter-governmental structure, with the decentralised powers and functions, precisely requires strong monitoring and evaluation systems that will enable to promote the notion of coordination, cooperation and preventing fragmentation within the system**.**

The World Bank’s Independent Evaluation Group (IEG) part of its duties is that of providing technical knowledge by assisting the signatory members of developing, and under-developing countries (Engela and Ajam, 2010). The IEG has adequate expertise in planning, designing and executing the effective, efficient monitoring and evaluation (M&E) organizational systems, by beefing up state Performance Monitoring and Evaluation mechanisms are an integral spectrum of sound governance. Independent Evaluation Group provides the affiliates with the necessary resource equipment required to execute the job, furthermore with the most recent literature on the subject or research showcasing good, sound or promising governance practices, which interested governments can use as a framework of reference, emulate to or by adopting it to meet their own individual circumstances and needs (World Bank, 2013; Engela and Ajam, 2010).

In 2009 in SA, the Ministry of Performance Monitoring and Evaluation was created and operated within the President's Office this was seen as a new phase and milestone in the development odyssey of Monitoring and Evaluation in the public sector of the Republic of SA. The creation of Performance Monitoring and Evaluation was precipitated and spiralled by ever growing public perception that government employees and the Executive were not performing at their utmost best. The protesting citizens acknowledged that there were significant improvements in the delivery of service by the democratic government in housing, health, and education in the past 15 year's period of new dispensation. The services rendered, however, were often of sub-standard especially in housing, the houses built had construction defects like cracking walls, drooping roofs and leaking sewerage pipes causing a stench and illness to recipients. The massive monetary expenditure in services was unable to produce the desired outcomes or results. The speculations and perceptions by the public emanated from the notion that there was no political enthusiasm or will from the state to ameliorate the situation. Poor leadership and management inefficiencies, poor decision-making, and inadequacies in institutional frameworks were identified as root causes of inadequate performance.

2.17 The Quality and the Standard of Reporting Information and Accessibility of Financial Information to the Public

2.17.1 The Institutional and Legal Framework

Whilst many governments may advocate the notion of being transparent, the core issue largely depends upon whether the citizens do have the capacity and knowledge for instance to interpret that budget that has been tabulated. The Constitution of the Republic of SA of 1996 stipulates that citizens have right to access information and the freedom of expression through acquiring information and its dissemination. The citizens of SA has sovereignty to exercise constitutional power to instruct their government to perform certain duties on their behalf. This requires that citizens must have ample access to information, ideology and diversified viewpoints. South Africa is signatory, and affiliated member of the United Nations Declaration of Human Rights of 1948 which Article 19 stipulates that every person should have freedom of opinion, this means that any individual can express his/her opinion without interference, the right to receive, seek and transcend ideas and information through any forms of media at their disposal, regardless of their of their perceived ideologies and standpoints. The study conducted amongst 21 International Budget Partnership (IBP) suggested that the civil society organizations (CSOs) play a pivotal role in bridging or the closing the gap between transparency and the notion of accountability within the public sector (Khagram et al., 2013). Whereas according to Tshangana (2013), the Legal Resource Centre (LRC) in SA asked the expertise of Public Sector Accountability Monitor (PSAM) to interpret the provincial budget data. The findings made crystal clarification that Eastern Cape Provincial Government was underspending hence (LRC) wanted to take the government to court for not building schools infrastructure (Tshangana, 2013).The Public Sector Accountability Monitor (PSAM) tasked itself with the duty of monitoring the budgeting cycle, and its implementation in the Health Sector in the Eastern Cape Provincial Government. The (PSAM) analysis find out the financial difficulties experienced in the implementation of financial management and service delivery. As result of the findings raised the alarm and public awareness with the legislature, executive, trade unions, media, civil society organizations, and other stakeholders (Folscher and Kruger, 2013). The PSAM intervention helped to put the Eastern Cape Departments in the public watchful eye both in the local domain and nationally. The (PSAM) instructed the national government to make interventions, as there was no response from the Eastern Cape Government of its continuous public financial management failures as provided by Auditor-General (Van Heerden and Steyn, 2012). The satisfactory response was not received from the national government hence they consulted the Human Rights Commission because the SA Constitution of 1996 stipulates that health is the Bill of Rights and Human Rights issue (Folscher and Kruger, 2013).

2.18 Public Financial Management for Sustainable Development

Sustainable development of countries largely depends on how the countries manage their public monies or finances in other words countries must enforce good practices in order to achieve the desired outcomes (OECD, 2016). Countries must measure and harmonise performance by means of sharing experiences and knowledge among its partners who are using PFM methods (Panayotou, 2013). When PFM is applied to the latter, it will strengthen levels of accountability, which will ultimately strengthen and boost the effectiveness of sustainable financial management in delivering the services to the people (OECD, 2014). The effectiveness and efficiency of any state depends upon the good public financial management systems, and institutions that are credible to envisage reforms. Furthermore, effective, good and efficient PFM plays a pivotal role in making sure that whatever aid that is being sought or used will achieve and benefit the developmental goals of the country (Organisation for Economic Co-operation and Development, 2016). The states therefore, needs to apply the holistic approach methodology to have effective institutions to back up sustainable procurement, and Public Financial Management (Panayotou, 2013). The stakeholders who can take part includes civil society e.g. Community Based Organization (CBOs), Non-Governmental Organizations (NGOs) members of legislatures or parliament, print and electronic media and private sector (OECD, 2016)**.**

2.19 The Republic of SA Affiliation to African Peer Review Mechanism (APRM)

2.19.1 The Role Played by African Peer Review Mechanism (APRM) in Public Institutions

The (APRM) is an organization that was established in 2003 by members of the African Union (AU) as a strategic tool of self-evaluating and monitoring on fiscal policies, and discipline (Hutchings et al., 2008). The Open Democracy Advice Centre suggests that member states entered the organization voluntarily with a mandatory objective of improving accounting, and management of government expenditure (Harrison et al., 2012). Open Democracy Advice Centre. The core business of (APRM) is provide the member states with mechanisms, methods and frameworks, that would lead to sound economic values and norms, values of corporate governance, democratic political principles, meeting objectives, standards, and values of socio-economic development of the New Partnership for Africa's Development (NEPAD) (Mukamunana and Kuye, 2005)

2.19.2 Origins of African Peer Review Mechanism

The Organization of African Unity (OAU) in its 37th summit, which was held in Zambia in 2001 unanimously and categorically, accepted a document outlining a new version and vision for the revival, and resuscitation of Africa's development called New Partnership for Africa's Development (NEPAD), which later in 2002 in Durban was supplemented by African Union (AU). The African Union declare its intentions to adhere to democratic principles, corporate governance, economic values, political discourse and justice. Member states committed themselves to be honest, just, accountable, open, and bound by the practice of probity in the domain of public life and exercise participatory government.

Furthermore, they were expected to enforce the prior mentioned principles with determination to ensure that their member states were to be governed by rule of law, and constitutional democracy, as some African states were ruled by military decree. All citizens are equal before the law regardless of their financial and positional status, collective and individual rights which included Human Rights and Bill of Rights, democratic political systems, which are based on fairness, independence of judiciary from political inferences, separation of powers within the state, that is, division of government into the legislature, the executive and the judiciary. These institutions must work independent of each other. The member states must review APRM using self-assessment formulated questionnaires, which were developed by the Secretariat of APRM. The questionnaire given to members of APRM had four categories, viz, economic/ financial governance, socio-economic development, corporate governance and public financial management, and they were as follows:

1. The economic/financial governance meant adherence to sound and good practice of public financial management systems.

2. The socio-economic development emphasized that social and economic conditions of citizens had to improve and citizens must become active participants in the economy of their countries which will subsequently improve their social status.

3. Corporate governance with much emphasis on commitment to good public finance/public financial management.

4. The accounting practices designed to produce clean audits.

2.20 The Public Finance Management Act (PFMA)

2.20.1 The Fundamental Basis of Public Finance Management Act

Public Financial Management Act is an Act that was promulgated by the Legislative Assembly it gives direction and prescribes how the public monies, revenue and funds will be spent (Constitution of RSA, 1996) The SA government coffers, monies or finances are managed by National Treasury or Department of Finance, as it was previously known in the historical epoch of apartheid. The legislative and constitutional mandate under which the National Treasury operates is categorically described, and explained in Chapter 2 of Public Finance Management Act. The PFMA gave effect to the establishment to section 216 (1) of the Constitution of the Republic of SA, 1996 (Act No.108 of 1996) which formulated a national framework legislation to establish and formulate SA's National Treasury by stipulating, and prescribing what mechanism was needed to ensure the true viability of such an indispensable and pivotal tier of government. The first milestone act or legislation to be passed by the democratic government was Public Finance Management Act (PFMA), (Act No 1 of 1999) which was further amended by (Act No 29 of 1999). The Act was promulgated to enhance goals of good and sound financial management mechanisms, with the view and idea in mind of promoting and accelerating service delivery using the scant resources efficient and effectively. This study wants to unearth the relationship that co-exist between corporate governance, PFM and Public Finance Management Act (PFMA). The South African government used PFMA as a benchmark of financial management mechanism and monetary strategic tool of providing good financial governance, and performance using constitutional and legislative framework within the public sector. Furthermore, PFMA must ensure that all revenue collected, income and expenditure statements, assets and liabilities of those governments are managed efficiently and effectively; and also to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith (Government Gazette, 2010a)

When PFMA was crafted, the South African government's intention was to develop a good financial strategy that was going to incorporate the principles of corporate governance, within the Department of Finance popularly known in SA as National Treasury (Government Gazette, 1999). The PFMA's task was to safeguard, monitor and evaluate public sector financial expenditure of the taxpayers' money (Government Gazette, 2010). The new dispensation when it took office in 1994 promised citizens of SA financial accountability, transparency and taking responsibility for impropriety (DPSA, 1996). The good financial administration was a prerequisite to build confidence and trust in all citizens, and international community that the post-apartheid regime in SA was immensely improving public administration, financial management and corporate governance (DPSA, 1996). In that process of reforms, better understanding of leadership shortfalls and implications were identified. The process of monitoring and evaluating the system was conducted, the solution suggested the continuous improvement of employees (Kaizen concept) through training and development (Dhongade et al., 2013). Kaizen emphasises the concept of Total Quality Management (TQM) and efficiency to achieve best organizational outcomes (Klementev, 2015). The new dispensation placed tremendous emphasis on good performance, as an indispensable tool and strategy for transforming the country's public sector (DPSA, 1996). The ever-sought performance was unachievable because of myriad problems that was facing the public sector at the time. Public sector was faced with insurmountable challenges such as incapacity, financial management expertise, inadequate skills concerning the latest Information Computer Technology (ICT), and lack of sound knowledge of corporate governance (Government Gazette, 1998). In terms of section 103 Constitution of the Republic of SA of 1996 divides the country into nine provinces, which are Gauteng, Orange Free State, Eastern Cape, Northern Cape, KwaZulu-Natal, North-West, Mpumalanga and Western Cape (Constitution of RSA, 1996).

The provinces have their own Premiers and Members of Executive Council, which make laws, only apply within the territory of the province. The laws made may not be inconsistent with an Act of National Parliament and the Constitution of the Republic of SA. The monetary budget of the prior mentioned provinces comes from the national government, which by the powers entrenched in SA's Constitution allocates money according to the needs of various provinces. All nine provinces fiscal policy must with Public Finance Management Act. Monetary allocations to provinces are based upon the statistical information that focuses on population dynamics, infrastructure development and economic viability (Government Gazette, 1996).

2.20.2 The Fundamentals of Supply Chain Management (SCM)

Supply Chain Management (SCM) can be described as "oversight of materials, information, and finances as they move in a process from supplier to the manufacturer to wholesaler to retailer to consumer (Morali and Searcy, 2013). Supply Chain Management involves coordinating and integrating these flows within and among companies (Sala-i-Martin et al., 2013). Elrod et al. (2013) on the other hand, defined Supply Chain Management "as the flow of goods and services which involves storage of raw materials, work-in-process inventory, and finished goods from point of origin to a point where the product is consumed as well as measuring the effectiveness of supply chain management within the organization". SCM is also defined as the design, planning, execution, control, and monitoring of supply chain activities with the objective of creating a net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally (Takamuhabwa, 2012, Christopher, 2016). The main prerogative of any vibrant and fully operational SCM is to work as a network centre that oversees SCM operations (Carter et al., 2015). Furthermore, by aiming at improving SCM performance and organizational benefit (Carter et al., 2015). Secondly, SCM must significantly ensure the reduction of inventory with the objective that products are easily accessible as when they are needed, and must take into cognisance the pivotal role played by supply chain risk management

(SCRM) in managing SCM operations (Ho et al., 2015) . The SCM movements or flows can be separated into three main categories (Morali and Searcy, 2013, Sala-i-Martin et al., 2013):

- The product movement or flow, which can be explained as a shipment of goods from a supplier or manufacturer to a client or any services or returns the client may need.
- The dissemination or cascading of information that involves delivering of orders and the status of orders.
- The finance or cash flows which involves payment due dates, credit terms arrangements and entitlement arrangements.

2.20.3 The Significance of Supply Chain Management

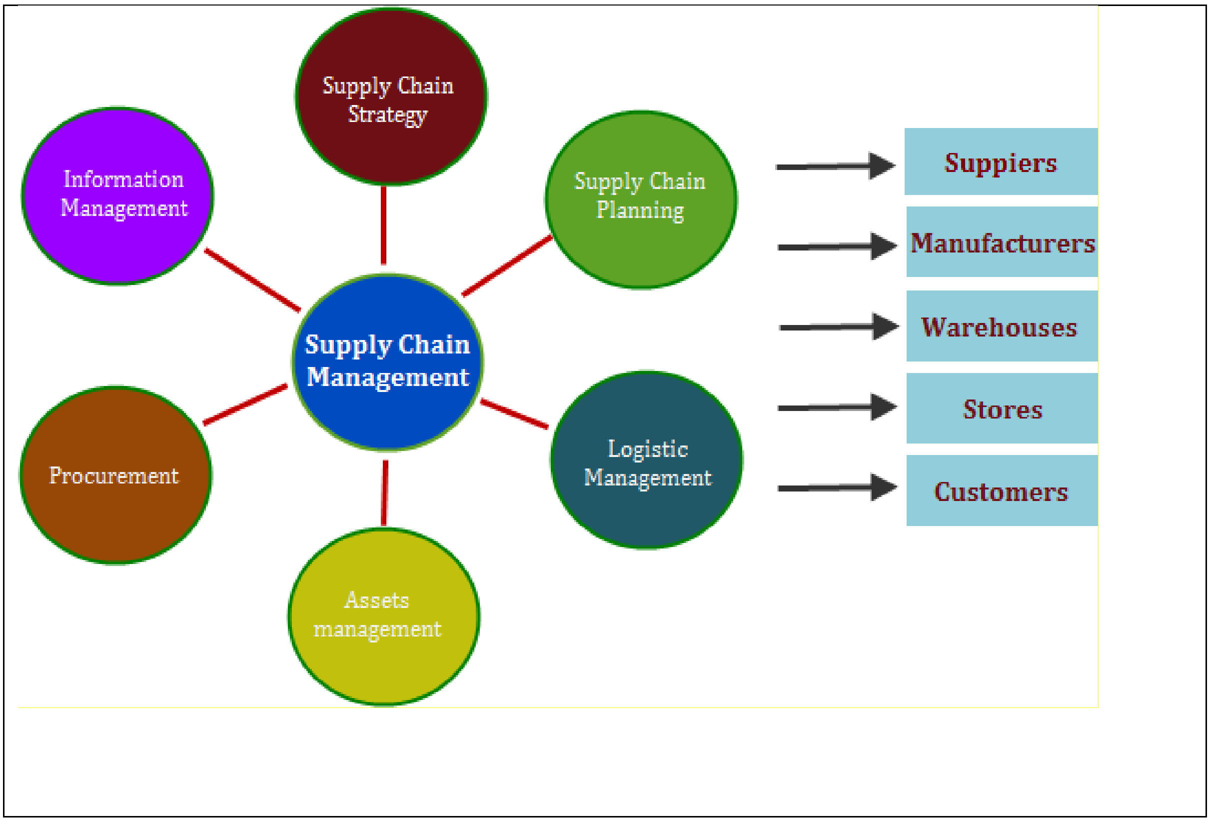

Figure 2.11: Public Finance Management Act and Acquisition of Goods and Services (Supply Chain Management)

Source: Supply Chain Management Sketch Bubble (2017)

2.20.3.1 South African Government and Supply Chain Management (SCM)

Governments throughout the world need to have a system of procuring goods and services to enable states to deliver the essential services to its citizen. In the SA, SCM was introduced in the public sector as a result of government seeking solutions to achieve good governance, and to curb irregularities in the system that existed prior 1994 new dispensation (Ambe and Badenhorst-Weiss, 2012, Tshilo and Van Niekerk, 2016). In the Apartheid system there was no uniformity or clearly tabulated guidelines. Supply Chain Management is the management phenomenon or strategic tool tasked with the duty of ensuring that proper movement, flow of services and goods between the supplier and the government public in the right volumes, quantity, and quality to expedite service delivery (Tshilo and Van Niekerk, 2016). Furthermore, SCM seeks to regulate and reform the methods and manner in which public monies are spent or utilised, during the tendering or bidding of goods and services by encouraging healthy corporate governance ethics of competition, and discouraging collusions (McKevitt and Davis, 2013). Supply Chain Management in 2003 was enhanced by joint meeting of SA Government and the World Bank under the auspices of Country Procurement Assessment Review (CPAR, 2012) which was to analyse and review the system of procurement nationwide, make the necessary inputs and recommendations to make the system work better with the aim of effectively, and efficiently improving the economy of SA (Ambe and Dlamini, 2012). The public service employees are expected to carry their constitutional mandate, as required by their code of conduct in the legislative principles like Batho Pele (People First). National, Provincial and Municipal Treasury must take a zero tolerance to fraud and corruption and the principles of sound corporate governance be prioritised (PFMA, 1999). The Accounting Officer, Provincial Finance–MECs or any other official with authority must appoint the members of the bid committee with necessary or relevant qualifications to evaluate certain specifications within the tendering, and adjudicate as stipulated in the (Preferential Procurement Policy Framework Act No.5 of 2000 (PPPFA). PPPFA was crafted to address the social imbalances and discrimination of apartheid in terms of ethnicity and gender especially in SA and Malaysia (McCrudden, 2004, Watermeyer, 2003, Ambe and Badenhorst-Weiss, 2012).

2.20.4 The SA Government General Guidelines on Procurement

It is important to begin by saying governments throughout the globe are involved in general agreements of imports, exports, tariffs and trade. South Africa as state is in involved in variety of trade agreements with various countries worldwide in trade agreements being done to promote free trade at times and external relations. South Africa is member of World Trade Organizations (WTO), South African Development Community (SADC), Brics (Brazil, Russia, India, China and South Africa), and Africa Growth Opportunity Association (AGOA). South Africa has entered into such agreements to benefit its economy through import and exports, and also its citizens because benefits accrued will benefit the country through revenue, import duties and taxation. South African businesses small, medium and macro are operating globally so therefore, it is important to acquire raw materials, goods and services at reasonable rate which makes a business sense, buy cheap to make a profit. The South African procurement guidelines in general are not prescriptive in nature so as to set behavioural standards, accountability and ethics. The case differs with public service because the government formulated the guidelines, to make a statement or commitment to a sound procurement mechanisms, and systems which will subsequently benefit and develop SA economically and well-being of citizens.

Christensen et al. (2014) argued that the public sector may be defined as a collection of people whose mission emphasizes the delivery of goods and services that benefit people outside, rather than people inside the organization. The public sector is composed of government departments, government agencies, government corporations, and sometimes non-profit organizations that is, those that are not profit driven or profit orientated. Massey (1993) states that the public sector has ten key distinctive differences from the private sector, which are as follows:

- It faces more complex and ambiguous tasks
- Exist primarily to promote general welfare through national policy
- It has more problems in implementing its decisions
- It employs more people with a wider range of motivations
- It is more concerned with securing opportunities or capacities
- It is more concerned with compensating for market failure
- It engages in activities with greater symbolic significance
- It is held to stricter standards of commitment and legality
- It has a greater opportunity to respond to issues of fairness
- It must operate or appear to operate in the public interest
- It must maintain levels of public support above that is required in private industry.

In non-profit organizations, which are characterized by the absence of measure, decisions made by management are intended to provide the best possible service and results with available resources. The success of the organization is primarily measured based upon how much service does the organization provide, and by how well are the services rendered (Summers, 2005). The non-profit sectors are thus largely characterized or measured more by social welfare criteria than by financial profits (Budding, 2014). Private sector on other hand there is a direct relationship between commercial success and the standard of customer services.

2.20.5 Supply Chain Management as Strategic Tool and the Global Phenomenon

Various companies, organizations and governments throughout the world have come to the understanding that for their survival in this competitive environment they need to have highly competitive integrated information networks, material or logistics, supply chain management to beat their opponents, and improve supply chain performance (Budding, 2014, Palma, Prajogo and Olhager, 2012). Economies have become globalized so competition for both clients and resources have become worldwide so only, those with diversified, specialized economic networks, mechanism, systems and strategies to lure the clientele would be successful in the business environment (Alvarenga, 2014, Borges, 2015). The availability of social networks, ICT and easily accessible internet to consumers international has made connectivity easier because of that buyers, manufacturers and suppliers connect easily throughout the globe at an affordable amount (Prajogo and Sohal, 2013, Drake, 2012). The protectionist policies that certain countries previously used or impose to protect their local products from outsiders are under intense pressure to withstand the vigorous influence, and competition imposed by the competitors, which is freely available on websites (Connelly et al., 2013). Everyone among the stakeholders has a freedom to choose a comfortable price from a variety of suppliers, buyers or service providers that suits ones affordability, and guarantees that comes with (Connelly et al., 2013). The survival of any business these days depends on how the ingredients of that business were obtained, the price of the consumable goods, product or service will be determined by the price of the raw material, the reasonable the price of the supplier the better the price of the finished good (Drake, 2012). Sweeney et al. (2015) and Hohenstein et al. (2014) stressed the pivotal role that must be played by skilful, talented supply chain managers, and HRM in the effective implementation of SCM. It is organizations with skilful supply chain managers that will perform at their utmost best and be highly competitive in the global arena (Hohenstein et al., 2014).

2.22.5 South Africa's Procurement Pillars

Government procurement system is based upon five fundamental principles, these principles are enmeshed and intertwined, and therefore their success depends on the success of each and every one of them; if one fails, then the procurement system as a whole collapses. They are as follows: (Government Gazette, 2016 and PFMA 1999).

- The monetary value in this instance means that the department procuring goods or services must get the best value for what money can buy, state argues value –for-money is not the lowest price available, but that which will produce best outcome in a cost effective way when benefits and costs are considered.
- Competition that is opened and effective means that procurement system must be transparent and freely available to all stakeholders. Adherence to procedures, practices, policies, free and fair competition that meet ethical business practices.
- Dealings that are fair and ethical that are able to meet procurement standards that are justifiable. Elimination of biasness, conflict of interest, fraud, corruption ,favouritism within the system, and transactions to be done with respect, mutual trust and integrity that meet procurement globally.
- Reporting and accountability this entails having to do reports to account to the directors, HODs and lastly to ministers and about procurement strategic planning, envisaged actions and outcomes
- Equity and redress that must be done to address imbalances of the past and those racial discriminated, marginalised and physically challenged people. Any government procurement system must meet the above criteria if it does not, it must not be allowed to operate.

2.21 Preferential Procurement Policy Framework Act (PPPFA) of No.5 of 2000

This Act is under section 217(3) of the Constitution of the Republic of SA which provides mechanisms and framework as to how procurement policy should be implemented as envisaged in section 217 (2) of the SA's Constitution. The Act speaks categorically about the tendering system within the government services, organs of the state or public sector as stipulated in the Public Finance Management Act, (Act No.1 of 1999) encompassing national or provincial state departments, municipalities, parliament and provincial legislatures as to how this process must be carried out. It speaks about "acceptable tender" which must comply in all respects with the specifications and conditions as per tender document. Any organ of the government must able to determine and develop its own preferential procurement policy and must be implemented using the framework that follows:

- Preferential or chronological point system must be followed. This means that the state organ must stipulate the sequential orders or series of events that will be followed in awarding of that tender which may not contravene with the statute.
- If the tender/contract involves the local currency, which is the Rand the stipulated amount must, be able to meet the maximum of 10 points and that the lowest agreed tender scores 90 points for the initial price.
- Higher priced tenders or contracts must be given lower points that is based upon pro rata basis that will be calculated using a prescribed formula in accordance with their tender prices with regards to the lowest acceptable contract or tender presented.
- The specific goals or points will include categories of persons who were historically disadvantaged by discriminated laws of the past or apartheid based on gender, race and physical handicapped.
- That will be implemented in the lines with the programs of Reconstruction and Development Programme as per Government Gazette No. 16805 of 1994 November.
- A tender submitted must be awarded a point for any specific goal that is clearly articulated in the tender submitted.
- The tender/contract must be given to the tenderer who has the highest scores or points unless the set objective criteria are not met which may require something else to be considered. Submission of false information submitted by tenderer about tender application to acquire preferential treatment with regards to the Act, will be terminated from tendering process.
- Any preferential points or goals must quantifiable, measurable and must be well monitored to produce the desired compliance standards.

According to" Constitutional Law/Preferential Procurement Policy Framework Act No.5 of 2000/3 ", the National Minister of Finance may, by virtue of powers invested in him/her, request any state organ to exempt itself from the process of tendering, if it will jeopardise and expose national security, or if it tempers with public interest e.g. the proposed building of the nuclear station or plant by South Africa's Government which has sparked outrage in some sectors of the public and Community Based Organizations (CBOs) as proposed figures are highly exorbitant as opponents highlight that it will plunge SA into debt and economic crisis.

Lastly if the tender or contract involves international tenderers or suppliers which might deem expensive with regards to our currency, as in the case of nuclear station to assist in energy crisis which is earmarked or envisaged to cost billions of Rand, the Minister of Finance may intervene (Government Gazette, 2016).

2.22 The National Treasury

2.22.1 The Role of the National Treasury in the Republic of SA

The role of National Treasury of SA is described by both the Constitution of the Republic of SA (1996) as well as in the Public Finance Management Act of 1999 as the public purse of SA. National Treasury of SA is responsible for managing SA's national government finances. National Treasury may be looked upon as nerve centre, cornerstone, backbone or life blood of the nation because without its services the nation cannot survive in other words the survival of the nation depends on it (Constitution of RSA, 1996). National Treasury is tasked with the responsibility of coordinating intergovernmental financial matters, manages and prepares annual budget of the country, present the national before National Parliament and monitor its implementation (Constitution of RSA, 1996). At the heart of National Treasury is Minister of Finance tasked with the pivotal responsibility of SA's economic fiscal policy development. The Minister of Finance and Deputy Minister of Finance are responsible for a range of state entities that aim to advance economic growth and strengthen SA's democracy (PFMA, 1999). This is done by supporting efficient and sustainable public financial management systems that seeks to promote economic development, good governance, social progress and a rising standard of living for all South Africans (Constitution of RSA, 1996).

The Constitution of the Republic of SA (Chapter 13) mandates the National Treasury to ensure transparency, accountability, and sound financial controls in the management of public finances" (Government Gazette, 2016). Powers and responsibilities of the National Treasury are entrenched in the Constitution of Republic of SA and it operates within the framework of Public Finance Management Act which stipulates categorically the financial methodology to be utilized in handling the finances of the state. The Minister of Finance is at the helm of finance of the government, with the overall responsibility of raising the country's revenue using taxation as a mechanism and by controlling state expenditure i.e. fiscal policy, which is the state utilization of funds collected through taxation and how it is spent to influence and grow the economy (PFMA, 1999). The responsibilities of the Minister of Finance SA covers a wide range of activities which includes monetary policy or money supply by setting reasonable inflation targets by borrowing, interest rates, lending rates from other financial institutions or bodies (Constitution of RSA, 1996).

2.22.2 The Organizational Structure of the National Treasury of the Republic of SA

In their hierarchical order and their level of responsibility at the heart of National Treasury is the Minister of Finance who is the member of the Executive and in charge of all financial matters of the Republic of SA, followed by the Deputy Minister of Finance who give support to the Finance Minister and become in charge in his/her absence the and lastly the Director-General who is like the Chief Executive Officer (CEO) and the engine of the Department of Finance as s/he directs, manages and supervise the daily activities and operations of the department. The organogram stands as follows:

2.22.3 National Treasury Organogram of the Republic of SA

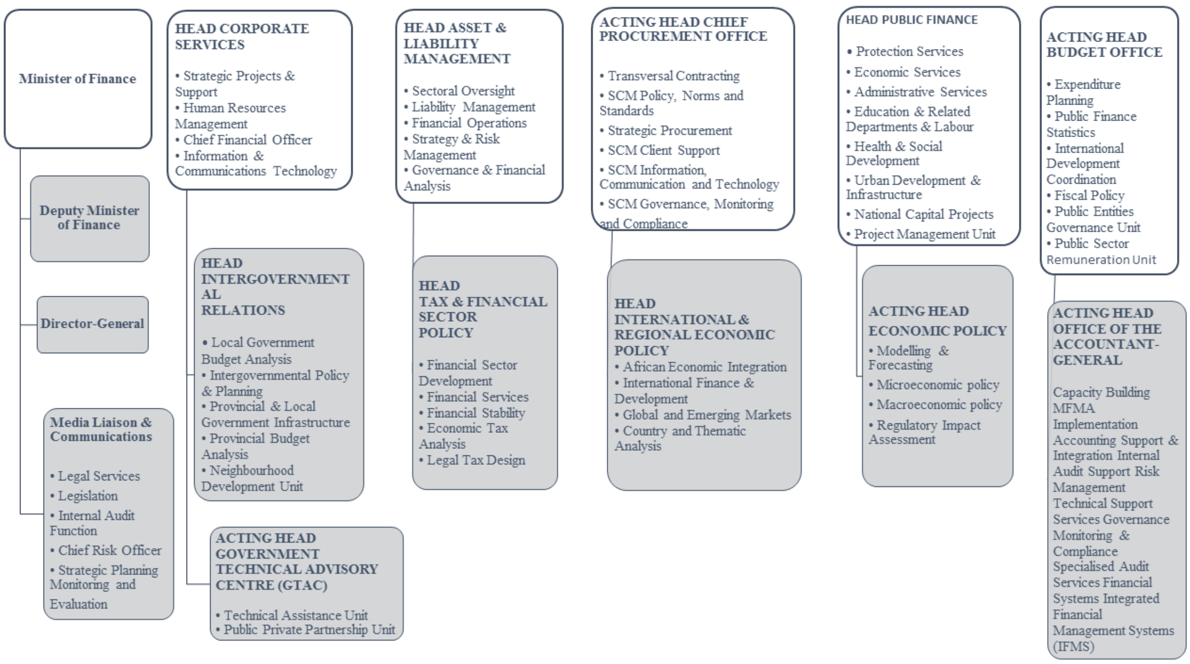

Figure 2.12: The Organogram of the National Treasury of SA

Source: National Treasury (2018)

2.23 The Duties of the Minister of Finance

The Minister of Finance is a minister in the Cabinet of the Republic of South Africa who is the political head of the National Treasury. The Minister of Finance is responsible for the financial management of government affairs, drawing up the budget, and developing the economic policy (in co-operation with the Minister of Economic Development, and Minister of Trade and Industry). The Minister of Finance is also responsible for Statistics SA and SA Revenue Service. The ministry provides analysis and advice on fiscal policy and public finances, intergovernmental financial relations, and expenditure planning and priorities. It manages the annual budget process and provides public finance management support. Listed below are his duties:

- Prepare a national budget that gives effect to the government's economic, fiscal, social and development goals of outcomes approach
- Prepare a national budget that gives effect to the government's economic policy, fiscal policy, social and development goals under the umbrella of the outcomes approach.
- Produce and publish National Budgets; Budget Review, Expenditure of National Expenditure; Medium- Term Budget Policy Statement (MTBPS).
- Contribute to public policy and programme development through support for planning, policy and programme analysis, budgeting and project management, including support for public finance reform in provinces and municipalities.
- Monitor, analyse public expenditure and service delivery, support improved monitoring and analysis of public expenditure, appropriate use of public financial resources for social and economic development, and infrastructure investment.

2.23.1 The Accountant General's Office

The office's major priority is to advance and achieve accountability to the public by advocating and promoting for a policy of openness and transparency, efficiency, expedient and effectiveness in the delivering of desired services. It tabulates before the relevant stakeholders the new government policies, practices and accounting methods, and how the existing ones have improved. Furthermore, it has to ensure that the modus-operandi is in accordance with Generally Recognised Accounting Practice so as to provide improved mechanisms of meeting schedule deadlines, income and expenditure financial reports and statements, financial drawn statements /reports that are accurate and lastly attain efficiency (PFMA, 1996).

2.23.2 Office of the Chief Procurement Officer (O-CPO)

The office is tasked with making the procurement of the government to be transparent, fair, competitive, equitable and cost-effective. The wasteful and unauthorized expenditures within the government happens as result of improper application of procurement practices which subsequently cause improper tendering processes that often leads to corruption and favouritism. The office is further tasked to improve transparency and effective usage of financial assets and government resources. This office plays a pivotal role in setting and formulating policies regarding the acquisition of goods and services (Supply Chain Management) needed to execute and perform the departmental duties (Brown, 2013b).

2.24 Statistics SA

The Statistics SA was established as a constitutional framework crafted to assist the organs of the government, like state corporate businesses, departments and the public sector with the relevant statistical information so as to make informed decisions (Constitution of RSA, 1996). Why is Statistics SA viewed as one of the important pillars of our democracy? The following points gives us the answers, they are as follows:

- Essential for strategic planning for all government departments
- Enable the government to take appropriate actions or decisions.
- Assessing and monitoring of governments practices and policies.
- Must promote confidentiality of the participants.
- Produce objective, relevant, reliable and relevant and comprehensive information on time.
- Disseminate information that is accessible and unbiased to the public.
- It must produce statistical information that meet global standards.
- Must meet gender equity, geographical locations, physical disabilities and socio-economic conditions prevalent at the time.
- Deliver a documented report that is transparently compiled to meet scientific phenomenon.

The National Treasury's legislative mandate is also described in the Public Finance Management Act. The National Treasury of SA is mandated to promote government's fiscal policy framework in the public finances (PFMA, 1999). Public Finance is defined as the study that deals with the role of the government to influence in the economy (Ali et al., 2013). It's one of economics branches which is tasked to deal with the government income, revenue and expenditure statements of the public money (Steenekamp, 2012). The Department of Public Service and Administration stipulates that public employees or management in public service of SA must ensure that necessary mechanisms are in place so as to achieve the desired outcomes and total eliminate the undesirable's outcomes (PFMA, 1996). Public Finance has got three main fundamental pillars i.e. the allocation or distribution of state resources efficiently to meet the needs and budgetary constraints of the country, stabilization of macroeconomic policy (Finkler et al., 2019). The macroeconomic policy of government must regulate financial woes of the country like fighting inflation, high interest rates and monitor monetary global challenges and problems like global economic meltdown or recession (Premchand, 1983, Bastable, 2016). The failure to deal with Public Finance debts and challenges decisively plunged many countries into economic crisis and recession in 2008 across the globe (Gray and Khan, 2010). The National Treasury of SA deals with the income or revenue distribution processes and mechanism as per Minister of Finance constitutional mandate (Constitution of RSA, 1996). The previous mentioned officials had adequate skills and knowledge to balance the equation in the economic diaspora to meet the economic question of the scarcity of resources and continuous needs of 'man'. The National Treasury's legislative mandate is also described in the Public Finance Management Act. No. 29 of 1999. The National Treasury is mandated to promote government's fiscal policy framework: (Government Gazette, 2016)

- To coordinate macroeconomic policy and intergovernmental financial relations.
- To manage budget preparation process and exercises control over the implementation of the annual budget, including any adjustment budgets.
- National Treasury also performs functions assigned to it in other legislation.
- To facilitate the Division Revenue Act, which provides for an equitable distribution of financially raised revenue between national, provincial and local government.
- Monitor the implementation of provincial budgets.

2.25 The Indispensable Role Played by the Auditor-General of the Republic of SA

It must be highlighted that the Auditor-General of SA falls under Chapter 9 institutions within the Constitution of the Republic of SA. The Auditor-General of SA (AGSA) has the main responsibility to promote and enhance democracy. AGSA is there to make the government account or to play the role of "the watchdog over state performance" (Constitution of RSA, 1996). It performs the oversight role on public finances of all government divisions or tiers, be it national, provincial or local. The AGSA has powers that are granted by Section 188 of the Constitution of the Republic of South Africa. The Auditor-General possesses constitutional powers to investigate maladministration and irregularities of any government department within the Republic of SA. The expertise and prowess that the AGSA has, has made it possible to unearth a string of irregular and unauthorised expenditure, which might not have been discovered and exposed. The AGSA has found the following financial irregularities: In 2013 Auditor-General found out that R 14 million spent by Passenger Rail Agency of SA (PRASA) on procurement was irregular because of not following due process in renewing of contracts and Supply Chain Management. Of the 56 targets it set that year, PRASA only managed to meet 29 and that cost the entity a lot of money. The Auditor-General also found in January 2013 that the eThekwini Municipality incurred the sum of R 785 million and that 74 tenders, worth more than R 7.7 million, were given to eThekwini Municipality employees; the municipality had also awarded 161 tenders or contracts, worth R 32 million, to government employees. The AGSA also found out that 15 employees of the council breached the principles of Supply Chain Management (Standing Committee on Audit General, 2012-2013).

2.25.1 The SA Revenue Service (SARS)

The SA Revenue Service is mandated by SA Revenue Service Act (1997) to collect all tax revenues that are due like Pay as You Earn (PAYE). All South Africans who are employed or self-employed receiving an income have to meet the requirements of PAYE. Value Added Tax (VAT) must be paid by all buyers when purchasing a commodity or goods, protect and safeguard our national borders by providing a customary service and facilitate general trade agreements between countries. SARS, without fail, must expand the pool of tax payers and contributors by promoting advocacy and awareness of the rationale for paying tax, and compliance is an indispensable need: all citizens must voluntarily comply with customs and tax laws. SARS aims to conduct its activities in a way that enhances economic improvement, growth, and social development. SARS reports, and is accountable, to the Minister of Finance.

2.25.2 The Public Investment Corporation (PIC)

Public Investment Corporation is a government-owned investment company- and one of the largest investment managers in the country. It became a corporate entity in terms of Public Investment Corporation Act (2004). The Public Investment Corporation invests funds on behalf of the public-sector entities and its largest client is the Government Pension Fund (GEPF).

2.25.3 The Financial Intelligence Centre (FIC)

It was established by Financial Intelligence Centre Act of (2001). The FIC aims to identify the process of unlawful activities, combat money-laundering, and terror financing in order for SA to protect the integrity, and stability of its financial system, develop economically and be a responsible global citizen. The centre makes information that it collects available to various law enforcement agencies like police, prosecution, and revenue authorities. The Financial

Intelligence Centre monitors compliance with the Act and gives guidance to accountable institutions, supervisory bodies and others. The Minister of Finance is responsible for the FIC.

2.25.4 The Financial Services Board (FSB)

The duty of FSB is to promote and maintain a sound financial investment environment in SA, supervises the exercise of control over the financial services industry in terms of several acts of Parliament that entrust regulatory functions to registrars of long-term insurance, short-term insurance, pension funds, collective investment schemes, financial services providers, exchanges and financial markets. The FSB provides information to users of financial products and services.

2.26 The Problems of Resources within the SA Government

South Africa like most governments in the world is not immune to the scarcity of resources, the budget deficit and the continuous demands of citizens. The general well-being and the welfare of citizens is the primary goal of any government. The government's existence must not only make life its citizen's better but must also make better life for citizens (Aristotle and Warrington, 1963). According to Jordaan and Fourie (2013), the government's primary role is not only the political one, but it has morally binding obligations to its citizens of providing better life. The limited resources and the desire of human needs to fulfil wants poses economic challenge or constraints both in a qualitative or quantitative way.

2.26.1 The Public Policy Making in the SA Context

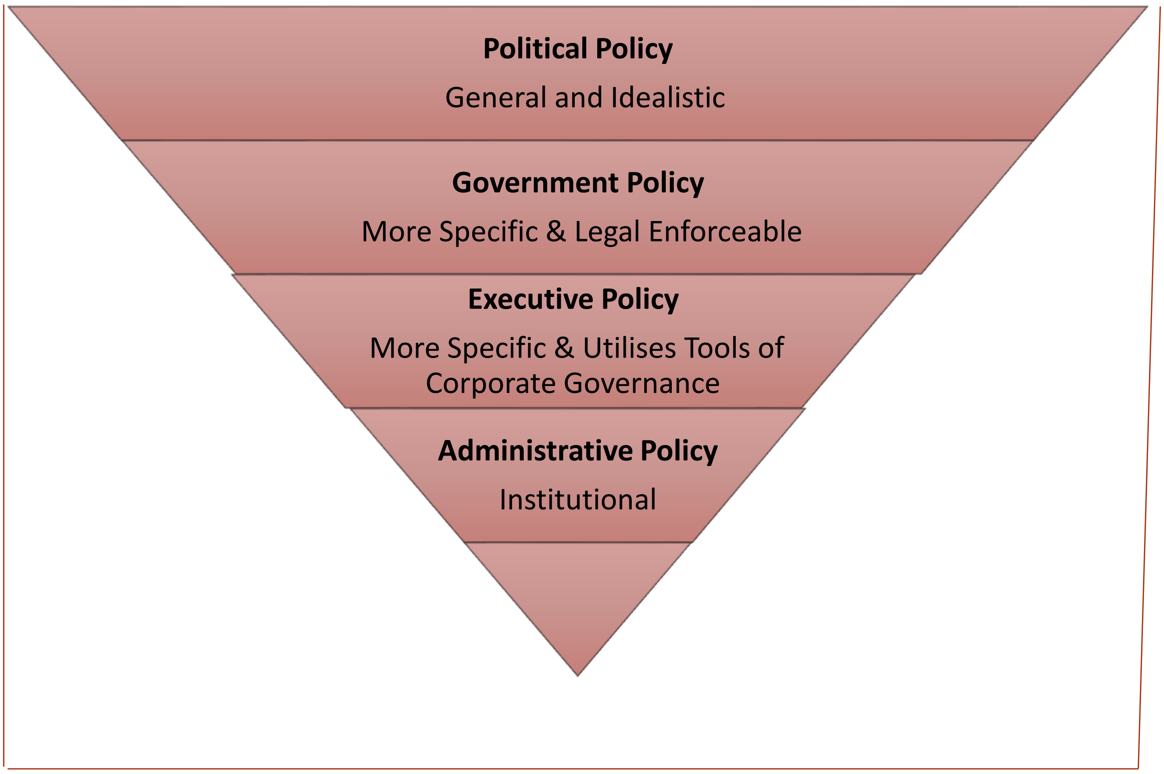

Figure 2.13: Policy formulation in the Republic of SA

Source: (Minnaar, 2010)

2.27 Public Financial Management in South Africa

South Africa has undergone significant and fundamental changes since the dawn of democracy in 1994 with regards to the Public Financial Management Mechanisms and Systems. The changes, evolution and transformation was due to the fact the Public Service prior to 1994 was segmented and fragmented along racial lines. Public Service was ethnic-based, citizens were served based on their skin colour, and there was no single united Public Service to serve all citizens regardless of their racial connotation and status (Constitution of RSA, 1996). After political dispensation there had to be a public service to serve all regardless thereof. Public sector financial management and accounting became the core business of the new SA Government. As the democratic government moved away from apartheid's past, various major challenges were experienced in both financial accountability and fiscal policy (PFMA, 1999). The greatest emphasis was placed on Public Financial Management, PFMA, compliance and adherence to statutory legislation and government accountability. The significance of fiscal discipline by the state was prioritised, and therefore effective and efficient Public Financial

Management mechanisms, frameworks and systems were to be implemented without fail within every government department (PFMA, 1999).

The well managed government departments will increase financial and government accountability as the wasteful and irregular expenditure of the government will be minimised or completely eliminated. The successful implementation of PFM depends on the efficiency and effectiveness of policy execution that will benefit taxpayers, and those who receives grants from the government because there will no wasteful or corruption related expenditures (Public Service Commission, 2007).

In the Annual Report of the PSC of (2006/2007), were 771 cases of financial irregularities and misconduct reported by civil servants which cost the taxpayer R 45 million. The Constitution of the Republic of SA, 1996, allows the democratically elected government to be the trustee and custodian of the SA citizens, and therefore, to administer, manage and give in-depth account of financial income, and expenditure of how the monies were spent. It is for this reason that various oversight powers were given to other statutory, and parliamentary financial committees like Standing Accounts Committee of Public Accounts (SCOPA) and Finance Portfolio Committee (SCOF) which operated country wide. The intention behind the establishment of these committees was to expose financial irregularities, and bring awareness of their existence to public service employees of their fiduciary responsibilities. Civil servants, the national, provincial and local government, will be made to account for any irresponsible operational flaws (PFMA, 1999).

Having realised the mammoth and insurmountable challenges facing various municipalities with regards to poor service delivery protests and the misappropriation of funds, the South African government introduced and launched Batho Pele in 2002. Batho Pele, from the Sesotho phrase meaning “People First”, was initiated to improve public access to services through increased accountability and transparency; it also gave citizens participation in public service decision making and operations. Batho Pele received accreditation in the 2004 World Development Report. It was seen as a programme empowering underprivileged and poor people to access the service rendered by service providers and made necessary pronouncements as per service. Batho Pele is comprised of the following principles (Government Gazette, 1997):

2.27.1 Batho Pele as Public Financial Management Service Charter

- **Consultation and Choice**. Citizens as clients should in a number of ways be consulted and given more information on choices at their disposal including interviews, group consultations, surveys, Community Based Organizations (CBOs), Non- Governmental Organizations (NGOs) and lastly meetings with representative of consumer bodies.
- **Precise and Measurable Service Standards**. Citizens must be able to gauge the level or the standard of service they have been accorded by the government agency. The government on the other hand must benchmark its service to the citizens, and lastly must be benchmarked against global standards.
- **Increase Accessibility.** Government should take into cognisance the ramifications and cicatrix of apartheid legacy and address inequalities regarding distribution of service and resources. Access to knowledge, services and information empowers communities to know the value for money with regards to the service rendered eliminate unwarranted citizen spending and that improves quality of service.
- **Ensured Courtesy.** All citizens should be treated with great care and respect by service providers regardless of their gender, age, status or nationality. Service providers must be transparent and honest in all engagements with the communities.
- **Provision of Information.** Information regarding the service rendered must be visible at the point of delivery or entry.
- **Openness and Transparency.** Information regarding how government operates national, provincial and local must be at citizen's disposal and they must be acquainted how the resources of the state are utilized. Citizens must know the official in charge so that they can make necessary complaints amendments and appraisal.
- **Redress.** Mechanisms and systems must be in place to address or remedy the flaws or sloppy service which does not meet the government agreed upon benchmarks or desired service.
- **Value for Money.** Service rendered to citizens must be equitable to the value of money paid by the client.

2.27.2 The Conceptual Framework of Accountability within SA Public Service

The World Development Report of 2014 categorizes three different kinds of accountability relationships which includes citizens, policymakers or politicians and lastly, the service providers (Ijeoma, 2014). The citizens, through their political power, try to influence politicians; this is called "political voice" or the first "leg" of the long route. Then there is the second leg of the long route, called “the compact”, the policy makers or politicians deal with the statutory framework which crafts mechanisms to improve accountability. Then, lastly, there is the short route or the third leg; it occurs when the citizens become the clients of public services, and can thus exert pressure directly to the service provider in order to ensure effective and efficient delivery of service. This is called “client power” (Novak, 2007). According to World Development Report (2014), accountability is the most powerful and strongest when both short and long route to accountability functions). Furthermore, it demonstrates that getting Information Computer Technology (ICT) and Integrated Financial Management Information Systems (IFMIS) as accountability mechanisms and measures in place is key, and indispensable to improve public services to the citizens (Qwabe, 2014). If all public service accountability relationships are properly working, they will be able to reinforce each other as mechanisms of public service delivery system, which encourages accountability using democratic principles, citizen involvement and participation and internal government capacity (Baird et al., 2013, Elekwa and Eme, 2013, Qwabe, 2014, Fiszbein, 2005).

The inefficient and ineffective accountability systems within the SA Government institutions underpins all service delivery protests experienced most of the time (Kanyane, 2014, Mashamaite, 2014). South Africa through its democratic principles attained after 1994 has achieved a credible constitution, good intergovernmental fiscal policies and systems, sectors-specific legal systems, and policy frameworks dealing with decentralization of powers (Kanyane, 2014). Public Service Commission was constitutional created as an impartial and independent body tasked to investigate and assess the performance of the public administration officials and departments, the principle of customer service called Batho Pele (PSC, 2008). The government also supported the existence of vibrant Community Based Organizations (CBOs) and Non-Governmental Organizations (NGOs) to propel government transparency and accountability (Constitution of RSA, 1999). The report titled” Accountability in Public Service in SA” looks at SA’s public spending patterns since the dawn of democratic dispensation in 1994 and ramifications thereof, which showed significant improvements levels on accountability (World Bank, 2013). According to the African Peer Review Mechanism (APRM), despite all good policies legislated by the South African Government, it still has a major stumbling block in implementing these policies to improve the lives of the citizens, with the chief reason being that frameworks largely concentrate on national institutions spheres, rather than representative institutions that are more accountable to citizens (Lepri et al., 2018). Therefore there is a strong need to improve political accountability, strive for sustainability in the socio-economic landscape, and political stability forging new avenues for global partnerships and good governance (McMahon et al., 2013). Furthermore, channels of communication with citizens, especially the most vulnerable, poor and living in informal settlements, must be institutionalized and extensively improved (APRM, 2014). The Public Service Commission (1997) on the other hand, came out with the findings that some implementation failures and pitfalls were due to the fact that citizens were not involved in the planning and implementation stages of these programs, and therefore there is no accountability to authorities. According to Beath et al. (2010), community involvement can lead to better decision-making. Furthermore, government departments do not apply the Project Management Methodology which gives the added advantage of aligning projects with locally initiated development plans and the effective participation of beneficiaries (Beath et al., 2010).

2.28 Conclusion

The operations of Public Finance take place within a political, socio-economic context, therefore, these factors determine the outcomes. After the democratic dispensation of 1994, the South African government embarked on a transformational agenda to reform public service. The state budget is at the centre of all of the South African government's financial activities. During the Apartheid regime, the national budget was a discreet phenomenon and the responsibility of the Executive and the National Assembly was to rubber-stamp the budget. There was no community involvement or rigorous debate about it. It is chiefly for this reason that Public Financial Management operations after democratization went through significant changes to address the issues of responsibility, accountability, transparency, good governance and service delivery which were ignored by the Apartheid regime. The mechanisms and constitutional legal frameworks like PFMA, Public Audit Amendment Act and Municipal Finance Management Act were instituted to control public finances, curb irregular expenditure, fraud and corruption. Transformation of civil servants to adhere to and respond to the country's needs was fundamental to achieve government strategic objectives of implementing PFMA. The establishment of PFMA in 1996 ignited the spirit of constructing a new public financial management coupled with accountability and transparency. The skilful public servants with adequate technical, conceptual knowledge and expertise of public finance was indispensable. Through democratic dispensation of 1994, a lot of democratic institutions and civil organizations were created that continuously demand accountability and play an oversight role to monitor government operational systems of compliance. Governments world-wide are continuously improving public financial management systems to service their citizens better, hence the IMF, OECD and World Bank are advocating for New Public Financial Management Reforms which SA has implemented, aligning it with PFMA. The challenge facing the South African government is that of whether the innovations have brought forth the desired outcomes.

Chapter 3: The Theoretical Framework Public Financial Management and Public Administration

3.1 The Scope of Public Administration

Public Administration is an academic discipline that deals with the implementation of state policies and programmes by designated civil service employees, to enable the government to function well by providing services with highly ethical principles, codes, morals and non-partisan manner for the citizens (Cox III et al., 2015, Aucoin, 2012). Public Administration and Public Financial Management could both be regarded as an extension or arm of governance in the public service (Cox III et al., 2015).The conceptual existence of Public Administration and Management is based upon their pivotal role in execution of government business, therefore trustworthiness and truthfulness are key pinnacles to gain citizens overwhelming support and acceptance (Hughes, 2012, Henry, 2017, Moyson et al., 2016). Public Administration as a discourse or narrative is old as the notion of human civilization, and it has scientific notion because it had gone through evolution process but basically not as a product. Public administration is geared to achieve prescribed outcomes, it is found in the political arena or terrain (Heady, 2001, Hughes, 2012). Democratic governments throughout the universe are tasked to exercise legitimate power given to it by the citizens, to govern on their behalf and achieve or produce the desired outcomes, using fundamental and collaborative governance mechanisms (Page and Kern, 2016). The government's responsibility is to enact laws and policies that will serve and respond to the needs of the people (Vyas-Doorgapersad et al., 2017). Therefore, the well-oiled government administration will deliver the effective and efficient services needed by the citizens with the main aim of satisfying their needs. Public Administration plays an indispensable role in governance as a discipline in general, and play major role in the governance of state entities in the environment in which government operates, in order to meet societal needs (Durant and Durant, 2017, Stahl and Mosher, 1956). The issue of service delivery and client-based approach are core business of Public Administration (Van der Waldt, 2004).

3.2 The Historical Development of Public Administration

According to Langrod (1961), the Prussian King, Frederick William 1, is seen as an architect of Public Administration as he appointed knowledgeable, skilled professors and academics in Cameralism to make societal reforms in social and economic school of thought. Although sophistication characterized Cameralism there was a close relationship between Natural Law of Justice and recent science of Public Administration. Whereas according to Seibel (2010), a German Professor Lorenz von Stein is seen an engineer and founder of Public Administration Science. Public Administration was seen as an integral part of Administrative Law. Lorenz von Stein saw that as being too prescriptive and restrictive, therefore believed that Public Administration was integrating and inclusive science, which encompass other disciplines like Public Finance, Sociology, Administrative Law and Political Science and lastly Public Administration adhere to scientific methodology which will integrate both theory and practice. Wilson in his article the "The Study of Administration" advocated for the separation of powers between Public Administration and Politics, the prior was to establish the capacity of the government in executing its mandate effectively and efficiently (Wilson, 1887). The classic separation of Public Administration and Politics is still being practised by many democracies in the world.

3.3 Public Finance

3.3.1 Public Finance as a Fundamental Economic Phenomenon

Every developed nation will have some form of state organization, which may legitimately or illegitimately represent citizens and must perform fiduciary responsibilities, which requires exclusively utilization money (Pigou, 2013). Public Finance is an Economics branch that deals with government spending phenomenon and taxation (Pigou, 2013). Public Finance is comprised of positive and normative analysis, the former analyses the cause and effect of unstable market or financial conditions, whilst the latter looks the ethical issues of the government (Pigou, 2013)

Public Finance is synonymous to public economics is defined as study of taxation, which involves government income and expenditure, allocation of resources and distribution in an efficient manner and stabilization of macro-economy (Tresch, 2014, Fisher, 2015, Rosen, 2004). According to the (Constitution of the Republic of SA of 1996) defines public finance as primarily responsible for assessing budget proposals and reviewing service delivery trends in national government departments and other state entities. The National Treasury is one of the departments in the Republic of South Africa that manages the purse of the nation. The National Treasury work hand in hand with other national departments, provinces and municipalities by providing budgetary support to departments, and advises the Ministers, MECs and Treasury on departmental and government cluster matters" (Government Gazette, 2016) "Public Finance comprises any revenues or expenditures passing through state budgets, derived from whatever source and however spent" (Wildasin, 2013, Rosen, 2004). The essential point is that finance has to be accounted for within the governmental budgets for it to qualify as public finance (Wildasin, 2013). Therefore, any revenues or expenditures not passing through governmental cannot be defined as public finance (Pigou, 2013, Fisher and Turnovsky, 1998, Bailey et al., 2014).

The sources and uses of revenues are therefore not defining the features of public finance but money is used as ticket of embodiment over goods and services (Pigou, 2013). It matters not how the money is raised, whether from taxes, charges, licence fees, lotteries or other sources noted above but it has all to do with distribution of resources, income, wealth, goods and services amongst citizens (Ulbrich, 2013). What matters is that, irrespective of their source that revenue are recorded in local, regional, central or federal government accounts (Baily, 2013). Likewise, it does not matter how or on what those revenues are spent; expenditures are treated as public finance if and only if they pass through the state budgets" (Baily and Elliot, 2013); (Ulbrich, 2013). This prior mentioned theory on revenue utilization is being affirmed by (Kazungu and Cheyo, 2014, Brealey et al., 2012, Ulbrich, 2013). Organizational performance is determined by how it handles it finances and how it deals with the issue of transparency, and sound accountable management of monitoring public finances (Fourie, 2007, Pauw et al., 2015, Jordaan and Fourie, 2013). Public Finance focuses on the utilization and prioritisation of using scarce resources to meet the ever-increasing demands of the citizens (Basolbasov and Ladutska, 2017, Kazungu and Cheyo, 2014, Hanyane and Thani, 2010). The government at all cost must strive to meet and achieve the value for money by offering the best service possible by adhering to constitutional framework like PFMA, public service integrity and ethics (Dlomo, 2017, Fourie and Poggenpoel, 2017).

Governments throughout the universe are continuously searching for better strategies, methods and mechanisms to improve public financial management operational systems and evaluation of New Public Management and beyond (Christensen et al., 2014, LÊgreid, 2017, Steensen, 2014). Furthermore, governments need to address the challenges of the new budgetary legislations and fiscal policies imposed by international world bodies like International Monetary Fund (IMF) and rating agencies (Cangiano et al., 2013). "Public Finance is primarily responsible for assessing budget proposals and reviewing service delivery trends in national government departments and their entities (Cangiano et al, 2013). The source of revenue and how are they utilised are therefore not defining the characteristics of public finance, but display how scarce resources are distributed over time (Merton and Bodie, 1995).The government must at all cost strive to meet and achieve the value for money, by offering the best service possible to its citizens (Jordaan and Fourie, 2013).

Bhatia (1993) defines public finance as a system or a process, whereby the government try by all means available at it its disposal to raise the resource, so as to meet the ever-rising needs of the citizens. "Public finance is concerned with income and expenditure of public authorities and with adjustment of one another" (Dalton, 2013). Government taxation is not voluntary contribution but its forceful contribution, therefore, government expenditure, public resources borrowing and financing the deficit in the economy formulates the discourse and narrative of public finance (Fisher, 2015). Public Finance deals with the effects budgets has on the economy and the impact it has on economic stability, growth, efficiency and equity (Fisher, 2015). Furthermore, public finance works with fiscal discipline and policies with the aim of achieving specific objectives like economic growth, economic stability, and stability in pricing and equal distribution of wealth or income amongst citizens (Gruber, 2005, Gruber, 2016).

3.3.2 The Evolution of Public Finance

Various theories exist to the existence of Public Finance, it dates back to the 17th century with books such as "A History of American Public Finance and "The Power of the Purse" by James (Ferguson, 2014). The authors noted that "the situation of our public debts and the very great embarrassments, which attended to all our concerns were principal causes of that revolution and hence the Constitution (North et al., 2009). It comes out because of man's needs to control the expenditure of the state (North et al., 2009). The theory is based on the scholars of the nineteen-century who were involved in the defence of sound fiscal policies against inflationist and silverites (Qian and Weingast, 1997). It exposed the depreciation of currency as occurred in the Carolinas and New England (Schumpeter, 2006). During that time, American Public Finance (APF) was fiat money, their failures to exercise fiscal control and mechanism served to conscientized the lesson to improve the accounting practices for the next generation (Ferguson, 1961, Ferguson, 2014) The obsession of the Americans with paper money was the primary cause of the myriad problems that they faced during the critical time of the confederation (Tanzi and Schuknecht, 2000).

Public Finance was a controversial discourse in the eighteen century than omnipresent because of the way the state collected taxes and spends money upon certain individuals. It also important to note that during eighteen-century American people had no problem with the way money was spent and appreciated the notion of economic interest in political affairs (Ferguson, 1961).The "power of the purse" to them was a means that determine sovereignty and the power of the state, the integrity of the institutions' representative, the existence of the civil liberties and rights within the society (Durrell and Harris, 1917). There was a strong belief that the control of taxes by the government guarantees the rights of the society at large. This was a popular notion; however, the total control of taxation was also used as instrument to influence the power of private rights against the authority and audacity of the state (Ferguson, 1961).

The control of PF was a disputed terrain and expressed divergent views of social philosophies and ideology of the strata. The significant cleavage in American population was the one that paid between the mercantile capitalists and partners towards agrarians (North et al., 2009). During that period PF was predominantly done to suit the agrarian community, which included agricultural credit, fiat money and certainly painless and cheap methods of discharging public debts (Ferguson, 1776, Sidak, 1989). The mercantile capitalists backed by species advocated for "sound money", which funded state banks, funded debts and contract of sanctity (Blinder and Solow, 1974). The challenge existed with regards to the collection of taxes whether it was responsibility of the Congress or the states (Ferguson, 2014). Additionally, there was a leadership question on who should be responsible for mastery assumption of debts and also the appropriate methods to be applied when collecting debts (Tempelman, 2007). The Congress was later invested with the" power of the purse", which had powers to spend the public money and tax for the national government (Morris, 1781). Any action or method of operations had a differential impact upon social stratification, which did not only have immediate financial consequences but it had a bearing on their livelihood (Ferguson, 1961). The circumstantial scenario is to highlight the constitutional and political progress that has evolved in the PF up to now from various developed and developing countries (Aizenman et al., 2015).

3.3.3 The Significance of Public Finance

According to Hyman and Kovacic (2013), public finance is an important arm or phenomenon in any government throughout the globe. These important arms may be enumerated as follows:

3.3.4 Economic Growth

Government public finance can be an indispensable fiscal tool and policy framework the state can use in achieving sustainable and incredible high level of economic growth rate through taxation, managing public debt and public expenditure in order to increase the demand and supply.

3.3.5 The Pricing Stability

Practicing stability may be monitored by using PF to overcome and regulate inflation by introducing inflation targeting mechanisms (Hyman and Kovacic, 2013). In times, when inflation occurred the state must reduce general expenditures and indirect taxes but make an increment in capital expenditure and direct taxes. State must improves internal public debt collection, mobilizing, and encouraging investors to invest.

3.3.6 Economic Stability

In terms of economic stability, the government must use all fiscal tools and policies, mechanisms and frameworks at its disposal to stabilize the economy. The government must ensure that during the prosperity era, state must impose higher taxes, and increase the public internal debt, the money accrued from this will be used to repay the country's foreign debt and invention, thus reducing internal expenditures.

3.3.7 Distribution to Inequality

In the case of distribution to inequality, the government needs to use its financial resources, revenues and expenditures to address the socio-economic ills of society like poverty, unemployment and inequality (SONA, 2016). This will be done by imposing more income tax to those earn high (e.g., in South Africa there's Pay-As-You-Earn (PAYE) tax), which are taxes imposed to higher earners consumables like liquor and cigarette companies. It is called "Sin Tax" and sometimes taxation on profit and properties of rich people. Resources from the affluent are used to subsidise the poor in allowances like pension and social grants as well as other indirect and direct benefits to the poor (Bekkers et al., 2013).

3.3.8 Proper Allocation and Utilization of Resources

This is where the government must utilize the human, natural and manmade resources in the best possible way because in these resources in their production or usage the state will impose taxation.

3.3.9 Balance and Infrastructural Development

The government must use the revenue, resources and expenditure to erase or bridge the gap among the rural, agrarian, agricultural, urban and industrial sectors, government must allocate resource collected for infrastructural development including securing its citizens by providing peace, security and justice consequently socio-economic fibre of all citizens is improved.

3.3.10 Promotion of Export

The promotion of exportation of good and services is based on the improvement of the state's economic stability and promotion of trade. This will ensure that the government imposes less tax or give some exemption, provide some tax rebates and subsidies on some exported goods or services but imposes more taxation on imports (National Treasury, 2015).

3.3.11 The Global Perspective of Public Financial Management (PFM)

Managing the financial resources of any corporation, company or organization is indeed a mammoth task, critical scenario and insurmountable challenge, which requires intense knowledge and expertise in the field to enhance and execute them (Mathiba, 2011).

The policy-makers, public sector managers and administrators are faced with a dichotomous situation where expectations and demands of the citizens are very high. However, there is scarcity of the resources, in that unprecedented dichotomy they are also expected improve efficiency and effectiveness (Cheung, 2013, Cullis et al., 2009). Furthermore, the PFM plays pivotal or critical role in the financial administration and corporate governance of the government coffers (Hyman, 2014). Public Financial Management includes the resource utilization, usage or mobilization which simply display how the government goes about in prioritizing its programs, budgeting planning and implementation, efficient mechanisms and measures of exercising controls (Kiilu and Ngugi, 2014, Michalczyk, 2013).

Public Financial Management can be described as the government financial management systems or mechanism that deals with aspects of resource utilization, mobilization and expenditure (Pitelis and Runde, 2017). Savoy (2016) interrogates the relationship between domestic resource mobilization (DRM) and Public Financial Management and the political impact and influence PFM has on DRM. The DRM is seen as the mixture of financial resources at the government disposal to finance state operations which may involve direct and indirect taxation, other sources of revenue and lending from country's own financial institutions (Pitelis and Runde, 2017). The overall assessment indicates that PFM is still challenging phenomenon in most developing countries which makes them vulnerable to corruption and fraud, however there is an improvement on accrual accounting (Moretti, 2016, Pitelis and Runde, 2017). Sound Public Financial Management is the recipe to improve government performance regarding service-delivery and speeding-up processes to reduce poverty so that sustainable development goals are achieved (Zhang, 2016). The rising expectations and aspirations of 'Man' places great pressure on the financial resources of the state. Public Finance is embedded on the following principle (McMahon et al., 2013).

3.4 Public Financial Management Reforms

The Public Financial Management Reforms (PFMRs) is defined as a deliberate interventions to institute changes in policies, legislation, processes and structures of a public service institution with the intentions of strengthening, improving financial and fiscal management in order to achieve fiscal discipline and organizational outcomes (Bouckaert and Pollitt, 2011, Bandy, 2014, Steger, 2013). On the other hand PFMRs is a process whereby transformational and developmental changes are instituted, and executed in the field of PF. The indispensable changes are designed to address financial irregularities and inefficiencies, fraud and corruption, and poor management of government financial resources. Its objective is subsequently improve accountability within the public sector (Guthrie et al., 2005, Steger, 2013).

3.4.1 The Cycle of Public Financial Management and Key Management Factors Involved

The diagram below highlights the cycle and chronological steps that are being taken or undergone by SA government institutions of the state in securing and safeguarding the management and appropriate utilization of the PF and budget.

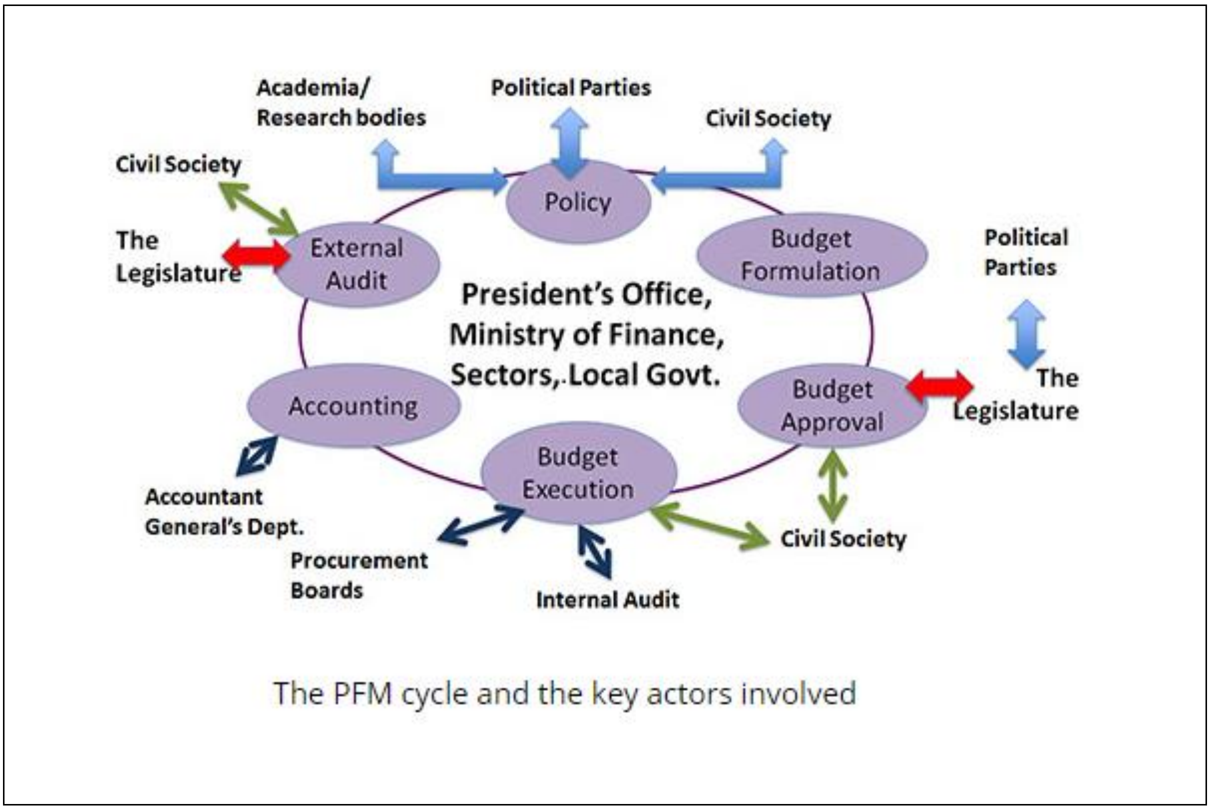

Figure 3.1: The Cycle of Public Financial Management and Stakeholders Involved

Source: PFMA (1996)

- Public/state expenditure, which involves managing the state buying power of goods and services that the will be use immediately classified as the government consumption. The state intends to find out whether investing in economic infrastructure have a potential to produce good incomes.

- Public income/revenue, the money that is generated by the state through collection of taxes of various forms e.g. Value Added Tax (VAT), which is paid by everybody who purchases goods or services within the Republic of South Africa. Including Pay as You Earn (PAYE), which is personal income tax deducted by employers from salaries of the employees. Other income is received from customs duties, levy charged from individual, state owned companies and lastly from services rendered by the state.

- Public debt/National debt or liabilities is money that the government owes accumulated from loans, bonds that the government have borrowed either from local financial institutions or bodies like Development Bank of South Africa (DBSA) or international bodies like International Monetary Fund (IMF) or the World Bank.

- The administration of state finances is the state departments where the tax-payers is efficiently and effectively apply under the constitutional framework as stipulated in PFMA of the National Treasury and PFM.

3.4.2 Accountability

3.4.2.1 The role and significance of Accountability in Public Financial Management

The historical life of the concept of accountability is at the same level of existence as democratic and political systems with its foundation rooted in political philosophy literature. The person's obligation to describe and provide logical reasons or explanations about the acts that are done and obligated to provide the report" (Oxford Dictionary, 2017). There is no universal accepted definition of accountability. According to Pelizzo and Stapenhurst (2013) Webb (2010), "The obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner". It also includes the responsibility for money or other entrusted property" (Bovens and Schillemans, 2014, Goodin and Goodin, 2003, Schillemans, 2015). Accountability in a more simplified manner means being answerable to the authorities who have their powers, faith, trust and their valuable resources to you (Kettl, 2015). Christensen and Cheney (2014) defined accountability as the principle obligation to show case that job designated to individual has been done in accordance with standards and rules initial set, and the designated employee reports back or give feedback to authorities accurately, and fairly about his performance (Migliorisi and Wescott, 2011). Lourenço (2015) stated that the citizens hold the public viewpoint or expectations that the state have the potential and capacity to solve problems on their behalf in an effective manner. The citizens expect the government to do the job well as designated, in an efficient way, the work done does not cost more than what was budgeted for, and accountable officials use powers in such manner that is acceptable (Voltmer, 2010). At end, the officials are accountable for their actions, decision and answerable to their clients or constituency (Armstrong, 2005).

3.4.3 The Power of Accountability in an Organization

3.4.3.1 Types of Accountability

There are various kinds of accountability, which includes performance based accountability, financial/fiscal, political, administrative, social, process, general and managerial accountability.

3.4.3.2 Performance Based Accountability

The Performance-based accountability systems (PBASs) are incentives linked measures which serves as a means of improving the services to the citizens. This accountability is made to account or demonstrate the performance with regards to the standards, incentives, goals, measures and targets agreed upon, it is a compliance based accountability which focuses on ongoing system of monitoring and evaluation. (Hamilton et al., 2013). Performance-based accountability systems achieve good performance results if executed following these principles:

- Goals and objectives must be shared or known by all stakeholders;
- Unambiguous or uniformed measures that are easily observable;
- Clearly defined control measures, inputs and processes with regards to individual or organizational incentives;
- Meaningful incentives to the employees that will be incentivized and;

- Necessary and adequate resources or facilities to plan, design, implement and modify operations of (PBASs).

3.4.4 Financial/Fiscal Accountability

The organizational managers or public office bearers are liable and obliged to use the PF resources sparingly and should account for the actual outcomes or results. In the case of South African Government, the constitutional statute called PFMA stipulates precisely the modus operandi regarding the utilization of the public purse and methods of accountability with regards to decisions taken (Abedian et al., 1998).

3.4.5 Operational Accountability

This form of accountability is executed to achieve operational outcomes and objectives which are pre-determined, with regards to effectiveness and efficiency in the utilization of financial resources of the government with the aim of achieving the desired goals (Abedian et al., 1998).

3.4.6 Public accountability

It is a constitutional obligation in SA that employees or authority persons in government department's entities including state owned and entrusted enterprise and corporations must be held accountable for public resource utilization. This is because public resources and revenue are managed by different systems and responsible needs to be held accountable for fiscal, managerial, and operational systems under their supervision and report-back to those that have conferred these responsibilities (e.g. International Organization of Supreme Audit institutions, 1998).

3.5 The Government Accountability on State Owned Enterprises (SOEs)

The institutional and legal framework of State Owned Enterprises (SOEs) is preserved in the Constitution of the Republic of SA, Companies Act and in the PFMA. The State Owned Enterprises (SOEs) in SA are interchangeable called as the Corporations or Companies. In the South African context a company is regarded as a Government Enterprise if the total equity share held by the government is not below the minimum of 51 per cent (PFMA, 1999). As such a corporate must be registered under the Companies Act of, 1973 and King Code 11 & 111 in the Johannesburg Securities Exchange (JSE) (PFMA, 1999). It is important to highlight that the Auditor-General, PFMA and Parliamentary Financial Committees like Standing Committee of Public Accounts (SCOPA) through statutory legislation categorically stipulates how such corporations must be managed and audited (PFMA, 1999) . These are run like private sector corporations, where profit maximization is the cardinal pillar (PFMA, 1999).

The management administrative team is composed of the Chairperson who is the Director of the Board, and the Board Members all of whom are openly scrutinised and vigorously interviewed by the MPs under the Public Enterprises Selection Committee (PESC) (PFMA, 1999). The interviews are transparent as they conducted in the public domain by the public broadcaster called SABC and others media houses. The successful candidates are appointed meritoriously by the government on the recommendations and approval of the PESC (PFMA, 1999). In the South African context the State Owned Enterprises are placed the watchful eye of the Public Enterprises Minister she/he has ensure that the State Owned Enterprises (SOEs) operates within the legal statute and framework. The operations of the State Owned Enterprises must be aligned with PFMA and various financial guidelines has been crafted to monitor its operations and functioning. As a result of that these corporations have received a lot of autonomy and standardization of financial policies. The Public Enterprises Minister is answerable and accountable to the National Assembly. The Minister of Public Enterprises is expected to tabulate before the House about the financial performances and governance matters relating to State Owned Enterprises (SOEs). The Public Enterprises Minister must give Annual Report and feedback and answers parliamentary questions posed by MPs.

3.6 The Financial Management Role Played by the Board of Directors in State Owned Enterprises of South Africa

The Board of State Owned Enterprises of South Africa is constitutional tasked to perform certain organizational and managerial functions on behalf of the Government of the Republic of South Africa (SA, Constitution, 1996, Section 55(2)). One of the functions of the board is to give guidance, advises and directives regarding the ways and means of reinforcing and strengthening the State Owned Enterprises in achieving financial professionalism and independence (SA, Constitution, 1996, Section 42(3). Furthermore, the board needs to advise the government about organizational business restructuring and diversification that may involve seeking new strategic innovations and partnerships, joint ventures, mergers and acquisition (PFMA, 1999, Section, 65). The board needs to advise the government about restructuring matters and processes by examining thoroughly, the strategic proposals of turning around strategy or resuscitating of the State Owned Enterprises from previous financial loses and woes (PFMA, 1999, Section, 51 and 52). The board must advise the government about the loss-making state owned enterprises (SOEs) or chronically dying companies which may be extremely difficult to revive, therefore the board may recommend that some of the non-performing companies must be closed or sold (Treasury Regulations, 29.1; PFMA, 1999, Section, 52).

The board of the State Owned Enterprises which involves the Chairperson and the functional directorate operates and serve at the behest of the President of the Republic of South Africa. This narrative seems to suggest that board officials can be removed from the office when desired outcomes are not forthcoming, as per the powers invested in the President of the Republic of South Africa (Treasury Regulations, 30.2). The President has the presidential prerogative to issue directives to the state owned enterprises (SOEs) as the need or demand arises. The presidential directives are cascaded to the Board of Directors/ Governors who has no authority to question or interrogate them. The Minister of Public Enterprises or the Public Service Enterprise Committee then brings these directives to attention of the National Assembly. The State Owned Enterprises are bound or expected by statutory guidelines or statutory framework to operate in accordance or in alignment with the guidelines of the Public Financial Management Act (PFMA, 1999). The Minister of Public Enterprises and official directors who are the representatives of the company must ensure that the PMA principles are applied appropriately (Treasury Regulation, 29.1). The state, in its capacity of being major shareholder, issues the directive regarding the percentage that must be paid (PFMA, 1999).

3.7 Probity in the Public Service of South Africa

Political officers and public officials should have no ulterior motives when performing their duties. As a result, no public functionary is allowed to use his authority to obtain inadmissible gains either for him or for others or to secure preferential treatment for favoured persons. Each official should conduct himself in such a manner that he will be able to withstand any test of public scrutiny (DPSA, 1999). To support transparency and improve conduct of public servants, public service regulations (1999), require managers that are within SMS level to disclose any financial gains in order to eliminate conflict of interest and abuse of power and authority for personal gains (Public Service Regulations, 1999). In 1999 in the Travelgate scandal, 40 MPs used travel vouchers for their personal use at the cost of R18million of tax-payers money (Gaston, 2006). The Police Commissioner convicted in 2010 for accepting the bribe worth R120 000 from a well-known crime syndicate gangster (SABC, 2010). It is alleged that the South African Arms deal bribery, favouritism and fraudulent tactics was used to award lucrative contracts (Corruption Perceptions Index, 2012).

3.8 Political Accountability

Political accountability can be defined as system whereby elected office bearers must politically account to their constituencies about their actions (Mishra and Mohanty, 2014). Fabricius (2016), in the South African Institute of International Affairs Journal and African Accountability, highlights the issue of regular elections which are signified as being independent, there are also democratic institutions like constitutions, electoral commissions, ombudsmen, parliaments, judiciary, public protectors and human rights commissions. Whilst these institutions exists one needs to ask a simple question, are these institutions effective? , Are they contributing to the principles of democracy, which involves the rule of law, principles of good governance and accountability? The findings are that these theoretically well-developed democratic institutions had been proven to be powerless in the actual implementation because of the political power or influence by politicians including presidents to overshadow them either by squeezing their budgets or opening spurious allegations and investigations against them (APRM, 2013).

3.9 Public Expenditure and Financial Accountability (PEFA)

3.9.1 Historical Background of Public Expenditure and Financial Accountability

It was established in 2001 by various organizations including International Monetary Fund (IMF), European Commission, World Bank and various governments involving United Kingdom, Switzerland France and Norway (European Commission and World Bank, et al 2017). It was formed to harmonize, improve and to do formal assessment regarding PFM performance with member states (Canagarajah, 2005). The founder members remain the custodian of the program and they had helped various countries worldwide with its implementation (European Commission and World Bank, et al 2017). Public Expenditure and Financial Accountability is a mechanism, methodology and systematic approach used to evaluate public financial management outcomes or performance (World Bank, 2017). It is a measurement based mechanism whereby the countries PFM framework and systems are measured (PEFA, 2016). The PEFA measurement tools assess the degree or level at which PFM institutions, systems and processes are making a significant contribution, in the achievement of desired organizational budget results (PEFA, 2016). Public Expenditure and Financial Accountability had been used in more than 150 countries since its inception and more than 500 assessments had been done (Swedish Development Advisers, 2016).

There are seven cardinal pillars necessary to achieve the utmost performance in PFM:

- The reliability of the budget: The budget must be crafted in such that it serves the purpose of which it was intended for, it must serve the basic needs of the citizens nothing less, nothing more.

- Transparency in handling public money: The country's budget must be open to the public, the public must be freely aloud to participate in the public discourse and discussions. Public are taxpayers therefore they have every right to know what is happening with public purse. Government must be transparent in handling fiscal revenue, expenditure and intergovernmental financial transfers.

- Management of liabilities and assets: A vivid program must be in place to ensure that the assets and liabilities of the organization are well monitored and controlled to minimise abuse.

- Policy based budgeting and fiscal strategy: Financial strategies and fiscal policies must be in place to ensure financial compliance to accounting practices, macroeconomic alignment and strategic plans.

- Predictability in budget execution and control: Budget must be implemented within the parameters of the law, internal control measures, effective and efficient standards governing the fiscal policies of the government to avoid unauthorised and wasteful expenditures.

- Accounting and reporting: Financial measures and auditing must be in accordance with international standards of financial accounting and auditing, reliable and accurate records are kept, income and expenditure statements must be freely available to the taxpayers in case of public wants to peruse them. Disseminating and cascading information is paramount to enable management to make appropriate decisions at the right time.

- External measures and audit: In Public Service, the office bearers must account to external organs like Auditor-General, National Assembly, and Standing Committee in Public Accounts (SCOPA) in case of SA, which calls upon Executive to account how public money was spent.

3.9.2 The Benefits of Using Public Expenditure and Financial Accountability Framework (PEFA)

PEFA is an indispensable and diagnostic tool in assisting countries and senior authorities in decision-making regarding building the capacity of countries and budget support strategies (Trapnell and Recanatini, 2017). International Monetary Fund to assess countries internal reporting systems and progress made and countries performance in PFM uses PEFA (Hadley and Miller, 2016). The PEFA is used as benchmark to assess PFM programs regarding the technical assistance that may be required (IIA, 2008). Furthermore, PEFA is a more reliable, trustworthy and consistent program that covers a broader space, time saver and covers a wide spectrum of PFM systems (SDA, 2016). Public Expenditure and Financial Accountability is a pivotal vehicle to senior Public Financial Managers and authorities to envisage their strategic planning for implementing best and sound PFM (Roness, 2017). Implementation of PEFA improves government's fiscal transparency and budget participation practices, but there is insufficient conclusive evidence to support the impact and effectiveness it has on that narrative (De Renzio, 2016). Public Expenditure and Financial Accountability provides a valuable literature for independent scholars and researchers around the globe. Public Expenditure and Financial Accountability also addresses the issue of quality assurance amongst member states and the strengthening mechanism to PFM reforms (Von Trapp et al., 2016). Public Expenditure and Financial Accountability is able to provide a quantifiable fundamental measurement, which a comparative analysis can be done over time thus enable governments to respond timeously on poor performance (Wehner) (SDA, 2016)

3.10 The Historical Origins and Evolution of the Strategy

The originated as a means of people to conquer their enemies therefore the classical version is based on military premise (Clausewitz, 1982). Generals at this period had rigid supernatural powers to make decisions. This military model is supplemented by intellectual inheritance emanating from economics. In the book called "What is Strategy, and Does it Matter?", Whittington (1993) explains the evolution and transformation of strategy. Von Neumann and Morgenstern (2007) see the situation as an elaborate game of "move and counter move, bluff or counter move" between competing individuals to gain strategic advantage. Chinese seems to be the ones that discussed the issue of strategy in the period 200-400 BC. The book" The Art of War", written in 400 BC by Sun Tzu, received best accolades as the best work ever written on military strategy including those who pursued centuries later (Ip and Koo, 2004). Sun Tzu used "stratagem and finesse" to conquer the enemy (DeGirolamo and Beech, 2011).

The author believed that never give the enemy satisfaction but used tactics and strategies to avoid the war. He noted that, famine 2 was his favourite technique of conquering the enemy than exposing one's life to "Chances of Arms" (Tzu, 1963).The author's doctrines are omnipresent and still being practised in military and business academies. The terminology is indirectly derived from Classic and Byzantine (300.AD). Strategy is derived from Greek word "Strategos", meaning "General of the Army". Despite the fact that "strategos" has its origins in Greek strong allegations suggests that the Greeks never used the terminology (Kaegi, 1983). According to Dennis (1985), the modern equivalent word of strategy in Greek would have been "strategike episteme", which means "general's knowledge" whereas "strategon Sophia" means "general wisdom" Frontius, one of the most prolific writers in military strategy in his Latin writings the word "strategemato" is found (French, 2009, Ansoff and McDonnell, 1988). Strategemato defines the compilation of" strategema or stragems" which literally means"tricks of war". The Roman historians on other hand used,"strategia" referring to the territories under the jurisdiction of "strategus" who was Military Commander in Chief and Representative of Council of War (Dennis, 1985). The word "strategia" retained a simple and geographic definition until the French military thinker Count Guibert introduced the terminology "La Strategique" in the year 1799. It remained understood like that until today (Horwath, 2006). Concomitantly neither the business nor the military community could foresaw vividly strategic perspectives in their environmental domains. Ansoff (1965) gives it a specific name strategy in his book: Corporate Strategy. The terminology "Gy" was used in the deployment of troops. Deployment of troops and resources were central in the achievement of goals (Luttwak, 2001). Heuser (2010) noted that strategy has evolved over centuries, starting from being the art of war to the notion of war of talent. Strategy in 2,500 years of its existence remained one dimensional during that historical era warmongers stressed the significance of avoiding wars rather purporting them. Whereas, business people focus in building monopolies and power. The Major-General in Prussian-Germany Army, Carl von Clausewitz, wrote extensively about strategies and tactics of avoiding the war. This is being displayed in the strategy used in USA nuclear deterrence against the Cubans, to avoid the war Clausewitz advocated for engagement between two countries (Clausewitz, 1982). Military strategy must be understood holistically as a system with a variety of options rather than being rigid or prescriptive.

Clausewitz define military strategy as "art of the employment of battles as means to gain the object of war" (Hagerman, 1967). Battles were seen as the only legitimate tool to achieve strategic ends of a policy applying and distributing military means (Gray, 2013). Military strategy is obviously the means to justify political ends, hence introduced the slogan "Strategy is a system of expedients (Greene, 2010). The author is regarded as the creator and founder of a new and modern strategies of commanding armies in the military arena. Furthermore, he suggested that the main focus of military leaders should consist of extensive planning and preparation as to meet any possible result or outcome (Strachan, 2011).

3.10.1.1 The Classical Approach Strategy

This military model was later supplemented by intellectual inheritance emanating from economics as advocated by Von Neumann and Morgenstern (2007). The classicist believed that the fundamental objective of business existence is profitability and returns on invested capital (Von Neumann and Morgenstern, 2007). If it is not corrected, the business must be abandoned. Therefore, rational and conscientious planning are important elements to achieve this goal (Ansoff, 1964, Hart, 1992, Bourgeois III, 1980). It is an intentional and rational approach to strategic formulation with its focus on maximization of profit (Chandler, 1962, Sloan Jr, 1963, Ansoff, 1965). The approach view the business domain as being predictable. Therefore, a logical, rational and systematic approach design is indispensable to achieve organizational goals and objectives (Von Neumann and Morgenstern, 1944).

Classical approach apply rational planning systems or methodology like Political Economic Socio-cultural Technology Environmental and Legal analysis or PESTEL model in developing its strategy (Mullins, 2007). The events of uncertainty that may take place within the macro environment and cause the obsoleteness in the approach (Wright et al., 2005). Individuals and organizations exists and operates in a continuously ever-changing playing field or environment with the aim of achieving best possible outcomes applying different methodology, techniques and resources depending on the prevailing conditions at the time (VÁZQUEZ et al., 2018). The difference between PESTEL model and PEST analysis is that PESTEL focuses on gathering and disseminating information about the external forces and factors that may have dire consequences in the organization. PEST on other hand analyses the organization's political conditions, economic situations, social and technological conditions prevailing in the external environment that may impact negatively on operations and performance (Jurevicius, 2013a).

The extensive knowledge and understanding of both PEST and PESTEL is advantageous to the organization for the following reasons:

It is an effective tool or framework that is being applied in situation analysis to identify the macro environmental factors with major external influence. However, it has causal-effect outcomes on the organizations (Jurevicius, 2013a). The main aim of PEST is to establish the external forces or factors that are currently affecting the organization. Secondly, identify how the current forces or factors will unfold in the future. Thirdly, the organization must act expediently to exploit the prevailing opportunities or defend threats before the competitor take the advantage thereof (Bîrsan et al., 2016). Political Economic Socio-cultural Technology Environmental and Legal on other hand looks more on environmental or ecological and legal circumstances like weather, climate change, waste management and laws regarding environmental pollution (Dcosta and McDonough, 2017). In terms of legal analysis, PESTEL looks at discrimination laws, copyrights, anti-trust law, consumer protection and safety and health laws (Dcosta and McDonough, 2017).

3.10.1.2 Processual Approach Strategy

Processual approach strategy is different from classical approach solely because are formed in an organization. In an emerging process, this approach is called "strategic flexibility in nature" because of the way it is crafted and implemented (Whittington, 2001). It is incremental in nature produced in in a pattern of streams sometimes it is called fuzzy approach because of the different decisions taken by employees on daily basis. Furthermore, it studies the processes of change as they unfold (Contrafatto and Burns, 2013). It is incremental in nature because it adds on top of another decision taken (Millmore and Lewis, 2007).The large-scale radical changes in this approach does not happen overnight, it is not a sporadic event but it takes time to happen (Sminia, 2016). It examines processes driving the change with the aim of showing interlocking series of events in order to grasp temporal understanding (Dawson, 2014). Every decision taken is based upon the best possible solution applicable to that scenario at that period in time, also taking into cognisance the rational organizational strategy (Chia and MacKay, 2007). The processual approach seeks to look at organizational change with regards to its horizontal or vertical mobility when moving from point A to B (Dawson, 2014). Processual approach must be understood from broader contextual framework taking into cognisance the past (historical perspective and retrospective analyses) and including the future (future analysis involving future predictions and expectations before implementation and after (Dawson and Andriopoulos, 2014). Furthermore, processual approach has a strong assumption that any incremental change has complexities and chaotic (Alvesson and Sveningsson, 2015).

The unforeseen, unplanned and unexpected will happen in any organization, therefore organizational change must not be trivialised into a list of ordinary sequential steps but change requires managerial leadership with adequate expertise and skills to address it (Alvesson and

Spicer, 2014). The processual approach also highlights the significance of context and temporality (culture and history of the organizations, decision-making amongst people and individuals in communication and engagement strategies). Various stakeholders, and cause confusion, ambiguities and uncertainties but they may interpret it differently (Andriopoulos and Slater, 2013). However, the practical application of strategy has gone through different stages because of previous failures. Following this pattern, long-range planning, basic financial planning, strategic planning, and complex systems strategy are the core improvements of the organizational environment, and envisage a positive change of an organization (Nappi and Rozenfeld, 2015).

3.10.1.3 Systematic Approach Strategy

According to Whittington (2014), a systematic approach is a deliberate and systemic in the sense that pluralistic goals of the strategic results are favoured. The processes and strategic outcomes need to have an alignment with cultural rules and values of the local community. However, the classical and systematic approach share the similar sentiments relating to long-range planning, however differences exist relating to the strategic outcome (Noble and Nwanekezie, 2017). Grünig and Gaggl (2005) stated that the systematic approach is a method applied that determines the viability and reliability of an envisaged project implementation using clearly defined sequential steps, then assessing and evaluating the results in repeated trials. While the classical approach speaks to maximization of profit (Whittington, 2014), the systematic approach strategy look at pluralistic outcomes. The outcomes that depends on the social phenomenon of the environment where the organization is operating. For an example, the Koreans believed in pluralistic goals of market sharing and growth, whilst united States prefer unitary goal of maximization of profit (Batamuriza et al., 2006, Whittington, 2001). Drucker (2012b) suggested that planning was not something new, but it was simply the reorganization of the previous task performed.

By definition planning, is an ongoing process of risk taking in entrepreneurial decisions with best possible outcomes, organizing systematic efforts and tools to carry out best decisions to be scrutinized, measured and feedback (Dima, 2014). Organizational environment where business or organization operates is predominantly predictable; therefore, logical and rational approach is indispensable for the business to achieve its objectives and goals (Dima et al, 2014). Systematic approach has limitations about strategic formulation since it is aligned to its social phenomenon and itself (Batamuriza et al., 2006). There is a close relationship and co-existence between Mintzbergs' cultural intelligence school theory and the systematic approach, which is further supported by Morgan's metaphor theory of culture (Örtenblad et al., 2016).

3.10.1.4 Meaning and Definition of Strategy

There is no universal accepted definition of strategy, an assumption is made that strategy is old as 'Man', however theorist agree that the strategy focuses on the direction at which the organization wants to take, to know where an organization is going, we need to know the current status and the nature of the organization (Freedman, 2015). The point of origin should be the understanding of the organizational mission and the nature of organizational objectives (Meier et al., 2006). It is imperative therefore, to consider the processes involved in the strategy formulation, and the factors that led to its pursuance (Wilkinson and Dale, 1999). The mission statements, vision, aims and objectives of the organizational existence do provide the employees and stakeholders with clear or unambiguous understanding that is the core business of organizational values (Helms and Whitesell, 2013). It is pivotal, however, to highlight that some of the organization's mission statements happen to reflect a high level of wishful thinking rather the real situation at hand (Freedman, 2013). It is for this reason that the practical guidelines for developing a meaningful corporate strategy and mission has been formulated by various practitioners to guide researchers and students pursuing this narrative.

The indispensability of strategic existence highlights the need that the management should set the clearly defined and well-articulated objectives both at functional or implementation and organizational level (Freedman, 2013). It is important to highlight that the poorly formulated strategy, there is a strong possibility to have the dire consequences with regards to its appropriateness, and nature of any subsequent aims and objectives (Hrebiniak, 2006). According to Ologunde and Akinlolu (2012), strategy is the means of "Bridging the Gap" between the set organizational objectives and the desired goals. In order to achieve that, a lot of deliberate intervention tactics and techniques are needed. The strategy involves the where, when, how, what, who and why (Perry and Rainey, 1988).

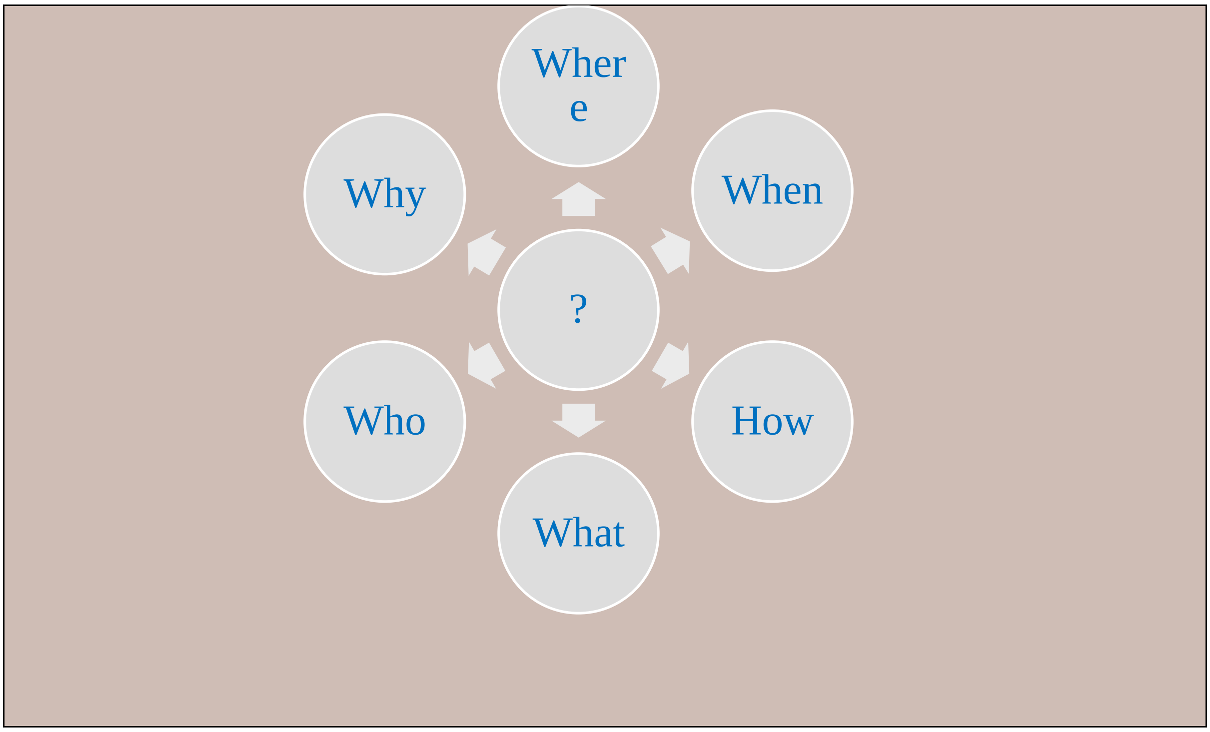

Figure 3.2: Understanding the Practical Methodology of Strategic Implementation

Source: Perry (1988)

The diagram illusrates the relationship of different ideas connected to the main idea. It emphasises the information of both the center and the link with each idea information on the exterior circles to the central idea of the implementation. “Where” is showing the point where the strategy is, therefore one must begin from where the strategy is at the time. “When” indicates when is next step going to be taken moving forward, while “how” indicates the methodology and techniques to be used in order to achieve organizational objective. “What” is relating to the tools to be used and done, whereas “Who” indicates who will implement the strategy and lastly “Why” show why a particular action has to be taken and implemented. For instance, why a certain strategy was preferable at the expense of the other (Jensen, 2001).

3.10.1.5 The Fruits of Strategic Implementation

Figure 3.3: Strategic and Tactics

Source: Nickols (2016b)

The organizational objectives, mission and strategies are widely influenced by a range of factors that involves environment, nature and demands whereby the organization operates. The environmental strategist assesses the environment using the strategic tool and framework called Political, Economic, Social and Technological (PEST) and as well Strength, Weaknesses, Opportunities and Threats (SWOT) situational analysis, therefore any strategic objectives formulation and strategic intent must take PEST and SWOT into cognisance when disserting situational analysis and the internal situation of the organization (Ho, 2014). The organization's pursuance of any strategy is entrenched in the belief or outcomes of the previous experiences, organizational culture, competitive behaviour, past performance and managerial desired expectations. Porter (2008) suggests that is for an organization to be very competitive and successful must choose a generic strategy and pursue it consistently and conscientiously. Porter (2008) has identified three generic strategies including: Focus, differentiation and cost leadership strategies. The following must be taken care of the image of the company, culture of the company, key personnel, structure of the company, resources and operational ability,

3.10.1.6 Focus

To formulate effective and efficient strategic plan (Strat-plan) it needs to be goal driven, therefore setting objectives is the fundamental key issue in the planning process, if this is not executed effectively and accordingly, that which follows will definitely be lacking in insight, focus and cohesion.

3.10.1.7 Differentiation

Seek to give organizations guidance concerning various strategies and drawing parallelism amongst them with the aim, and objective of identifying or drawing any conclusions that the management might have taught (D. Banker et al., 2014). It seeks the experiences of successful organizations and cautioned it's against particular dangerous situations. Furthermore differentiation strategy highlights the dangers of sticking to one strategy for a very long time which is called "strategic wear out" it is obvious that organizations and strategists will tend to stick to a well-proven and successful strategy, however evidence is prevalent that even those best crafted strategies, its life span has limitations (Porter, 2000). Organizations must position themselves in a strategic manner that will differ from its competitor and this will lead to sustainable performance (Banker, et al, 2014). Therefore, the organizations must monitor closely the efficiency ("doing things right" and effectiveness) ("doing right things") of any strategy with the fundamental objective of instituting necessary changes where applicable to denote the environmental conditions and circumstances as assessed by Senior Management Team (SMT) and organizational strategists (Porter, 2000).

3.11 Cost Leadership

Focuses on profitability than high returns on investment because lowest prices are offered to appease price-sensitive or cost-conscious customers (Porter, 2000). Leadership is defined as "as the process of influencing people within an organizational context to direct efforts towards particular goals" (Buller and McEvoy, 2012, Girma, 2016). Cost leadership focuses on the nature of the business that is being currently operated, the trajectory and the journey envisaged, and how it will achieve the desired outcomes through competitive advantage (Brewster et al., 2000). Organizations must not only focus on the current performances but rather focus on a more positive sustainable and achievable performance. Organizations must ask why it has achieved such levels of failure or successes (Reichard and Johnson, 2011). Hence, evaluating a strategy will enable the organization to move from known to the unknown. Specifically, from general to the more specific outcomes and this will lead to a formulation of objectives compatible with environmental situations (Hitt et al., 2017). That will bring to the fore the organizational weaknesses, and strengths to avoid postulate the need for strategic planning process (Wilson, 2014).

3.12 The Strategic Objective of Planning Process

Nickols (2016a) describes "the purpose of planning as an attempt to impose a degree of structure or order upon behaviour by allocating available resources in order to achieve organizational objective within a specific time frame". Planning strive to control and monitor the factors which may negatively affect the outcome or results of the actions or decisions, with adequate supervised planning tools, and organizational resources success is achievable (Mintzberg, 2000). "Strategy is about shaping the future and is the human attempt to get to "desirable ends with available means" (Mintzberg et al., 2013). Freedman (2013) suggests that strategies in most instances fail because a lot is expected of them, than what they can actual produce or deliver. Furthermore, he argues against the well-known notion that strategy is a plan. "Why a strategy is not a plan" based on Freedman (2013) arguments on the fundamental premise that everybody these days seems to be in the dire need of strategy because strategy focuses on the means one uses to reach the ultimate end. Through, various good lessons or mistakes that government, business and community has experienced or learned, enables these stakeholders throughout the globe to craft and apply strategies in their various sectors that takes into account integrated approach in decision making, and methods relating to environmental issues. This has strengthened collaboration of strategic perspectives between communities, non-government organization, business and government (Kohtamäki et al., 2012, Burkhart and Reuss, 1993, Agranoff and McGuire, 2004). Policies are purposefully made be and they must be linked to a powerful entrepreneurial strategy of the organization (Ireland et al., 2001). Overall, most companies and organizations today it would be odd if they do not have strategy, and failures within the organizations will be levelled against the lack or absence of a good strategy (Mintzberg, 2013).

Strategy is viewed as a panacea to solve all organizational problems, strategy has become a buzzword that can solve personal problems of individual like stress, sometimes strategy may be based upon intuition but seldom may it operate without theory and knowledge (Kvint, 2015). Strategy long-time utilization becomes ubiquitous and loose its credibility, value and worthiness that's why strategy must at all times remain relevant and its effectiveness must be tested (Mintzberg, 2013). Furthermore, Mintzberg (2013) highlights how strategy has evolved over the years for it has been utilized in different environmental phenomenon that are highly contested and dynamic including business, politics and wars (Mintzberg, 2013; Freedman, 2013). The notion of employing whatever resources the organization has at its disposal in a contested and dynamic terrain or situation to achieve the best results is refuted by Freedman, and suggests that “it about getting more out of a situation than the balance of power would suggest, it is the power of creating art” (Freedman, 2013). Strategy is a system of formulating, finding a doctrine of development that will ensure organizational success in the long term if executed accordingly (Kvint, 2015). According to Rumelt (2012), a difference between a bad and good well-crafted strategy needs a kernel with three distinct elements including diagnosis, which seeks to explain or define the nature of the challenges. Secondly, the guiding polices or mechanisms for dealing with a problem at hand, and thirdly, coherent implementation mechanisms designed to execute the guiding policy.

Strategy includes goal setting, a precise or specific action to achieve those goals and resources mobilization to execute the envisaged action. Strategy determine how the end results, goals and outcomes will be achieved (Smith, 2013). Strategy is a carefully and well-developed method or plan for achieving a desired outcome or goal, it is a well-developed skill method or plan to implement so to as to achieve the sought outcome (Webster et al., 1989). Strategy defined as a plan or method selected to bring about the desired future outcome or result including a goal-oriented achievement or a solution in solving a problem (Cearley and Claunch, 2012). The strategy that begins with objectives and works retrogressively there is strong possibility of failure, strategy must look at as an albeit script incorporating the possibilities of events and chances, which anticipates and predicts interactions of many stakeholders and role players over a long period of time which are open-ended with no limitations (Freedman, 2013). The organizations that produce best strategies they opt to use different approach than what is often used by many. Firstly, they conscientiously value strategic planning as critical component that can and must be an excellent status (Dixon, 2017, Judah and Paul, 2014). Secondly they invest a lot of resources to the employees, tools and processes that makes it easy for them to identify the most significant and pressing strategic priorities, thus enable them to make necessary adjustments which makes the organization to adjust and remain relevant to environmental changes. Thirdly, the organization’s philosophy of continuous improvement (Kaizen concept of Toyota) is desire for any organization big or small, its principles are applicable both in public and in private, it emphasizes maximization of quality, and reduction of waste, efficiency in operations and work related procedures (Berger, 1997, Singh and Woo, 2009). Strategic planning gives the organization ample time to focus on debates discourse and narrative, decision-making, and all kinds of engagements to all tiers of the organization thus enables the organization to put strategy into action (Joyce, 2015). The excellent strategic planning needs to have key elements that is not a one size fits approach such as strategic planning but it must have strategic management accounting budgeting (Dixon, 1998). Strategy amplifies the voice of the frontline and customers, resource allocation is purposely undemocratic and do not let the Earth's rotation around the sun determine when you make decisions (Nickols, 2016a). Lastly, leaders focus on the most important decisions and simplify the rest (Drucker, 2012a, Dale, 2005, Bryson and Alston, 2011).

3.13 Mintzberg's five Ps of Strategy

3.13.1 Plan

What is planning? Planning is described as (forethought) and thinking process that involves organizing the resources and activities necessary to achieve the ever sought goals, planning is deliberate crafted, its progression is careful watched and monitored from the beginning to the end (Campbell et al., 2005). Planning involves creation, and creating and plan maintenance that involves conceptual skills and psychological aspects. Therefore, the establishment of business or organizational goals is the core step in planning (Rohm, 2008). One of the executive functions of the brain involves planning, which involves the neurological processes that are pivotal in the formulation, selection and evaluation of a sequence thoughts and actions to achieve a desired outcome or a goal (Montgomery, 2008).

Planning is a thorough preparation in a sequential way to achieve a specific objectives, goals or outcomes, the strategist must produce a document tabulating what the organization plans are for now and the next ten years (Campbell et al., 2011). Planning is one of the most fundamental tools needed in time management and project management (Rohm, 2008). Plan has similarities with a map, when followed to the latter it enables the user to check the progress done towards achieving a projected goal in relation to the destination (Perry and Rainey, 1988)

Planning enables strategic manager to check where s/he is, to make informed decisions as what to do next. Planning is indispensable in determining whether one is able to meet the projected needs, time, resources and money during each action step taken (Niven, 2014). With conscientious planning one is able to determine as to anticipate where challenges and problems are to be expected, which enable the user to adjust the strategy, tactics and modus operandi to avoid the coming foreseen crisis or smoothen the crisis, rather than to deal with hazardous crisis when it takes place unexpectedly (Njiru, 2007, Bamberger et al., 2014). Personal goal setting and strategy maps can be describe as the wisdom that emanates from psychological research, and practical experiences that help people or individuals to direct their subconscious, and conscious decisions towards building their motivation in achieving personal success (Lueg and Julner, 2014). Planning process encompasses the objectives or goals to be achieved, strategic formulation to achieve them, creates, arranges or provide the necessary means or resources and lastly to direct the resources, implement, and monitor implementation of action steps in their sequential order (Wambugu and Ombui, 2013).

3.13.2 Ploy

A strategic ploy is strategic move crafted to trick, out plan or outmanoeuvre the competitors, furthermore creativity is seen as the central idea of strategic ploy to achieve success, ploys are used and very beneficial when facing strong opponents competitors (Campbell et.al 2014). Mintzberg (2013) makes a reference to a military-historical war between United States of America and Britain, George Washington having realized that it was impossible to defeat the well-organized British army in the traditional and conventional warfare, to overcome their pitfalls and weaknesses the American army opted for guerrilla tactics which relied heavily on hit and run attacks. The unlawful and illegal targeting of British army officers was an American effort and strategy of weakening the strength of the British army by eliminating its leadership. Ploys still continue to play its role at omnipresent the most recent being the battle of capturing customers, organizations use a wide range of strategies, tactics and techniques to outsmart the competitor, pricing is one of the most famous choices which in many instances leads to price war. Price war often leads to decline in profitability (Rao et al., 2000). In China, most consumer producing firms gather information on competitor, which makes the competitor to feel threatened (McWilliams and Gerstner, 2006).

According to Kumar (2016), fighting the enemy that one knows is easier, though challenging, sometimes tough and yet quite strange but better because of sharing similar strategies, ambitions, weaknesses and strengths. The long battle between Pepsi and Coca Cola, Sony and Phillips, Hetz and Avis, Komatsu and Caterpillar have becomes disruptive in terms of competitions. The unethical aspect, which led to lacking moral principles between individuals, society and organizations with destructive consequences. Unethical behaviour can be define as practice that falls outside or falls short of general accepted norms, values, standards and moral behaviour involving lying , stealing, dishonesty and cheating (Yam et al., 2014). Ethically, advertising an organization must display the true credentials about its products (Reynolds and Olson, 2001). It must not distort the brands ‘capabilities or shelve its defects, hidden agendas and intentions (Vaux, 2013). For instance, the Pharmaceutical industries has recently become highly market oriented by hosting lavish events to influence medical personnel and doctors to prescribe drugs to their clientele in return providing benefits and gifts (Duong, 2016). The ethical behaviour in business applying correct narrative when dealing with customers' and competition, which has not been a common phenomenon in Pizza world. This is similar to between Pizza world, Pizza Hut and Papa John's who used the slogan "Better Ingredients, Better Pizza", which categorically mean better than Pizza Hut's ingredients in the people's mind. Another strategy enumerated by Papa John was that dough and sauce, was of fresh grown tomatoes and filtered which did not ingredients like hydrolysed soy protein and xanthan gum, Pizza Hut filed the lawsuit, which ordered Papa John cease from the practice of using hostile and deceptive advertising campaign (Duncan, 2017).

3.13.3 Patterns

The strategic pattern sometimes is called the policy pattern is applied to encapsulate changes, it allows organizations to swap or exchange it easily in and out in an integrated or coordinated manner, and provide adequate implementation alternatives, even during operational times (Ebner, 2013). This is a powerful tool within individual and organization can use for benchmarking algorithms, responding to unprecedented and volatile scenes requiring expedient trial of new ideas (Paroutis et al., 2016). Furthermore, pattern strategy encapsulate a collection of duties that performs similar yet different jobs (Paroutis et al., 2016). "It is a self-contained sequence of actions to be performed" (Child, 1975, Donaldson, 2001). According to (Agic et al., 2016), pattern strategy can be defined as a systematic technique, procedure or formula of solving a challenge or difficult situation and mathematical problem by a computer and achieve some organizational objectives. Algorithm conducts sequential series of specified, unambiguous actions or instructions in solving a problem (Rouse, 2013). "When solving a problem, choosing the right approach is often key at arriving at the best solution" one of the problem-solving approaches in psychology is called algorithm (Rouse, 2013). Pattern is a step by step technique or procedure and flowchart or a map designated to perform an operation which will turn an organizational vision to desired goals or concrete outcomes when followed to the latter (Holland and Lam, 2014).

3.13.4 Position

Strategic positioning is viewed as the most important segment in the arena of marketing, positioning is deemed a success if it captures the clients perception (Sair, 2014). Some theorists believe that strategic positioning is static, while others believe is dynamic (Sair et al., 2014). It is static when clientele adopts the product in their minds and staying there becomes immovable, but becomes dynamic when marketing personnel changes the client's positional perception and views on the product. The client's acceptance of the brand/product in a different perspective gives competitive and preferable advantage to the marketing manager (Sair et al., 2014). According to Rugman and Verbeke (2017), positioning strategy requires strategic pursuance to attain advantageous strategic positioning to achieve competitive advantage and efficiency in the environment.

Positioning strategy refers to the techniques that one uses to communicate, disseminate and cascading the essential information about the business or organization to potential clients, information must include where the product is made, how's it made, where the product is sold, and how much does the product cost (Rugman and Verbeke, 2017). Firstly, positioning strategy includes specific demographic or market segmentation of the product, for whom it is made for (Biggadike, 1981). Secondly, the low-price strategy which means lowering your price against competitors or high-price strategy makes their products to be sold at high a price thus creating perceive value than the competitor. The higher price creates an impression that the service or goods worth more (Hoverstadt and Loh, 2017).Thirdly is affinity whereby organizations or companies place or position their products or goods on the loyalty of their clients who share the common traits, personality, likes and dislikes (Pike, 2017). Wirtz and Lovelock (2016) describe positioning as marketing strategy whereby the operator, company and organization outlines clearly the promotional strategy to market or sell their goods and services to their clientele. Hoverstadt and Loh (2017) on the other hand, stressed the issue of strategic fit that speaks about the relevance, goodness and fitness of the strategy in the environment where it operates. An acronym was created to understand the scenario called "VORSAL", which stands for value, options, risk, stimulation and like".

Promotional strategy becomes imperative in formulating price of the product, and the place where the product will be available, lastly choose the target market that will consume the product or use the service by aligning information technological strategy to overall business or organizational strategy for better outcomes (Moriarty et al., 2014). Product plan is an indispensable element or component of marketing plan, its method used by marketers to craft and select the best communication strategy to sell their products to clients, therefore effective brand positioning needs a clear understanding and knowledge of customer needs must not be taken for granted (Pike, 2017). Small organizations or companies use value positioning strategy price their brands below that of the competitors, it seeks to capture clients who are sensitive to high prices and constantly changing prices (Porter, 2000). Quality positioning may benefit organizations by benchmarking on quality of their products competency, organizations may also use comparative advertising to display and demonstrate the superiority of their product as opposed to their competitor (Gershon, 2003). On the other hand, Effing and Spil (2016) stress the importance of using IT and digital business to gain competitive advantage.

3.13.5 Perspective

Zellman et al. (2010) define perspective strategy as a means by which organizations solve their important challenges and issues; it is a carefully crafted and tactical approach, putting information to its proper context which will consequently help in reaching amicable organizational solutions. They further suggest that the issue of consumer decision making is influenced by the type of the product. The goal of strategy formulation is to establish a valued, unique and competitive position by crafting a better strategy than your competitor, by delivering better value to clients or provide a comparative value at lower price than your competitor, which creates competitive advantage ahead of its competitors (Ulwick, 2003). Therefore, strategist needs to understand needs thoroughly the perceptions and the feelings of the employees about organizational strategic formulation and execution to identify unearth and unpack elements that can contribute positively to strategic success (Du Plessis et al., 2015). In order to utilize human capital, organizations need strong strategic perspective firstly, by developing the talent in the workforce that will enable organization or business to make better decisions. By taking into cognisance the past challenges and strategies implemented thereof, the omnipresent position the organization is at, and the future objectives of the organization will become relevant by applying sound strategic communication (Smith, 2013, Moorman and Day, 2016, Baporikar and Deshpande, 2017).

Strategic perspective enables the Senior Management Team (SMT) to ignite its objectives and goals to make informed and appropriate decision-making in all organizational areas (Zellman, et al., 2010). In strategic perspective every stakeholder has a something to say, which take various forms which may include the concern expressed by stakeholders, organizational announcement, an expression of an attitude, value or the organizational commitment in building capacity, potentialities and capabilities therefore it’s important that organizations and business must use global strategies to remain relevant and competitive (Beng and Yu, 1996). Strategic sustainable management is seen as having a positive impact in the evolution and development of strategic thinking to meet hierarchical segments, strategic operational tactics and environmental expectations of socio-economic sustainability (Schulte and Hallstedt, 2017). Additionally, delving on sustainability enables the organization to develop a holistic perspective and integrated approach towards decision making support mechanisms, assessment systems of internal motivation and incentive to meet organizational goals or desired outcomes (Radomska, 2015, Jabłoński, 2014).

3.14 Elements of Strategy

Chew (2016) emphasized the indispensability of IT in business or organization's environment because it adds value and delivers the essential service to the organization, however service-delivery within the government enterprises is inadequate to deliver the desired outcomes. Hitt et al. (2001) and Barney et al. (2001) supported the view that strategy is not about finding the best global method of competing nor an attempt to be everything to all clients. Yet, a systematic in generating or achieving a competitive advantage that has economic vial ability, inimitable, uniqueness, no-substitutable, durable and sustainable (Priem and Butler, 2001). Strategy is about a technique of competing, which delivers a distinctive value to a specific set of clients (Porter and Magretta, 2014). Senior management team and (CIOs) in most organization is tasked with the responsibility of executing or implementing the strategy but all employees must take accountability in the successful implementation of it. Organizations when formulating a strategy must study and understanding the whole range view of prospects and operations of the organization rather than individual perspectives. Layton (2012) suggests that effective and efficient organizational strategy must have clearly defined objectives with measurable results that form a direct connection with organizational vision, objectives and goals without disregarding the regulatory, legal and contractual abiding agreements. For instance, the term"Vosic" stands for vision, objectives, strategy, implementation and correction (Grant, 2016). Effective strategy must start with conceptualizing the organizational long-term goals. Organizations survival to stay at the top of this highly competitive world organization must design a unique strategy suited for its own needs (Grant, 2016).

3.14.1 Strategic Visioning

There is no universally accepted definition of vision. According to Nanus (1996), the well-known expert in the field in his best-selling book, "Leaders: Strategies for Taking Charge" defines a vision as a credible, realistic and very attractive and aspiring future of a company or organization. Strategic visioning is shining symbol that directs the organization to a distinctive path to outsmart the competitor (Nanus, 1996). Therefore, a leader with the adequate skills and expertize gives the direction and champion who will represent the organizational to what it desires in terms of achieving its objectives and goals for the foreseeable future (Berson et al., 2001, Kantabutra, 2010). Organizational success largely depends upon visionary leadership to design a strategy that seeks to develop the sense of organizational existence or purpose by aligning its efforts to desired outcomes (Berson et al., 2015, M. Taylor et al., 2014). The strong, visionary and influential leadership is indispensable to drive and give specific direction to new organizational initiatives, followers must provide inspirational support (Wilson and Proctor-Thomson, 2014, Alqahtani, 2014).

Harari (1994) and Bititci et al. (2011) define vision as "set of ideals and priorities, a picture of the future, a sense of what makes the company special and unique, a core set of principles that company stands for, and a broad set of compelling criteria that will define the organizational success". Vision assists an organization in policy formulation to meet organizational targets (Grant, 2016). A well-crafted vision inspires the stakeholders to higher performance standards which they might not have achieved before, it is for this reason that the psychological and social needs of employees must be taken care of (Singh, 2013). Kuosa (2016) suggests that vision is a process that provides all stakeholders and opportunity in a conducive atmosphere to be heard and their views rewarded. Furthermore Kuosa (2016) believe in his "VisionStrat" model which advocates for inclusive approach whereby both top executive management and ordinary employees attend and participate in the workshops. The ultimate goal of "VisionStrat" workshop is to define the effectiveness of organizational strategy that covers and involves coordinated work of the organization's management team. Strategic visioning is defined as "facilitated planning retreat that gets to a compelling, collaborative vision and a basic strategy" (Cassidy, 2016) defines vision as a goal-directed mental framework that give guidance to people's behaviour. Vision statement is the organizational dream that clarifies ethos, beliefs and guiding principles that governs the organization (Arvidsson and Edvardsson, 2018). Let us dissect or scrutinise the meanings, according to Collins and Porras (1995):

3.14.2 Credible

By creditability means, that vision must be relevant and believable to the stakeholders otherwise the vision becomes illusive, mirage that is unachievable, if the stakeholders do not own the vision they will find it incredible hence unable to serve it purposefully. If the vision is credible, it makes everyone to contribute immensely and significantly to the overall accomplishment of organizational vision and goals. Vision is portrayed, as a future's picture of which all stakeholders work willingly to accomplish, in the organizational change process, and vision is an indispensable component to drive that process (Lado et al., 1992).

3.14.3 Realistic

The vision must be realistic in the sense that it must bear a significant meaning to the organization. It must be consistent with organizational culture, environment and values e.g. an organizational vision to outsmart Microsoft in the software industry is unrealistic. One of the main objectives of the vision is enthusiastically to motivate, inspire and urge the stakeholders to achieve outstanding excellence. Furthermore, it must provide the direction and purpose for the employees' work (Boyd, 1992).

3.12.4 Attractive

One the element or aspect of the vision is to motivate all stakeholders inspirationally in the organization, for organization to do that it must have must an attractive vision. Stakeholders must buy in and become the part of the envisage vision for the future of the organization.

3.15 Future

The organizational vision doesn't focus on the present but focuses on the future it looks at the future prospects of the organization, a vision is not where the organization is at omnipresent but it's all about where the organization wants to go in the future. Vision is the desired or ever sought future condition of the organization.

3.16 Developing Organizational Vision

Nanus (1995) provides the framework what a strategist should do when formulating a vision for the organization:

3.16.1 Understand the Organization

Thorough knowledge and understanding is the basis from where one can formulate a vision. Key questions to be answered were: what are the purpose and mission? How valuable is it to the society? What is the character of an organization and under which framework does it operate? Who are the shareholders both internal and external, what are their expectations and interests, what is the organizational position within its framework, what is it that make the organization to succeed?

3.16.2 Conduct the organizational Vision Audit

These are steps involved in assessing the current momentum, direction and status of the organization. Key questions that need to be answered are: Is the organizational vision clearly stated? What is the current direction being taken by the organization? Does the senior management of the organization understands where it is going and have agreed upon that direction? Does the organizational personnel, structures, incentives, information systems and processes supports the current situation?

3.16.3 Target the Organizational Vision

What are the constraints or boundaries to the envisage vision? What does the vision intends to accomplish, and what are critical factors and issue that vision must address in order to accomplish.

3.16.4 Setting the Organizational Vision Context

Vision is the desirable or ever sought future of the organization. Designing an exceptional vision, the stakeholders must take into cognisance the environmental outlook of the organization. Organization must envisage the future developments predicaments that might affect the vision. Probability of occurrence must be assigned to each expectation.

3.16.5 Develop the Future Scenarios

Having made a determination about the occurrence and expectations on how they would affect your vision. It then give stakeholders the possibility of predicting the future about the environment and the future in which the organization will be operating.

3.16.6 Generating Alternative Visions

There is variety alternatives that might happen to the environment in the future therefore that must equip the organization with ample alternative, tools and systems to use in the future.

3.16.7 Choosing the Final Vision

This is the decision-making point where the stakeholders must choose the best possible option for the organization's vision. The good characteristics of a well-crafted vision must be adhered to, includes organizational consistency with values and culture, and elements of a successful vision. Comparison must be done between the visions created with alternative scenarios, now find out which of possible visions will cover a wide range of possible scenarios. The final best organizational option must be the one that meets the criteria of good or well-crafted vision.

3.16.8 Vision Implementation

Implementing strategy involves three sequential steps e.g. formulation of the vision, communicating the vision, and lastly implementation. Developing the vision, it is only the beginning but the crust of the matter is implementing it. Failure to implement the strategy might have adverse effects in the entire organization because it creates the expectations and anxiety that leads negativism, pessimism and cynicism if are not met (Nutt and Backoff, 1992). Prior implementation, the strategic leader must develop a communication channel whereby the vision will be divulged firstly to all internal stakeholders (Nutt and Backoff, 1992). Various communication methods and strategies will be used to communicate to the broad spectrum of the organization includes audio-visual screening, written documents, interviews, press statements by leaders of the organization and lastly leaders or management must practice or "walk the talk". Nanus (1992) concluded by saying that: Strategic Vision X Communication = Shared Purpose

Shared Purpose X Empowered People X Appropriate Organizational Changes X Strategic Thinking = Successful Visionary Leadership. According to (Collins and Porras, 1991) concludes, "The function of effective leadership is to catalyse a clear and shared vision of the organization and to secure commitment to and vigorous pursuit of that vision" (Nanus, 1991)

According to Robbins and O'Gorman (2015), vision has no periods, it has all what one wants to do, and it is that reason why organization was established. The vision needs to evaluate both internal and external environmental factors which take into cognisance directional trends, threats and opportunities that organization might face in the foreseeable future, portray the clientele of the organization, the brand or commodity it provides which distinctive distinguishes it from other competitors (Harrison & John, 2013). Mayfield et al. (2015) suggested that strategy connects the destination with current situation, it applies to the company as a whole, and it provide answers to how the company or organization will reach out its vision, with prevalent environmental regulatory conditions and competitive scenario. The motivating language theory (MLT) is pivotal in formulating, transmitting and communicating strategic vision of the organizational so that performance can improve significantly (Mayfield et al., 2015). Vision is broader than strategy, but strategy enables the organization to engage in a variety of activities like hiring, and training and development and lastly the tactics that have limited scope and they are of a shorter period than what the strategy is, tactics involves application and implementation using organizational resources (Mayfield et al., 2015). The organization cannot move forward without vision and strategy, both the prior mentioned concepts provide direction and guidance to the employees to move the organization expediently forward. The tactics are driven by vision and strategy (Mayfield et al., 2015).

3.17 The Mission Statement of the Organization

3.17.1 Mission Statement Meaning and Definition

According to David et al. (2014), the organizational mission is the reason why the organization exist. It portrays beliefs and values of senior management team of the organization, it involves the mission statement of the organization which provides the description of the organizational mission, strategies, objectives and a well-crafted mission statement inspires and encourages employees to perform at utmost best (Rajasekar, 2013). Mission statement is pivotal for organizational growth and prosperity it has been seen as key driver for the utmost performance of the organization (David et al., 2014).

Mission statements differs from one organization to another however they have distinctiveness characteristics from each other, all of them share similar components or attributes like company philosophy and culture, geographical or environmental domain, survival concerns, profitability and growth, organization's target segmentation, the public image of the organization (Desmidt et al., 2011). The company or organization's business and the future position at which the organization wants to see itself, more than anything else strategy is about being successful in your ever-sought endeavours (Grant, 2016). Mission statement of the organization defines what the organization wants to do and why a particular action has to be taken and who will do it. (Bird et al., 2016). Similarities exist between vision statements and mission statements for they both look at the bigger picture of the organization, vision statement inspire people to dream whereas the latter inspire people to act. According to Patel et al. (2015), an organization mission statement is the navigational tool that the organization can use well in the future, it speak to the organizational aspirations.

Table 3-1: Comparison between Mission Statement and Vision Statement

Mission Statement	**Vision Statement**
1. It defines the primary objectives and the purpose of the clientele needs and organizational values. It focuses sequential steps as" How" the organization will move from it is, to "Where" it wants to be.	1. Defines both values and purpose of the organization, focuses mainly" Where" does the organization wants to be in the near future.
2. It give answers to the question, "What does the organization do? In addition, what makes the organization different from the rest?	2. It give to the question, "Where does the organization aim to be?
3. It focuses on the omnipresent and the trajectory or the journey to the future	3. It focuses on the organization's future.
4. It tabulates the broad goals that underpins the establishment of the organization; its core function is to focus on internal factors, to determine the key measure successes of the organization and its major audience, which is senior management, employees and stockholders.	4. It lists the years where the organization will be in the near future. It enthusiastically inspire stakeholders to give their utmost best performance, and lastly it shapes your mind-set to have a better understanding why are you working there.
5. Mission statement is subject to change at a certain time but when that happens it mustn't deviate from the core values, principles, clientele vision and needs	5. Evolution of the organization may tempt the leadership to change the vision. Vision and mission statements define the foundation of the organization; any changes must be very minute.
6. What are we doing today and why are we doing it and who is going to benefit from it and what is the benefit from those involved?	6. Where do we intend to go and when will we reach that destination or stage? How do we want to operate it?
7. Effective and efficient mission statement must reflect values and purpose of the organization, who are primary customers of the organization, and are organizational responsibilities towards customers	7. It requires crystal clear as to what it wants, unambiguous at all, it must encompass bright hopes for the future, realistic and achievable aspirations, adherence to organizational cultural values and lastly must express the notion of memorable engagement

Source: Alar Kolk (2017)

3.18 The Strategic Planning Overview (VMOSA)

3.18.1 The Strategic Importance of VMOSA

Department of Public Works (DPW) is amongst the largest public sector departments in South African Government. The organization or business of DPW magnitude or stature, for it to operate at utmost best requires strategic planning and management to execute its constitutional mandate (Constitution of RSA, 1999). According to Svetloff (2015) and Cassidy (2016), VMOSA stands for the vision, mission, objective, strategy and action plan. It is a practical planning process used to help the community groups define a vision and develop practical ways to enact change (Grant, 2016). VMOSA is a strategic planning that seeks to provide or point the direction at which the organization must pursue in order to achieve its organizational goals, therefore, skills empowerment and capacity building of employees is imperative in pursuance of organizational mission (Haines, 2016). VMOSA is the organizational mission, the philosophical statement or creed of the organization. Therefore, VMOSA must ensure that senior management beliefs, values and goals set the direction that enthusiastically inspires all stakeholders to participate (Grant, 2016). VMOSA must ensure that operations and decisions that the organization take are relevant and aligned to the overall strategic goals of the organization, which will inevitable allow organization to grow, prosper and achieve the desired results (Kokemuller, 2014, Grant, 2016).

Vision, Mission, Objectives, Strategies, and Action plans (VMOSA) assists organizations to set up framework that enables organizations to achieve short-term objectives and goals not forgetting the long-term vision. The implementation of planning process requires a great deal of support from other stakeholders to design vivid mission statement, forging consensus and inculcating the dreams of the organization. The VMOSA is very rewarding when one intends to start or form a new organization, secondly when the organization is starting massive project or a new undertaking, thirdly when the organization is beginning a new phase, fourthly when the organization is refurbish, invigorate, energise and revitalised the phenomenon that has lost its focus, grip or momentum (Kokemuller and Media, 2015). And lastly when the organization is seeking new funders to fund a designated project, the anticipated funder must without an doubt grasps what principles does the organization stands for (Kokemuller and Media, 2015). Vision translates the organizational aims and objectives and outlook, dreams and projections (Patel et al., 2015). Nagy and Fawcett (2014) highlighted why VMOSA is an indispensable framework or tool in strategic planning. The round diagram below highlights that VMOSA is an overall strategy of the organization.

3.18.2 The Significance of using VMOSA

Figure 3.4: VMOSA the Strategic Planner

Source: Nagy and Fawcett (2014)

3.18.3 Vision

If VMOSA is executed accordingly, its plan must have the vision, vision statement is the proclamation that convey the dreams of the organization, ethos, beliefs, and fundamental principles governing the organization which must be known and understood by all stakeholders and enthusiastically inspire them (Nagy and Fawcett, 2014).

3.18.4 Mission

The development of mission statement is the second sequential step in the planning process to execute action. Mission statement focuses on what and why, it defines what the organization intends to do and to why the organization is doing it. Some general fundamental principles of mission statements involves the following:

3.18.5 Concise

Mission statements must be short and straight to the point but enable to past the message.

3.18.6 Outcome or result-based

Mission statements needs portray the basic outcomes your organization wants to achieve.

3.18.7 Inclusive

It must encompass the key goals of the organization when doing so; they must consult broadly all stakeholders including the community that the organization will serve which enable them to identify the organization as their own. People will have a strong belief in something they contributed in building.

3.18.8 Objectives

When the organization has developed the mission statement, the following step is to formulate specific objectives focusing on how to accomplish that mission. Objectives are precise measurable outcomes for the project's broader goals; objectives are three dimensional i.e. behavioural objectives, project objectives and community-level outcome objectives (Nagy and Fawcett, 2014)

3.18.9 Behavioural Objectives

It looks at the behavioural patterns of stakeholders as to what they are articulating or doing and the results of their behaviours, what is happening in the environment and what will be the organization's strategic involvement.

3.18.10 Community-Level Outcome Objectives

They are outcome based behavioural objectives focusing on the community rather than individual this specify precisely what project will the organization do.

3.18.11 Process Objective

Objectives that are involved in the implementation of the plan, activities and tactics to achieve the desired objectives. Furthermore, Nagy and Fawcett (2014) suggests that the best objectives have common characteristics or elements found in the following abbreviation: S.M.A.R.T. +C. it stands for specific, measurable, achievable, relevant, timed and challenging.

3.18.12 Specific

They must be able tell how much will be achieved if implemented e.g. South African Government has specifically highlighted that 80% of South Africans will be leaving in electrified houses with piped water by 2030. This statement specifies, what will be achieved, who will achieve what, and when.

3.18.13 Measurable

Information about the objective must be measureable, freely available from records, obtainable, easily collected and detected.

3.18.14 Achievable

Organizations must set out realistic objectives that the organization has the potential and capacity to drive them through or pull off.

3.18.15 Relevant to the Mission

Organization must properly incorporate its objective to fit in exactly with the whole spectrum of the organization's vision and mission.

3.18.16 Timed

Organization must draw up a time-line or period, which stipulates as to when the project will be completed.

3.18.17 Challenging

Organization find hard to set out significant aims that may benefit the community solely because community is external, therefore aims set may not meet what community wants or needs.

3.18.18 Action Plan

The action plan describes extensively what the organization intends to do and how, what strategies and resources will be used to accomplish the prior developed or crafted objectives, therefore, the utilization of technology and software are indispensable tools in implementing and managing the quality in order to meet current organizational competition (Karout and Awasthi, 2017) The action plan must answer the following questions, what changed is envisaged or contemplated to happen in the future after the action has been implemented, who are the implementers (responsible people) and when (time-frame) will the action plan be implemented? (Elbanna et al., 2016).

3.18.19 Strategic Human Resource Management?

3.18.20 The role of Strategic Human Resource Management in the Public Service

One of the objectives of the study is to look at how DPW apply their current strategies. Department of Public Works is government department that is employing approximately 150 thousand employees countrywide therefore; it meets the fundamental principles, requirements and structure of an organization. Since DPW employ so many employees, strategy is needed to manage the Human Resource, it becomes pivotal to establish the strategies that are executed by DPW. One of the strategy used by DPW is Strategic Human Resource Management. Strategic Human Resource Management is an indispensable mechanism in this section to view what SHRM means and how SHRM operates in the global phenomenon or arena and its rationale, behind organizational existence (Day, 2014, Moran et al., 2014). Strategic Human Resource Management is a management system, practice or an approach that is designed to assist organization to meet or satisfy the needs of workers and managers who are operating internal within the organization, external the customers, shareholders and community (Karout and Awasthi, 2017). All these stakeholders form an integral part in striving to achieve the organizational goals, SHRM is also there to accelerate and fast-track innovations at workplace to achieve organizational performance (Upton et al., 2001). Strategic Human Resource Management is branch or a wing of Human Resource Management (Upton et al., 2001).

Mayo (2016) defines SHRM as method of connecting human resources with strategic objectives and goals so as to improve organization's well-being of employees, engagement culture and performance to achieve the desired outcomes. Human Resource Management is an organizational aspect that manages all organization's innovations and activities that affects the welfare of employees e.g. training, benefits, salaries, administration, hiring and firing, work incentives, sick and vacation days, and lastly safety (Schuler and E. Jackson, 2014). It is a proactive thinking system of managing people (Harris and Ogbonna, 2001).

3.18.21 Human Resource Management Systems Model

Figure 3.5: HRM Framework of Implementation

Source: Human Resource Development Sketch Bubble Template (2017)

Jackson et al. (2014) suggests that SHRM is indeed a relatively new phenomenon in business and organizational theory developed to achieve the business outcomes. Strategic Human Resource Management is the organizational strategic plan, it is the game plan that senior management team (SMT) uses in positioning the organization in terms of HRM planning and deployment of capable workforce and resources to achieve organization's goals (Zhao and Du, 2012). Decision-making is the core responsibility of SMT, therefore, must carefully select the best marketing strategy that enables the organization to compete successfully (Phillips and Moutinho, 2014). This may be done also through good employees' performance as core business or organizational competency, which will subsequently yield fruits and satisfy its customers (Olsen and Zhao, 2008).

Strategic management is regarded as one of the highest forms of management activities in the South African government. Consequently, it is mandatory for Heads of government departments to develop strategic plans for their departments. Despite compliance to the strategic management framework as prescribed through the Public service regulations and the Treasury regulations, service delivery targets as set out in these plans are often not achieved. This also results in the underspending of monies budgeted for the delivery of basic government services. After reviewing a huge amount of literature on strategy, Mintzberg and Ahlstrand (1999) concluded that, owing to a large number of perspectives about strategy, strategy requires a number of definitions, and suggested the following five definitions: strategy as a "plan, a pattern, a position, a perspective, and a ploy".

Strategic management is the fundamental process or critical component in any organization's effort to remain on top, sustain and gain competitive advantage against its competitors (Rothaermel, 2013, Simons, 1994). Strategic management is defined both as a science and art used in formulating, creating, implementing and evaluating as well monitoring the cross-functional decision making which enables the organization to succeed in achieving the desired objectives (Jurevicius, 2013b). This is achieved by sharpening the skills and building capacity of the employees, with the belief that the employees will excel because the organization is investing on them (Blatstein, 2012). Hitt et al. (2017) define strategic management as a continuous or ongoing process of strategic analysis, strategy formulation, implementation, monitoring and evaluation, it is used by organizations to maintain, gain or achieve competitive advantage over your competitors. The successes of the organization largely depends upon how strategic planning, decision-making, strategic management and employee's involvement are linked and implemented to benefit the organization (Oketch and Senaji, 2016, Nordmeyer, 2014). Strategic management does not do future predictions of the organization but it is about preparing for the future and the sequential steps that the organization must take to execute its strategic plan and gain competitive advantage (Blatstein, 2012). Strategic management is a systematic approach that management must articulate in a crystal manner taking into cognisance the organization's mission, and craft sequential strategic objectives with quantifiable or measurable goals to achieve (Gartenstein, 2014, Zafar et al., 2014). Furthermore, Zafar et al. (2014) suggest that the management must participate in identifying key objectives of the organization, strategic formulation and its execution to achieve organizational success because it is measured in relation to its strategic objectives.

David (2012) suggests that both strategic planning and strategic management concepts bear the same meaning although at times strategic formulation is confused with strategic planning. The difference is that strategic planning is associated with organizational phenomenon or business world whereas strategic management is mostly used in academic arena (David, 2012, Rollinson, 2017b, Hislop, 2013). Farrell (2017) defines strategic planning as an organizational management process that is used by leadership and knowledge management to set organizational priorities to provide resources and tools. It is a beef operations by ensuring that all stakeholders are working together to achieve the common goals with envisage outcomes or results as per organizational mission and vision statements (Hislop, 2013). Furthermore, (Rollinson, 2017a) suggested that strategic planning is a disciplined effort that seeks to provide fundamental principles, actions and decisions that give guidance and shape the organization's path going forward. The integrative and responsive strategy plays a critical role in enabling the organization to perform at its full potential in turbulent and volatile environment to achieve a competitive advantage (Juul Andersen and Minbaeva, 2013). Strategic planning must answer the following questions, what does it do? Whom does it serve? In addition, why does it do it? Therefore, effective and efficient strategic planning does not only articulate the organization's path and the strategies needed to achieve its goals but how it will make it possible to be successful (Rollinson, 2017b, Rohm et al., 2013). The framework below highlights chronological sequence of strategic planning process.

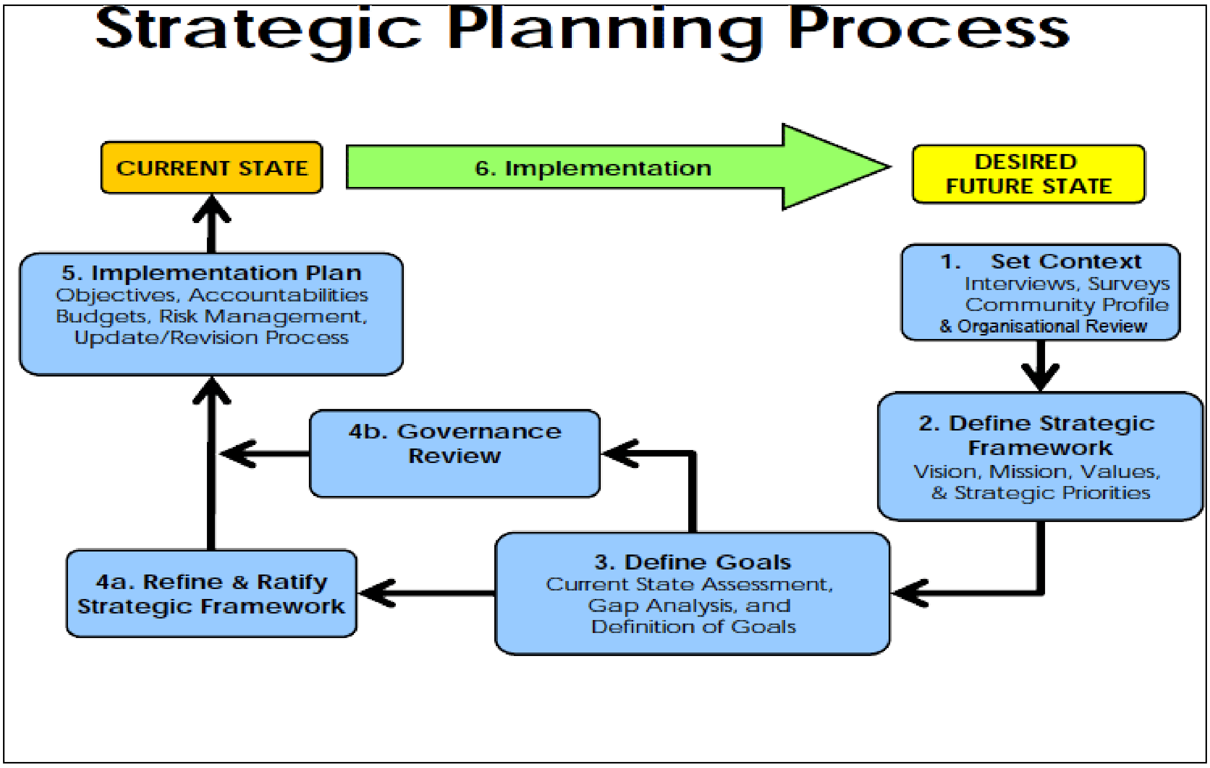

Figure 3.6: The Framework for Strategic Planning Process in an Organization

Source: Boyd (1998)

3.19 Strategic Thinking and its Implementation in Public Sector

Strategic thinking is" a way of viewing challenges and opportunities from a variety of perspectives and altitudes in order to proffer the very best solutions and directions (Rollinson, 2017b). All strategies begins with strategic thinking, planning and management. They need each other to strategize and plan without conscientious to reach setting goals and objectives. Therefore, strategic thinking should precedes strategic planning and management, the latter gives the former voice, structure and action (Rollinson, 2017b). The well-executed strategic management process must adopt a holistic approach that involves Senior Management Team (SMT), managers and employees to develop strategic thinking (Goldman et al., 2015). Employees must be involved in developing the vision and mission of the organization, because the employees are ones who understand the dynamics on the ground whether the desired goals are achievable or not (Nordmeyer, 2013). The employee's involvement in strategic management process benefits the organization for the employees own the process as their own; therefore, they strive to see the organization succeeds (Goldman et al., 2015). According to Smith (2014), any successfully run organization requires a coherent approach which involves a combination of strategies and goals to fulfil its expectations. The evaluation tools or mechanism must be in place evaluate failures or successes these include scanning the idea or strategy, questioning its value or worthiness, conceptualization by testing it validity and reliability (Nuntamanop et al., 2013). The strategic management process is best executed in the organization when all stakeholders understand the strategy and what is expected of them (Harrington, 2004). The economic recession of 2008 highlighted that public sector needs expertize and skills of entrepreneurial leadership, that involves his/her team in advancing the next step not as passive followers, but as active contributors in the phenomenon or discourse of strategic thinking (Taulbert, 2013).

3.19.1 Steps in Strategic Planning and Management

It is important to begin by saying that there are many theorists who have immensely contributed to strategic planning and management, theorists are coming with different methodologies and frameworks, therefore there's no prescribed format that is universally accepted however similarities and attributes exist, in this research the sequential pattern of Rollinson (2017a) has been adopted; it suggests the following pattern:

3.19.2 Mission

Its reason why the organization exists also set the tone as to where the organization is going and what intends to achieve.

3.19.3 Objectives

These are tangible and measurable goals that the organization wants to achieve, measurability of objectives enables the organization to monitor their progress and make corrective action whenever needed.

3.19.4 Situation Assessment or Analysis

At this phase of planning the thorough understanding and knowledge of the current external and internal factors or forces of the environment where organization operates are analysed. Once analysis has been done, organization must set specific objectives and how those objectives will be achieved. It is described as the foundation, pillar and cornerstone of a marketing plan (Lorette, 2017). Internal factors examines the weaknesses and strengths of the organization from within involving image, culture, organogram and financial resources, whereas threats and opportunities are seen as external forces which may impact or require change in an organization these include competitors, suppliers, technology, customers socio-economic environment (Lorette, 2017).

3.19.5 Strategic Intent

This is a high-level compelling document or statement of the ways, means and methods by which the organization intends to achieve its vision, its organizational vision of what it tends to achieve in the future i.e. how the organization will win, the method to be used to win and potentialities and skills and leadership systems needed (Lafley and Martin, 2013). Therefore, thorough understanding of strategic intent and strong belief in it by committed employees is of imperative significance or critical importance for the organization's success in its endeavours (Oketch and Senaji, 2016). Strategic intent has elements of organizational commitment and obsession terminology, which says, "Win it all" against all odds mentality, therefore it requires a high degree of commitment and effort from employees (Hamel and Prahalad, 2005). Strategic intent answers the question:" What exactly is the organization trying to achieve?" It gives the organization a sense of direction, discovery and destiny (Hamel and Prahalad, 2005).

3.19.6 Strategic Formulation

At this point it is where the organization craft and develop its strategy and strategic plan is outlined and documented clearly, it stipulates modus operandi, time frames or time lines and implementers of the project to achieve desired goals.

3.19.7 Strategy Execution

It is where a plan is put into action, strategic thinking is translated into operation, it transforms the stagnant plan into action where it becomes a vibrant system, which shows strategic performance and gives feedback regarding implementation.

3.19.8 Monitoring and Evaluation

At this phase it's where the organization will evaluate its implementation strategy whether it has achieve its overall organizational performance and goals as per its mission and vision statements, when there are pitfalls and flaws the necessary the changes will be made to keep the organization back on track.

3.20 Human Resource Management (HRM)

3.20.1 Theoretical Evolution of Human Resource Management

During the early periods of industrial revolution, workers were working under extremely hostile conditions i.e. they were working as slaves with no payment, unhygienic conditions and long hours, this then prompted industrial revolution and labour riots. As a result of Industrial Revolution and labour riots various governments' intervened by setting statutory laws and regulations compelling employers to comply with statutory framework that protected the right and welfare of employees, this initiative led to the establishment of Personnel Management which was later termed Human Resources (Wilton, 2016). Human resources became known during the 18th century in Europe from the ordinary idea of Charles Babbage, the Mathematician and Robert Owen, British Industrial Reformer during the period of industrial revolution. Both appreciated and valued the work done by workers therefore expressed their concerns and advocated for their welfare (Chimoga, 2014). As a mathematician, Babbage advocated for the division of labour stressing that it would bring employees with specialized skills and expertise that would produce perfect work. Adam Smith in his book "The Wealth of Nations" of 1776, like Babbage, came with notion of Division of Labour, proposing that work must be divided into simple tasks. This became advantageous in three levels i.e. time-saving, skills development and applying specialized tools, when Ford used it in his company and productivity improved.

Human Resource Management has evolved and progressed over the years during the period of slavery where people were exploited and to the recent times where workers form the integral part of the organization, respected and valued (Chimoga, 2014). It was developed in the 20th century and became a known field of study by Frederick Winslow Taylor from (1856-1915). "Taylorism" came to the fore when he was exploring and researching "scientific management", seeking the mechanism to improve the economic efficiency in manufacturing work (Taylor, 1911). Further work by Elton Mayo, following his Hawthorne experiments around 1927-1932, suggested that workers' productivity was not only affected by job design and compensation but also by psychological and social factors. He believed that the success of the organization depended on the welfare of the people, people form the integral part of success and achievement of goals (Nayab, 2011). They believed that if employees are well catered for they will perform better or do perfect job, stressed the narrative that without healthy or happy workers the organization will not survive (Mayo). According to Dyer and Burdick (1998) and Wilton (2016), HRM emerged in the 1920s after World War1 whereby workers demanded formal human rights and labour rights.

Human Resource Management emerged as scientific knowledge interested in solving challenges and problems and dealing with moral and ethical issues. At omnipresent such a role has been taken over by trade unions it is no longer the competency and responsibility of companies. In the 1940s, after World War 2, most administration focused more attention to improvements in effectiveness and efficiency (Mahoney and Deckop, 1986). In 1960s emphasis was placed on legal compliance framework which involved recruiting, training, hiring and assessing employees (Tubey et al., 2015). Failure to adhere to rules and regulations put the company in a precarious condition. The task of administrative personnel was to draft and finish paperwork to avoid this from happening (Brownson et al., 2012). Mayo (1933) emphasized that non-monetary or human factors were more essential than monetary or physical factors in motivating employees that prompted the trade unions to vigorously challenge the rationale of Taylor's scientific management approach, forcing leadership to adopt a more behavioural-oriented system.

In 1954, Abrahams Maslow's theory of the Hierarchy of needs was born emphasizing that workers are motivated and inspired by the hierarchy of needs, which includes social and monetary incentives. Whereas during the 1960s, Douglas McGregor Theory of X noted that demotivated workers and lack of ambitions is negligence, and Theory of Y emphasizing positive outlook of workers and Victor Vroom's Expectation Theory emerged (Ahsan, 2017). The observations through these studies led to a paradigm shift from a passive and administrative Personnel Management Approach to the dynamic and vibrant HRM that recognised the value and worthiness of employees. As result of these studies, HRM had a pivotal role to play in core business operations and management.

The Hygiene-Motivation Theory of Frederick Herzberg of the 1959 emphasized the theory of two-factors known also as the dual-factor theory are factors that cause job satisfaction and vis-versa in the work environment. It interviewed employees to find out about their likes and dislikes about their job such as intrinsic or "satisfiers motivators "which is internalized and satisfy individual with his/her job leads to job satisfaction. Whilst extrinsic or "dissatisfies-hygiene factors" which are maintenance factors associated with avoiding dissatisfaction for they do not provide satisfaction. Furthermore, Herzberg theorized that job dissatisfaction and job dissatisfaction act work independently from one another (King, 1970). This is how Human Resource Management has evolved over a century:

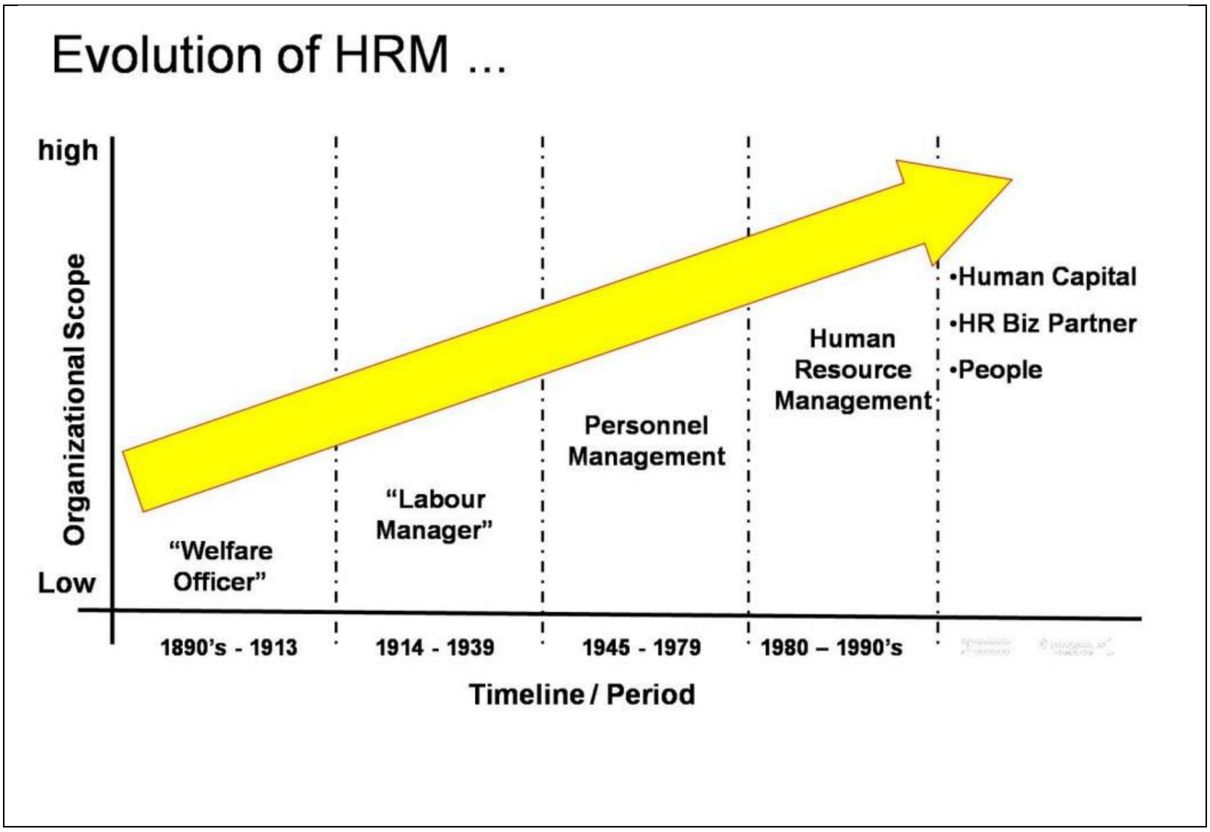

Figure 3.7: Evolution of HRM

Source: King (1970)

3.20.2 The Trajectory of Human Resource Management

Human Resource Management can be categorized into the following streams or phases:

- The era prior industrial revolution: This era was characterized by unfair labour practices and unprecedented disparities and differences in the standards of living of the people and the workers. The people during that historical epoch were agrarian and dependant on agriculture production for their survival (Van Zanden, 2009).

- Industrial Revolution period which took place between (1750- 1850): There were various factors that contributed to the actual industrial revolution like demographic revolution which relates to population explosion and low economic output. Secondly, the standards of living of the population improvements were painstakingly very low. Thirdly, dynamism in technological and economic processes exacerbated disparities to economic gain and prosperity (Hudson, 2014).

- The period (1850-1947) is regarded as post-industrial revolution: After the industrial revolution there were vast improvements on the legislation emphasizing the quality of life of society, distinctive, qualitative and new framework to social power and order. Furthermore communities became innovative and serviced based (Hage and Powers, 1992).

The period (1948-1990) when many countries had achieved independence: The power of knowledge, technological advancements, research and development are defining and core elements of this period (Andrew Zmolek, 2013).

3.20.3 The 21st Human Resource Management

Human Resource Management is defined as recruiting, hiring of employees and develop them to become a valuable asset to the organization (Heathfield, 2016a). According to Byars and Rue (2000), HRM is a system of strategies and activities that pay attention in managing workers successfully at all departmental levels of a business to achieve the organization's goals. The current businesses and organizations cannot operate efficiently and effectively if human resource, i.e. the workforce or employees, are not equipped with the latest Information and Computer Technology (ICT) by (Hashim et al., 2015). The biggest challenge for organizations today is to develop its employees through training and development programs to become highly competitive in the global world, and therefore attain competitive advantage over its competitors because change in the global world phenomenon every time and everywhere, therefore rapid response to the ever changing world is significant (Hashim et al., 2015). The human resource managers and PR actioners agree that major challenges facing HR in 21st are ranging from globalization, demands by governments, retrenchment of employees, multicultural employees, implementing changes in the organizations, female employees and retention of employees (Ulrich et al., 2015). Human Resource is at the epicentre of the organizations decision-making and its influence is indispensable in elevating and improving organization's practices in the work environment for best organization's performance (Ulrich et al., 2015). Human Resource Management can be defined as a method of recruiting and hiring the best possible employees available in the labour market to the organization, and provide them with necessary resources like training and development, benefits and compensate them accordingly to become an asset in the organization (Clegg et al., 2015). When the HR manager and the department execute their job well, both the organization and employees (Ulrich et al., 2015) will achieve good outcomes. The HR manager must possess organizational and business expertise because that will have a positive impact including improved work productivity and personal welfare and well-being of employees. The deliverance by the organization on business goals create an enduring culture for the organization or business, organization delivers best service or products to its clientele, shareholders will have greater faith and confidence in the organization and prosperous future about their earnings or investments, the needs of the community will be better fulfilled (Ulrich et al., 1995). According to Mansouri (2016), transformational managerial skills and expertise are indispensable now to positively influence HRM operations to beef up employee's performance in the organization. Human Resource Management is tasked to fulfil the following organizational goals: The framework below highlights the elements involved in HRM.

3.20.4 Organizational Goals of Human Resource Management

3.20.4.1 Recruitment

Organization must at all cost attract the best possible candidates to match and meet certain criteria or requirements of the job to increase organizational efficiency and achieve the overall goals of the organization. HR manager must design strategies and plans for recruiting the right type of employees, set specific criteria that best suit or fit in a job description by formulating obligations, tasks and scope of work assigned to each employee as per what job requires (Agyei, 2016).

Figure 3.8: HRM organizational objectives

Source: Human Resource Development Sketch Bubble Template (2017)

3.20.4.2 Selection

This level is sometimes called filtration; it deals with short listing of best possible with outstanding qualifications, credentials, expertise and certain accolades to a specified job. Starițeca (2015) defines selection as system that organization apply to determine which candidate or applicant is best suited for the job.

3.20.5 Hiring

Hiring is the process of reviewing or scrutinizing the applications received, choosing right applicants for interview, testing applicants and hiring the best candidate after interviews has been done (Klotz et al., 2013).

3.20.6 Training and Development

Organization need to assess its training needs and objectives before embarking on training program and best trainers must be selected. Human Resource Management must embark on vigorous program of employee's capacity building, skills and abilities development (Brownson et al., 2012).

3.21 Human Resource as Strategic Leader

At omnipresent organizations face a landscape that is characterized by ever-changing and fast-paced technology, competition pressures, and skill shortages, economic pressures, globalization competition for expertize and skills and demographic paradigm shift. These conditions therefore require a prompt response from HR and deal with them in an amicable way. Burkett (2016) suggests a concept of VUCA which is originally taken from military it stands for: volatile, uncertain, complex and ambiguous. He talks about VUCA conditions that are prevalent in the world which HR is facing and of which it must resolve. VUCA turbulent landscape needs organizational leadership that will meet the constant ever-changing and evolving conditions. The management of unpredictable changes is benchmark or barometer that gauge and conclusively separates the low and high performing organizations. HR manager must take into cognisance that organizations perform in multiple, dynamic and complex environments with multiplicity of factors including political, economic, sociocultural, technological, legal and environmental (PESTLE).

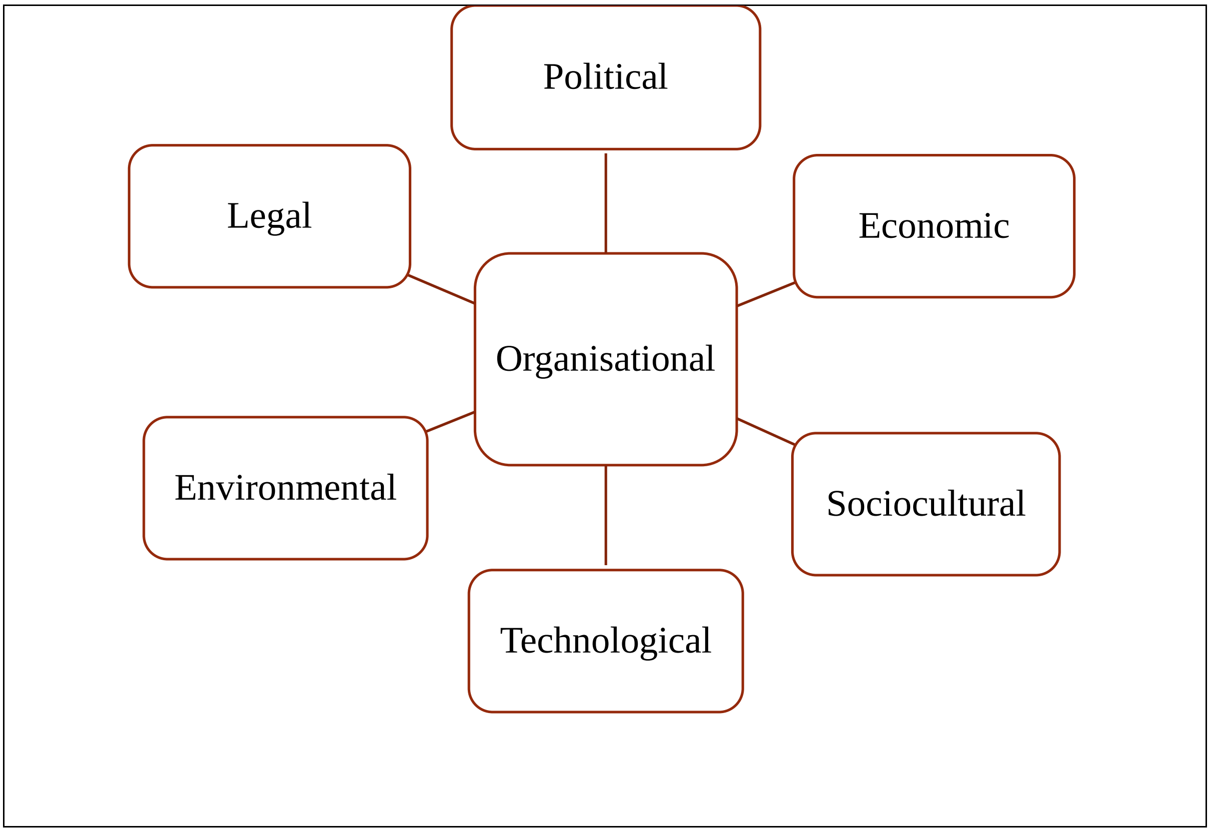

Figure 3.9: The Pestle Framework Indicating the Environment the Organization is Operating

Source: Cascio (2015)

Good environment, core values and stability are pivotal for both employees and the organization (Baruch and Harel, 1993). Therefore, thorough understanding between them is of utmost importance to fulfil organization's objectives. The scanning of the environment is pivotal and critical as it will determine the growth and survival of the business therefore a thorough scrutiny is needed to investigate the impact PEST will have in the overall performance of the organization in the following: political, economic, sociocultural, technological, legal and environment.

3.21.4 Political

Talk's government policy, regulatory framework that might that may direct positive and negative in the organization e.g. investors are criticizing South African Government that its regulations it is pro-labour. This involves government grants, political stability, fiscal incentives, taxation schemes, tax rebates and foreign affairs policy.

3.21.5 Economic

The state of the economy both internal and external, interest rate, inflation, prices of goods and services, globalization and its effects and industrial changes and trends.

3.21.6 Socio-cultural

Looks at how culture has evolved and changed over the time and impact it has in shaping and changing in the behavioural patterns of individuals, diversified workforce and organizations, furthermore how social and cultural factors of the organization has affected the environment through its operations (Akintayo, 2012).

3.21.7 Technological

It looks at the availability of Information Computer Technology (ICT) and rapid worldwide changes in technology and within the organization, communication channels including internet, social media, email, text messages, mass customization and global supply systems.) These mechanisms enables the employees in the organization to perform at their outmost best. Strategic human resource management align the responsibilities of the organization with departmental and organizational goals. Human Resource departments exercising strategic management has to make sure those organizational objectives are aligned with the vision, mission, goals and values of the organization, which form the part thereof.

3.21.8 Legal

Looks at statutory law and legislative framework of the government and the organization including laws like cyber laws, immigration laws, health care, intellectual property, privacy, water, patent law, product liability and civil rights.

3.21.9 Environmental

Climate change has affected many countries concerning excessive weather conditions including weather patterns such as drought, rain, rising temperature, carbon emission and deforestation is one of the key issue. Therefore, environmental scanning remains as an ever challenging facing all organizations, the reason being that all organizations must have most the current information and emerging trends (Akintayo, 2012).

Human Resource Manager must foresee future the organizational objectives and processes must be developed to meet them (Mansouri, 2016). Planning is the recipe of success because the future is unpredictable and there are many external uncertainties. Therefore the HR department must recruit, attract, must hire, develop, and place the best and brightest possible employees that can meet and overcome the challenges with their expertise so that the organization can achieve its goals of upward mobility and trajectory (Mansouri, 2016, Gorman et al., 2017). According to Chaichi and Chaichi (2015), delivering a quality or superior service requires maximum effort and effectiveness of human resource. The recruitment and hiring is the first step of identifying and attracting the employees who want to join the organization (Rashmi, 2010). French and Rumbles (2013) look at recruitment as the foremost important move in TQM execution so hiring one great employee may be equivalent to three good employees, that means one skilful employee with outstanding expertize can do the work of "three" good employees. The greatest asset of any organization is its employees because the organization's success depends on them, therefore keeping the employees with necessary skills to achieve maximum outcomes as if total quality management (TQM) can never be underestimated (Usrof and Elmorsey, 2016). To ensure that prior mentioned is achieved managers are given unrestricted freedom to conduct as many as up to eight interviews to prospective candidates, employees within the organization are invited to attend interviews as the will be working with the potential candidate (Gorman et al., 2017).

A well-executed HRM program is seen as major contributing factor to the successs of an organization solely because it holds the key position that can affect the clientele, board of governors or shareholders and organizational results (Heathfield, 2016a). Ineffective HRM can be a major hindrance to organization's success and employee satisfaction, because HRM can be a recipe of organization's success or failure because it handles all stakeholders, and their contribution to performance is of utmost importance in the organization's survival and success. The critical job of the HR manager is to safeguard the optimal performance of the organization by making sure that the strategic objectives and goals of the organization are achieved (Usrof and Elmorsey, 2016).

3.22 Human Resource Development (HRD)

Leonard Nadler introduced human Resource Development discourse for the first time in 1969 in conference held in US. The HRD was defined as learning activity that is organized and structured, to be done at specific time and designated or make behavioural change a possibility in the employees' lives (Nadler, 1969). HRD is an important component or framework that has to ensure that economic development and economic sustainability of the country is achieved (Nafukho et al., 2004). According to Heathfield (2016b), Human Resource Development is defined as a framework or mechanism crafted to help or aid employees in the development of their knowledge, abilities, organizational or personal skills. Human Resource Development encompasses opportunities in workers career development, performance management, and mentoring, training, succession planning, tuition assistance, improving competencies and effectiveness (Lakshmi, 2005). The main focus of HRD is developing the most credible and skilful employees to enable the individual employees and organization to achieve its desired goals and fulfilment of customer needs (Heathfield, 2016b). The development of employees through HRD activities training and coaching can be either formal or informal, internal or external, solely done to develop HR, employee retention and acquisition of talent (Alagaraja, 2013). Internal or mentoring courses are those programs or activities that can be done by management within the organizational structures others can be done online that are projected orientated and strategical planned frameworks for implementation, success of any organization depends on the quality development of its workforce so that better performance is obtained (Pak et al., 2016). An expert in the field or an institution conducts external courses on other hand outside the organization. The formal learning is taught in a formal setting like a classroom therefore it becomes a deliberate, well-structured and gaol-oriented intervention , informal learning is whereby the employee learns some programs spontaneously on the job or is coached by his superiors like his manager (Kamdi, 2012). Human Resource Development is defined as a planned process whereby workers in an organization are continuously helped to sharpen their skills, talents and capabilities to perform at their utmost best to meet organizational culture and goals (Rao, 2016). According to Khan and Jahur (2016), HRD is an essential tool that must be applied across the board to increase knowledge, capabilities and positive work attitudes of all people working at all levels in a business or organizational environment. The rapid and continuous changes in the international structure and Information Computer Technology (ICT) have ignited the finance and business or organizational to become highly competitive across the globe, therefore employees up to the task with adequate skills are needed to perform to organizational goals (Khan and Jahur, 2016).

3.22.4 The Significance of Human Resource Development in an Organization

Since Human Resource Development (HRD) is a multidisciplinary education and training management program aiming at increasing the scope of learning and performance to achieve both organizational and individual goals (Joo et al., 2013). Human Resource Development deals with holistic approach in the development of workers within the organization that includes training and development, counselling, skills development and latest information computer technology (ICT) (Khan and Jahur, 2016). Knowledge and skills attained through education and training programs of HRD will benefit both the employee and the organization in achieving its strategic organizational goals (Raji and Khan, 2016). Human Resource Development enables the organization to sharpen the talent, skills and potentialities of employees to execute best performance in their roles and functions to achieve the desired organizational goals currently and in the future (Uddin et al., 2016). Furthermore, it develops and instil organizational culture of insubordination between supervisor and subordinate, promotes collaboration and teamwork among sub-units that consequently contributes to the pride, motivation and well-being of employees (Rao, 2016). Human Resource Development involves mechanism and techniques that promotes continuity, since it has no limitations therefore continuous monitoring and evaluation must be done to check the relevance of the program, in relation to challenges and problems thereof (Uddin et al., 2016). Organization must do thorough planning and allocate the necessary resources and tools for HRD implementation (Mayo, 2016).

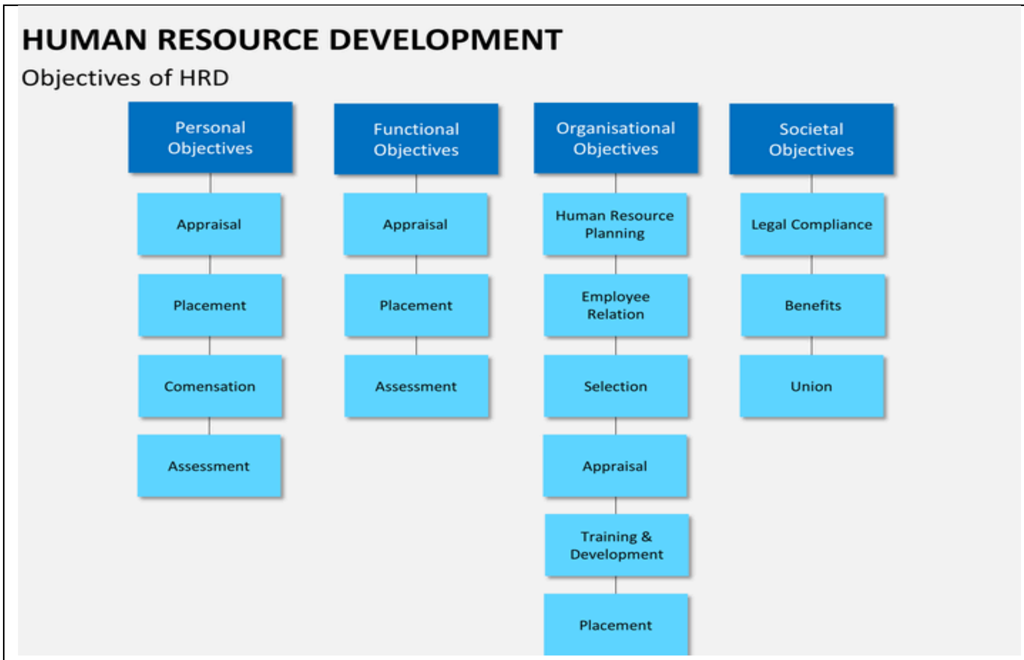

Figure 3.10: Human Resource Development

Source: Human Resource Development Sketch Bubble Template (2017)

The HRD goals include the following:

- Is to develop the capabilities of workers individually, workers possess unique innate talents, attributes and personalities therefore empowerment and development according to their qualities is of paramount importance.
- To develop employees according to their job description or organizational role at the time.
- Develop employees capabilities according to the anticipated role(s) the worker will be doing in the future.
- Develop dyadic and subordinate relationship between each worker and immediate supervisor.
- Development the spirit of teamwork, collaboration and collegiality in all organizational departments, units and groups.
- Develop overall-health of the organization focusing on self-renewing potentialities that in return will increase capabilities of individuals, groups and the organization as a whole.

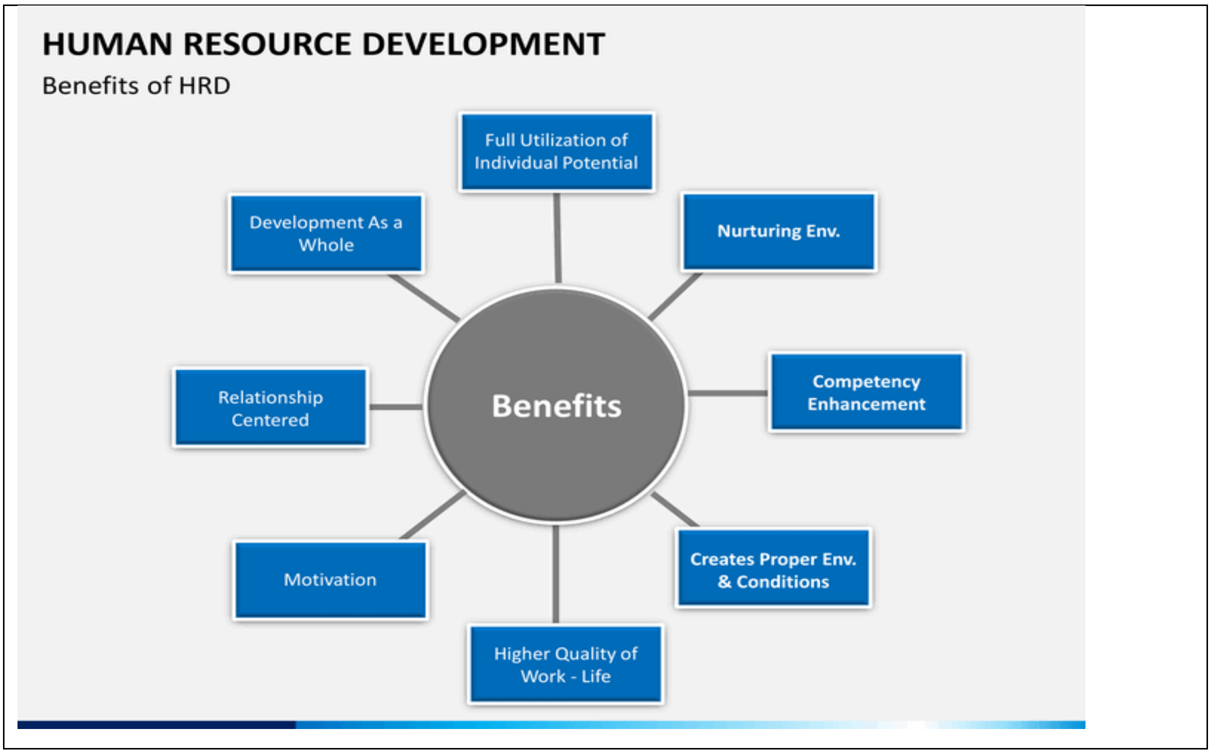

Figure 3.11: Benefits of Human Resource Development in the Organization

Source: Human Resource Development Sketch Bubble Template (2017)

3.22.5 Improving Employees' Performance and Learning

Employees, i.e. human resource, are regarded as the value and pillar of the organization that when employees are well-looked after or well-catered for the organization will achieve its targeted goals; HRD improves attitude, skills and knowledge of employees to become more competent and confident in execution of their duties (McLagan, 1989).

3.22.6 The Commitment of Employees

Human Resource Development increases employees 'commitment to their jobs and hence performance appraisal plays a pivotal role as a measurement tool in their assessment, accepted by all stakeholders as a benchmark to check employees performance. Employees who have their personal and developmental needs catered for become committed to work harder for the organization and improve productivity (Nda and Fard, 2013).

3.22.7 The Development of Mutual Trust

Human Resource Development promotes and provides a conducive worker environment where respect, openness and trust thrives programs and processes. Trustworthiness makes the employees to feel being the part of the organization therefore contribute unreservedly (Noteboom, 2013).

3.22.8 Problem Solving

Acceptance of change within the organization becomes easily taken when employees has undergone HRD programs because it capacitate them with relevant information as to why a change is deem necessary, it also equip employees with better skills of problem-solving and conflict resolution. Furthermore, employees are capacitated holistically; team spirit, openness and behavioural patterns are developed (Bardach and Patashnik, 2015).

3.22.9 Organizational Effectiveness

Human Resource Development creates an organizational culture of efficiency and effectiveness where resources are utilised accordingly to achieve organizational success. Lastly, employee participation, employee sense of belonging, sense of pride and achievement while executing their jobs is overwhelmingly achieved (Brun and Cooper, 2016).

3.22.10 The Role of the Human Resource Development Manager in an Organization

3.22.10.2 Individual Development

Individual development means development of knowledge, skills and improved behavioural patterns focusing on individual employee after having gone through on-the-job formal training within the organization called INCASE (Arnold et al., 2013). The INCASE is an E-learning program crafted and conducted for employees who must have sophisticated skills and expertise to deal with complex and challenging problems (Arnold et al., 2013). The role of the manager is very critical in HRD implementation, the success of the program relies solely on his expertise, and the manager is tasked with the responsibility of evaluating HRD activities and programs, focusing on the relevance of program, the impacts it has, effectiveness and efficiency on the organization (Jacobs, 2017).

3.22.11 Career Development

Human Resource Development deals with career development of employees which is a professional competence, individual or personal development and organizational development, the HRD manager must ensure that organizational learning material, resources, tools and systems are in order and well-aligned to meet organizational goals (Gilley et al., 2011).

3.22.12 Organizational Development

Human Resource Development manager is the chief strategist therefore the manager must ensure that strategic planning objectives set, fit-in-well with long-term organizational goals. The manager must create craft, develop new organization solutions and strategies to curb performance challenges. The manager must establish clear, effective communication channels and networks to market and advance HRD programs within the organization. (Gilley et al., 2011).

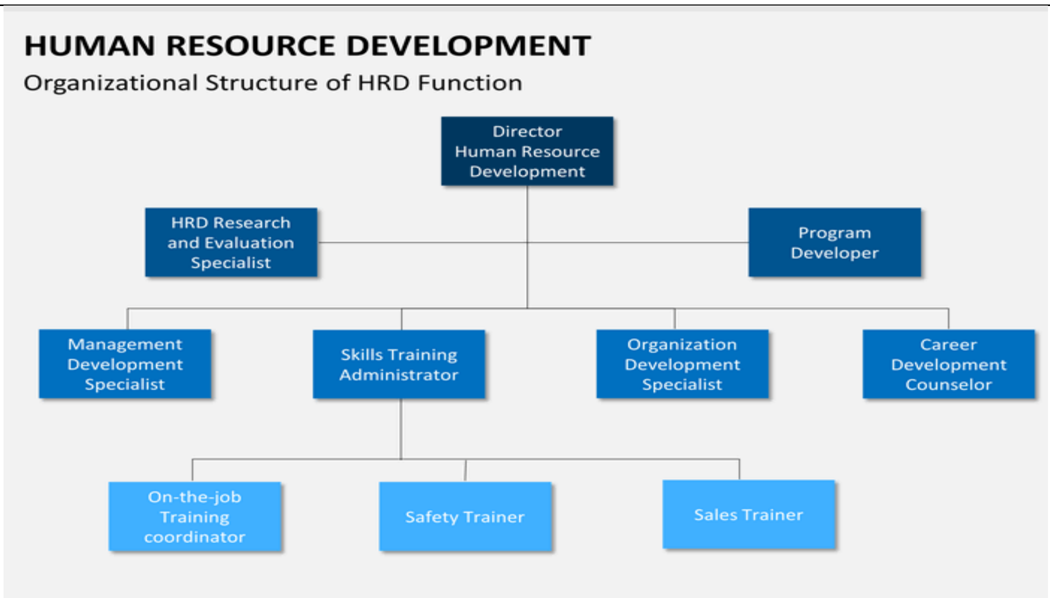

Figure 3.12: Human Resource Development

Source: Human Resource Development Sketch Bubble Template (2017)

Table 3-2: Difference between Human Resource Development and Human Resource Management

Human Resource Development	**Human Resource Management**
1. HRD is an ongoing and continuous process with a clear developmental function to improve the performance of employees in the organization. Its development oriented (mentoring, coaching) &best utilization of capabilities and talents of workers.	1. HRM is routine based as it focuses on the application of management principles to manage employees in the organization. Its maintenance oriented (welfare of employees) like salaries.
2.Creates a subsystem structure that is inter-dependent, interwoven and interrelated	2. Organization structure is independent
3.It is proactive, development is for both employees as well as organization as a whole	3. It is reactive because it aims at improving employees ‘efficiency. Its people-centred

4. Is given to all managers at various level of the organization thus creates competence in all organizational levels. Focus on organization as a whole	4 Is given to personnel manager and Human Resource Department. Focus on people only i.e. it is people-centred.
5 Focus on motivating employees and provide necessary skills to enable them to satisfy those anticipated hierarchical needs	5. .Motivate employees by rewarding them with monetary incentives to fulfil their rising demands

Source: **Surbhi (2016)**

3.23 The Pivotal Role of Performance Management in an Organization

Performance management and performance appraisal are two concepts that are used interchangeable in evaluation and assessment of employees (Maltz et al., 2003). Performance appraisal encompasses setting the measurements and job standard of the previous performance, evaluation and assessment on other is executed based on pre-set or predetermined job standards, and it has also a limited capacity since it concentrates on evaluating and assessing the previous performance usually done once or twice a year (Van Dooren et al., 2015). Performance management on other hand focuses on managing the performance so that performance can achieve the highly expected organizational outcomes (Ebinger and Richter, 2016). Furthermore, performance management it is an on-going exercise or practise to ensure continuous improvement of employee's performance so that the organization-targeted goals are achieved (Mone and London, 2018). According to Van Dooren et al. (2015), performance management is the policies, systems and processes used by an organization to describe and monitor the job that employees do, and to make sure that the designated priorities, and tasks of employees are strategically aligned with the mission, objectives and goals of the organization. According to Buick et al. (2015), performance management is designed to assist the organization motivate, train and reward employees, furthermore it has to make sure that organizational objectives and goals are achieved with great efficiency. Organizational success is determined by performance; therefore, it is envisaged as a program of improvement and change, which is able to measure whether the quality is low, or high and organizational turnover (Knudsen et al., 2003). Public-Private partnerships are indispensable tools to achieve maximum performance (Koontz and Thomas, 2012).

3.23.4 The Performance Appraisal as HRM Tool for Evaluating Employees' Performance

Deepa et al. (2014) and Iqbal et al. (2015) define performance appraisal as a systematic process of evaluating employee's performance, with the aim of understanding his/her abilities or potentialities which may require special attention with employee's growth and development. Performance appraisal is an indispensable tool or formidable strategy one can execute to improve productivity and competence of employees and Human Resource Management to achieve business or organizational strategic goals or targets (Alavi et al., 2013).

3.24 Organizational Theory

Organizations have long history of existence which involved primitive civilizations like India, Chinese and Greek, their roles and modus-operandi was different from what is happening in the 21st century whereby organizations do almost everything society wants (Scott and Davis, 2016). Organizational theory remains an important phenomenon in the 21st century because organizations must work at faster rate, respond effectively to the customer needs and achieve more with limited resources (Mitleton-Kelly, 2003, Hatch, 2018). Organizations share certain characteristics or phenomenon, which makes them distinctively unique from others that, includes the status and impact of power, social ranking importance, effect on structure and performance, ubiquity and attainment of organizational goals (Scott and Davis, 2016). In most organization decision-making, socialization and communication are given preference and are highly recognized because of the significance role it played in organizational management (Scott and Davis, 2016). Department of Public Works like most South African government departments there is a scarcity of resources as opposed to continuous multitude of demands by the citizens, organizational challenges and constitutional mandatory compliance that DPW must fulfil. The DPW employees comes from diverse cultural and socio-economic backgrounds. The DPW employees bring their diversity to the place of work with different characters, values, beliefs and attitudes; the research needs to unearth how DPW deals with diversified workforce (Dearinger, 2009).

3.24.4 Theoretical Frameworks of Organizational Theory

3.24.5 The Conceptual Meaning and Definition Bureaucracy

Weber (1905) defines bureaucracy as the most efficient form of an organization used by sociologists and organizational design professionals. Historically bureaucracy was the government or state administration managed by non-elected officials within various government departments. Bureaucracy is derived from French word" bureau" which means an office or a desk and " Kratos" from Greek which means political power or rule introduced in the 18th century by Jacques Claude Marie Vincent de Gournay who was a French Economist.

3.24.6 Classical Organization Theory

3.24.7 The Principles of Bureaucratic Authority

The German sociologist (Max Weber, 1864-1920) developed an organizational framework to improve operations, people were to follow a prescriptive and stringent bureaucratic regulations and rules and they had to account to the seniors about their performances and acts. According to Bush (2015), Weber developed six underlying principles to improve company's performance they are principle one to six:

- A formal hierarchy structure: Each level is being controlled by the level either below or above it. This formal structural hierarchy forms the basis of centralized decision making and centralized planning. Higher officers control the subordinates.

- Management by rules: This means that all rules, regulations and decisions taken or made by high echelons of the organization must be adhered to and applied at all levels. Management must stick to the rules.

- Organization by functionality: The work that is performed or done by employees with special skills and expertise are placed in certain units or category where they perform their duties based on their specialization and competence.

- An "up-focused" or in-focused mission: The mission is "up-focused" if concentrates at serving the interest of the board members, stockholders or any agency that has empowered them.

- Purpose impersonal: The treatment of employees equals that of customers there is no due influence from other side. Rules are applied in an uniform manner across the board to eliminate favouritism and nepotism

- Employment based on technical qualifications: Protect employees from dismissal because of the employees' expertise is guaranteed. Career path, anchors, prospects and career development are promoted to improve organizational effectiveness and efficiency.

3.24.8 Administrative Theory

Administrative theory was founded by Henry Fayol based upon four principles of management that is applicable to all organization, management is seen as process and activity of planning, training, organizing, coordinating and commanding functions. Fayol used top-down approach management to address, improve and increase organization's efficiency, i.e. processes must begin from a single unit, which is management, and move into a large unit (employees).

3.24.9 Planning

Managers must should create objectives and strategies and plan how to implement their plan. The achievement of productivity relied heavily on managers planning and forecasting as well as the training of both management and employees respectively.

3.24.10 Organizing

Management must provide and organize necessary resources needed to implement the plan these include human resource, raw materials, capital, tools and quality assurance. Organizations theorist are helpful in addressing issues, challenges, problems and provide mechanisms to deal with them regarding workers responsibilities and qualifications needed to execute that responsibility.

3.24.11 Command or Delegation

Management by virtue of powers they have and long-term strategic goals at their disposal must use authority to delegate tasks to subordinates and take decisions for the better performance of the organization.

3.24.12 Coordination

Management has to ensure that all organizations' activities are integrated to achieve organizational successes. Communication channels are paramount to the success of this venture.

3.24.13 Neoclassical Organizational Theory

Organizational improvements theory suggests that conducive working environment is paramount in improving the productivity, the issue of coherence, adherence to core values and purpose are paramount to organization's success (Donaldson, 2001). It stresses the issue of authoritarianism where subordinates must accept the authority of management in the cohesive environment (Mintzberg, 1979). This theory also stress the issue of equilibrium however some theorists refute such pronouncements as they see the unpredictable responses from subordinates to management.

3.24.14 Contingency Theory or Situational Approach

According to Clegg et al. (2003), no single theoretical framework is going to be effective to achieve similar outcomes for all organizations. Contingency is a theoretical magnifying glass or lens to view the performance of organizations taking into cognisance the organization's environmental factors, strategy and size (Donaldson, 2001). Contingency theory suggests that conflict in the work environment is unavoidable, it is for this reason that its fundamental principle is to deal with conflict, and theorists advancing the opposite narrative are on the view that conflict can be avoided at a workplace at all costs by altering its contingency strategy to fit its organizational structure (Dubin, 1976, Donaldson, 1987). Contingency theory suggests that conflict is however a manageable crisis, organizations existence is to meet their strategic demands in sequential and rational way, therefore organization to achieve its strategic goals must adapt and adopt to environment changes. Management to achieve organizations 'success must take contingency decisions, however this approach has been accused of failing to resolve continuous empirical and theoretical problems therefore changes are inevitable (Schoonhoven, 1981, Mohr, 1982, Fry and Schellenberg, 1984, Tosi Jr and Slocum Jr, 1984, Drazin and Van de Ven, 1985).

3.24.15 Systems Theory

Systems theory proposed in 1928 by biologist of Hungarian origin Ludwig von Bertalanffy it was only implemented by (Kast and Rosenzweig, 1972, Scott, 1981). Systems theory looks at the organization as having components, processes and activities that have interrelatedness and how a change in one activity can have a dire or multiple effect on other sectors of the organization (Feldman and Pentland, 2003). Small scale or minute changes in one sector of the organization may cause greater changes in another sector, whilst major changes in one sector of the organization may only amount to small changes (Kast and Rosenzweig, 1972).

3.24.16 The Socio-technical Approach

Socio-technical approach look at organization as formulated by a socio-stratification system, technical systems, organizational development and the environment where the organization operates must be integrated into one system, which is a quite challenging and mammoth task of the consultant to execute (Appelbaum, 1997). These are seen as activities that interacting amongst each other which involves organizing, equating and balancing both theoretical and practical phenomenon as pivotal tools for effective organizational success (Biesenthal et al., 2018). Introduction and transforming technology is of paramount importance in the organization for it empowers the employees, thereby taking into cognisance that the pillars of the organization is made of, the workforce, technical system and environment (Borrás and Edler, 2014). People who forms part of (social system) use tools, knowledge and techniques (technical system) produce goods and services for their clientele who are part of external environment of the organization (Passmore, 1982, Reason and Bradbury, 2006). Organizations needs to be more courageous, braver to implement technology strategies and innovations at much more wider space to meet and mitigate the complex global problems and challenges (Davis et al., 2014).

3.24.17 Organizational Structure

It is imperative and beneficial for the organizations to create organizational structures to fast track, facilitate and coordinate all organizational activities with the main objective of controlling operations and actions of their members (Robbins and Judge, 2013). The structure is composed of three organizational components that is complexity, formalization and centralization (Robbins and Judge, 2013). Complexity has to do with level or degree as to how organizational activities are differentiated and broken down. Complexity further enhances three forms organizational differentiation i.e. vertical, horizontal and spatial centralization (Robbins and Judge, 2013). The vertical differentiation deals with the hierarchy of the organization, it deals with the organizational levels that exist between senior management team (SMT) and its operations (Robbins et al., 2013b). The more levels the organization have, creates complexity in the organization which in many instances cause communication distortions, because it becomes harder for the senior management team to coordinate, facilitate and continuously oversee and closely monitor the operations because of the number of vertical levels within the organization (Robbins et al., 2013a).

The more vertical levels within the organization the more levels of complexity. The spatial differentiation deals with how the organization's physical allocation of facilities, personnel and resources are geographically well dispersed and distributed. As the levels of spatial differentiation increases, the similar happens with complexity (Robbins and Judge, 2013). This complexity brings to the fore the broader challenges of coordination and communication within the organization. Formalization on the other hand deals the notion of standardization of jobs which employees are given minimum level of discretion in the execution of their jobs (Robbins et al., 2013b). The workforce is expected to follow prescribed organizational format, rules and procedures as per their job descriptions and specifications to produce similar, uniform and consistent outputs (Bloisi et al., 2007). In non-formalization situation job behavioural activities and patterns are relatively not programmed, hence the workers have a greater level of flexibility to exercise their discretion on the job, which subsequently jeopardized organizational uniformity and standardization of outcomes (Kinicki and Kreitner, 2003). The organizational standardization eliminates individual alternatives, perceptions, behaviours and discretion regarding employee's execution of their jobs in the workplace (Robbins and Judge, 2013). Centralization means that the powers of decision-making in the organization is centralized or concentrated at a one point. The senior management team has all inherent audacity, rights, authority and powers to make all decisions about the management and administration of the organization, whilst the lower-levels employees and managers must implement directives (Robbins and Judge, 2013). The senior management team formulate and create key organizational decisions without any input or contribution of lower level managers (Robbins et al., 2013a).

3.24.18 The Division of Labour

According to (Ahmed, 2017), the division of labour or work means to divide an object or something, work or break into smaller manageable units, in order to facilitate greater understanding and knowledge of handling organizational operations, focusing on targeted set of objectives and goals. The division of labour means separation of things apart, is based upon well-established framework or criteria involving quantity, quality and the nature of the job at hand (Stephan and Pathak, 2016). The division of labour has a power to simplify complicated jobs, untangles and narrowing down job complexities that were prevalent prior separation (Durkheim, 1933). The division of labour is able to ease tensions and enhance organizational efficiency by providing mechanisms of managing insurmountable tasks by breaking it down into smaller parts which are relative easy to manage and handle (Ezigbo, 2012).

The theorists and management practitioners had over centuries tried to develop organizational principles regarding the division of labour framework. It was a success and they continuously provide valuable dimension, insight and focus in structural understanding of the organizations. Smith (2005), in his book The Wealth of Nations, postulates and highlights a set of guiding principles, to give guidance to managers by assisting them to make appropriate and precise structural decision-making. The theorists and academics who followed this concept became to be known as classical theorists and their valuable recommendations and contributions are called classical principles. The classical theorists view and evaluate division of labour as a solution, whereby a designated task is not done by an individual but it is broken down into series or chronological steps, each step is done by a competent and skilful individual rather than the individual doing the entire task alone (Ezigbo, 2012). The classical theorist emphasized and strongly believed in the inherent powers and authority possessed by senior management team, as the glue that cement the organization together, orders and instructions given by management must be implemented without fail (Busk, 2018). The classical theorists however stressed that authority must be accompanied by responsibility and obligations for the workforce to perform at its utmost best. Authority allocation without clearly defined responsibility for employees creates an ample space for abuse, management as well as employees can't be held responsible, if they have not be given any authority over organizational activities and operations (Groenewegen, 2013, Sun, 2000). Furthermore, classical theorists emphasized that organizational activities must be grouped into specialized departments hence creating conducive environment for the division of labour (Busk, 2018). The division of labour promotes diversity of skills and specialization of employees when executing their tasks in the organization. The notion of division of labour would subsequently increase and improve the economic performances and efficiencies within the organization (D'Hombres, 2016). The division of labour is advantageous in the sense that it is reasonable cheap to train an employee who will perform the specific and repetitive job (Robbins, 2013). The classical proponents and theorists see the division of labour as a continuous source and driver of improving productivity in the organization (D'Hombres, 2016).

The contemporary view is that as centuries goes by; theorists saw the classical theory as having reached a saturation point of narrowing the scope of work performed by an individual being narrowed rather than expanding. Therefore, generalization was seen to be undoubtedly with inaccuracies and not relevant because specialization was no longer practised, secondly, it led to boredom, low productivity, fatigue, stress and absenteeism eroded economic performances and efficiencies in the organization (Robbins, 2013). The strong contemporary version of most theorists is that incentives plays vital role in motivating employees more especially financial rewards (Rauh, 2018). The theory suggests that employees will show commitment by working very hard and perform at their utmost best, and become highly productive if they are given incentives based on their job performance (Soo, 2018). The organizations that embark upon this tactic of providing incentives for their employees will spontaneously motivate their employees, and concomitantly achieve efficiency, greater production and maximized profit (Becker and Murphy, 1992)**.**

3.25 The Organizational Culture

3.25.4 Why is the Organizational Culture Indispensable in an Organization?

Organizational culture is about norms, beliefs, values, traditions and ethics shared in by the stakeholders in an organization, which has been developed over a long period of the organizational existence (Judeh, 2011). Organizational culture is an intangible solid foundation and cornerstone upon which the organization or company is built embracing common values, assumptions, beliefs and experiences that makes members to behave in a certain manner (Büschgens et al., 2013, Sheridan, 1992). Culture surrounds the people all the time and continues to be dynamic phenomenon, its spontaneous enacted and created by how we respond to each and subsequently change our behavioural patterns (Alvesson and Berg, 1992, Schein, 2013). McLaughlin (2017) defines organizational culture as a system which is based on sharing values, assumptions and beliefs which determines how stakeholders or employees should behave in company an organization. Management needs to influence the cultural norm of the organization. The organizational culture is learned through social interaction and its transmitted by both management and employees, and provides behavioural rules in the organization (Coulter and Robbins, 2008, Odumeru and Ogbonna, 2013). Organizational culture remains an invisible activity but vociferous force that influence behavioural patterns and a normative glue that binds employees in a group and organization together (Devana et al., 1984). Organizations and companies have unique patterns or attributes in relation to how they operate; the uniqueness of each organization from others is called culture, it determines how the job is done, the dress code and provides specific boundaries and guidelines that employees must pursue in the organization for achieving organizational goals (Collins, 1998, Schneider et al., 2013). Organizational culture is defined as set of shared organizational values, unwritten regulations and rules that directs both management and employees to follow an accepted moral and rewarding behaviour within the organization (Ostroff et al., 2003, Jerome, 2013, Gupta, 2011). The well-crafted organizational culture is seen as breeding ground or recipe for good authentic management and leadership within the organization (Azanza et al., 2013).

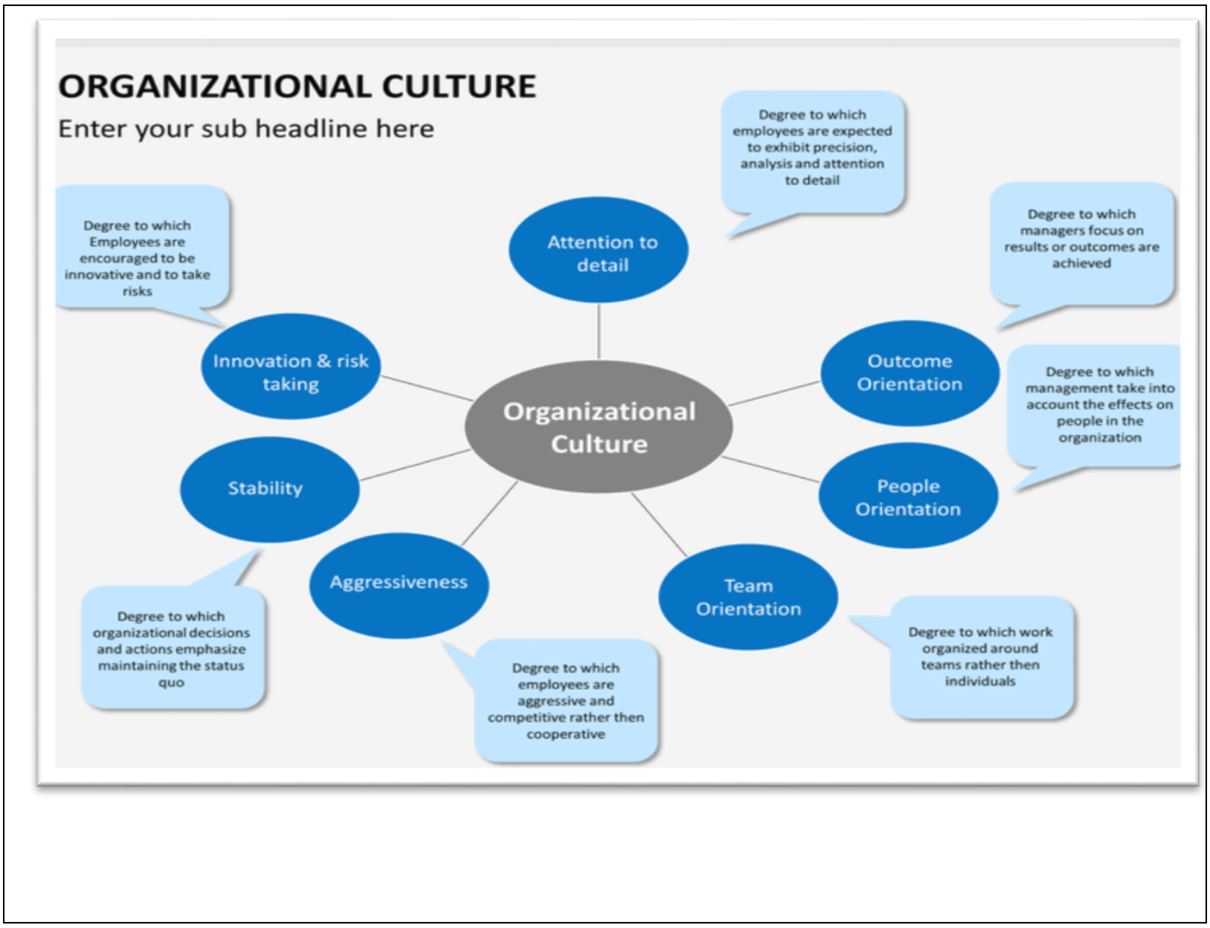

Figure 3.13: Benefits of organizational culture

Source: Human Resource Development Sketch Bubble Template (2017)

3.25.5 Contribution to Institutional Effectiveness

Organizational effectiveness can be described as the efficiency with which an organization is able to achieve its organizational objectives and goals (Soodan et al., 2017). It is sometimes called the organizational success or organization's worthiness, its' about how an organization attain its strategic goals, how an organization is performing or the overall success and performance of an organization with the resources and facilities it has at hand (Mitchell and Sevilla, 2011, Henri, 2006). The big-picture of organizational effectiveness is to measure performance of an organization or business, using a broad-based criteria or elements (Mitchell, 2015). Organizational effectiveness includes organizing internal structure of the organization like long-term planning, financial performance, and compliance to the fundamental values and norms which may all be critical tools and elements needed in understanding operations and organizational effectiveness (Grieco et al., 2015). This explains and defines an organization that is able to produce a desired outcome and effect or an organization that is extremely productive with minimal wastage (Fowler, 2013). Organizational effectiveness is about encompassing individual brilliance whereby employees are doing everything as prescribed in their job description and doing it with distinction. This means that organizational efficiency is the ability and potential of an organization to yield the desired outcome with a minimum expenditure of material resources, money, time, energy, and human resources (Mitchell, 2015).

All the desired effectiveness will rely heavily on the objectives and goals of the organization what the organization it tends to achieve and how it will achieve those organizational goals with what whatever resources it has, at its disposal and satisfy the stakeholders in Non-Profit Organizations (NPOs) (Zarei et al., 2017). An effective organization, if all its tools, elements and mechanisms works efficiently, will produce an outstanding result or outcome without any wastage (Asfaw et al., 2015). An organization, which has both organizational efficiency and effectiveness working very well that organization, will achieve its objectives and goals expediently (Jehanzeb and Bashir, 2013). The senior management and employees are often better placed in position where they must understand organizational objectives, goals, needs and performance of their organization (Rahman et al., 2013). All stakeholders within the organization must know and understand the tools and measurements that the organization use for self-assessment of its effectiveness (Jehanzeb and Bashir, 2013). The matter of self-assessment will be beneficiary in the sense that it can assist the employees and senior management to reconnect with the initial vision, mission, objectives and goals of an organization (Asfaw et al., 2015). Self-assessment and assessment centres enable the organization to gauge measure and evaluate its ineffectiveness. Therefore, create an environment whereby an organization will seek and pursue in inventing new organizational strategies in areas of major ineffectiveness, the benefits of this is that, it develops and ignites a stronger sense of enthusiasm, purpose, loyalty, dedication and commitment to their work (Hillman, 1994, Brightman and Moran, 2001, Thornton III and Byham, 2013).

The turning around strategy in an organization is vital especially in areas where ineffectiveness was prevalent; therefore, its implementation will be very much significant and fruitful to an organization experiencing challenges (Holloway, 2013). The areas of concern that need improvement and changes offer an organization an opportunity of strategic intervention to organizational shortfalls and challenges, to address the future (Cohen et al., 2013). The turning-around strategies gives shareholders, employees, customers and donors some excitements about the envisaged improvements coming down the streamline (Cohen et al., 2013). The value of addressing the current organizational weaknesses is that it serves a road map for future envisaged changes and innovations is a major way to increase, and improve organizational effectiveness (Cristian-Liviu, 2013). In economics and business environment advocates for profit maximization as the life-blood of organizational existence, therefore wasteful expenditure must be avoided at all cost (Macmillan and Tampoe, 2000). In the private sector or in business whereby profit maximization it's pivotal and the core of business ethics and acumen, producing a product or service and selling it with minimal wastage is key in making a profit (Johnson and Scholes, 1999). The highly effective and efficient organizations need to exhibit strong display in the following management areas like leadership and management, organizational structure in decision-making, human resources, work operations, systems, processes, and culture (Johnson and Scholes, 1999, Burnes, 2004, Haddad and Monfared, 2015). An organization to sustain and achieve organizational successes, it must to adapt and adopt to its dynamic challenging environment (Burnes, 2004, Cameron and Green, 2015). Strategic evaluation is one of the indispensable tools used in assessing and improving organizational effectiveness and efficiency to make sure that an organization continues to grow and development so as to achieve organizational goals (Pearce and Robinson, 2007, Cameron and Green, 2015). Organizational effectiveness to be successful it must be preceded by organizational change management. Organizational change management is a strategic management tool that is plays a tremendous when changes and adjustments has to be executed. Therefore, it plays a pivotal role in organizational effectiveness, competence and performance. Organizational change management is defined as the system of modifying and transforming the entire structure of the organization activities, aspects or parts, the main objective being an everlasting effort to maintain status of the organization, and accelerate effectiveness in production, global competitiveness in revenue and in markets and alignment with internal operations and systems (Cameron and Green, 2015, Choi, 2011).

3.25.6 The creation of a Conducive Work Environment for Employees

The creation and getting the conducive work environment right is the recipe for success and therefore, it has a greater potential to produce better organizational performance for employees, physical resources, and thus enhance significant and greater organizational rewards for business and organizations (Raziq and Maulabakhsh, 2015). The working environment plays a pivotal role in the lives of employees within the organizations because it affects positively or negatively in the behavioural patterns and attitudes of the workers, and that has direct impact and bearing about performance, efficiency and productivity (Clements-Croome, 2013, Kim, 2014). In the 21st century, the society continues to change and it has to meet the continuous and ever challenging technological changes, advances, innovations and challenges to meet individual needs (Clements-Croome, 2013). These challenges and changes prior mentioned have a direct impact, bearing and influence how employees work, why they work, for whom do they, and lastly where they work (Kim, 2014). In most instances, the work done in many organizations and businesses requires a high degree teamwork and communication; therefore, these two concepts provide stimuli of a better working environment (Kim, 2014, Lamm et al., 2015). The technological innovations provides a conducive environment whereby employees can work conveniently and comfortably at their homes, and when employees are travelling all this has positive impact on performance and productivity of employees within the organizations (Clements-Croome, 2013).

The productivity of an organization is affected when employees had personal stress, worries emanating from the job that employees do or the organization's modus operandi (Doherty et al., 2014). It is important to stress that physical environment plays an indispensable role in determining the performance of the organization; environment can enhance organizational performance or hinder it. No matter how good are the organizational operations are, without employee's concentration good performance is unachievable, this means that worker's concentration is an imperative ingredient for organizational outcomes (Doherty et al., 2014). Employees with less or no stress and happy at work and in their family relationships are highly productive at work (Jamison Sr, 1997, Lucas and Diener, 2004). Doherty et al. (2014) emphasized that an organization or senior management must engage in the following aspects or activities to achieve the utmost best performances:

3.25.7 Give positive reinforcement

It is important that an organization must ensure that employees are highly committed to the organizational goals and it must reward the employees for doing the right things right or for excellent performance. The committed employees are prepared to work harder for the organization beyond the organization's expectations and are willing to offer help and assistance to fellow employees.

3.25.8 Show gratitude

Organization must show appreciation and gratitude for the outstanding performance of the employees. Employee satisfaction and gratification are core elements of performance of organizational success. Money or cash is one of the means that organization use to motivate or show gratitude to its employees but it is not the only there are others available e.g. employee of the month or acknowledgement of excelling employees in meetings.

3.25.9 Spread happiness

An organization can show its happiness by taking the highly performing employee with his/her family out to dinner with senior management team, by making a video thanking the prospective employee and post it social networks or by actually saying" thank, you".

3.25.10 Motivate others

Motivating employees within the organization play a tremendous role in improving worker's morale, productivity and performance.

3.25.11 Celebrate wins and losses

Organization must celebrate the employees' personal achievements and highlight their losses as well, furthermore celebrate successes, which employees might have achieved outside the precinct of an organization e.g. winning a tournament or a graduation.

3.25.12 Celebrate

Organization must celebrate important days like employees' birthdays or national holiday's together and organizational achievements.

3.25.13 Encourage communication and positive thinking

The positive suggestions or contributions for the advancement and betterment of the organization must be acknowledged and praised. Employees must know now what is expected of them in terms of organizational directions and plans. Healthy disagreements must be allowed to take precedence.

3.25.14 Change way you respond

An organization must display inspirational and enthusiastically responses which highlights greater sensitivity and understanding when responding to challenges facing employees.

3.25.15 Get Moving

Whatever are the predicaments or challenges an organization must keep on moving forward by addressing the insurmountable hiccups and problems faced the organization promptly. Organizations must build trust by protecting and backing its employees 'interests by backing them against unjustified criticism.

3.25.16 Share your Gratitude

Appreciation and must be shared amongst by all stakeholders irrespective of the position. Appreciate excellence and not mediocrity by praising them openly for their outstanding achievement.

3.25.17 Encourage Fun

Organization must at times organize funny days and voluntary participation to encourage laughter and teamwork. Encourage extra-mural activities like dart board or pool table.

3.25.18 Engage in random acts of kindness

Organization must display sympathy and empathy to employees when disastrous and horrendous incidents has affected the lives of employees.

3.25.19 Work Stress Management

Employees are human beings and they undergo through anxiety, exhaustion and stress caused by the demands of the job. Organizations need to have employee assistance programs (EAP) and wellness programs to deal with anticipated and unforeseen challenges

3.26 The Organizational Behaviour

3.26.4 The Importance of Organizational Behaviour in an Organization

Daft and Noe (2001) define organization behaviour as a behavioural pattern or actions of groups or individuals in an organization who through interaction with their peers must work in a collective manner to achieve the desired goals. The successes and failures of an organization are dependent upon the behaviours of its employees, no matter how good the manager can be, cannot achieve success without teamwork (Griffin and Moorhead, 2013). Therefore the efficiency and effectiveness of the organization must be measured according to the way management exercise control (Daft and Noe, 2001). Organization cannot be felt or touched therefore it remains intangible, directive leadership in an organizations exist in order to help employees to produce goods and services creating and doubling the value of the organization than working individually (Lorinkova et al., 2013). Organizational behaviour is intransigent because of human cognitive activities and defensive mechanisms; people tend to get stuck in the past and become defensive of their acts and therefore inconsistent with current aspirations of the organization (Argyris and Schon, 1996).

Organizational behaviour (OB) can be defined as attitudes and actions of people in a business or an organization whereby distinctive characteristics, traits and behaviours are displayed highlighting results of human evolution (Witt and Schwesinger, 2013). Organizational behaviour is vital in the organization because it enables the managers to identify challenges and problems, thereby determining the corrective action to be taken. Furthermore, it allows the same to determine whether the corrective measures taken will bear fruits or make any difference (Lorinkova et al., 2013). The understanding of the environmental situation and behaviours of people is beneficial in the sense that everyone better understands the predicament they are in, which necessitates the change in behavioural patterns so that their performance and effectiveness will improve. The organizational behaviour has stronger foundations and influence within the following disciplines: sociology, psychology, economics, political science and anthropology (Chance, 2013). Organizational behaviour enables managers to understand the dynamics and complexities within the business or organization, which are caused by a variety of factors or issues (Aithal, 2016). Organizational behaviour fundamental principles is to increase, assess organizational efficiency and effectiveness, this is core business of all managers in the organization. Organizational behaviour focuses on the fundamental levels including individual level, group level and lastly organizational level. People are complex and multifaceted they have to defend their personalities, self-esteem, attributes, bond with their peers and self-development within the organization (Schein, 2014).

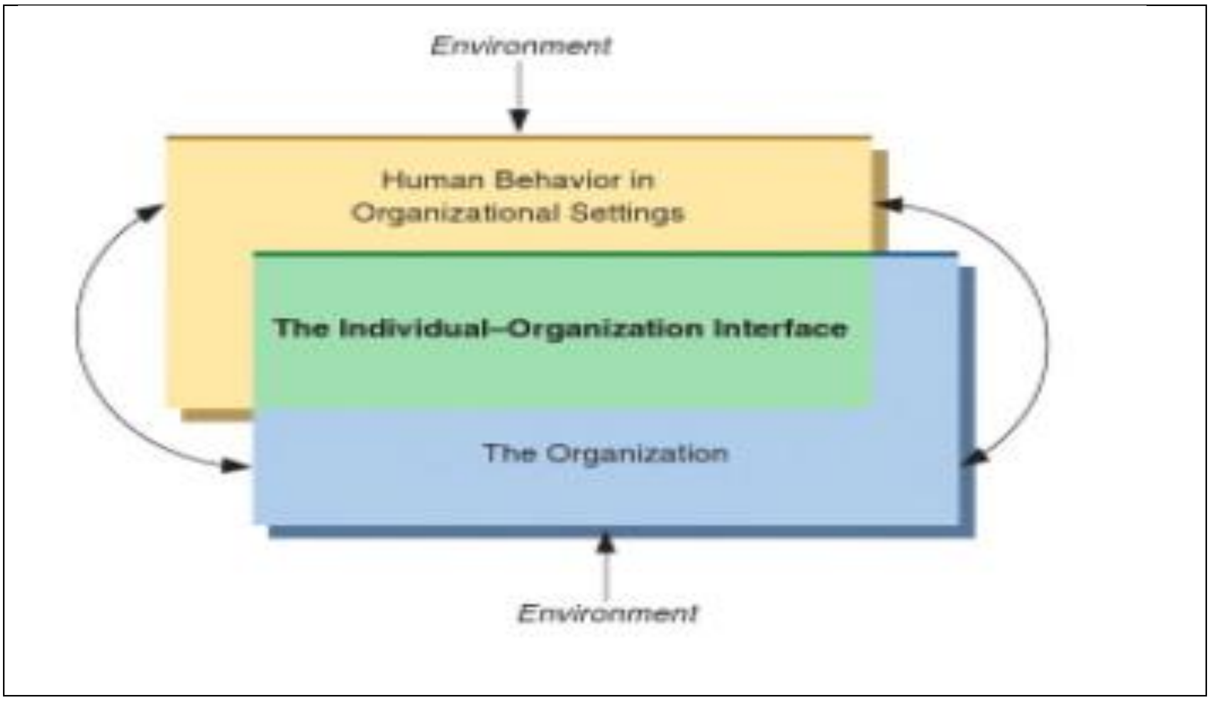

Figure 3.14: Individual behavioural patterns in an Organization

Source: **Griffin and Moorhead (2013)**

3.27 Organizational Performance

3.27.4 What is organizational Performance?

The cross-sectional studies suggests that organizational culture and organizational behaviour are corresponding very well to good performance, organizations core values and core purpose are imperative elements in an organization because they give guidance and direction (Collins and Porras, 2011). The purpose of organizational determines the fitness levels of all stakeholders within the organization and misfits (Collins and Porras, 2011). Organizations are established with cultural philosophy and behavioural attributes to outsmart their counterparts to achieve profit-maximization (Collins and Porras, 2011). Organizations without a sound vision have limited chances of creating a prosperous future; vision is paramount in the sense that it distinctively becomes the DNA of the organization (Collins and Porras, 2011, Smith, 2017). Organization's purpose is ideologically driven by providing a fundamental basis for efficiency and effectiveness to boost organizational performance (Anwar et al., 2013).

3.27.5 Management and Leadership Styles in an Organization

Leadership and management are not the similar concepts but they work in hand and in hand, they complement each other and they are linked however, greatest emphasis in the 21st century is placed upon transformational leadership as critical component to improve organizational performance (Mutahar et al., 2015). Therefore, organizations transformational leadership is pivotal in boosting and injecting consciousness amongst employees as to achieve organizational goals (Smith, 2017, Rauh, 2018). Organizations are made of human beings, the organizational innovations and resources, vision, mission, objectives and goals, which must be pursued in order to achieve organizational goals (Noruzy et al., 2013). Effective leadership is never about presentation and powerful speeches made and being a charismatic leader, but it is about results (Drucker, 2020, Drucker, 2012c). The prior mentioned components cannot operate on their own without having a leader or a manager to guide it through so that organizational goals can be achieved (Mutahar et al., 2015). Transformational leadership and management had to set these activities in motion so that a person in leadership or managerial position needs to have certain traits and attributes to take the organization forward (Khan et al., 2014). The correct execution of transformational leadership has substantial potential of achieving high levels of performance results from their employees (Yasir et al., 2013). Management and leadership are often used interchangeable as similar conceptual frameworks but various theorist defines them differently.

3.27.6 The Conceptual Basis of Management

The organizational performance, group and individual performance is usually associated with the leadership and management styles (Yasir et al., 2013). Smit et al. (2011) define management as the process by which human, physical, financial and informational resources are used for the achievement of organizational objectives and goals are achieved." Management is doing things right" (Drucker et al., 2005). Leadership and management are social phenomenon or construct which its main objective is about getting or influencing employees to perform tasks or it may be seen as an ability to do work through other people in order to succeed in achieve organizational objectives and goals (Gupta and Van Wart, 2015). Organizational leadership and management is a social phenomenon that operates in structured format or setting where employees and their roles are prescribed (Mullins, 2013). Furthermore, a manager is task-oriented, managing work and outcome, and is result-focused, management is not about personality and attributes but is defined by results and outcomes (Mullins, 2015). In many instances manager tends to be authoritative, dictatorial and autocratic hence, the employees under his/her authority are subordinates who must conform to instructions (Drucker et al., 2005). Management focuses on planning, organizing, directing and controlling (Drucker et al., 2005).

3.27.7 Planning

Planning should be precedes any activities of management, it is a road map that has to determine the vision, mission, the resources needed and how the organizational objectives and goals will be met or achieve.

3.27.8 Organizing

As the vision, mission, objectives and goals has been set, the organization has to provide the necessary human resources designated to fulfil the prescribed roles, equipment, physical and financial resources needed to accomplish the mission.

3.27.9 Directing

Since management is prescriptive, the manager gives orders to the workforce to conform at all costs to plans and goals of the organization.

3.27.10 Control

The management has to check and monitor the progression of the task to avoid any-deviations, secondly to check whether the periods, plans and the organizational goals will be met.

3.27.11 The Fundamental Basis of Leadership

The continuous rise and decline or fall of the organizations all depends on the type of leadership; it determines the organizational success rate (Mullins, 2015). Leadership may be defined as" getting others to follow" or" getting people doing things willingly" (Maxwell, 2015, Mullins, 2015). Leadership is doing right things (Drucker et al., 2005). Leadership is much more based on individual personality, traits, influence, charisma and behavioural patterns (Drucker et al., 2005). The good transformational leader has to have high level of communication skills, visionary, inspirational, integrity and honesty and able to challenge the status quo (Mullins, 2015, Khan et al., 2014). Leader is people-oriented therefore s/he must be focused upon leading the crew of employees and that leadership evolve and develops on daily basis hence resilient ,and energetic leaders must go out to collect latest information how to lead (Mullins, 2015). Leader unlike the counterpart, the manager, and leader has followers and has high degree of concern about people (Mullins, 2013, Blake and Mouton, 2005).

3.27.12 Styles of Leadership

Autocratic/Authoritarian Style: The manager has absolute and authoritative power with regards to decision-making, determination of policies, powers of directing in its organizational path of achieving its goals, alone determining the tasks and their relationships, and lastly solely determined the punishments and rewards (Gupta and Van Wart, 2016). In this situation, there is power relations, manager is superior and employees are subordinates (Blake and Mouton, 2005).

3.27.13 Democratic Style

Powers lie with the group other than the leader; the leader is more of consultant or facilitator. Leadership functions and organizational strategies are shared with the group, manager emphasise teamwork other than individualism (Gupta and Van Wart, 2016). Group members have major input in decision-making, policy determination, procedural systems and implementation strategies.

3.27.14 Laissez-Faire Style

Manager gives the employees absolute freedom to work independently on their own and make decisions based on their judgement with issue affecting them directly which onlookers may find it chaotic (Sharma and Singh, 2013, Northouse, 2016, Green, 2013). Manager does not interfere but offers assistance as needed and wants prevail. The leader has high level of communication skills, visionary, inspirational, integrity and honesty and is able to challenge the status quo (Northouse, 2016, Green, 2013).

3.27.15 The Employees and Their Working Environment

It is imperative to highlight those organizations, corporations and governments operate in a certain environmental settings. Workforce or employees are people, human beings to execute the operations and the work that is done. The employees do not have the luxury to choose the workplace, therefore they must execute their work regardless thereof. Human beings possesses different traits, characteristics and personalities. Therefore, management must take the following into cognisance when dealing with employees:

3.27.16 The Behaviour of People at Work

The human behaviour at work environment is caused by multifarious activities that are in many instance are out reach or control of organizations, external activities has a bearing on how employees perform their tasks within the organization (Mathur, 2013). Therefore, global leadership becomes a paramount necessity or ingredient for organizational, business, government and society's success (Mathur, 2013, Sharma, 2013). Human behaviour is peculiar and full of complexities, which makes it extremely hard to comprehend (Lan et al., 2012). Human behaviour is of significant importance in any organization as a number of factors in any organization influence employee behavioural patterns, like quality and nature of the work, the employee does (Furnham, 2012). The work behaviour is behaviour that one displays in working environment in many instances its largely formal, than the most prevalent human behaviour all depending on various professions. Employees are very cautious about their behaviour amongst their colleagues in working environment. The way the objectives of the organization are structured and restructured assist the organization to achieve maximum effectiveness from its members and employees (Mathur, 2013). The workload must be structured in such a way that work is divided amongst the employees whereby worker knows exactly the roles and duties assigned to them i.e. authority and responsibility (Belak, 2016).

The way employees behave or perform within the organization is as result of their job description and stress relating to their job that affects or enhance their performance, secondly the social interaction with the peers as they perform their daily duties (Hodson, 2014, Giorgi et al., 2013). The employees in any organizational environment cannot relate, interpret and see the organization in the same way that is why informal organization dialogue is crucial, to provide the employees with common understanding of organization's operations, people portray different behaviours with different people in different situations. Informal and formal organization's structures are enmeshed, intertwined and indistinguishable (Belak, 2016). Organizations are indeed a social unit, because it has diversified workforce with different mental make-up, expectations, attitudes and perceptions towards other employees, their work, organizational structure, and their willingness to stay in the job (Robertson and Cooper, 2010). Difficult behaviour will in-avertedly inhibit performance, and if not dealt with will deteriorate the performance and subsequently the organization. Amico (2012) suggests that organizations must therefore provide a conducive environment by managing and controlling internal environment factors as the external environment activities can't control. "Successful organizations depend on getting the right mix of individuals in the right positions at the right times", but organizations must provide conducive environment without stress and bullying of employees (Mucci et al., 2015, Avey et al., 2009).

3.27.17 Mental Attitude of Employees

Every person has a particular distinctive mental condition, which encompasses values, norms, beliefs, and feelings that makes an employee assess a situation in a certain way hence respond in a different way. Society's exposure, education and family upbringing plays pivotal role in mental attitude of any individual. Individuals from childhood are involved in carrying the baggage, which is either negative or positive to adulthood that has direct impact on how the employee interacts with colleagues or the organization. Employee with positive mind-set will bring about the positive influence on his colleagues, the positive belief instil positive behaviour which makes everyone willing to accomplish the best for the organization (Kataria et al., 2012).

3.27.18 Family Background

Common assumption people grew up in an environment that has a lot of love and affection, parental care, concern and support they tend to exhibit and display good liking, respect and honour everyone. Having been brought up in such a protecting and caring environment they will in return to the same to their colleagues and subordinates. The opposite will happen from those coming from broken families (Gupta and Van Wart, 2016).

3.27.19 Values

Values can either be spiritualistic or materialistic, employees stays in a materialistic world where there is high a demand of materialistic values which determines needs and wants of individuals. Employees like every human being have insatiable desires and wants that have no bounds or limits that must be satisfied. The mammoth human escalation of insatiable desires has it made practically impossible to have an environment of mutual trust and cooperation within the organization and employees The race to accumulate material value throughout the world has placed everyone under extreme pressure subsequently destroying mental peace, inner contentment and cause unnecessary tensions. Therefore, the need to balance material values and spiritual values is of paramount importance to satisfy ones needs (Johnson, 2009).

3.27.20 Dietary and Health Habits

Health and eating habits has direct impact on human mind, which prompts certain behavioural response or pattern (Misra et al., 2011). The physical and mental health of worker has cognitive relationship with outcome at work environment; it is well a fact that an employee with a sound and good health can display a lot of positive enthusiasm, zeal and energy to his/her work than sick and weak person (Chauhan et al., 2013). Healthy employee with a strong mental and physical body can do extra work without compromising the quality of work (Kumar et al., 2009).

3.27.21 Focus

Stress reigns supreme when focus is shifted to insignificant things or wrong things (Gupta, 2013). One’s outcomes and efforts are explained by whether your life is in the bigger circle or smaller (Sharma and Rush, 2014). Bigger circle denotes concern that are beyond our reach or control whereas smaller denotes influence which negatively affect ones attitude and behaviour which will make employees to shift their focus from their organization’s work and environment (Gupta, 2013).

3.27.22 Reliability and Dedication

According to Schreiner (2017), reliability is a recipe of good working ethic, an employee with a good working ethic will honour his/her time at work i.e. punctuality. Secondly, Schreiner (2017) suggests that the reliable employees perform their duties independently without being heavily supervised. Because of their good ethic, employees are committed to perform at their utmost best and do extra work than what is expected of them and increase the productivity of the organization (Ünal and Turgut, 2015).

3.27.23 Cooperation

Cooperative work or teamwork is crucial in any business or organization’s success, leadership is about achieving the balance in successfully meeting the needs of the employees and organization (Magloff, 2015). Teamwork encourages environment where employees are easy and work freely with colleagues in a conducive environment where employees are prepared to work with every one they are paired with hence eventually benefits the organization (Schreiner, 2017, Kokemuller, 2014).

3.27.24 Employees Assistance Program (EAP)

The employment assistance program is a pillar for the advancement of any organization; EAP is a highly professional and confidential resource available in an organization to deal with challenges facing employees (Bedi et al., 2018). The EAP will expose employee's weaknesses and strengths and what needs to be done to improve their performance (Bedi et al., 2018). It will also display the reason(s) the organization performs the way it is currently, and the desired performance that the organization wants to achieve in the near future (Masi, 2016). Once the challenge has been identified, the employees through the training will be engaged in an extensive employee assistance program, training and development program emanating from the gaps identified by the management which will display the actual performance of the organization, and desired performance that will improve organizational operations and outcomes (Ugoda, 2014, Rajin, 2012). The extensive EAP training and development intervention program will show the outcomes with regards to performance, the recent performance will display whether there is an urgent need identify gaps to plan another training (Richard et al., 2009). The training outcomes will display clearly the strength, gaps and shortfalls of the recent programs (Richard and Emener, 2009). The good outcome based performance would have been achieved if employees exceeded all major set targets and tasks with the resources available managed to produce the best outcomes (Masi, 2016).

The EAP is an important strategic organizational intervention of Human Resource Management tasked with making improvement in employee's lives and well-being to enhance performance (Compton and McManus, 2015). The recently improved performance must display the degree or level of improvement about time, the speed, quality of service, taken after the designated work was executed after receiving the necessary training. (Government Gazette, 2012.) Organizations must have mechanisms and tools of evaluating and measuring good employee's performance otherwise, it will go unnoticed (Compton and McManus, 2015). According to Van der Waldt et al. (1999), in most government institutions in South African public service citizens are in most instances are serviced or catered for by employees who are underperforming, and incapacitated as a result of the citizens receive an underrated and inferior service when compared to their counterparts in the private sector (DPSA, 2016).

3.28 Public Finance and Public Financial Management Systems within BRICS Countries (Brazil, Russia, India, China and South Africa- BRICS)

3.28.4 Introduction

South Africa is a member of BRICS countries therefore, it was imperative for the researcher to look beyond South African borders as how to its counterparts handles the public finances, fiscal policies, auditing, budgeting, non-interference, mutual benefit, accounting and reporting. BRICS is an abbreviated acronym, which stands for Brazil, Russia, India, China and South Africa. The members states are cooperating in a number of initiatives and agreements included is fiscal discipline, monetary policies, free trade, economy, democratic values and good governance.

3.28.5 Russia

Russia had a mammoth task of transition from Socialism, where the state owned everything, a centralized planned system to market economy (Tolkushin, 2001, Easter, 2000). Russia experienced many challenges relating to tax revenue collection when socialism with central-structured economy collapsed and replaced by decentralised market economy (Easter, 2003). As a result of everything having owned by the state there was basically no infrastructure to collect revenue from private sector as it didn't exist, therefore mechanism has to be developed and Minister of Finance to learn and develop computerized tax systems and use bar codes to make tax collection machines easily readable (Akhitirov, 2003). Technocrats saw this challenge as easy task but it met stern opposition from bureaucrats (Preobragenskaya and McGee, 2004a). In 1997 in the population of 150 million only 4million paid taxes, tax laws on revenue collection were not clear (Akhitirov, 2003, Preobragenskaya and McGee, 2004a). There has been however great improvement in Russia's Public Financial Management, but comparatively lacks behind its counterparts (BRICS) in implementation of accounting reforms, raising and collecting revenue to finance government services and expenditure (Preobragenskaya and McGee, 2004b).

3.28.6 Brazil

Rumney (2017) in IMF, 2017, suggests that patchy transparency which has emerged in Brazil has compromised the efficiency and effectiveness of Brazil's fiscal policies. The public sector liabilities and deficit are significantly very high than actually anticipated but they have managed to keep inflation very low (World Bank, 2017). In the consecutive period of eight months, Brazil's economy contracted after the impeachment of its president and impugnation of corrupt politicians (OECD, 2013). The accounting and reporting flaws failed to capture the true picture of public finances, this has resulted to Brazil failing to stick fiscal policies which will limit the country in debt financing and spending (Rumney, 2016). The fiscal report did not cover the entire public sector, which included state-owned enterprises (OECD, 2016). In conclusion, the financial management and accounting systems of Brazil were not up to the international standards and Brics member states (OECD, 2016, INTOSAI, 2013).

3.28.7 India

South Africa used Public Financial Management Act as a mechanism to control state revenue, India on other hand use Public Financial Management Systems (PFMS). There are strong similarities between PFMA and PFMS systems. The PFMS is used as Central Sector Schemes to fast track and monitor just-in-time resources utilization, PFMS is seen as an end-to-end system solution that can execute speedily do monitoring, tracking, payments, reconciliation, reporting and accounting (Sikarwar, 2016). All government departments are integrated into the PFMS system as early as 31 October 2016 and by 31 March 2017; it was full operational (Sikarwar, 2016). World Bank speak of Public Expenditure and Financial Accountability (PEFA) as means to assess countries public expenditure, financial accountability mechanisms, procurement and development of sequential program to drive capacity building amongst nations (Bhatnagar, 2014). India has embarked upon Information and Communication Technology (ICT) for delivering service to the disadvantaged and the poor, which will enable the government to improve accountability, efficiency, curbing bribes, fraud and corruption when delivering services and transparency (Chinedu and Hussaini, 2018). The payments of pensions they use biometric scanner and printer to scan and pay pensioners through mobile phones (Gupta et al., 2010). The Unique Identification Authority of India (UIDAI) established in 2009 a unique 12 digit number system that gives identification to every citizen in terms of biometric information and demographic (Srinivasan and Johri, 2013, McKenna, 2013). PFMS has E-governance system that has significantly reduce corruption (Iqbal and Bagga, 2010). Indian government has a service charter called "Putting the People first" to expedite service delivery it is like South Africa's Batho Pele. India also use online system called E-Governance to speed up service delivery, it has similarities of Integrated Financial Management Information Systems used (IFMIS) in South Africa (Bhatnagar, 2014).

3.28.8 China

In the 20th century, China major transformational agenda has been done in the state, society and in the economy (Park et al.). The driving force in implementing the changes has been China Public Finance (Jin and Zou, 2005). The changes started when the Chinese Government did structural transformation in the society and economy over a long period of time (Bruton and Ahlstrom, 2003). In 1980, China introduced the successive reforms in fiscal policy, which made major changes in the tax system, revenue collection, and transfers, which its objective fulfilment must be measured to gauge performance (Zhonghua and Ye, 2012). The major success was upon the tax-sharing reform program established to enlarge the share of state spending in Gross Domestic Product (GDP) and budgetary revenues (Bruton and Ahlstrom, 2003). Chinese Government also implemented clear changes and framework of tax revenue collection between provincial and central governments (Lou and Wang, 2008). Tax administration for both the Indian and Brazilian governments was introduced in conjunction with the introduction of value added tax (VAT) as a major contributor of government revenue (Chunding and Whalley, 2012). The Chinese Government has established the framework for fiscal transparency and discipline, accountability and responsibility (Podger et al., 2018). The government has introduced a social security system to meet its economic development that improve effectively pension pay-outs (Alderman and Yemtsov, 2013). The government has improved personal income tax structure collection as an important element of tax revenue (Xu and Cui, 2009). The Ministry of Finance administers the macroeconomic activities and handles the national budget, economic regulations, fiscal policy and the state expenditure (Wassener and Buckley, 2013). The Ministry of Finance prepare and tabulates to the central government focusing on balancing the budget and spending priorities, craft regulations and rules of public financial management, implementation tax and fiscal policies accounting and reporting management, managing central and external state finance expenditures and debts condition (Zhonghua and Ye, 2012, Wassener and Buckley, 2013).

3.29 The Issue of Ethics in the South African Public Service

The ethics can be defined as an organizational system, norms or values that determines what is right or good, bad or wrong within broader society and therefore seeks to provide the standards, benchmarks and expectations by which individuals must behave and conduct themselves accordingly in society (Bowman et al., 2014, Frederickson and Ghere, 2014). The ethics is not fundamental concern about individuals being out of trouble, but it is about empowering individuals and organizations with necessary capacity, potential, skills and expertise (Frederickson and Ghere, 2014). The ethics is primarily a quest concerned with building ethical competence and understanding the concept of a “good life” (Frederickson and Ghere, 2014). The society expect the South African public servants to display outstanding ethics and behaviour in the public institutions. The issue of ethics of employees employed in the Public

Service of South Africa (PSSA) is fundamental and critical as it gives ethos and moral behaviour that employee must display at all times, the issues of conduct and ethics are indispensable in any organization. Therefore, the ethics must be precise and clear as what is expected from employees (Public Services Commission, 2014). The underlying principles form an ethical foundation throughout all the Public Sector entities and various government departments countrywide (PSC, 2008). Public Financial Management Act stipulates how financial matters of the state must be dealt to avoid financial misconduct and irregular expenditure in the public sector (PFMA, 1996). This section focused at issues of ethics in relation to conflicts of interest of employees who work for the public service and do personal jobs with state entities which is contradictory to Public Sector rules and regulations (Dzomira, 2015). The members of SMS in the public sector, because of the powers vested in them or power of influence at their disposal, can easily jeopardise and affect good governance in public service about poor financial conduct, auditing and accounting mismanagement (Plant and Appel, 2015). The unethical and unprofessional financial behaviour within the public service takes various format which may involve financial accounting and auditing, conflict of interest, low levels of accountability, total disregard of objectivity and credibility, lack of fiscal transparency during the times and after the auditing process (SCOPA, 2014). According to OECD (2004) defines conflict of interest as an activity or a process which involves a conflict of interest between the public work and private or personal interests of a public official with authority who has vested private and personal-capacity interests which could improperly jeopardise his/her influence in the execution of his/her official responsibilities and duties.

All employees including SMS working within South African Public Service their behavioural conduct should display the ethics, etiquette and decorum that is beyond reproach (Public Service Commission, 2016). The Public Service Commission stress the following principles that must adhered to:

- The highest possible ethical standards and conduct are displayed all the time without fail;
- SMS must display principles of management by example (MBE) to subordinates by maintaining high degree of professional ethics and integrity in their engagement with politicians in whatever level of government and the public might be and;
- The encounter between the political office bearers and SMS must make sure that the notion of conflict of interest and personal aggrandisement is minimised and

elevate the interest of the public first when executing their work (Public Service Regulations, 2001).

The Public Service Commission (PSC) based on the three mentioned principles is constitutional mandated to ensure that the Minister of Public Service and Administration craft and draft the ethics code and financial misconduct code to the members of the SMS and must ensure of its implementation. The SMS framework must compliance and enforce financial disclosures to avoid conflict of interest (Public Service Regulations, 2001). The financial disclosure register is managed by PSC regarding the behaviour of SMS officials and PSC must ensure the disclosure register is update from time to time as the need arises. The framework principles stipulates that the designated workers should disclose any valuable shares or any financial interests the employee might held in the state owned company or providing service into such a company or corporate enterprise (Financial Disclosure Framework, 2001). Furthermore, they are expected to disclose partnerships and directorship in other enterprises and they need disclose remuneration and dividends received from such directorial positions (Schulz-Herzenberg, 2009). The hospitality and gifts received outside a family member, which exceed the value of R350, must be disclosed including the description and worthiness of the gift within the period of 12months (Financial Disclosure Framework, 2001). All these controls and ethical framework are done completely to discard or complete erase the issue of conflict of interest and ethics by SMS employees and to make sure that highest ethics in the South African Public Service are adhered to (PSC, 2008). The issue of employment of any employee to the public office outside the precinct of the public sector is earmarked as conflict of interest (PSC, 2008). The employment of any employee by a senior management public official who is about to leave public service office is classified as also conflict of interest (PSC, 2008). The matters relating to the Code of conduct and conflict of interest by public service employees and SMT must be dealt with using Code of Conduct Rule Book (DPSA, 2009). According to the International Federation of Accountants (2001) strongly believes that guiding principles are indispensable regard to the issue of the code of conduct of employees. The guiding principles should involve propriety and probity.

3.29.4 Probity and Propriety

The Public Sector Committee (2001) suggests that the political office bearers should not at any particular time have an ulterior motive when executing their duties. It is unethical and improper for him/her to use power of influence to gain either preferential treatment accrued benefits or to get material gains because of his/her position. Any political office bearer must displayed behaviour that is above reproach that can stand any public scrutiny and investigation. Employees must behave themselves in accordance with high ethical standards, norms and behaviour and reflect ethos of organizational integrity and reputation (DPSA, 2008). Public sector employees are expected to be trustworthy and loyal when handling public funds (PSC, 2009). Public employees should at all times without fail demonstrate and display probity when handling financial assets and any state resources safeguarded and entrusted to them by South African citizens these include confidential information which might jeopardized the image of the government or a department, looking after states property and assets that are not harmed, stolen or abused (DPSA, 2010). The handling of public finances or purse, public employees should stick to the organizational accounting and auditing rules, regulations and procedures (DPSA, 2010). Public employees just like political office bearers are not expected to use assets and resources of the state for their own personal aggrandizement (International Federation of Accountants, IFAC, 2001).

3.29.5 The Issue of Neutrality in the Public Service

Neutrality in the public service is always a highly contested and debated phenomenon because it viewed as encompassing political connotation. The concept of neutrality is based upon the notion that that SMS must implement regulations and rules in an impartial manner when serving and executing their duties within the members of the community regardless of their status, political affiliation, and exercise the principle of equal treatment regardless of race and gender according to the Constitution of RSA. Under certain considerations and circumstances, preferential treatment can be done to address the imbalances of the past Apartheid discrimination statutory legislations or previous historically disadvantaged communities.

3.29.6 Openness in the Public Service

There is close relationship between openness and transparency therefore, open and good governance is many instances associated with the phenomenon of transparency. Transparency is viewed as one of the practical tools that are used to curb corruption (Park and Blenkinsopp, 2011). The issue of openness within the public service will ward-off the notion that public institutions are secretive and they hide crucial information for the public, which is not in line with democratic principles of openness, and access to critical and vital information. Governments throughout the globe must promote openness as advocated by (International Monetary Fund and `Amnesty International, 2015). The information regarding the service rendered must be freely available to the members of the community and on request. The citizens must be given explanation as to why a service has not been executed or forthcoming and how their concerns will be addressed. Transparency and openness initiatives must be taken into cognisance by various governments as fundamental approach to encourage openness and significantly reduce the levels of corruption and behavioural patterns of corruption (Bertot et al., 2010).

3.29.7 The Virtue of Public Officials

It is a great expectation that office-bearers or public officials must all times display morals, values, norms, ethos and standards of high degree. An employment in the public service is seen as a gesture of authority that public has entrusted to an individual who must execute his/her duties with greatest of honesty, trustworthiness, caring, integrity and reliability.

3.29.8 Efficiency and effectiveness in Public Service

Through the limited and scarce resources the public sector employees must without fail satisfy the basic needs of the South African citizens, they must perform at their utmost best regardless thereof, and they must uphold the principle of public accountability. Despite the scarcity of resource, the service rendered to the citizens must be of high quality and must produce the implacable results to the recipients. A strong relationship must exist between the inputs and outcomes to determine the level or degree of the service (DPSA, 2013)

3.29.9 The Quality of Service

The issue of service quality is about benchmarking and give assurance that clientele gets what is due to them either internally and externally of the organization, it must viewed as a system or mechanism of improving recent system to work more efficiently, better and faster (Al-Ibrahim, 2014). Van der Waldt (2016) suggests that quality of service is viewed upon as an activity that must add value to the current system in operation.

Human beings during the dawn of civilization had been relying on other people for the provision of services. These services took the various forms the most prominent was traditional format, which tends to be manual, then it underwent transformation with modernized electronic services. When the customer buys goods or services using the traditional method, the consumer evaluates the item purchased according to several attributes and make-up, which include its texture, colour, style, product tags or logo, and the packaging (Parasuraman et al., 1985). The purchase of services on the other hand, is in many instances intangible because it cannot be touched or felt. Parasuraman et al. (2005) argued that the concept ‘traditional service quality’ involves the quality of every transaction experienced by consumer outside the parameters of the Internet, as well as their personal interaction and experiences with the company offering the item. For the provision of a desired service a consumer goes to a company, organization, institution, the engagement between the consumer and the service provider will take the electronic format, or traditional, therefore there is a constant continuous need to evaluate and measure the quality of this engagement or interaction. Hien (2014) suggests that the quality of the service can be explained as a measurement yardstick or benchmark that seeks to measure the extent, and the level at which the service provided corresponds with client's expectations. The quality, therefore, must be perceived as a dominating determinant and a success factor in the provision of goods, and services in every avenue of a commercial field or activity (Connolly, 2007). A similar concern is shared by Lee and Kim (2014), who argued that the ability and knowledge to measure the quality of a service is the fundamental prerequisite or basis of achieving a high quality standards.

The study conducted by Khawaja and Bokhari (2010) concluded that organizations or companies experienced problems when evaluating the quality of the services they rendered to their customers, that is, problems emanated when they were evaluating the existence of pitfalls in a service rendered or if the delivery took place within the prescribed periods. The client's perspective concerning the quality of the service rendered was the fundamental basis to measure the customer's satisfaction. Parasuraman et al. (1988) gave refinement to their previous service quality model of evaluation (Parasuraman et al., 1985) by creating the model called SERVQUAL. The brief outlook, the authors supporting this narrative advocates that a valuable service quality perception be derived from the chasm between client's expectations and the performance value of the service that is actually rendered.

The recent studies introduced a great deal of new innovations of data collections and analysis, improvements in their scale were achieved, ten initial dimensions were reduce to seven: 1) Tangibles; 2) Responsiveness; 3)Reliability 4) Communication, Safety, Credibility, Competence; 5) Courtesy; 6) Knowing the consumer; and 7) Access.

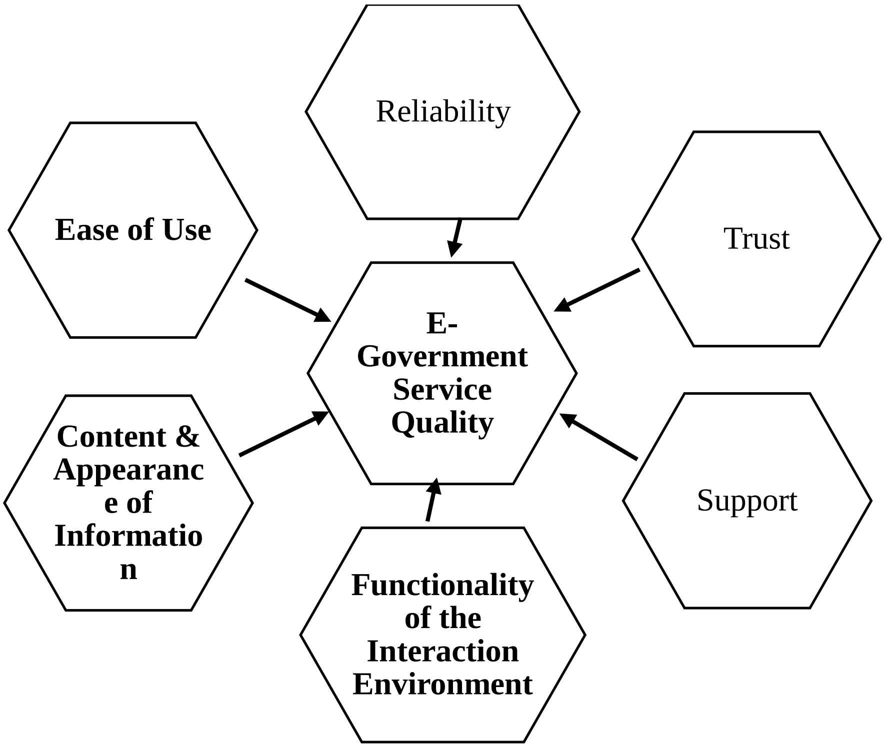

Figure 3.15: Government Service Quality

Source: Papadomichelaki and Mentzas (2009)

3.29.10 Quality Assurance and Servicing the Citizens

In most countries, the citizens to produce and deliver quality service and to become efficient and productive (Randall and Senior, 1994), had placed public service in the 21st under tremendous pressure. In Mauritius, the government has introduced the Public Service Excellence Award in government departments to increase productivity and efficiency (Government of Mauritius, 2006). The principle of quality assurance encompasses the adoption of quality as a conceptual framework and an organizational philosophy, its main objective being to change employees' perceptions and attitudes towards giving or rendering a service that guarantees quality to clients without fail (Bowen and Headley, 2013). The employees are feeling totally obliged to produce quality service continuously, the main organizational objective being to satisfy and fulfil customer needs (Matlhape and Lessing, 2002). The SERVQUAL model emphasize five distinctive characteristics that the customer's assessment and evaluation of quality is based upon i.e. reliability, assurance, responsiveness, tangible and empathy (Zeithmal et al., 1990). The needs of the customer meant all activities, which involves customer care and customer satisfaction (Bowen and Chen, 2001). The service is perceived to be of high value and quality by customers if it is satisfying the aspirant needs of the client.

Organization must at all times strive to achieve and obtain the maximum level of customer satisfaction (Torres-Moraga et al., 2008). In order for organizations to stay and remain relevant in business, they must provide the customer with superior service to that of the competitor, which offers the organization a competitive advantage (Burden and Proctor, 2000). Organizations, therefore, must apply a holistic approach and plans of quality assurance improvement programs to achieve customer satisfaction (Burden and Proctor, 2000, Reed et al., 2000, Walker et al., 2000). The Japanese endorse the philosophy of Zero Defects (ZD). The main goal of ZD is to achieve 100% quality assurance targets by ensuring and emphasizing that every job the employees do is done correctly: "First Time Right". This theoretical philosophy and conceptual framework generates cooperation and enthusiasm within the organization (Ishikawa, 1985).

3.29.11 The Significance of Total Quality Management in Public Service

Mehta et al. (2000) emphasized that organizations and governmental institutions are under severe pressure in the 21st century to identify, unearth and implement programs that will be efficient and effective in improving the performance capacity of employees, and productivity when delivering a service of superior quality to the customers. Organizations need show commitment to Human Resource Management and Development (HRM&D) programs to beef up workers capacity building and training and development plans (Murray and Chapman, 2003, Yang, 2006). The organizational HRM&D plans must not remain static for a long period solely to satisfy the organizational management and procedural requirements of the company (Burke and Ng, 2006, Soliman and Spooner, 2000). The employees must be accountable for their tasks and job performances regarding achieving the organizational goals and targets, either as individuals or collectively as an organization (Matlhape and Lessing, 2002). The employees when delivering a service to customers they have to meet the customer needs or exceed the customers' expectations regarding the quality of service (Beneke et al., 2012). Natural phenomenon will make comparison between what they perceive service to be with the actual service they are receiving.

According to Chakrapani (1998) and Mvana (2013), the deliverance of a quality service must not be seen as once off exercise but it must be an organizational benchmark or philosophy that must encompass the principles of continuous improvements. Quality must display continuity all the time because it is an ever-sought dream in an organization, which differentiates an organization from its competitors (Hashmi, 2007). In the 21st century organizations are taking a different dimension in order to keep or retain and satisfy their customers which involves delighting them and by exceeding the customer expectations (Crosby et al., 2012, Prinsloo, 2014). The issue of delighting the clientele arises from the notion of value-added characteristics that the customer was expecting, but it is aroused by their latent expectations of the service received (Zineldin, 2006, Ishikawa, 1985). Organizations at present are changing the methods and mechanisms regarding how they handle organizational technology, culture, structure and how they interact with employees and customers (Hashmi, 2007, Camisón and Villar-López, 2014). In the world of private business, the message is clear that those organizations who are intransigent to change will be eliminated by competition (Porter and Kramer, 2006). Organizations in the 21st century are faced with how to promptly respond to ever-changing environment challenges in order to enable them to become the most competitive force in global class competition (Brown and Harvey, 2006, Camisón and Villar-López, 2014) (Brown and Harvey, 2006). Self-evaluation, continuous improvement and personal capabilities and abilities are as a recipe for win-win in Total Quality Management (Ibrahim, 2013).

Productivity is increasingly important phenomenon in management of quality (Reid, 2005, Deming and Edwards, 1982, Crosby, 1991). The philosophy of quality must be adopted by an organization as the fundamental principle of satisfying customer needs as customer continuously demand superior quality service (Irfan and Kee, 2013, Feigenbaum, 2000). Organizational performance and Total Quality Management enable to accelerate the organization efficiency to succeed in its long-term goal to commit every worker to continuously improve in quality performance (Gharakhani et al., 2013, Fonseca, 2015). Organizational highest quality performance standards will be achievable using the recent technological equipment, new designs and policies to gain competitive advantage to achieve maximum organization performance against competitors (Robbins, 2000; Muniz, 2013). The effective management is paramount element in an organization aiming to achieve high or superior quality; management will achieve quality through strategic control, evaluation and monitoring with complete elimination of uncertainty (Shewhart and Deming, 1986, Evans and Lindsay, 2002). Quality is like DNA and is endemic because it is the life of an organization (Brown, 2013a). Organizations who does not support quality are seen as not being at the race; therefore, they cannot survive, letting alone the issue of prosperity (Brown, 2013a). The massive passion displayed by the SMT in the organization makes them to be the drivers of the total quality management philosophy and its sustainability (Brown, 2013a).

3.29.12 The Implementation of Integrated Financial Management Information Systems (IFMIS) in the Public Service

Various governments especially amongst the developing countries are embarking upon an ever-increasing mission of seeking and exploring ways, methods and systematic innovations to improve and modernise public financial management (PFM) (Combaz, 2015). The continuous introduction and implementation of the Integrated Financial Management Information System (IFMIS) has taken a number of years to be fully executed in the African continent (Combaz, 2015). The challenges in Africa continent were mammoth and insurmountable because of the infrastructural shortages and expertise in the developing countries (Combaz, 2015). The Integrated Financial Management Information System (IFMIS) has been earmarked and seen as one of the most common, understandable and significant financial management reform initiatives (Hendriks, 2013). The main aim IFMIS is to promote accountability, transparency, efficiency, effectiveness, comprehensive financial/fiscal reporting, security and management of data (Combaz, 2015, Hendriks, 2013a). The focal point and operations of any Integrated Financial Management Information Systems differs from country to country, but in essence, it represents the complex, formidable and enormous strategic reform activity (Chêne and Hodess, 2009).

The benefits of Integrated Financial Management Information Systems (IFMIS) is that it is an indispensable tool of improving public sector management, this is achieved by providing relevant financial information to senior management team (SMT) in order to apply or take appropriate decision-making initiatives (Derara, 2016, Kavulya et al., 2018). The South African Public Sector tried vigorously to implement IFMIS; however, the IFMIS implementation was a project of great magnitude, therefore highly demanding and as consequence of that, it failed to achieve the desired outcomes or resounding results (Hendriks, 2013).

The IFMIS as previously mentioned was challenging and complex undertaking therefore, the research has to be conducted in order to identify its feasibility, determine the challenges, problems and risks that may entangle the envisaged execution of the IFMIS in South Africa (Hendriks, 2013). The challenges and risks were identified, guidelines and solutions were sought, crafted and developed which was to make the implementation a success (Hendriks, 2013). Based on the challenges envisaged a literature research was pursued where the theoretical research framework was seen as a means of coming with tangible and realistic solutions and guidelines, to solve or ameliorate the risk factors and foreseeable challenges

(Cooper et al., 2006, Lundu and Shale, 2015). “Theory is a set of systematically inter-related concepts, definitions and propositions that are advanced to explain or predict phenomena (facts)” (Cooper et al., 2006). Whereas according to Mouton (2001), “Good theories and models provide causal accounts of the world, allow one to make predictive claims under certain conditions, bring conceptual coherence to a domain of science and simplify our understanding of the world”. The results of the study highlighted that there were enormous challenges regarding implementation of Integrated Financial Management Implementation System (Lundu and Shale, 2015). The challenges and risks went beyond organizational functionality deficiency and the risk of technological failure (Lundu and Shale, 2015). The introduction of the sophisticated IFMIS in Kenya was seen as the organizations’ transformational reform; furthermore, IFMIS was seen as distraction that will affect negatively on the organizational arrangements and operations, which governs management and administration of public finance (Odago and Mwajuma, 2013). Rodin-Brown and Smith (2008) and Hove and Wynne (2010) suggested that the obstacles and challenges must not be underestimated as they pose a serious threat, which may have devastating effect in the implementation of a management activity. However, fruitful guidelines and astounding best practices were formulated which were seen as the recipe of successful implementation (Odago and Mwajuma, 2013). The best practices were recommended to be implemented by the South African Public Sector (Hendriks, 2013). It must be stressed that although the African continent was sluggish in the execution of IFMIS because Africa experienced insurmountable challenges, however, successes had been attained in Kenya, Malawi, Ethiopia, and greatest achiever being Tanzania (Khemani and Diamond, 2005, Mohamud, Ndung’u).

3.29.13 The Conceptual Framework of Integrated Financial Management Information System (IFMIS)

Integrated Financial Management Information System is a fundamental mechanism or approach seeking to make innovations, in public financial management in the utilization of the country’s resources by improving automation and accounting. Secondly, IFMIS is seen as solution to unregulated public management expenditure, furthermore IFMIS improves effectiveness, and the framework below illustrates the modus operandi of IFMIS to be successful (Dorotinsky and Matsuda, 2001).

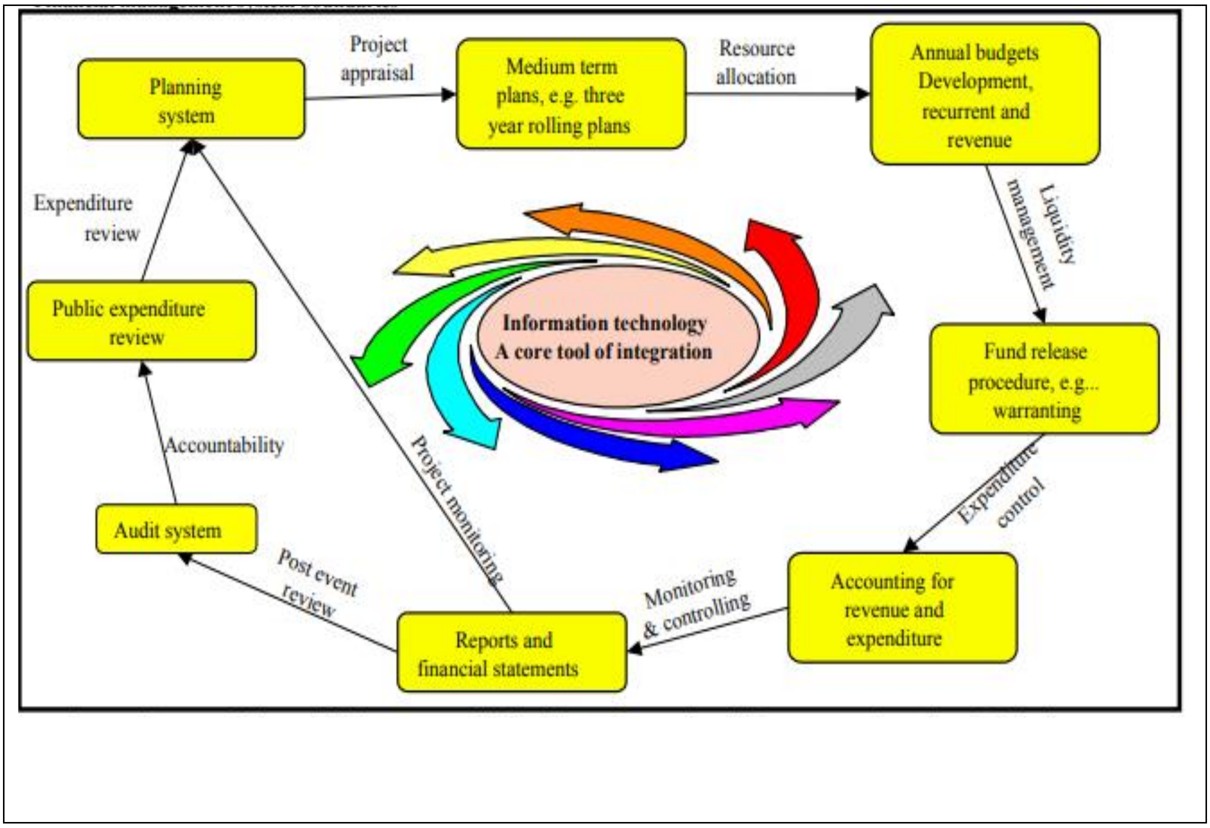

Figure 3.16: Integrated Financial Management

Source: Integrated Financial Management. Michael Parry, International Management Consultants Limited Training Workshop on Government Budgeting Developing Countries. The United Nations

Integrated Financial Management Information System is an information system that has been designed to fast-track financial activities and events by summarising financial information in Latin America government institutions, and implement the necessary public financial management improvements (Dorotinsky and Matsuda, 2001, Rozner, 2008). Integrated Financial Management Information System is designed to support the necessary fiduciary responsibilities, adequate organizational administration and management reporting, policy-making decisions, planning and preparation, and producing auditable and reliable financial statements (Opiyo, 2017). Integrated Financial Management Information System covers much wider spectrum rather than being an accounting mechanism or system. Integrated Financial Management Information System must ensure sound management of state budgeting and expenditure (Opiyo, 2017, Atemba and Otuya, 2017). Integrated Financial Management Information System (IFMIS) is designed specifically to operate in accordance with the environmental needs and it refers to the automating of financial operations (Rodin-Brown and Smith, 2008).

In the domain of public sector operations, IFMIS plays a pivotal role in the process of computerizing public financial management systems. The IFMIS is ideal in the budget preparation or formulation and implementation, IFMIS also adds the great value and assistance in accounting and reporting in public financial management because of IFMIS integrated system (Lianzuala and Khawlhring, 2008). Rodin-Brown and Smith (2008) have identified and suggested that the fundamental features that must be followed for IFMIS integration and implementation:

- There must be standardized data classification for recording all organizations financial activities.
- Strong internal controls systems of all data entering the institution or organization, processing of transactions and reporting
- Common processes/systems must be used for similar or related transactions
- Operational systems must be designed in such a way that it automatically eliminates duplication of unnecessary data entry.

3.29.14 IFMIS as an Administration and Management Tool in Public Sector

A well-crafted Integrated Financial Management Information System (IFMIS) entails the following objectives, attributes and merits: it must provide a variety of financial and non-financial organizational information; it must be used as a management tool, mechanism and system that can tackle or eradicate the issue of corruption within the public service (Chêne, 2009, Khemani and Diamond, 2005, Mburu and Ngahu, 2013). Integrated Financial Management Information System must develop and capacitate management by ensuring that accountability within the organization is achieved (Mburu and Ngahu, 2013). Furthermore, the IFMIS needs to provide management with strategic skills or knowledge that senior management team (SMT) can use in the deployment of human resource and correct utilization of public resources or finances (Bosire, 2016). The correct implementation of IFMIS has positive and accrual benefits in the organization, because the level of efficiency and effectiveness of public financial expenditure programmes are substantial improved (Hove and Wynne, 2010, RICHARD, 2015). The automated financial ability of IFMIS to track financial activities of an organization like budget-cycle helps the management to exercise stringent control over wasteful financial expenditures hence transparency, and accountability are expedited and improved (Muigei et al., 2017). The IFMIS as management tool should be used in a broader concept as an agent in management of change or reforms in the government financial sectors (Diamond and Khemani, 2006, Muigei et al., 2017). The well-crafted IFMIS can ensure a provision of a series of handful features that may assist in detecting theft and excessive fraudulent payments (Muigei et al., 2017). The IFMIS will promptly detect the suspicious automated activities, patterns and identifications which does not align with normal organizational operations, which its interior motive is gross misappropriation public financial resources (Muigei et al., 2017). Furthermore, IFMIS must be able to identify ghost or bogus employees, identify cross-referencing of inventories and assets with goods and services purchased to detect theft, identify automated cross-referencing of individual, personal or similar identification numbers to block corruption and fraud, automated disbursement of cash rules (Chêne, 2009).

3.29.15 The South African Background to Integrated Financial Management Information System (IFMIS)

During the launch of Human Resource Management (HRM) module in South Africa which forms an integral part of IFMIS, the then Minister of Public Service and Administration emphasised and echoed the following sentiments that: “The implementation of the HRM module is critical for supporting good governance. Corruption remains the biggest single threat to good governance in SA and it remains a major challenge. Through implementing the HRM module, government departments will be in a better position to eliminate ghost workers and the abuse of leave. The module will enable management to manage the disciplinary process in the Public Service better and will also automate the declaration of financial interests by senior managers” (Baloyi, 2011).

The institutionalisation of democracy in South Africa started in 1994 and is continuing as during the time this study was conducted. The transformational reforms were to be implemented in four consecutive phases i.e. 1994-1998, the first one was Medium-Term Expenditure Frameworks (MTEFs) and the new classification system, which was compatible or aligned with Government Financial Statistics (GFS). The second phase was that of (1999-2002) at this historical epoch the Accounting Standards Board including highly improved financial classifications were established with an objective of managing insurmountable governmental expenditures. In the phase (2003-2006), the Government of the Republic of South Africa established the legislative framework that saw the creation of Public Private Partnerships (PPP). The additional policies were added which resulted in the formulation of Supply Chain Management (SCM) that was tasked with procurement of goods and services. Lastly the risk management was developed and IFMIS commenced in 2008 (Nomvalo, 2008).

The IFMIS initiative in the South African context was seen a mechanism that would form the fundamental basis of the broader and extensive public financial management reforms, or transformation of the South African government (Nomvalo, 2008, Qwabe, 2014) which started in 1994 with the institutionalisation of democracy in South Africa. The reform process was executed in four phases. The first phase (1994–1998) entailed the introduction of Medium-Term Expenditure Frameworks (MTEFs) and a new classification system compatible with Government Financial Statistics (GFS).

The project of IFMIS implementation in South Africa was a National Treasury's priority initiative aimed at reviewing and upgrading the South African Government's transverse systems of information technology (IT). The main objective of IFMIS project initiative was to enhance and develop the integrity, sound and effectiveness in expenditure management by the governmental institutions, and improve performance reporting so as to ensure that effective and efficiency is achieved in delivering quality service (National Treasury 2009:3). The transverse systems were described as the general administration and managerial systems, which was needed by all nine provinces in the Republic of South Africa including national government departments and the provincial departments. The IFMIS of South African entails the following activities, systems or mechanisms: human resource management (HRM), financial management, inclusive supply chain management (including procurement of good and services, and asset management, business related intelligence and information like auditing and decision-making systems.

Currently, SA government is in-charge and operates a huge compendium of transversal systems in the areas of FMS. The basic accounting and auditing systems which manages cash of the state, the Personnel and Salaries Management System (PERSAL), which is a standardized payroll system used in national and provincial governments and the Logistical Information System (LOGIS). It gives the necessary assistance in the management of government assets and supply chain operations, the business intelligence system called Vulindlela, the Police Financial Management System (POLFIN), system under the South African Police Services (SAPS), a department tasked specifically with management of cash (O'Sullivan, 2008).

3.29.16 The Challenges and Problems Experienced by South African Government in the Implementation of Integrated Financial Management System (IFMIS)

The requirements, needs and demands, which necessitates the official introduction of an Integrated Financial Management Information System (IFMIS), may vary from government to government, but there are common critical success determinants or best practical approaches and strategies that are vital for IFMIS to succeed. Peterson (1998), Chêne (2009) and Diamond and Khemani (2006) agree that political commitment on the part of politicians and senior management officials is vital to ensure the successful execution of an IFMIS project. The IFMIS project is doomed to fail without firm commitment by stakeholders, middle management and political heads (Diamond and Khemani, 2006, Whiteman, 2013). In the Republic of South Africa IFMIS SA Cabinet approved political commitment in 2005. Furthermore, the President of the Republic of South Africa made a SA's commitment of continuous participation and to compete globally in the information arena (Farelo and Morris, 2006).

In South Africa, political commitment was obtained through a cabinet resolution when Cabinet approved the IFMIS project in 2005. The President of the Republic of South Africa has also committed South Africa not only to participate, but also to compete internationally in the Information Society (Farelo and Morris, 2006). In 2001 the Presidential National Commission (PNC) on Information Society and Development (ISAD). (PNC on ISAD) was formed specifically to achieve that objective; President of the Republic of South Africa was then tasked with the responsibility to co-ordinate and advance ICT initiatives broadly. The PNC on ISAD work very closely with the Minister in the Department of Communications on ICT strategies on the information of government institutions holistically. However, the co-ordination of all E-government processes and systems including the governance of ICTs within the government of SA became the responsibility and the competence of the Minister of Public Service and Administration (Farelo and Morris, 2006). The political commitment that seems prevalent in the national political sphere, the same political commitment and conviction must be seen to be taking place in the provincial level so that the IFMIS and ICT projects becomes a success.

The implementation of IFMIS systems in the South African Government presented a series of problems, which included the technological and functional duplication proliferation that affected negatively to the cost-effective management of public funds. There were tremendous difficulties and challenges in the uniform execution of norms and standards across operational systems. The inter-operability systems were inherently poor thus aggregating of data had been severely compromised sound operational dignity to generate information on management systems. There were several difficulties experienced in synchronising the execution of new government legislation and rules with the systems having multiple capabilities, each one of these with its own independent and evolutionary trajectory (Van Deventer, 2003, Odolo and Gekara, 2015).

O'Sullivan (2008) and Gathogo et al. (2015) concluded that the main causes of the difficulties experienced in the execution IFMIS in the government institutions in South Africa were aging and outdated technological systems that their life span has come to an end. The government fragmented systems made data integration difficult. The governments' failure to realise the scale of economies. The governments' incapacity of executing the new legislative framework like Preferential Procurement Policy Framework Act (PPPFA), the Public Finance Management Act (PFMA) and new rules and regulations of manages financial resources like accrual accounting systems which government institutions find it extremely problematic to implement. The South African Government had an insurmountable task of continuously maintaining aging and outdated technology at ever-increasing costs. The inadequate ability to take into account the advantages and opportunities imposed by new technologies like web-services that can take service delivery to another level. The inter-operability of systems within e-government became extremely difficult and impossible to implement. Furthermore, it became evident that lack of capacity within the public employees hinders the effective implementation of IFMIS; incapacity was seen as root cause that delayed IFMIS execution in Ghana (Diamond and Khemani, 2006).

The IFMIS operations, execution and maintenance requires the skilful workforce with necessary expertise, skills and knowledge in information technology (IT). The shortage of staff with IT experience, knowledge and expertise cannot replaced overnight by training and recruitment. Furthermore, the remunerations packages offered by public service is incompatible to what the private sector offers, therefore unable to attract the candidates with IT outstanding credentials. The IT specialist and PR actioners with adequate skills often leave public sector attracted by greener pastures offered by private sector (Chêne, 2009). The main contribution to the successful execution of IFMIS in Tanzania can be attributed to the efforts and resources that Tanzanian Government spent in training and development that made it a success story (Diamond and Khemani, 2006). The developing countries low implementation capacity in national and provincial governments was seen as the major cause that lead to IFMIS implementation challenges and difficulties (Brar, 2010). The political division of the South Africa into nine provinces created a fertile ground for the duplication of some activities in government institutions causing a massive shortage, therefore there was a high demand of knowledgeable and skilful employees required executing IFMIS programs (Maake, 2007). The continuous demand of expertise by various government institutions could not be met hence shortage continues unabated (Farelo and Morris, 2006). The South African Government should therefore prioritize and focus on human resource development to address the backlog. Furthermore, the educational curriculum must designed in such a way that it is aligned to meet information communication technology (ICT) requirements to address its scarcity in the country. The government needs to come with lucrative remunerative packages to attract and retain IT specialist (Farelo and Morris, 2006). The IFMIS is a risky, resource-intensive and complex process that brings huge procedural and operational changes into the organization therefore, it becomes hard to execute IFMIS if management and officials lack commitment and incentives to institute change and reforms (Chêne, 2009).

Although there were insurmountable challenges and problems facing the South Africa Government regarding IFMIS implementation, in 2005 the South African Executive approved the memorandum giving green light to the practical replacement of the transversal systems by IFMIS, which was a single system. The transversal systems to be replaced were the Human Resource Management (HRM), Business Intelligence, Finance, and Supply Chain Management (National Treasury, 2009).

3.29.17 Implementation of Integrated Financial Management Information Systems

Integrated Financial Management Information System (IFMIS) is a highly comprehensive system and process, which requires a lot of patience to implement it successfully. The life cycle of IFMIS project, starting from its objectives, definition, specifications, configuration, procurement, pilot study, testing, installation and actual rolling it out, may take a number of years to finalize (Rozner, 2008). Rodin-Brown and Smith (2008) suggests that because IFMIS's magnitude the phased approach provides the best opportunities for its successful execution. The phased approach is highly recommended because it reduces the risks because it allows flexibility and gradual implementation of IFMIS project, moreover it provides an adequate space for IFMS to be conscientiously monitored and reviewed on regular basis (Rodin-Brown and Smith, 2008, Rozner, 2008).

3.29.18 The Benefits of Using Integrated Financial Management Information Systems

The IFMIS is mostly beneficial to government institutions because it is able to reduce wasteful expenditure and irregular expenses because it promotes the principles of sound corporate governance. The IFMIS enables the employees to stick to organizational procedures and streamline institutional procedures; budgets are executed according to legal framework, rules and regulations. The IFMIS improve organization's internal control systems and automated procedures, IFMIS makes tracing and tracking of all of business transaction processing possible. As management instrument, IFMIS must provide the information that would enable the management to make informed decisions (Hendriks, 2013, Khemani and Diamond, 2005). IFMIS makes cash monitoring and bills very convenient. The IFMIS makes friendly encounter and convenient interaction with the public possible (Dener et al., 2011). Lastly, IFMIS has tremendously reduce jurisdictional difficulties, especially in cases of maladministration, fraud and corruption, transparency and accountability are immensely improved, greater accuracy and compliance on financial audited statement (Dener et al., 2011). IFMIS ensures that the financial statements are relevant and serve the purpose or objective for which they were created for (Hendriks, 2013). The IFMIS ensures that irrelevant and unsubstantiated information is avoided at all cost but the authentic information must be publicized to benefit government institutions as completely (Thurakam, 2007, Mugaga, 2017, Omokonga, 2014). The IFMS enables ministry and departments to be accorded with credibility and achieve greater confidence in the citizens, greater efficiency is achieved in public resources expenditure and security of information is enhanced and improved, so as to achieve managerial goals (Omokonga, 2014, Tsai et al., 2012). The failure to secure information leads to vulnerability and computer crime (Yeh and Chang, 2007).

3.29.19 Organizations and International Standard Organization (ISO 9000)

Much emphasis on international governance is largely characterized by the overwhelming failures and successful achievements of United Nations (UN), and the global financial institutions like World Bank, International Monetary Fund (IMF) and World Trade Organization (WTO) (Murphy and Yates, 2009). The little is known of ISO, which is non-governmental organization established by UN to safeguard standards and quality management mechanisms worldwide both in the private and public sector (Psomas et al., 2013). What does the framework International Standard Organization 9000 mean? ISO 9000 is a quality generic concept accorded a worldwide status and family of standards, which was established to provide a guiding framework regarding how quality management system can be efficiently, and effectively implemented globally (Aba et al., 2016). The standard ISO 9001, Buchman (2013) and Dorasamy (2017) suggested that organizations depend largely on their customers for business survival, therefore understanding the recent and future customary needs is imperative that must be met at all times i.e. continuous improvements to satisfy customers. Psomas et al. (2013) suggests that the effective implementation of ISO 9001 and internal quality management mechanisms are paramount in the achievement of high quality service or product standards. Organizations to stay relevant must at all times try to supersede customer expectations; therefore, ISO guarantees that the service rendered is of high quality and standard (Hammar, 2013).

According to Hammar (2013) and Psomas et al. (2013), the benefits of ISO are as follows:

- Quality management system by improving and monitoring performance so as meet customer needs and satisfaction
- Greater degree and levels customer satisfaction are achieved and customer perceptions are improved
- Improvement responsibility in management and improvement in organizational operations
- Improvement in resource management by using credible techniques, mechanisms and skills to drive organizational improvement
- Greater levels of production which provides greater traceability and consistency of services, goods and products
- Standards mechanisms, measurement tools and analysis are tremendously improved

3.29.20 Management of Quality in an Organization

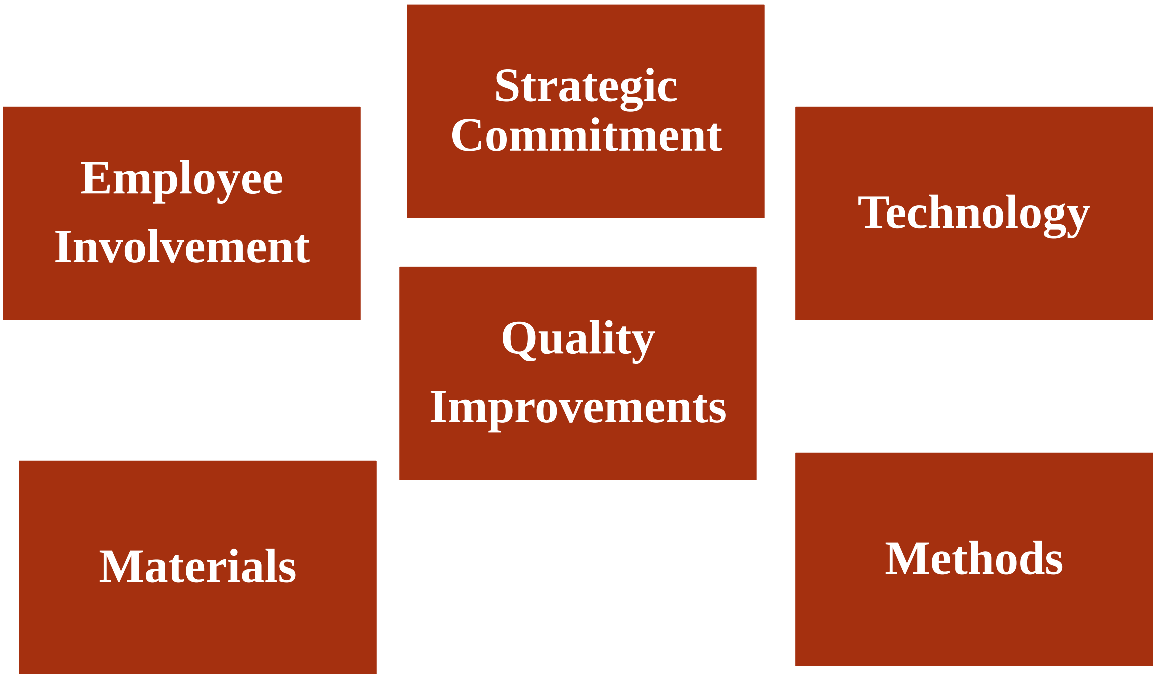

Figure 3.17: Management of Quality in an Organization

Source: GRIFFIIN (2000:644)

3.29.21 The Strategy for Turning the Organization Around

Organizations that are experiencing challenges, difficulties and crisis like the Department of Public Works during the times of hardship and poor performance or organizational decline, must come out with a turning around strategy to resuscitate the organization like workers' flexibility, and recovering strategies have a positive effect (Beltrán-Martín and Roca-Puig, 2013, Trahms et al., 2013). Organizational crisis is seen as the deterioration or decline of business or organizational performance as a result of constant decline of organizational or business resources (McKinley et al., 2014, Musteen et al., 2011). If the decline and deterioration is not dealt with, accordingly it may result in the total closure of business or organization (Francis and Desai, 2005). Therefore, the organizations needs to find out the root cause of the crisis, challenge or problem and strategically address the problem (Barker III, 2005). Turnaround strategy may be defined as purposeful, deliberate effort to make alterations in processes and structure an organization to enable it to become more productive and effective (Santana et al., 2017). The dynamic environmental changes that organization faces, stimulates the turning around strategy to enable the organization to adapt to the new challenges and adopt new strategies (Trahms et al., 2013). The organization's continuous survival during the turn-around times requires strategic manager's capabilities, expertize to exhibit, and implement changes that will be accepted by both the employees and organization as core beneficiaries

(Beltrán-Martín and Roca-Puig, 2013). The management and workers need to have extensive knowledge and understanding of the merits and demerits of turning around strategy, which requires extensive training and Human Resource and Development to meet future demands of the organization (Beltrán-Martín and Roca-Puig, 2013, Diaz-Fernandez, 2016). In order for the organization to survive, they need to learn how to respond and manage the diversity in crisis time, there is a need to train and retain senior employees to sustain worker's experience, knowledge and commitment (Hsieh and Chen, 2011, Zhou et al., 2013).

The organization's turn-around strategies are indispensable during times when a business or organization is undergoing crisis or challenges, which requires comprehensive rescuing strategic plan (McKinley et al., 2014). The primary objective of turn-around strategy is to implement strategic intervention so as to reverse and arrest the financial weaknesses and resources expediently using return on assets (ROA) and return on equity (ROE) as survival tools (Trahms et al., 2013). The strategic manager has a responsibility to formulate, create suitable and appropriate turnaround strategy to establish and give diagnostic report what are the roots causes of poor organizational performance (Santana et al., 2017). The extensive understanding of the problems and the challenges organization experiences are pivotal because they enable organizations to come out with different diagnoses to challenges, which inevitable gives avenue to different turnaround strategies like affect the existing strategies has on the organization (Diaz-Fernandez, 2016). The failures and successes of the organization largely depends upon the activities that the employees or management have done or failed to do with regards to the task at hand (Cameron et al., 1987, Francis and Desai, 2005). The organizational turning around strategy has a lot to do with changing the behavioural patterns of groups and individuals techniques in resolving and managing (Pettigrew and Whipp, 1991).

Turnaround strategy is pivotal in situations where there is a decline in profits margins and organizational performance (Santana et al., 2017). Furthermore, turn-around strategy is executed with the objective of achieving the desired organizational growth rate and recovery of the organization's performance (Balgobin and Pandit, 2001, McKinley et al., 2014). The organization to achieve this it must diversify break into new market avenue which requires different kind of workforce with different expertize, skills, technological knowledge and capabilities (Ndofor et al., 2013). Pettigrew and Whipp (1991) suggest that there are five factors that must be addressed in the successful implementation of a turnaround strategy which involves the assessment and analysis of the environment, leadership that can deal decisively with change, linkage between operational change and strategy, and lastly coherence between the management processes and human resource aspect of the organization.

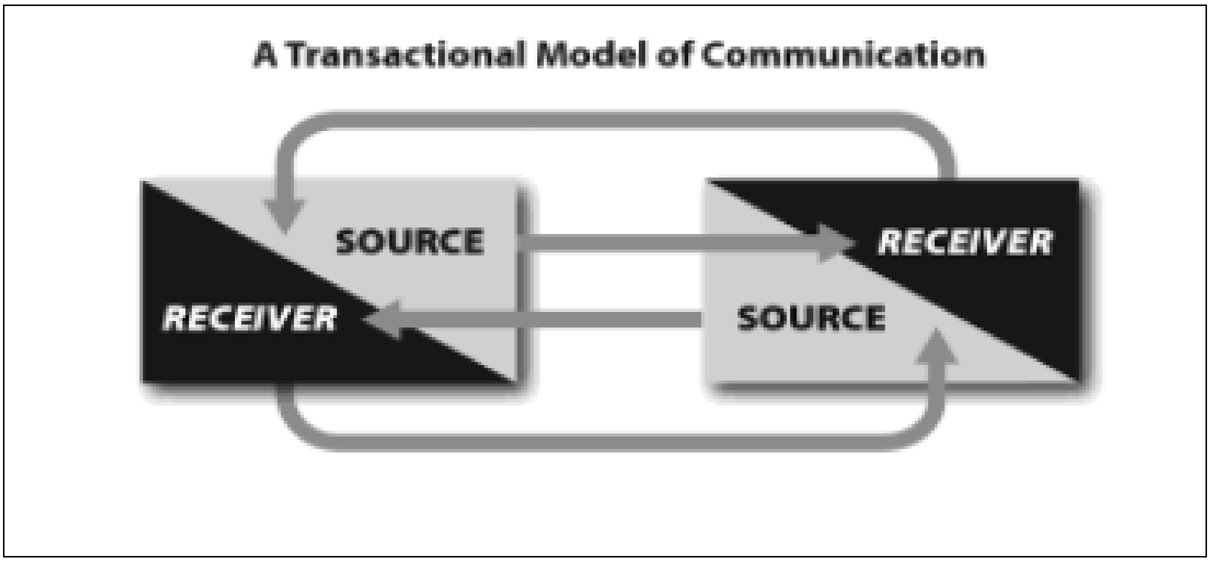

Figure 3.18: Strategic Communication in an Organization

Source: Hackman and Johnson (2013)

Andrews and Andrews (2012) suggest that communication cannot be looked at as an ordinary organizational component or an activity; communication must be viewed as organization's lifeblood. Communication is a two way process between two individuals one sending a message or information (the sender) through a communication channel and second person receives a message (the receiver) who must reacts by providing an answer or feedback (Schnetler et al., 2015). Organizational successes are achieved by those organization who provides good and effective communication strategies, systems and networks that produces the image of quality that clientele wants (Leonard and Asser, 1982, Rabin, 1983). All organizations worldwide have common characteristics, organizations are composed of people or employees and people or workforce communicates against each other whereas organizations cannot because they are not human beings (Hackman and Johnson, 2013). According to Moskowitz and Levering (2015), their research analysis discovered that 10 out of 100 top UK organizations are those that had best communication strategies.

Communication is the core and heart of effective leadership, therefore management must adopt communication strategies, styles and skills to achieve desired outcomes (Hargie et al., 2004). Hargie (2016) defines communication in organizations as the life blood, oxygen, arteries, central nervous system, the fuel that drives and propels the engine, brain, highways and roads whereby business transactions are transacted this means organization can't live without it, it is an indispensable component in any organization to survive that binds all its parts together. Formal and informal communication takes place in an organization at various levels between employees and management (Hackman and Johnson, 2013). Communication may also be external or internal where it is an engagement with colleagues, clients, business associates, board of directors, media both print and electronic and public citizens on daily basis (Lombardo, 2017). Objectives and organizational goals are practically unachievable without an appropriate and good communication network and constructive engagement with employees (Rees et al., 2013, Lombardo, 2017). Poor, improper and ineffective communication system will always lead to low levels of productivity in employees and interpersonal relationships (Farmer et al., 1998). On the other hand, good and sound communication strategy by strategic human resource management will galvanize communicating effectively and efficiently with clients and employees and improve workers' productivity (Dozier et al., 2013). The healthy formal or informal communication relationship between employees and customers concomitantly will improve performance and activities of employees like effective decision-making, problem solving and greater levels of employee's job satisfaction (Musenze et al., 2013, Hargie, 2016).

Spaho (2013) and Dupe (2015) suggests that poor and improper communication skills in an organization can be identified and attributed as the root cause of many conflicts, challenges and problems within any organizational structure. In many occasions the employee is misunderstanding and ineffective communication procedures within the organization attributes to their failure to formulate or create their messages accurately or respond accordingly to the instruction (Kramer, 2014, Rahim, 2017). Failure to act upon lawful instruction as result of not listening attentively to management or fellow colleagues, employees tend to potion the blame on other workers and become very defensive to accept the responsibility (Graber, 2002). Hannawa and Spitzberg (2015) and Hargie (2016) suggest that organizations with credible, sound and good communication networks were more effective and productive in achieving the organizational goals.

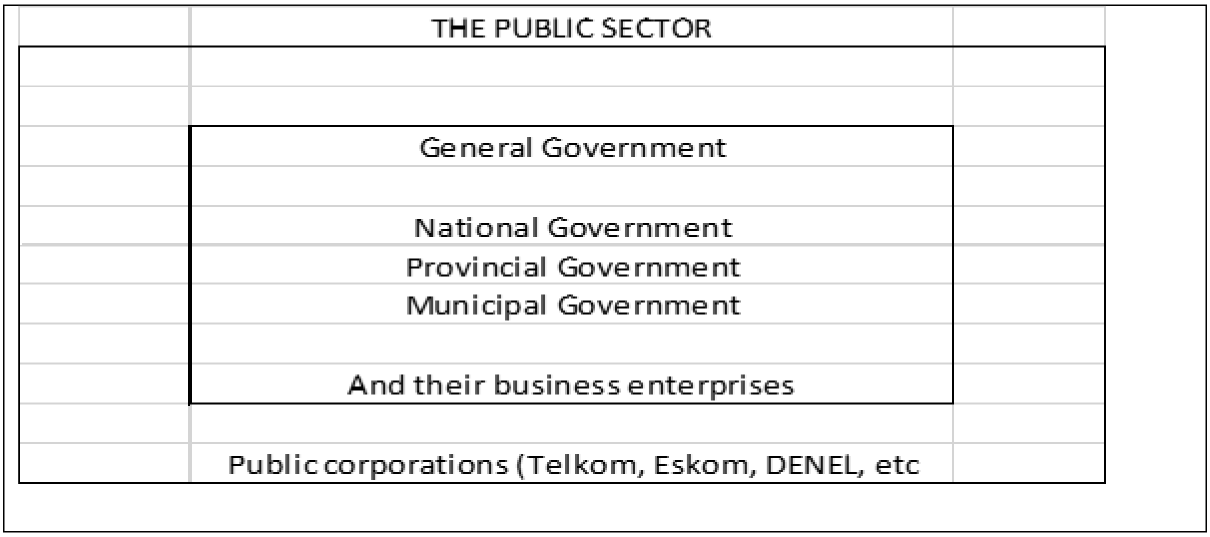

Figure 3.19: Composition of the South African Public Sector in terms of economic

Source: Pauw et al. (2015)

3.30 Private Sector

According to Singh (2012), the private sector modus operandi is that an organization is privately owned, and profit maximization is the key denominator. In every annual general meeting of the shareholders the Chief Executive Officer tabulates the financial position of the company. The Chairperson of the Board of Directors is required by the Act or constitution to present before the board members the financial status or affairs of the organization, characteristics of the private sector are as follows:

- It based on maximization of profit
- Balance sheet for the year must be present before the Board of Governors/ Directors
- A profit and loss account must be presented on Annual General Meetings or meetings
- The state of the company’s affairs
- The amount in the balance sheet which is proposed to be carried on to any reserves
- The amount, if any, which they recommend as dividend
- Material changes and commitments, if any affecting the financial position of the company
- Corporation must perform at its best or utmost best using benchmark practices
- Compare the actual performance with the best practice company

- Develop action plans, implement action plans and monitor performance
- Revise benchmarks, if necessary

3.30.4 The Public Sector

These spheres of government including (SOEs) have a constitutional responsibility and obligation to follow the policies and principles of National Government Fiscal Policy or National Treasury governed by Public Finance Management Act (Government Gazette.2010a). All government departments be it national, provincial and local are by compelled by law to pursue, adhere, and endorse Public Finance Management Act (PFMA) so that the good principles of corporate governance are achieved. Public Finance Management Act is about knowledge for managing public money (Pauw et al., 2015). The PFMA function is to regulate financial management in the national government, provincial and local governments to make sure that all revenue, assets, expenditure, as well as liabilities of those governments are efficiently and effectively managed. This will assist and provide the responsibilities of accountable persons with the task of financial management in various government departments (Government Gazette.2010a). The core business of public sector's activities and institutions render service to the public the populace is the main measure of success whereas in private sector, profit is a basic justifier of activities and institutions i.e. profit is allowed as a main measure of success.

Government plays a pivotal role in determining the size of the economic public sector, particularly through their fiscal policies. Fiscal policy can be described as government policy on spending and the financing of that spending by means of taxes. Government through State of Nations Address popular known as SONA, where the President of RSA gives direction, unveils his plans and addresses the nation as what government intends to do on that year or sometimes in years to come during his/her tenure as the President of RSA. Annual National Budget follows by the Minister of Finance will tabulate as to how the government tends to spend its money collected by the South African Revenue Services from the taxpayers throughout the country. It is important to highlight that the Minister of Finance will then allocate budgets for various provinces and big Municipality Metros e.g. Durban, Johannesburg, Port Elizabeth, Pretoria, Western Cape, Bloemfontein and East London. The MEC of Finance who is the Member of Executive Council of a province is solely responsible for the finance in the province. The provinces and local municipalities' financial compliance are under his/her jurisdiction. It is the responsibility of the MEC to ensure that province and municipality's addresses and the budgetary allocations to meet constitutional obligations for its constituency, which are performed by Premiers and Mayors respectively.

The democratic government when it raised into power in 1994 it had mammoth and insurmountable task of addressing the imbalances and backlogs of the past. Most provincial governments were self-governing territories and some had been given independence, which was made by Apartheid regime to safeguard and sustain itself to continuously preserve it status quo of separate development and cling to power. As a result of that there was no uniformity in the application of financial fiscal policies like Public Finance Management Act which binds everybody within the public sector to follow suit. As a result of the prior mentioned scenario it opened doors for all kinds of irregularities like embezzlement and squandering of money and government resources, unqualified audits, maladministration, and corruption, irregular and unauthorized expenditure which means incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. Prior the new dispensation the provincial, independent and self-governing states were said to be autonomous to deal with their own affairs like politics, economy, social welfare and security. It is important to emphasize that the provincial structures and local municipalities were fragmented along racial and ethnic connotations. The accessibility towards financial resources was skewed to favour the elite whereas the bulk of the population lived in abject poverty, hence there was big gap between the haves and haves not which is still persistent to our society up to this point when this thesis was written.

It is important to highlight that whilst so many mechanisms have been set to minimize irregular and unauthorized expenditure various government departments both national, provincial and municipality had been plagued by high scandals of maladministration and corruption within public sector. Many departments have not received clean audits and the situation is worse within the municipalities. According to the Auditor- General, Derrick Nombembe in 2013-2014 announced that various national departments like Education, Health, Social Welfare and Public Works did not receive clean audits. Out of 384 municipalities, countrywide only 13 achieved clean audits. The Auditor-General categorically announced that the failure to receive clean audits was as result of failure to adhere to the principles and policies of Public Finance Management Act which stipulates the modus-operandi "what should be done?",” How it should be done and where and when it should be done?” for instance with municipal budgets the council must appropriately meet its requirements for each financial year from its revenue fund. The annual budget of the municipality must adhere, follow the prescribed format, and comply with the Integrated Development Plan (IDP). Whereas the national budget must meet the needs of the entire nation and National Development Plan (NDP) which is a national plan that was formulated and establish to meet and improve South Africa's infrastructure and quality of life for all South Africans by 2030.

The National Treasury, which monitors and regulates the cash flow of the government from national, provinces and municipalities, has to promote and enforce transparency and effective management in respect of revenue expenditure, assets and liabilities of municipalities as municipalities are public entities. In order to achieve successes and national objectives the National Treasury has to monitor provincial and municipal budgets to establish whether they are consistent with the national government's fiscal policy framework and macro-economic policy. Monitor expenditure, prescribe uniform treasury norms and standards for municipalities and provinces including a framework for an appropriate procurement and provisioning system, assist both municipalities and provinces to build their capacity for efficient, effective and transparent financial management and lastly to investigate any system of financial management and internal control of provinces and municipalities (Reddy et al., 2003). Local government in particular needs a strong financial management system that will include the modern accounting practices pro-active budgeting processes and periodic management reports if municipalities are to meet the services needs of their constituency (Department of Finance, 1991). According to the Department of Finance (1991) suggested that reforms should be initiated and implemented urgently to ensure a medium to long-term approach to budgeting services that would include general reforms such as introduction of Medium Term Budget Framework (MTBF) for national and provincial governments.

The corporate governance, which the various Ministers of Finance has echoed in the past, focuses its attention of good governance in applying legislative and financial framework of doing that business. Corporate governance is done to attain performance standards or to improve on them and to ensure that deviations do not occur (Hermalin and Weisbach, 2017). Corporate governance requires an intensive knowledge of financial management to meet the increasing complexity of public institution and the shortages, which have stressed the importance of financial management (King Committee on Corporate Governance and King, 2016). This intensifies the optimal use of financial resources is vital in an environment characterized by constant and increasing needs and requirements of the society (King Committee on Corporate Governance and King, 2016). The available resources must therefore, be managed carefully to ensure that funds are used effectively and efficiently so that the objectives of government are achieved (Hermalin and Weisbach, 2017). It is therefore important to note that funds, which are made available by either department or municipality, must be used for the purpose it was initial made for (PFMA, 1996). The principles of financial management, corporate governance and bookkeeping must be strictly applied and money received from the public coffers such as tax need to be collected in a particular way and safely kept to be used to improve general welfare of the society at large (National Treasury, 1996).

The annual national budget presentation is the major event on the fiscal calendar of the Republic of South Africa. It gives the Minister of Finance the constitutional mandate to systematically present a comprehensive overview of the government public finances in a macro-economic context as well as to motivate the expenditure, revenue (tax) and loan proposals financing of the state for the next fiscal year to the electorate and their political representatives in national assembly (National Treasury, 1996).

3.31 Governmental Budget at national level in South Africa

National budgets during apartheid were a secret affair and parliament was a rubber stamp without power to change the budget or time to assess the budget (Houston et al., 2001). The concept of national budget is indispensable in the study for the mere reason that the money the government spent on national, provinces and municipalities comes from National Treasury, which will distribute the public money for the benefit of all South Africans (National Treasury, 1999). It becomes imperative therefore for this study to know how much was allocated to various government departments including DPW, which is the focus of the research. The money collected by South African Revenue Services (SARS) that is the public money belongs to the people (Constitution of Republic of South Africa, 1996). The money collected must be used in the way that must benefit the public or public interest (RSA Constitution, 1996). The main purpose of the public money is to obtain goods services that will positively affect the lives of the owners, the people of South Africa (RSA Constitution, 1996).

The national budget must therefore be conducted for the main objective of spending public money (Pauw et al., 2015). The public expenditure budget must therefore bear fruit for the whole population of South Africa (Pauw et al., 2015). All government departments be it national, provincial and local must comply and adhere to the Public Finance Management Act (Act No 1 and 29 of 1999 (PFMA) which stipulates how the government money must be used for the overall benefit of all the people of South Africa. According to the budgetary reforms of 215 (1) of the Constitution of the Republic of South Africa, 1999) stipulates that national, provincial and municipal budgets and the budgetary systems must enhance the issue of transparency, accountability, the effective and efficient financial management systems of the economy, debt and the public sector (The Constitution of the Republic of South Africa, 1996). Furthermore it stipulates that the executive member of another department has no jurisdiction to mangle in the affairs of another hence cluster coordination amongst departments is encouraged. It is against this background synopsis that issue of Public Sector Risk Management Framework (PSMRF) became central pillar and cornerstone in supporting principles of good governance, particularly conceptual phenomenon like accountability and transparency (PFMA, Section 45 of 1999; PSMRF, 2015). The creating of Risk Management policies must be executed in a transparent manner, Senior Management Team (SMT) must be made accountable first in order to make the system successful, this will enable them to detect or identify departments or areas that are prone to risks within their environments (Shai, 2014)(Public Service Commission, 2013). Risk Management amongst other things is able to manage financial risks, and irregularities that are based on poor financial management planning which in various instances result in unauthorised and wasteful expenditure (Shai, 2014). The development of effective and efficient internal control mechanisms or programs of Risk Management in the Public Sector become an indispensable phenomenon or tool as it can prohibit fraudulent and irregular activities within the Public Sector (The Constitution of the Republic of South Africa, 1996; PSMRF, 2015).

According to Pauw et al. (2015), the operational aspects of budgeting in government departments must focus on the following:

- The service that will rendered
- How the people's money will be spent
- How the revenue will be gathered
- Planning process in which the budget represents financial component of the strategic and operational plan
- Promoting and ensuring financial coordination due to a set of measurable objectives and outputs
- Prioritizing the services to be done in chronological sequence
- Declaration of financial implications of the next year's policy
- Promulgation by legislature for execution by government departments
- A source of financial information because the budget is a public document

- Accountability where the Auditor-General's report and annual departmental reports are tabled before parliament to be scrutinized by the Scopa
- Ways to determine the funding requirements for public expenditure

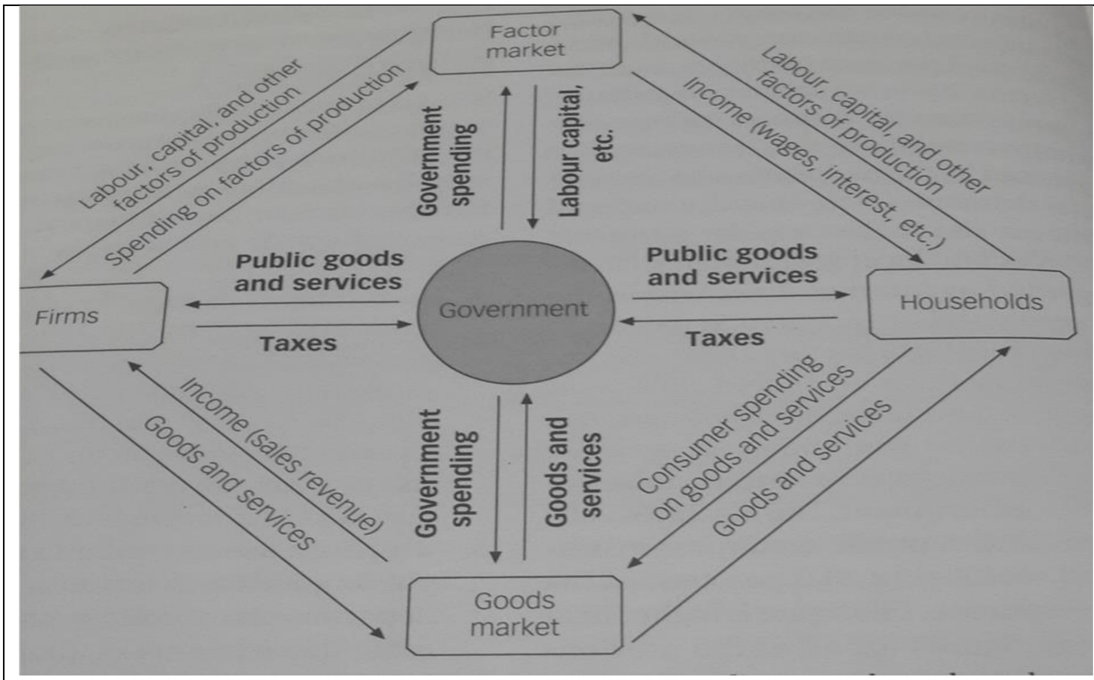

Figure 3.20: Public Economics: government in the circular flow of income, expenditure, goods and Services

Source: Pauw, Woods, Van der Linde and Visser (2013:25)

3.32 Risk Management

According to Brown (2014) and Khan et al. (2017), the in-depth knowledge of Risk Management is pivotal to understand risks dynamics as a subjective affair and how do "man" perceive it to be, so as to manage organisational risks efficiently. Management is defined as an act of planning, organising, directing and controlling the resources and activities of an organisation (Griffin, 2010). Marrison (2002) defines risk management as the "state-of-the-art tools and practices necessary for planning processes, executing, and maintaining risk management in today's volatile financial environment". The developing and crafting of risk management strategy requires intensive knowledge of the environment where threats, uncertainties and opportunities might emerge (Hood and Smith, 2013). Planning, organizing, directing and controlling these prior mentioned management concepts play a colossal role in implementing risk management plan (Hood and Smith, 2013). These activities or elements can help in preventing minute or trivial issues from growing to become emergencies or disasters (Stanton and Webster, 2014). Risk management communication is the critical process of establishing, analyse, evaluate, quantifying, identifying, and managing uncertainties and risks faced by the organization (Buckby et al., 2015).

The process of planning and organising forms the basis of most organizational activities to reduce or minimize the causal-effect it may have on all organizational levels or structures (Said Mokhtar and Mellett, 2013). Poor planning within an organization has dire consequences for everybody and every activity of the organization; therefore, it cannot be left only to the technical committee, and risk managers to deal with such mammoth task of creating risk management strategy (Power, 2004). Risk management has to ensure that the organization is directed towards the predetermined objectives of keeping the organizational operations aligned with its internal or external environment (Stanton and Webster, 2014). It is crucial to manage the risks in such a way that strategic management and organizational objectives are aligned to risk management strategy, and shared with organisation holistically so that vision, and mission of the institution are kept and cooperative approach predominates (Sadgrove, 2016). Risk management is defined as a proactive exercise of recognizing, managing both internal and external activities or threats that can immensely affect the success of the organizational project (Larson and Gray, 2013). Risk management is a continuous and on-going process that seeks to identify, evaluate, analyse and deal with loss exposures, control and monitor the risk and financial resources loss to the organization so as mitigate the effects (Smith, 2000). Sumner (2000) suggests that the loss in the organization may come from the following:

- Financial risks which might be as result of liability judgements and claims cost
- Operational risks which may be as result of industrial action of employees
- Perimeter risks which caused by political changes in a country and unforeseen weather or climate conditions
- Strategic risks caused loss of integrity and reputation and changes in management

3.32.4 Approaches to Risk Management

The South African public service experienced rapid transformation after 1994 political dispensation, which made it to become vulnerable and exposed to high levels of risks (Smith, 2000). The uncertainty with the possibility of unsatisfactory result or outcome, risks are the determinants to the failure or success of organizational project (Borysowich, 2010). Therefore, they must be managed in conscientious manner in order to eliminate or reduce their devastating effect. Borghesi and Gaudenzi (2012) suggest the following as fundamental principles of managing risks:

- All employees must help in identifying the risks.
- Identified uncertainties and risks must be evaluated and its occurrence probability and the loss impact it will have on the organization.
- The high volatile or high-pressure risks must dealt with first, or they must be prioritized.
- All employees must provide or suggests amicable solutions to reduce or minimise envisaged risks.
- Development of individual plans and prioritizing highest risks to minimise their exposure.
- Plans must consist of specified periods and specific employees to take specific work or action and division of labour.
- Monitoring and evaluating progress is of paramount importance so that corrective action can be done.
- As implementation is executed, the risk and uncertainty changes and the priorities will in-avertedly change.
- One need to into cognisance legislative, political and technological and risks and uncertainties cannot be dealt with using traditional internal control measures, but forward planning, flexibility and similar control measures must be used.

3.32.5 Risk Assessment

Risk management strategy is able to provide organizations with a coherent and structured system in the organization to identify, do assessment and risk management (Gaudenzi and Russo). The process or system of reviewing and identifying the risks that the organization is facing is called risk assessment (Borghesi and Gaudenzi, 2012). The process of assessing the risk enables the SMT to know exactly where the risk is, therefore able to take amicable to steps to salvage the organization, the employees and the organizational assets (Chapman, 2011, Drennan et al., 2014). No matter who execute risk assessment, it must be carried out in systematic way, it must be recorded and regular reviews must be done prioritizing disastrous risks at all levels of the organization (Renn, 2017). Communication in times of risks and uncertainties become paramount for the risk manager to explain strategic role his/her role so that the organization is able to measure the success of his/her input (Tierney, 2012). Risk assessment it is a strategic point whereby the organizational weakness and strengths are identified and dealt with accordingly to minimize catastrophic effects (Drennan et al., 2014).

The well-crafted risk management must identify what may go wrong in the project life development cycle, the consequences and impact it will have on the organization if it happens and lastly the risk manager must minimise the disastrous impact it will have on the organization, therefore risk manager must design a plan that will reduce or eliminate completely the negative events that has disastrous effects on the organization (D'Costa and McDonough, 2015). Although risk has devastating effects on the organization, it can be managed by outlining clearly the mitigation plans and actions (Hopkin, 2018). D'Costa and McDonough (2015) suggest that the SMT must accept the risk management program or plan as an integral part of the organization, therefore a risk must be taken to budgeting for it, secondly is to transfer the risk to another agency like insurance which will bear the cost if something happens to the resources of the organization, thirdly the high-risk area of the organization may closed to avoid the imminent risk. Lastly, the risk manager may reduce the risk by installing alarms, sprinklers to calm down fire which emerge and automated technical equipment (PSMRF, 2015)

Risk assessment its point where the organizational strengths, weaknesses and uncertainties of an organisation are identified, outlined and dealt with accordingly to minimize the negative effects and impact it will have on the organization (Hopkin, 2018). There are three main basic elements of risk assessment i.e. risk identification which will determine exactly what is at risk in the organization, and from what organizational resources are to address the problem. Secondly is the risk measurement, which determines the consequences and impact the risk will have in the organization, thirdly is risk prioritisation that will determine the appropriate and specific resources needed to manage the risk (Aven, 2016, Leithhead and Mcnamee, 2000).

3.32.6 The Proposed Risk Management Approaches and Practices Taken From the World Best Practices

The six-step approach towards Risk Management has made successes in the international arena, therefore the view exists that it can be executed everywhere and produce remarkable outcomes. The diagram below indicates the steps that must be taken into consideration for this program to be implemented, and to produce the desired outcomes.

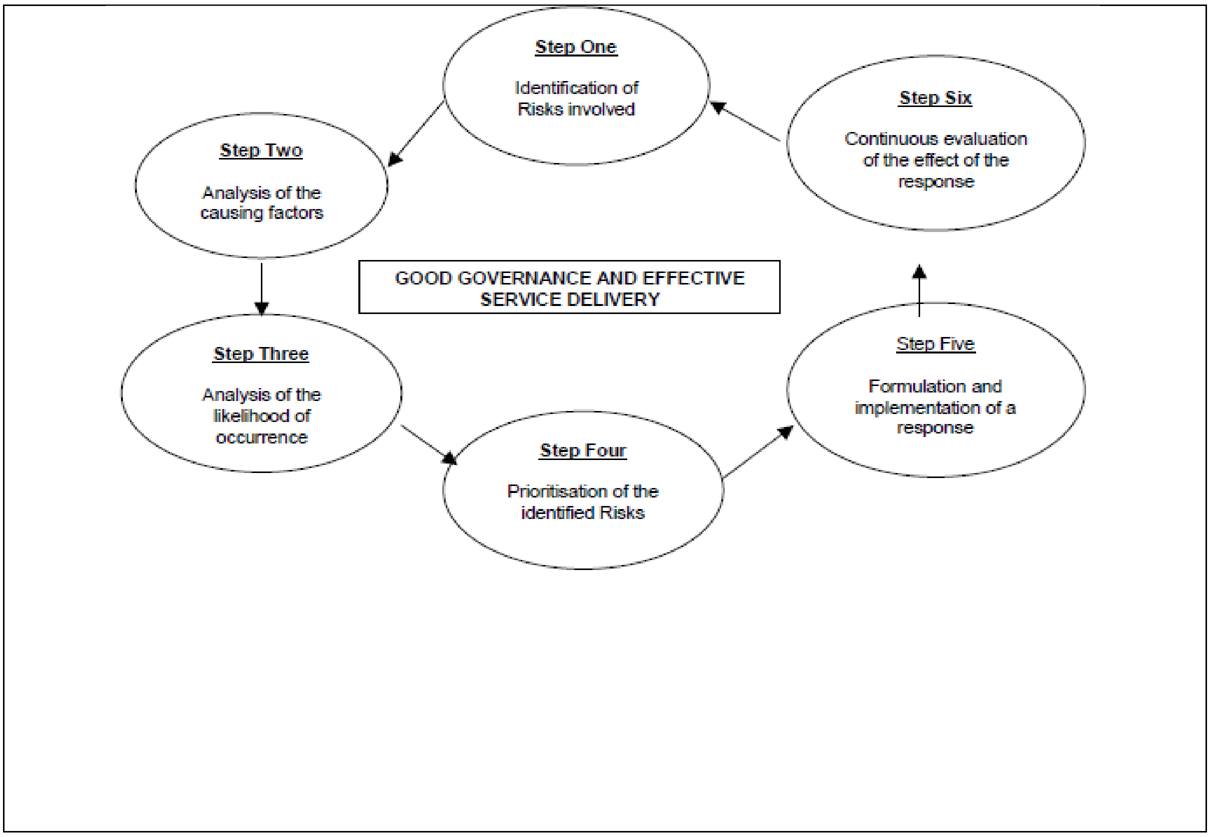

Figure 3.21: Proposed Risk Management Approaches and Practices

3.33 Corporate Governance

The theoretical framework of corporate governance was introduced as a matter that concentrated on the private sector only thus totally disregarding the state owned enterprises (SOEs), however recent literature on corporate culture and governance has showcase the differences in its operations (Subramanian and Zimmermann, 2013). Corporate governance came into existence in the 1990s as a result of a number of well-orchestrated and publicized corporate fraud and government's corruption worldwide (Pye, 2000). The problems of maladministration and misappropriate of financial resources scandals rocked the corporate world both in the public and private sector this necessitated organizations to come under immense scrutiny from shareholders or public in terms of the public sector (Pye, 2000, Solomon, 2007). The global strategic interventions by organizations like OECD, which had successful crafted globally agreed standards of corporate governance and culture (Solomon, 2007). The pitfalls and scandals in corporate governance has sparked an unsubstantiated interest and public awareness amongst the communities hence they demand accountability (Solomon, 2007).

The corporate governance culture has also sparked interest amongst academic institutions, researchers, stakeholders, board of governors, auditors, shareholders and accountants all are demanding continuous improvements and promote corporate culture reforms (Soloman, 2007). It is important to mention that there is no universal accepted definition of corporate governance. Friedman and Miles (2006) describe corporate governance as an economic, legal and institutional framework in which a corporate or an organization is directed and controlled which takes into account the interest of shareholders, employees, suppliers and societies who are the receiving end of corporate failures and actions. According to Mongalo (2003), "corporate governance is concerned with the enhancement or fortifications of the rules and the principles of company direction for the purpose of accommodating the modern environment within which companies operate, and the imposition of stricter checks and balances to alleviate malpractices by those engaged in corporate decision making". Whereas Bosch-Badia et al. (2013) and Solomon and Solomon (2014) define corporate governance as a system of checks and balances both internal and external to organizations by ensuring that organizations discharge their duties with a high degree of accountability to their clientele and shareholders in terms of private of sector and adhere to principles of corporate social responsibility (CSR). Governance is defined as categorized set of organizational rules, policies, and control measures designed to direct the business or organization to adhere to the principles of corporate culture (Friedman and Miles, 2006, Plessis et al., 2011). The sound corporate governance practices showcase a set of organizational transparent objectives, regulations, rules and control mechanism which officers, shareholders and board of directors have aligned interest and incentives to protect (King Report, 2009; OECD, 2004).

The main objective of Public Sector Governance and New Public Management (NPM) execution in most developing and underdeveloped countries like Africa was to fight rampant corruption vigorously and combat the assumptions of poor governance by various governments in the continent of Africa (Van Helden and Huijben, 2014, Cangiano et al., 2013). The issue of ongoing financial irregularities and crisis had been continuously happening because of obsolete and outdated administrative government systems and software, fraud and corruption including red tape (Rajan, 2010). The only mechanism available is to improve or upgrade the efficacy of the system by sticking or aligning with the pillars and cornerstone of New Public Financial Management (Schick, 2013). In the diagram below highlights as to how the system should operates these includes accountability, economy and transparency (International Public Sector Accounting Standards, (IPSAS), 2016). Execution of IPSAS is indeed an indispensable and mammoth task, which must be implemented conscientiously, structurally and in a chronological manner to meet the requirements and standards of drawing financial statements as recommended by International Accounting & Reporting Standards (IARS) authorized by International Accounting Standards Board (Fazzarudin and Sabri, 2014).

Figure 3.22: Cornerstones of governance

Source: (Cepiku and Giordano, 2014)

In order for the developing countries to achieve successfully, the desired socio-economic governmental goals must ensure that consensus, social engineering, unquantifiable support from stakeholders, community and public are attained (Cepiku and Giordano, 2014). Therefore, the various governments need to have institutionalized expertize and capacity in initiating and crafting public policy programs, which in return will benefit state institutions in accounting and reporting reforms (Cepiku and Giordano, 2014). The historical background by media and institutions like (IPSA, 2016; OECD, 2013; IMF, 2013) highlighted the gloomy picture that the developing states in most instances don’t have viable and vigorous public service accounting mechanisms, and this has contributed immensely to high degrees and levels of unwarranted wasteful and unauthorised expenditure (Iyoha and Oyerinde, 2010).

3.33.4 The failures of Corporate Governance

The modern failures and successes of corporations have brought prominence and rise of interest in corporate governance regarding ethical practices, transparency and organizations’ accountability both in public and private sector institutions (Ferreira, 2016). Businesses, economies and countries did not fail because of the crash of stock markets but because of greed, corruption, and embezzlement of funds (Panfilii and Popa, 2011). The 1929 Great Depression and 2009 Global Recession, the underlying global financial crisis and recession, had its root cause around poor credit management, leading to financial institutions like banks, corporate mismanagement, and accounting fraud lead to corporate collapses and failures (Hsu, 2017, Cheffins and Armour, 2011). Public sector institutions like governments and state owned enterprises (SOEs) are not immune, exempted and insulated from this possibility or phenomenon as it had happened in Greece (Hendrikse et al., 2012). Many corporations experience failures as a result of power struggle whereby the directors attempting to dominate and also to influence the corporate decision-making and to influence the company's profitability, earnings for the personal benefit and enrichment (Perumal et al., 2014). The pursuance of profit is part of the super-ordinate goal of the corporation, but it has to be done within ethical bounds, and not for illegal personal enrichment or by the extortion of the public, consumer and employees (Hendrikse et al., 2012). The corporations that were well known and established such as Enron, WorldCom in the United States (US), HIH in Australia, Regal Training and Health and Racquet in South Africa and in SATYAM India confirmed that many directors in these corporations put forward their own interest before those of the corporation. Their shareholders i.e., Parmalat and Xerox and other subsidiary corporations experienced corporate governance failures, economic downturn and bankruptcy (Perumal et al., 2014). The greed of the directors and their lust for personal power and self-aggrandizement caused deceit, deceptions the directors, executive managers, and manipulation of accounting records by accountants and auditors (Hendrikse et al., 2012).

The fiasco of these corporations is not an outcome of losing honourably in the business game of winning and losing, but power-hungry, ruthless and dishonest executives (Hendrikse et al., 2012) base it upon the notion mismanagement, squandering of funds, poor-governance, and personal greed and enrichment. Enron was ranked amongst the most infamous examples of manipulation of earnings and corporate fraud in history. In South Africa, the placing of African Bank under administration is conclusive proof of corporate governance failure. South Africa Receiver Services senior officials like Advin Pillay had been suspended on the basis that Pillay did not follow the correct procedure in the acquiring of South African Revenue Services spying machine equipment as required by PFMA and corporate governance (PSC, 2015). In the public sector in Limpopo about five departments were placed under national government administration, Department of Education in Eastern Cape was placed under national administration (Corruption Watch, 2015). Government corporations like Eskom and South African Airways had received government financial bailouts as a result of failure to adhere to sound corporate governance policies and principles of clean corporate governance, qualified audits and fiscal discipline which is transparent, corruption free and with high degree of accountability (National Treasury, 2016).

3.33.5 Good Governance as Fundamental Prerequisite and Requirement for Good Performance in Government

The practitioners of public sector internationally recognised the importance of good performance and governance strategies, which are crafted to formulate framework and mechanism for managing and administering the governments' work (Hendrikse et al., 2012, Price and Van der Walt, 2013). The concept of good performance and good governance are increasingly used in many public and private institutions in management and administration of organizations (Subramanian and Zimmermann, 2013). The issue of bad governance in society is seen as a root cause of all evils and wards off the prospective donors, investors and international financial organizations to invest or loan governments because of poor governance (Price and Van der Walt, 2013). According to Price and Van der Walt (2013), "Governance can be defined as the acquisition of and accountability for the application of political authority to the direction of public affairs and the management of public resources". Ngoepe (2014) highlights the moral decay and deliberate abdication of corporate governance practices by the employees in organizations or government in the management and administration of the resources, which leads to corruption. Governance also the means the decision-making that determines whether strategic decisions taken are executed or not (Osborne and Gaebler, 1992).

In 2014 the OECD suggested that governance involves both informal and formal role players who are decision- makers and implementers of decisions agreed upon. Governance within the public service consists of governing systems, which involves set of interdependent roles that coordinates the legal and administrative operations of the state (OECD, 2014). Secondly the administrative system which has a set of interdependent roles tasked with controlling, structuring and coordinating human and societal activities within the government (OECD, 2014). Thirdly is the political system, which has set, of interdependent roles established to regulate, control and monitor conflict within the government (OCED, 2014). Fourthly, the economic system with set of interdependent roles established to promote, guarantee and advance wealth reproduction, accumulation and distribution within the government (OECD, 2014; Jong Jun, 2016).

Figure 3.23: Corporate Governance framework

Source: (Snydle.com)

3.33.6 The World Bank and International Monetary Fund (IMF) on Corporate Governance

During the 1990s, the International Monetary Fund and World Bank became one of the world proponents of high standards of legitimacy, representation and accountability in governments seeking to borrow money from IMF, adhering to the prior mentioned concepts was seen as a prerequisite towards good governance, which set favourable working environment for the member states to borrow from IMF. In 1989, the World Bank defined governance as the state's institutional arrangements, processes for formulating policy, decision making and implementation of decisions, flow of information within the government and overall relationship between the government and citizens (Woods, 2000). The IMF on the hand regarded good governance as an important tool for all countries at all stages of the development; good governance includes transparency, accountability, participation, efficiency, fairness, participation and ownership. These values translate into the broad objective of improving political accountability, participation, the effective rule of law, transparency and flows of information between governments and their citizens, therefore there must be political accountability between those who rule, and those who are ruled (Woods, 2000).

The proponents of good corporate governance are encouraging citizens' participation in the address of citizens' concern who are seeking to communicate with the government to address the issues relating to governance (Dayal, n.d.). This seek to address the following:

- Citizens seeking information within the government
- Citizens giving suggestions to the state
- Citizens who are demanding better services
- Citizens holding service providers and other government agencies' accountable
- Active participation in administration and decision making

3.34 IMF, OECD and World Bank Citizens must Demand Better Services

The main objective for the participation of citizens is to make sure that their government staff accounts not only to their superiors but also to citizens, it also allows citizens to voice their grievances with assurance that the due attention or desired service is given to them without fail (IMF. 2009, World Bank, 2005). The government's efficiency is best judged by its responsiveness to complaints or demands from its citizens (IMF. 2009, World Bank, 2005). Therefore, every government department must ensure to have a fool proof system for registration of all complaints, which prescribes time limit for response and resolution, monitoring and evaluation mechanism to ensure the norms prescribed are adhered to (OECD, 2013). Therefore, making public agencies work and ensuring that the service delivery meet the criteria of efficiency, equity and customer satisfaction, requires citizens to voice their dissatisfaction and grievances in an organized manner (IMF. 2009, World Bank, 2005). These mechanisms applied need to include citizens' feedback, citizens' report card, surveys and social audit and lastly citizen should be given the opportunity to rate the services provided by government organizations on a continuous periodic services (Dayal, n.d.).

3.34.4 IMF and World Bank on Stakeholders

Bendheim et al. (1998) and Starik (1995) argued that the environment should become the part of the stakeholders because organizational operations are executed in a certain area.

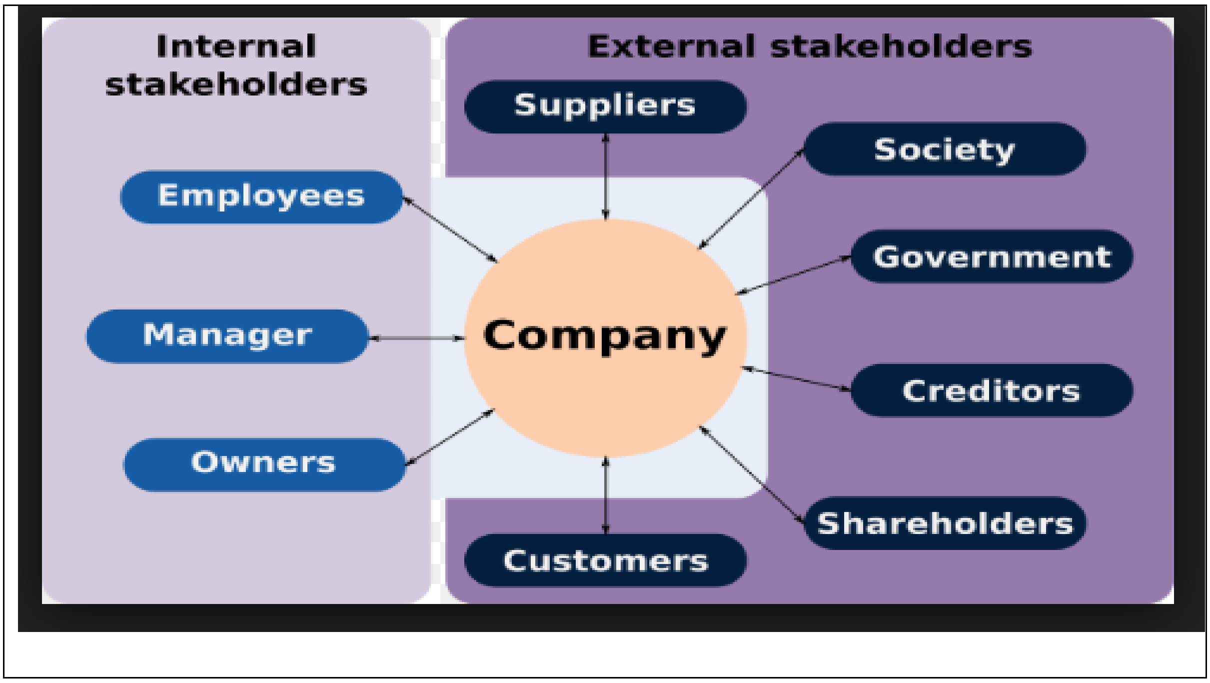

Figure 3.24: The original Framework of Stakeholder Model

Source: https://en.wikipedia.org/wiki/File:Stakeholder

According to Friedman (1970) and Freeman (2013), a stakeholder can be an individual or a group that can be influenced by, or can itself influence, activities of the organization. Starik (2010) and Friedman and Miles (2006) defined stakeholders as individuals or groups with which the business interacts and who have a stake or stakes in an organization. Individuals enter or form organizations with many expectations, which makes them to expect returns and rewards from the organization, and they expect to make certain contributions and satisfy individual objectives (Clarkson et al., 1994, Clegg, 2013). In the process of pursuing individual objectives necessitates the development of organizational goals, continuous profit maximization, economic sustainability and survival that participants agreed upon (Chakravarthy, 1986, Donaldson and Preston, 1995). Amongst the stakeholders, there are sometimes differing and conflicting interests prompting the question of whose interests are to be served? (Savage et al., 1991) .The stakeholders in many instances develop self-interest which can be explained as interest in one's own good which makes one to act self-interestedly which is to act with the motive of advancing one's own good (Botero, 2005, Fiori et al., 2007). Self-interest justifies that all operations should be motivated by a strong desire to achieve one's own self-interest (Carson, 2003, Clements-Croome, 2013).

In the case of this research the stakeholders, it's the government which is the major shareholder that acts or represent interest of all citizens, the shareholders in case of government corporations and the South African citizens who are clientele that are at the receiving end of the goods and service (Blowfield and Murray, 2014). The citizens of any country are dependent on the government to provide them with services to achieve customer satisfaction and human needs, and that corporations must allow “good corporate citizenship” as propagated by US President, Clinton (Carroll, 2003). In the case of the public sector, the citizens are mutually dependent on the state as they do not have the option to withhold their purchases or buy from another organization, as they do in the private sector; it is for this reason that companies are ranked by media, government and activists by their commitment on corporate social responsibility (Porter and Kramer, 2006). The continuous existence of organizations is determined by the success and value of utilities that members get as they provide goods and services for their members (Gatian et al., 1995).

3.35 Conclusion

Day by day businesses, organizations as well as governments globally are contemplating ways, means and methods of adapting in the ever-changing technological and financial environment by adopting new strategic innovations, to improve and achieve extra-ordinary performances in such a highly competitive landscape. Good and sound principles of Public Financial Management (PFM) are indispensable strategic elements of corporate governance in any democratic country because it ensures economic growth, financial stability and sustainability in a country’s financial systems and budgets. In the chapter the researcher has highlighted how Public Finance and Public Financial Management has evolved over the years and the role they had played in their quest to achieve good governance globally and in SA. The PFM must ensure that the prior mentioned happened, emulated and adopted the managerial frameworks and techniques from the private sector. The adoption of private sector analytical, technical mechanisms and modus-operand is to ensure that the public funds, purse or resources are utilized accordingly. The public resources must be effectively and efficiently utilized to expedite quality service to the citizens of South Africa. The study has demonstrate how PFM and PFMA are utilized by the South African Government in the public sector as a financial or fiscal discipline mechanism, to regulate the expenditure of the government. The chapter has looked at various members of Brazil, Russia, India, China and South Africa (BRICS) as SA is a member of the organization the researcher wanted to contemplate how far SA has progressed after democratization compared to its counterparts. Department of Public Works of SA is the case study, the research look at the ways in which DPW has dealt with government revenue collection, compliance and expenditure. The PFMA is legislative and constitutional framework, which plays pivotal role in ensuring that there is a strict compliance to financial policies, rules and regulations. Organizations exist because of the vision, mission, values and objectives that they stand for, the issue of various strategies had been looked at in terms of their creation and implementation. Organizations' existence and performance largely depends on how organizational culture and organizational behaviour are handled because of the critical and pivotal role they play in organization achieving its goals. The role-played by both organizational culture and behaviour had been dealt with extensively in this chapter to demonstrate how organizations perform when these activities are applied to the latter. Lastly, how the state oversight institutions like Public Protector, SCOPA and Auditor-General operate in SA to save, monitor, safeguard and control the public purse expenditure. The employees tasked with the responsibility of working and handling public money must adhere to the stipulated financial framework, because they are accountable to the financial authorities and they are also accountable to their seniors right up to the Minister of Finance, every cent spent must be accounted for. The issue of accountability has been done extensively what it means and various mechanism of accountability that are used in SA to curb financial irregularities and wasteful expenditure within South African Government Public Financial Management Operations.

Chapter 4: Research Methodology

4.1 Introduction

This chapter describes the research methodology used in the research study. According to Durrheim and Tredoux (2004), a research design is a strategic framework for action that serves as a bridge between research questions and the execution or implementation of the research. The design for this research was informed by the purpose of the research, the theoretical paradigm the researcher subscribes to and the context within which this research will be carried in. This has informed the research methodology or research techniques that were used to collect and analyse data. The research seeks to use mixed methods qualitative /phenomenological approach and quantitative/positivism approach. The research intends to use both primary data and secondary data for gathering of information.

4.2 Research Design and Approach

Research design is defined as a blueprint or an outline for collecting, measuring and analysing data based on the research questions (Sekaran and Bougie, 2013). According to Al-Zefeiti and Mohammad (2015), research designs provides direction for collecting and analysing data in the particular study, the case study here is the Department of Public Works in KwaZulu-Natal. This is based on positivistic methodologies that are followed in seeking and arriving at knowledge. Whereas, (Collis and Hussey, 2013) describe research design as “the science of planning procedures for conducting studies to get the most valid findings”. Considering the fact that selection of an accurate research design is a crucial path of the empirical study and the comprehensive outcome of the study. On the other hand, (Jankowicz, 2005) narrates “the research design as the deliberately planned arrangement of conditions for analysis and collection of data in a manner that aims to combine relevance to the research purpose with economy of procedure”.

The motive of the study was to explore, provide and evaluate theoretical frameworks and perspectives of Public Financial Management and corporate governance within the South African Public Service and more specifically within the Department of Public Works in Durban Metro in KwaZulu-Natal. The research, therefore, employed a quantitative study to investigate what factors influenced the service quality in the DPW. It is used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas for potential quantitative research. Qualitative research is often used for exploring (Venkatesh et al., 2013). It helps researchers gain an understanding of underlying reasons, opinions and motivations. It provides insights into the problem or helps to develop ideas for potential quantitative research (Collis and Hussey, 2013). While, qualitative research is also used to uncover trends in thought and opinions, and dive deeper into the problem. Qualitative data collection methods vary using unstructured or semi-structured techniques. Some common methods include focus groups, individual interviews, and participation/observations. The sample size is typically small, and respondents are selected to fulfil a given quota. Figure below indicated the four dimensions of decision making in the research design.

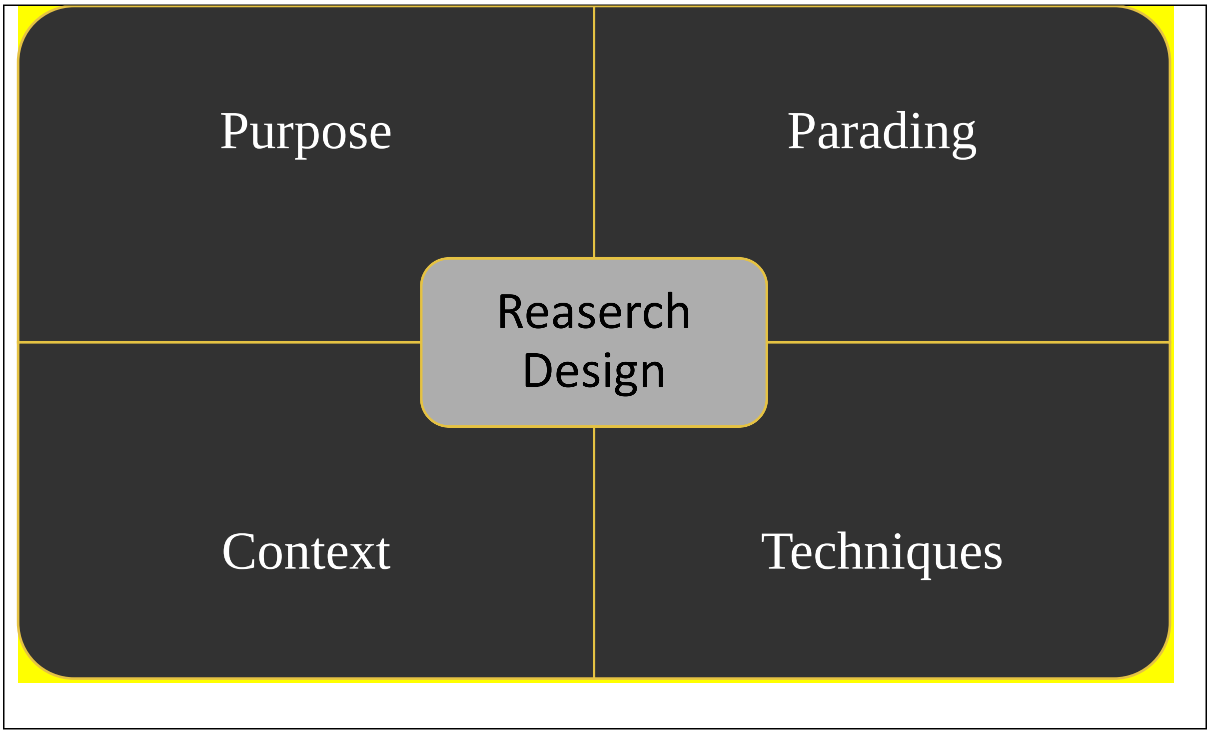

Figure 4.1: Four dimensions of decision making in the research design

Source: (Blanche et al., 2006)

4.3 Research Model

Since the study is positivistic research, the study also employed a cross-sectional study to acquire statistical facts under field conditions. The cross-sectional studies are affordable and the most regularly applied descriptive design in the field of marketing research. Collis and Hussey (2013) emphasised that cross-sectional studies are generally used to explore economic elements of large group of people, and organisations when there are time-constraints or resources. The study collected data from the Department of Public Work.

The SERVQUAL instrument was applied as the key device for ascertaining service quality. A set of written questionnaire with 21 questions was deployed as the supreme data collection method used to investigate the expectations, perceptions and assumptions of the level of service quality dispensed by ordinary employees. On other hand, the senior management team were expected to answer the questionnaire with 26 open-ended questions. From the current assessment, service quality standards and norms offered in the DPW were determined. This kind of factual details has tangible connotations for the DPW. This can positively assist in redirecting DPW resources of vigorously improve weak service capacity, and by perfecting their marketing strategies so that expectations of the customer are fulfilled by the quality service received.

4.3.4 Sampling of the Population

The study was conducted within the Department of Public Works, Durban, KwaZulu-Natal Province. The study sample consist of DPW' employees including middle management and Senior Management Team (SMT) employees. Jankowicz (2005) stated "that a good sample design not only helps identify the kind of data, but also leads to efficient and accurate data collection". "Planning sample design is a crucial step of the data collection in a positivistic research process, and involved three dimensions: the target population, sampling methods and sampling size" (Lacobucci, 2005).

4.3.5 Target population

The target population can be described as the grand total that is derived from segments falling into various subdivisions in which the researcher has vested interest of conducting research. Research indicated that a population is the aggregate of all cases that conform to some designated set of specifications i.e. participants, whom the researcher needs to draw outcomes and conclusions and generalized the findings of the study (Judd et al., 1991). The chosen sample, serves as a subset of the target/earmarked population, on the assumption that data collected is the one that the researcher can draw conclusions and make decisions about the bigger group and give full reflection about the population (Wagner et al., 2012). Similarly, Fridah (2004) also explains sampling as "the act, process or technique of selecting a suitable sample or representative part of the population for the purpose of parameters or characteristics of the whole population". The target population for this research was 140 employees who are workers at the DPW that included both management and ordinary employees.

4.3.6 Sample size

In general, the assumption is made that bigger the sample is, the better are the result and the more desirable they become for research purposes. This generalization, however does not cover all scenarios. To some degree, an adequate sample size will sometimes depend on how homogeneity or heterogeneity of the earmarked population is comprised, in short, how different or alike are its members. A homogeneous population in the research requires small-scale samples, whilst heterogeneous population requires bigger samples (Leedy and Ormrod, 2005). According to Sekaran and Bougie (2010), suggests that sample sizes which are larger than 30 but smaller than 500 are acceptable for most research. Leedy and Ormrod (2005) suggest that a sample size comprised 400 participants will be acceptable if the population size targeted is beyond 5000. This research earmarked 140 employees as respondents at the DPW.

4.3.7 Sampling method

There are various sampling methods which can be used to select a sample. Jankowicz (2005) refers to two major categories of sampling, namely probability and non-probability sampling. Probability sampling is the most common technique when a survey needs to make inferences from the population. Non-probability sampling is impossible to reflect on the total population in terms of the researchers' subjective judgment. Whilst Leedy and Ormrod (2005) emphasized that non-probability is quite subjective and the surveys can produce acceptable results more quickly and at a low cost than a probability sampling.

This study employed a non-probability sampling method, since the researcher had no way of forecasting or guaranteeing that each element of the population could be identified in the sample. This preference also means choosing a sample in such a way that some members of the population have little or no chance of being selected. In this research, another three types of non-probability sampling were employed. First, judgmental sampling was used to choose the place where the questionnaires were administered. In this case the DPW was selected as the sampling location. Secondly, convenience sampling, as the cheapest and easiest to conduct for the sample, was used to select respondents. Cooper and Schindler (2008) suggest that this method is often used to test ideas or even to gain knowledge of situations or subjects of interest, hence, the choice of convenience sampling by the researcher. During the data collection period, a total of 140 employees at the DPW were selected through the method of convenience sampling explained above.

Finally, quota sampling was used to seek respondents in the same proportions. This method is regarded as the most useful form of non-random sampling and does offer a cost and time-effective solution for questionnaire-based research by the market research industry (Curwin and Slater, 2007). Leedy and Ormrod (2005) further indicate that it is a variation of convenience sampling. The sample included 400 employees in terms of the predicted proportion of 21000 employees working at DPW. The breakdown of the quota was calculated using the mean proportion percentage across the faculties of the DWP.

4.3.8 Data Collection

Lacobucci (2005) states that data collection is an important part of a problem solving process to clarify the purpose of any research. Various data collection techniques exist. (Hox and Boeije, 2005) states that primary data collection methods can be classified in three ways: surveys, observations and experiments. Surveys, where respondents are asked for their answers, are the method of choice in descriptive research studies. Descriptive studies concentrate on the population from which the sample has been drawn. As this is a quantitative study, the survey method has been used to gather primary data.

Hair et al. (2000) distinguish among four types of survey methods, namely: person-administered, telephone-administered, self-administered and computer-assisted surveys. This study employed a person-administered survey which is regarded as the most appropriate data collection technique based on three advantages: more friendly contact, more orderly and 100% response rate. To collect responses at the DPW, the researcher wanted to use 500 employees from DPW, Durban in KwaZulu-Natal Province. The researcher personally administered the fieldwork and handling of questionnaires with the assistance of Deputy Human Resource Manager and another designated employee. That happened during the month of 07 September 2017 to 30 October 2017.

4.4 Questionnaire Design

A questionnaire is a list of carefully structured questions, chosen after considerable testing, with a view to eliciting reliable responses from a chosen sample (Collis and Hussey, 2003). (Wagner et al., 2012) also believes that a questionnaire, as one of the most widely used survey data collection techniques, can be used to collect data in all interview situations. Questionnaires have several advantages:

- Each respondent is asked the same question;
- They can be administered at minimum cost;

- They provide an efficient way of collecting responses from a large sample prior to the quantitative analysis; and
- The respondents remain anonymous and can provide a truthful answer without fear of victimisation, and allow contact with inaccessible respondents such as CEO's.

Consequently, this research involved the use of structured questionnaires as a means of gathering information. Sekaran (2010) states that structured questionnaires are conducted when the information required is known in advance.

4.4.4 Questionnaire content

The relevant literature and survey instruments developed by past studies provided the basis for developing the questionnaire for this study. The instrumentation employed for this research was modelled after the SERVQUAL scale developed by Buttle (1996) and Parasuraman et al. (1985) in 1994 since it has been supported with sufficient empirical research (Brady et al., 2002). In most cases, SERVQUAL has been found to be a relatively simple and inexpensive instrument that provides valuable information on an organisation's service quality. A number of researchers have applied the SERVQUAL model to measure service quality in the sport industry (Bebko, 2000). Similarly, the present study utilised a modified version of the SERVQUAL instrument.

4.4.5 Self-administered survey questionnaire

Pre-testing of the questionnaire is an important step in the entire research process. Lacobucci (2005) state that the real test of a questionnaire is how it performs under actual conditions of the data collection. Pre-testing ensures that the questionnaire has been designed to perform the function it was intended for and that the data collected is relevant and accurate.

The process of the pre-test may be necessary to make amendments to the questionnaire and to test the face validity of the survey instrument. Firstly, the questionnaire was checked and evaluated by the supervisor. Then an appropriate pre-testing study was conducted amongst different section within the DPW. The results of pre-testing provided valuable information for avoiding ambiguous questions and the instrument was refined accordingly for the final stage in questionnaire construction.

4.4.6 Data preparation

Data preparation includes editing, coding and data entry. To assure gathered data is accurate and complete, editing, as the first step in any analysis process, includes checking for interviewers and respondents mistakes and correcting the errors. Coding refers to the process of classifying raw data gathered and converting data to numerical code for helping the researcher to make analysis more efficient. Data entry is an important step to analysis of the responses from a large questionnaire survey using a computer statistics package (Cooper and Schindler, 2003).

In the process of editing, all questionnaires complied with the requirements. As discussed previously, all codes were established early in the research process since the questionnaire applied a closed question format. The pre-coding made the coding and data entry clearer and smoother.

4.4.7 Data Analysis

After the data has been collected, the next step in the research process is the data analysis. The purpose of the analysis is to interpret and draw conclusions from the mass of collected data. The marketing researcher may apply a variety of techniques, beginning with simple frequency analysis (e.g., percentages) to sample statistics measures (mode, median, mean, range, standard deviation) to culminating into complex multivariate techniques (Hair et al., 2000).

The technique that was used to analyse data was by use of the Statistical Package for Social Scientists (SPSS) version 25, USA. However, personal coding and categorizing data was done manually. Data analysis was conducted on respondents using descriptive data analysis. According to Amin (2005), descriptive statistics provides us with the techniques of numerically and graphically presenting information that gives an overall picture of the data collected. Normality test were performed using Kolmogorov-Smirnov. Kruskal-Wallis ANOVA for non-normal data, followed by pairwise comparison where ANOVA results were significant. Student t-tests (normal data) and Mann Whitney U-test (non-normal data) performed pairwise comparisons of constructs. All statistical analyses were performed with SPSS. In addition, Chi-Square tests were performed. From such, descriptive statistics, frequency tables, graphics, and correlation tables were developed to help describe the data gathered in order to determine the factors that influence the service quality of the current management and service offering in the DPW. The whole data analysis process included data preparation and various tests about the importance of different dimensions in service quality.

4.4.8 Data analysis and interpretation of the results

After the data collected was inputted and stored, they were carefully summarized and analysed by the use of statistical techniques. Since the purpose of statistics is different, statistical procedures have two major categories, namely, descriptive statistics and inferential statistics, respectively (Collis and Hussey, 2003). The related statistical analysis process in the study was covered under the following headings:

4.4.9 Descriptive statistics

Descriptive statistics is used to identify or summarise the general nature of all the response obtained. Descriptive statistics is the most useful technique to present and summarise the data in table, charts, graphs and other diagrammatic forms. In this study, three main groups of descriptive statistics techniques (namely frequency, measures of location or central tendency, measures of dispersion) were used (Sekaran, 2010).

A frequency is a numerical value, which represents the total number of observations for a variable under study. According to Saunders et al. (2003), frequency distribution gives a clearer impression of the characteristics of each set of scores or indicates the relationship between the two sets. In this research, frequency distribution, as an economical way of organising the data, was used to obtain a profile of the sample.

However, for the purposes of describing the results and drawing inferences from the data, central tendency and dispersion are the most important descriptive parameters. A measure of central tendency is a convenient way of describing a large frequency distribution by means of a single value. The main measures of central tendency includes the mean, the median, and the mode. The other is measure of dispersion, which is a way of describing the spread of values in a data distribution. The measure of location and dispersion are often used together for obtaining a concise and useful description of the distribution of the data. The standard deviation is the most important measure of spread because it uses every value and is expressed in the same units as the original data (Cooper and Schindler, 2003).

4.4.10 Inferential statistics

According to Leedy and Ormrod (2005), inferential statistics draw conclusions about a complete population by quantitative data collected from a sample. Inferential statistical is used when ideas, hypotheses or predictions need to be tested. All measures of inferential statistics are divided into four groups in terms of estimating from samples, measuring association, measuring difference, and forecasting (Collis and Hussey, 2003). In this research, some measures of the first three groups were used as follows:

4.4.11 The t-test

The test is used to see if there are any significant differences in the means for two groups in the variable of interest (Sekaran, 2003). In this study, the paired t-test was carried out to test the significant difference between the two means of expectations and perceptions.

4.4.11.2 Analysis of Variance (ANOVA)

McDaniel and Gates (2005) indicate that ANOVA is a statistical procedure in order to look for differences among three or more means by comparing the variances both within and across groups. In this study, ANOVA was used to determine whether the current strategies employed in the execution of Public Financial Management Frameworks within the DPWs.

4.5 Validity and Reliability

As with computer applications, the spreadsheets allow the researcher to save, store and easily update information as needed, as well as print information when required. Reducing the possibility of getting the wrong answers means that the researcher must pay attention to two particular criteria of research design: reliability and validity, hence the discussion as follows:

4.5.4 Validity

Validity and reliability are terms one encounters throughout the research process and are used primarily in connection with the measuring instruments. The validity of a measurement is the extent to which the instrument measures what it is actually intended to measure (Leedy and Ormrod, 2005). According to De Vos (2002), there are four types of validity. These are:

- Face validity – it refers to whether the statements are appropriate; it relies on the subjective judgment of the researcher;
- Content validity – it is the accuracy with which an instrument measures the contents being studied;
- Criterion validity – it is determined by relating the performance of one measure against another with the second measure checking the accuracy of the first measure; and
- Construct validity – it is the degree to which the content of the study is actually measured by the questionnaire.

In this study, the above-mentioned validation methods were utilized. The researcher took the following actions to ensure validity:

- The development of the questionnaire was based on the SERVQUAL measurement theory, which was presented in chapter two;
- The questionnaire was subjected to academics and professionals in the field of Marketing, and the opinion of erudite individuals was taken into account in the form of a pilot study and;
- The questionnaire was subjected to a pilot group who had characteristics similar to those of the target group.

4.5.5 Reliability

Reliability is the point to which a valuation instrument produces steady and reliable results (Larson and Csikszentmihalyi, 2014). Usually defined as the grade to which the outcome of a dimension can be contingent on to be precise. Most of all, it refers to a consistency of a measure. According to Leedy and Ormrod (2005), reliability can be seen as the consistency of performance of the measuring instrument. This means that, apart from delivering accurate results, the measuring instrument must deliver similar results consistently. Saunders et al. (2003) assert that there are four threats to reliability, namely:

- Subject error: choose a neutral time for respondents to complete the questionnaire;
- Subject bias: respondents may be answering what thought the interviewer wanted to hear;
- Observer error: the different approaches to eliciting answers; and
- Observer bias: as with observer error, with different people interpreting the same research, there may be different approaches to interpreting the replies.
- In the case of this study, the questionnaire was intended in a way that similar scores would be attained each time it was used, and the survey was dependable since it was able to give related responses repeatedly.

A pre-test study of the questionnaire was to make certain that all questions and statements were both relevant and easily understood;

- The questionnaires of the study ensure the anonymity of the respondents;

- The researcher had trained all field workers so that they could conduct the interviews with the same approach;
- The questionnaires used a closed question format; and
- Cronbach alpha was calculated to measure the reliability of the measurement, and the results presented in Chapter five.

Therefore, the researcher employed the following measures to ensure the reliability of the study under investigation

4.6 Conclusion

This chapter discussed research design, research method, sampling design, questionnaire design, reliability and validity, and data analysis. The research was a descriptive research, utilising the amended SERVQUAL instrument to assess the current expectations and perceptions held by employees with respect to the quality of services. The aim was to analyse the empirically gathered data and identify any gaps between the expectations and perceptions of the respondents. The findings from the empirical study will be discussed in the next Chapter 5.

Chapter 5: Research Findings and Linkage to Literature Review

5.1 Introduction

In Chapter four, the research design, data collection methods, and questionnaire design were discussed. The purpose of this chapter is to present and interpret the findings of the empirical study. Descriptive statistics and inferential statistics are used to explore the relationship between these factors and student expectations and perceptions of the service offerings at the DPW. All statistical results of the study are from the statistical computer programme SPSS version 25.

Initially, this chapter analyses all demographic information (see Section 1 of the questionnaire) obtained from 140 respondents who chose the expectations and perceptions in the service offerings in the DPW. In addition, a detailed analysis of the findings relating to each section and statement of the questionnaire is explained. Thereafter, the chapter focuses on analysing the effectiveness of the current strategies employed in the execution of PFM and PFMA respectively within the DPW, in terms of the different elements. Eventually, Chi-square analysis, Kruskal-Wallis and Mann-Whitney U Test and the ANOVA are used to determine relationships or differences of the factors influencing employee in the DPW such as tools and knowledge, training, substantive knowledge and management tools of the service offerings at the DPW.

5.2 Demographic details of respondents

This section describes the demographic profile of the employees, including, gender, age, educational level and academic qualification, knowledge and strategy program of the 140 respondents. The detailed information is explained in Table 6.1 below.

5.2.1 Gender

As shown in Table 5.1, the percentage of male respondents was 69.2%, while the percentage of female respondents was 30.8% of the total respondents from the DPW. The sample of employees comprised more male (n=87) than females (n=37) (see Table 6.1), respectively. This presumes that generally, the margin between males and females is relative.

5.2.2 Age

Table 5.1 indicates that 54 (45.0%) of the respondents were in the 31-40 age group, followed by 37 (30%) in the 41-50 age group, 18 (15.0%) of the respondents were between 21-30 years old, 11 (9.2%) were between the age of 51 and 59 years old and 1 (0.8 %) were between 60- and 65 years old. The demographic age profile of this study indicates that the 31 to 40 age group was the dominant group (see Table 5.1).

5.2.3 Educational level and academic qualification

Table 5.1 indicates that 62.5% respondents had diploma, followed by 19 (15.0%) of respondents had degree. While 11 (9.2%) consists with grade 12/standard 10 and 9 (7.5%) consists of the certificates. The demographic level of study profile demonstrated that employees with diploma as high level of study was the dominant group.

5.2.4 Employee strategy knowledge

As shown in Table 5.1, the percentage of employee respondents who had strategy knowledge was 99.2%, while the percentage of employees without strategy knowledge was 0.8%. The sample of employees comprised more females (227) than males (173).

Table 5-1: Demographic profile of the respondents

Category	Variable	N (%)
Gender	Male	83 (69.2)
	Female	37 (30.8)
Age	21-30	18 (15.0)
	31-40	54 (45.0)
	41-50	36 (30.0)
	51-59	11 (19.2)
	60-65	1 (0.8)
Educational level and academic qualification	Below Grade 12	1 (0.8)
	Grade12/Standard 10	11 (9.2)
	Certificate	9 (7.5)
	Technical qualification	5 (4.2)
	Diploma	75 (62.5)
	Degree	19 (15.8)
Strategy knowledge	Yes	119 (99.2)
	No	1 (0.8)

5.3 Does the Department of Public Works apply any strategy in their programs?

Figure 5.1 indicates that 87.5% (105) of the respondents acknowledge that the DPW does apply strategy in their work program, followed by 10.0% (12) of the respondents were undertrained while 2.5% (3) consist with employees who did not acknowledge any strategy in the work activities within the DPW. This statement demonstrated that employees understanding the strategy applied at DPW study was the dominant group

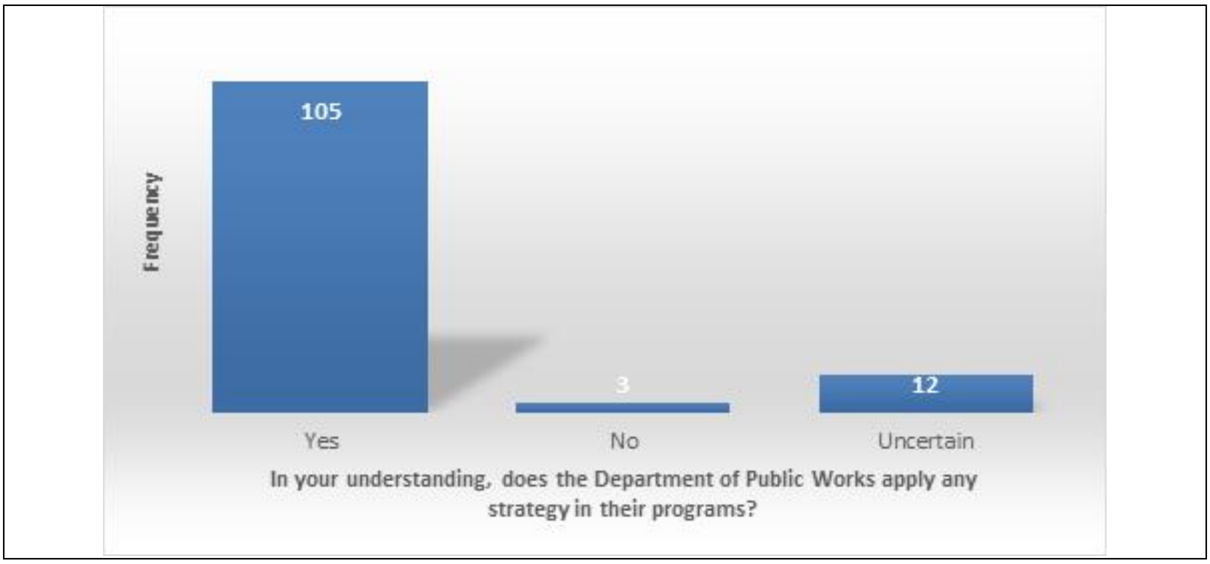

Figure 5.1: Does the Department of Public Works apply any strategy in their programs?

5.4 Statement 5: What is your current position

As shown in Figure 5.2, although 59 (49.2%) of the respondents were ordinary employee as indicated by the frequency responses, while 37 (30.8%) were supervisors, and 16 (13.3%) were managers whereas, 7 (5.8%) were team leaders. However, only one accounted for 0.8% of the respondents were deputy directors within the DPW.

Figure 5.2: What is your current position?

5.5 Statement 6: Do you have any knowledge what a strategy is?

Statement 6 revealed the majority of respondents in terms of knowledge in terms of individualised attention of employee. As shown in Figure 5.3, the response to the statement were as follows: 119 (99.2%) agreed having knowledge on what a strategy is. However, 1 (0.8%) of the employees surveyed seemed not knowing what a strategy is, as shown by the "No" responses. Overall, the majority of the respondents (99.2%) agreed with the statement.

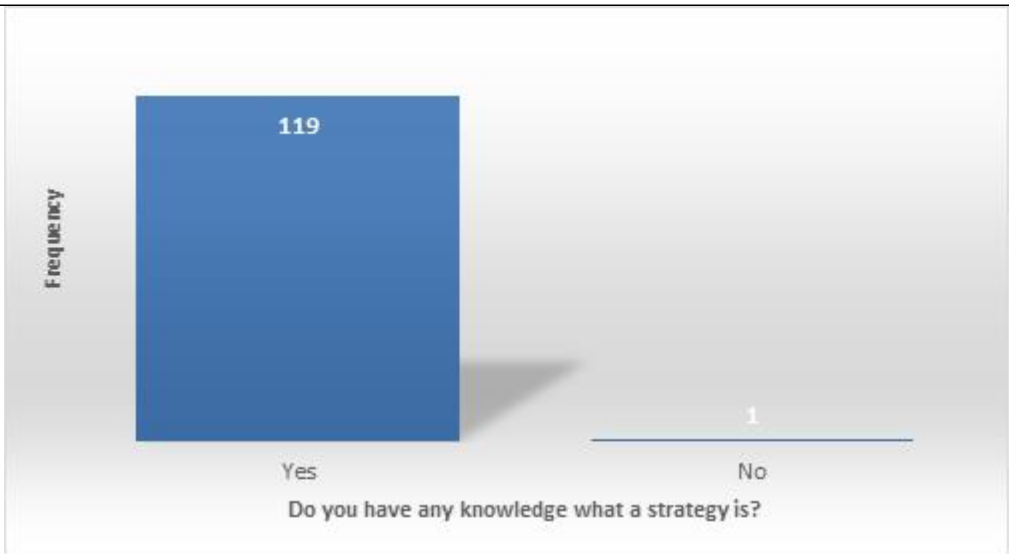

Figure 5.3: Do you have any knowledge what a strategy is?

5.6 Statement 7: In your understanding, does the Department of Public Works apply any strategy in their programs?

The aim of statement 7 was to estimate the influence of the knowledge and enthusiasm of employee in applying strategy. The anticipations to the statement in Figure 5.4 were as follows: 105 accounted for 87.5% (yes), 12 (410.0%) of respondents were undertrained and 3 accounted for 2.5% (said no). As with attribute 105 employees, the acknowledge point of applying strategy within the DPW is high.

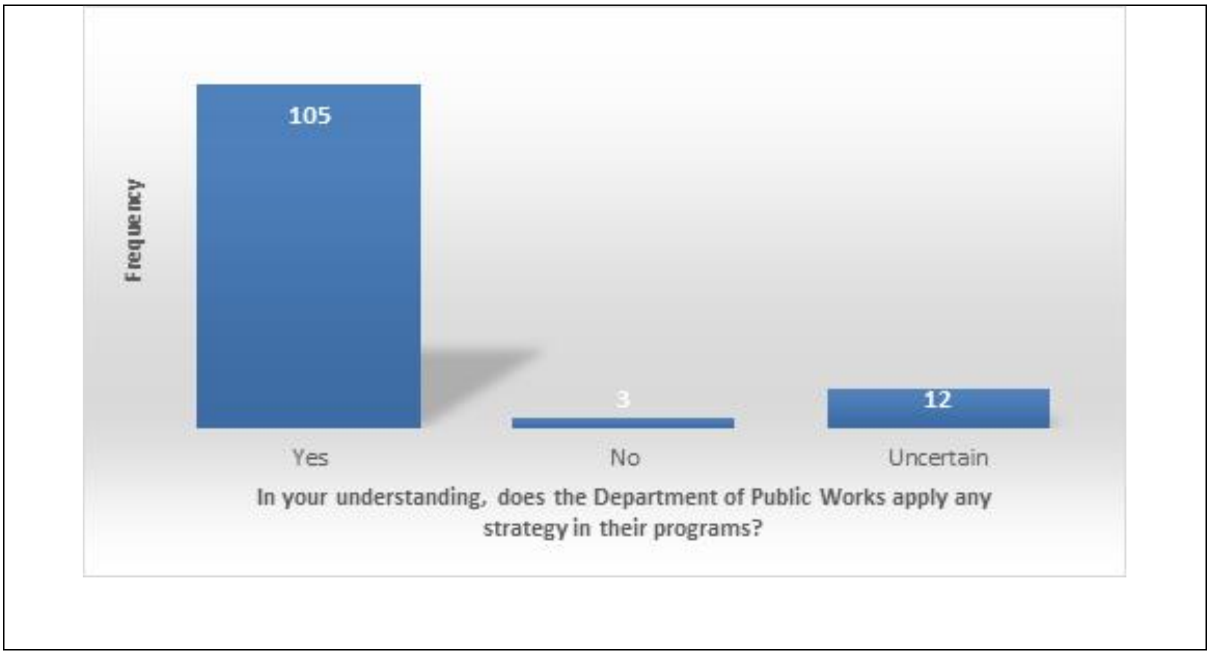

Figure 5.4: In your understanding, does the Department of Public Works apply any strategy in their programs?

5.7 Used in DPW evaluate strategic performance

5.7.1 Statement 8: Problem-solving methods

The purpose of statement 8 was to evaluate strategy performance of the problem solving of employee within the DPW. The performances to the statement in Table 5.2 were as follows: 68 (26.5%) for problem solving methods, 54 (21.0%) organizational planning, 53 (20.6%) training and development, 52 (20.2%) performance management/appraisal system, 20 (7.8%) feedback to reveal effectiveness and 10 (3.9%) swot analysis. Overall, Problem solving methods point of the scale is high.

Table 5-2: Problem-solving methods within the Department of Public Work

Sequence	Evaluation and Performance at the DPW	Number of respondents (%)
1	Problem solving methods	68 (26.5%)
2	Swot analysis	10 (3.9%)
3	Performance management/Appraisal system	52 (20.2%)
4	Organizational planning	54 (21.0%)
5	Feedback to reveal effectiveness	20 (7.8%)
6	Training and Development	53 (20.6%)

DPW = Department of Public Works

5.7.2 Statement 9: Rate Department of Public Works management tools: Effectiveness of current Strategic Management Implementation

The response to statement 9 indicated that DPW employees rated the effectiveness in strategic management as follows: 20% saw implementation as (poor), 24% (good), and 65% as satisfactory.

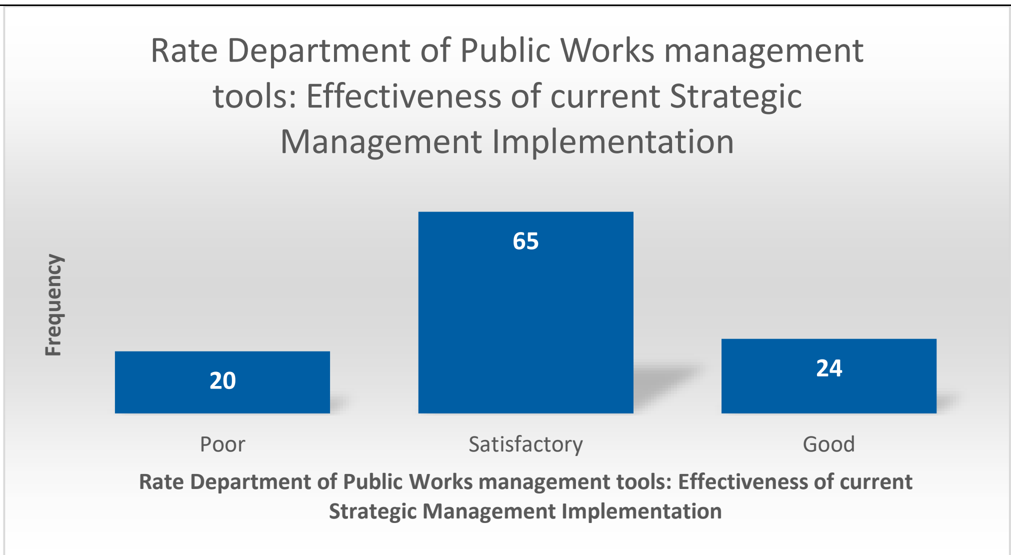

Figure 5.5: What is the current rating and effectiveness of the strategic management implementation?

5.8 Statement 10: There is a need to improve current financial framework or strategies in DPW

The response to statement 10 indicated that DPW performance well to improve current financial or strategy within its departments. The beliefs to the statement in Figure 5.6 were as follows: 31.7% (agree), 63.3% (strongly agree), 3.3% (disagree) and 0.8% (uncertain). Less than 10% of the respondents disagreed with this statement. Simultaneously, it is interesting to note that the improving current financial framework of employees showed that only 0.8% were undefined.

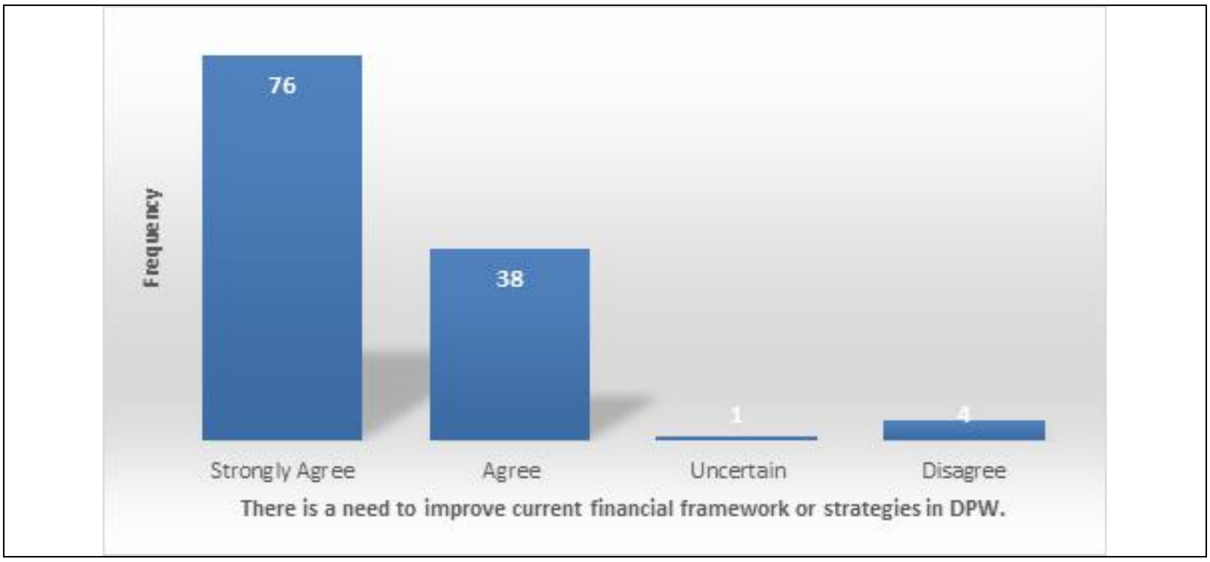

Figure 5.6: There is a need to improve current financial framework or strategies in DPW

5.9 Statement 11: Do you as an employee have any extensive understanding of PFM & PFMA?

Figure 5.7 indicates that the majority (n = 89) of the respondents acknowledge having extensive understanding of the PFM and PFMA, followed by those who did not understand (n= 21) and 10 respondents consist of the uncertainty. The understanding of the PFM and PFMA statement demonstrated that the group of employees that understand PFM and PFMA was the dominant.

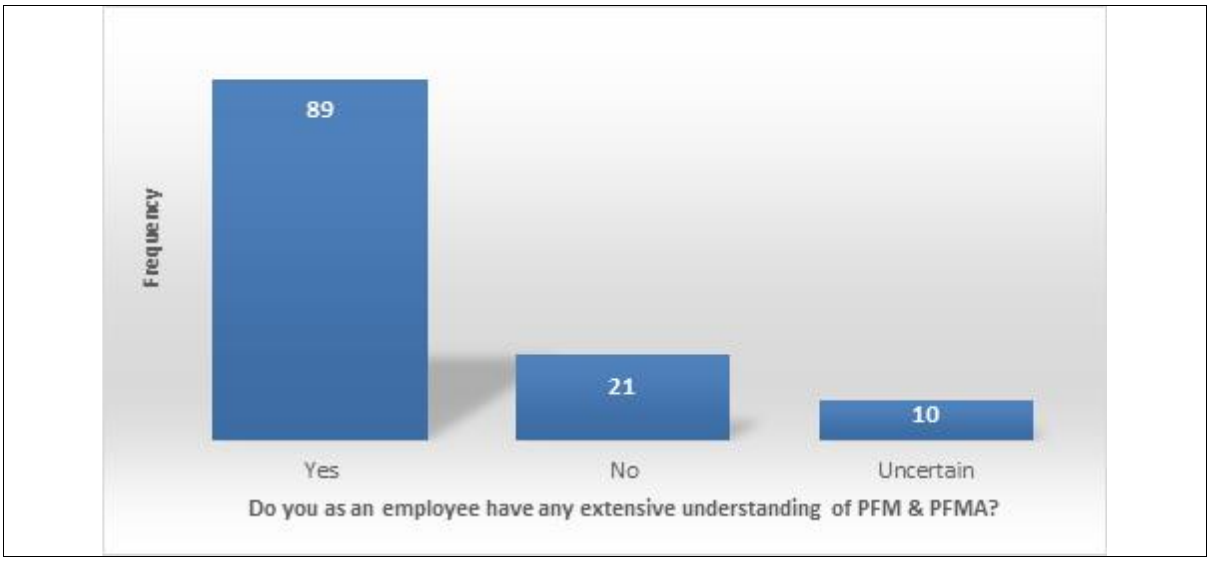

Figure 5.7: Do you as an employee have any extensive understanding of PFM & PFMA?

5.10 Statement 12: Associated with DPW failure in complying with PFM & PFMA

The response to statement 12 indicated that DPW employee gaps in terms of the fulfilment of abilities. The expectations to the statement in Table 5.3 were as follows: 11 (7.1%) intentional, 24 (15.4%) interference, 26 (16.7%) ignorance, 27 (17.3%) incapacity and 68 (43.6%) lack of resources. Less than half of the respondents (43.6%) lack of resources with this statement. At the same time, it is interesting to note that the failure of the respondents (employees) showed that 17.3% were incapable.

Table 5-3: Associated with DPW failure in complying with PFM & PFMA

Statement	Variable	N	Percent
Associated with DPW failure in complying with PFM&PFMA	Incapacity	27	17.3%
	Lack of resources	68	43.6%
	Intentional	11	7.1%
	Interference	24	15.4%
	Ignorance	26	16.7%

5.11 Statement 13: Concept essential in improving execution of PFM & PFMA

Statement 13 aimed to assess whether the concept essential in improving execution of PFM and PFMA at the DPW showed a sincere interest in problem solving. As displayed in Figure 5.8, the responses were highly adverse. Nearly half of the respondents were disappointed. The relevant perceptions were as follows: 6.6% for HRM Training& Development, 7.9% for performance management, 4.6% for leadership management, 5.3% for motivation, 3.3% for total quality management, 2.6% for improving employees' perception towards management and 69.7% for all of the above.

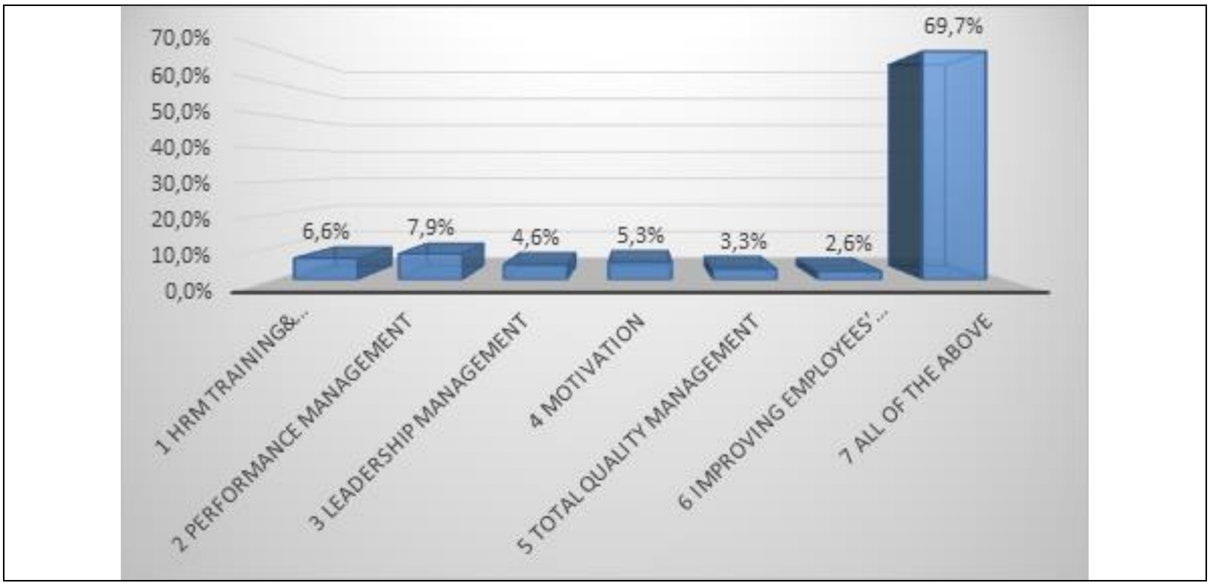

Figure 5.8: Concept essential in improving execution of PFM & PFMA

5.12 Employment status

The employees were asked to indicate whether they were trained to acquire and improve their knowledge and skills and the results were as displayed. Table 5.4 demonstrations that 74 respondents accounted for 52.9% approved, while 44 (31.4%) did not approve. The perceptions to the statement in Table 6.5 with reference to statement 14 were as follows: Intern (n=19), Temporary (n=3) and Permanent (n=52) agreed, while one (Intern), 10 (Temporary) and 33 (Permanent) Table 6.5 respectively.

Similarly, the perceptions to the statement 15 from the respondents were as follows: 20 of the respondent were Intern, 7 temporary and 55 Permanent staff acknowledge to undergo training and improve their skills. However, 5 temporary staff and 28 permanent staff disagreed with the statement. In general, this indicate that the employees are trained to acquire and improve their knowledge, skills and attitudes towards their work (Table 5.5).

Table 5-4: Employees' training for improvement (statements 14 and 15)

Statement		**Intern**	**Temporary**	**Permanent**	**Total**
Q14: Have you as an employee of DPW undergone any training of the above regarding of PFMA?	Yes	19	3	52	74
	No	1	10	33	44
Q15: If you attended the training, was it beneficial to you?	Yes	20	7	55	82
	No	0	5	28	33

5.12.1 Statement 15b: Do you have the relevant qualifications for the job you are doing

As shown in Figure 5.9, the percentage of respondents with relevant qualification for the job they are doing was 87.4% (104), while 12.6% (15) of the respondents were not qualified for the job they are performing.

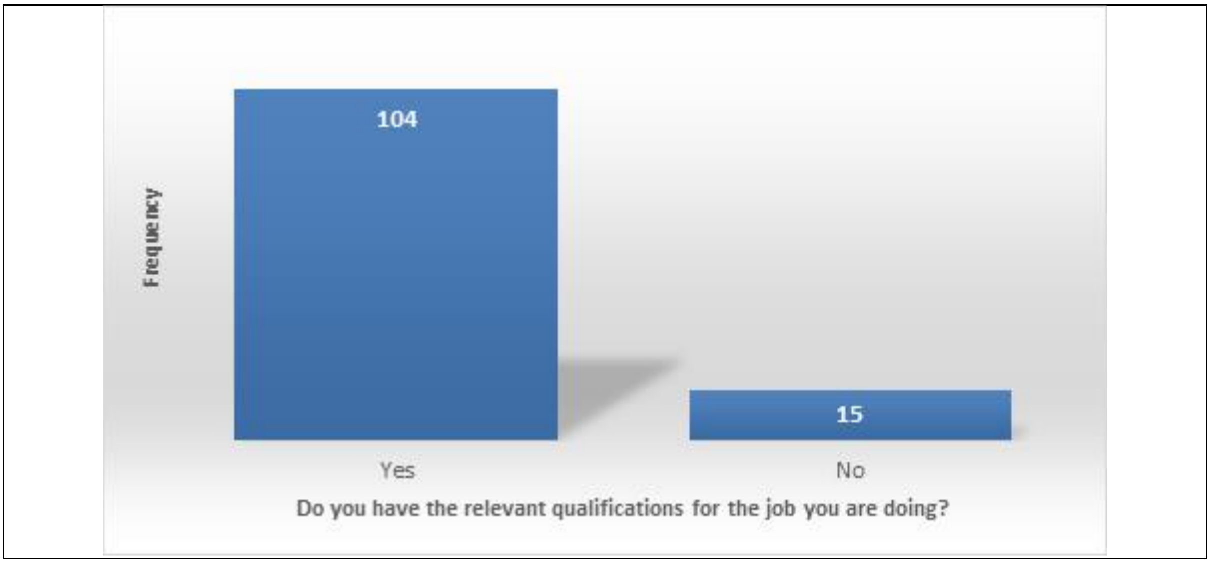

Figure 5.9: Do you have the relevant qualifications for the job you are doing?

5.13 Statement 16: Quality assurance framework/program is available in DPW

The respondents were asked to indicate whether the DPW facilitated their sense of security at their workplace and the results were as shown. Figure 5.10 shows that, the responses were relative but PFMA was dominant. The employee's perceptions on quality assurance program indicates that it existed and were as follows: 82 (40.8%) respondents were in favour for PFMA, followed by 43 (21.4%) for external audit and accountability, 30 (14.9%) for all mentioned programs, 27 (13.4%) for strategic budgeting while 19 (9.5%) respondent think fiscal policy and accounting management was best program.

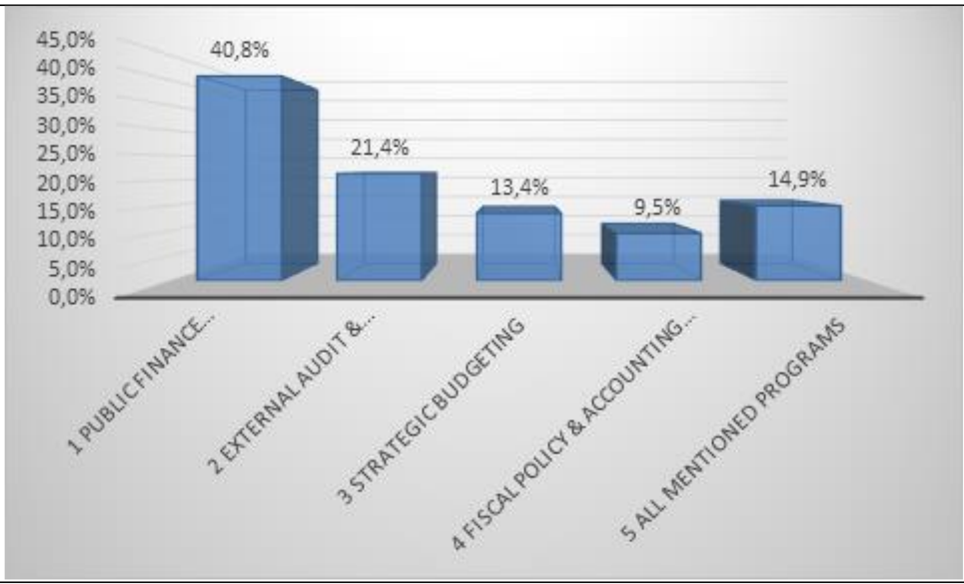

Figure 5.10: Quality assurance framework/program is available in DPW

5.14 Substantive knowledge of the following financial terminologies

5.14.1 Statement 17: Transparency

As shown in Figure 5.11, the frequency of respondents with substantive knowledge following financial terminology "Transparency" was 93.3% (112), while 2.5% (3) had not knowledge in finance terminologies. This statement demonstrated that the majority of employees understanding the terminology used in finance.

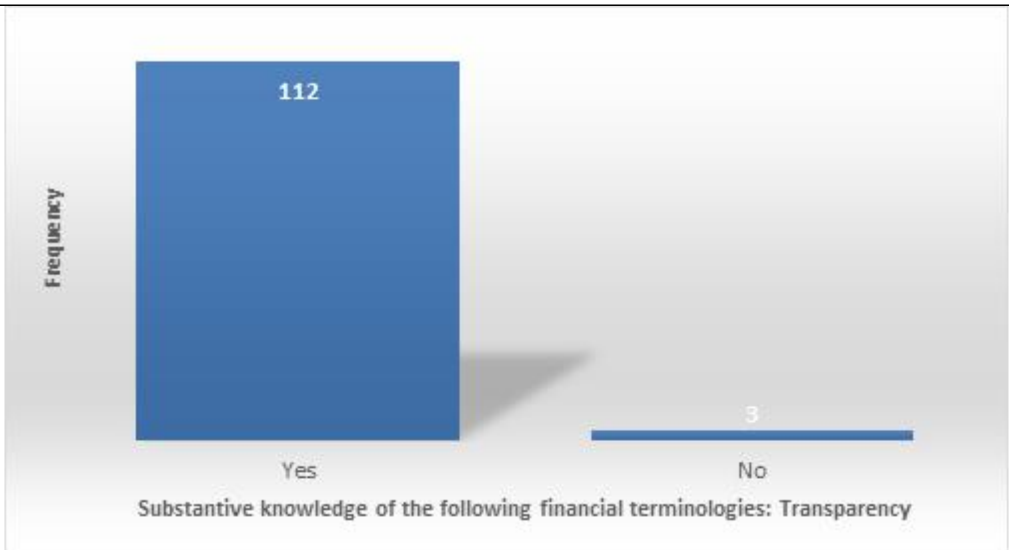

Figure 5.11: Transparency

5.14.2 Statement 18: Accountability

As reflected in Figure 5.12, the number of respondents with substantive knowledge following financial terminology “Accountability” was 96.7% (116), while 1.7% (2) had not knowledge in finance terminologies. Similarly, this statement revealed that the majority of employees with good understanding of terminologies used in finance.

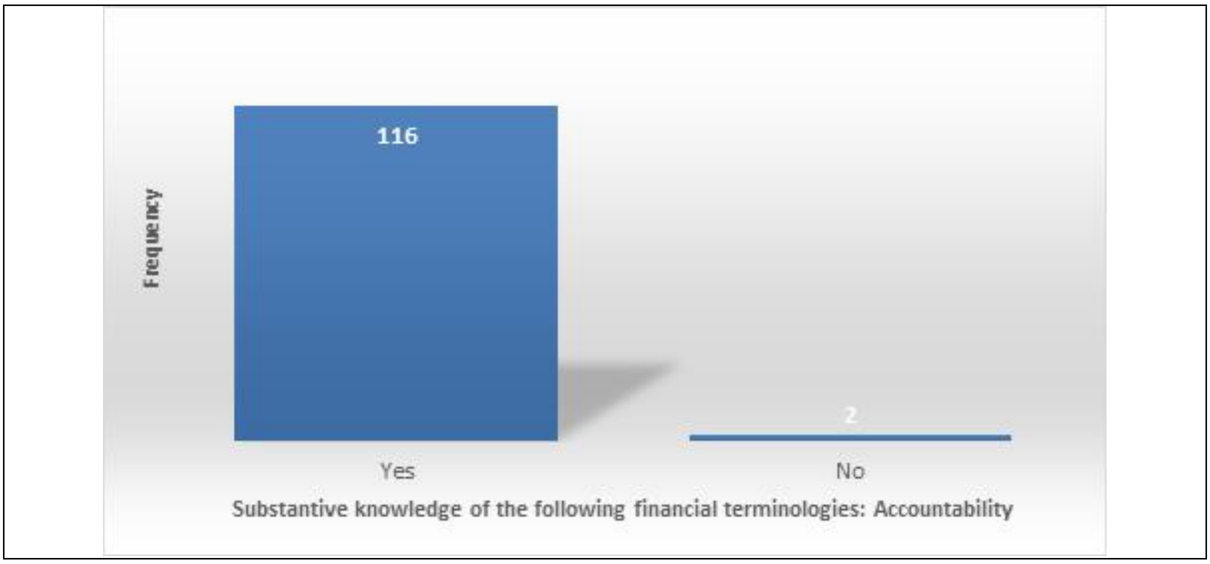

Figure 5.12: Accountability

5.14.3 Statement 19: Responsibility

97.5% (117) of the respondents had knowledge in financial terminology “Responsibility”, while 0.8% (1) had not knowledge in finance terminologies as indicated in Figure 5.13 below. The substance knowledge in terms of responsibility terminology of this study indicates that the employees with knowledge in financial terminology group was the dominant group.

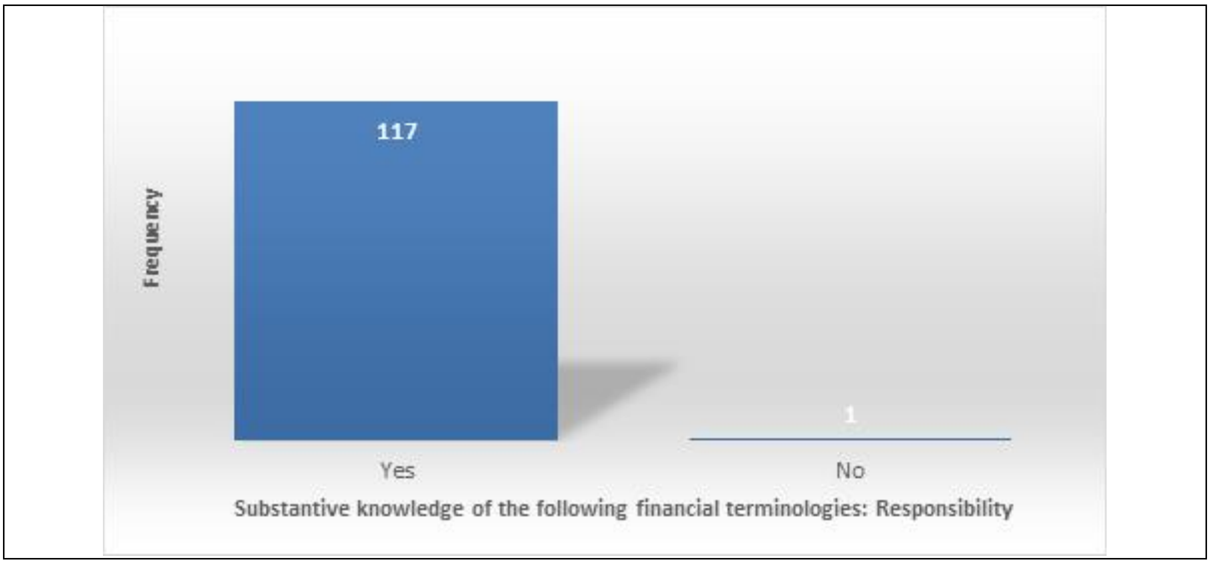

Figure 5.13: Responsibility

5.15 Statement 20: Fiscal Discipline

Figure 5.14 reflects the number of employee respondents with practical knowledge in finance terminology "Fiscal Discipline" was 70.8% (85), whereas 18.3% (22) had not knowledge in finance terminologies. This statement revealed that the majority of employees understand the terminology used in finance.

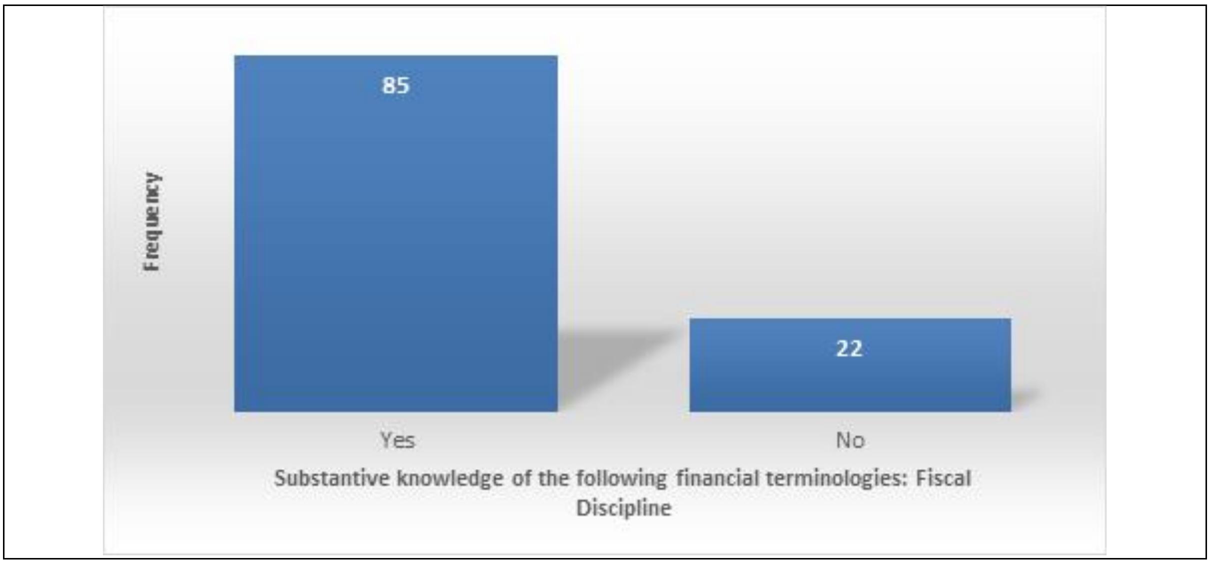

Figure 5.14: Fiscal Discipline

5.15.1 Statement 21: Monitoring and Evaluation

As shown in Figure 5.15, the number of respondents with essential knowledge in financial terminology "Monitoring and Evaluation" was 75.0% (90), while 12.5% (15) had not knowledge in finance terminologies. This statement demonstrated that the majority of employees understanding the terminology used in finance.

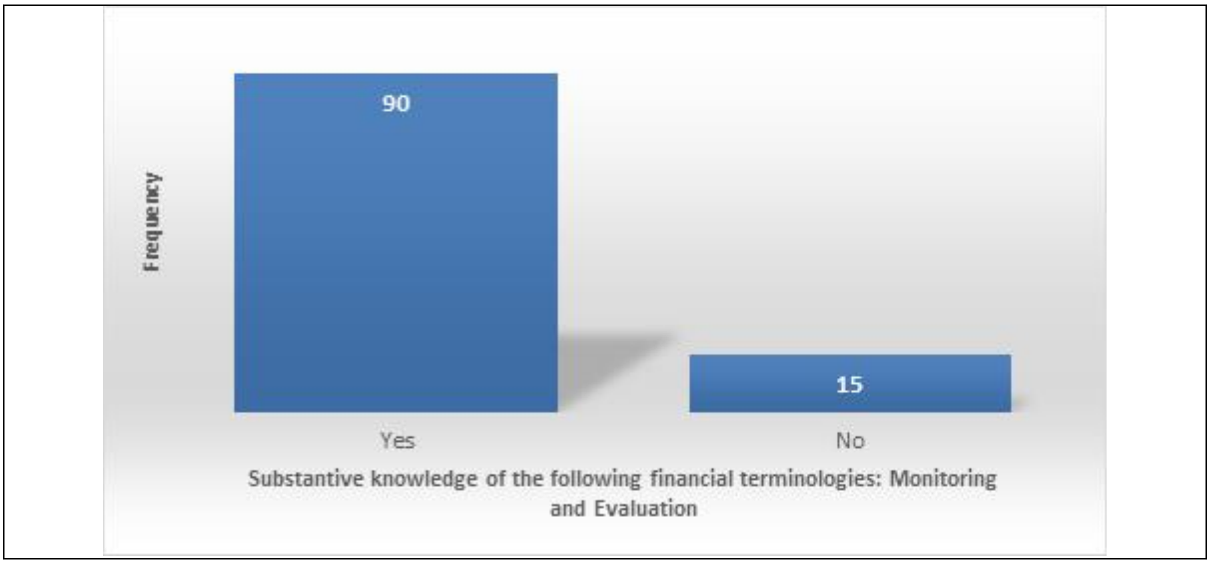

Figure 5.15: Monitoring and Evaluation

5.16 Statement 18: Do you think the Senior Management Team is effective or capable enough in implementing the overall strategy of DPW?

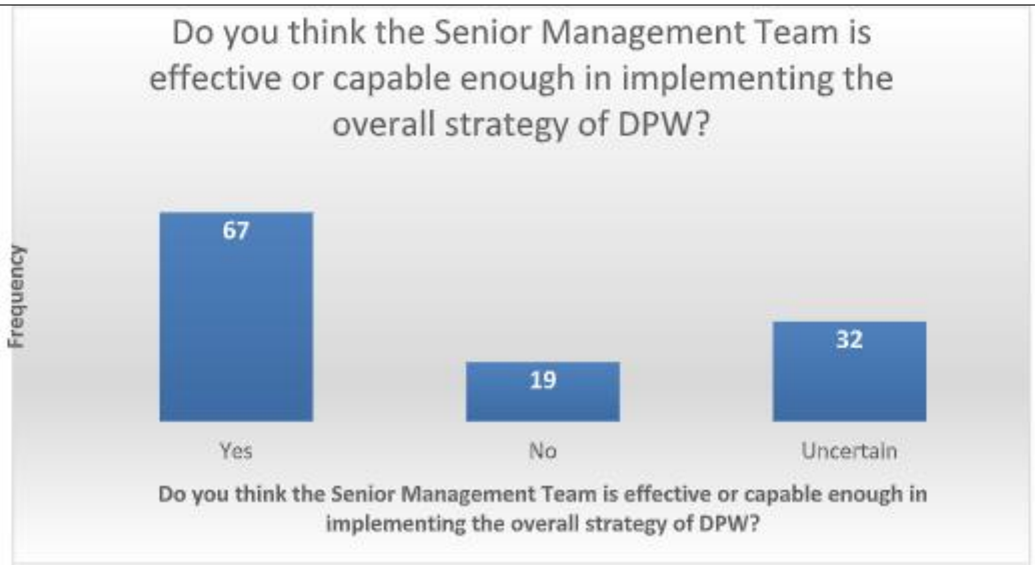

Figure 5.16: Senior management team effectiveness in strategic implementation

The respondents were asked to indicate whether the senior management team is effective or capable enough to implement DPW strategy. 19% said they were not effective and capable enough to implement it, whilst 32% was uncertain, 67% believed that were capable and effective in strategic implementation.

5.17 Statement 19: How would you as an employee of DPW rate the overall performance of your department regarding handling public finance?

The respondents were asked to indicate whether job performance in terms of public finance within, the DPW will increase staff motivation and enthusiasm. Figure 5.17 shows that 6.5% very poor, 5.6% poor, 2.8% uncertain, 34.3% fair, 47.2% good and 3.7% very good. This indicates that job performance was used and staff were motivated and enthusiastic with the organization in handling public finance work at the DPW.

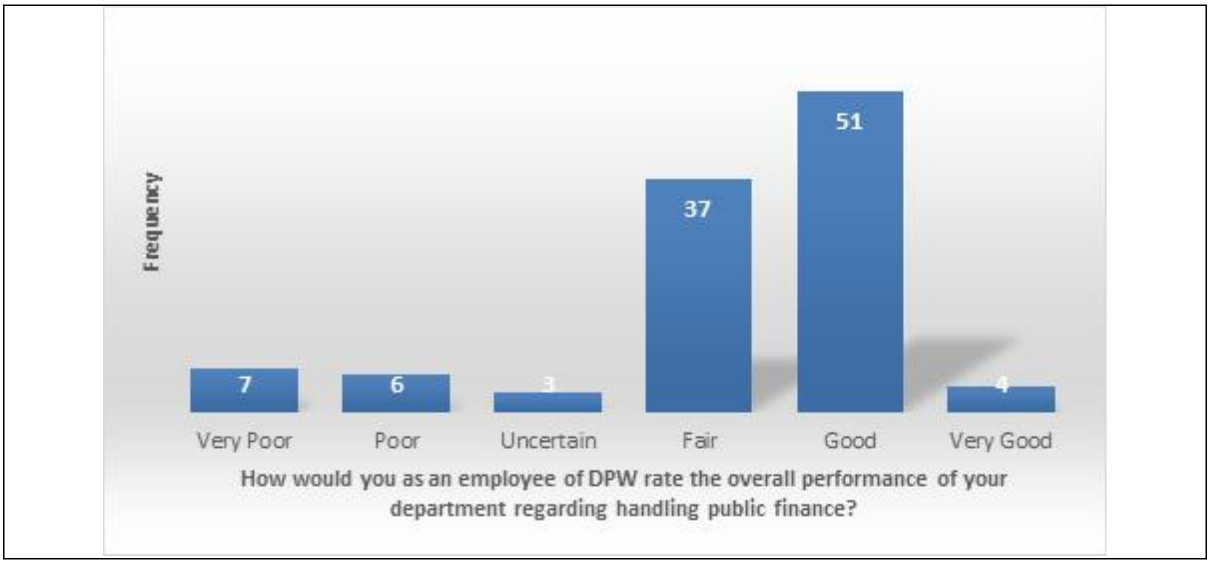

Figure 5.17: Rating the overall performance of your department regarding handling public finance

5.18 Cronbach Alpha Test Reliability Analyses

Cronbach’s alpha is a test of internal consistency. Technically speaking, Cronbach's alpha is not a statistical test but a coefficient of reliability or consistency. Overall, Cronbach alpha values that are less than 0.60 are considered to be poor, those in the 0.70 range, acceptable, and those over 0.80, good. The closer the Cronbach’s alpha is to one, the higher the internal consistency reliability (Sekaran, 2010).

As indicated in Table 5.5, the Cronbach’s alpha coefficients were 0.790 for Tools and knowledge, 0.770 for Training, 0.681 for Substantive Knowledge and 0.859 for Management Tools, respectively. However, these coefficients were in a threshold that is considered acceptable (Peterson, 1994), except for Management Tools that exceeded the recommended significance level of 0.80. Therefore, the results indicate that the research instrument’s (Questionnaire) continuous study variables have high internal consistency and reliability.

Table 5-5: Cronbach alpha test

Variable	Cronbach's Alpha	N of Items
Tools and knowledge	0.790	13
Training	0.770	4
Substantive Knowledge	0.681	5
Management Tools	0.859	5

5.19 Conclusion

This chapter has presented the findings of the study by giving brief explanations on the results presented. The findings have been presented in the form of Figures and Tables. Frequency analysis has been used to give percentages, non-parametric Kruskal-Wallis ANOVA has also been used for analysis. The next chapter gives the study's discussion, conclusion and offers recommendations.

Chapter 6: Interpretation and Discussion of Results

6.1 Introduction

In this chapter the findings will be interpreted and the results will be discussed in depth. The results are discussed in relation to the literature review, objectives and the research questions. The result will give answers to the questions and evaluate whether the study has been able to meet the objectives set as asked in chapter one. The first objective was to assess the effectiveness of the current strategies employed in the execution of Public Financial Management Frameworks within Department of Public Works. Secondly was to determine the understanding of Senior Management Team (SMT) of their roles in management and implementation Public Financial Management Act (PFMA) within the Department of Public Works in Durban Metro. Chapter 10 of the SA's Constitution, Section 195(1) emphasises that "public sector administration must be governed by democratic values and principles that promote efficient, economic and effective utilization of resources". The success of any organization or business largely depends upon its strategic execution. The strategy encompasses all organizations activities which are designed to achieve its objectives and goals.

One must take cognisance that the Department of Public Works has a national departments and the provincial departments which serves as the satellite that addresses the provincial matters. The national department crafts legislation and statutory framework that gives guidance and direction to provincial department and offices (Annual Performance Plan 2017/2018.11). The results highlighted that 99.2% of the ordinary employees understood what strategy is and its effectiveness in DPW operations. 100% members of SMT understood the indispensable role played by strategy. It is important to highlight educational qualifications, experience and work related skills of employees are all important ingredients in achieving organizational performance.

6.2 The Data from the Respondents

Data came frame from ordinary employees which made 120, 15 from SMT and 5 SMT members interviewed.

6.2.1 Demographic Analysis

6.2.2 Age

The males makes 69.2% and females 30.8% of Department of Public Works respondents. The age category is distributed as follows: 21-30 is 15%, 31-40 is 45%, 41-50% formulates 30%, 54-59% is 9.2%, and 60-65% is only 0.8%. The demographic credentials analysis has got a lot to do as how respondents have responded to various research questions. The most prevalent examples are significant when the respondents were answering research questions, the responses received differs significantly with age category under which respondents fall. Let us take question take question 10 which would like to know whether there is a need to improve the Department of Public Works current financial frameworks or strategies. When this question was cross-tabulated with question 6 which asked about the knowledge of the respondents, what strategy is? And question 3 which asked about individuals academic qualifications. The results highlighted that there is a strong relationship that existed between respondent's educational qualifications and the age category under which respondents fall. The total number of respondents was 120 and 119 knew what the strategy is, that is 99.2%.

6.2.3 Academic Qualifications

The bulk number of responses with a high degree of understanding the conceptual framework fell within the ages of 31-40 with 54 responses of out 120 at 45%. These respondents that are falling in the age category or segmentation of within 31-40, 57% possess diploma academic qualifications that's why they responded with a degree of certainty and knowledge, followed by those who fall within 41-50 age segmentation standing at 30% whom most of them have degrees and lastly the old ones between 60-65 who are about to go for retirement understood very-well most organizational dynamics. Educational qualifications are assumed to assist the employee to carry out his/her work in distinguishable manner to enhance job performance. The study conducted by Howard (1986) and Hunter and Hunter (1984) which was looking at educational qualifications as predictors of job performance. The result had mixed connotations, educational or academic qualifications failed to produce semi-skilled or unskilled performances but it was able to predict performance in certain professional occupations (Singer and Bruhns, 1991).

The results also highlighted that the respondents who had no academic qualification, but through experience, had a better understanding of DPW operational systems. It can be concluded that the higher the age of the respondents and work experience in the DPW, the better the understanding of organizational operations and systems. The age category between 21 to 30 years old had the highest number of the employees and better academic qualifications but they lacked experience maybe due to the fact they were new into the organization. The new entrants, therefore cannot be equated with their counterparts who had vast experience and had been with the DPW for a number of years. This is concurred by (Myers et al., 2004) who said that “Experience is the best teacher”. Similarly, a study by Daniel et al. (1996) suggested that work-related experience is the most appropriate criterion used for assessing suitable job applicants. Job performance and work experience are closely related (Levine and Flory, 1975). Schmidt et al. (1986), on the other hand, suggested that job experience had multiple effect on job performance through job understanding and work performance capabilities. The greater the manager’s job experience, the greater was his/her performance (McDaniel et al., 1988). The notion that says that there is no school of experience is being proven in this research. The results also highlighted the importance of worker retention as a mechanism of keeping skills that would sharpen the organization deliverance and improve productivity. Whilst most organizations in the 21 century preach, emphasize and stress the gospel of academic qualifications for its employees to be more productive. This study found that educational qualifications are imperative for organizational prosperity and performance but without necessary experience the desired outcomes won’t be achieved. Most members of the SMT in key financial strategic positions were highly qualified with relevant qualifications.

6.2.4 The SMT Understanding of Conceptual Framework and Tools

The total of 15 questionnaires were returned from SMT, the SMT questions concentrated on tools and knowledge, training, substantive knowledge and management tools. The SMT regardless of their demographic status and credentials they had outstanding understanding of DPW operational systems, conceptual and theoretical strategic frameworks including practical implementations and implications. The senior management team understanding of operations stood at 99%.The SMT Cronbach’s Alpha regarding annual performance plan was standing at 0.88% which highlighted that is acceptable. The annual performance plan is DPW annual comprehensive strategic plan which must be understood by all employees. The annual performance plan evaluates and assesses the overall performance of DPW. Whilst SMT understanding of internal measurement tools stood at 6.17%. The SMT understanding of strategy usage was at 2.05% and HR plan and FF plan stood at 0.51%. The SMT knowledge and understanding of transparency, accountability, responsibility and consultation stood at 1.48% which is acceptable according to Cronbach’s Alpha. The overall understanding and knowledge of SMT stood at 88% highlighted that SMT understood what was expected of them.

6.2.5 The Interviews Conducted

Since the SMT understanding stood at 99% it became imperative that interviews be conducted so as to ask follow-up questions. The high percentage made an impression that all was good in DPW, therefore it became a pivotal necessity to conduct interviews to gauge the score. It is essential to highlight that the researcher was privileged to have personal interviews with top five of the senior management team (SMT). The 5 interviewed is the part of 15 who returned the open- ended questionnaires. It must be noted that the researcher asked the respondents to record their interviews, as this would enable the researcher to listen and interpret the interviews at his own convenience. Furthermore it is of significance to highlight that the respondents were not comfortable with recording. The interviewees felt it might jeopardised their jobs but that was resolved by the fact that their personal credentials were not asked so as their positions. Amongst these respondents were three males and two females. This was advantageous in the sense that it enable to the researcher to ask follow up questions which could not had happened with open ended questionnaires given to the SMT. It is pivotal highlight that the position held by various interviewees can’t be revealed or divulged as the study has guaranteed anonymity of the participants. The age of the interviewees ranged between35-55.

6.2.6 Educational Credentials

According to academic qualifications the three out five had diplomas and the two had degrees. It is imperative to mention that the participant’s academic qualifications were relevant to the job that they perform. Therefore through their job description, educational credentials and expertise they had, respondents had better understanding of organizational modus operandi and conceptual frameworks hence their responses were appropriate and spot on to the researcher’s questions. One of the participants was in Human Resource Management Department which deals with human resource matters like the division of labour, staff-deployment, remuneration and general welfare of employees, the other two were in Finance Department which deals with income and expenditure statement, accounting and reporting of the Department of Public Works (DPW), and the other one was in the Supply Chain Management Department which deals with acquisition and procurement of all Department of Public Works goods and services. The last interviewee was in the Department of Property Management which has to ensure that government buildings are adequately looked after, the leasing agreements and payments are adhered to.

6.2.7 Understanding of Strategy

All the respondents 100% had an extensive knowledge what the strategy is, as this was required by question number six (6). The following answers were received from the respondents which was question number seven (7), its plan to achieve organizational goals or objectives or an action plan to achieve your aims. The respondents agreed or were in congruent that the Department of Public Works senior management team (SMT) understands what strategy is, and they do execute strategies in their departments when executing their tasks as per departmental strategic requirements and needs that is question number eight (8). The respondents were highlighting that strategic planning is the basic organizational strategy executed on daily basis by various departments. One of the respondents used the analogy which says "When one is failing to plan, obviously that one is planning to fail". They agreed that almost all their activities are preceded by thorough and thoughtful planning. Although so much volume of planning is done but Annual Performance Plan is the core strategy of DPW, Annual Performance Plan critical assesses the overall performance and results of the Department of Public Works that is question number ten (10).

6.2.8 Department of Public Works Strategic Performance and Evaluation

The respondents answered questionnaire number eleven (11) which was asking about Department of Public Works strategic performance programs and evaluation, the respondents agreed that DPW applied all the listed strategic evaluation tools to evaluate performance i.e. problem solving methods, swot analysis, performance management/appraisal system, organizational planning, feedback to reveal effectiveness and training and development.

6.2.9 The SMT's Implementation of PFMA and PFM

The respondents answered question number twelve (12) by agreeing that DPW senior management team is extremely good when applying and implementing the current strategic management tools like Public Financial Management Act (PFMA), Public Financial Management, decision making management and implementation of DPW current model.

6.2.10 Improvement of the Current Financial Strategies and Frameworks

With regards to question number thirteen (13) there was strongly agreeable and unanimous decision to the fact that the existing financial strategies and frameworks must be improved so as to curb fraud and corruption within DPW. The respondents felt that the current financial strategies were inadequate to deal with scourge of corruption within DPW, they felt a lot must be done to completely eradicate corruption in government general.

6.2.11 SMT's Knowledge and Understanding of PFMA and PFM

Unanimous answer in agreement with the knowledge they have regarding PFMA and PFM that is question number fourteen (14). This was of a result that respondents attended a workshops and training programs which capacitated them with above conceptual frameworks.

6.2.12 The Failure to Implement Public Finance Management Act

The respondent's responses to question number fifteen (15) was astonishing as responses were diversified as what were the real causes of DPW failures to comply with PFMA and Public Finance Management. The two in finance believed that it was a mixture of factors, they highlighted the lack of resources, incapacity as well as doing intentional for personal aggrandisement and personal gain. The one in supply chain believed it was through ignorance and incapacity, the other two in human resource believed that it was interference by senior management team and external forces as well as incapacity.

6.2.13 Understanding of Managerial Concepts

With regards to question number sixteen (16) there was common understanding that all listed managerial concepts were indispensable in the attainment of organizational goals. These included Human Resource Training and Development, Performance Management, Leadership Management, motivation, Total Quality Management (TQM) and improving perceptions of employees towards management.

6.2.14 Attending PFMA Training

Question number seventeen (17) dealt with whether they did undergo Public Finance Management Act training, the response was 100% that they did attend PFMA training sessions and felt that all employees within SMT and junior staff must attend such a workshop, as SMT they benefited a lot. The training that the respondents attended was 100% relevant and appropriate to their job requirements and after the training they felt confident and highly capacitated i.e. question number (18).

6.2.15 Academic Resume

The answer to question number nineteen (19) is asking about academic resume and qualifications which was answered prior in the introduction that they had relevant degrees and diplomas. Academic credentials of interviewees were impressive hence responses were appropriate.

6.2.16 Quality Control Measures

With regards to question number twenty (20) respondents agreed 100% and in principle that all quality control and assurance mechanisms were available in DPW and were applicable in various departments. These included Public Finance Management Act which must be applied by all governments' institutions without fail. It is imperative to highlight that respondents understood PFMA very well, its significance in state operations.

6.2.17 Understanding of Managerial Terminologies

Question twenty two (22) was omitted whilst twenty one (21) ask the respondents about managerial terminologies which all participants understood very well and four of are applied in their departments these include Human Resource Development which is an employee training and development, participative management where management take part in all managerial activity, Strategic Human Resource Management whereby the SMT will strategically managed all the activities of the organization's workforce, and lastly performance appraisal management which in DPW appraise all employees who performed exceedingly well. The respondents had no understanding and had an exception of transformational leadership it was a terminology they were not acquainted with. Transformational leadership is concerned with leaders who are able to transform and improve the performance of an organization which was under-performing, the leadership must revive organizational culture and operations.

6.2.18 The issue of Transparency and Accountability

Question number twenty three (23) the respondents were in congruent that they are indeed transparent in the execution of their jobs, they accountable to their immediate seniors, and they execute their work responsible taking into cognizance their job specification and description, and they are subjected to external mechanism of monitoring and evaluation outside DPW jurisdiction.

6.2.19 The SMT's Capability in Implementing DPW Strategic Objectives

With regards to question number twenty four (24) respondents agree that that senior management team was well versed and good as well as highly capable in implementing strategic objectives of DPW. The researcher asked a question the follow-up as to why then is DPW in many instances found having not adhered to PFMA, the answer was unanimous the senior management team believed that employees knew what they doing or what they were entered into, in short they do it intentional.

6.2.20 The Continuous Improvement in Financial Management

The question number twenty (25), 4 out 5 of the respondents which is about 99% felt that continuous training and development of management in finances and accounting was imperative improving the handling the finances of the DPW. The 1% highlighted that Department of Public Works must headhunt employees with outstanding records, expertize and credentials to be in managerial position because they will have capacity and potential to perform at their utmost best. Furthermore they all agree 100% percent that Human Resource Training and Development was a recipe of success in any successful organization therefore DPW must embark rigorously on junior staff training. They have a strong view that inadequate training and incapacity has resulted into poor performance regarding Public Financial Management Act. With regards to questions number twenty six (26) which was asking about how would they, as the management of Department of Public Works rate the performance of DPW in handling public finances, the response was that unanimous that they were good at about 60-65% but agreeing that they were not very good because of the reports of unauthorised expenditure and maladministration by the public protector and Auditor-General of 2014-2015 but however they felt there was a need for a room of improvement.

6.2.21 Supply Chain Management and Procurement

As prior mentioned the researcher asked some follow up questions which at the time the researcher felt will clarify some mysteries surround the issue of tendering, supply chain management, and the very sensitive issue of life-audits of Department of Public Works employees. The Department of Public Works had in the past suffered reputational damage when it comes to the matters of handling public finances. The issue of Nkandlagate cannot be forgotten whereby R245 000 was paid by the taxpayer to do upgrades on the President JG Zuma private residence. The researcher asked questions relating to supply chain, tendering and procurement. The tendering process and supply chain was seen as root cause of all evils that took place in that period of upgrades. The prices of construction material were highly inflated and a lot of public resources were misused. The respondents were 100% unanimous that issue of tendering must be rigorously and vociferously improved because its where most sinister corruption, fraud and maladministration take place. Once again they were in agreement that the issue of supply chain must be monitored and controlled 24/7, they saw it as the mother of all corrupt activities happening at the Department of Works. The respondents highlighted that it is where employees and senior management team (SMT) are enticed, bribed and offered lucrative deals, money or gifts. It is for this reason that the respondents strongly agreed that ‘Life-Style Audits’ of employees and SMT were deemed necessary to be implemented at all cost without fail more particular within financial sector, tendering, property, procurement and supply chain.

The question was asked what about the rest of the departments within DPW. Would this be seen as witch ant if only supply chain and procurement are investigated? . The answer was that lifestyle audits should be done to any employee who seems to be living the affluent and opulent life beyond his/her remuneration package. The respondents highlighted also that the specified departments were whereby the employees, were highly vulnerable and easily prone to become victims of organized crime syndicates who take a free ride on DPW lucrative tenders and deals, therefore such control mechanisms will work in their favour. The lifestyle audits will be used as a leverage to protect their interest. The responses also highlighted that there was inadequate commitment to institute effective leadership into critical areas, which will expedite organizational performance and success. The inadequacy was displayed in ethical organizational practices, good governance in pursing, promoting and enhancing the interest of DPW. Furthermore there was low-level of organization's cultural-honesty. Whilst there were financial control mechanisms to monitor organizational expenditure and reporting, the oversight role seem inadequate thus allowing flaws of impropriety and fraudulent activities. The organizational failure to adhere and comply with constitutional framework like PFMA, 1999, Public Audit Act, 2004 (Act. No 25 of 2004). The study highlighted that there was need for accountability, transparency and answerability of DPW employees and management to the public, so as to gain public confidence after numerous financial scandals of fraud and maladministration. The DPW provincial leadership displayed low cultural levels of professionalism in addressing human resource related matters of junior employees.

6.3 Compliance with Public Finance Management Act, 1996-1999

The Public Finance Management Act, 1999 gives powers and responsibility to the accounting officers of constitutional institutions, national and provincial departments and public entities to ensure effective, efficient and economic utilization of government resources (SA's Constitution, Chapter5, section, 38). According to PFMA section 40 and 55 the accounting officer is required by constitutional legal framework to report annual in to his/her annual financial report, the organizational performance against predetermined strategic objectives. The introduction of PFMA in SA's public service modernised and improved financial management operations. Furthermore, PFMA removed bureaucratic obstacles by giving managers ample freedom to manage, provide better services to citizens, and be held accountable for their actions and to institute penalties for wrongdoing. The study conducted highlighted that Commonwealth and former British colonies (Canada, New Zealand, Australia and SA had similar financial management systems, but a lot of improvement has been achieved by the trio mentioned than in SA. The study recommends that those that entrusted with responsibility to manage the resources of the government must apply PFMA to the latter. The PFMA stipulates what must be done, where, when and how. Public Finance Management Act established to prevent maladministration, irregular and unauthorised expenditure by government departments and employees. The DPW must introduce compliance strategy which will enforce service delivery, resource mobilisation, focused management and implementation of projects. Those in senior management position like Member of Executive Council, Head of Departments, Provincial and Regional Managers, Chief Executive Officers and Chief Financial Officers must ensure that PFMA is implemented in all government departments. Transparency and accountability must be encouraged at all levels in government departments. It is embarrassing that twenty years after PFMA became SA government is still experiencing high level maladministration. The study recommends consequence management, the employees who are failing to implement and comply with PFMA requirements must be disciplined, fired and prosecuted depending on the extent of default. If employees in all government departments can comply with PFMA, maladministration, fraud and corruption within the state will drop by 95% because the Act procedures and processes are crystal clear. The study recommends that PFMA must be used in conjunction with international recognised financial control mechanisms like generally accepted accounting practices (GAAT), international financial reporting standards (IFRSs), and generally recognised accounting practices (GRAP). The DPW must adopt and instil a zero tolerance culture to maladministration, fraud and corruption. The management practice assessment tool (MPAT) is a mechanism tool used by DPW management to assess sound management practices and evaluate performance. The MPAT covers a wide spectrum of management areas, assessment on performance is done in accordance with departmental regulatory systems and standards.

6.3.1 Management practice assessment tool

In the diagram below it shows the trajectory of MPAT in KwaZulu-Natal, DPW (Figure 6-1). Index showed that there has been a vast improvement on performance from 1.37 in 2012/13 to 2.6 in 2017/18. In 2012/13 performance was below average, in 2013/14 it was average, in 2014/15 it dropped below average, in 2015/16 a significant improvement was achieved, in 2016/17 it dropped and 2017/2018 it dropped index showed that there has been a vast improvement on performance from 1.37 in 2012/13 to 2.6 in 2017/18 (Figure 6-1). The projections or target of DPW in 2018/19 stands at about 95% which would be a remarkable improvement.

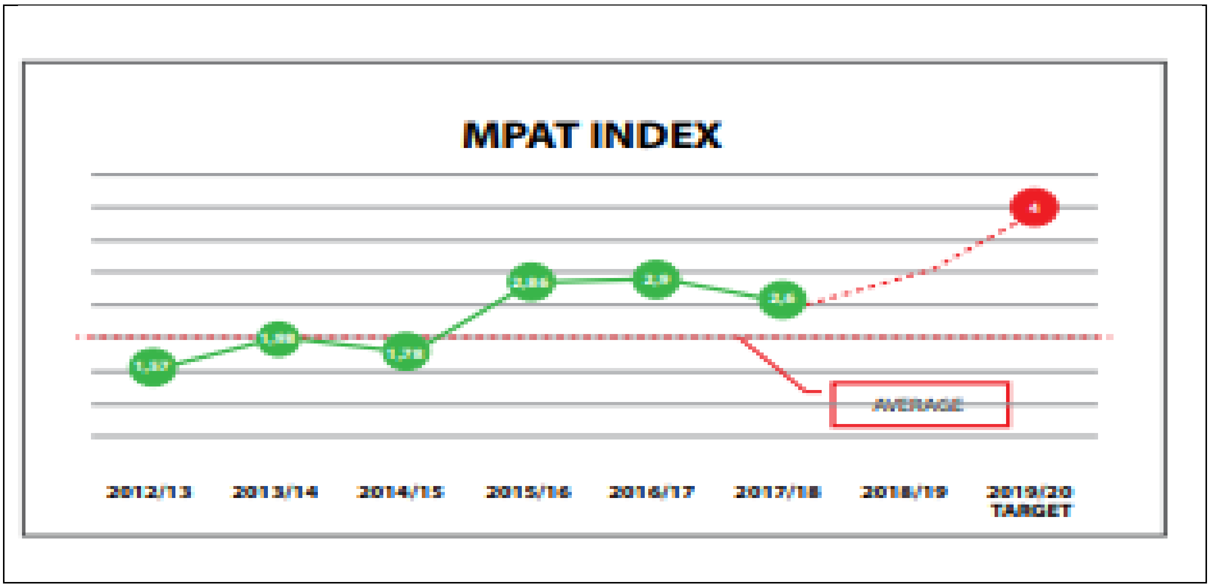

Figure 6.1: The trajectory of MPAT at DPW in KwaZulu-Natal

Source. DPW Annual Performance Plan 2017/18: pg. 18

6.3.2 The Annual Financial Performance of DPW in KwaZulu-Natal

The diagram below displayed DPW annual financial performance in 2016/17. The provincial snapshot showed positive tremendous improvements in some financial activities, whilst others showed negative outlook. The clean audits in 2015/16 stood at 12% and there was an improvement of 5% in 2016/17 to 17%. The unqualified financial statements on other hand showed a negative performance as in 2016/17 increased by 3% from 79% to 83%. The no findings on organizational performance reports increased from 64% to 65% which is negative increment because performance reports are indispensable tools to gauge the organization's performance trajectory. The failure for DPW to comply with legislation stood at 12% in 2015/16 but there was negative growth of 5% in 2016/17. The irregular expenditure was R9 917million in 2015/16 but there was a negative increase of R1 458 in 2016/17. The overall assessment of this scenario highlighted a gloomy picture of public financial management.

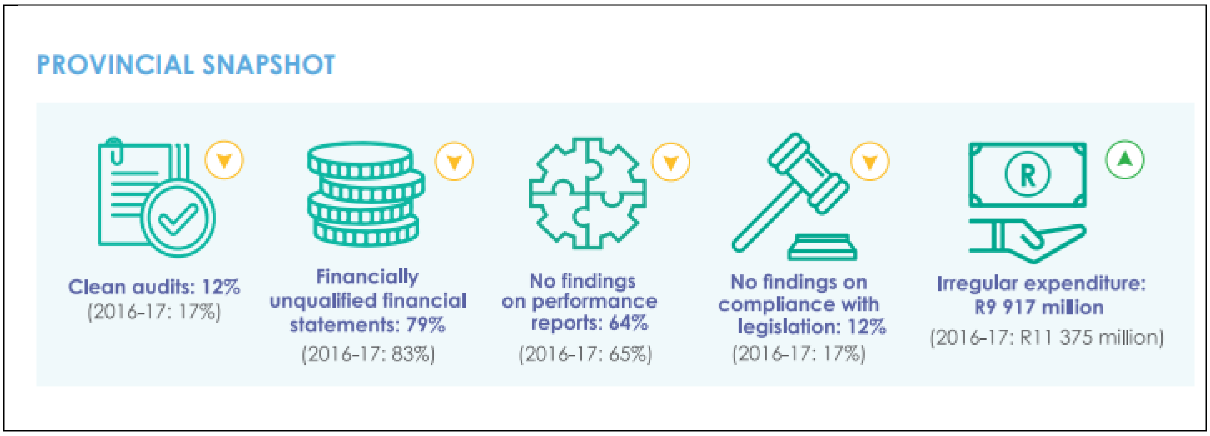

Figure 6.2: DPW annual financial performance

Source: DPW Annual Performance Plan 2017/18: pg. 17

Chapter 7: Conclusion and Recommendations

7.1 Conclusion and Recommendations

This chapter is providing the summary, conclusion and recommendations of the study in its entirety. The chapter to be more specific it covers a glimpse on the summary of the findings as per what the study established, conclusions, recommendations for both theoretical and managerial and implementation practices, limitations or boundaries that study experienced and suggestions and proposals for further and future research.

It is of vital importance to mention the fact any organization to achieve its ever sought goals has to ensure that the following is adhered to i.e. consciousness of common values, goals and ideals must be understood by all within the organization, how the organization will achieve its goals?, employees and leadership to achieve the organizational goals and the community as the beneficiaries of organizational strategic interventions.

7.2 DPW need to adhere to the Principles of Good Governance

The Auditor-General's Financial Year Report of 2017/ 18 produced shocking revelations that the government irregular expenditure amounted to 51 billion, if state owned enterprises are included it would amount to 79.4 billion. This highlights the mammoth and insurmountable challenge facing SA's public sector. The DPW must thrive to adhere and comply with good and healthy financial management policies. Sound public financial management procedures and Acts. Sound public financial management will inevitable supports organization's prioritisation programs of aggregate financial control measures and mechanisms. This will promote, encourage management and the workforce to be held accountable for their actions in financial misconduct in the utilization, and management of public resources. The subsequent benefit of this intervention DPW would become efficient and effective in handling the public purse. At the end irregular expenditure will be reduced significantly and delivering of quality service to the citizens will improve. Public Audit Amendment Act which was approved both by National Parliament and NCOP, and signed by President of SA must be implemented immediately. According to this Act those that had misuse the public funds will be prosecuted regardless of their status. The Anti-Corruption Unit (ACU) of DPW must be beefed up to produce desired outcomes.

7.2.1 DPW must adopt the Principles of Transparency and Accountability

Transparency and accountability are one of the fundamental prerequisites or elements of a democratic organization or government. For sound and good governance to thrive there has to be high level of transparency and accountability within an organization. Transparency and accountability promotes or breeds trust in public service by the citizenry. Amongst the core and fundamental principles of good governance is transparency and accountability which promotes sound, appropriate and legal internal financial control systems. These control systems, measures and mechanisms incorporates organizational procedures like regulations, rules, practices and operations with clearly defined policies. In Denmark's public service transparency and accountability was achieved by relaxation of public financial management systems and performance management mechanisms which concentrated on efficiency and coherency. Furthermore, transparency and accountability in Denmark was promoted by adopting e-government which promoted collaboration and efficiency with citizenry. Whilst in New Zealand transparency and accountability was achieved through adoption of financial reporting strategy and mechanisms which promoted principles of fairness and openness. In Sweden it was achieved through e-government, performance management, financial reporting and performance management. In Finland it was achieved through e-government, easy access to information by public, openness culture and performance based management strategy. Mauritius which is rated number one in Africa in good governance by Mo Ibrahim Institute achieved transparency and accountability through e-government, internal audit, procurement regulatory framework and extensive strategy on financial reporting. In the absence of the clearly defined policies, Acts or systems of internal financial control mechanisms could subsequently lead opportunistically to organizational fraud and corruption.

7.2.2 Human Resource Development and Skills

The findings of study suggests the ways which can assist the senior management team (SMT), who are the decision makers in the Department of Public Works need to know what their job description entails. Human resource involves the skills, knowledge and expertise that employees which adds value to performance (Hunt & Morgan, 1995). There is urgent need to develop and craft appropriate strategies, internal control measures and mechanisms to deal with public finances. Resources are the most critical tangible or intangible that enables the organization to perform effectively and efficiently. Human resource management must be used as a strategic tool to advance recruitment and skills development in DPW. High degree of professionalism, ethical behaviour, and commitment of employees within the Department of Public Works must be achieved at all cost to avoid breaching of legitimate rules and regulations of DPW (Hoque and Hopper, 1997).

7.2.3 Performance Management Evaluation and Monitoring

The senior management must come out with a specific or clearly defined mechanism to assess and evaluate performance of all employees within Department of Public Works regardless of their status and position they hold. Martinez (2011) emphasized the importance of human resource capital management activities, which its main focus is on learning capabilities focusing on the development of employees in three facets, that is, the organization, team and individual. The senior management team must design and execute a strategic competency program to capacitate individual employees and for a team the value or worthiness management becomes paramount and for the organization in its entirety. The SMT must be made to sign performance agreements tabulating objectives and targets to be met. Monitoring and evaluation in DPW must conducted on monthly basis throughout the year to curb poor performance. The Department of Public Works must implement organizational learning management program which covers all critical areas within the departments. The organization that is able implement all three prior mentioned programs effectively is assured to achieve desired outcomes (Martinez, 2011). The 1991 case study conducted in the public service of Sweden highlighted the significance of evaluating and assessing governance and management. Appraisal systems involving pay performance systems and performance contracts linked to public personnel salaries were implemented. The high performing public officials were rewarded by promotions and salaries whilst non-performers were fired or demoted (The Sustainable Governance Report, 2016). Job security in Sweden’s public service is guaranteed only through employees’ competencies (Labrie, 2012). Performance management determines vertical mobility and remuneration of public service of employees. Managerial officials who are non-performing are called upon to account. The linking of rewards to performance completely eradicates favouritism and nepotism in employee’s promotion because of high-flyers are rewarded. Implementation of monitoring and evaluation in DPW will change the current situation for the better.

7.2.4 The Allocation of Appropriate Resources to Technology

The Department of Public Works in order to achieve the utmost organizational performance must allocate necessary and adequate resource to budgeting, internal control mechanism, Strategic Human Resource Management, skilled workforce, time management and the workforce involvement in decision-making of Department of Public Works (DPW). The strategic implementation is the life-blood of any organizational survival therefore DPW has to ensure that the organizational structure is well-resourced to implement programs, the issue of organizational culture and corporate governance are enthusiastically revived. Technology had been seen as panacea to solve a lot of public service challenges. It is for this reason that the most performing countries in good governance like Sweden, Mauritius, Denmark, New Zealand and Finland had adopted e-government and IT initiatives. The e-government is an electronic system that provides easy, efficient, faster and cost-effective access to information for businesses and communities 24/7. The e-government has become the powerful transformational tool to forge a new culture in the public service because of its convenience (Torres and Pina, 2004). The e-government increases government accountability to the society therefore SA's must implement e-government programs immediately. Some governments have started to post their programs on the internet.

7.2.5 Ethical Leadership

Good governance flourishes where there is transparency and accountability. Ethical leadership is impossible without transparency and accountability. Ethical leadership is achievable when public officials take responsibility, answerable and accountable about their actions. The employees employed in SA's public service must be the custodians of trust and honesty, people with high degree of integrity, upholding high ethical and moral values. The SMT must encourage employees to become whistle-blowers to report irregular practices as they happen. The senior management team must also ensure that whistle-blowers are protected against threats and harassment. The Department of Public Works SMT must have comprehensive knowledge of good governance. A lot of training on ethics is needed in DPW, SMT and employees. Ethical leadership promotes good communication strategies, transparency and accountability. Involvement of stakeholders which may include civil society organizations, international donors, public service organizations, community based organizations (CBOs) and non-governmental organizations (NGOs) more particularly in decision-making structures of DPW (Waddock et al., 2002). The DPW must at all times discourage the abuse of power wherever it appears. Decentralisation of powers from senior management team to junior managers with regards to decision-making and planning by capacitating and empowering them and decease from the practice of making them being rubber-stampers.

7.2.6 Beefing up Supply Chain Management and Procurement Services

The interviewees highlighted the supply chain and procurement processes as the root cause of the many irregular practices and irregular expenditures experienced by DPW. The supply chain management irregularities must be reported immediately, because it is mother of evil in DPW. The inflating of prices and bidding takes place SCM because of governmental loop holes. The employees with necessary or relevant financial credentials, experience and competencies must be employed at this critical department. It is for that reason that stringent measures of control are advocated. The DPW, SMT must in all departments comply with supply chain legislative framework. The DPW employees must cease from the practices of doing business with their department, this shows signifies conflict of interest and non-disclosure of external business interest. The employees who defaults the government must be dealt with through disciplinary procedures and policies as per what the law enforcement agencies require them to do (Auditor-General, 2018).

7.2.7 Curb corruption

A lot of corruption had been detected in many governments departments. The DPW has not been immune into such allegations. Internal auditing is pivotal in detecting fraud and corruption within the organization. The internal auditors and accountants within the system must adhere to international standards of auditing and report and raise the alarm of irregular accounting errors. Mechanism of external financial oversight, monitoring and evaluation must be within DPW must be beefed-up. There has to be consequences management, defaulters and non-compliance must be dealt with appropriately. Effective and efficient leadership must be established to monitor financial management where supervision seems inadequate. Allegations of irregular, unauthorised expenditure, financial misconduct must be addressed promptly. The introduction of e-government which is paperless government will assist in curbing corruption. The employment of workforce with financial competencies and experience to detect fraud in its initial stages. The capacity of DPW to perform at its utmost best must be improved by being able to identify problems at the appropriate time, pursuance of its goals, by applying principles of good governance, execute their tasks following government's programs and legislation and continuous improvement, and oversight throughout all departments of DPW (World Bank, 2004). Development of long-term structural committees, processes and commitment to deal with financial matters and processes which inter alia make senior management team (SMT) transparent and accountable.

7.2.8 Risk Management

Risk management has evolved over a long period of time hence it has become a cornerstone and a pillar of good governance. Governments worldwide provides essential services to the citizens, therefore service delivery of citizens must not be hindered by risk. It remains the main responsibility of any organization to reduce uncertainty and risk to an accepted or minimum level. The DPW must deal with risk in what form it comes be it financial, environmental, social, or political. The DPW must ensure that risk and uncertainties around strategic objectives are identified and mitigated to enable the state to achieve its objectives. Therefore, long-term strategic planning, contingency plans, long-term projections and contingency reserves must be ready at all times. Risk management in SA is monitored by Public Sector Risk Management crafted to fulfil the requirements of PFMA and MFMA respectively. This is done to improve rational ground on which formidable decisions can be formulated. Such an approach allows a space for planning, implementation of cash management, financial management and management control. The DPW must at all cost fight incapacity within its employees regarding implementation of PFMA. Department of Public Works must ensure that risk management strategy is line with internal audit systems. The government departments must engage in research to find international trends applied by best countries.

7.2.9 The Annual Performance Plan

The Annual Performance Plan of the Department of Public Works seems to fall short of comprehensiveness in its organizational assessment. This study recommends that DPW must at all times in its operations produce a comprehensive a report on performance and accountability. This will assist Department of Public Works to improve its capacity with regards to accountability, transparency, efficiency and effectiveness and achievement of organizational goals of DPW as stipulated in Public Financial Management Act of 1996. There is a greater need of improving and strengthening accounting, auditing and reporting mechanisms within the Department of Public Works. The importance of public service performance management (PSPM) in any organization remains pivotal as it has a devastating impact on organizational performance if it is not pursued. The good organization's performance signifies that an organization is doing well (effective and efficient) both in terms volume and quality in providing goods and services. Furthermore PSPM will contribute fruitful outcomes to DPW because it provides fertile ground for achieving good governance. Good governance have elements of transparency, responsiveness, accountability, legal conceptual framework, eliminating fraud and corruption (Agere, 2000, United Nations Development Program, 1997 & World Bank, 1992). Department of Public Works must also improve and execute some reforms like adopting a comprehensive approach in all its operations and processes, selective approach won't achieve the desired outcomes, DPE comprehensive approach will guarantee uniformity in operations so as the outcomes. Dissemination of performance information by Department of Public Works to various stakeholders must improve significantly to enable DPW gain confidence of society.

7.2.10 The Framework for the Department of Public Works of KwaZulu-Natal

The research topic reads, "Public Financial Management Framework for the Department of Public Works in Durban Metro, South Africa". It is for this reason that the researcher formulated a DPW framework. This is a hierarchy framework comprising of four levels or tiers, the first level indicates the level of power, authority and accountability. All senior management team (SMT) and staff are accountable to the Regional Director. There is high level of supervision and control between levels to tighten loose ends, so as to avoid irregular expenditure, fraud and corruption that has plagued the Department of Public Works in the past. If this framework can be implemented as it is, vast improvements can be achieved in DPW financial management.

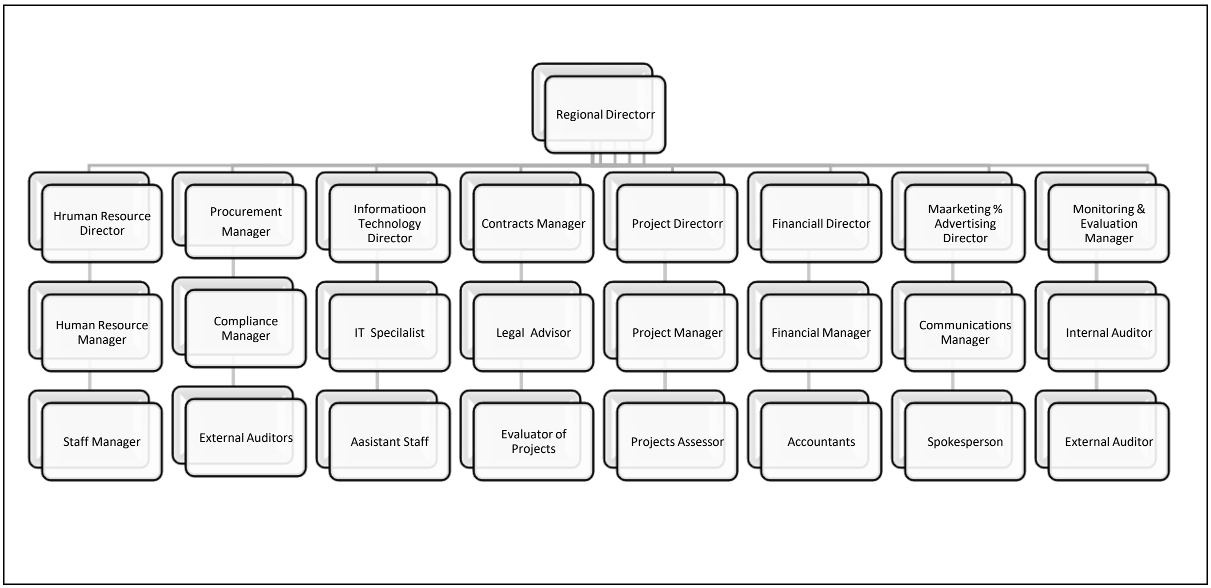

Figure 7.1: Organogram or Flowchart of the DPW

Source: Designed by the PhD Candidate

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