

**Managing Policy on Broad-Based Black Economic Empowerment in the Provincial  
Government of KwaZulu-Natal, South Africa**

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## Abstract

This thesis examines the management of Broad-Based Black Economic Empowerment (B-BBEE) policy by the provincial government of KwaZulu-Natal, South Africa. Several authors have analyzed the policy on B-BBEE in South Africa, mainly focusing on the impact of the policy on the 'actors', and the ethical implications of the policy, but no research has been done on its policy implementation and management, particularly in the public service in South Africa.

The central aim of this thesis is to investigate the organizational complexities surrounding how the policy on B-BBEE is managed by the provincial government of KwaZulu-Natal. The study focuses on the three KwaZulu-Natal technical clusters: the economic sectors and infrastructure development, governance and administration, and the social protection, community & human development cluster. The thesis identifies various government departments in each cluster to examine how the policy on B-BBEE is managed. The investigation revealed that government has been successful in implementing some aspects of B-BBEE policy as the majority of blacks were holding key strategic positions within the provincial government. However, the provincial government was grappling with serious management challenges.

This thesis explores instruments for policy management, that is, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. The results showed that much as the provincial government has been able to open up opportunities for black people there is still a long way to go in terms of transforming policy management structures, functions, processes, norms, values, procedures, organizational culture, and organizational decision-making in improving policy management. The study revealed that various government structures, functions, processes, procedures, norms, values and organizational culture are incompatible with B-BBEE policy objectives. Government decision-making is hierarchical which obstructs the management of B-BBEE policy implementation. Furthermore, B-BBEE policy is still yet to be institutionalized by most government organizations in the province.

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## **Acknowledgements**

The completion of this thesis would not have been possible without assistance and support from others. I'm indebted to the following individuals: A very big 'thank-you' goes to my supervisor, Prof. Ralph Lawrence, for his confidence in me, scientific guidance, and his commitment and moral support, which have enabled me to complete my PhD research. It would not have been possible without his encouragement.

Lastly, I would like to thank my family Zoie, Phelele and Thuthu Sibeta, as well as my colleagues and friends.

## **Dedication**

In view of the enormous contribution and sacrifice of my family towards the completion of this study, I dedicate this thesis to my family, Zoie, Phelele and Thuthu Sibeta, in gratitude for their support and prayers for my successful completion of this thesis.

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## List of Abbreviations

AA	Affirmative Action
AP	Affirmative Procurement
AG	Auditor General
ANC	African National Congress
ASGISA	Accelerated Shared Growth Initiative for South Africa
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
BEEAC	Black-Economic Empowerment Advisory Council
BEECOM	Black Economic Empowerment Commission
BMF	Black Management Forum
BOSMEs	Black-Owned Small and Medium Enterprises
CBO	Community-Based Organization
CEO	Chief Executive Officer
CBBO	Confederation of Black Business Organizations
COSATU	Congress of South African Trade Unions
DEDT	Department of Economic Development and Tourism
DG	Director General
DDG	Deputy Director General
DTI	Department of Trade and Industry
DOL	Department of Labour
EAP	Economically Active Population
ESID	Economic Sectors and Infrastructural Development Cluster
EMEs	Exempted Micro-Enterprises
EIG	Empowerment Investment Grant
ESKOM	Electricity Supply Commission
FDI	Funding Development Institutions
G&A	Governance and Administration Cluster
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
HOD	Head of Department

HDIs	Historically Disadvantaged Individuals
HDGs	Historically Disadvantaged Group
HRD	Human Resources Development
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDT	Independent Development Trust
IDZ	Industrial Development Zone
JSE	Johannesburg Stock Exchange
JIPSA	Joint Initiative for Priority Skills for South Africa
KZN	KwaZulu-Natal
LBSC	Local Business Service Centre
LED	Local Economic Development
LE	Large Enterprises
MEC	Member of Executive Council
MTEF	Medium-Term Expenditure Framework
NA	National Assembly
NAFCOC	National African Federated Chamber of Commerce
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NEF	National Empowerment Fund
NGOs	Non-governmental Organizations
OSD	Occupation Specific Dispensation
PPPFA	Preferential Procurement Policy Framework Act
PGDS	Provincial Growth and Development Strategy
PFMA	Public Finance Management Act
PPG	Priority Population Group
PDI	Previously Disadvantaged Individuals
PDG	Previously Disadvantaged Group
PE	Public Entities
PIGP	Presidential International Growth Panel

PPP	Public Private Partnerships
PMB	Pietermaritzburg
RDP	Reconstruction and Development Programme
SASSA	South African Social Security Agency
SACP	South African Communist Party
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SARS	South African Revenue Services
SANAS	South African National Accreditation System
SPCHD	Social Protection, Community and Human Development.
SPV	Special Purpose Vehicle
SDIs	Spatial Development Initiatives
SME	Small and Medium Enterprise
SMMEs	Small, Micro and Medium Enterprise
SOEs	State-Owned Enterprise
SPV	Special Purpose Vehicle
SED	Social Economic Development
TI	Trade and Investment
Telkom	Telecommunication
QSEs	Qualifying Small Enterprises

# Chapter One

## Introduction

### 1.1 Background and motivation for the study

The Department of Economic Development and Tourism (DEDT) is considered to be a custodian of Broad-Based Black Economic Empowerment (B-BBEE) strategy formulation in the KwaZulu-Natal provincial government. I have served the DEDT for several years in my previous capacity as a deputy director and am now the director of B-BBEE in the province. My job functions in the DEDT entail B-BBEE strategy formulation as well as its operations. It was therefore in the course of performing my functions in the B-BBEE policy arena in the province that I recognised serious challenges in the implementation of B-BBEE policy since it was not achieving its intended objectives. The reason why it was not achieving its objectives warranted further investigation. Admittedly, any new endeavour of this magnitude could have expected to have encountered complex organizational management challenges, given the country's history of racial segregation.

The dismantling of apartheid during the 1990s and the ushering in of a new era of democracy in 1994 and subsequent majority rule in South Africa were major turning points in its history. The importance of these changes meant that various organizational functions, operations and structures had to be transformed to reflect the new ethos of the Constitution.

In 1994 the new democratic government came into power with a mandate to redress the inequalities of the past. This mandate is embodied in the South African Constitution Act 108 of 1996. Section 9(2) of the South African Constitution prescribes the right to equality. The Constitution imposes obligations on the state to take active steps in addressing historical imbalances. The B-BBEE Act 53 of 2003 emerged in response to this demand. Public sector organizations are required to ensure that B-BBEE policy is implemented according to this legislation. Section 11 (a) of the B-BBEE Act provides for an integrated, co-ordinated and uniform approach to B-BBEE

policy implementation by all organs of state and public entities. Every organ of the state and public entities must themselves apply B-BBEE codes of good practice, plan in terms of B-BBEE policy and report on compliance with the B-BBEE Act.

Public sector organizations use public procurement as leverage for B-BBEE policy implementation. However, implementation of public procurement to realise B-BBEE objectives faces challenges within state institutions. The Auditor-General's report in 2009 noted government officials' conflict of interest in failing to declare their private business interests. This revealed shortcomings in managing B-BBEE policy in South Africa. It was on this basis that on the 24<sup>th</sup> of July 2009, President Zuma, addressing members of the Confederation of Black Business Organizations (CBBO), argued that government needed to improve the implementation of B-BBEE policy in South Africa (President Zuma, July 2009). The President suggested that the government's view was that the B-BBEE policy framework was adequate, but there was, however, a need to sharpen its implementation and communication. This was a clear demonstration that various organizational structures, including those within the public sector, were still not yet far enough down the road of transformation, despite the fact that the introduction of B-BBEE policy was hailed as a major turning point in terms of organizational normalisation. High levels of inequalities and unresponsive public institutions were still evident.

According to the African National Congress (ANC), the skewed patterns of ownership and production, the special legacies of the apartheid past and the tendencies of the economy towards inequalities, dualism and marginalisation would not recede automatically as economic growth accelerates (ANC 52<sup>nd</sup> National Conference 2007:10). The ruling party resolved that decisive action was required to thoroughly and urgently transform the economic patterns of the present in order to realise the vision of the future. B-BBEE policy empowers government organizations to drive this process. Such a vision includes the transformation of organizational operations, procedures, norms, values, structures, decision-making and



organizational cultures. The public sector is expected to take a leadership role, and act as an example for the private sector to follow.

It is therefore not surprising that whenever B-BBEE is pondered it invokes a range of emotions amongst academics, journalists and politicians who hold very diverse views on the subject (Edigheji 1999: 10). The central theme of this debate is claims and counter claims about the supposed successes or failures of B-BBEE policy implementation which reflect a host of political, legal and ethical issues and suppositions.

For several years now the policy on B-BBEE has been part of the South African socio-economic transformation, a key component for social, economic and organizational normalisation. Yet, despite this, the implementation of the policy remains a serious challenge for South Africa (KPMG BEE report 2008: 12, and DEDT report 2009: 15). The reasons why the policy on B-BBEE is not achieving its desired results deserves investigation. In general, the literature as well as the discourse of B-BBEE policy in South Africa reveals that the discussion on B-BBEE policy has not transcended matters of morality (reparation). There is a need to move away from the current debate centred on the 'actors', and to focus more on how the policy on B-BBEE is being managed.

The attention placed on the moral implications of B-BBEE policy is not surprising given the moral responsibility of the South African state. B-BBEE policy needs to correct history, a history which is not only about the 'actors' but also about institutional design, which requires highly strategic public managers to guide the process of transformation. However, addressing the past by making use of present strategies within the constraints of regulatory framework encounters contradictions and policy tensions. Government policy implementation is often congested, with conflicting demands and overlap.

## 1.2 Research questions

There is now a greater need to move the B-BBEE policy conversation and ultimately its understanding from the current discourse and to examine it instead in terms of the broad framework of structural policy administration. This study will do so by investigating B-BBEE policy management in the provincial government of KwaZulu-Natal according to key principles of public policy management: managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. The research intended:

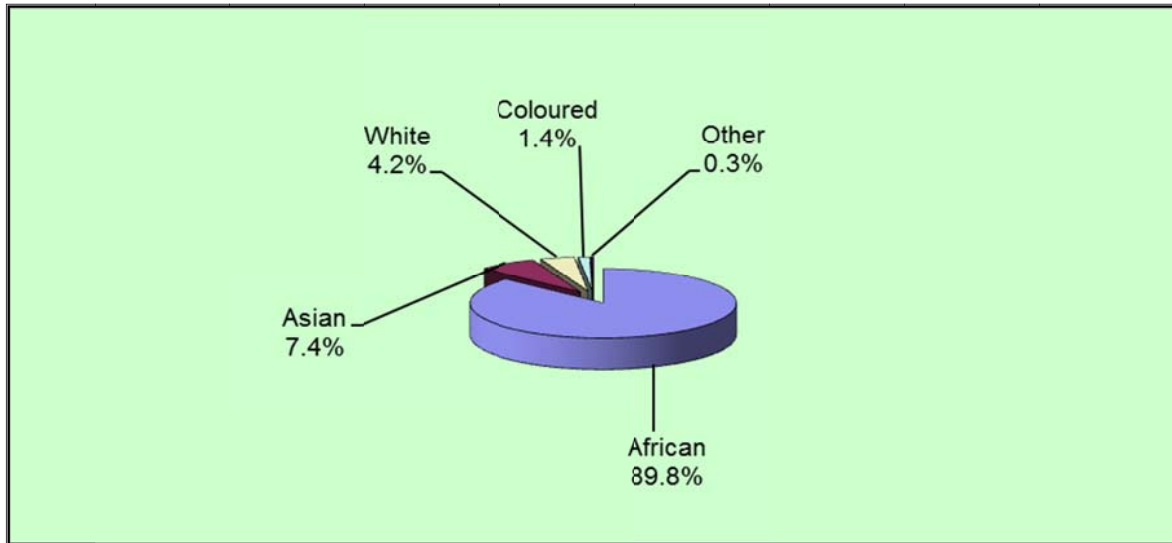
- (i) To gain a comprehensive understanding of how the provincial government manages B-BBEE policy implementation.
- (ii) To understand how the provincial government co-ordinates B-BBEE policy implementation.
- (iii) To understand the extent to which B-BBEE policy target groups participate in B-BBEE policy implementation.
- (iv) To understand the relationship between the top executive and operational employees on B-BBEE policy implementation.
- (v) To understand how the provincial government communicates on B-BBEE policy implementation.

This investigation was limited to an analysis of B-BBEE policy management within government and as such policy implementation outside government is not included in the scope of the study.

### 1.3 The context of government in KwaZulu-Natal

KwaZulu-Natal is one of South Africa's nine provinces which has about 20% of the national population. Figure 1.1 depicts KwaZulu-Natal population by race:

**Figure: 1:1 Profile of KZN population by race**



Source: Census South Africa, 2011.

Figure 1.1 reflects the KwaZulu-Natal provincial population by race in terms of the South Africa census for 2011 which was released by the Statistics South Africa in October 2012. The total population for the KwaZulu-Natal province was 10 267 300. There were 8 912 921 (89.8%) Africans, 756 991 Asians/Indians (7.4%), 428 842 Whites (4.2%), 141 376 Coloureds (1.4%), and 27 170 (0.3%) were others living in the province. It can be seen that Africans constituted by far the largest group in the province.

In terms of the Constitution Act 108 of 1996, South African government is divided into three spheres:

- (i) National,
- (ii) Provincial, and

(iii) Local government

The three spheres of government are autonomous and should not be seen as hierarchical. The Constitution further prescribes that the three spheres of government are distinctive, inter-related and inter-dependent. At the same time they all operate according to the Constitution and laws and policies made by national parliament or the provincial legislatures. Government is structured into three parts:

- (i) The elected members (legislatures) – who represent the public, approve policies and laws and monitor the work of the executive and departments.
- (ii) The cabinet or executive committee (executive) – who co-ordinate the making of policies and laws and oversee implementation by the government departments.
- (iii) The departments and public servants – who are responsible for the administrative operations and account to the executive.

The national and provincial spheres of government have a corresponding legislative competence in accordance with Schedule 4 of the Constitution (Act 108 of 1996). Consequently, parliament and the provincial legislatures of the Republic of South Africa at national and provincial level have powers to make laws for the country in accordance with Section 43(a) and Section 44 of the Constitution. The National Council of Provinces represents the provinces at the national level to ensure that provincial interests are taken into account in the national legislative process. The provinces participate in the national legislative process on issues affecting them. Section 43 of the Constitution states that legislative authority of the national, provincial and local sphere of government is vested in:

- (i) Parliament i.e. the National Assembly (NA) and the National Council of Provinces (NCOP)
- (ii) The nine provincial legislatures

- (iii) The municipal councils.

In terms of Section 44(1) (a) of the Constitution, the National Assembly has the power to:

- (i) Amend the South African Constitution
- (ii) Pass legislation with regard to any matter within the functional areas of coexisting national and provincial legislative competence, but excluding matters falling within the functional areas of exclusive provincial legislative competence.
- (iii) Assign any of its legislative powers, except the power to amend the Constitution, to any legislative body in another sphere of government.

In terms of the Constitution, the national legislative authority vested in parliament confers on NCOP the power to:

- (i) Participate in amending the Constitution.
- (ii) Pass ordinary bills affecting the provinces.
- (iii) Consider ordinary bills not affecting the provinces but passed by the national assembly.

Parliament may intervene and pass legislation that falls within the functional areas of exclusive provincial legislative competence only when it is necessary to achieve the following:

- (i) Maintain national security.
- (ii) Maintain economic unity.
- (iii) Maintain essential national standards.
- (iv) Establish minimum standards required for the rendering of services.
- (v) Prevent unreasonable action taken by a province, which is prejudicial to the interests of another province or to the country as a whole.

Table 1.1 indicates the structure of the national, provincial, and local spheres of the South African government. This includes the relationship between the political and administrative arms of government.

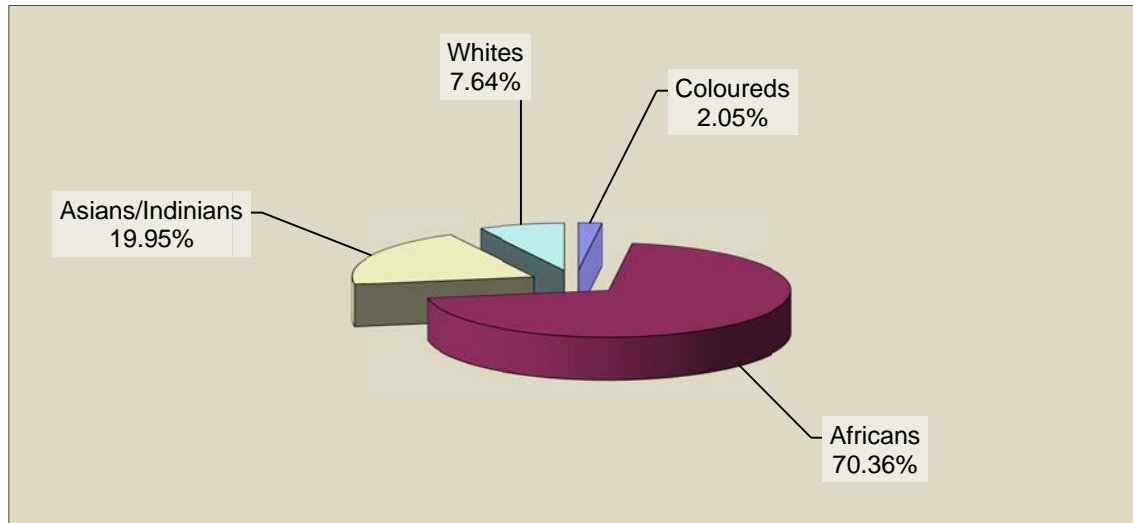
**Table: 1.1 South African government structures**

<b>Sphere</b>	<b>Legislature</b>	<b>Executive</b>	<b>Administration</b>
National	Parliament	President and Cabinet	Director General and Departments
Provincial	Legislature	Premier and Executive Council	Heads of Department and Staff
Local	Council	Mayor and Mayoral Committee	Municipality Manager

Each province has a legislature which is made up of between 30 and 90 members. Provincial laws are approved by these legislatures which also pass the provincial budget every year. Legislatures are elected once every five years, at the same time as a national election. A provincial Premier is elected by that province's legislature and appoints Members of the Executive Council (MECs) to be the political heads of each provincial department. The MECs and the Premier form the provincial executive council (cabinet).

A provincial government is headed by a Director General. Each provincial department is headed by a Deputy Director General or by a Head of Department. A Head of Department appoints the Directors (managers) and all other public servants to administer government operations. In each of the nine provinces there are usually at least twelve government departments. Every province has to develop a provincial growth and development strategy (PGDS) that spells out the overall framework and plan for the development of the economy and improving services. Figure 1.2 reveals the management structure of the KwaZulu-Natal provincial administration according to race:

**Figure 1:2 KZN government management structure by race**



Source: KZN Office of the Premier, July 2012

The total number of management employees for the KZN provincial government was 37 044. There were 26064 (70.36%) Africans, 7392 (19.95%) were Asians/ Indians, 2829 (7.64%) were Whites, and 759 (2.05%) were Coloureds. It can be seen that Africans constituted by far the largest group in policy management of the KwaZulu-Natal provincial government. Table 1.2 shows the KwaZulu-Natal management employees according to occupational levels.

**Table 1:2. KZN management structure by occupational level**

Occupational Levels	Number of Africans	Number of Asians/Indians	Number of Coloureds	Number of Whites	Total
Director	264	48	9	41	<b>362</b>
Deputy Director	5128	2393	212	1169	<b>8902</b>
Assistant Director	20560	4928	537	1608	<b>27633</b>
Chief Director	85	17	1	5	<b>108</b>
Deputy Director General	17	5	0	6	<b>28</b>
Director Generals/HOD	10	1	0	0	<b>11</b>
<b>Overall</b>	<b>26064</b>	<b>7392</b>	<b>759</b>	<b>2829</b>	<b>37044</b>

Source: KZN Office of the Premier, July 2012

Africans were clearly in the majority across the occupational levels within the KZN managements structure, 10 of them (90.91%), were Directors General/HODs, only 1 (9.09%) was Asian/Indian. 17 (60.71%)Africans were also the majority in terms of Deputy Directors General positions. This trend continues from junior, middle, to the executive management levels where Africans are the clear majority. This places them at an apex in the management of B-BBEE implementation. Tables 1.3 and 4 shows the KZN management structure by race and gender.

**Table 1.3 KZN management by race and gender (numbers)**

Occupational Levels	Africans		Asians/Indians		Coloureds		Whites		Total
	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	
Director	106	158	18	30	5	4	13	28	<b>362</b>
Deputy Director	2171	2957	1167	1226	102	110	500	669	<b>8902</b>
Assistant Director	14809	5751	3198	1730	414	123	1211	397	<b>27633</b>
Chief Director	26	59	8	9	1	0	0	5	<b>108</b>
Deputy Director General	7	10	3	2	0	0	1	5	<b>28</b>
Director General HOD	4	6	0	1	0	0	0	0	<b>11</b>
<b>Overall</b>	<b>17123</b>	<b>8941</b>	<b>4394</b>	<b>2998</b>	<b>522</b>	<b>237</b>	<b>1725</b>	<b>1104</b>	<b>37044</b>

Source: KZN Office of the Premier, July 2012



**Table 1.4 KZN management by race and gender (percentages)**

Occupational Levels	Africans		Asians/Indians		Coloureds		Whites		Total
	Females %	Males %	Females %	Males %	Females %	Males %	Females %	Males %	%
Director	0.29	0.43	0.05	0.08	0.01	0.01	0.04	0.08	<b>0.99</b>
Deputy Director	5.86	7.98	3.15	3.31	0.28	0.30	1.35	1.81	<b>24.04</b>
Assistant Director	39.98	15.52	8.63	4.67	1.12	0.33	3.27	1.07	<b>74.59</b>
Chief Director	0.07	0.16	0.02	0.02	0.00	0.00	0.00	0.01	<b>0.28</b>
Deputy Director General	0.02	0.03	0.01	0.01	0.00	0.00	0.00	0.01	<b>0.07</b>
Director General HOD	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.03</b>
<b>Overall Percentage</b>	<b>46.22</b>	<b>24.14</b>	<b>11.86</b>	<b>8.09</b>	<b>1.41</b>	<b>0.64</b>	<b>4.66</b>	<b>2.98</b>	<b>100</b>

Source: KZN Office of the Premier, July 2012

As noted in Table 1.2 Africans were clearly in the majority across the occupational levels within the KZN management structure. Additionally, there was parity of numbers in terms of the gender of Africans at the top management structure of the provincial government. Notably, seven (0.02%) of the Deputy Director Generals were female, as well as four (0.01%) of the 10 Director Generals or Head of Departments. African females were clearly in the majority 14809 (39.98%) at an Assistant Director level in the management structure. The dominance of African females at an entry management level can also mean that in the future they would be the majority at the top echelon in the management structure of the provincial government. Thus, empowerment in the province has led to opportunities opening up for women.

## 1.4 Research methods and methodology

The study employed both quantitative and qualitative methods. It was felt that the experiences of a select number of government officials in management positions would be the ideal population to be researched since they are responsible for policy implementation and have considerable insight into the challenges emanating from B-BBEE policy management in their respective clusters.

This study drew on an analysis of government legislation and reports, a questionnaire was administered to government officials, and there were personal interviews with some officials. The empirical investigation was conducted on three clusters of the KZN government. A cluster is a group of departments. The clusters are organized as follows:

(i) **Economic Sectors and Infrastructure Development cluster (ESID)**

Economic development and tourism

Transport

Public works

Provincial treasury

Agriculture, environmental affairs, and rural development.

(ii) **Governance and Administration cluster (G&A)**

Office of the Premier

Co-operative governance and traditional affairs

Provincial treasury

Community safety and liaison.

(iii) **Social Protection, Community, and Human Development cluster (SPCHD)**

Education

Health

Social development

Sport and recreation

Human settlement

Arts and culture

The purposive sample that was used was based on the knowledge of the researcher, and his colleagues. Having sound knowledge of government officials in the three clusters, the researcher was able to choose respondents from all the departments in the clusters. Sixty returns to the questionnaires were elicited, twenty from each of the three clusters. The survey sample was an appropriate selection chosen from the population under study. The selection was done with a certain degree of flexibility in mind (Reaves 1994: 94). Given the nature of the population identified above as the target of the study, it can be understood that not all government officials in the provincial government could be asked to participate in the research project. Although the vast majority of them were assumed to be well or relatively informed on B-BBEE policy implementation, the reality was that the nature, development and research of B-BBEE policy implementation require specific knowledge and expertise.

The questionnaires were formulated in such a way as to:

- (i) Be relevant to the aims and objectives of the study.
- (ii) Pose questions relevant to the broad goals of the study.
- (iii) Consider the relevance of questions to the individual respondents (Bailey 1994: 108-110).

The structure of the questionnaires was designed to ensure that they followed a certain order. This included a mix of structured questions, close-ended questions and open-ended questions (see Appendix 2). The Likert scale was

used for the structured section of the questionnaire as it is a common means in social surveys to measure the attitudes, beliefs, ideas and opinions of select individuals who are asked to express strong agreement, neutrality, disagreement or strong disagreement (Riley 2004: 34-39). The questionnaires were administered by research assistants. Some respondents requested that the questionnaires be emailed to them.

On the basis of results gained from documentary study and the questionnaires, personal interviews were undertaken with Key Informants (see Appendix 4 which shows the schedule of the interviews). These were government officials who were responsible for B-BBEE policy management at various levels. The Key Informants were selected for their expertise and specialist roles in B-BBEE policy management. They included specialists from supply chain management, legal services, human resources development, public policy specialists, economic planning, communications, and enterprise development/B-BBEE specialists. Some government departments have officials designated as B-BBEE specialists.

Partially structured interviews with the Key Informants began with open-ended questions in order to allow the respondents to elaborate on themes that they find most important (see Appendix 3). These interviews were conducted by research assistants. Four specialists from each cluster were targeted, giving a total of twelve interviewees. The interviews were guided by the aims and objectives of the study. Any doubts that the interviewees might have regarding the study could be clarified immediately, while the research assistants also had the opportunity to introduce the research topics and encourage the interviewees to provide frank answers. All the responses to the interviews were written down by the research assistants. The responses were organized according to their relevance to each question. The responses were then returned to the interviewees for correction and elaboration. Given the researcher's own position in government, and involvement with B-BBEE strategy management, the role of assistants to administer the questionnaires and to conduct the interviews was crucial in

order to avoid bias or awkwardness. Further assurance was provided by guaranteeing that the identity of the respondents would not be disclosed, not even to the researcher himself (see Appendix 1).

The data analysis for the study was performed with two objectives: getting the feel for the data, and testing the goodness of the data (Sekaran 2000:307-308). An Excel spread-sheet was utilized for capturing, coding and analysing quantitative data. Qualitative findings were gleaned from content analysis of responses to the personal interviews, as well as from open-ended replies to questions in the survey.

### **1.5 Challenges**

As B-BBEE policy is a new concept in South Africa, which was enacted in legislation in 2004, it was anticipated that undertaking complex research of this magnitude would have some kind of limitations. Four main challenges arose in the course of this study:

- (i) The South African government adopted the cluster system to co-ordinate various policies and programmes. There was a lack of information regarding a cluster's operations and decisions. The majority of the respondents in this study were either unaware of or misunderstood the processes of their cluster.
- (ii) Government performs a dual role in B-BBEE policy implementation. First, government has a legislative mandate to ensure that B-BBEE is implemented by all role players in the province. This includes both the public and private sectors. Second, government has a duty to implement BBEE policy within its structures. The central focus of this study was the latter. However, the respondents tended to include both sets of responsibilities in their responses. This was understandable given the entrenched beliefs within government that policy implementation must respond to broad societal problems.

- (iii) B-BBEE policy information within government was regarded as sensitive, and such, information was treated as confidential. It was difficult to persuade government officials to complete the questionnaire, as many of them were afraid of releasing such information.
- (iv) There was not enough academic literature on B-BBEE policy, and little has been written on general policy management in post-apartheid South Africa.

### **1.6 Structure of the study**

Chapter Two provides the contextual framework for Broad-Based Black Economic Empowerment policy in South Africa, covering the macro-economic context for B-BBEE policy, B-BBEE policy evolution, B-BBEE policy regulation and the strategic framework, compliance targets for B-BBEE policy, and a conceptual analysis of empowerment. Chapter Three is on the theoretical framework for the study which focuses on organizational management: managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication.

Chapters Four to Six present and analyze data from the three clusters, with a chapter devoted to each cluster. The format for these chapters is identical, making comparison between them possible. The data in each chapter is derived from the questionnaire administered as well as from the responses gained from the personal interviews. Quotations are used extensively to illustrate and to explain the quantitative findings. Finally, Chapter Seven is a comparative analysis of the three clusters in terms of the theoretical framework which informed the research.

## Chapter Two

### Contextualising the Broad-Based Black Economic Empowerment policy

Broad-Based Black Economic Empowerment policy has gained considerable impetus in South Africa since the enactment of Act 53 of 2003. B-BBEE policy emerged as a blueprint for the transformation of the South Africa economic system, which has over the years excluded the majority and benefited the minority.

The transitional period of the democratic administration, from 1994 onwards, meant that the state had to devise a number of policy alternatives and innovations which were intended to rid South Africa of the vestiges of racial discrimination. Among these was the government of national unity which was introduced in 1994 in order to achieve political stability. This was founded on the principles of power sharing and nation-building and it covered the first five years of the transition to democracy.

The government's strategic objective was a vision of non-racialism in pursuit of democracy and economic development. The anticipated outcome was economic recovery and a reduction of poverty among large sections of the population, which would ultimately lead to socio-economic transformation. This proved to be a complicated process to be achieved within a short period of time due to entrenched racial inequalities and underdevelopment. The introduction of transformation by regulation as well as its strategy emerged from the reality of entrenched racial disparities. The main objective of this chapter is therefore to discuss various transformation programmes, policies, Acts and regulations. The chapter provides a contextual analysis of B-BBEE policy. It is organized into major themes: the macro-economic context for B-BBEE policy, B-BBEE policy evolution, and consequences of macro-economic arrangements for B-BBEE policy.

## **2.1 Macro-economic context for B-BBEE policy**

The B-BBEE policy programme is implemented within the broad macro-economic policy context of South Africa. The South African government has always regarded itself as leading a capable and developmental state. According to the National Development Plan, the South African development vision for 2030 (NDP 2012: 408), a developmental state is defined as one that is capable of intervening to correct historical inequalities and to create opportunities for more people. The NDP plan suggests that to address the twin challenges of poverty and inequality, the state needs to play a transformative and developmental role. This requires well-run and effectively co-ordinated state institutions with skilled public servants who are committed to the public good and are capable of delivering consistently high quality services, while prioritizing the nation's developmental objectives (NDP 2012: 408).

A number of interventionist policy options have been part of the South African administration since the inception of democracy in 1994. However, for right or wrong reasons, there have been many policy modifications, alterations, and refocus at macro-economic level. It is within this ever-changing policy terrain of the South African state that a discourse of B-BBEE policy implementation must be located from 1994 until the present. This will help to unmask the state's policy options as it tries to advance B-BBEE policy implementation.

On the eve of democracy in 1994 the state experienced a large number of challenges. As Brecker wrote two years after 1994, what remains is the entire social edifice upon which this system was erected: the land hunger and massive joblessness, the infrastructural underdevelopment of the rural areas, the migrant labour system, the peri-urban township system, the apartheid cities and the segregated social services (Brecker 1996: 31). Brecker indicated that there were still gross inequalities in the provision of health, education and housing, as well as mass impoverishment, squalor and disease amongst the



majority of the country's population. As an immediate step, the first democratic government introduced the Reconstruction and Development Programme (RDP) in order to deal with the problems of economic redress and redistribution. The RDP base document passed through a thorough process of wide ranging consultation and discussion, which as Holdt (1993: 25) noted, eventually included the active participation of corporate business. A programme that had begun as a potential framework for progressive transformation was reshaped into a document where any issue which might have suggested a serious conflict with the interests of the rich and powerful was smoothed over (Holdt 1993:25). A RDP White Paper discussion document was then drafted and released in September 1994, evoking some concern.

The White Paper contained an amalgam of developmental approaches, mixing neo-liberal prescriptions with some residual Keynesians regulations, corporatist processes with a 'people driven' approach, and ostensible firm commitments to redistribution with strong macro-economic structures (Holdt 1993: 27). When the White Paper was released the popular organizations criticised it for its compromises, while private sector organizations welcomed its 'realistic' aspect and at the same time criticised those popular elements that were retained (Holdt 1993: 27).

There were a number of reasons why the progressive document which purported to bring about real economic empowerment for the majority had to be compromised to include business interests as a core element. It can be surmised that this occurred in order to be in line with the compromise-laden paradigm of the political transition (inclusion, conciliation, consensus, stability). This approach was for all intents and purposes an unsurprising development (Marais 1998: 77).

Marais outlined that the RDP was promoted as a unifying, national endeavour that allegedly transcended parochial interests. This meant in real terms that the RDP 'belonged to everybody'. In a class society, the notion of common interests was essentially an ideological device to generalise and

attribute a specific class interest to all society (Marais 1998: 78). According to Marais, the RDP base document revolved around the following five sub-programmes:

- (i) Meeting basic needs
- (ii) Developing human resources
- (iii) Building the economy
- (iv) Democratising the state
- (v) Implementing the RDP programme.

The RDP was conceived as an attempt to programme measures aimed at creating a people-centred society which measured progress by the extent to which it had succeeded in securing liberty, prosperity and happiness for every citizen. Ultimately, this was to achieve equality and reduction of poverty.

Central to this would be an infrastructural programme that would provide access to modern and effective services such as electricity, water, telecommunications, transport, health, education and training. The RDP base document had all the elements of the current B-BBEE policy, more especially its central focus on the empowerment of the broader community with special emphasis on the poor and the marginalised sections of the society.

For example, the RDP base document had pledged, among other things, to:

- (i) Create 2, 5 million new jobs in ten years.
- (ii) Build one million low cost homes by the year 2000.
- (iii) Restructure state institutions to reflect the racial, class and gender composition of South Africa society.
- (iv) Redistribute 30 per cent of agricultural land to small-scale black farmers within five years (Marais 1998: 78).

It must further be stressed that what was central in the RDP base document was an attempt to establish a mutually reinforcing dynamic between provision of basic needs and economic growth, while simultaneously promoting redistribution, mainly through B-BBEE policy. There seemed to be a major conflict of interest when this was contrasted with the parameters of the global economy, more specifically the fact that the global economy has been primarily driven in the last few decades by the principle of economic growth at the expense of redistribution. It is for these reasons that in 1996 the South African government adopted a new macro-economic policy, Growth Employment and Redistribution (GEAR).

The GEAR policy document was released in 1996. It did not carry the full support of the government's political partners, namely, the Congress of South Africa Trade Union (COSATU) and the South African Communist Party (SACP). This was partly because COSATU and the SACP felt that there was no proper consultation process and because of the perceived neo-liberal approach adopted in the document. The ruling party's allies expressed publicly their belief that the adopted programme did not address the aspirations of the poor.

The aims and objectives of GEAR were to achieve sustainable economic growth coupled with the creation of employment at a rate of 270 000 new jobs by the year 2000. The original growth target was a real GDP growth rate of 6% by the year 2000. In 1998 government launched the Medium Term Expenditure Framework (MTEF) according to which revisions and forward planning of fiscal policy elements were made three years ahead. In terms of the revisions reported in the budget speech of 23 February 2000, a real GDP growth rate of 3.4% on average was envisaged for the next three years (Strydom 2000: 1)

To achieve these targets, the following strategies were envisaged according to GEAR:

- (i) Fiscal reforms were aimed at budget deficit reductions to such an extent that, in terms of current projections, the budget deficit should be 2, 2% of GDP in 2002 (Strydom 2000: 1).
- (ii) Fiscal policy had to concentrate more on redistribution.
- (iii) Privatisation through the selling of state assets. Infrastructure investment growth was envisaged to reach an average of 2.4% in 2000.

Furthermore, closely related to these fiscal reforms, government envisaged the development of a flexible labour market supplemented with rigorous and expanded skills development programmes which aimed at encouraging high levels of job creation. Monetary policy objectives were to maintain a stringent policy in order to reduce inflation. With the introduction of inflation targeting in 2000, government agreed on an inflation target of 3 to 6 percent to be achieved by 2002 (Strydom 2000: 2). The opening up of the economy, the liberalisation of international trade and international economic co-operation were high on GEAR's agenda. It was in this macro-economic context that B-BBEE policy was introduced.

## **2.2 B-BBEE policy evolution**

The current B-BBEE policy embraces many of the fundamental principles of the Freedom Charter of 1955, more especially on the economic front. It must, however, be noted that the Freedom Charter principles had to be refined to respond appropriately to modern challenges in the form of the B-BBEE Act and its strategy for 2003. The Freedom Charter adopted at the Congress of the People in Kliptown on the 26<sup>th</sup> of June 1955 established a fundamental vision for South African economy in order to meet the needs of the people in a more equitable manner.

Steytler (1991: 270) stated that an appropriate understanding of the Freedom Charter when it comes to economic redistribution was of importance if

The national wealth of our country, the heritage of South Africans, shall be restored to the people. The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of people as a whole. All other industry and trade shall be controlled to assist the well-being of the people. All people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions.

It was therefore not surprising that in the 1990s a few South African black entrepreneurs together with their white counterparts engaged with each other on a number of negotiations and business deals. These business deals included the Sanlam conglomerate selling part of Metropolitan Life to METHOLD (the for-runner of New Investment Ltd, NAIL in 1993). There was also the Anglo-American deal involving Southern Life selling part of African Life to Real Africa Holding (RAIL) led by Don Ncube. These business deals were narrow in the sense that their main focus was on equity ownership rather than on broad-based black economic empowerment.

These deals had no economic substance for black people in that they were based on loans from a number of commercial financial institutions, which had conditions for payment attached that would not allow for the transformation of the South African economic landscape (Bond 2000: 39). These included financial structures such as Special Purpose Vehicles (SPVs), which enabled black companies such as RAIL and NAIL to invest without capital. These models were not sustainable. As a result, the business sector in its effort to appease the imminent assumption of power by the new administration in 1994 engaged government around empowerment issues which led to an important agreement with the state to establish the B-BBEE Commission, which was chaired by a senior ruling party member, Mr. Cyril Ramaphosa.

The idea of the B-BBEE Commission arose out of a resolution taken at the Black Management Forum (BMF) National Conference held from the 14<sup>th</sup> to

15<sup>th</sup> of November 1997 at Stellenbosch. The B-BBEE Commission was formally established in May 1998 under the auspices of the Black Business Council, an umbrella body representing eleven black organizations. The prevailing view was that black people should be instrumental in directing and taking charge of a new vision for B-BBEE, a process that until then had been conceptualised and driven largely by the private sector. The B-BBEE Commission report proposed that the following targets should be achieved within a period of ten years, which should guide the development of integrated national B-BBEE strategy:

- (i) Black people should hold at least 25% of the companies of shares listed on the Johannesburg Security Exchange (JSE).
- (ii) At least 40% of non-executive and executive directors of companies listed on the JSE should be black.
- (iii) At least 50% of the state owned enterprises (SOEs) and government procurement at national, provincial and local levels should go to black companies and collective enterprises as defined in the document.
- (iv) The national human resource development (HRD) strategy should ensure that black people comprise at least 40% of the number of people in professional training.
- (v) The HRD strategy should ensure that the country's higher education and training system should increase the black participation rate to 20%
- (vi) At least 40% of the government incentives to the private sector should go to black companies (B-BBEE Commission report 2001: 11).

In 2001, the B-BBEE Commission released its report which contained one of its most important recommendations, that there should be the development and adoption of an integrated national B-BBEE strategy. The Commission further recommended that there should be a B-BBEE Act. As a result, the B-BBEE Act 53 of 2003 as well as an integrated national B-BBEE Strategy were drafted and adopted by the national cabinet in 2003.

### **2.3 B-BBEE policy regulations and strategic framework**

The Broad-Based Black Economic Empowerment Act 53 of 2003 was enacted in 2004 with the central objective being to establish a legislative framework for the promotion of B-BBEE policy implementation in the country. Section 11 of the B-BBEE Act empowers the Minister of the Department of Trade and Industry (DTI) to change or replace the national B-BBEE strategy.

The national B-BBEE strategy provides for an integrated, uniform approach to B-BBEE by all organs of state and other stakeholders. Thus, the national strategy officially defines B-BBEE policy as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities (B-BBEE Strategy 2003: 24). In this context black is a generic term which means Africans, Asians/Indians and Coloureds who are all regarded as target groups for B-BBEE policy. Accordingly, government believes that the challenge in defining black economic empowerment is to find the appropriate balance between a very broad definition and an overtly narrow one. To define B-BBEE policy too broadly equates it with economic development and transformation in general (B-BBEE strategy 2003: 17). The national B-BBEE strategy further states that B-BBEE policy is commensurate with the totality of government's programme of reconstruction and development. The strategy provides for a system for organs of state, public entities and other enterprises to prepare B-BBEE plans and report on compliance with those plans.

The successful implementation of the B-BBEE strategy would be measured and evaluated against the following policy objectives:

- (i) A substantial increase in the number of black people who have ownership and control of existing and new enterprises.
- (ii) A substantial increase in the number of black people who have ownership and control of existing and new enterprises in the priority

sectors of the economy that government has identified in its macro-economic reform strategy.

- (iii) A significant increase in the number of new black enterprises, black-empowered enterprises and black-engendered enterprises.
- (iv) A significant increase in number of black people in executive and senior management of enterprises.
- (v) An increased proportion of the ownership and management of economic activities vested in the community and broad-based enterprises (such as trade unions, employee trusts, and other collective enterprises) and co-operatives.
- (vi) An increased ownership of land and other productive assets, improved access to infrastructure, increased acquisition of skills, and increased participation in productive economic activities in under-developed areas, including the 13 nodal areas identified in the urban renewal programme and the integrated sustainable rural development programme.
- (vii) Accelerated and shared economic growth.
- (viii) Increased income levels of black people and a reduction of income inequalities between and within race groups (B-BBEE strategy 2003: 18).

The strategy calls for government to utilise a number of policy instruments to achieve its objectives. These include legislation and regulation, preferential procurement, institutional support, financial and other incentive schemes.

In addition, government would seek partnerships with the private sector in order to accelerate the B-BBEE process. This would be achieved through the conclusion or adoption of various sector codes or sectoral charters (B-BBEE mechanisms where business sectors agree on specific sector targets to achieve B-BBEE policy implementation). This means that various economic sectors set specific targets and projections for transformation and empowerment of targeted groups. This was to be done through consultation and agreement between all the major role players in the sector.



There would be further institutional support such as the formation of a B-BBEE advisory council, which would be established to:

- (i) Advise government on B-BBEE policy implementation.
- (ii) Review progress in achieving B-BBEE policy implementation targets.
- (iii) Provide advice on the drafting of B-BBEE codes of good practice, which the Minister of the Department of Trade and Industry (DTI) must publicise for comment in terms of Section 9(5) of B-BBEE Act. In line with this, in 2012 the DTI publicised the revised B-BBEE Amendment Bill and the codes of good practice for public comment.
- (iv) Advise on the development, amendment or replacement of B-BBEE strategy.
- (v) If requested to do so, advise on draft transformation charters, and facilitate partnership between organs of state and the private sector that would advance the objectives of B-BBEE Act (B-BBEE strategy 2003: 17).

The KwaZulu-Natal provincial government launched its B-BBEE Advisory Council on the 10<sup>th</sup> of August 2010. Various organizations from then on were called before the B-BBEE Advisory Council to account for B-BBEE policy implementation. It is, however, not clear in terms of legislation or policy what the relationship would be between the national B-BBEE advisory councils and the provincial ones.

Furthermore, the national B-BBEE strategy (2003:17) indicates that the financing of the B-BBEE process is strategically important for the economy. It is understood that B-BBEE policy implementation must have a credible financing component in order to proceed successfully and efficiently in accordance with the existing legislation. Without this, firstly, the extent of B-BBEE policy implementation would be limited without enough financial support, and secondly, investment funds would be diverted into asset transfers with the danger of a flow of funds out of the economy from the

sellers of assets. Both outcomes, the B-BBEE strategy states, would be economically and politically dangerous (B-BBEE strategy 2003: 18).

Additionally, the B-BBEE strategy shows a critical awareness of what is necessary to South Africa's approach to investment, more especially in an economy where the rate of savings and investment is still too low for the developmental needs of the country. South Africa's ability to attract foreign savings is dependent on its own economic growth and the overall economic environment prevalent in the country. It is clear that any financing strategy should not jeopardize domestic or foreign sources of savings or investment (B-BBEE strategy 2003: 18).

In the South African context, the connection between the attraction of foreign investment and the creation of a favourable domestic environment is in conflict, in the sense that the domestic challenges demand very strong state intervention (through B-BBEE policy) in the economy in order to reduce inequality and poverty . At the same time, favourable conditions for foreign direct investment often demand less state involvement in economic activities unless and where there are market failures. Importantly, a favourable environment for foreign direct investment is dependent upon the reduction of poverty and the level of unemployment. To this end, B-BBEE strategy highlights that the following must be taken into account in the financing of B-BBEE policy implementation:

- (i) Maintaining a macro-economic balance: B-BBEE cannot be financed by taking on excessive debt or large scale deficit financing or by assuming excessive sovereign contingent liability.
- (ii) Commercial risk must remain with the private sector. The state will facilitate access to capital and collateral, both structural problems for the black community. The state will not assume commercial risk. It is believed that this must remain with enterprises, the entrepreneurs and investors. This is crucial from the point of view of the macro-economic stability of the economy but also, more importantly, it will improve the

quality of enterprise development and, therefore, the competitiveness of the economy (B-BBEE strategy 2003: 19).

All this clearly indicates that the burden for market failures cannot be carried by the state and that the private sector must assume a much greater role in empowerment or take some responsibility for the implementation of B-BBEE policy. This militates against the principle of market fundamentalism which was highlighted above, which contends that the state must not play a role in the market, unless there are market failures. This, however, does not mean that B-BBEE policy financing needs to be left entirely in the hands of the private sector. On the contrary, the state has been actively and decisively advocating a synergic strategy and co-operation between government and private enterprise at all levels, where they basically operate as social partners.

The state has devised various mechanisms for financing and implementing B-BBEE policy. A new mandate for the National Empowerment Fund (NEF) and a review of the roles of other development finance and support institutions need to be decisive in ensuring that these resources are effectively and efficiently employed (B-BBEE strategy 2003: 18). The frameworks for such operations and initiatives would be developed by the DTI and the National Treasury. Financing mechanisms would revolve around, but would not be limited to, the following critical strategic areas:

- (i) Grants and Incentives - this is based on the understanding that the DTI provides a range of grants and other incentives to enterprises. The DTI would therefore seek to co-ordinate such financing in synergy and cooperation with other programmes in order to maximise the B-BBEE policy implementation impact. New schemes and amendments to existing schemes have also been considered in support of B-BBEE, including supplier development, support for skills development and the development of new technology.

- (ii) State facilitated lending: the focus in this instance is on the small and medium sized enterprises. Government has created lending facilities and has also provided for underwriting and risk sharing. Khula Enterprises is the primary facility in this regard. However, a number of problems have arisen over the last several years. A distinction is now being made between micro enterprises, and small and medium enterprises (SMMEs), and a new initiative for apex funds for micro lending will be established.
  
- (iii) Project financing. This is based on the notion that the public sector can play an important role in ensuring B-BBEE policy compliance in new project development. The key institution here is the Industrial Development Corporation (IDC). The IDC also deals extensively with SMME projects and has a specific B-BBEE policy approach. However, in public sector led projects, such as those in Transnet (freight and logistics) and Eskom (electricity utility) or new entities like iGas (gas Development Company) and PetroSA (petroleum), significant gains in B-BBEE policy could also be achieved. A Private-Public Partnership (PPP) is also considered to be a means for effecting B-BBEE policy implementation.
  
- (iv) Venture capital. This is predicated on the state's priority in facilitating specific venture capital projects in particular sectors (B-BBEE strategy 2003: 21).

The last mechanism relates to targeted investment. It is believed that government will provide inducements to finance empowerment ventures. The implementation of the various programmes will include investment in the various strategic development initiatives and in the rural and urban nodes. This means that B-BBEE policy here is based on a co-ordinated, integrated core investment. It is a strategy that links transformation, economic growth

and development. This process is driven at numerous levels, that is, national, provincial, local levels, as well as by the public and private sectors.

B-BBEE policy is seen as a viable government programme that will improve the quality of life and reduce a high level of poverty amongst the designated groups. However, its success requires that various sectors of the economy, including government, must comply with B-BBEE policy implementation targets.

## **2.4 The compliance targets for B-BBEE policy**

Socio-economic transformation policies in South Africa, as pointed out in Chapter One, emerged directly from the South African Constitutional Act 108 of 1996. Section 9(2) of the Constitution provides a legal framework for the promotion and achievement of equality and other measures that need to be taken which are designed to protect or advance people, or categories of individuals, who had been disadvantaged by historically unfair discrimination. In contrast, Section 217 of the Constitution requires that the state organs and any other institution identified in national legislation to contract for goods or services must do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.

However, Section 217(2) of the Constitution indicates that this requirement does not preclude state organs or any other institution identified in the national legislation from implementing a policy or policies providing for categories of preference in the allocation of contracts, as well as for the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination. Section 217(3) states that there must be national legislation prescribing the framework within which the policy may be implemented.

Thus, on the 9<sup>th</sup> of February 2007 the DTI released the final B-BBEE codes of good practice in accordance with Section 9 of the B-BBEE Act 53 of 2003. The DTI is required by the B-BBEE Act to issue the B-BBEE codes of good practice

that may include the further interpretation and definition of B-BBEE policy, and interpretation of different categories of black empowerment entities through a variety of initiatives. In terms of B-BBEE Act 53 of 2003, this must be applicable in relation to:

- (i) Issuing qualification criteria for preferential purposes for procurement and other economic activities.
- (ii) Finding indicators to measure B-BBEE policy implementation.
- (iii) The weighting to be attached to B-BBEE indicators.
- (iv) Guidelines for stakeholders in the relevant sectors of the economy to draw up transformation charters for their sectors, and any other matter necessary to achieve the objective of the B-BBEE Act (B-BBEE Act 53 of 2003: 5).

Furthermore, Section 10 of the Act outlines the status of the codes by stating that every organ of state and public entity must take into account and as far as is reasonably possible apply any relevant code of good practice to:

- (i) Determine the qualification criteria for the issuing of licences, concessions or other authorisations in terms of any law.
- (ii) Develop and implement a preferential policy.
- (iii) Determine the qualification criteria for the sale of state-owned enterprises.
- (iv) Develop criteria for entering into partnership with private sector (B-BBEE codes 2007:13).

Organizations in South Africa, including the public service itself, would therefore be measured against the following adjusted B-BBEE codes of good practice. Each element of B-BBEE is allocated weighting points which must be achieved to demonstrate B-BBEE policy compliance.

**Table 2.1: Adjusted public sector scorecard**

Element	Weighting	Code series reference
Management Control	15 points	200
Employment Equity	15 points	300
Skills Development	20 points	400
Preferential Procurement	20 points	500
Enterprise Development	15 points	600
Socio-Economic development	15 points	700

Source: Government Gazette, 9 February 2007

Table 2.1 indicates how the South African public sector has to comply with B-BBEE policy imperatives and requirements according to six elements. These elements are:

- (i) *Management control*: measures effective control of economic activities by black people, mostly boards of directors and executive management. This means that black people must occupy key positions within the South African organizations where they will be able to determine strategic direction.
- (ii) *Employment equity*: measures the equitable representation of black people at work place, specifically at junior, middle, and senior levels.
- (iii) *Skills development*: measures the skills development of black people in the work place. Organizations are required to spend a certain portion of their budget to develop skills of black employees through skills development programmes.

- (iv) *Preferential procurement*: a measure that was designed to widen market access of black entities in order to integrate them into the main stream economy. The standard practice is that various organizations committed to B-BBEE policy would prefer to interact and procure from companies with higher B-BBEE policy implementation status.
  
- (v) *Enterprise development*: its aim is to measure and assist the development of the operational and financial capacity of black enterprises so that they become independent and can grow and sustain themselves.
  
- (vi) *Socio-economic development*: this measures the social contribution by government departments. They are required to help the communities with education programmes, HIV AIDS initiatives and with infrastructural development programmes (B-BBEE codes 2007: 18).

B-BBEE codes of good practice apply to all organs of the state and public entities listed in the Public Finance Management Act 1 of 1999 (PFMA). This means that any enterprise which undertakes any business with any organ of state or public entity would be measured in terms of its B-BBEE policy compliance. In addition, any private sector or business entity providing goods or services to another business which is subject to measurement under the codes may be required to provide evidence of its own B-BBEE policy level of compliance to its customer. Importantly, businesses providing goods or services to other businesses which are subjected to B-BBEE policy compliance will generally find themselves also subjected to B-BBEE policy compliance as well. As such, the pressure to become B-BBEE policy compliant applies not only to businesses interacting with the public sector, that is, state owned enterprises and public entities, but also to those interacting with the private sector as well.



Consequently, the pressure to comply with B-BBEE policy is spreading across the economic landscape, and this is the central idea behind the codes which are supposed to help transform the South African economic terrain. The DTI has created the South African National Accreditation System (SANAS) which is a public entity tasked to accredit verification agencies/auditors, which are responsible for B-BBEE policy compliance verification and audit throughout the economy.

At the end of the B-BBEE verification process each government department is issued with a certificate indicating clearly the level of B-BBEE policy compliance. B-BBEE policy levels of compliance range from level one (presumed to be an optimal B-BBEE policy contributor) to level nine (presumed to be non B-BBEE compliant). In terms of B-BBEE codes anyone doing business with a government department can request a B-BBEE certificate. This means that, for example, a government department that is level nine B-BBEE compliant will lose a business opportunity as compared to a department that is level one B-BBEE policy compliant. B-BBEE verification certificates last for a period of twelve months, and thus every organization is required to go through the same process on an annual basis.

## **2.5 Consequences of B-BBEE policy.**

B-BBEE policy implementation, when not properly placed in the overall context of South African macro-economic policy arrangements, could generate pointless expectations amidst its presumed beneficiaries, as well as unwarranted uncertainties among those who expect to be undeservedly excluded by it. The debate on B-BBEE policy in South Africa reveals a number of diverse views on the understanding of the concept. B-BBEE policy has generating controversy amongst academics, labour unions, business organizations, government officials and people in the street, invoking hopes, fears and scepticism (Edigheji 1999: 2). Clearly, the concept of B-BBEE policy means different things to different people in South Africa.

Some have argued that the South African government has implemented many progressive policies and laws at the macro-economic level, with more than 800 laws promulgated since 1994 (Gqubule 2006: 40). Gqubule suggests that it is the macro-economic framework which determines what is possible in all areas of the economy, from industrial policy to education, arts, culture, entertainment and sports. Gqubule, however, believes that government's deflationary macro-economic policies made it impossible to achieve meaningful capital reform together with the goals of B-BBEE policy. He concluded that the macro-economic priorities embraced by the government during the first decade of democracy conflicted with the objectives of capital reform and B-BBEE policy. However, others hold far different views.

Jack (2007: 15), for example, believes that if South Africa is to continue on a capitalist course the poor must be provided for. Jack argues that the objective of B-BBEE policy is to introduce poor people into the mainstream economy, thereby allowing them to reap the benefits of the capitalist system. Bond (2000: 39), however, provides an extreme view that the white establishment use black faces to gain access to the new government opportunities and often pay blacks in the form of shares in their companies. This means that at the end of the day it is a handful of black people who are being enriched (Bond 2000: 39). Bond concluded that if ever there was a case where the white South African élite laid a neo-liberal ambush for their success, it is B-BBEE policy. Thus B-BBEE policy strikes a fatal blow against the emergence of black entrepreneurship by creating a small class of unproductive but wealthy black crony capitalists who have become strong allies of the economic oligarchy (Mbeki 2009: 61). Mbeki, the younger brother of the former South African State President, further maintains that the black élite, which describes itself as made up of previously disadvantaged individuals (PDIs), sees its primary mission as extracting reparations from those who put them in a disadvantaged position. To achieve this requires a transfer of resources from the wrongdoers, who are perceived to be white-owned

businesses and the South African state, to the victims, the previously disadvantaged individuals (Mbeki 2009: 69). Mbeki concluded that this transfer of wealth from the strong to the weak was what has come to be known as B-BEE policy.

It can therefore be seen from these views that a discussion on B-BBEE policy in South Africa is often based on ideological or ethical considerations. In terms of the South African macro-economic policy arrangements, private individuals are at liberty to make their own private decisions. They are within their rights to pursue their individual business interests in the market. However, the contention that B-BBEE policy is empowering a few at the expense of the majority highlights structural challenges in the economy where B-BBEE may be seen as creating a barrier to the pursuit of individual business interests.

The issue of skills shortages has always been cited as a key problem for the empowerment of the poor. This is the reason why in 2006 government introduced various programmes and strategies to deal with shortages of skills as well as job creation. The Accelerated Shared Growth Initiative for South Africa (ASGISA) was launched in February 2006 to speed up the process of job creation and to reduce poverty amongst the poor. In March 2006, the Joint Initiative for Priority Skills Acquisition (JIPSA) programme was launched to deal with the development of priority skills that were required by the economy. However, this does not seem to have achieved the desired results as unemployment, poverty, and inequalities remain deeply entrenched in economic structure of South Africa (NDP 2012:408).

It was in this context that the Presidential International Growth Panel (PIGP) argued that the same structural variables that influence who participates and benefits from the South African economy also impact on what new ideas enter, what products are produced and what growth opportunities exist (PIGP 2007: 8). South Africa's organizational arrangements prompt and constrain economic actors all the time, shaping what is produced, how, and by whom (PIGP 2007: 8). Furthermore, the South African economic landscape

is prone to favouring large firms and vertical relationships; for example, organizing structures offer opportunities for large scale undertakings that emphasise substantial capital investment (PIGP 2007:9). Such structures, the PIGP suggested, were less conducive to flexible adjustment in the face of the changing global economy.

The PIGP (2007:9) further noted weaknesses in the South Africa economic structures, which limited new entry into markets because of high levels of capital concentration and vertical integration in key industries. The PIGP (2007:9) pointed out that such factors restrict the entry of new ideas, the inclusion of outsiders (including potential entrepreneurs and low skilled workers) and the development of a climate conducive to emerging business. This presents a situation that is not conducive for the implementation of B-BBEE policy. B-BBEE policy requires a business environment that is flexible to new entries, new ideas, and a total commitment of stakeholders to the development of low skilled workers for long term benefits.

In November 2010, the New Growth Path Framework was introduced by government. Its main goal was to provide a strategic framework for the creation of decent work in order to reduce inequality and to defeat poverty (New Growth Path Report 2010: 8). The framework for the New Growth Path suggested that South Africa must address its key tradeoffs to prioritize efforts and resources in order to support more rigorously employment creation and equity. Government's intention in introducing this initiative was to entice the business sector to invest in new areas of the economy. This would mean that business and labour would collaborate with government to address inefficiencies and constraints across the economy. This could create a conducive environment for the reduction of poverty and advance B-BBEE policy implementation that would lead to real transformation.

Yet despite all these initiatives the issues of poverty, unemployment and inequality remain a major challenge for South Africa. Government has publicly expressed concern that poverty and inequality undermine South

African democracy (NDP 2012: 409). This has led some even several years ago to question the very concept of B-BBEE policy by suggesting that this policy is a risk in the short term although possibly a benefit in the long term (Mabanga 2004: 5). Mabanga explained that in respect of B-BBEE policy there is an immediate dilution of value when companies sell off a stake with the risk that a new partner may not deliver value but merely extract dividends. This is the reason why there are those who have strongly suggested that the principal problem in promoting black capitalism is that blacks as a whole lack capital (Southall 2004: 7). Southall argues that to become a black capitalist, aspirant members of this class have to be given or be able to borrow capital at a favourable rate. After a decade of democracy only a relatively small handful of emerging black magnates had emerged as owners of the small number of new black conglomerates, or as partners of established white corporations (Southall 2004:7).

It is important to note that the need for B-BBEE policy has to be complemented by a flexible macro-economic framework aimed at achieving socio-economic transformation (Gqubule 2006: 40). Currently, there is a disjuncture between B-BBEE policy objectives and South African macro-economic policy arrangements. At the outset, one of the B-BBEE policy beneficiaries, Saki Macozoma, expressed the view that many of those who critique B-BBEE policy were by then saying to themselves that they were being caricatured (Macozoma 2004: 8). Macozoma suggested that there was a need to accept the deracialisation of the economy, but there was a perception that the process has 'elitist' consequences because it was not alleviating poverty, but enriching a few.

The challenges faced by B-BBEE policy do not lie so much in the aims of the policy itself but rather in the context of the South African macro-economic policy arrangements. Consequently, many organizations have adopted a narrow approach towards B-BBEE policy implementation. Nicholson (2001: 60) provided a detailed account of the implications of adopting a narrow approach. Nicholson (2001:60) suggested that progress in black economic

empowerment has come to be measured in terms of the control of shares on the Johannesburg Stock Exchange (JSE). Thus B-BBEE policy implementation in this sense is about transferring ownership of companies to black investors. This reinforces what was stated earlier in respect to the official definition of B-BBEE policy, namely, that the challenge in defining black economic empowerment is to find an appropriate balance between a very broad definition and an overly narrow one. The transfer of shares to black individuals is a very narrow interpretation of B-BBEE policy whereas a broader interpretation would entail empowerment of those who had been historically disadvantaged.

It must be remembered that black people were oppressed as a group, and it was because of their group identity that they suffered under apartheid. Thus, the successful implementation of B-BBEE policy should be interpreted as economic development of blacks as a group rather than as individuals. This is the reason why many in South Africa have used the concept of empowerment interchangeably with that of development.

Friedman (1992:15) has provided an appropriate conceptual basis for an understanding of empowerment. He defined empowerment as a form of development which places emphasis on the improvement of the conditions of the lives and livelihood of the excluded majority. Friedman (1992:15) argued that empowerment aims to redress the historical process of systematic disempowerment or exclusion of the vast majority of the country's people from economic and political power. Friedman explains that disempowerment has denied the majority of 'human flourishing' as their lives are characterised by hunger, poor health, poor education, a life of backbreaking labour, a constant fear of dispossession, and chaotic social relations. Empowerment aims to humanise the system that has shut out the majority, and its long-term aims are to fundamentally transform the whole of society, including the structures of power (Friedman 1992: 15).

Empowerment can be described as one form of development. The researcher believes that development is broader than empowerment in both essence and content. Empowerment as enshrined in the B-BBEE Act is centred on the notion that economic development of black people is the key to real transformation of the South African economic landscape. Empowerment is centred on people rather than profits. It faces a profit-driven development as its dialectical other (Friedman 1992: 42). Friedman argues that unlike neo-classical economics, which perceives the individual as its unit of analysis, empowerment takes the household as such. It is because of this dialectic that only a few individuals benefit from B-BBEE policy programmes at the expense of the targeted majority. Central to state intervention in the form of transformation policies is the pursuit of equality so that the economic and subsequently the social 'playing field' can become balanced.

The South African legal system upon which B-BBEE policy is based calls for a synergistic, cooperative model between what are often identified as 'role players', 'stakeholders', and 'social partners'. When Friedman states that although empowerment is centered on people rather than profits in a capitalist context he encapsulates the synergy that has been evident in South Africa from 1994. In the final analysis, the position of the South African government is that people-centered development does not preclude members of the private sector: they are basically seen as 'social partners'.

## **2.6 Conclusion**

This chapter has highlighted the complex and often contradictory B-BBEE policy environment. The context is characterized by dissimilar interpretations of B-BBEE policy and various expectations of different stakeholders in the field of policy implementation. Contradictions and tensions in policy implementation are informed not only by internal policy actors but also by the global policy terrain. Consequently, the state is continuously challenged to readjust its policy trajectory. When this occurs policy winners and losers are created. There are those who have argued that the policy on B-BBEE has

empowered elites at the expense of the majority. However, policy options for the state are limited. Given this, the management of government policy will determine the success or failure of the policy on B-BBEE.

Just how successful such policy implementation has been managed can be assessed in terms of policy co-ordination, organizational hierarchy, managing transformation processes, and policy communication. Theories of organizational management will help to understand how the KwaZulu-Natal provincial government manages policy implementation within the existing constraints that have been identified in this chapter. Accordingly, the following chapter discuss theories of organizational management. This will lead to the theoretical framework which is the basis for the investigation of the KwaZulu-Natal provincial government which follows.



## Chapter Three

### Theoretical framework

The intention of this chapter is to discuss theories of organizational management according to five themes: managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication.

#### 3.1 Managing policy implementation

The motivation of organizations when adopting a specific policy depends on how policy implementation is managed. This requires a number of interrelated steps that need to be adopted in the implementation process. Importantly, policies often exhibit the strategic focus of the organizations. It is always necessary to understand a strategic manager's policy choices. It is on this basis that, Simon (1997:18) argues that:

We cannot understand either the 'inputs' or the 'outputs' of executives without understanding the organizations in which they work. Their behaviour and its effects on others are functions of their organizational situations. Organizations are therefore important because they provide those in responsible positions with the means for exercising authority and influence over others.

It must be pointed out that disproportionate authority may also be problematic in conditions that require more influence and persuasion of others. In this context, a balance is needed for the success of policy implementation. Thus, policy implementation by its very nature is a complex phenomenon.

Brinkerhoff and Crosby (2002:5) state that "policies are dynamic combinations of purpose, rules, actions, resources, incentives, and behaviours leading to outcomes that can imperfectly be predicted or controlled". Grindle (1997:7) adds that "good government often begins through the making of hard choices in regard to what should be responsible for and what activities it ought to abandon".

A distinction has to be made, though, between policy implementation and project/programme implementation. Brinkerhoff and Crosby (2002: 23) explain the following most significant differences:

Policy implementation is rarely a linear, coherent process: programs and projects have a beginning and an end, there are specific time-lines, targets and objectives which are specified for each phase. While policy implementation is important, change is rarely straightforward. Policy implementation can often be multidirectional, fragmented, frequently interrupted, and unpredictable and very long term. No single agency can manage the policy implementation effort: projects and programmes have project managers or programme heads, and it is clear who is in charge. Policy implementation requires the concerted actions of multiple agencies and groups. Even if there is a lead agency, there is no one in charge. Authority and responsibility are dispersed among actors involved, traditional command and control is rarely applicable. Policy implementation creates winners and losers: projects and programmes provide benefits to those they affect.

Thus tensions in policy implementation are inescapable. It is the duty of every organization to be aware of the intricacies of policy processes. This means that a clear distinction between policy implementation and project implementation must always be made. The distinction will help to create an environment where there would be less confusion and ultimately fewer problems in the implementation phase. In situations where policy implementation is treated like a project there will always be unrealistic expectations for urgent results.

Brinkerhoff and Crosby (2002: 25) explain that policy implementation includes the following:

Educating policy beneficiaries, managing expectations, allaying fears, explaining and reassuring. Some individual, group, or organization must assert that the proposed policy reform is necessary and vital, even though it will present serious costs. This step involves the emergence or designation of a policy champion, some individual or group with credibility, political resources, and the willingness to risk that political capital in support of the policy. The more contentious the policy issue or the more the new policy departs from past practice, the more important will be the legitimization function that will be the basis of such a process. Since support is frequently absent, an adequate constituency for reform

must be developed, the reform must be marketed and promoted. Policy managers or reformers should not assume that because a policy is sound or correct, support will automatically be forthcoming or that stakeholders will clearly and immediately see that it is in their interest to support the change. Certainly, policy benefits take time to be realised, while stakeholders must invest their energies and time in its realisation. Policy processes within the organization may require the hiring of new people (policy champions) and organizational designs to suite the new challenge.

The introduction of “new tasks and objectives accompanying policy reform will likely cause modifications within the implementing organization(s)” (Brinkerhoff and Crosby 2002:28). Brinkerhoff and Crosby (2002:28) further observed that:

An organizational design and/or modification pose several problems: first, because of the existence of entrenched procedures and routines, and alliances with existing constituents and interests, there is frequently resistance to making changes in either the mandate or the structure of the established organization. Secondly, the tasks called for by reforms may be substantially different from current ones. This means that with significant policy change an agency can be affected in terms of its internal arrangements and of its relations with its operating environment. Internally, what the agency does and how it goes about those tasks may change, and new tasks will call for new structures and procedures.

This requires highly sophisticated and strategic management to guide the process of implementation. Brinkerhoff and Crosby (2002:40), explain that strategic management consists of four guiding principles:

First, the strategic approach is oriented toward the future: It recognizes that the environment will change. It is long range oriented, one that tries to anticipate events rather than simply reacting as they occur. Second, the strategic approach has an external emphasis: it takes into account several components of external operating environments, including technology, politics, economics, and social dimensions. Strategic thinking recognizes that each of these can either constrain or facilitate the organizations involve in policy implementation. Third, the strategic approach concentrates on assuring a good fit between the environment and policy implementation. Organizations: this includes their missions and objectives, strategies, structures, and resources, and attempts to anticipate what will be required to assure continued fit. Finally, the strategic approach is a process: it is continuous and recognizes the need

to be open to changing goals and activities in light of shifting political, economic, and social circumstances.

Brinkerhoff and Crosby (2002:40) conclude by highlighting that “unlike traditional paradigms of public administration for routine service delivery and government functions, strategic management is ideally suited to the needs and challenges of policy change and implementation”. This would help policy managers to respond appropriately to the challenges as they occur. Furthermore this approach “seeks to fortify and strengthen new beneficiaries but softens the landing of those groups negatively affected by change” (Brinkerhoff and Crosby 2002:41). This would create a conducive environment for the buy-in of the previous winners who may now be losers as a result of new policy implementation. This may further create an opportunity to draw on their experience and for them to transfer their skills.

### **3.2 Policy co-ordination**

Policy implementation often requires a network of relationships at various levels within and outside an organization. Significantly, policies are implemented in a complex and sometimes contradictory environment that is characterized by different stakeholders who have different interests, expectations, and authority. Thus the policy implementation process is dynamic and characterized by a lot of ‘twists and turns’. The policy environment may further be compounded by other human related factors that may include, but are not limited to, shortages of critical skills, a lack of resources, as well as the absence of consensus among key role players. Thus policy co-ordination is integral to management practices and processes.

In order “to implement policies successfully, managers need, first of all, to clarify what forms of co-ordination are appropriate, and second, to address obstacles to co-ordination, including their political dimensions” (Brinkerhoff and Crosby 2002: 122). Brinkerhoff and Crosby (2002:123) further stated that “joint action is clearly the most intensive form of co-ordination, with the highest degree of potential problems for policy co-ordination obstacles. Joint

action can pose real challenges when organizations are brought together which do not share a history of working together and/ or have very different operating procedures or organizational cultures". As Simon put it succinctly, "however, unfortunately, problems do not come to the administrator carefully wrapped in bundles clearly sorted out" (Simon 1997:4).

Problems and weaknesses need to be remedied in order for an organization to achieve its designated goals, which in most cases have been set by legislation, rules and regulations. The difficulty with this is that some policies, such as B-BBEE policy, often encounter serious resistance from other sectors of the economy and society. Strategic management "in multi-actor policy implementation is not a question of command and control" (Brinkerhoff and Crosby 2002: 118). Managing policy implementation "is about developing a shared vision, influencing and persuading supporters and opponents, negotiating agreements, resolving conflicts, co-operating with a wide array of stakeholders, devising work programs in participatory and collaborative ways" (Brinkerhoff and Crosby 2002: 1180). Brinkerhoff and Crosby further contend that "policy co-ordination is often a thorny and potentially conflict-provoking problem". This means that resistance and conflict amongst key stakeholders are inescapable facts of policy co-ordination. Importantly, conflicts form part of the 'total package' of policy co-ordination.

Brinkerhoff and Crosby (2002: 119) believe that for co-ordination to be effective, it must deal with three inter-organizational problems:

Threats to autonomy: a core dynamic in most organizations is to try to maintain as much independent control over inputs, outputs, and operations as possible. When co-ordination requirements impinge upon its independence, an organization will be reluctant to co-ordinate. Threats are increased in situations in which stakeholders interests are diverse, co-operating agency operational procedures are different, resources are scarce, and linkages among agencies are multiple and interlocking. Lack of task consensus: agreement on what the policy is intended to achieve and how to reach its objectives. This includes the client groups to be targeted, the actions to be undertaken, the services to be provided, and the methodology to be employed. Even where role players may have an

agreement on the noble intentions of public policy, there might be great disagreement on how to achieve the common goal. The diversity among stakeholder perceptions and interests, political considerations, multiplicity of linkages, and scarcity of resources aggravate the co-ordination problem. Stakeholders will always be reluctant to participate in a policy programme when there is nothing to gain from it. Conflicting vertical-horizontal requirements: most implementation actors belong to a variety of networks, and/or some formal hierarchies.

Co-ordination may include various stakeholders from the public, private and civil sectors. In many cases stakeholders do not share common interests. Often some organizations are driven by profit accumulation, while others are interested in the empowerment of a community. Frequently, "co-ordination places actors whose actions are to be co-ordinated in a situation in which they are subject to conflicting demands" (Brinkerhoff and Crosby 2002: 121).

Stakeholders may have different forms and quantities of power and authority which determine their leverage in achieving co-ordination. Government organizations have legislative authority to determine the 'rules' of engagement. The difficulty, however, "arises from legal constraints imposed by enabling legislation and administrative statutes that place limits on the agency's margin for manoeuvre" (Brinkerhoff and Crosby 2002: 121). Such considerations of power have a bearing on organizational transformation.

### **3.3 Organizational transformation**

Fox (2006:33) explains that transformation is a process of organizational change, which can be understood:

In terms of standards, norms, hierarchies, decision-making, and organizational cultures, etc. The culture of an organization is the result of its history, environment, selection process and socialization practices. Organizations have histories, prevailing beliefs, customs, traditions and way of doing things. Organizational culture is the social adhesive that assists in holding the organization together by providing standards about what employees should say or do.

The history of many South Africa organizations is informed by exclusion, racial discrimination, and an organizational culture which was not designed to serve the majority. Transformation requires South African organizations to adopt new ways of doing things in order to allow for inclusion and diversity. Importantly, those who were previously excluded must now come to participate in determining the key strategic direction of various organizations. The expected outcome is a new inclusive organizational culture that is responsive to the plight of the poor. In this context, participation of the previously excluded group can be defined as “a process through which stakeholders can influence and share control over development initiatives and decisions and resources which affect them” (World Bank 1996: 3). However, simple participation of the previous excluded group is not enough when this does not bring about the empowerment of the group: “citizens’ participation is not a panacea for future implementation success” (Brinkerhoff and Crosby 2002: 52).

Brinkerhoff and Crosby (2002: 52) argue that “serious questions can and should be raised regarding the expectations for, and limits of, participation in the policy process”. They identify five forms of participation, which are relevant to this study. These can be conceptualised as:

- (i) Information sharing: “it serves to keep actors informed, to assure transparency, and to build legitimacy” (Brinkerhoff and Crosby 2002:54).
- (ii) Consultation: “consultation involves sharing information and garnering feedback and reaction. This may include consultation through organizing town hall meetings, focus groups, national conferences, round tables, and parliamentary hearings” (Brinkerhoff and Crosby 2002:54). In South Africa this may further include *Izimbizo* or what has been defined as taking parliament to the people. The problem with this form of consultation is that resolutions are adopted and there is no follow up to check the process and outcomes of implementation. On close scrutiny, the community does not have power to organize these

meetings (*Izimbizo*) themselves, and invite government to account: it is the other way around. This is the reason why government has been accused of organizing community gatherings (*Izimbizo*) every time a general election nears.

- (iii) Collaboration: “joint activities in which the initiator invites other groups to be involved but retains decision-making authority and control. Collaboration moves beyond collecting feedback to involving external actors in problem solving, policy design, monitoring and evaluation. Examples include public reviews of drafting legislation, government-led working groups, and government convened planning sessions” (Brinkerhoff and Crosby 2002:54).
- (iv) Joint decision-making: “collaboration where there is shared control over decisions made. Shared decision-making is useful when the external actor’s knowledge, capacity, and experience are critical for achieving policy objectives” (Brinkerhoff and Crosby 2002:54). Examples are joint committees, public private partnerships, and blue ribbon commissions or task forces.
- (v) Empowerment: “transfer of control over decision making, resources and activities from initiator to other stakeholders. Empowerment takes place when external actors, acting autonomously and in their own interest, can carry out policy mandates without significant government involvement or oversight. Examples are local natural resources management committees, community empowerment zones, water user associations, and some forms of partnerships” (Brinkerhoff and Crosby 2002: 54).

Empowerment as a form of participation for B-BBEE policy implementation often gives rise to unintended outcomes where the transfer of control is not accompanied by the transfer of skills. This can create the problem of sustainability because the communities lack appropriate skills to carry out on policy implementation. These communities may also lack technical skills to



mobilise financial resources and as such they become dependent on government support. This cannot be considered as real empowerment. Consequently, "policy managers need to give some thought to the objectives to be achieved through expanded participation" (Brinkerhoff and Crosby 2002: 55).

Brinkerhoff and Crosby (2002:57) stress that:

There are several interrelated objectives of expanded participation: first, there are objectives that are primarily of benefit to the groups newly participating but that ultimately may increase the likelihood of implementation or sustainability of a new policy. Second, objectives for expanded participation include assuring or enhancing the successful implementation of a policy that leads to better delivery of services. These objectives relate to effectiveness, cost-sharing, and efficiency. Expanding participation helps to assure greater responsiveness to the needs of proposed beneficiaries, resulting in a better fit between needs and policy solutions, leading to increased service-user satisfaction. Third, objectives seek to increase support, legitimacy, transparency, and responsiveness of a particular policy, and this set relates to the principles of democratic governance. Finally, expanding participation can reduce opposition to a particular policy.

To this end, Brinkerhoff and Crosby (2002: 57) believe that "the inclusion of the opposing groups may persuade them to support a proposed policy. This may be achieved through making concessions to the opposing group so that they can be co-opted within the policy process". But there is a danger in adopting this approach without considering the internal policy dynamics of a particular country. Many government organizations may choose to make concessions to a few very powerful individuals. For the last few decades, which have been described as the era of globalisation, it has been customary for most governments to abandon policy programmes that seek to uplift the plight of the poor due to the influence and predominance of market forces which are based on an accumulation of wealth for the benefit of the few. When the interests of the powerful are threatened they may decide to oppose policy proposals. Obviously, governments need the market forces for the success of

policy implementation, but governments are often obliged to pursue the common good.

This is the reason why it has been suggested that a “government should be judged on the basis of how citizens access basic services” (Peters 2001: 46). This is an expansive view of popular participation. The disadvantage is that “unstructured and unmanaged participation leads to cacophony and confusion, which is not necessarily good for the attainment of policy results” (Brinkerhoff and Crosby 2002: 59). Brinkerhoff and Crosby further believe that “while there are solid technical, social, and political reasons for expanded citizens’ participation in the policy process, it is, however, important to recognise that there are limits and trade-offs inherent in increasing participation”.

This implies that policy managers should not raise expectations which cannot be met. They need to consider the availability of financial, as well as human, resources since “successful policy outcomes depend not simply upon designing good policies but also upon managing their implementation” (Brinkerhoff and Crosby 2002: 6). Brinkerhoff and Crosby suggest that “instead of identifying ideal solutions up front and imposing them top-down, policy implementers need to iteratively develop ‘second-or third-best’ answers that collaborating agencies and stakeholders can agree upon”. Furthermore, for a “practitioner in public and social administration, it is important to be aware of the situation in all relevant dimensions of multi-loci framework in which he or she is functioning” (Hill & Hupe 2002: 187). Accordingly, a public manager must involve as many people as possible and in addition be aware of the policy environment which might determine the success or failure of public programmes. At a more basic level, “a flexible government is simply the one that is capable of responding effectively to new challenges and of surviving in the process of change” (Peters 1992: 79).

Policy managers need to carefully balance conflicting interests. Public managers should thus ensure that, to a large extent, all stakeholders are

involved in the process in most if not all aspects of the planning and implementing stages. Participation within organizations depends on the form of organization, which typically entails some sense of hierarchy.

### **3.4 Organizational hierarchy**

An organizational hierarchy is composed of the top management, middle management and the operative employees. Many organizations, including government departments, are characterised by hierarchy, which requires coherence in policy management. This includes processes, functions and operations within the organizational hierarchy, which require that both the top echelon and the operative employees have to play their role in an integrated way so that the organization can achieve its goals. Normally the top echelon determines the strategic direction of the organization. The operative employees are at the interface of policy implementation. This often goes with a certain level of responsibility and authority. It is therefore the very nature of power and authority which is distributed unequally between the top and the operatives that often creates tension in policy management.

The relationship between the top echelon and operative employees is therefore important to the success or failure of policy objectives and must be managed well so that an organization can be able to achieve its strategic vision. However, the policy environment abounds with challenges, such as scarce human and financial resources, limited responsibility or authority and the lack of a mandate to solve complex organizational challenges. This situation may be viewed differently within the organizational hierarchy, depending on the power and influence exercised through the structures. This poses a fundamental operational predicament since policy problems often demand urgent actions irrespective of the allocation of authority within the organizational structure.

Accordingly, "breaking the monopoly of central design and expanding the options of administrative design are two of the major challenges facing decision-makers in developing countries" (Cohen & Person 1999: 6). Central

design determines the function and operations of an organization. Normally this leads to organizational decisions which are determined by a bureaucratic organizational structure. The top echelon of an organization has authority to determine the rules of engagement, leaving those at the bottom with little authority, thereby possibly making them less effective. It is "equally clear that the persons above the lowest operative level in the administrative hierarchy are not mere surplus baggage, and that they too must have an essential role to play in the accomplishment of the agency's objectives" (Simon 1997: 2). For this to happen "the operative employees must always be persuaded, rather than 'directed'" (Simon 1997: 2). Simon concludes that "an administrative organization involves more than a mere assignment of functions and allocation of authority, and the success of the organizational structure will be judged by the operational employee's performance" (Simon 1997: 2).

In some cases the operational employees may feel constrained by the organizational structure. This creates a situation where there is no room for operational employees to exercise their talents and potential. There are "politics involved in both innovation and change" (Pfeffer 1992: 12), Pfeffer observed:

Unless and until leadership in organizations are willing to come to terms with organizational power and influence, and admit that the skills of getting things done are as important as the skills of figuring out what to do, their organizations will fall further and further behind. The problem is, in most cases, not an absence of insight or organizational intelligence, but one of passivity (Pfeffer 1992: 12).

A number of factors inform this 'passivity':

- (i) Lack of 'political will' to achieve organizational strategic goals,
- (ii) Behaviour of top echelon personnel that leads them to personalize and 'own' the organizational functions rather than providing strategic leadership, and
- (iii) A lack of strategic specialised skills (Pfeffer 1992: 12).

Problems of implementation are “in many instances, problems in developing ‘political will’ and expertise, the desire to accomplish something, even against opposition, and the knowledge and skills that make it possible to do so” (Pfeffer 1992: 7). Pfeffer (1992:7) further states that:

Accomplishing innovation and change in organizations requires more than the ability to solve technical or analytic problems. Innovation almost invariably threatens the status quo, and consequently, innovation is an ‘inherently political’ activity. The combination of these factors additionally also lead to what may be termed ‘passivity,’ depending on how the policy is managed within the organizational structure.

Consequently, “policy changes are thus, in many instances, controversial” (Brinkerhoff and Crosby 2002: 19). Various levels within the organizational structure must always be aware of this reality, otherwise this would affect or compromise the ability of the organizations to meet its policy objectives. Conversely, this is impossible in an organization that is governed by a highly formal organizational structure that imposes decisions from the top. What is critical is the relationship between the hierarchical structure of an organization, processes and procedures.

Peterson (1997:159) states that:

The principal role of hierarchy is to co-ordinate an organization’s interdependences. Hierarchies achieve co-ordination by defining standard procedures that govern the behaviour of individuals or the premises by which individuals make decisions.

Peterson (1997: 160) highlights issues pertaining to such procedures:

Roles are not institutionalised and thus the behaviour of administrative staff is not governed by legal rationality, but by social pressures. As such, the bureaucracy is accustomed to pursuing the interest of the individual or his/her social group. The administration duties are performed by personal intervention rather than procedure. The leadership and in turn the management of the bureaucracy is often highly politicised. This creates a situation where an interventionist administration is adopted to meet political demands promptly to ensure response from an unresponsive organization. An interventionist administration erodes procedures.

As a result, concludes Peterson (1997:160):

Weak procedures create a weak organization. The reality of many African bureaucracies is that practices or functions are not based on well established procedures. Instead of being integrated through procedures, public bureaucracies are often fragmented organizations with numerous micro-hierarchies. The leaders of these micro-hierarchies either vie amongst themselves for access to senior officials or they languish in isolation.

### **3.5 Policy communication**

The implementation of all policies are determined and shaped by the actions of the actors, the stakeholders, the role players and the implementing agencies and groups. This includes policy actors within and outside the organization. All organizational groups and individuals need information to solve complex organizational challenges. Therefore communication must be at the center of organizational strategic decisions.

Communication has been formally defined as “any process whereby decisional premises are transmitted from one member of an organization to the other” (Simon 1997:208). Information is “a bit like water: too little and you die of thirst, too much and you can drown” (Cohen and Eimicke 2002: 157). Cohen and Eimicke further observed that “if you obtain too much information, you may be inundated with needless detail, if you have too little information, you risk being taken by surprise by an unanticipated policy outcome”. Importantly, “without communication there can be no organization, for there is no possibility then of a group influencing the behaviour of an individual” (Simon 1997: 208). It is clear that with adequate information “a decision-maker can accurately assess a situation and know with absolute certainty the effect of a given action within that situation” (Cohen and Eimicke 2002: 157). In organizational terms, communication is a process that “takes place upward, downward, and laterally throughout the organization” (Simon 1997: 208). Accurate information may be scattered and flow from various sources within and outside the organization.

Difficulties experienced by an organization “are often seen as problems of information flow, while in actual reality they are problems of a poorly designed organizational structure and inadequately constructed assignments” (Cohen and Eimicke 2002: 170). Cohen and Eimicke argue that “probably the most common example of poor information flow is evident when one part of an organization is unaware of what another part is doing. This is what makes an organization so dynamic and very complex”. Policy managers are therefore tasked to find policy solutions within the dynamics of a policy environment. In this context organizations are viewed “as embodying patterns of communication and relations among a group of human beings, which include the processes of making and implementing decisions” (Simon 1997: 19). Simon notes that “an organization’s pattern provides its members with much of the information and many of the assumptions, goals, and attitudes that enter into their decisions”. It also provides a “set of stable and comprehensible expectations as to functional and structural requirements, responsibilities and duties expected of the other members of the group and how they will react to a variety of situations they face within the ambit of these functions” (Simon 1997:19). Simon asserts that sociologists call this pattern a ‘role system’.

Organizations must be able to communicate at all levels by making use of the multiplicities of modes of communications. Good “information flow is not a set of procedures and technology” (Cohen and Eimicke 2002:170). Cohen and Eimicke contend that “although effective procedures and technologies can be helpful, good information flow is the result of an attitude toward work that drives staff members to ask the right question” (Cohen and Eimicke 2002:170). This can be achieved through organizational communication channels. In reality “information and orders that flow downward through the formal channels are only a small part of the total network of communications in all organizations” (Simon 1997:209). Two modes or forms of communication must be “present for the transmission of information to be effective, in formal and informal ways” (Simon 1997: 211). Irrespective of which form of

communication an organization may adopt, there will always be challenges, particularly from vested interests within and outside the organization. Power can be exercised either to withhold or to release certain information depending on a particular situation.

Information can further be twisted or distorted for certain ulterior motives. It has been suggested that "each time a message passes up through an organizational level, it may be modified" (Cohen and Eimicke 2002: 159). Cohen and Eimicke believe that "due to modification of information in the process of communication by the time it reaches the top, it may bear little resemblance to the message originally sent".

There are therefore a number of reasons why one has "too much of the wrong information and not enough of the right information" (Cohen and Eimicke 2002: 161). According to Cohen and Eimicke:

The information you receive may be distorted as it passes through hierarchical levels. The information you receive is biased according to the organizational and the political interests of the sender. You may not be aggressive enough in seeking out external information sources, nurturing a network of information sources, or planning an information strategy. It is only when you ask for information that matches your actual priorities that reporting can serve management.

Additionally, "the attention a communication will receive will also depend upon its form" (Simon 1997: 216). The form of communication is important for an organization's decisions as well as policy actions. All "organizations need well-developed internal networks to take advantage of their informal organizational and communication patterns" (Cohen and Eimicke 2002: 166). This will help them to process all sorts of information coming from different sources. Importantly, this helps an organization to eliminate irrelevant information which could harm decision-making or convey inaccurate information to the outside stakeholders.

A well-developed internal communication network needs to be complemented with a strategy for appropriate and enhanced dissemination,



because a “poorly thought-out strategy for disseminating information outside the organization can greatly impair a program” (Cohen and Eimicke 2002: 165). Many organizations introduce their own internal special communications units to deal with information dissemination or to communicate with external stakeholders. This serves an important function, serving various purposes - marketing, education, consultation and accountability.

The key factors associated with each of managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication that arose in the proceeding discussion are captured in Table 3.1:

**Table 3.1: Summary of the central themes of the theoretical framework**

Themes	Strategic focus
Managing policy implementation	<ul style="list-style-type: none"> <li>• <i>Policy implementation is rarely a linear, coherent process</i></li> <li>• <i>No single agency can manage policy implementation effort</i></li> <li>• <i>Creates winners and losers</i></li> <li>• <i>New policies do not come with budgets</i></li> <li>• <i>Support is frequently absent</i></li> <li>• <i>Policy benefits take time to be realised</i></li> </ul>
Policy co-ordination	<ul style="list-style-type: none"> <li>• <i>Co-ordination must deal with threats to autonomy</i></li> <li>• <i>There is always a lack of task consensus</i></li> <li>• <i>Conflicting vertical/horizontal requirements</i></li> <li>• <i>Linkages among the agencies are multiple and interlocking</i></li> </ul>
Organizational transformation	<ul style="list-style-type: none"> <li>• <i>Organizational transformation: process of organizational change, standards, norms, hierarchies, decision making, organizational culture.</i></li> <li>• <i>Culture of an organization is the result of its history, environment, selection process and socialization practices.</i></li> <li>• <i>There are five forms of participation: information sharing, consultation, collaboration, joint decision-making, and empowerment</i></li> <li>• <i>There must be collaboration among stakeholders</i></li> <li>• <i>Participation is not a panacea for future implementation success</i></li> </ul>
Organizational hierarchy	<ul style="list-style-type: none"> <li>• <i>Hierarchical-rule based organizational designs</i></li> <li>• <i>Organizational power and influence</i></li> <li>• <i>Policy change is controversial</i></li> <li>• <i>Strengthen political will</i></li> <li>• <i>Boost specialised skills</i></li> </ul>
Policy communication	<ul style="list-style-type: none"> <li>• <i>Communication must take place at all levels</i></li> <li>• <i>Good information flow is not a set of procedures</i></li> <li>• <i>Without communication there is no organization</i></li> <li>• <i>Attention to communication is dependent on its form</i></li> <li>• <i>There are official and informal forms of communication</i></li> <li>• <i>Communication must be at a centre stage of strategic decisions</i></li> <li>• <i>Organizations needs internal communication networks</i></li> </ul>

### **3.6 Conclusion**

This chapter was structured according to the five themes which inform this study: managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. In the course of discussing these in this chapter, vital sub-themes emerged, which are summarised in Table 3.1. The five themes constitute the overall theoretical framework which will guide the investigation into how the policy on B-BBEE has been implemented and managed within the provincial administration of KwaZulu-Natal. The sub-themes identify variables for considering each particular theme in relation to the three clusters of government. The investigation commences with the Economic Sectors and Infrastructure Development cluster.

## Chapter Four

### Economic Sectors and Infrastructure Development cluster

#### *Introduction*

The main objective of this chapter is to present and discuss research data derived from the questionnaire and interviews with public officials in the Economic Sectors and Infrastructure Development cluster (ESID) in the provincial government of KwaZulu-Natal. The chapter explores, in turn, each of the five themes identified in the previous chapter as the theoretical framework for investigating the implementation and management of B-BBEE policy within the provincial government, the themes being managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. First, though, the chapter begins by outlining the nature of the management profile in the cluster.

#### *The profile, role and structure of the cluster*

The Economic Sectors and Infrastructure Development cluster comprises the following provincial government departments: economic development and tourism, transport, public works, agriculture, environmental affairs and rural development, and the provincial treasury. The cluster deals with all economic development issues. Each government department is represented in the cluster by its head of department.

The heads of departments form a cluster management team to co-ordinate and develop the provincial economic development strategies, and create synergy among economic cross-cutting policies. B-BBEE policy is regarded as one such cross-cutting policy. The cluster discusses common policy challenges, and if these require serious policy amendments, the cluster tables its recommendations for cabinet approval. The cluster has the power to invite anyone it deems relevant to submit strategic reports. Government

departments and public entities regularly submit progress reports on B-BBEE policy implementation to update the cluster on progress or lack thereof.

***Demographic characteristics of the sampled population:***

The following table reveals the demographic and professional profile of the respondents in this cluster.

**Table 4.1. ESID cluster: race, occupational level, and gender of management employees (n=20)**

Occupational Levels	African		Asian/Indian		Coloured		White		Total
	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	Number of females	Number of Males	
Director	1	2	0	2	0	0	0	0	5
Deputy Director	2	1	1	1	1	0	0	0	6
Executive Manager	1	1	0	0	0	0	1	0	3
Specialist	1	0	0	1	0	1	0	0	3
Administrator	0	1	1	0	1	0	0	0	3
Overall	5	5	2	4	2	1	1	0	20

Ten of the 20 respondents were Africans who occupied positions at all levels in the management structure. Six were Asians, two of whom were Directors. Three were Coloureds and there was a single White female, who was an Executive Manager. The balance between the gender was fairly even, too, with females comprising eight positions (40%), and five of the 11 positions at senior level, that is, Deputy Director or Director. Table 4.2 shows the working experience of the respondents:

**Table 4.2. ESID cluster: work experience of management employees (n=20)**

<b>Years of experience</b>	<b>Number of respondents</b>
+20	4
11 to 20	11
6 to 10	4
0 to 5	1

The majority in this cluster, 11 respondents (55% of the total number), had been employed in government for between 11 and 20 years. Four had been there even longer, while another four varied from six to ten years of government service. Significantly, only one had been in government for five years or less. Thus at the management level in this cluster were experienced government officials.

Table 4.3 shows the age profile of the respondents:

**Table 4.3. ESID cluster: age profile of management employees (n=20)**

<b>Age (years)</b>	<b>Number of respondents</b>
20 to 29	1
30 to 39	12
40 to 49	5
50 to 60	2

Most of the respondents, 12 of them (60%), were in their thirties. Only seven were forty years old or more, with only two in their fifties, and none at all older than sixty. One respondent was younger than 30. So despite their experience, this management group was relatively young. Unsurprisingly in these

circumstances, 17 of the 20 respondents had some tertiary qualification, as Table 4.4 shows:

**Table 4.4. ESID cluster: educational qualifications of management employees (n=20)**

Qualifications	Number of respondents
Tertiary	17
Technical	1
Secondary	2

One respondent had a technical qualification, while two had not progressed beyond secondary education. What were the views and experience of these ably qualified management government employees about the application of B-BBEE policy within the provincial government?

#### **4.1 Managing policy implementation**

The first theme is managing policy implementation. How has this cluster managed the implementation of the policy on B-BBEE? According to KI: 1 <sup>1</sup>

The Economic Sectors & Infrastructure Development cluster co-ordinates the programmes and projects relating to the cluster. We further design and implement programmes for economic development in the province. Our roles and responsibilities are important in the implementation of B-BBEE policy in the province. This is due to the fact that we are the custodian of B-BBEE policy in the province. This means that we formulate and implement B-BBEE policy in the province. It is also our responsibility to ensure that all other stakeholders including the private sector are implementing this policy.

KI: 2 clarified government's role in ensuring that other sectors are also implementing the policy: *"our role of ensuring that other stakeholders are implementing the policy is minimal or non-existent. This is due to the fact that*

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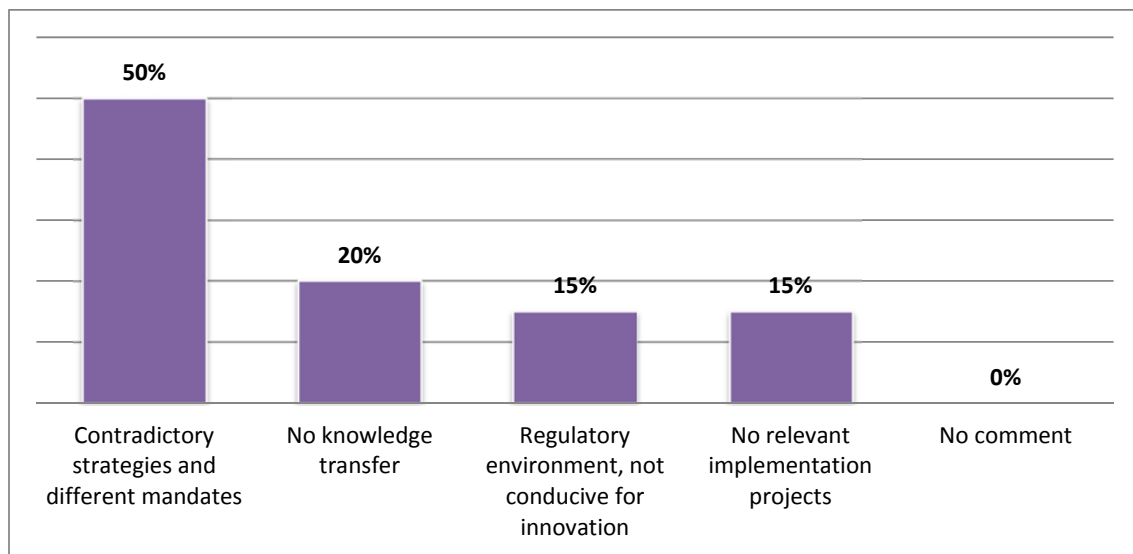
<sup>1</sup> KI: 1 refers to the first Key Informant in this first cluster, KI: 2, 3, 4 to the second, third, fourth such Informants, and so on. The quotations are lengthy at times, in order to gain a full sense of the views expressed. The passages have only been edited lightly so as not to change how the respondents articulated their thoughts.

*the policy on B-BBEE is voluntary, it's not enforceable to the companies or stakeholders who are not doing business with government".*

KI: 3 indicated that *" this cluster has an important role to ensure that B-BBEE policy is implemented within its structures. This role goes beyond the public service as we always have to ensure that other private entities are complying with the policy. I think this is where we are failing as government because this legislation does not 'bite' and we have failed as government to ensure that this happens".*

Information from the questionnaire on general views about managing the implementation of B-BBEE policy highlighted four issues, which are shown in Figure 4.1:

**Figure 4.1. ESID cluster: B-BBEE policy implementation challenges**



50% of respondents believed that contradictory strategies and conflicting mandates were a serious challenge, 20% thought that there was no knowledge transfer, 15% indicated that the regulatory environment was not conducive for innovation, while 15% of the respondents suggested that B-BBEE policy had not been transferred into relevant implementation projects.

**COMMENT:** There are two essential and significant organizational issues that can be inferred from these responses: firstly, the responses have broadly



highlighted incoherent 'fault lines' or 'fractured' policy processes in the field of policy implementation within the provincial government. Secondly, the responses indicated that policy managers were struggling to find the correct approach to support policy implementation. Consequently, contradictory strategies and conflicting mandates reflect the different interests and priorities between the departments in this cluster. According to KI: 1:

**(i) Contradictory strategies and conflicting mandates**

Obviously, the serious challenge with B-BBEE policy implementation is that it is implemented within broad contradictory strategies and conflicting mandates. This is informed by the reality on how government departments operate, more especially the policy implementation relationship between the national spheres of government with the provincial one. The relationship comes with a certain level of authority that determines and regulates operations amongst and within various departments. Taking, for example, the procurement of goods and services, this is an important leverage in advancing B-BBEE policy implementation. However, this is difficult to achieve in the implementation of B-BBEE policy because of its direct conflict with the supply chain preferential procurement policy framework (PPPFA). The conflict between the two policies arises because the PPPFA is the supreme policy when it comes to government procurement of goods and services. The supply chain in the procurement of goods and services by government considers reasonable pricing as an important determining factor for the selection of suppliers. This is the direct conflict with B-BBEE policy because in terms of this policy, B-BBEE compliance should be the main determining factor in the selection of suppliers. It is therefore because of this conflict that B-BBEE policy compliant suppliers get excluded from lucrative government tenders.

KI: 1 went on to say that the conflict between public policies on procurement and on B-BBEE is compounded by the fact that the two policies were formulated by different government departments at different times for different purposes. KI: 1 believed that:

The national department of treasury is the custodian of the PPPFA. On close scrutiny, the PPPFA policy was designed for Public Financial Management accountability rather than the advancement of B-BBEE policy implementation. The approach followed by procurement practitioners is always to strive for saving government finances when

arriving at serious decisions. On the contrary, B-BBEE policy was designed for socio-economic transformation, and it is controlled by the national Department of Trade and Industry. This is what complicates B-BBEE policy implementation because the two departments are often issuing conflicting instructions. The provincial government cannot align its policies unless the alignment starts at the national level. Thus, there is no uniformity in policy implementation. Each government department designs its own individual procedures and practices to respond to its dynamics. This is the reason why some departments were successful and others failed to deliver or to meet the public needs.

KI: 3 took this argument a step further, noting that:

The real reason why there is no alignment of conflicting policies is that there is covert friction between the two national departments. To me, this is based on power relations as to 'who's got more power' to influence government direction. The National Treasury because it controls the government budget and considers itself as the super department over any other entity in South Africa. It has become a norm within government that the National Treasury often issues instructions or changes the reporting procedures for cash flow reports. Nowadays, we are forced to submit detailed motivations for every spending, all in the name, of what has been termed within government as 'cost cutting measures'. In this context, it means that the National Treasury has the power to decide everything that government does. Anyone who goes against the National Treasury's instructions often faces the Auditor General's qualified financial statements. This leads to media attention and possible expulsion.

KI: 2 believed that it is this power of the National Treasury which is affecting B-BBEE implementation:

I still want to see the National Treasury auditing B-BBEE policy implementation. Currently, they are the 'obstacle' to B-BBEE policy implementation. Taking for example, the KZN provincial Department of Transport which is currently being challenged by the National Treasury for its *zibambele* empowerment project. The main objective of this project is to empower the local communities by opening job opportunities when building roads, bridges, and infrastructure for the whole province. This project further develops and empowers local small enterprises. However, according to the National Treasury, this is against the rules and regulations governing the supply chain management. As a result, the provincial Department of Transport is threatened to be taken to court by the National Department of Treasury. To be honest with you, we are sitting with threatening letters challenging us to stop what we are doing. However, we are not going to stop, they must just take us to court.

KI: 4 also suggested that: *“contradictory strategies and conflicting mandates create serious bottlenecks for B-BBEE policy implementation. This is the reality, which is surprising and unfortunate because we are serving the same government which designed these policies”*.

**COMMENT:** It was evident that although there was general agreement amongst the respondents regarding the fundamental tenets of contradictory strategies and conflicting mandates, there was a slight difference of opinion as to the root causes of this situation. This was to be expected as different government functionaries within the same organizational environment tend to face a variety of challenges that were different in detail, if not in their totality. The most important revelation from the responses is the issue of power relations amongst government organizations. Clearly, the implementation of B-BBEE policy within government entails a certain level of exercise of power and authority. This was dependent on the organizational functions; that is, a government department that was controlling the resources was clearly ‘determining the rules of engagement’ in policy implementation. On most occasions this plays a key role in determining the final outcome and output. Importantly, such an approach creates confusion and bottlenecks. Thus, in this context, the implementation of policies become complicated and characterised by a lot of contradictions. This is why it has been suggested that policy implementation is not a linear and coherent process. It is clear from the responses that this affects government organizations in many ways, such as a lack of knowledge transfer.

#### **(ii) No knowledge transfer**

Would the introduction of the policy on B-BBEE lead to a wider distribution of knowledge within government? In KI: 3’s view:

When B-BBEE policy was introduced, I expected a lot of changes within government in South Africa. I thought that the South African government organizational culture would change and be more receptive to the new cultural norms, where new people would be given a space to influence government strategic direction. However, the things are different, old

people within government departments are not interested in the development of new people nor are they prepared to learn from us. There are three factors causing this problem: firstly, those who are possessing or in a position of important knowledge, normally withhold such information for their own personal benefits. In the B-BBEE policy context, this means that they are the only ones who often benefit from government tenders, programmes, etc. This is possible because they are often the only ones who are in possession of accurate information which makes it easy for their family members or friends to access such opportunities. Secondly, there is no knowledge transfer because B-BBEE policy calls for transformation of government organizations. This means that government must introduce new ways of doing things, new cultural norms. In this context, B-BBEE policy challenges government officials to get out of their comfort zones. When this happens, the experienced and highly knowledgeable are afraid to transfer knowledge because they might lose out in the system unless there is something for them to benefit. Lastly, B-BBEE policy is fairly new and there are no precedents on key policy decisions. This means that there is no new organizational culture. It is a 'trial and error' process, and it imposes serious limitations because everybody is learning.

KI: 1 suggested that: "*B-BBEE policy invokes a lot of negatives emotions which serves as a barrier for knowledge transfer*". KI: 2 mentioned why this is so:

BBEE policy is creating a lot of fear from many people. There are those who truly believe that B-BBEE policy was designed for black people to take over opportunities from other racial groups. On the other side, there are those among blacks who believe that they are entitled to certain opportunities. When this happens there is no way that there will be knowledge transfer. I also think that we have failed dismally as government in explaining the policy intentions for everybody to understand its intended objectives. This policy is associated with lot of myths, and unrealistic expectations.

**COMMENT:** as explained previously, one of the objectives of B-BBEE policy is the issue of skills development for black people. However, these responses from the provincial officials clearly indicated that there was no knowledge transfer in the implementation of this policy. There was a very strong negative attitude towards this outcome of the policy on BBBEE. As a result the negativity expressed poses a real challenge for policy makers as well as for the public service leadership in general. The respondents' contention and their strong sentiments can be interpreted in a number of ways: the level of

understanding of government officials about the intentions of the policy, and their role in driving the processes of policy implementation, which they believed is constrained by a regulatory environment that was not conducive to any strategic alternatives or innovation.

**(iii) Regulatory environment not conducive to innovation.**

In terms of B-BBEE policy, government organizations are required to become integrated in order to serve the public. B-BBEE policy is specific on the questions of racial, ethnicity, gender, and cultural integration. Government departments are expected to design and adopt new strategies to achieve such integration despite various constraints in policy implementation. Public managers must be innovative in their quest to find solutions to complex social needs. The general explanations in this section reveal that the environment of government policy implementation was characterised by a complex of rules, regulations, and strategies which served as a barrier to policy innovation.

In KI: 2's estimation:

The provincial government policy environment is littered with land mines of regulations which are serving as a barrier for B-BBEE policy innovation. This means that a policy programme must first pass through the compliance requirements no matter how good or relevant a programme might be. In this context, government officials are forced to take too much time trying to be compliant with regulations rather than concentrating on the implementation. The internal operations and processes are designed to serve compliance purposes rather than adding value to policy implementation.

KI: 3 made the same point by emphasizing the importance of risk-taking:

It is hard to be innovative when working for government. To me, innovation means designing new programmes or trying to come up with new policy alternatives to serve various community challenges. This means that one must be able to take risks and be able to experiment new initiatives. But how do you achieve this in government? In government there are clearly predetermined lines of practices which were not designed for innovation. These practices were designed for compliance and any perceived deviation from the standard practice is punishable or you may even face expulsion from the organization.

KI: 4 maintained that this is creating a culture in government where people are afraid to take risks, that *"this is the reason why the implementation of government policy programmes becomes static and out-dated, which is defeating the very aim and objectives of B-BBEE policy"*. KI: 4 then offered an illustration:

In government, the pursuit of new ventures must be done once an approval has been granted by the authorities or proper structures. Normally, the authorities would want to know how the new undertaking is relevant to one's job function. The difficulty with this requirement is that it is not based on whether the proposed undertaking would add value to the organization or not. Instead they look for the availability of budget, time, political implications, and the mandate of the department. Broadly, they arrive at their decision on the basis of other considerations rather than on whether the proposed new project is innovative and will add value to the organization. To me, everything boils down to whether your manager is well conversant with the new subject that is before him or her. Unfortunately, most of the times good and innovative proposals often get disapproved by the authorities.

**COMMENT:** There was evident agreement that existing processes undermine the success of BBBEE policy implementation in the province. The disjuncture between regulations, budgets, and processes was identified as a serious impediment to the success of BBBEE policy. The lack of innovation was considered as a barrier. The question, however, remains as to how innovation can become an integral part of a process that is not thoroughly rationalized in terms of administrative planning both within and across departments in the cluster. Possibly, this problem was connected to a lack of proper leadership and understanding of the policy by senior officials. This in turn affected the implementation of projects.

#### **(iv) No relevant implementation projects**

The general views in this section revealed that a challenge with B-BBEE policy implementation in government was its lack of relevant implementation projects.

KI: 4 said:

My organization has just adopted a moratorium on projects which are not regarded as priorities due to the financial crisis. Unfortunately, B-BBEE projects are not regarded as a priority due to scarce financial resources. The issue of skills development and the recruitment of B-BBEE target groups have been put on hold until the situation improves in the province.

KI: 1 concurred:

Every government department is expected to prioritise the most important projects for implementation. The general trend in my department is that projects such as skills development, recruitment, and all other B-BBEE related projects have been put on hold. This is because such projects are unfortunately not regarded as a priority. It is important that government chooses whether the majority of employees are retrenched or we cut back on certain projects. However, it is rather confusing to determine or distinguish which projects must be regarded as B-BBEE policy projects because government is all about helping people. To me, B-BBEE policy hopes to empower the community. This must be an enough evidence for such projects to be included as a priority. It is rather confusing as to when one implements B-BBEE policy as compared to the general government programme of action.

KI: 2 doubted that a lack of financial resources was sufficient reason not to implement B-BBEE policy, maintaining that: *"the justification that B-BBEE policy cannot be implemented due to financial crisis is a lie from those who are against the policy. How do they account for lack of government spending when a lot of money often goes back to treasury as an unspent budget or what has been termed as public savings?"*

KI: 3 took this argument a step further:

B-BBEE policy implementation does not require money most of the time. Departments can organize their own internal staff development, and have community outreach programmes as part of their social development which is a requirement for B-BBEE policy. This can be done without spending anything. Furthermore, there are so many organizations that are available to team up with government to empower the community. The real problem is not lack of funds but rather the absence of 'political will' to drive the process of transformation.

**COMMENT:** The realities of the austerity measures imposed on government spending by the Treasury for some time now could be partly due to the

International economic meltdown that has had serious implications for the country. This might be challenging the very foundation of the government strategy of empowerment. Government is about helping people, yet in the process of achieving its goals it faces constraints which are hindered by market failures. Government thus has to consider budget savings at the expense of undertaking its historical task of serving the public. Policy co-ordination then becomes vital to help the problem of scarce resources. It remains to be seen whether policy co-ordination is indeed adopted by the state as part of its broad strategy for B-BBEE policy implementation.

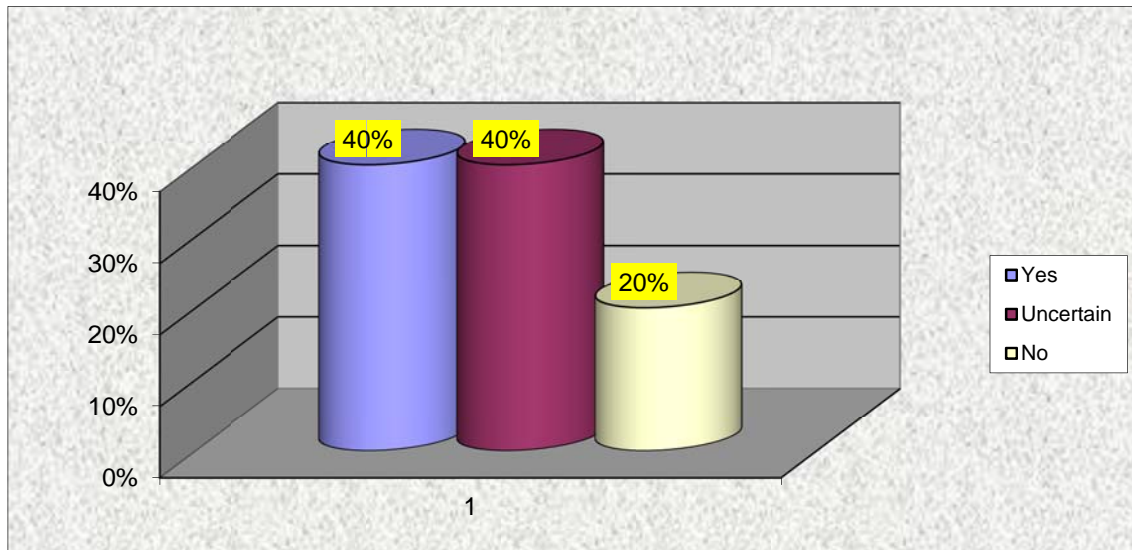
#### **4.2 Policy co-ordination**

In terms of B-BBEE policy and its relevant strategies, government departments are required to co-ordinate B-BBEE policy implementation across organizational structures. This includes structures within departments and in interdepartmental relations. The central focus of this section is to understand the provincial government's B-BBEE policy co-ordination. How did the respondents interpret their role in B-BBEE policy co-ordination? What does B-BBEE policy co-ordination entail? Are these officials successful in carrying this task? And what are the obstacles to co-ordination?

The questionnaire asked respondents: Is your organization succeeding in co-ordinating key stakeholders on B-BBEE policy implementation? Figure 4.2 reveals the respondents' answers:



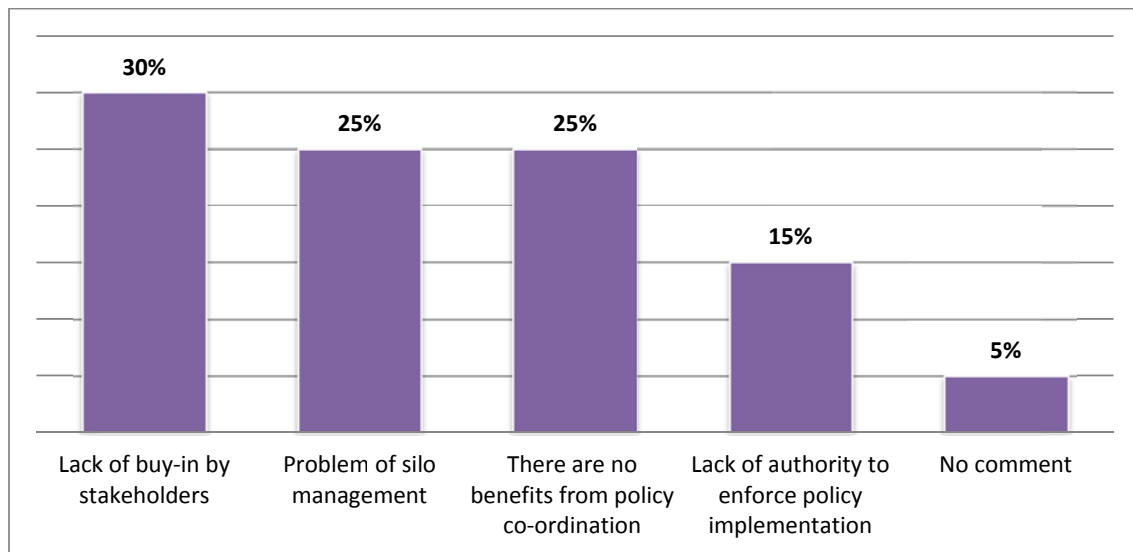
Figure 4.2. ESID cluster: success in policy co-ordination



As can be seen, 40% of the respondents believed that their organizations were successful in co-ordinating key stakeholders for B-BBEE policy implementation, 40% were uncertain, while 20% thought that their organizations were not successful.

In trying to comprehend the respondents' understanding of their brief and challenges in pursuing their role, they were asked to elaborate on the obstacles to B-BBEE policy co-ordination. Figure 4.3 reveals the obstacles to B-BBEE policy co-ordination that were identified:

Figure 4.3. ESID cluster: obstacles to B-BBEE policy co-ordination



Six (30%) respondents believed that lack of stakeholder buy-in was an obstacle to policy co-ordination, five (25%) believed that the problem was each department focusing on its own interests, or 'silo management', five (25%) suggested that there was no need to participate in co-ordination structures because there were no benefits, and three (15%) indicated that a lack of authority to enforce policy implementation was a hindrance to policy co-ordination. The reasoning behind such views was expressed in interviews.

#### (i) Lack of buy-in by stakeholders

KI: 1 said:

The provincial B-BBEE strategy prescribes the establishment of the B-BBEE implementation team which is responsible for B-BBEE policy co-ordination at a broad provincial level. The provincial Department of Economic Development and Tourism has attempted to organize various B-BBEE implementation team meetings to discuss various B-BBEE policy issues affecting us. However, attendance in these meetings is very poor; sometimes meetings do not reach a quorum. Even when we do meet, many officials do not participate in our deliberations. I think people do not understand the B-BBEE policy or they just don't care about it.

KI: 4 added that other public organizations such as state owned enterprises, *"public entities, and local municipalities do not participate in any co-*

*ordinating structures. These organizations prefer to operate on their own even when they are invited to participate at the provincial stage but they are just not interested”.*

KI: 2 observed that this seemed to be part of a larger problem about difficulties of co-ordination experienced by government:

In the past several years the provincial government adopted what was called ‘Operation *Sukuma Sakhe*’ [a process whereby all the provincial departments were supposed to design and implement joint projects in priority areas]. Unfortunately, this initiative has been reorganized to what is called ‘the public service week’ which now only occurs during July to coincide with ‘Nelson Mandela birthday week’ This means that such an important project now happens once every year and there is no follow-up on the key challenges on the ground. The problem here is that there is nobody driving or leading co-ordination.

**COMMENT:** The general agreement amongst the respondents was that the provincial government has been somewhat successful in establishing structures for B-BBEE policy co-ordination, yet there was lack of buy-in by stakeholders. The respondents suggested a lot of factors for this. Co-ordination of B-BBEE policy in the province was officially structured through a B-BBEE implementation team. The implementation team’s co-ordinating meetings are organized by a central unit or the Department of Economic Development and Tourism. It was clear from the findings that the various departments were not responsible for convening such meetings whether or not meetings which were pertinent to policy co-ordination. This was linked to management within each department concentrating on its own interests or a silo approach to policy management, as some expressed it.

#### **(ii) Problem of silo management**

KI: 2 provided an understanding of silo management:

We are currently experiencing a problem of silo management mentality within the department. Silo management can be explained as a condition where interdependence of various components within the

organization is not recognised. There are clear set boundaries which are not informed by the broad organizational vision. In this situation people have their own defined priorities and resources which are not shared or benefiting the wider department. Additionally, this means that project implementation is carried out by individual components of the department even in conditions where team effort is required.

KI: 4 concurred:

Under the current B-BBEE policy implementation it is very difficult to achieve policy co-ordination because many organizations have created 'pigeon holes'. It is all about individuals, that is, who is controlling the big budget rather than inter-relationships between the stakeholders. In government, many people more especially the top management, have created their own 'little empires' where individual operations have become the order of the day.

KI: 3 outlined the more general problem which has arisen:

In terms of B-BBEE policy, government departments are required to provide enterprise development programmes, that is, small enterprise development (SMMEs), and co-operative development. In response to this requirement the province has established a lot of co-operatives, and SMMEs. There has been a roll-out of mentorship, and training programmes. Unfortunately, due to lack of B-BBEE policy co-ordination there is a lot of duplication. In this province, every department has its own mentorship programme that is supporting the development of co-operatives and small enterprises. The problem with this is that it is one and the same urban individuals who are benefiting from this project, and unfortunately the rural areas are excluded in the process. This means that scarce resources are not properly distributed to meet the needs on the ground. The conditions in the province are such that there are shortages of skills. This means that policy co-ordination is very important to address the skills gap, though this is not happening in the province. This is the reason why there is no uniformity in the implementation of B-BBEE policy. Currently, people are adopting different approaches, which makes it difficult to learn from one another.

**COMMENT:** The problem of silo management or lack of co-operation amongst different units within the provincial administration has been cited as a major problem that was inhibiting successful policy co-ordination. It was evident that B-BBEE policy co-ordination was further constrained by set boundaries which are not in line with a broad organizational vision. The

findings revealed that silo management was informed by individual management priorities which had nothing to do with broad organizational strategic goals. This affects the distribution of scarce resources which could benefit a number of different components. It must, rather, be pointed out that the admission by the respondents that such behaviour was not informed by government policy raises one fundamental problem faced by the provincial government on policy co-ordination. How can such behaviour be allowed when it is clearly affecting policy co-ordination? This can only be explained as a serious problem of organizational leadership rather than a policy co-ordination problem. In this context, individual interests have been allowed to supersede the broad organizational goals. This begs the question as to how such individuals can account for policy implementation when their operations are driven by self-interest. This explains why there were those who believed that there was no point in participating in policy co-ordination in the province because there were no benefits from the process.

**(iii) There are no benefits from policy co-ordination**

Some respondents suggested that there was no need to participate in B-BBEE policy co-ordination processes because there was nothing to gain.

KI: 2 said:

I really see no need to work with other people in the province in terms of B-BBEE policy implementation. What do I benefit in return...a lot of complaints, frustrations, arguments and counter arguments? People like to debate but at the end of the day there is no clear programme of action coming out of it. I feel better when I'm working alone because I can design my own projects, implement them and monitor the progress. Co-ordination structures in the province are nothing but 'talk shops' where people vent their frustration. Sometimes I believe that people attend the meetings for somebody else to solve their problems rather than being part of the solution.

KI: 4 concurred:

Co-ordination processes are time-consuming and a waste of time. This is because there is no programme of action coming out of the process. Co-ordination creates a very chaotic environment for power play among the stakeholders which is not conducive for policy implementation. B-BBEE policy is a 'sensitive subject' and there is a need for cool heads. Those who lead co-ordination processes in the province must have resources because other stakeholders do not have money to cover the costs. Those who are responsible for inviting others to the co-ordination table are left to cover all the costs. Many organizations are represented by junior employees who do not have the power to make important decisions. This makes our participation a waste of time because important matters are often referred to senior management for decision.

KI: 3 supported these views:

My experience tells me that officials across the public sector are reluctant to participate in co-ordination structures if there is nothing to gain from it. The situation is very difficult for B-BBEE policy because this policy is highly regulated and complex in its implementation. For example, much as we are expected to implement this policy at the provincial level, the amendment of the Act as well as national policy happens at the national level. This is creating a lot of frustration in the co-ordination structures because stakeholders raise a lot of valid concerns which needs amendment of regulations and strategies. However, the province does not have the legislative authority to amend the national policies. This creates a very bad situation for the provincial government because many people prefer to communicate directly with the national government. This undermines the provincial co-ordination initiatives.

**COMMENT:** The lack of co-ordination processes in carrying out B-BBEE policy which were described as time consuming and ineffective indicates not only a lack of collaboration within government but also a lack of political will amongst some of the key role players in the implementation process. This is why some identified the absence of authority to enforce co-ordination as a central issue.

**(iv) Lack of authority to enforce co-ordination**

On such a lack of authority, KI: 3 said:

It is very difficult to co-ordinate the implementation of B-BBEE policy because there is no legislative authority to punish non-compliance. Things would have been much easier if there was co-operation between the stakeholders. Many organizations are not interested in working with each other on B-BBEE policy even when they have been invited to participate in co-ordination structures. The implementation of B-BBEE policy within government is dependent upon the good will of those committed to change.

According to KI: 4:

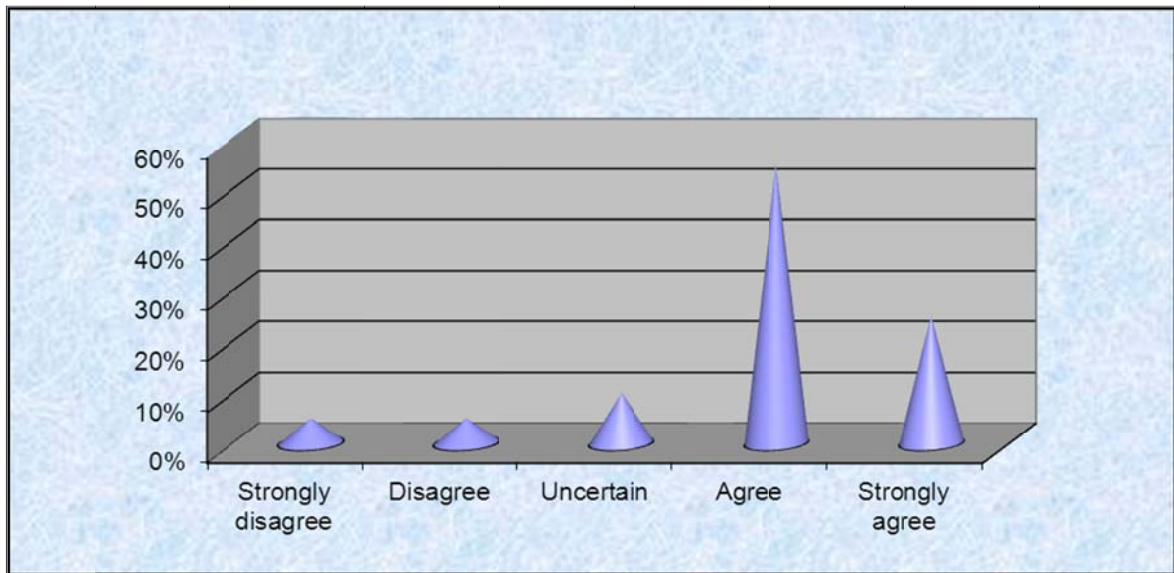
The problem is that legislation is 'toothless'. The legislators are responsible for this problem and should have given more power and authority to government to enforce policy implementation. Currently, the only leverage at our disposal is the procurement of goods and services. Our approach is that we do not do business with anyone who is not B-BBEE compliant. However, those who are not doing business with government are left out to do as they please. My department has done everything possible in co-ordinating the key stakeholders on B-BBEE policy implementation, but stakeholders are failing to come on board. I do not have authority to enforce co-ordination. Sometimes I feel powerless. I'm responsible for B-BBEE policy co-ordination but my efforts are hampered by apathy of stakeholders. They are just not interested in adding value. Sometimes I feel that our efforts are sabotaged by those who are not committed to change.

**COMMENT:** The contention from the interviewees that B-BBEE policy lacks legislative authority to enforce co-ordination can be explained as their desire for the introduction of punitive measures for those who are not participating. Their understanding of a policy co-ordination process is one that is officially structured and led by a central unit or lead department. In this sense, policy co-ordination has been reduced to the official process, while other key substantial issues associated with BBBEE policy co-ordination have been ignored. This interpretation of policy co-ordination defines relationships amongst government departments. Consequently, if government departments fail to co-operate at a broad provincial level there is little prospect of policy co-ordination within individual departmental structures. To understand this challenge clearly, it is necessary to analyse the level of transformation within the provincial government.

### 4.3 Organizational transformation

South African organizations, including government, are expected to implement B-BBEE policy in their own structures. Therefore, the personnel in government departments are supposed to reflect the demographic profile of South Africa. This section analyses the level of transformation within the provincial government. How do the respondents interpret their role in driving the process of transformation within government? Has the provincial government been successful in transforming the state institutions? What are the challenges in transforming the state? Respondents to the questionnaire were asked to consider the view that transformation within their organization had been extremely slow. The results are presented in Figure 4.4:

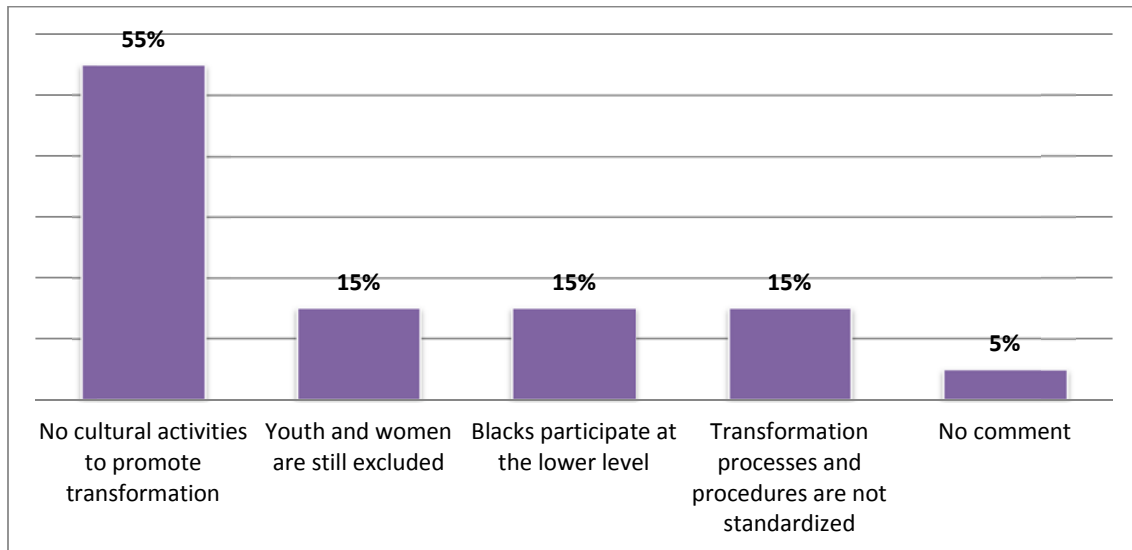
**Figure 4.4. ESID cluster: slow rate of organizational transformation**



The majority of the respondents, 55% agree that transformation was extremely slow within their organizations, and 25% strongly agreed. Only 10% disagreed (5% of them strongly so), whereas 10% were uncertain. Figure 4.5 highlights the reasons behind these responses, more particularly seeking to identify the obstacles to transformation:



Figure 4.5. ESID cluster: barriers to transformation within KZN government



55% of the respondents believed that there were no cultural activities within their organizations to promote transformation, 15% felt that youth and women were still excluded within their organizations, 15% of respondents believed that blacks in general were confined to the lower level of the organizational hierarchy, and 10% of respondents believed that transformation processes and procedures within their organizations were not standardised. These factors were explored further in interviews.

#### **(i) No cultural activities to promote transformation**

Apparently, there were no cultural activities to promote transformation within the provincial government. KI: 2 said:

South Africa is emerging from the brutal system of apartheid. People were not allowed to live together in harmony. This means that the people of South Africa have a very diverse belief system. However, this is not unique to South Africa, it is a reality that you can find in any country, even those who did not have apartheid. The problem with this in South Africa is that there are still those who believe that other racial groups are inferior and cannot be entrusted with responsibilities to contribute to the development of the province. Actually, these perceptions are so fixed that they inform decisions within various organizations where blacks cannot be entrusted with important tasks. There is therefore a greater need for cultural activities within the working environment such as joint

racial participation. We can achieve this through understanding one another's history, heritage, behaviour, and belief system. This can promote integration and tolerance in the work place and ultimately lead to real transformation within government.

KI: 4 expressed the same views differently:

My understanding of transformation is that it is not only about replacing white people by blacks. Transformation is not about the numbers game. We need a lot of cultural activities to promote diversity and tolerance amongst ourselves. The management has failed dismally in this respect. As a result, many experienced and highly skilful people have resigned because the working environment is not receptive to the new culture. My organization has changed in terms of numbers. We now have black people occupying senior positions. However, the old way of doing things is still the same. Much as discrimination laws were abolished, we are still treated as if we are still under apartheid. For example, the black employees are still sent to work in rural areas, while white employees are working in urban areas or going overseas to represent government. How many times have you seen the white teacher, nurse or doctor working in rural areas? There is none. This further manifests itself in the number of other ways such as the racial allocation of the department's cars, computers, and office space. This is done on the basis of race. What is surprising is that even black managers are participating in this. This is to show that this culture is so entrenched and sophisticated.

KI: 3 took this argument a step further:

Organizational protocol is based on the old culture - it is the way things are done in the organization and it has been done this way throughout its history. It is common cause within the department that all the important tasks are based on organizational protocol or practice. My experience has taught me that once the issue of the protocol is raised, implicitly it means that we must 'religiously' implement it without any question because it is 'dressed up' as a standard practice. Unfortunately, it is only those who have been in the department for a long time who are the 'point of reference' for the organizational protocol. This means that there are 'unwritten rules' whereby new black recruits are not entrusted with certain important responsibilities. For example, it is a standard practice that only senior officials sit on procurement tender committees, recruitment committees, and executive committees. At the end of the day you read in the media that all government employees are corrupt because of nepotism and awarding tenders to friends and family members. The real problem within government is the 'standard practices' which are out-dated and irrelevant to current challenges. Lucrative

government tenders are still awarded to white consultants while cleaning and security tenders are awarded to blacks. This is done by the same old individuals who by virtue of their experience are serving as chairpersons of important internal committees.

Summing up, KI: 1 said that: "*what we have achieved through transformation is only the employment of blacks in key positions rather than the transformation of practices (protocol), and organizational culture*".

**COMMENT:** One conclusion that can be drawn from the responses is that transformation within the provincial government has advanced beyond the issue of race based only on numbers of black people within government. Evidently, government is faced with difficult management challenges for transformation. In this context, there are no policy precedents on how to tackle complex transformation problems. Transformation processes within government are characterized by various interpretations and misconceptions which give rise to high expectations and diverse hopes. Government, then, has to manage not only the policy processes for B-BBEE but also complex expectations amongst public officials.

#### **(ii) Youth and women are still excluded**

The empowerment of women and youth is vital for B-BBEE policy. Importantly, B-BBEE policy regards youth and women as priority target groups for the empowerment programmes. The general view expressed here is that the level of unemployment amongst youth and women is very high, that even within government the empowerment of women and youth is still moving very slowly. According to KI: 4:

Over the past few years the provincial government has prioritised youth and women in a lot of its programmes. My only problem is that there is a lot of attention placed on youth and women towards and during the months of June and August. However, after the celebrations we are back to our normal ways until the following years. To me, youth and women empowerment have not been adopted as part of government core function. Instead, youth and women empowerment have become a tool for scoring political points.

KI: 2 noted the weaknesses in leadership and in recruitment practices in government:

The problem which I do not understand is that the majority among youth have university degrees. However, the majority of them are unemployed. Many people within government have argued that unemployment among youth is due to lack of skills and experience. However, I disagree with this argument because when I joined this department I had no skills and experience but my manager was prepared to take a risk with me. The serious problem with B-BBEE policy is that we lack people who are prepared to take risks on transformation.

**COMMENT:** The reasons advanced by the respondents indicate a very complex environment in which to implement transformation. Notably, public managers are faced with contradictory tasks to balance transformational needs against standard requirements for efficient and effective public service. In this instance, transformation means that there has to be patience and capacity building of new recruits who are from B-BBEE policy target groups. However, this can conflict with expectations of the public for quality services.

**(iii) Blacks participate at the lower level of the organization**

The issue here is whether progress made in achieving transformation in KZN provincial government is not reflected in the more senior positions in departments. KI: 3 said:

My understanding of a transformation policy such as B-BBEE is that the main intention is to change the organizational structures at all levels. This means that black people must be represented from the lower level to the top executive. In my organization, the majority of black people are in lower and middle management. Middle and lower levels are important. However, blacks must also be represented at senior strategic levels of the department. This is not transformation and we cannot safely say that transformation is taking place. As long as this continues, we cannot expect other sectors to transform when we are not leading by example.

KI: 4 believed that government itself must set an example to other organizations: *“the provincial government must have the moral authority for*

*other sectors to follow. This can only happen once we put our house in order in terms of transformation".* This requires strict measures, according to KI: 2:

Government has legislative authority to ensure that transformation takes place. The problem with the South African government is that it is too soft when dealing with other sectors like businesses. For example, government has been struggling for the past years to ensure that the financial service sector is transformed. However, it is government who is the biggest banker in South Africa. There is nothing stopping government from allowing co-operative and SMMs to form co-operative banks like other countries. This can allow the state to move its finances to these banks. This could ensure that real transformation take place.

**COMMENT:** The central theme of the responses here is that government was expected to do more than the hiring of black people to occupy key positions, important though this is. There were diverse views on how the state can live up to this expectation. Leadership and incentives emerged as key factors in furthering transformation in government, and by government.

#### **(iv) transformation processes and procedures were not standardised**

Some difficulty in realizing transformation, it was noted, could be because organizational process and procedures were not standardised. In KI: 1's view:

My experience in this department is that there is no uniformity when it comes to our transformation processes and procedures. This is clear in our recruitment and procurement processes. My understanding of employment equity or affirmative action policy is that it must start by determining whether a person is suitable for the job first before we can apply other affirmative action measures. However, each individual government department is applying its own individual criteria. Other departments apply affirmative action measures before they can determine whether a person is suitable or not. There is a lot of confusion and different interpretation of transformation policies. Different interpretations of the policy have led to different applications of the policy. This in turn has given rise to sub-standard, mediocrity, and poor quality of public service.

KI: 4 added that: *"misinterpretation and inconsistency in the implementation of transformation policies has led to a wrong perception that every black*

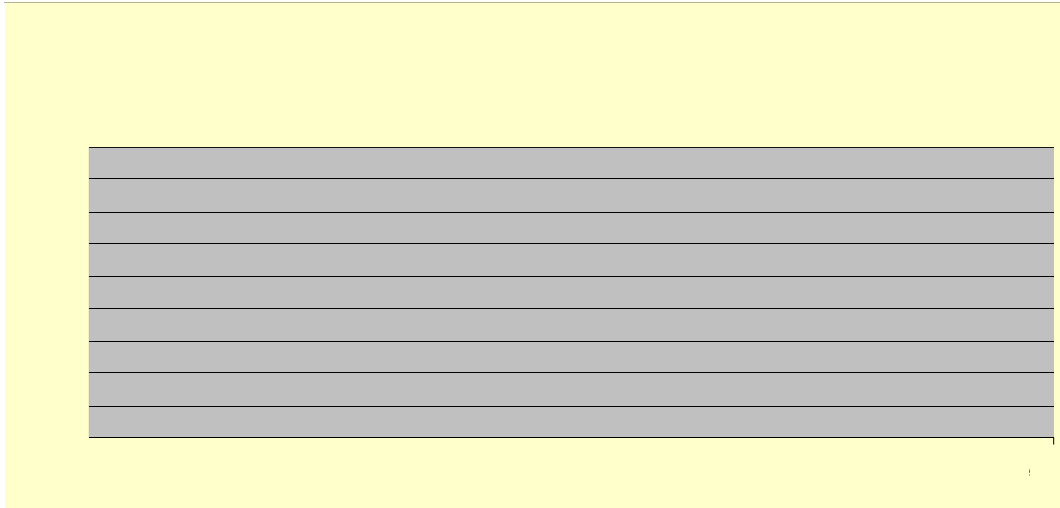
*employee is an affirmative action candidate. This implicitly suggests that every black person is inefficient and not deserving to hold a key position in government. This generalisation is due to a lot of inconsistencies in the implementation of the transformation policy”.*

**COMMENT:** These respondents have taken the issue of transformation beyond the issue of race. They strongly believe that real transformation means an overhaul of organizational processes and procedures. Conversely, the responses also reveal a somewhat negative attitude towards the notion of transformation as it was apparent that most blacks do not want to be associated with having benefited from it. Importantly, it was clear that the respondents were well aware that transformation is often misunderstood to be associated with a lot of negative factors such as inefficiency, a poor work ethic and mediocrity. The link between transformation and performance was seen as an important, sensitive issue. Since transformation as enacted in B-BBEE policy was not meant to imply inferior government performance, however, public managers were left to deal with such perceptions. It would therefore be worthwhile to understand organizational hierarchy in relation to B-BBEE policy implementation within the provincial government.

#### **4.4 Organizational hierarchy.**

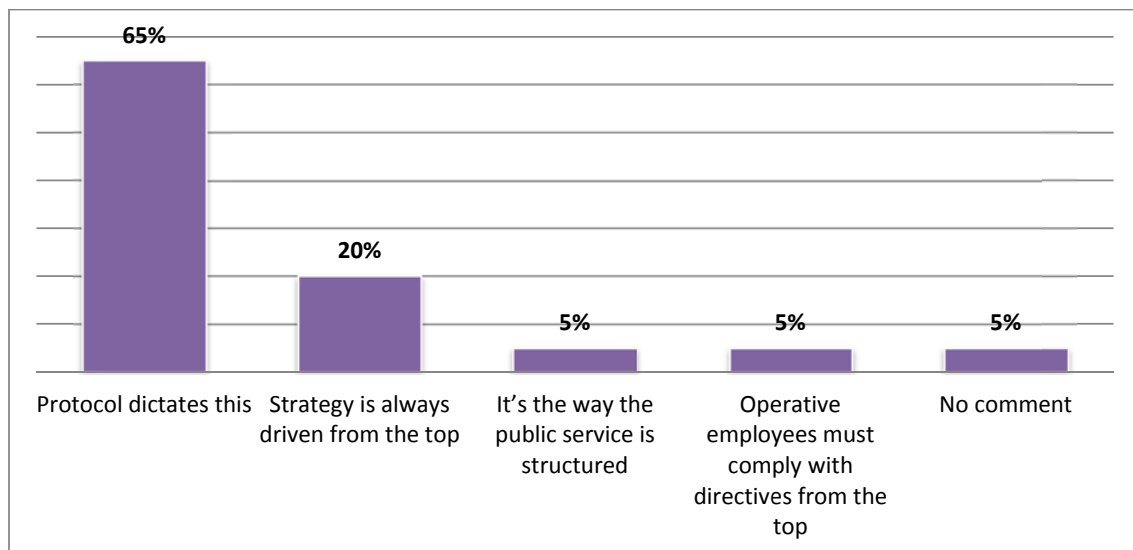
It was noted earlier that B-BBEE policy implementation cuts across a variety of organizational structures. The management of B-BBEE policy implementation is complex as it requires synergy between various levels within government. This requires coherence and co-operation between the top (strategic management) and the operative employees (project management). This section analyses the relationship between the top executives and the operative employees in B-BBEE policy implementation. The questionnaire requested the respondents to consider the view that strategic B-BBEE policy decisions in their organizations were imposed by the top executives without any consultation. Figure 4.6 reveal their answers.

Figure 4.6. ESID cluster: consultation about decisions on B-BBEE policy



40% of the respondents agreed that important strategic policy decisions on B-BBEE were imposed by the top executive management without consultation, and a further 10% agreed strongly. 30% disagreed and 20% were uncertain. A majority, then, noted the sense of a strong hierarchy. This became clear from the interviews. Figure 4.7 highlights the reasons behind these responses:

Figure 4.7. ESID cluster: reasons for imposing decisions on B-BBEE policy



65% of respondents believed that it was organizational protocol which dictates that key strategic B-BBEE decisions must be imposed by the top

executive without consultation, 20% of respondents indicated that organizational strategy was always driven from the top, 5% thought that it is the way the public service was structured, 5% suggested that the operational employees must comply with the top directive otherwise they would not know what to do. These factors were explored further in interviews:

**(i) Protocol dictates this**

The general view was that strategic B-BBEE policy decisions were imposed by the top executive management due to the dictates of organizational protocol.

KI: 1 said:

The top management would like us to believe that everything they do is based on the protocol. However, I reject this as it has nothing to do with the government protocol. In order to understand this you must look at the history of this province. Traditionally, the province has been run by the chiefs (*amakhos*), this is why we have the House of Traditional Affairs. The top executive within government is following the same approach followed by the chiefs. They want to be worshipped like citizens and subjects all in the name of the protocol. A practical example of this and how bad the situation is, can be explained by the fact that when one manager in the line function is not available, nobody authorise anything. It is unbelievable that one document takes a month just for the signature. One wonders when the delegation of authority is followed by senior officials. This happens in the name of organizational protocol. This is against the principles of democracy. It is the old management approach which does not allow for consultation. In democracy, there is no way that strategic decisions must be taken without consultation and you then expect people to happily implement such decisions.

KI: 4 agreed and stressed the fact that: "*the imposition of decisions by the top management is what causes confusion and misunderstanding of B-BBEE policy implementation*".

**COMMENT:** The hierarchy of a management structure is important for the functioning of government organizations. It was clear from the respondents that nobody doubts this reality. However, serious differences among the respondents were on the way in which strategic B-BBEE decisions were



imposed by the top executives. Notably, decisions were imposed without consultation due to organizational protocol. The general opinion was that this organizational protocol was out-dated and against the principles of democracy. The responses revealed that this makes it hard to monitor and evaluate B-BBEE policy implementation. The respondents were of the view that this approach causes confusion and misunderstanding on B-BBEE policy implementation.

**(ii) Strategy is always driven from the top**

The general view was that key strategic policy decisions were imposed by the top executives, which was not beneficial for policy implementation. KI: 4 said:

The organizational strategy that is solely driven by the top executive is not good for B-BBEE policy implementation. The top executive is not always in touch with reality on the ground. As a result their decisions are irrelevant to the challenges. My experience is that the top management is always concerned with the budget. Due to this, our operations are determined by the budget. In the end, budget considerations determine the kind of projects we are implementing rather than the needs on the ground. This is what drives the management decisions rather than the strategy. Actually, the organizational strategy is formulated in such a way that it meets budget considerations rather than service delivery.

More generally, KI: 1 argued that, "*things could have been far better if the operative employees were also involved in making key strategic decisions*".

KI: 4 believed that:

If the operatives were involved in key organizational decisions, their project management experience can guarantee that management decisions are relevant to the challenges on the ground. This would improve the policy implementation. It is not every government project that requires resources. The inclusion of the operative employees would enable them to mobilise other stakeholders to join the government in fighting inequalities. This would make government achieve B-BBEE policy objectives.

KI: 1 took this argument a step further:

To me the serious problem is how government conducts its business, more especially its policy planning. The situation within the provincial

government is very unusual. We start by submitting our project proposals a year in advance. The finance section often tells us to adjust our project proposals according to the budget baseline. Once this has been done, senior management organize their strategic session that is only attended by senior managers. This is followed by various sections' strategic workshops. Can you imagine the waste of resources and time because there is nothing to be achieved by all these strategic meetings? At this stage all project plans for the following year had already been approved or rejected anyway. This happens way before the strategic planning sessions. In this context, strategic workshops become a 'talk shop' with nothing substantially coming out of the process.

**COMMENT:** These arguments from the respondents reflected not only decision processes within government, but also policy planning. Notably, they suggested that government budget considerations take precedence over any policy programme. Consequently, good policy programmes get compromised due to budget constraints. Thus the respondents believe that policy decisions cannot only be informed by considerations based on resources. It must be remembered that policy decisions are more open ended, while projects are time bound and specific. It is at the project planning phase where and when resource considerations must inform decisions, which seemed to require project managers to make inputs. For these reasons, the respondents were aggrieved that government structures and standard practices undermine policy implementation.

### **(iii) It's the way the public service is structured**

Government rules and regulations determine how government operates, which is why the upper echelon of a department dictates policy direction on B-BBEE. KI: 2 noted that:

The public service is not the same as the private sector. There are lot of rules and regulations that we must abide by. This goes with a certain level of accountability. Senior management must ensure that there is accountability and we are expected to account to the provincial legislators. It is because of this balance that some people might view certain decisions as imposed. It's not the imposing of decisions that is an issue, but it is about accountability. Can you imagine what happens if

everybody within the department can be allowed to make financial decisions? This department would be bankrupt. This is the reason why legislators needed to put in some check and balances. Obviously, when you are not within the management you would think that some decisions are imposed by the management.

KI: 3 highlighted the following examples to justify why management must make strategic decisions:

Legislation demands consultation during the policy formulation phase before a policy is submitted to cabinet for final approval. This process was done and completed. Now it is time for policy implementation. Management must make strategic decisions so that there is implementation. Management is now dealing with a process of B-BBEE policy implementation. This requires resources and accountability for all government expenditure. It is the duty of the management to ensure that it makes correct decisions and be accountable for such decisions. The management cannot consult every time it makes decisions. This is the way the public service operates. It is the role of the operational employees to implement government projects which are informed by government policies. It is the role of the operative officials to consult with stakeholders on the ground and deal with challenges in consultation with the management. However, they cannot be consulted each time senior management makes strategic decisions. Senior management is always there to make resources available for them to perform their duties.

However, KI: 4 took a different view:

It is within the top management's rights to make strategic decisions. However, in the process of making such decisions, they must consult relevant people. This would allow the management to make informed decisions. The vital expertise within the organization might be at the policy implementation phase. Consultation might assist the top executive to tap various experts at all levels of the organizational hierarchy. Imposing decisions from the top is what informs current B-BBEE policy failures. For example, management always imposes or hires a lot of unskilled consultants to perform very important tasks within the department. The quality of work done by these consultants is very poor and in most cases the consultants do not have a clue of what they are supposed to do. Who must be blamed here? Is it the consultants or management for imposing these people in the name of unquestionable protocol? Obviously, management must take blame for this.

**COMMENT:** The responses in this section revealed that the working relationship between the top executive and operative employees within

the provincial government was centralized according to official structures. Importantly, it was clear from the responses that decisions within the provincial government flow from the top executives downwards through the entire organization. In this context, each individual component is forced to follow its functional line without intruding on other levels. This made it difficult to respond appropriately to the challenges on the ground. The respondents believe that because of this nature of decision making, B-BBEE policy decisions were not always relevant to the needs on the ground. According to the respondents, senior management were of the view that such decision-making was carried out with good intentions in order to allow the executives to mobilize resources in order to enable the operatives to concentrate on policy implementation.

**(iv) Operative employees must comply with directive from the top**

Some respondents suggested that strategic B-BBEE policy decisions were imposed from the top because the operative employees must comply with such directives, otherwise they would not know what to do. KI: 3 said:

My organization is using a top-down approach on key decisions. However, sometimes staff meetings are organized where major announcements are made to the general staff. There is no opportunity to make suggestions, in the meeting, and even if you do make a suggestion, what is the point? After all, serious decisions have already been made. I sometimes get a feeling that people are afraid to challenge or raise a counter viewpoint.

In KI: 2's estimation, *"the imposition of key strategic decisions is happening to the extent that we are required to implement whatever the management wants even when we can tell such decisions are going to fail. There are government decisions or projects which are imposed as 'special projects'. Everybody knows that when it is a 'special project' you must not ask a lot of questions, otherwise you will find yourself in trouble"*.

According to KI: 4, the top-down style of management can cause wider problems: *"it is difficult to implement policy decisions which are imposed from*

*the top because the public always need more information which cannot be obtained from the operative employees. This is what is creating an unnecessary public uprising against the slow pace of service delivery. This problem can be solved through the democratization of decision making processes across the organizational value chain”.*

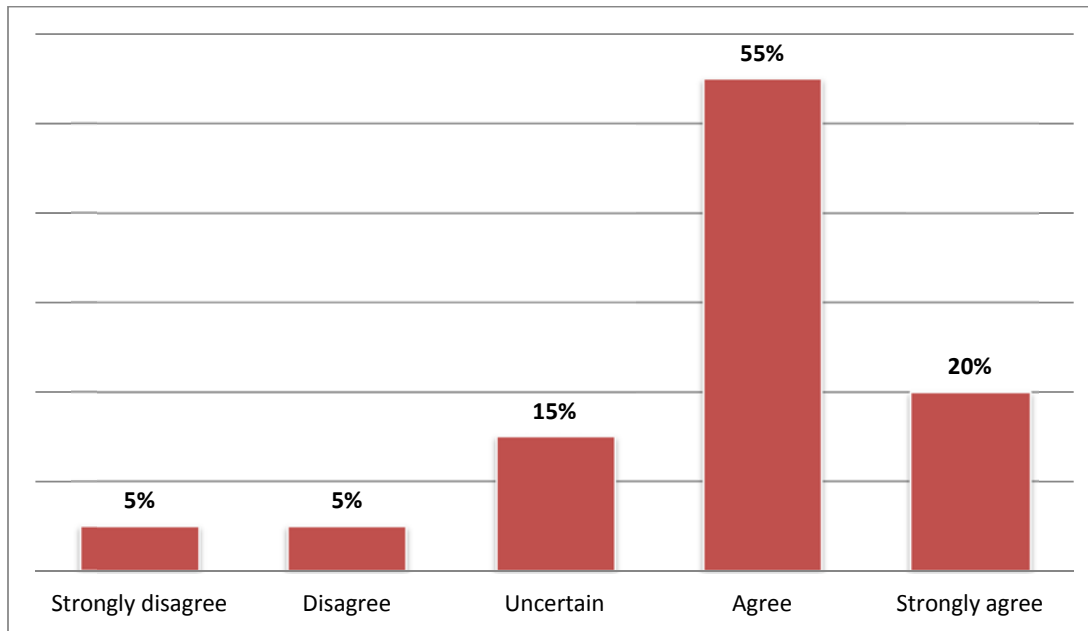
**COMMENT:** Despite the occasional disagreement among respondents, there were strong feelings about the negative effects of the hierarchical administrative system operating within the provincial government. A sizeable proportion of the respondents felt particularly aggrieved by this reality as they see themselves as “outsiders” and not as part of decision-making on B-BBEE policy.

Government officials believed that the strict hierarchical structures dictated that they were obligated to follow strategic decisions that were imposed on them by superiors irrespective of the expected outcomes. Executive ‘special projects’ were supposed to be implemented irrespective of the risks involved. Even so, organizational decisions do not occur in a vacuum; they need to be communicated to the entire organization. It is, therefore, important to understand how the implementation of B-BBEE policy is communicated by government, and within government.

#### **4.5 Policy communication**

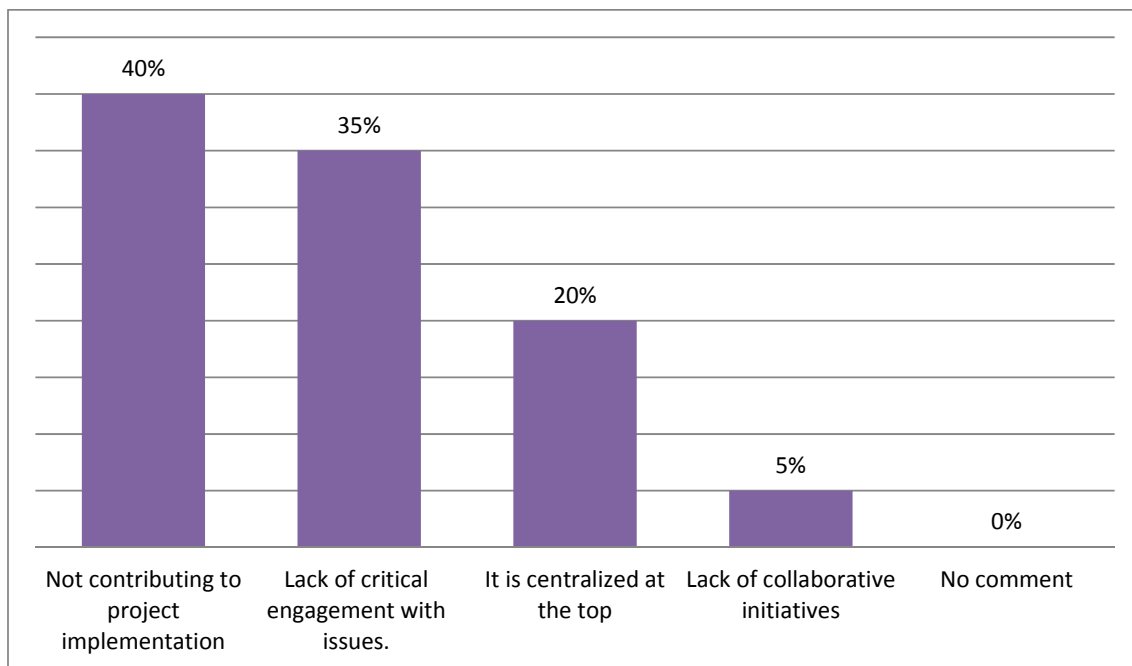
How did the respondents interpret their role in relation to B-BBEE policy communication? The questionnaire requested the respondents to respond to the statement, that without communication, there can be no proper management of B-BBEE policy implementation for there is no possibility then of the group influencing the behaviour of the individual. As Figure 4.8 shows, most agreed (55%) and another 20% agreed strongly.

Figure 4.8. ESID cluster: importance of B-BBEE policy communication



The respondents were further asked to state whether their organizations were successful in transmitting key B-BBEE policy information. Figure 4.9 reveal their assessment.

Figure 4.9. ESID cluster: the success of organizational communication.



40% of the respondents believed that communication did not contribute to B-BBEE project implementation, whereas 35% thought that there was a lack of critical engagement with issues on B-BBEE policy communication. 20% of the respondents considered that communication was not effective because it was centralized at the top echelon of the organization, while according to 5% communication was lacking because there were no collaborative initiatives. These views were further explored in more detail in the interviews.

### **(i) Not contributing to project implementation**

On whether implementation of B-BBEE projects was hampered by a lack of communication within the provincial government, KI: 1 said:

The need for resources in the implementation of B-BBEE projects is always high. The level of poverty and unemployment cannot be solved by government alone. This needs joint efforts from all the stakeholders. However, joint efforts means that government must be able to communicate clearly at all levels. I think this is where we are failing dismally. There are a number of good projects proposals requiring funding. The problem is that our source of funding is government alone. Things would have been much better if the stakeholders were on board. At the same time we cannot blame other stakeholders when government lacks a proper communication strategy.

KI: 3 supported this view, noting that "*communication is a very cheap form of project implementation. It is cheap and not costing a lot of money because stakeholders are always ready to help when government takes its leadership role*". KI: 4 believes that the problem with "*government officials is that they are always interested in the issuing of instructions rather than working with stakeholders on an equal footing*".

According to KI: 2:

My experience in government is that communication is not contributing to project implementation. Actually, communication or lack of communication is affecting project implementation. Many government policies, more especially B-BBEE policy, are very technical and complex to be understood by the stakeholders. The situation is even worse for the poor who are unable to read and write. For example, in terms of B-BBEE policy, the marginalised are regarded as the policy target group. This

means that they must be prioritised in all government opportunities. But how can we achieve this when all these opportunities are advertised in urban newspapers? Furthermore, we as government often communicate through English language, and worse we make use of websites, Internet, and emails as a tool for communication. The problem with this is that none of the B-BBEE policy target group has access to our communication tool. This is the reason why B-BBEE policy has been challenged for being elitist and privileges the urban class.

**COMMENT:** The respondents understood the broad policy imperatives which must be converted into implementable programmes, which requires communication by various components within the organization. The respondents emphasized the importance of communication as a broad strategy for policy implementation within government. But communication was very poor. This was explained as a challenge that manifests itself in a number of ways within government: an inability to mobilize stakeholders in a joint programme of action and an inability to transmit key information to B-BBEE target groups. This leads to lack of critical engagement with B-BBEE policy issues.

#### **(ii) Lack of critical engagements with issues**

Perhaps the problems of communication within government were not informed by the lack of communication strategy per se, but rather through a lack of critical engagement with B-BBEE policy issues. KI: 4 said that:

The serious problem with B-BBEE policy is lack of engagement with critical policy issues. Communication is not a problem. Everybody is aware of this policy. However, few people are aware of its intentions. The debate and discussion on this policy is too elitist, and people who are complaining about the policy are advancing their own personal interests. The majority of people are left out in the current debate. It's only the sophisticated urban élite leading a one-sided debate. The policy was intended to benefit the poor, and there is no discussion on this important aspect. Communication on B-BBEE is always about prominent individuals benefiting big deals.

KI: 1 suggested that, " *the serious mistake by government is that every time we react to criticism, we are often very defensive about B-BBEE policy discussion. This approach is often misinterpreted as if we have something to hide. We*



*have not yet adopted a proactive step to communicate clearly the real intentions of B-BBEE policy". KI: 3 believed that government must "decentralize the communication division from the top level. This will help to depoliticise the debate on B-BBEE policy. It will further redirect the focus to the real intentions of the policy. Government needs to consider designating the professionals to serve as communication champions for B-BBEE policy communication". KI: 2 concluded that "government should consider issuing regular communication feedbacks. This would allow government employees to make a contribution to the implementation of the policy. This can serve as an important communication and educational tool".*

**COMMENT:** The centralization of communication in government departments cannot be used as an excuse for an internal failure to engage in constructive debates on policy issues. Notwithstanding the centralization of communication at the top, the respondents agreed that they were able to communicate on social issues. Clearly, the respondents do have flexibility to communicate with each other, but this does not seem to have translated into policy discussion. This problem can be interpreted in a number of ways. Notably, this indicates the lack of interpretation of communication within government. The meaning and interpretation of communication given was that policy discussions were officially located in government structures even in situations when it involved individual members of one department or government organization. This problem might result from entrenched practices within the provincial government that everything that was considered to be official was automatically elevated to belong to top management.

**(iii) Communication is centralized at the top echelon**

On the issue that B-BBEE policy communication was not effective because it was centralized at the top echelon, KI: 2 commented that:

Government communication on B-BBEE issues is not effective because it is centralized at the top, that is, in the Minister's office as well as in the office

of the head of the department. The senior government officials are interested in the political implications of policy communication rather than the technical policy aspects. At the end of the day, there are a lot of misconceptions and misinterpretations of the policy. The only way of addressing misconception of the policy is to allow the professionals within government to raise technical policy issues. Currently, this is not what is happening. Instead there is a growing confusion which is causing a lot of unnecessary emotion and unrealistic expectations.

Accordinging KI: 4:

Government, to a certain extent, has been successful in B-BBEE policy implementation. For example, black people are now occupying key positions within government as well as within most of the state-owned enterprises where the majority of chief executives officers are blacks. However, there is a wrong perception out there that B-BBEE policy is all about political connections. This problem is created by our own senior leaders including our politicians who have centralized communication at the top. Government communication is centralized in such a way that it is difficult to raise any intellectual debate.

KI: 1 argued that what informs the centralization of communication is that:

A standard practice within my department is that any communication information has to go through the internal communication section. The internal communication section often has a final say of what get transmitted. Nobody is allowed to have interviews with the media or write media articles unless there is authorisation from the internal communication section. The problem with this is that there is no room to critique government policy. To me, this approach amounts to censorship because nobody dares to criticise the state from within.

**COMMENT:** There were strong views that the location of communication in provincial government was a cause of its failure. It is important to draw a distinction between communication that is directed to the public outside government, as opposed to communication that flows within government structures. This study focuses on communication within government structures. Is the location of communication within government a barrier for policy implementation? Significantly, the top executives can control all the internal communication tools such as emails, Internet, and so on. However, these are not the only forms of communication at the disposal of government employees. There are a number of other forms of communication that can

be utilized which are not controlled by the top executives, for example, sectional meetings, and informal interaction between and among government employees. Possibly the final decision on government projects should at least be based on some communication among members of a sectional unit, since this is where operative employees should be able to undertake collaborative initiatives and be able to influence strategic direction for policy implementation.

**(iv) Lack of collaborative initiatives**

Communication on B-BBEE policy could be lacking because there were no collaborative initiatives in policy implementation. On this, KI: 3 said:

It is clear that communication within government is lacking. Otherwise we would have a lot of collaborative initiatives with key stakeholders. My understanding of B-BBEE policy is that it seeks to transform the way we operate. This requires a lot of communication and collaborative initiatives from various government departments. Unfortunately this is not what is happening in the implementation. Even our own public entities are not sure what is expected of them in terms of B-BBEE policy implementation, and I'm sure that they are also not sure about our operations. What is even more surprising is that you read in the news about B-BBEE policy developments in your own department like everybody else.

KI: 1 in support of this view noted that:

The proper communication channels on B-BBEE policy can help to create collaborative initiatives with stakeholders to achieve joint government projects to maximise the impact on the ground. This would advance the aims and objectives of the policy on B-BBEE. Historically, many stakeholders in South Africa are not used to working together. Collaborative initiatives will help to change the wrong policy perceptions.

But KI: 4 suggested that, *"for collaborative initiatives to happen, government should drive the process. There is no way that stakeholders can work together unless communication channels are open. Currently, government is more concerned about lack of policy implementation by other stakeholders rather than improving its own message on B-BBEE policy"*.

**COMMENT:** The responses illustrate that communication has not formed a central role in the broad strategy for implementing B-BBEE policy. Communication within government serves political aims rather than contributing to policy success. Government officials maintained that there was no other form of communication except one that flows from the top downwards through the organization. However, their acknowledgement that they were able to communicate on social issues contradicted this contention. In the end, the means and channels of communication in this cluster had an impact on collaboration in relation to implementing B-BBEE policy.

#### **4.6 Conclusion**

The findings on the ESID cluster highlighted a number of organizational issues. What has been learned thus far regarding the cluster's management of B-BBEE policy implementation? The findings in this cluster reveal that implementation of B-BBEE policy was characterised by contradictions and conflicting mandates. The provincial government was often required to report and account to a multiplicity of structures. This included national and provincial government departments which often issued conflicting and sometimes contradictory instructions. This has given rise to incoherent B-BBEE policy implementation. It also emerged from the data presented that the situation was compounded by power relations among government organizations. Thus, those who controlled government resources determined the rules of engagement. This created a policy implementation environment which lacks innovation and knowledge transfer. As a result, this limits the provincial government's ability to design and implement relevant B-BBEE policy programmes.

The provincial government has been successful in setting up structures for B-BBEE policy co-ordination. The findings showed the existence of a B-BBEE policy implementation team whose task was to co-ordinate B-BBEE policy throughout the province. However, the findings also revealed that this

caused a lot of policy operational problems. Notably, B-BBEE implementation team meetings were organized and led by one central department. Other government organizations did not influence the agendas of such meetings or were able to take leadership in organizing co-ordinating meetings. Thus, policy co-ordination was officially structured, but lacked buy-in from other government departments. It also emerged that many role players in this cluster have adopted a silo approach to management, which served as a barrier for policy co-ordination. Therefore, many in this cluster came to adopt individual priorities which were not informed by the province's strategic approach. Many believed that there was no need to continue participating in the provincial policy co-ordinating structures because there was nothing to gain from the process. At the same time there was nothing to justify that a silo approach to management was any better. This is the reason why many in the cluster indicated that B-BBEE policy lacks legislative authority to enforce policy co-ordination.

What has been learned about the level of transformation in this cluster? There was an overwhelming sense of agreement that the provincial government has been successful in providing job opportunities for black people, Africans in particular. The majority of Africans now hold key strategic positions in government. However, the cluster found that the provincial government was faced with difficult transformation challenges. Respondents indicated that there were no standard precedents on how to tackle complex transformation problems. In their view, government officials were having to deal with serious contradictions and high expectations and were often challenged by the circumstances to manage such contradictions. Expectations were often informed, at times, by misconceptions, and diverse interpretations of B-BBEE. The situation was further complicated because transformation processes and procedures were not standardized. The general feeling in this cluster was that the provincial government has failed to transform the organizational processes and procedures. In particular, many

thought that the organizational culture remained much the same, and was not responsive to the new challenges.

On the hierarchy of decision-making in this cluster, findings revealed that key strategic B-BBEE policy decisions were imposed by the top executives without any consultation. There were diverse views as to why this happened. The general view was that this was dictated by the organizational protocol. Organizational protocol was structured in a way that allowed the executive to account when they are called upon by the legislators. Furthermore, members of the cluster suggested that it was the role of the executive management to mobilize resources so that operatives were able to concentrate on project implementation. This was based on the understanding that the organizational strategy must always be driven by the top executives. The senior managers in the cluster believed that the nature of the public service determined that certain decisions could not be discussed openly with everybody in the organization. But because B-BBEE policy decisions were hierarchically structured this served as a hindrance to B-BBEE policy implementation.

What was learned about B-BBEE policy communication in this cluster? There was a common understanding that communication is important for government's purposes in policy implementation, but the findings revealed that the provincial government was failing to meet this expectation. Communication was not assisting the broad strategy for programme implementation. As result, government officials were unable to engage with each other on policy problems. In the end, there was a lack of collaborative initiatives. This manifested itself in an absence joint programmes of action to deal with B-BBEE policy challenges. The location of communication at the top level was seen as an inhibiting factor in this cluster. This meant that government officials concentrated on the political implications of B-BBEE rather than on policy implementation.

The following chapter investigates the same five main themes in relation to the Governance and Administration cluster.

## Chapter Five

### Governance and Administration cluster

#### *Introduction*

This chapter reports findings on the Governance and Administration cluster in the provincial government of KwaZulu-Natal. It is organized along the lines of the previous chapter, that is, according to the five main themes, which are managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. Information gained from the questionnaire undertaken with government officials from all components in the cluster was then extended in interviews with Key Informants. The chapter begins with the profile of the cluster itself.

#### *The profile, role and structure of the cluster*

The Governance and Administration cluster comprises the following provincial government departments: office of the premier, provincial treasury, co-operative governance & traditional affairs, community safety and liaison. This cluster deals with government policy co-ordination, administration as well as implementation.

Each government department is represented in the cluster by its head of the department. The cluster management team whose role is to align and strengthen inter-sphere and inter-sectoral relations, designs the cluster's programme of action, provides synergy in provincial policy administration, and establishes a government-wide policy performance monitoring and evaluation system.

The cluster has the power to invite anyone it deems relevant to submit strategic reports. The cluster also has the power to make strategic policy decisions which are submitted as recommendations to the provincial cabinet. Government departments and public entities regularly submit progress reports on B-BBEE policy implementation.



## Demographic characteristics of the sampled population

The following table reveals the demographic and professional profile of the respondents in this cluster.

**Table: 5.1. G&A cluster: race, occupational level and gender of management employees (n=20)**

Occupational Levels	African		Asian/Indian		Coloured		White		Total
	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	
Director	1	2	1	0	0	1	0	0	5
Deputy Director	2	3	1	0	0	0	0	0	6
Executive Manager	0	2	0	0	0	0	0	0	2
Specialist	2	2	0	1	0	0	0	1	6
Administrator	1		0	0	0	0	0	0	1
Overall	6	9	2	1	0	1	0	1	20

The majority of the respondents were African, that is, 15 or 75%, who were represented at all levels of the management structure. The remaining five were one Coloured, three Asians, mostly in senior positions, and one White, a specialist.

In terms of gender, there were eight females, five of whom were either a Director or Deputy Director, which almost matched the number of males – six - of equivalent rank.

Table 5.2 shows the work experience of the respondents.

**Table 5.2. G&A cluster: work experience of management employees (n=20)**

<b>Years of experience</b>	<b>Number of respondents</b>
+20	5
11 to 20	9
6 to 10	4
0 to 5	2

This was an experienced group of officials with a considerable number of years in government, 14 of them having served 11 years or more, and a further four between six and ten years. Their age is revealed in Table 5.3:

**Table 5.3. G&A cluster: age profile of management employees (n=20)**

<b>Age (years)</b>	<b>Number of employees</b>
20 to 29	4
30 to 39	6
40 to 49	8
50 to 60	2

Eight officials, 40%, were in their forties, with another two a decade older. Six more were 31-40 years old, and four were still in their twenties. Most of them were relatively young, all were well qualified as Table 5.4 shows, with every one of them having obtained tertiary qualifications.

**Table 5.4. G&A cluster: educational qualifications of management employees (n=20)**

Qualifications	Number of employees
Tertiary	20
Technical	0
Secondary	0

What were the views and experiences of these ably qualified management government employees concerning the application of B-BBEE policy within the provincial government? The chapter now proceeds to discuss each of the major themes:

### **5.1 Managing policy implementation**

In response to the general question about how the cluster manages B-BBEE policy implementation, KI: 5 explained that:

The Governance and Administration cluster provides human resources development in the province. In the B-BBEE policy context, this means that we must develop the provincial strategic programmes for skills development for the historically disadvantaged group. B-BBEE policy regards skills development as the key component in the empowerment of the marginalised group. We also manage government employment equity policy. The employment equity policy was introduced so that there is equity in the workplace.

KI: 6 added that *" our role is bigger than just public administration because it is our responsibility to transfer government policies into implementation projects. We decide on the budget allocation, design and implement the priority projects. However, this must be in line with the Ministers' strategic priorities"*. According to KI: 7, *" it is my belief that our role as black people working for government is bigger than what is stated in government official documents. We must be the agents of change. I see myself as part of broad society who must ensure that the public receive quality services. This means that in pursuing my duties in government I must be biased to their needs"*.

On the challenges facing them, Kl: 8 said:

My experience working for government is that one does not have enough options to exercise your skills. Government operations are highly regulated. Everything is designed in such a way that you must seek approval from the authority before every action. Moreover, there are still a lot of inflexibilities in transforming government systems, structures, organizational culture, and acceptance of new ways of doing things. We experience a lot of frustration due to government systems. It is very hard to pursue new initiatives in government because one needs a lot of 'paper work' in trying to convince 'old' people who are used to do things in a particular way. In government, it takes about four to five months before your idea is approved or mostly gets rejected. To me, government systems have converted us into 'paper trailers' or 'typists' with little room to exercise our skills. We constantly had to abide by government rules and regulations. As a result there is no improvement of our services.

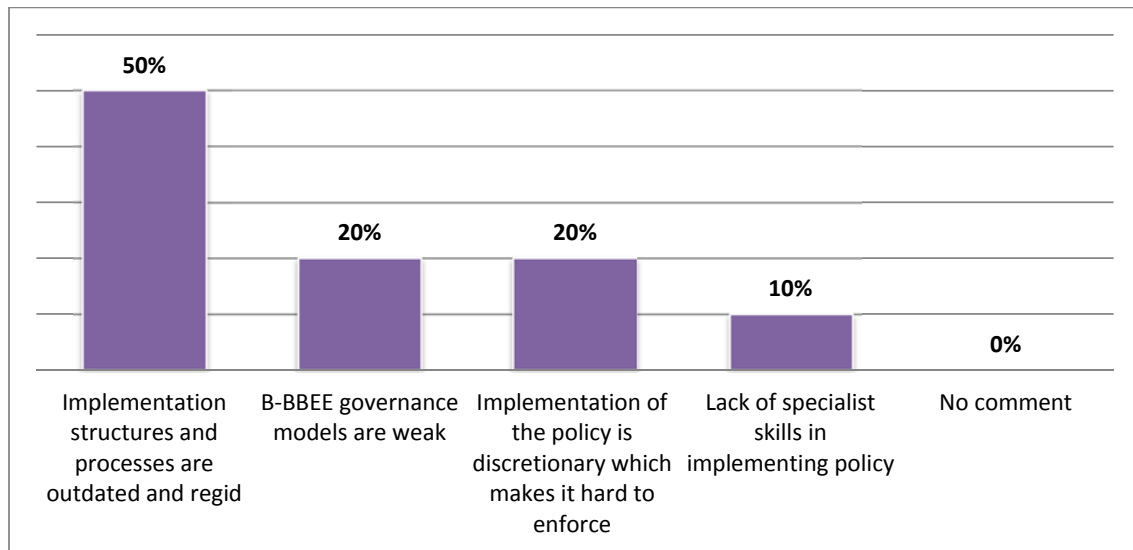
In Kl: 5's view:

It is very difficult to do your work in this cluster. This is due to the fact that most of our policies come directly from national government departments. Our job is to implement national policies, but there is a problem of conflicting instructions and priorities between various spheres of government. Normally, the national government issues instructions to the provincial government and we are often expected to implement such instructions without any questions. This is the same approach followed by the provincial government when it comes to local government. This creates an unnecessary tension and incoherency in government operations.

**COMMENT:** The Governance and Administration cluster has a dual role, dealing with governance related functions while at the same time providing administration, attempting to combine both functions effectively and efficiently. The success of the cluster is instrumental in shaping and elevating human resources development in the province. The combined functions, then, demand that the political imperatives and the provincial strategic programmes for skills development for the historically disadvantaged groups need to be integrated with sound administrative performance and competence. A B-BBEE policy-infused strategy would ultimately lead to advanced and comprehensive skills development as the key component in the empowerment of the marginalised groups as well as in ensuring equity. In

reaching a quantitative estimation of the challenges associated with managing the implementation of B-BBEE policy, the respondents to the questionnaire identified broad issues, as presented in Figure 5.1:

**Figure 5.1. G&A cluster: B-BBEE policy implementation challenges**



50% of respondents believed that B-BBEE structures and processes were outdated and rigid in the management of policy implementation in the province, 20% thought that governance models were too weak to advance the implementation of the policy, and 20% indicated that the implementation of B-BBEE policy was discretionary which made it difficult to enforce. The remaining 10% believed that there was a lack of specialist skills in the implementation of B-BBEE policy. Further details about these issues emerged in the interviews with Key Informants in the cluster.

**(i) Implementation structures and processes are outdated and rigid.**

On the inadequacy of structures and processes for implementing B-BBEE policy, KI: 5 said:

One of the serious mistakes made during the introduction of the democratic government in this country was to assume that designing good policies and strategies would automatically lead to transformation. Too much attention from 1994 until now has always been on policy formulation rather than implementation. This is the reason why currently

we are suffering unintended policy consequences. For example, B-BBEE policy prescribes that whenever we are visiting or implementing the empowerment projects in historically disadvantaged areas, we must ensure that we procure services from local businesses so that they benefit economically from these opportunities. However, it is impossible to achieve this because many business people in these underdeveloped areas are not registered with government data base systems. The data base system is controlled at the provincial level. It is against government policies to procure services from unregistered suppliers. This means that government must bring in suppliers from urban areas for business opportunities that would under normal circumstances be given to local communities. This is a serious contradiction, because B-BBEE policy intends to empower ordinary poor people in rural areas.

Another respondent, KI: 7 indicated that *"South African structures and process were not designed to serve the majority. This was why the majority were excluded by the government system"*.

According to KI: 6,

When I joined government, I thought I will be able to operate freely in serving my community. However, I have since realised that everything in government is dependent upon government systems. No matter how competent you might be, there are always contradictions in government systems. I have learned that it is 'safe and better' to comply with government policies. Unfortunately, this compromises key service delivery to poor communities.

KI: 8 added:

B-BBEE policy processes are highly regulated to the extent that it is impossible to achieve its aims and objectives. The example for this is its compliance targets for empowerment. Many people are choosing to meet the set compliance targets even in conditions where they can go beyond such targets. In other instances people would want to meet transformation policy targets without transforming the system. At the end of the day transformation becomes a 'smoke screen' with no impact on the lives of its target group.

**COMMENT:** The fact that implementation structures and processes were outdated and rigid emerged from the examples cited by public officials based on their experience, especially in relation to rural areas. The admission that B-BBEE policy governance and models were weak is not only a serious

indictment of policy makers who design, plan and pass laws, but principally of the administrative arm of government which is obliged by law to apply them. This makes it difficult to achieve the objectives of B-BBEE policy. But the rigidity of policy processes and procedures is perhaps not the only reason for failure of policy implementation, as most respondents acknowledged that their role was more than government administration, since they have the power to convert government policies into implementable projects. Maybe it is within their brief to streamline outdated and rigid policies. If so, the approach taken to policy implementation could be changed. For instance, there is nothing in the policy that stops government officials from registering additional suppliers from rural areas in the data base systems so that they could benefit from business opportunities.

**(ii) B-BBEE governance models are weak**

The second line of reasoning was that governance models for implementing B-BBEE policy are weak. In KI: 5's view:

To me, a B-BBEE policy governance model means the best practices for successful policy implementation. There are no best practices in the current B-BBEE policy implementation. Many government departments have tried to introduce various methods for implementation but these methods are weak or ineffective in achieving the intended aims and objectives of the policy. I think one of the serious mistakes we are making is to try to adjust old practices into the new approaches. Maybe the best way is to try something new, but the problem with that is that there are too many old people who have been working for government for too long. Old people always try to influence the policy direction in a particular long established ways. This is why we are stuck with weak B-BBEE policy governance models.

KI: 8 suggested that *"the problem with the weak governance model is informed by the fact that B-BBEE policy is new, therefore nobody has implementation experience. Even senior officials are still learning and what makes matters worse is the 'sensitivity' around the policy. Everybody is trying very hard to be careful and diplomatic in the current implementation of this policy"*.

But how new the policy is, is not the real problem, according to KI: 7:

To me the reason why governance models for B-BBEE policy are weak is not because of lack of experience. In government, we all know that we must develop and empower those who were discriminated against during apartheid. You don't need experience to understand this reality, and many people within government are from the historically disadvantaged group. They are therefore aware of the challenges on the ground. To me the serious problem why governance models are weak is because of 'lack of political will' or desire to develop the community. People are so preoccupied with their own personal interest or personal benefit at the expense of developing the community.

KI: 6 expressed the same view that "*the reason why governance models for B-BBEE policy were weak was because nobody cares anymore about the plight of the poor. Officials were interested in getting tenders for themselves and their friends. These officials are aware that if governance models are strong there would be no room to enrich themselves*".

**COMMENT:** B-BBEE policy has been implemented since the enactment of B-BBEE Act 53 of 2003. Therefore the policy is no longer new. The one respondent's contention that the serious challenge is government's approach of attempting to adopt old practices for new purposes is thought-provoking. Essentially, this contradicts the entire aim and objectives of B-BBEE policy. Transformation policies were introduced for organizational change, not only to change the racial profile of public officials but in order to overhaul its practices and procedures as well. This indicates that government faces serious contradictions in the field of implementation. It is therefore important when considering the implementation of B-BBEE policy to understand the policy choices and the level of capacity in the provincial government.

**(iii) Implementation of B-BBEE policy is discretionary**

According to some respondents the implementation of B-BBEE policy was discretionary which makes it more difficult to enforce. KI: 8 said:

The implementation of B-BBEE policy is dependent upon the 'good will' of those who are in charge of various organizations in the province. Government uses procurement of goods and services as a leverage to



enforce B-BBEE policy implementation. However, those organizations that are not doing business with government see no need to implement the policy. This means that 'big' businesses such as multinational corporations, and big 'guns' within the financial services are left out. This makes this policy a 'joke'. Things would have been much better if there was legislative authority to fine or punish all those who are non-compliant with the policy.

The respondent KI: 5 stressed: "*I wish that there was a way where we could name and shame all those organizations that are not compliant with the policy*". Perhaps compliance would lessen the margins of profit. KI: 6's argument suggests this:

The main challenge we face in the implementation of B-BBEE policy is informed by an unfortunate issue of 'greediness' of role players. People are so preoccupied by unlimited desire for profit accumulation. Many people are no longer interested in helping others without expecting anything in return. The African 'spirit of *Ubuntu*' is long gone and was replaced by greediness. What can you say? In 1994 when we accepted democracy we implicitly also accepted the free market economic system. How do we interfere with the market when we want to appease foreign investors? We decided to follow the liberal economic system at the expense of development.

**COMMENT:** The perception that policy implementation in relation to B-BBEE is discretionary was mostly directed at the private sector and is seen as a key ingredient which limits transformation in several sectors of the economy. Many government departments have argued that it is impossible to enforce policy implementation of B-BBEE with regard to private sector companies which are not doing business with government. Government uses procurement as leverage to enforce B-BBEE policy implementation. But it can only do so selectively. It is in this sense that government officials understood B-BBEE policy to be discretionary.

**(iv) Lack of specialist skills in implementing policy**

Perhaps a lack of specialist skills served as a barrier to the implementation of B-BBEE with the provincial government. KI: 5 said:

B-BBEE policy cuts across a number of functions within my department. This includes human resources, procurement, enterprise development, and legal services, and so forth. There is one senior official designated to serve as B-BBEE champion. This official initially was not responsible for this function as he was hired to perform other functions. However, later he was reassigned for the B-BBEE function. I have realised that this is the standard practice for most government departments. It is assumed that those officials, who have been in the organization for a long time, understand the internal policy implementation dynamics better, therefore can implement this policy accordingly. But the problem is lack of B-BBEE policy implementation experience or qualification among those who have been designated to be responsible for B-BBEE policy implementation.

KI: 7 stressed the need for technical expertise: "*...The problem with B-BBEE policy is that it is highly technical, and if you read it, it is clear that it was written by the accountants, etc. What makes matters worse is that there is no tertiary institution in the country which is offering B-BBEE policy as a course. The DTI is only now starting to form partnerships with tertiary institutions that are prepared to teach B-BBEE policy as one of their official subjects*".

The KI: 8 highlighted this broad concern:

The difficulty with transformation processes in the country is that there is nobody who has the necessary experience, and the policy is 'sensitive' and raises a lot of emotions. Even highly experienced officials do not have transformation track records due to the apartheid past. Many officials are appointed to lead the process of transformation because they are black. The assumption is that a black person is better suited to implement this policy rather than possessing necessary skills. This is creating a major problem because the colour of the skin does not mean competency. A person can be black, yet still fail to achieve anything.

Skills and experience can be gained from elsewhere, maintains KI: 7:

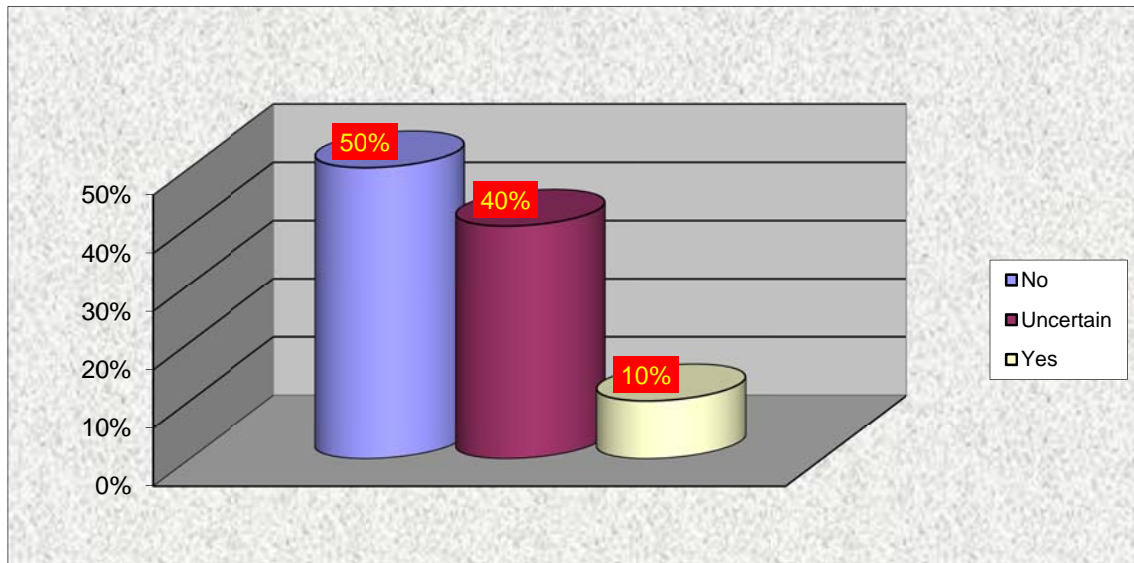
Government has not adopted a strategy where we educate government officials on B-BBEE or learn from other countries that have gone through the same process of transformation. In this country, B-BBEE policy is implemented as if South Africa is the first country to have gone through the process of transformation. My conviction is that there are many countries that have gone through similar experiences. We can therefore draw a lot of experience from these countries to solve our own problems.

**COMMENT:** Staff inefficiency, mainly associated with a lack of skills and knowledge of different governance and administrative positions, can be described as a legacy of the past, but not entirely so as emerged from the interviews where other limitations were identified. Specialist skills on B-BBEE policy implementation could also be acquired through particular education and training, as well as from learning from how other countries carried out policies of transformation. Skills development is an important element of B-BBEE policy implementation, but this is linked to other organizational issues like career advancement and promotion. These are all important organizational issues which are necessary for human resources development for any organization, even for those which are not dealing with the complicated process of transformation.

## **5.2 Policy co-ordination**

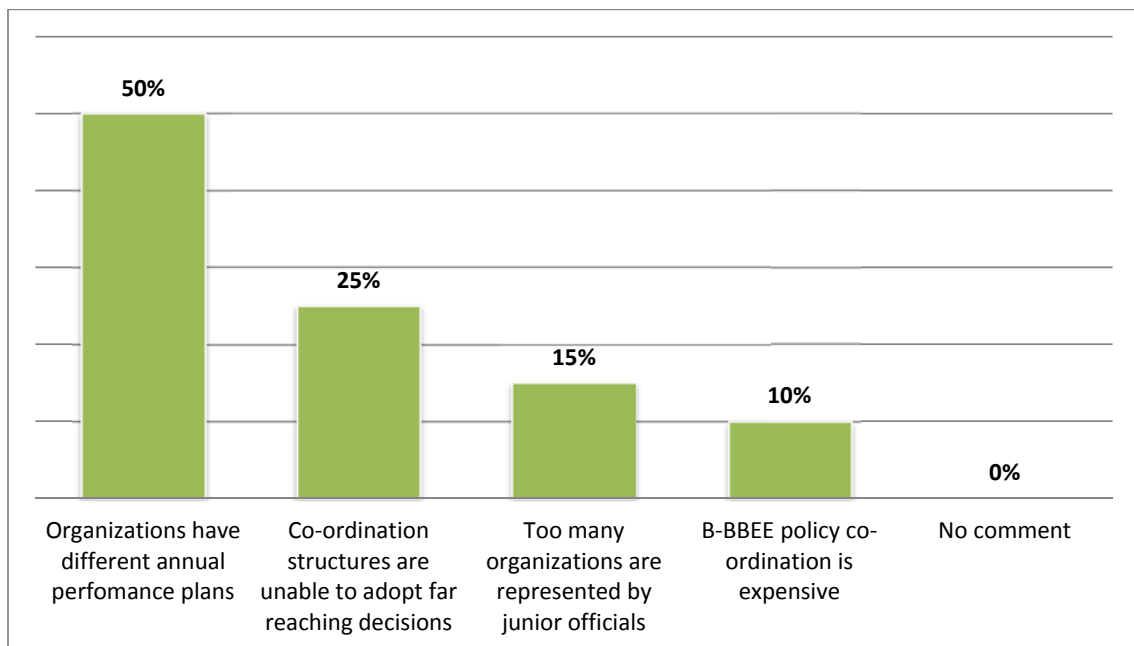
In terms of B-BBEE policy and its relevant strategies, government departments are required to co-ordinate B-BBEE policy across the entire provincial administration. How do the respondents interpret their role in B-BBEE policy co-ordination? What does carrying out B-BBEE policy co-ordination entail? Are they successful in carrying out this task? And what are the obstacles to co-ordination? Their responses are portrayed in Figure 5.2.

Figure 5.2. G&A cluster: success in policy co-ordination



Half thought that policy co-ordination on B-BBEE policy had not been successful in their cluster, while 40% were uncertain about this. Significantly, only 10% rated such co-ordination to have been successful. What, then, were the obstacles to policy co-ordination? The reasons are identified in Figure 5.3:

Figure 5.3: Obstacles to B-BBEE policy co-ordination



50% of respondents believed that the problem lay with government organizations having different annual performance plans. Annual performance plans in government determine future operations, as well as budgetary allocations. Five employees (25%) believed that co-ordination structures in the province were unable to adopt far-reaching decisions, three believed that the problem with policy co-ordination in the province was that organizations were represented in the structures by junior officials who do not have powers to make decisions, and a further two respondents thought that B-BBEE policy co-ordination was expensive. These matters were addressed in interviews with the Key Informants.

**(i) Organizations have different performance plans**

The real difficulty, said KI: 5, is that there is no alignment between policy co-ordination on B-BBEE and the financial year:

Everything we do in government is predetermined by our annual performance plans. The standard practice is that during the planning phase we decide on what needs to be done way before the start of each financial term. The proposed projects are decided upon during the planning phase and they form part of the minister's budget speech. Once the minister's budget speech has been adopted by the provincial cabinet, we move in 'full speed' with project implementation. The problem with B-BBEE policy co-ordination is that it happens in the course of the financial term. There is nothing substantially we can do at this stage, we just implement whatever was decided upon during the planning phase. In this context, B-BBEE policy co-ordination structures become a 'talk shop' without any substance emerging out of the process.

To overcome this, noted KI: 7, it "*would have been much better for B-BBEE policy co-ordination if there was integrated policy planning. Unfortunately each department has its own individual planning*".

KI: 6 agreed:

The problem with B-BBEE policy is that it treats government departments as homogeneous entities. Government departments have different mandates/core functions. We have departments of health, education, community safety, etc. It is therefore better to associate yourself with

other provinces that are performing the same mandate, not necessarily B-BBEE functions. Why must I associate myself with B-BBEE practitioners when the mandate of my department is community safety and liaison? It is better for me to take part in community safety related co-ordination structures rather than B-BBEE structures. B-BBEE policy is an add-on function rather than our core function (this means that B-BBEE policy implementation does not form part of our strategic focus). We implement B-BBEE policy once we are satisfied that our mandate has been taken care of in terms of our budget.

KI: 8 made much the same point: *" the problem with B-BBEE policy is that it brings in a lot of stakeholders who have different mandates. Can you imagine what would happen if we could re-allocate our resources to B-BBEE policy implementation instead of concentrating to health related problems? This would mean that people must die of health related illnesses, high crime, etc. in the province".*

**COMMENT:** Government organizations having different annual performance plans are a serious impediment to policy co-ordination. Moreover, the belief that there was no need to participate in the provincial government's co-ordinating structures because performance plans were adopted before the beginning of the financial cycle presents a serious obstacle to the implementation of B-BBEE policy. Thus, B-BBEE programmes end up being excluded from departmental plans, and are then not regarded as a core function. Consequently, B-BBEE policy becomes an add - on function that depends on the good will of officials who are committed to transformation. This poses a fundamental challenge that goes to heart of the B-BBEE policy agenda in South Africa. It is a fundamental challenge because everything in government is measured on the basis of targets which are set out in the annual performance plans, budget policy statements and the government blue book. Thus, if B-BBEE policy does not form part of these key strategic planning decisions of government administration, it becomes very difficult for the desired outcomes to be achieved.

## **(ii) Co-ordination structures are unable to reach far reaching decisions**

Some public officials felt that there were no benefits in participating in B-BBEE policy co-ordination structures because such structures were unable to make far reaching decisions. Kl: 8 said:

There is no point in participating in B-BBEE policy co-ordination structures in the province because every time we are told that the provincial government does not have a jurisdiction to amend the B-BBEE Act. There are aspects of this Act which are problematic which need urgent amendment. Take, for example, B-BBEE. The policy is inapplicable in the procurement of goods and services because it 'clashes' with the preferential procurement policy framework. We have raised this on a number of occasions in our provincial B-BBEE implementation team meetings but nothing can be done because the B-BBEE legislation is the competency of the national Department of Trade and Industry. There is therefore no need to participate in the provincial co-ordinating structures. We rather communicate directly with the national Department of Trade and Industry who are responsible for this policy.

Kl: 6 maintained that *"when we participate in any forum it's because we want to solve our problems. What is the point in participating in a forum that is not useful"?*

Kl: 7 added a different dimension:

When we participate in any B-BBEE policy co-ordination structure we expect that somebody out there would solve our scarce resources problem. My experience in all these structures is that it's only government officials who participate. Things would have been much better if the private sector was on board. I think the weakness of B-BBEE policy co-ordination structures in the province is informed by the fact that nobody has enough resources to solve our problems. At the end of the day, co-ordination structures have become a forum where everybody complains about scarce resources to implement the empowerment programmes.

But widening the scope of participating beyond government has its own problems, argues Kl: 5: *"the problem with the government approach towards co-ordination is that government officials often like to exercise power and authority. This behaviour chases the private sector away because it creates an impression that people within the co-ordination structures are not treated*

*equal. I think government should stop playing the role of 'big brother'. Government always summoned stakeholders to the meetings rather than putting a proposal on the table".*

**COMMENT:** The government's approach to exercising authority was believed to be hampering policy co-ordination, by summoning stakeholders to meetings rather than inviting them. Even so, such co-ordination structures were unable to reach far reaching decisions because of some aspects of the B-BBEE Act were not in line with the preferential procurement policy framework. The provincial government lacks the legislative mandate to deal with the limitations of B-BBEE strategies and regulation. The respondents on many occasions expressed frustration and revealed their powerlessness to overcome difficulties in policy co-ordination because they believe that authority to solve such matters lies with the national sphere of government.

**(iii) Many organizations are represented by junior officials**

Provincial B-BBEE implementation team meetings were not effective because most organizations were represented by junior officials who were not authorised to make crucial decisions on behalf of their organizations. According to KI: 3:

In the province we have B-BBEE policy implementation teams which help in co-ordinating B-BBEE policy implementation. All the provincial government departments are represented in the implementation team. We normally deal with common challenges such as problems of legislation, resources and learn from each other's experiences in B-BBEE policy implementation. Sometimes each government department is given an opportunity to report on B-BBEE progress and challenges encountered in the implementation of the policy. However, the problem arises when we have identified critical areas which are affecting the whole government, that is, conflict of B-BBEE policy with preferential procurement policy framework. In this context, the provincial government does not have an authority to amend national legislation at provincial level. This requires intervention from the national government. However, junior officials do not have a mandate to communicate directly with the national government. They can only be able to do so via senior officials who are often not there in our meetings.



KI: 6 added that " *this problem is informed by the fact that most departments are represented by junior officials who are playing a role of 'messenger' rather than contributing substantially in co-ordination of the policy. They are playing a role of 'messenger' because they always argued that they are representing their bosses. Sometimes they request to be given some time to consult with their superiors when we are supposed to make serious decisions*".

KI: 7 provided a detailed account of this problem:

My experience regarding the issue of government departments represented by junior officials is that senior government officials are not taking this structure seriously. It is clear that they are not taking this structure seriously, otherwise the junior officials would have been delegated to make certain decisions on behalf of their organizations. When you delegate someone you give that person all the powers necessary to achieve the organizational goals. Junior officials in B-BBEE co-ordination structures are not empowered to deal with the challenges in the implementation of this policy and this is deliberately done. I think it's deliberately done because we have been complaining about it for the past two to three years and nothing is done to change the situation.

KI: 8 suggested that " *departments must shoulder the blame for this behaviour of sending junior officials. It is not that they are not aware of the limitation of being represented by junior officials. This is done deliberately so that on the face of it they would look good as participating in B-BBEE policy process when in an actual sense B-BBEE policy is not implemented*".

**COMMENT:** Evidently, the issue of representation by junior officials was connected to a number of organizational challenges. Notably, junior officials who were representing their organizations in co-ordination structures were unable to make decisions or do not have powers to do so. This was informed by a lack of delegation of authority, which was further linked to a lack of will by government organizations to participate in the process. This can be interpreted in a number of ways. Representation by junior staff may be interpreted as an indication that most organizations did not take the process of B-BBEE policy co-ordination seriously. Furthermore, these sentiments were indicative of how the entire notion of policy co-ordination was viewed by

government organizations. There was a general perception that co-ordination does not help because it did not arrive at far reaching decisions. Those who held this view pointed to the fact that they had been raising serious concerns regarding conflict in government strategies, but nothing had been done to solve the problem. This was the reason why many in the cluster decided to communicate directly with the national Department of Trade and Industry as the custodian of B-BBEE policy rather than participate in the provincial co-ordination structures. The problem, therefore, was not only how the provincial government co-ordinates policy implementation, but also its location in the sphere of South African government, as well as the co-operation between the spheres.

**(iv) B-BBEE policy co-ordination is expensive**

In KI: 8's view, co-ordinating B-BBEE policy is expensive:

My experience working in government is that facilitating B-BBEE policy co-ordination needs multi-skills. Government has tried to hire B-BBEE policy consultants to facilitate policy co-ordination but it's very expensive. B-BBEE consultants charge a lot of money which could have been allocated to policy implementation. The stakeholders do not contribute anything in B-BBEE policy co-ordination forums. A leading department in policy co-ordination must cover the cost for the venue, catering, materials, and other equipment. One meeting including everything is about R1500 to R20 000. At the end of the day when you look at the output of these meetings there is not much to justify the cost.

*Who bears such costs? KI: 6 indicated that " my problem with B-BBEE policy co-ordination is that government officials are not prepared to share the cost for policy co-ordination. When you have invited them you must know that you must carry all the financial burdens".*

What does policy co-ordination entail? KI: 5 maintains that:

Many stakeholders come to policy co-ordination with a list of problems and expecting somebody else to solve their problems. I think the problem with government is that in terms of the provincial B-BBEE strategy for 2007, there is only one department that is leading or mandated to lead other

departments in the implementation of the policy. In KwaZulu-Natal province, the leading department is economic development and tourism. This department is therefore expected by other departments to carry the cost of B-BBEE policy co-ordination. The problem with this approach is that stakeholders do not meet on their own unless they are invited by the leading department.

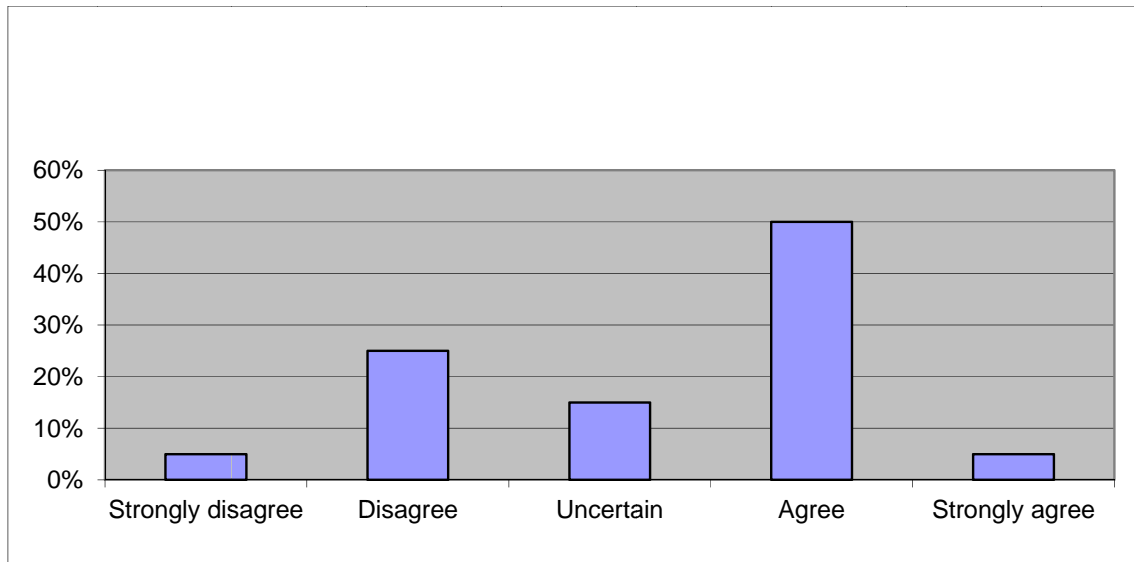
However, KI: 6 believed that *" the problem is bigger than policy co-ordination cost implications. There is a serious lack of 'political will' to implement the policy. There is nothing preventing government officials to pick up the phone and arrange bilateral meetings with the relevant departments on issues affecting them. The problem is that there is no will to implement this policy"*.

**COMMENT:** Two main issues arose here. First, is policy co-ordination on B-BBEE policy the sole responsibility of the Department of Economic Development and Tourism, which officials identified as the lead department for this? Secondly, who carries the cost of such co-ordination, for example, payment for consultants who might be required, or the running costs of meetings for co-ordination purposes? Significantly, though, some officials identified a lack of political will to address policy co-ordination as the fundamental problem.

### **5.3 Organizational transformation**

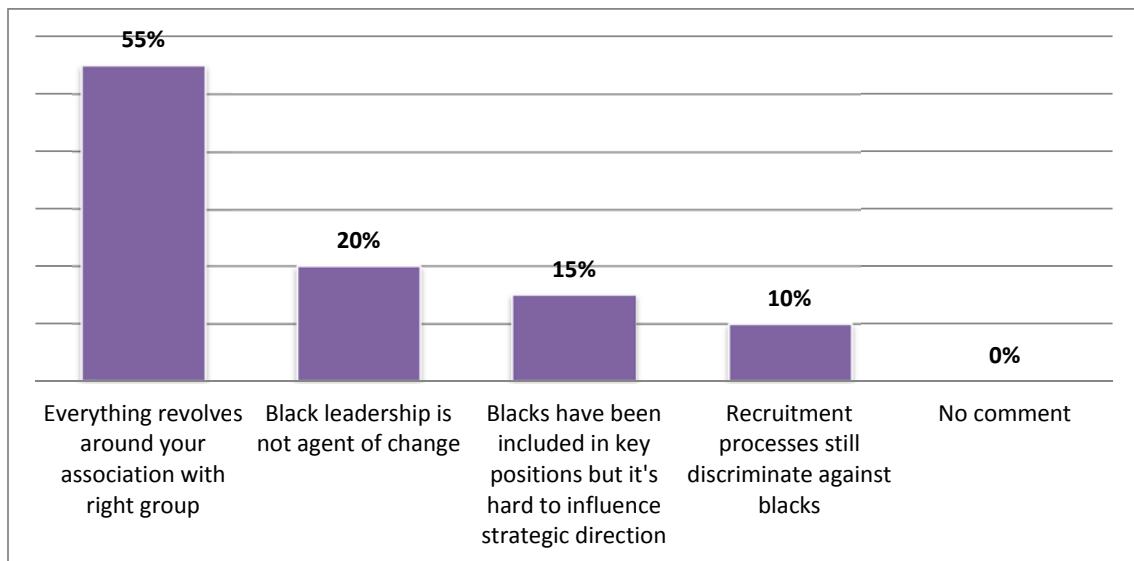
This section analyses the degree of transformation in the cluster in terms of B-BBEE. What has been achieved? How did the respondents interpret their role in driving the process of transformation within government? What challenges have been encountered in the process of transformation? Responses to the pace of transformation are identified in Figure 5.4.

**Figure 5.4: G&A cluster: slow rate of organizational transformation**



50% or 10 employees thought that transformation in terms of B-BBEE in their cluster had been extremely slow, with another one agreeing strongly. Three officials were uncertain. Six (30%) thought that it had not been very slow. What caused such slowness? This subsequent question revealed one significant answer, and three lesser ones. These are represented in Figure 5.5.

**Figure 5.5. G&A cluster: barriers to transformation within KZN government**



55% of respondents believed that transformation in government was hampered by the fact that everything revolved around one's association with the right group, 20% suggested that black leadership in government were not the agents of change. 15% believed that blacks had been included in key areas but that it remained difficult to influence the direction of policy. Only 10% of respondents believed that recruitment processes still discriminated against blacks. Explanation of such views was provided in interviews with Key Informants:

**(i) Everything revolves around one's association with the right group**

The argument here is that in government you must associate yourself with the right people in order to benefit from transformation. KI: 8 said:

Transformation policies (B-BBEE) were introduced for good intentions. However, the implementation of it within government favours certain people. This means that despite being black you can still get excluded if you do not associate yourself with the right group. Nowadays, it's no longer about being black, it's about who you know in higher places. This is unfortunate because what is happening is not the intention of this policy. People are abusing their positions so as to have personal benefits and for their friends. We cannot even report this because you will be victimised and can even lose your job.

KI: 6 highlighted that *"transformation malpractices within government are difficult to report because government standard practice is that you must follow all internal processes before any matter can be taken through the official route. The problem with this is that you are forced to report to the same people who are committing malpractices. There is therefore no point in trying to be a hero, unless you risk expulsion"*.

KI: 5 took this argument a step further:

Transformation is not going to achieve its broad aims and objectives due to malpractices within government. Many people have accused us within government of not reporting malpractices. I forgive those who accuse us because they don't understand government operations. Government is highly bureaucratic and those who are committing malpractices are highly sophisticated individuals. They have ensured that they are in

charge or controlling all the internal channels for handling complaints. This means that the same people who commit malpractices are also the same people who are 'gate keepers'. Indirectly, we have a situation where it is very difficult to report anything. Furthermore, there is a standard procedure that if you want to report any malpractices one has to be in a possession of hard documents or evidence. This means that you must be in the possession of confidential documents. It is hard to obtain such documents.

KI: 7 concluded, "*I don't think that transformation will ever achieve its aims as long as manipulation of the policy processes persists within government*".

**COMMENT:** Transformation in this cluster has worked in terms of opening up opportunities for black people as they now hold key strategic positions. But there was an element of frustration among blacks officials interviewed as patronage was seen as crucial to advancing one's career. Moreover, the exercise of patronage goes unchallenged since the perpetrators are in senior positions of authority. Such malpractices, officials noted, are contrary to transformation policies.

**(ii) Black leadership is not an agent of change**

As much as government has tried to open opportunities for black people, those in black leadership were not agents of change, some suggested.

According to KI: 8:

Blacks are now occupying key strategic positions in government. However, when you look at their efforts in terms of addressing the plight of the poor, more especially the black population, there is still a long way to go. This is surprising because we thought black people understand the plight of the black majority better than any other racial group in this country. We often discuss this with black managers in the department. Many of them are complaining about government systems. They argue that the government system is too rigid to achieve anything. I always disagree with this view on the basis that senior positions come with certain level of responsibilities, and transformation forms part of that responsibility. To me, the problem here is lack of political will from black managers.

KI: 7 concurred with this view, that:

The problem with black managers is that they do not have an agenda for change. To me it is wrong to assume that because someone is black,

therefore he or she will implement transformation strategies better than any other racial group. The black managers have gone to the same school just like any other racial groups in this country. The majority of them never suffered or live in rural areas. My view is that their world view is not different from any white South African. Actually, some black managers are worse when it comes to the provision of government services.

KI: 5 added that *" as long as the mentality of black managers is still based on their belief that they worked very hard for their career advancement, nothing is going to change in terms of transformation. This is despite the fact that government has worked very hard for black people to be included in senior positions"*.

**COMMENT:** The general expectation here is that black leadership is expected to go beyond the call of duty in trying to solve organizational challenges. In this context, the performance of black leadership is judged not only on the basis of abiding by government rules and regulations but also in terms of expectations to deliver on transformation goals. This is despite the organizational limitations they face as they try to implement transformation policy.

### **(iii) It is difficult to influence the direction of B-BBEE policy**

Interviewees recognized that blacks have been included in key strategic positions but even so it was difficult to influence the direction of B-BBEE policy in their cluster. KI: 8 said:

I must say that black people are now occupying strategic positions within government. However, the same cannot be said about determining the strategic direction in terms of B-BBEE policy implementation. The issue of transformation is a tough one to be achieved overnight. I must say that when I joined government I had bigger dreams to transform the provincial government. I can tell you now that none of those dreams have been achieved. This is due to the fact that in government there are set standard procedures, that is, recruitment procedures, criteria on how to organize important transformation committees, etc. This means that any deviation even for good intentions may lead to a lot of court cases. There is therefore no ways that transformation can occur without transforming the government system. For transformation to happen there must be democratisation of the composition of various committees.

Currently, it is not clear how people are nominated to serve on these committees.

But KI: 5 viewed participation in a different light, namely, that *"the problem with transformation processes is that its procedures are too democratic to the extent that it is open to mischievous individuals, who are there to ensure that transformation does not achieve its goals. There are so many transformation decisions which are delayed due to technicalities raised by those who are against for change"*. KI: 7 expressed a more general issue: *"I feel that those of us who are tasked with the responsibility to lead the process of transformation within government were set up for failure. How can we be accountable for a policy that is dependent upon consensus of a diverse group? It depends on the consensus because every decision is subjected to serious scrutiny until a compromise is reached"*. For KI: 6, *"the problem with transformation processes is that there is too much consultation which often leads to compromises"*.

**COMMENT:** The rigidity of transformation procedures and practices was cited as a major problem for transformation within government. It also transpired in the data analysis that too much consultation in the transformation processes can also serve as a barrier for transformation. This was a strange revelation, given the fact that the same transformation policies call for thorough consultation at all levels on matters affecting change and transformation. There was therefore nothing wrong with different racial groups within government organizations contesting every decision. However, this is perhaps revealing about the calibre of black managers who are driving the process of change. Their failure to exercise power and the authority vested in them in determining the strategic direction of policy is noteworthy. The apparent lack of ability of such officials to influence the implementation of B-BBEE policy might be related to the drawbacks of patronage which were highlighted in the previous section.



#### **(iv) Recruitment processes still discriminate against blacks**

While only 10% of respondents viewed the recruitment processes as an obstacle to black advancement, the issue received considerable comment in subsequent interviews. According to KI: 8:

There is a serious problem in government when it comes to recruitment. There is no justification on what is happening whereby a group of local counsellors forms a recruitment panel to appoint a municipal manager. This means that a group of politicians who were elected by the public, who do not have managerial skills, mostly with no qualifications, are tasked to decide on the hiring of a qualified person. These politicians often make political appointments with no regard for proper management principles. This is a recipe for disaster and it explains why there is poor government service. There are a lot of examples which can be provided to explain this. There are instances where even ordinary members of public who happen to serve on school governing boards are often involved in the recruitment of school teachers. No transformation can be achieved under this blatant political interference.

KI: 5 provided a different argument that recruitment processes still discriminate against blacks:

This province has achieved a lot in terms of transforming the provincial government. Black people are holding senior positions now. However, if you consider highly technical areas in government such as engineers, economists, statisticians, etc., you would notice that blacks are underrepresented. Each time when we discuss this within my department there are diverse views. There are those who argue that there is a shortage of technical skills amongst black candidates. I disagree with this view and my point is that various universities in South Africa produce a lot of black graduates in these academic fields. The problem is in our recruitment processes within government which make it hard to compete with high salaries offered by the private sector. It is very difficult for government to negotiate a better salary offer with suitable candidates. The standard practice by government for salary offers is predetermined by the national Department of Public Service and Administration. There is still a lot to be done by government in terms of market related salaries. Government over the years has tried to respond to this challenge through the introduction of the Occupation Specific Dispensation (OSD) (This is the method used by government to improve salaries of certain scarce skills). However, this has not solved the problem.

KI: 6 suggested that:

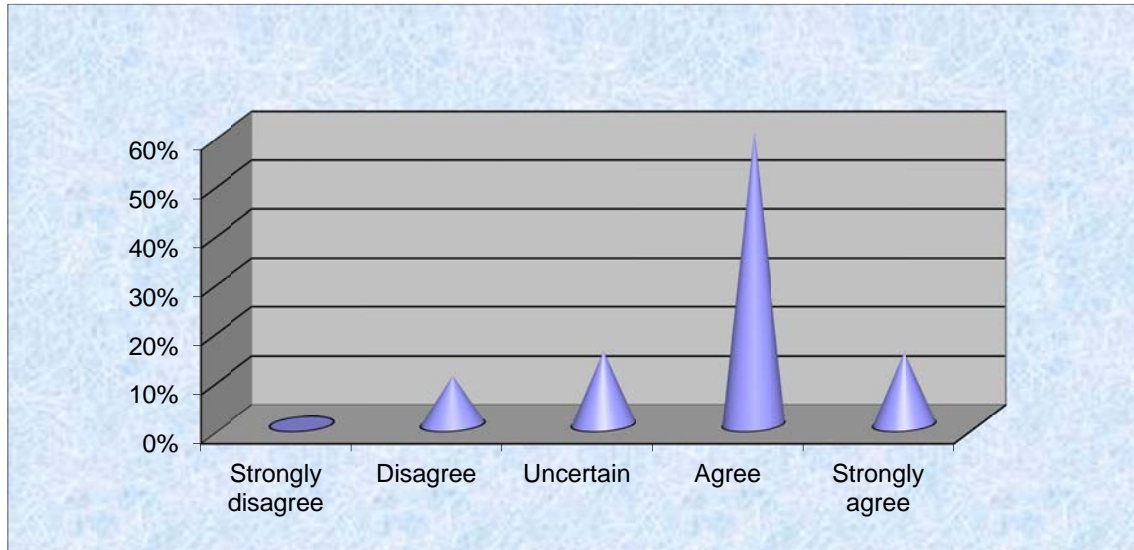
The reason why highly technical skilled blacks are not properly represented in government has to do with the working environment rather than the legacy of apartheid. There is no point in working for government when the same job in the private sector offers double the salary. Furthermore, in government many people are deployed to work in rural underdeveloped areas where there is no electricity, water, sanitation, etc. Many young blacks prefer to work for the private sector in urban areas where there are modern facilities. My point is that transformation of government is no longer about race, but more about working conditions, and government recruitment processes need to be adjusted to respond to this modern challenge. It is not enough for government to put recruitment adverts in the newspapers seeking black candidates without at the same time specifying lucrative benefits.

**COMMENT:** The challenges to the provincial government in recruitment are not uniquely transformation challenges, but are broadly organizational problems. The South African government faces a unique challenge of trying to recruit highly skilled, and technical black people (to reflect a commitment to transformation), while at the same time trying to address poverty and underdevelopment. Yet, keeping such employees for the sake of transformation means that the budget must be reprioritised to cater for good salaries in the form of OSD. Thus, the process of transformation in South Africa is subjected to tension once race is not the only factor for consideration. For ambitious, well-qualified, experienced public officials advancement depends on a variety of matters, like patronage, as has been shown provincially. But implementing policy on B-BBEE depends on structural issues, too, like organizational hierarchy.

#### **5.4 Organizational hierarchy.**

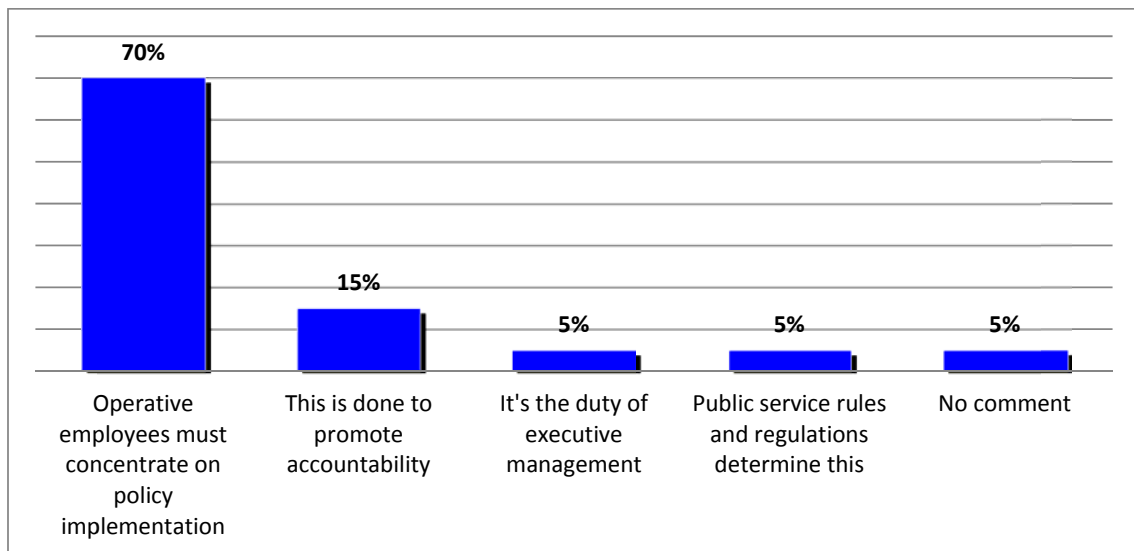
This section analyses the relationship between the top executive and operative employees in B-BBEE policy implementation. The respondents were requested to assess whether the key strategic B-BBEE decisions were imposed by the executive management without consultation. Their opinions are presented in Figure 5.6.

**Figure 5.6. G&A cluster: consultation about decisions on B-BBEE policy.**



60% thought that in their cluster strategic B-BBEE policy decisions were taken by the top management themselves, without consultation. A further 15% strongly agreed. 15% of respondents were uncertain about this. Only 10% in all disagreed. Clarification emerged as to why officials believed that decisions were imposed on the cluster, as seen in Figure 5.7.

**Figure 5.7. G&A cluster: reasons for imposing decisions on B-BBEE policy**



70% of respondents believed that decisions were imposed in order to enable the operative employees to concentrate on policy implementation, 15%

thought that this is done to promote accountability in their cluster, 5% believed that it was the duty of the top management to make strategic decisions, a further 5% suggested that public service rules and regulation determine this, and a final 5% did not provide any reason. These views were developed in interviews with the Key Informants.

**(i) Operative employees must concentrate on policy implementation**

The main reason given as to why decisions were imposed on the cluster was so that the operative employees would be able to concentrate on policy implementation. According to KI: 7:

Government departments employ staff for specific duties. This is the reason why there are job descriptions for every post in government. Project managers are therefore employed to implement specific government programmes. They are allowed to put forward project proposals and they must propose budgets that will help them to perform their duties. This is done in consultation with their 'responsibility' managers. It is therefore the duty of senior management to ensure that a budget is available, and that the proposed programmes are in line with government's strategic vision. In government there are oversight committees, that is, cabinet legislators. It is therefore the duty of the executive management to go and account to the provincial cabinet. Junior staff or project managers are not allowed to represent government or submit reports to the cabinet. They must do so through the executive management. They simply do not have legislative authority to do so. The issue here is legislative accountability rather than the imposition of decisions.

KI: 8 confirmed the hierarchical chain of command: *"in government there are clear guidelines on the allocation of roles and responsibilities. It is the duty of the executive management to lead government strategy. There is no way that the management can delegate this responsibility"*. But, as, KI: 5 noted, *"of course it is the responsibility of executive management to lead. However, in the process of leading, different teams must be consulted so that our projects are relevant to the challenges on the ground"*.

In KI: 6's estimation the style of decision - making has arisen in a specific context, namely, that:

The serious problem why strategic decisions are imposed by the top executives is that the executive management were themselves imposed without any due process followed in hiring them. There is nepotism on the hiring of senior staff in government. This is why many executive managers do not have project management experience. This is the reason why government is very poor on policy implementation.

**COMMENT:** The respondents identified a clear separation of duties which goes with a certain level of authority in the cluster. The executive management see its primary task as driving the organizational strategy, which means mobilizing the required resources, and accounting to cabinet and the provincial legislature. The point of contact between the top executives and operative employees was through project proposals that are drafted and submitted by operatives for funding and approval by the executives. This approach was criticized by the operative employees because it failed to ensure that such decisions are relevant to the challenges on the ground.

**(ii) This is done to promote accountability**

Were decisions imposed from the top so that there was accountability in government? KI: 7 said:

In government there is a very long chain of command in carrying out government policy implementation. Clearly, it is impossible to involve everyone in decision-making. However, I have a strong belief that the issue here is not about the imposition of decisions per se that is an issue but the problem is the implications of those decisions. People in government have their own personal interests and agendas. This means that if a decision is against a particular agenda it will always receive disapproval, and a lot of questions would be raised around consultation. However, if a decision favours a dominant group, it will always receive approval despite the fact that it might have been imposed from the top.

KI: 6 believed that:

For me consultation means that we must consult various structures within the organizations. Mostly, unions are consulted because they represent staff, and once we have reached an agreement with those structures we

assumed that they will further consult their own membership. In government any decision passes through a number of value chains. We therefore respect the structures rather than individuals. If a particular structure within the organization has been consulted we therefore do not ask how many people were absent. This is what makes people complain that key decisions are centralized at the top.

KI: 5 indicated that "*accountability means that one must take ownership of one's actions. Unfortunately, in government this applies even in situations where decisions are against individual interest*".

**COMMENT:** Government decisions do require accountability, but this is not only in terms of who makes a particular judgement call in the cluster, but also should entail considering the overall performance of the organization to assess whether government policy programmes address and are achieving their specific goals. This kind of accountability should not be delegated to the operative employees. Executive management would always represent the organization in the cabinet, and assume responsibility just as the project managers are accountable if government policy choices are not implemented properly. The question here is that even if administrative rules and regulations determine levels of accountability this need not imply that strategic decisions-making is confined to top management, without broad consultation in the cluster.

**(iii) Public service rules and regulations determine this**

Public service rules and regulations determine that key strategic decisions must be taken by the executive management without any consultation. For KI: 8, "*government operations and functions were governed by a lot of rules and regulations which make it difficult to consult many people*". However, KI: 5 believed that this notion of imposing key strategic decisions was actually against government rules and regulations:

Senior managers who do not want to follow democratic principles would like us to believe that everything they do is in line with the rules and regulations governing the public service. Actually, this is against the spirit of government rules and regulations. South African rules and regulations

governing the public service are clear that senior managers must make strategic decisions. However, the rules say that they must ensure that there is sufficient consultation. We are not against this principle but what is a problem is that key strategic decisions are imposed without consultation. This is a serious problem within government which is the main cause for policy implementations failures.

KI: 7 provided an example of the effects of this problem, that:

Senior officials impose key decisions even in situations where they are supposed to consult key internal structures. For example, the proposal made by Ethekewini district municipality to build a shopping mall in Durban City's busy street, where people were able to sell fresh vegetables, fruits, etc. The hawkers were up in arms in protest against this because they knew that the proposed mall would have negative effects on their business opportunities. Many people would have not afforded exorbitant rental for electricity, operating space, etc. The proposed mall was rejected and the plan had to be stopped because consultation was not done. This proves that government is not only guilty for a lack of internal consultation within its functions but also with the public at large.

**COMMENT:** According to the respondents, senior officials who have made unilateral decisions in government have tried to justify their actions on the basis of the rules and regulations that govern the public service in South Africa. The majority believed that this was well within the executive management's rights since it was its responsibility to make key organizational decisions. But they also believed that such decisions must be based on thorough consultation to ensure that they are rational as well as relevant.

#### **(iv) It is the duty of the executive management**

In relation to the argument that organizational strategy is decided unilaterally by executive management because that is their responsibility, KI: 8 said:

The reason why senior management is often regarded as 'leadership' is because it must always 'chart' a way forward. This means that strategic management must always make tough decisions. Sometimes the nature of a decision is too sensitive and confidential to be discussed with everybody. Can you imagine what would happen if a sensitive decision gets out to the public when the management is still trying to get the right way to handle it? The very nature and duties of executive management

are designed in a way that it makes key strategic decisions. There is no problem with this: the management must be allowed to perform its duties.

However, KI: 5 believed that:

It is the duty of the executive management to follow all good corporate governance principles whenever making its decisions. However, there must be transparency, accountability, and they must abide by the organizational rules and regulations. Management that upholds these principles would automatically accept consultation as part of management principles. Actually, to me, consultation would mean accountability and transparency which will serve the organization well in the long run.

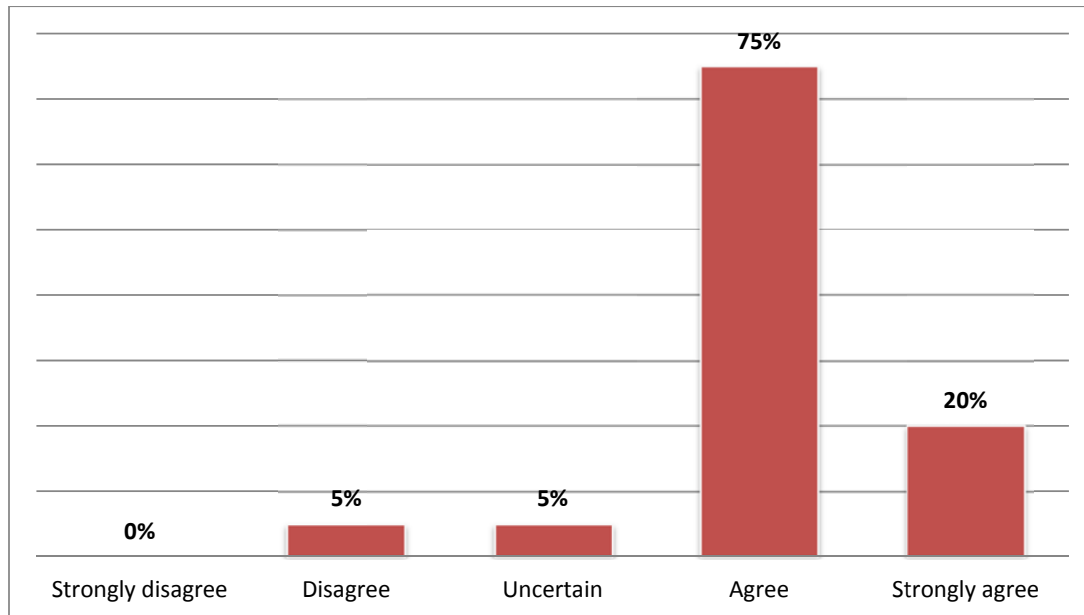
**COMMENT:** The positions adopted by interviewees in this section indicated that there was tacit acceptance of the top-down structure of the existing hierarchy of the government organizations, where the executive management's decisions determine the implementation imperatives. If so, much of the success implementation on B-BBEE would depend on communication in the cluster.

### **5.5 Policy communication**

How did the respondents interpret their role in relation to B-BBEE policy communication? Most respondents to the questionnaire stressed the importance of such communication, as Figure 5.8 reveals.

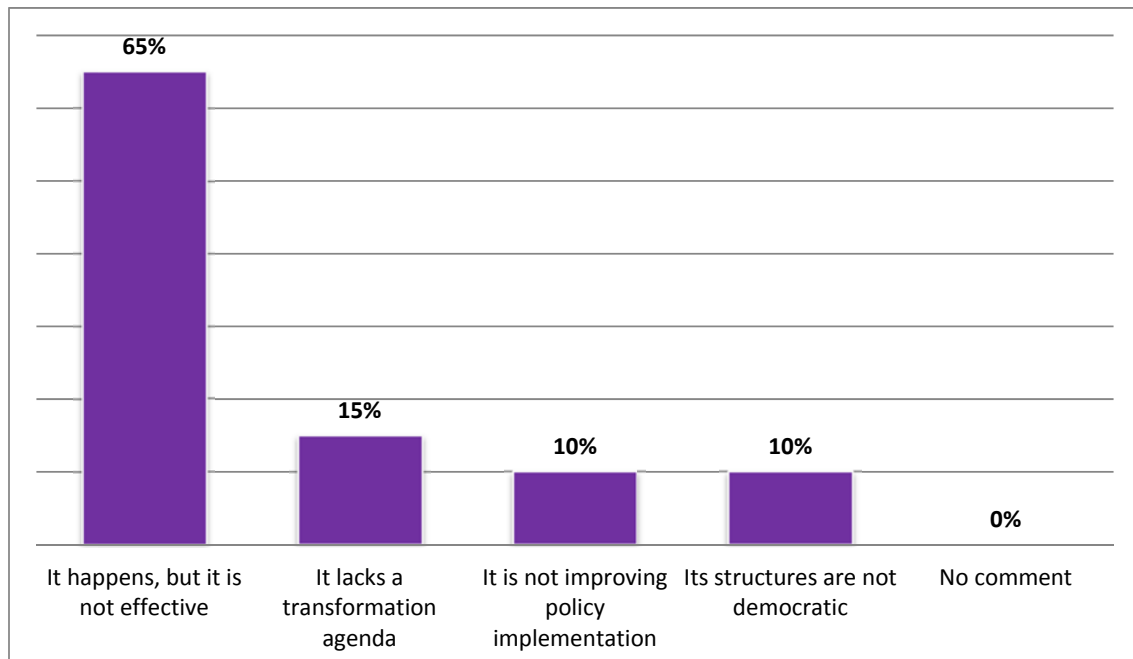


**Figure 5.8. G&A cluster: importance of B-BBEE policy communication**



Only 5% downplayed the significance of policy communication in implementing B-BBEE in the cluster. But even though the overwhelming majority highlighted the importance of communication, many identified barriers to its success, as Figure 5.9 indicates.

**Figure 5.9. G&A cluster: the success of organizational communication.**



65% of respondents believed that communication within the cluster happened, but that it was not effective, 15% of respondents thought that communication within the cluster lacked a transformation agenda, 10% of respondents felt that organizational communication was not improving B-BBEE policy implementation, and 10% considered that the communication structures was not democratic. These views were elaborated on in the interviews with the Key Informants.

**(i) Communication happens, but it is not effective**

On the effectiveness of policy communication in the cluster, KI: 6 said:

B-BBEE policy is a very good policy only when you read it in the official documents. However, what is out there in the public domain is a total misinterpretation of the policy. I doubt that everyone understands the intention of the policy as it is stated in the official strategic document. Many people have a wrong perception of this policy including some senior people within government. This is due to misinterpretation of the policy by many people. Many people have taken all the negatives that are associated with the policy as real. To me, when you read the policy, it's a totally different story. Actually, B-BBEE policy does not condone all the wrong malpractices that are associated with it. This has to demonstrate the fact that communication is not effective because these perceptions are not corrected.

KI: 5 suggested that:

Communication within government is too politically controlled. As a result the experts in the field are unable to engage on technical aspects of government policies. This is what is lacking in the current evaluation of government performance on B-BBEE policy. Government must also take the blame for this because communication does not form part of government programme of action.

For KI: 7 " *the challenge with communication within the cluster lies squarely on how each individual understands it. To me, communication means that professionals working for government must be allowed to communicate freely on the challenges they experience on the ground. This means that government employees should be given opportunity to state the negatives, positives, and weaknesses. However, in government you can't talk about*

*policy implementation challenges in public. This is always construed as bringing government into disrepute”.*

**COMMENT:** Public officials in the cluster acknowledged that there is communication in the cluster regarding B-BBEE policy but that its effectiveness is limited because of the political control over communication channels in government. Therefore misperceptions about the policy could not easily be corrected or technical aspects of the policy explained further without authorization by those who controlled official communication in the provincial government.

**(ii) Communication lacks a transformation agenda**

The argument here is that policy communication in the cluster does not further the objectives of transformation in government. According to KI: 5:

In government we do have people who are designated to be spokespersons of various government departments. My department also publishes a lot of magazines, fliers, and publicises information on the website, emails, etc. However, the information that government transmits lacks B-BBEE policy information. My view on why communication lacks a transformation agenda is because transformation is viewed as a sensitive subject. It raises a lot of controversy and emotions. This is the reason why many people are afraid to communicate about it. I think this is where we are failing as government. We are unable to take leadership on communication and correct all the myths on B-BBEE policy. What is strange about this is that even those who are designated for communication are failing to set the agenda. Government has always been reactive when it comes to transformation.

In KI: 6's view: *“government communicates on B-BBEE policy in response to pressure regarding corruption in the tendering process. This happens when senior government officials are accused of giving tenders to themselves or their friends. This is the only time you see government communicate on this policy”.*

The more general problem, KI: 8 maintained is that:

Communication lacks a transformation agenda because it is not considered as part of the broad strategy for transformation. This is clear

when one look at where the communication section is located. In my department, the communication section is centralized at the top and reports directly to the minister or to the head of the department. The communication section controls all the lines of communication and further has the power not to transmit or publicise any information which is considered to have the potential of bring government into distribute.

**COMMENT:** The sensitivity around B-BBEE policy emerged clearly in the interviews, which explains the tight political control over communication. This raised as many difficulties as it solved seemed to be the impression conveyed by the interviewees.

### **(iii) Communication is not improving policy implementation**

Communication in the cluster was not helping to improve the implementation of B-BBEE policy according to some officials. KI: 8 said:

My experience on the ground whenever I visit various district municipalities is that there is a shortage of information. I think the serious problem is not only about shortages of information but also how government communicates, and what communication tools we use to transmit government information. Over the years government has adopted a strategy of publicising its information on government websites, newspapers, etc. My experience on the ground is that all these tools are not accessible. We are making a serious mistake of assuming that once something has been publicised on the website and in the newspapers it will therefore be accessible to the public. Many people do not have access to the Internet and newspapers. Additionally, information itself is very complicated and too complex to be consumed by ordinary members of the public.

KI: 5 concurred: *"most rural areas in the province do not have access to basic services such as water and electricity, so it is therefore wrong to assume that Internet - would be accessible. Government needs to change its communication strategy"*.

**COMMENT:** The interviewees identified the means of communication by government as problematic, which then makes policy implementation of B-BBEE less effective. Information is not expressed clearly and simply, nor is it

accessible to many in rural areas and to those who do not have access to technology and the Internet.

**(iv) Communication structures are not democratic**

The view here is that communication structures in the cluster were centralized, and as a result structures were not democratic. KI: 8 said:

The problem with communication in government is that it is too centralized at the top. It is a standard practice in government that anything that is transmitted must go via the unit responsible for communication. To me, the communication unit is not democratic because in most cases it refuses to publicise many requests. They refuse to publicise information without any convincing explanation. The general argument is always that our issues have the potential of bringing government into disrepute. There is no explanation or definition on what constitutes the aspect of communication that might bring government into disrepute so that in the future everyone can know. This is not a democratic process because the communication unit has too much power that is informed by its reporting directly to the MEC and the head of department.

KI: 5 suggested that *" things would have been much better if communication on key B-BBEE policy issues occurs at every level of the organization. Unfortunately, we must observe the myths surrounding the policy even in situations where we can provide technical policy information"*.

The general problem according to KI: 7 is that:

Many people who are not working for government perceive communication differently from us within government. They think that it's possible for government officials to communicate anything regarding the policy. People working for government know that communication within government is highly politicised and it can get you into trouble. There is no democracy when it comes to communication within the department. You must always be sure before you forward anything for internal communication, otherwise you would find yourself into trouble with the authorities.

**COMMENT:** The interviews in the cluster revealed that a problem in the provincial government is that information flows from the top downwards. Most officials see this as a major impediment to B-BBEE policy

communication. There was a strong belief that such an approach was not democratic as the majority in the cluster do not have access to utilize the tools of communication. There was an element of frustration and withdrawal by government officials as they perceived the centralization of communication at the top as a kind of censorship.

## **5.6 Conclusion**

This G&A cluster underscored a number of organizational issues. What has been learned thus far regarding the cluster's management of B-BBEE policy implementation? The findings in this cluster revealed that B-BBEE policy implementation structures and processes were outdated and rigid. This made it impossible for B-BBEE policy implementation to achieve its main objectives. This was demonstrated by the cluster with concrete examples to demonstrate their point, especially in relation to rural and geographical areas where the potential beneficiaries of laws, rules and regulations cannot take advantage of them due to their rigidity and out dated nature.

It also surfaced from the cluster's findings that the rigidity of policy processes and procedures was perhaps not the only reason for failure of policy implementation, as most within the cluster acknowledged that their role was more than government administration, since they have the power to convert government policies into implementable projects. Thus, the cluster suggested that the situation was further compounded by weak governance models. For the cluster, this was informed by the approach of attempting to adopt old practices for new purposes. The cluster further found that B-BBEE policy implementation lacked specialist skills. Officials in the cluster suggested that specialist skills on B-BBEE policy implementation could be acquired through particular education and training.

There was a real challenge when it come to B-BBEE policy co-ordination as there was no alignment between policy co-ordination on B-BBEE and the financial cycle in the province. In other words, there was no integrated plan of government key functions in this cluster. This was informed by different

performance plans of most organizations in the cluster. There was an entrenched belief in the cluster that there was no reason to participate in the provincial government's co-ordinating structures because performance plans were adopted well before the beginning of each financial cycle. This was further accompanied by the perception in the cluster that co-ordination structures were unable to make far reaching decisions. The example provided to substantiate such a belief was the issue of the inapplicability of B-BBEE policy to the procurement of goods and services because it clashes with the preferential procurement policy framework. These in the cluster further explained that there was a B-BBEE policy implementation team, a provincial structure that helps in co-ordinating the broad provincial B-BBEE policy implementation. Two main challenges arose regarding the B-BBEE implementation team. First, was policy co-ordination on B-BBEE the sole responsibility of the Department of Economic Development and Tourism, which officials identified as the lead department, and second, should the lead department carry all the costs associated with policy co-ordination? It emerged that there were several challenges in the B-BBEE implementation team as most organizations were represented by junior officials. Such officials did not have delegated authority to solve complex co-ordination problems in the cluster.

What has been learned about the level of transformation in terms of B-BBEE in this cluster? There was an overwhelming sense of agreement in this cluster that transformation has worked in terms of opening up opportunities for blacks, Africans in particular. But there was an element of frustration among black officials in the cluster as patronage was seen as crucial to advancing one's career. The cluster further found that as much as blacks have been included in key strategic positions within the cluster, they were unable to influence B-BBEE policy. The rigidity of transformation procedures and practices was cited as a major problem for transformation. It also emerged from the findings in this cluster that the ambitious, well qualified, and experienced black public official's advancement depends on a variety of

matters. In this context, the study's findings in this cluster indicated that when other factors, beyond the issue of race, are part of the equation, transformation becomes complicated.

On the hierarchy of decision-making in this cluster, research revealed that key strategic B-BBEE policy decisions were taken by the top management without any consultation. There was a clear separation of duties which goes with a certain level of authority. Thus, senior management in the cluster saw its primary tasks as driving the organizational strategy, which meant mobilizing the required resources, and accounting to cabinet and the legislature. Additionally, there was tacit acceptance in the cluster of the top down structure of the existing hierarchy.

On B-BBEE policy communication in the G&A cluster, there was a common recognition that policy communication is an important tool for policy implementation, but the findings revealed that the provincial government was failing to meet this expectation. Public officials in the cluster acknowledge that there was communication in the cluster regarding B-BBEE, but its effectiveness was limited because of the political control over communication channels. This was the reason why misperceptions about the policy could not easily be corrected. Thus, information in the cluster was not expressed clearly and simply, nor was it accessible to many in rural areas and to those who do not have access to technology. It was also found that policy communication in the cluster does not further the objectives of transformation in government because its structures were not democratic.

The following chapter investigates the same five main themes in relation to Social, Community and Human Development cluster (SPCHD), the third and final one.



## Chapter Six

### Social Protection, Community and Human Development cluster

#### *Introduction*

This chapter focuses on the Social, Community and Human Development (SPCHD) cluster of the KwaZulu-Natal provincial administration and follows the same format of the previous two chapters on the other clusters.

#### *The profile, role and structure of the cluster*

The SPCHD cluster comprises the following provincial government departments: social development, education, health, sports and recreation, human settlements, arts & culture. The cluster deals with poverty eradication and social development issues. Broadly, the central focus of this cluster is socio-economic development issues which are important for B-BBEE policy implementation. This cluster co-ordinates government programs and projects relating to the cluster, as well as monitoring and evaluating them.

Each government department is represented in the cluster by its head of the department. Together they constitute a cluster management team to align and strengthen inter-sphere and inter-sectoral relations, and design the cluster's programme of action. The cluster has the power to invite anyone it deems relevant to submit strategic reports. It may also make strategic policy decisions which are submitted as recommendations to the provincial cabinet. This cluster regularly submits progress reports to the cabinet.

The questionnaire and interviews were directed at all the departments in the cluster because they are all actively involved in B-BBEE policy implementation.

#### *Demographic characteristics of the sampled population*

The following table reveals the demographic and professional profile of the respondents in this cluster.

**Table: 6.1. SPCHD cluster: race, occupational level and gender of management employees (n=20)**

Occupational Levels	African		Asian/Indian		Coloured		White		Total
	Number of females	Number of males	Number of females	Number of males	Number of females	Number of males	Number of females	Number of Males	
Director	2	0	0	2	1	0	0	0	5
Deputy Director	3	1	1	1	0	0	0	2	8
Executive Manager	1	0	0	0	0	1	0	0	2
Specialist	0	1	1	1	0	1	1	0	4
Administrator	0	0	0	0	0	0	0	0	1
Overall	6	2	2	4	1	2	1	2	20

Eight of the 20 respondents were Africans, that is, two Directors, two Deputy Directors, an Executive Manager and one Specialist. There were three Coloureds, including a Director, six Asians, four of whom were either at the level of Director or Deputy Director, and three Whites, including two Deputy Directors.

In terms of gender, 50% of sample was female, with seven of the ten being either a Deputy Director or Director. Four were Africans. The experience of these officials is presented in Table 6.2.

**Table 6.2. SPCHD cluster: working experience of management employees (n=20)**

<b>Years of experience</b>	<b>Number of respondents</b>
+20	3
11 to 20	13
6 to 10	4
0 to 5	0

The majority in this sample, 13 (65%) had between 11 and 20 years of working experience in government. Another three had even longer service. The remaining four had at least six years of government employment. Their collective experience, then, is considerable. Most were relatively young, as table 6.3 shows.

**Table 6.3. SPCHD cluster: age profile of management employees (n=20)**

<b>Age (years)</b>	<b>Number of respondents</b>
20 to 29	1
30 to 39	10
40 to 49	7
50 to 60	2

Half of the number were in their thirties, with another nine forty-one years or older. None was more than sixty years old and only one was thirty years old or younger. Table 6.4 shows their educational qualifications.

Table 6.4 shows the academic qualifications.

**Table 6.4. SPCHD cluster: educational qualifications of government employees (n=20)**

Qualifications	Number of employees
Tertiary	18
Technical	2
Secondary	0

What is notable here is that all but two of the government officials had some tertiary qualification.

Hereafter the findings of investigation on the SPCHD cluster are discussed according to the five themes of the study.

### **6.1 Managing policy implementation**

As to how the SPCHD cluster manages policy implementation on B-BBEE, KI: 9 explained that:

Our role is to design poverty eradication and development programmes. We also provide both formal and informal educational and capacity-building programmes for the community. Our role lies at the centre of B-BBEE policy implementation because our programmes are targeting historically disadvantaged individuals and groups. I believe that our cluster is the most important cluster for B-BBEE policy implementation because we serve the majority of under-resourced areas such as rural areas. There is always a challenge of human and financial resources. This is a major problem for our poverty eradication programmes.

According to KI: 10:

I believe that this cluster is the 'engine' of the government programme of action. Actually, government is all about solving social problems. This means that the failure of this cluster will mean the failure of government to perform its role. There is therefore no way that government can empower the community without the introduction of community and human development programmes. Broadly, our role is to design, co-ordinate, implement, and monitor socio-economic programmes.

However, there is a serious problem of resources because poverty and unemployment on the ground is so huge.

KI: 11 concurred:

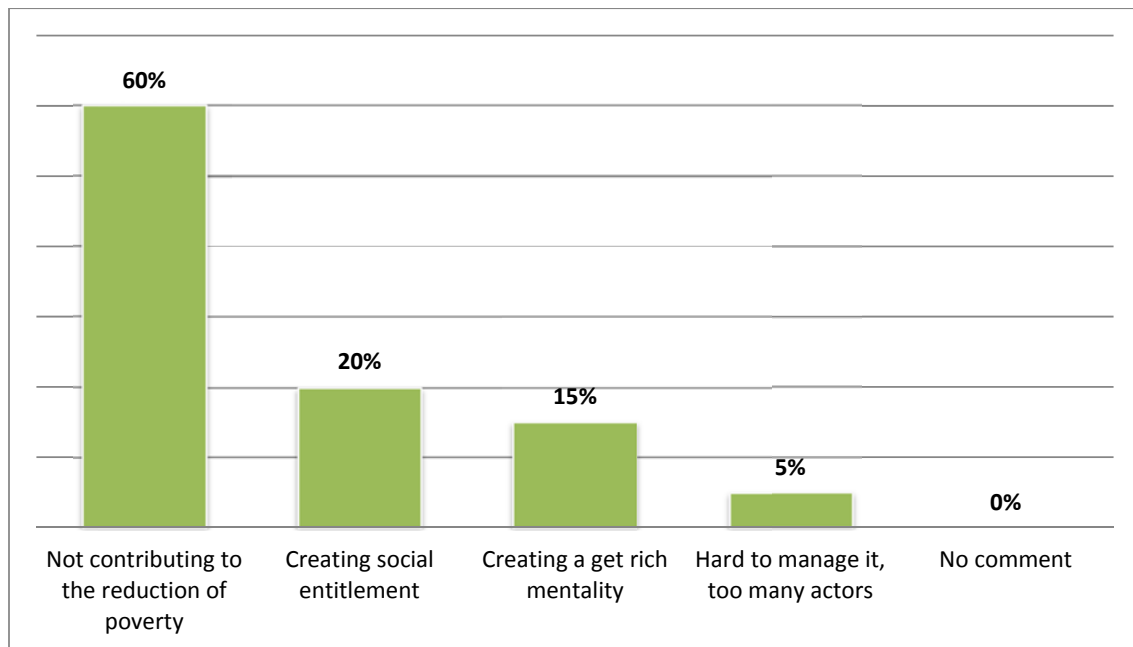
Our role lies at the centre of social economic development in the province. We deal with human development in its totality. It is our responsibility to design and drive government strategy implementation on education, social development and health related programmes. Our role includes community consultation so that we are well abreast with current challenges. This makes our role difficult because in the process of consultation the community often raise a lot of challenges which are beyond the budget allocation. The past international financial crisis created huge challenges for us because the majority of people lost their jobs. This created a situation where unemployment and poverty got out of control. This meant adjustment of our strategic objective by trying to form strategic partnerships with the private sector. However, this did not help because the private sector also wanted to be 'bailed-out' of the financial crisis.

KI: 12 noted similar difficulties:

It is very difficult to operate in this cluster because the national and world events have a direct impact on the cluster. This often calls for readjustments of our plans in the middle of the financial term. There are always disasters and diseases which compromises our focus on B-BBEE policy implementation. We often find ourself in a dilemma whether we allocate funds for B-BBEE policy implementation or we allocate more money for health related challenges such as HIV/AIDS, malnutrition, or educational projects.

When asked more specifically to identify the challenges experienced by this cluster in implementing B-BBEE policy, one major factor was identified, as Figure 6.1 indicates.

**Figure 6.1. SPCHD cluster: B-BBEE policy implementation challenges**



60% thought that implementation of B-BBEE policy by the SPCHD cluster was not contributing to a reduction in levels of poverty. 20% believed that B-BBEE was seen by beneficiaries as a form of social entitlement, while a further 15% suggested that beneficiaries viewed B-BBEE opportunistically, as a means of enrichment. A final 5% identified the practical obstacles to implementing B-BBEE policy, that it was difficult to manage because there were too many actors involved in the process. These four reasons were then investigated more fully in interviews with the Key Informants.

**(i) Not contributing to the reduction of poverty**

Why was the management of B-BBEE policy implementation not contributing to a reduction of poverty? KI: 12 said that:

My understanding of B-BBEE policy is that it was introduced to empower the poor. However, what is happening is not the empowerment of the poor. People who are benefiting from this policy are those who are at a certain sophisticated level. It is only those who have a lot of money to pay the consultants or specialists to write convincing business plans that is needed by the market. The poor are unable to write sophisticated business plans or pay for such services. It is because of this that you have the few individuals who are benefiting from government opportunities.

KI: 11 took this argument a step further, noting that:

The problem with B-BBEE policy is that it's for the urban élite, those who are highly educated or familiar with government procurement processes. It is easy for them because they have been given opportunities many times. There is no way that the poor can compete with them even in a fair and open process. At the end of the day a final decision will always be based on the quality of the tender proposal on the table, and unfortunately the poor is always a loser.

KI: 9 argued that:

I doubt whether B-BBEE policy was introduced for poverty reduction. To me it was introduced for business people to make more profit at the expense of the poor. This is a strategy for the black élite with their white counterparts to accumulate more profit. Can anyone tell me, how do you transform the economy in rural areas where there is no economy to do so? Rural community relies on subsistence farming to survive. How do you transform the economy that does not exist? In rural areas what you need is the development of the economy rather than economic transformation.

KI: 10 addressed the same point:

One of the serious weaknesses of B-BBEE policy is its assumption that there is an economy out there that needs to be transformed. This is a wrong assumption. Maybe this is true in urban areas. However, in underdeveloped areas where the majority of blacks live there is absolutely nothing. There is an urgent need for economic development rather than transformation. In rural areas there is great need for skills, infrastructure, and educational programmes. Maybe we need a different kind of B-BBEE policy in rural areas, one that will start through development and investment in local economy, then diversification of subsistence farming into fully fledged commercial business. This would be real empowerment rather than what is happening right now. This, however, requires a different state mentality, one that is prepared and ready to take risks.

**COMMENT:** The interviewees in this cluster provided a unique insight into B-BBEE policy implementation in rural areas (underdeveloped areas). Notably, B-BBEE policy challenges in rural areas require more emphasis on economic development rather than the more general racial transformation necessary in urban areas. In this context, B-BBEE has been criticised for being elitist and

benefiting the urban privileged. However, the responses went further and connected B-BBEE policy to wider economic development in the country. The interviewees suggested that there was a contradiction between transformation and general economic development, more particularly that it was impossible to implement transformation policy in conditions that require economic development. Consequently, B-BBEE policy implementation is divorced from the general economic development strategy. This means that the B-BBEE policy programme has become an incidental outcome of economic development strategies. This revelation explains why some in this study have argued that transformation in South Africa has been very slow.

### **(ii) It is creating social entitlement**

A second observation was that the implementation of B-BBEE policy was creating a form of social entitlement. KI: 9 said:

People are no longer working hard because they believe that they are entitled to government opportunities. Nowadays, there are those who rely on government tenders, and social grants to make a living. Opportunities are available but there is a problem of people who are living from 'hand to mouth'. There is no way that we can be successful as a nation when people do not want to work hard. Government is trying very hard to make interventions for the poor such as the provision of low cost houses, social grants and tender opportunities. However, government is not achieving its objectives because some people amongst the beneficiaries are serving as 'fronts' for others. They get low cost houses or tenders and rent it out or subcontract it to others. This is not allowed in terms of government policy because there is no economic benefit for the B-BBEE policy target group. It is difficult to stop this when the target groups themselves are abusing the policy.

KI: 10 expressed the same view, that *"the policy on B-BBEE is creating unintended consequences. I think one of the serious mistakes we made as government is that we have not explained in detail the intention of this policy. Many people consider the policy as a way of getting rich quickly. This perception is totally wrong because the intention of the policy is to transform the economy"*.



KI: 12 interpreted the issue differently:

I have heard many people complaining that B-BBEE policy is creating social entitlement. On close scrutiny you would realise that those who hold this view are the black 'middle class' who are highly educated and hold senior positions in government. There is no way that poor people can be blamed for expecting government to solve their problems or opening up opportunities for them. Government by its very nature is about helping people. It is therefore on the basis of the role of government that its citizens have a legitimate expectation from government. It must be remembered that when people vote government into power it is on the basis of the promises that individual political parties make during the campaign period.

**COMMENT:** The central view from the interviewees in this section is that when B-BBEE policy beneficiaries benefit on government tenders and opportunities it does help to achieve the objectives of B-BBEE policy. One of B-BBEE policy objectives is to empower its intended beneficiaries to be self-sustainable. Therefore, there can be no empowerment when the policy beneficiaries live from hand to mouth as stated in one interview. But how does this relate to B-BBEE policy implementation? The issue of social entitlement raises one fundamental question about policy management. B-BBEE policy is not only about helping people but implicitly in its processes there must also be the empowerment element. This means that the continuous reliance on government tenders by B-BBEE policy beneficiaries cannot be regarded as a form of empowerment. Social entitlement cannot be regarded as a result of a failure of government officials to explain policy objectives, as suggested by the interviewees. This is indicative of how the policy is being managed in the cluster.

**(iii) B-BBEE policy is creating a get rich mentality**

The perception that B-BBEE policy has been seen as a source of enrichment is slightly different to seeing the policy as a form of social entitlement. KI: 11 said:

My problem with B-BBEE policy implementation is that it creates a get rich mentality among its beneficiaries. The point I'm trying to make here is that when we open up opportunities for B-BBEE policy beneficiaries, our goal is that they would create job opportunities for others. However, my experience is that B-BBEE policy beneficiaries are not solving the problem of poverty and unemployment. The majority of them are subcontracting or buying goods from established companies. Additionally, the majority of B-BBEE companies are family enterprises. People are interested in accumulating profits for themselves as individuals rather advancing government strategic goals.

KI: 12 took this argument a step further, noting that "*many B-BBEE policy beneficiaries are driven by a false notion of getting rich quickly. I regard this as a false notion because many of them judge success or richness in terms of material possessions such as driving expensive cars, etc. Nobody is interested in helping others or advancing government policy on poverty eradication*".

KI: 9 added that "*the issue of getting rich quickly is interesting because most of these material possessions are bought on loans from the commercial banks. The majority of B-BBEE policy beneficiaries have debt from commercial banks. We therefore cannot be happy for this and it is not what B-BBEE policy was intended for*".

**COMMENT:** Evidently, the success of B-BBEE policy cannot be regarded as real when the majority of its beneficiaries are indebted to the commercial financial institutions. However, this is not a failure of the policy or that the state is failing to manage the policy correctly. Government cannot be responsible for the failure of the beneficiaries to pay back their loans. But perhaps a lack of financial assistance from government is what drives people to the financial institutions for loans. Government's response is that Funding Development Institutions (FDIs) were introduced for this reason. The problem is the resources available are insufficient to meet the needs of those who require funding.

**(iv) It is difficult to manage B-BBEE policy, as too many actors are involved**

Is managing B-BBEE policy difficult because the processes are too complex?

KI: 9 said that:

My problem with B-BBEE policy is that there are too many actors involved in the process. This includes people from different professions i.e. accountants, legal, policy specialists etc. My experience is that these government officials have different emphases regarding B-BBEE policy implementation. People from the finance section would always want us to cut on programme spending. The supply chain and legal officials are concerned with compliance issues. This has created a situation where it is impossible to do anything substantially.

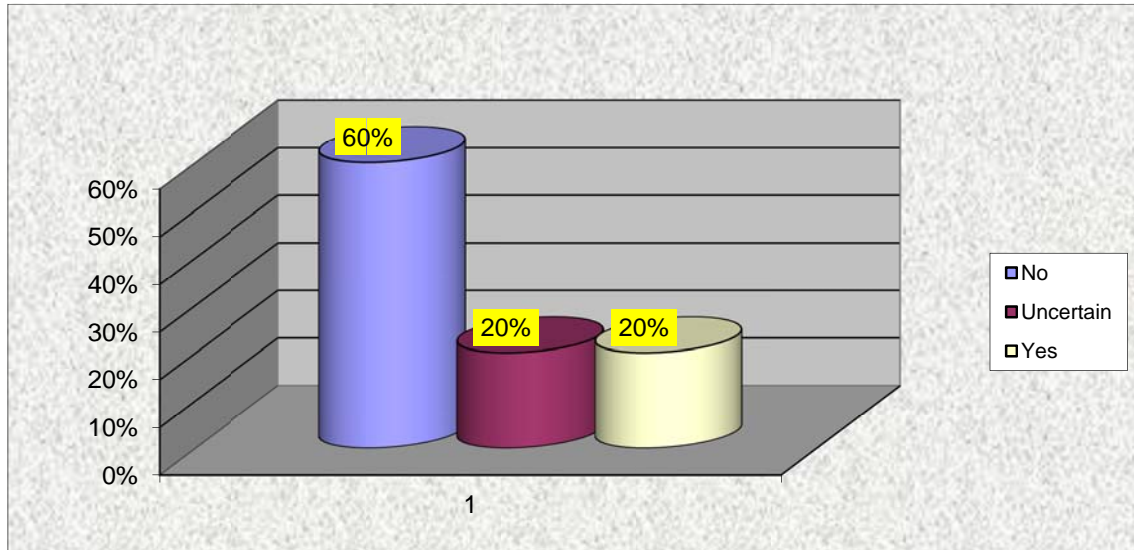
KI: 10 highlighted that "*things would have been much better if there was one unit responsible for B-BBEE policy implementation. This unit would have been given more power and authority to ensure that B-BBEE policy is implemented accordingly*".

**COMMENT:** On the one hand, the involvement of many people in the implementation of B-BBEE policy should have been welcomed because it suggests maximising government efforts. On the other hand, those in authority in different departments have often issued conflicting instructions which hinder the implementation of the policy. This indicates a lack of policy co-ordination.

## **6.2 Policy co-ordination**

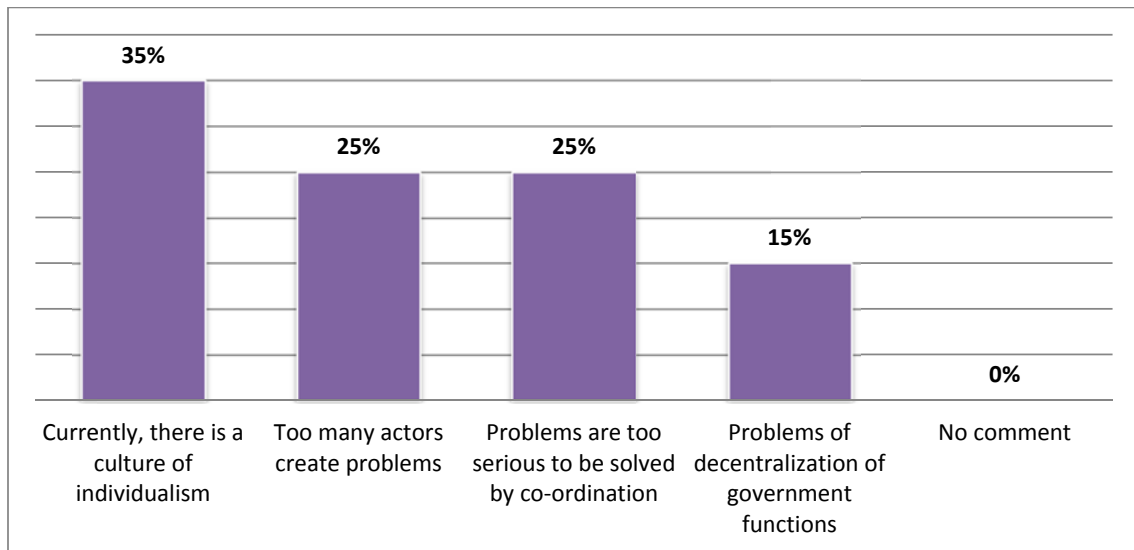
In terms of B-BBEE policy and its relevant strategies, government departments are required to co-ordinate B-BBEE policy implementation across the organizational functions and structures. This includes structures within the organization of the cluster and interdepartmental relations with other provincial government departments. The central focus of this section is to understand the SPCHD cluster's B-BBEE policy co-ordination. How did the interviewees interpret their role in B-BBEE policy co-ordination? What does B-BBEE policy co-ordination entail? Are they successful in carrying-out this task? And what are the obstacles to co-ordination? Figure 6.2 highlights the responses to these questions.

**Figure 6.2. SPCHD cluster: success in policy co-ordination**



60% of respondents believed that their organizations were not successful in co-ordinating key stakeholders for B-BBEE policy implementation, 20% were uncertain, while 20% thought that their organizations were successful in co-ordinating the stakeholders in B-BBEE policy implementation. Four obstacles to policy co-ordination were identified, which are displayed in Figure 6.3.

**Figure 6.3. SPCHD cluster: obstacles to B-BBEE policy co-ordination**



Seven (35%) employees believed that there was a culture of individualism within the provincial government in the SPCHD cluster which served as a

barrier for B-BBEE policy co-ordination. Five (25%) thought that B-BBEE policy implementation included too many actors which created problems for policy co-ordination. A further five (25%) employees/public officials suggested that the cluster faced various challenges which were too serious to be mitigated by policy co-ordination, whereas a final three (15%) respondents believed that decentralization of government functions was a barrier for policy co-ordination. These perceptions were explored in greater detail with the Key Informants.

**(i) Currently, there is a culture of individualism**

The culture of individualism was seen as a problem for government operations as well as to the public officials themselves. KI: 12 said that:

There is no way that we will ever be successful in co-ordinating key stakeholders on B-BBEE policy implementation. There is a culture whereby many people prefer to operate as individuals rather than involving many people in the process. The reason why this happens is because government departments have separate strategic planning. Additionally, government departments have different mandates which make it hard to co-ordinate B-BBEE policy implementation. My experience in government is that structures such as government cluster systems do not work. When the heads of department participate in the cluster they do so after they have already decided on their department's strategic focus for the year. This makes the government cluster system 'a talk shop' with nothing important coming out of it.

According to KI: 11, "*the current culture within government is that even if you try to organize interdepartmental meetings, nobody comes to such a meeting. People are so preoccupied with their own individual functions. I have since realised that it is better to set my own targets and deal with the challenges on the ground. This is the only way I have been able to survive*". However, KI: 10 believed that "*you cannot blame government officials for not participating in co-ordination structures. It's the way government is structured. We have different plans, budgets and mandates which demand individual accountability rather than group accountability*".

**COMMENT:** Government departments are structured according to their functional mandates, that is, the Department of Transport deals with roads issues, Public Works with infrastructure related issues, and so on. B-BBEE is a public policy which cuts across various departments. Every department is expected to address inequalities by empowering the B-BBEE policy target group. But the need for B-BBEE to be implemented widely through the SPCHD cluster makes policy co-ordination difficult because of the number of potential actors involved.

**(ii) Too many actors create problems**

In KI: 9's view, the involvement of a diverse group creates problems for policy co-ordination.

The problem with B-BBEE policy implementation is that it involves a diverse group from different backgrounds. These people have different agendas. There are still lot of people who are resistant to change. Our meetings take too long debating irrelevant personal issues. It is due to this problem that others attend the meetings once and you would never see them again. I think we need to develop a code of conduct for our co-ordinating forum.

However, KI: 10 disagreed, arguing that it *"is not the agendas of those who are participating in the process that is a problem. The serious problem is how co-ordination meetings are being run. Most of the time people come to the meetings without any agenda circulated upfront. This means that people come to the meeting not prepared"*.

KI: 11 concurred:

Things would have been much better if we were given an opportunity to forward items upfront to be included on the meeting's agenda. What is happening is that we get invited to a meeting without knowing what would be discussed. This is why many people request time to consult with their superiors. It is impossible to make far-reaching decisions or commit your department without having a mandate to do so. This can be mitigated through the circulation of the agenda for the meeting way in advance so that people can come with a mandate from their superiors.

**COMMENT:** The issues here go beyond the number of participants in the cluster who are responsible for implementing B-BBEE policy. More

importantly, the issue is organizational, because meetings are supposedly not prepared properly, causing much dissatisfaction and frustration. This suggests a level of basic co-ordination in this cluster. But there was also the view that the real problem went beyond matters of co-ordination.

### **(iii) Problems are too serious to be solved by co-ordination**

According to KI: 12:

The level of inequalities and poverty among the B-BBEE policy target group is too serious to be solved by policy co-ordination. Sometimes, I feel sorry for those leading the process of B-BBEE policy co-ordination. Stakeholders come to our forum with a list of challenges and they expect us to come with solutions. I think that many stakeholders participating in our structure are running away from their responsibilities. My view is that if your department's mandate is to provide social grants or development of rural economy, you must be able to lead us in the co-ordination process. However, this is not what is happening in the co-ordination of this policy.

KI: 11 took a wider view: *"there are three spheres of government in this country. However, it is impossible to work together as one government. Each sphere of government is fighting for its own independence to the extent that this compromises government function"*. KI: 9 indicated that *"this problem has nothing to do with government operations, instead it's more to do with politics. When you have a different political party at local government level there are always problems. Government services and access to those services got politicised"*.

**COMMENT:** The common theme in this section is that inequalities and poverty were so rife, yet at the same time policy co-ordination of B-BBEE was not helping to confront this challenge. Policy co-ordination was hampered, and there did not seem to be a clear demarcation of roles. This is perhaps why the interviewees argued that such structures were introduced to serve political goals rather than driving government policies. Furthermore, the problem of coherency of different spheres of government also surfaced as a major problem for policy co-ordination. The general feeling in this cluster was that

various government structures are competing to claim the 'space' at local level rather than working together to serve the public. Thus, decentralization is not necessarily the solution, but brings about problems of its own.

#### **(iv) Problems of decentralization of government functions**

KI: 9 said that:

There are three spheres of government in South Africa: national, provincial, and local government. Each one of the three spheres of government has an important role to play in terms of the implementation of government policies. However, there is a serious problem when it comes to policy co-ordination on the ground. Many national and provincial government departments have decentralized their functions to the local level. They have created what has been termed as 'one stop centres'. For example, the Department of Trade and Industry has opened Small Enterprise Development Agency (SEDA) offices in every region in KwaZulu-Natal. The SEDA offices deal with enterprise development on behalf of the DTI. The same function is performed by the provincial Department of Economic Development and Tourism. DEDT on the other side has opened its own 'one stop centres'. These centres are operating at local level. These centres have indirectly taken over the role of the local government because the services they offer to the public were supposed to be offered by the local sphere of government. There is no proper policy co-ordination because each centre operates individually, and receives instructions from the national or provincial departments. This creates duplication and incoherence in government policy implementation.

KI: 10 concurred with this view: *"there is no co-operation amongst government departments on the ground due to decentralization of government functions. Government departments are now competing in servicing the public rather than working together to maximise scarce resources"*. KI: 11 explained the reason for this is that *"decentralization of government functions is a political decision rather than an administrative one. Decentralization... is rife in areas where there is a different political party at local level from the one that is at a national or provincial level. This is a battle for political control, and unfortunately it affects government operations"*.



**COMMENT:** It was suggested that decentralization of government functions creates competition between government organizations, which was not good because there was no co-operation and maximization of government efforts. But competition amongst government departments to serve the public can also be positive if it is properly co-ordinated. However, this form of competition was believed to be problematic because it did not produce positive outcomes on the ground. The Key Informants noted that the main reason why there was such competition amongst government departments was because of political interests rather than due to administrative considerations. However, in terms of the regulations governing public service practices in South Africa, civil servants should be apolitical. In other words, the public should receive services irrespective of their political affiliation. This brings us to the theme of organizational transformation.

### 6.3 Organizational transformation

How did the respondents interpret their role in driving the process of transformation within their cluster? Were their departments successful in transforming themselves? What are the challenges to such transformation? Has such transformation been very slow?

**Figure 6.4. SPCHD cluster: slow rate of organizational transformation**

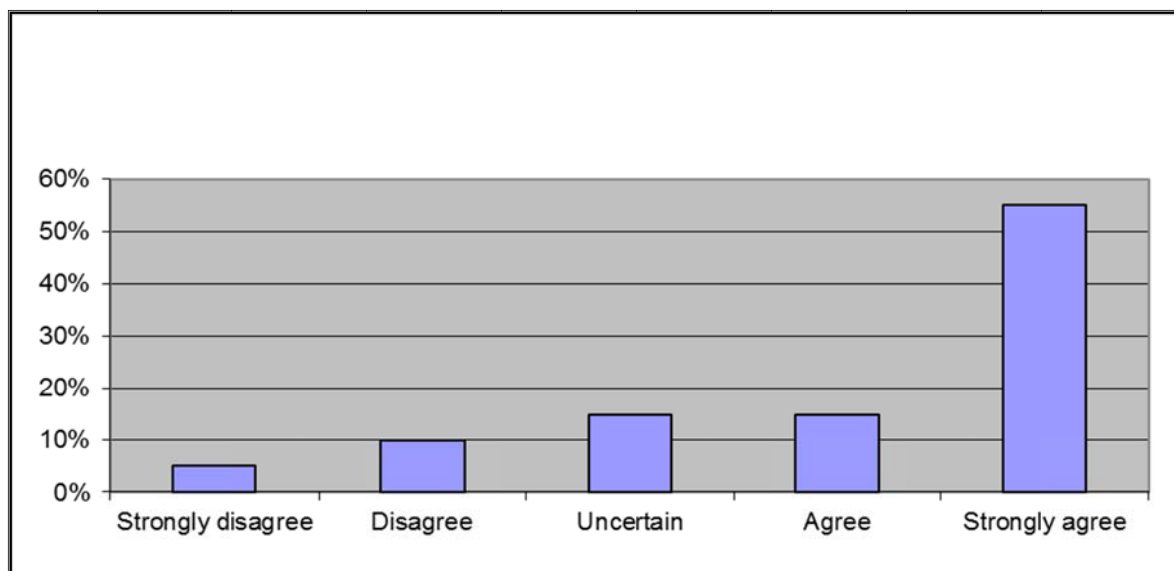


Figure 6.4 reveals that 11 (55%) of respondents strongly agreed with the statement that transformation was extremely slow in their cluster, three (15%) agreed, three (15%) were uncertain, two (10%) disagreed, and one (5%) strongly disagreed. What, then, are the barriers to transformation in the SPCHD cluster?

**Figure 6.5. SPCHD cluster: barriers to transformation within KZN government**

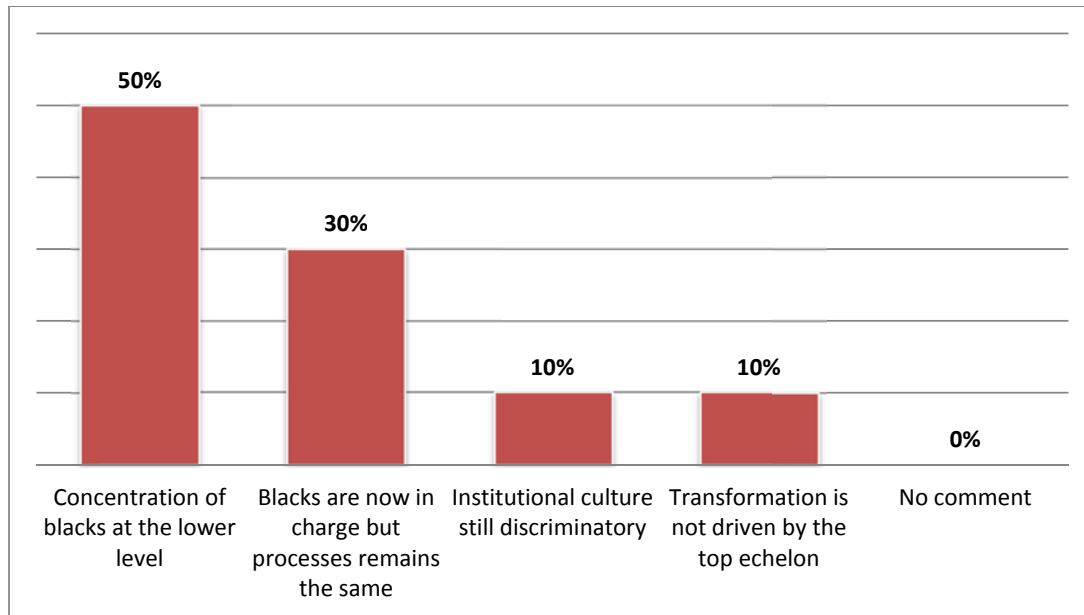


Figure 6.5 reveals that 50% of respondents believed that there was a concentration of blacks at the lower levels of government organizations, 30% believed that blacks were now in charge but that processes remained the same, 10% thought that institutional culture had still discriminated against blacks, while 10% indicated that the reasons why transformation was moving slowly was because it was not driven by the top echelons, the leadership in the provincial government. More details about each of these factors arose in the course of interviews with Key Informants.

### **(i) Concentration of blacks at the lower level**

KI: 12 said that

South Africa has gone a long way in terms of transformation but there are still a lot of challenges such as the fact that the majority of black people are still serving in junior positions within government. My view is that this cannot be a failure of the government system. We have good policies in place to ensure that transformation happens but the problem is the failure of leadership to drive the process. This includes the failure of black managers. The problem of transformation is beyond the issue of race. When black people are appointed even at a lower level, it is up to themselves to prove their worth by working very hard to move up the organizational 'ladder'. There are government policies in place such as promotion and career pathing to ensure that this happens.

KI: 10 agreed that *" the issue of blacks serving at a lower level is not about race but it is a combination of factors such as hard work, dedication, merit, etc. People must learn to work very hard for career advancement. You cannot be entrusted with important responsibilities on the basis of your race. You must educate yourself, work hard, and serve the public so that you get promotion"*. However KI: 11 noted that, *" there are lot of black people serving at the top management within government. We cannot all be at the top, those in the middle or lower level must work hard to gain promotion"*.

**COMMENT:** The profile of the provincial government that was presented in Chapter One noted that blacks are in the majority across all organizational levels. Clearly blacks are now serving in key executives positions within government. In terms of the provincial profile blacks are now the majority in key decision-making positions. Whether they are able to influence the strategic direction of government organization is another matter. The problem lies, it appears, with the organizational processes in government.

### **(ii) Blacks are in charge but processes remain the same**

KI: 9 said that:

Government processes have not been transformed despite the fact that there are so many black people in key positions. The apartheid regime

created a situation whereby government services were allocated on the basis of race, and geographical location. The introduction of democracy in 1994 abolished all the discriminatory laws. However, we still have underdeveloped areas, mostly rural areas, with a high level of poverty and unemployment. The situation is better in urban areas. Unfortunately there are still discrepancies in government services. Services in underdeveloped areas are very poor compared to urban areas. Black leadership who understand the plight of the poor have failed to transform government functions. It is a known fact that the majority of people living in the poor areas are the blacks.

KI: 10 explained, that *"to me this problem is not informed by any policy, but it's a question of emphasis and priorities. It is easy for government officials to meet their targets when operating in cities because of the economic structure of the country"*. KI: 11 also emphasized the urban dimension:

It is wrong to assume that a black manager is anything different from other racial group. Remember that these black managers grew up in urban areas, went to urban schools, and are belonging to the élite class. Their world view and policy orientation are the same as any other racial group. Furthermore, they identify themselves with urban elites. It was therefore wrong to assume that black managers will be loyal to the poor.

**COMMENT:** The general view was that transformation at this level has not lived up to its aims. There was a level of frustration that even black managers were incapable of transforming state institutions. The contention in this cluster is that the reason why black managers were failing to transform government organizations was because of their policy orientation which was not different from any other racial group. Nonetheless, government organizations are now required to change the status quo. Possibly, a serious problem was that at the beginning of transformation process too much emphasis was placed on the achievement of numerical goals in transforming the demographic profile of officials in the cluster which might have compromised the transformation of other injustices which are related to the implementation of B-BBEE policy.

### (iii) Institutional culture still discriminates against blacks

Does the institutional culture still discriminate against blacks? KI: 10 responded, that

to me the issue of transformation has never been about how many blacks you have within your organization. The problem with transformation in many government departments is that many people are chasing numbers. It is all about how many blacks are there in your structure, that is, black women, disabled etc. This happens to the extent that those who are in a position of authority ignore other important aspects of transformation such as the transformation of the organizational culture to be reflective of a diverse group. Real transformation to me means that government should care about its citizens. This should be practised across government services such as the improvement of quality of services, improvement of turn-around time for payment, etc.

KI: 9 expressed this difficulty:

South Africa is emerging from its apartheid past where everything was imposed by the authorities. I still feel that the current organizational culture within government does not allow for constructive engagement on critical issues affecting us. Everything is imposed from the top without opening up democratic processes. There is no integrated planning where everybody is allowed to contribute to the strategic direction of the organization.

KI: 11 suggested that *"government has opened up opportunities for blacks. However, blacks are unable to influence anything because the culture of government is to comply with regulation. This means that many black people must comply with government practices even in situations where government cannot achieve its aims and objectives"*.

**COMMENT:** It is true that one of many expectations of government was to transform the public service to be responsive to the challenges on the ground. However, the failure to transform government culture to be more than standard compliance to regulations cannot be construed as discrimination. Any organization that relies on a rigid system might result in a lot of inefficiencies but this is not discrimination against a group of people. It was noted earlier that South African democracy is founded on the

Constitution which guarantees equal treatment of every citizen in the country. There is therefore no regulation in South Africa that promotes discrimination. Rigidity of government regulations can be found anywhere in the world, even in countries that never experienced discrimination like apartheid.

**(iv) Transformation is not driven by the top echelon**

Perhaps the pace of transformation in the SPCHD cluster was due to some lack of leadership. KI: 12 said that:

B-BBEE and transformation in general create operational 'nightmares' within government. This is due to the fact that transformation happens everywhere in the organization. The problem of transformation is caused by different specialisations which are not necessarily transformation focused. For example, the financial services deal with government budget, etc. while human resources deal with staff development and training, etc. This means that the implementation of transformation programmes becomes an additional function and as such the accountability aspect of transformation is problematic because it is beyond your normal practice. Furthermore, transformation reports are submitted to the multiple departments/agencies which are beyond your executive management. This includes the national Department of Labour, the provincial cluster, provincial B-BBEE Advisory Council, etc.

KI: 11 suggested that "*things would have been much better if the head of the department was directly in charge of all transformation process. The problem is that this function has been delegated to a number of divisional heads*". KI: 10 took this argument a step further, commenting that, "*this is creating an accountability problem. I cannot submit a report or explain myself to another divisional head who is on the same occupational level as mine. I prefer to submit all my reports to somebody senior who can make informed decisions. The problem with transformation reporting is that we report to people who do not have the authority to act*".

**COMMENT:** Because B-BBEE policy processes and functions cut across a number of organizational line functions, the management of transformation is unique. It was clear from the Key Informant's interpretations of their challenges in the SPCHD cluster that government has perhaps not taken time

to figure out how best to deal with management challenges to the policy. The current government organizational design has given rise to a lot of implementation problems concerning B-BBEE policy. This manifests itself in a number of ways on various organizational levels: policy accountability and different specialisations which are clearly not transformation focused were considered as a major operational challenge. This can better be understood by analysing the hierarchy of decision making within the provincial government.

#### 6.4 Organizational hierarchy

B-BBEE policy implementation has to be implemented across various organizational functions, operations and structures, which require common understanding, effort, and co-operation between the top executive and the operative employees. This section analyses the relationship between the top executive and operative employees in B-BBEE policy implementation. Are key strategic B-BBEE policy decisions imposed by the top executive management without consultation?

**Figure 6.6. SPCHD cluster: consultation about decisions on B-BBEE policy**

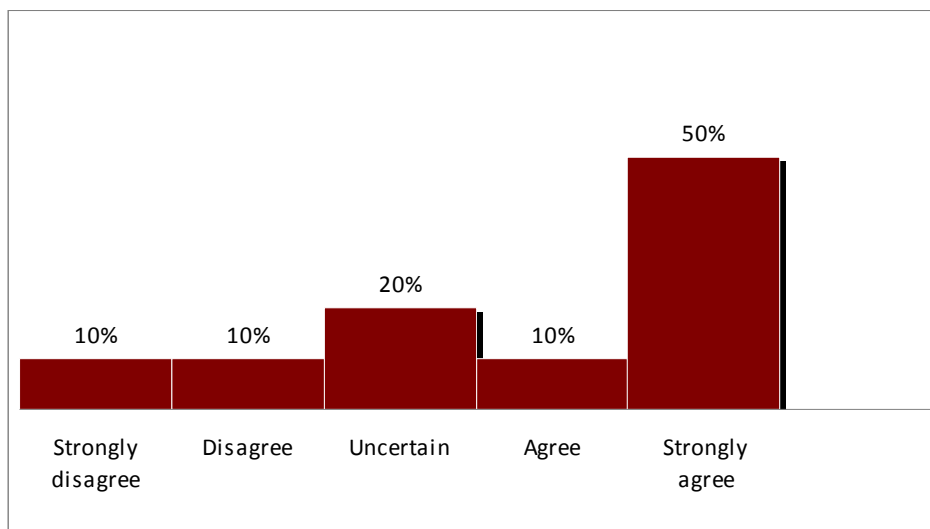


Figure 6.6 reveals that 50% of the respondents strongly agreed that strategic B-BBEE policy decisions were imposed by the top executive without proper

consultation, 20% were uncertain, 10% agreed, 10% of respondents strongly disagreed, and a further 10% of respondents disagreed. What were the reasons behind the views that decisions on B-BBEE are imposed by the cluster's leadership?

**Figure 6.7. SPCHD cluster: reasons for imposing of decisions on B-BBEE policy**

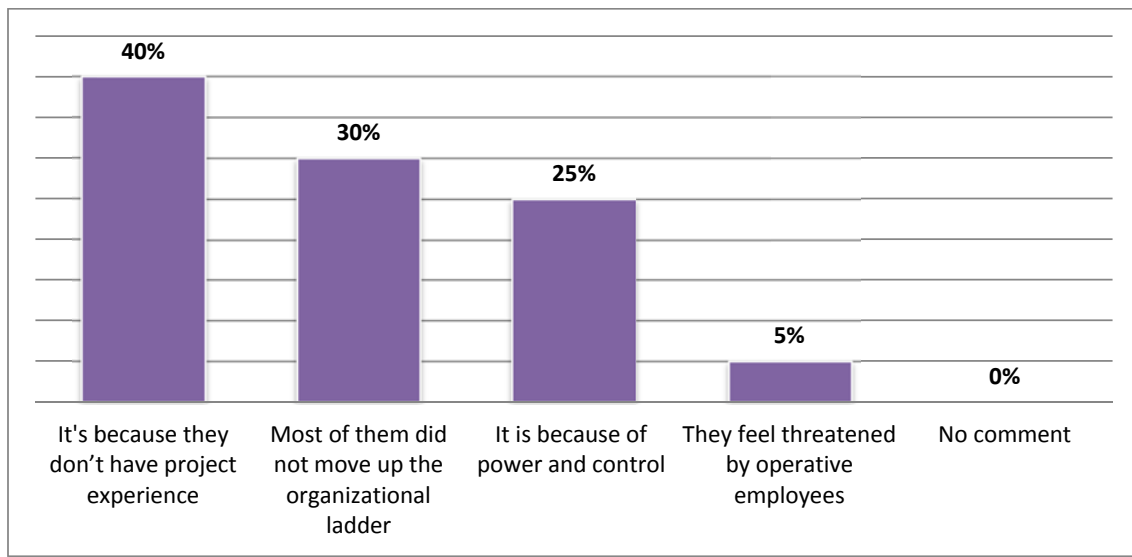


Figure 6.7 reveals that 40% of respondents believed that decisions were imposed because the executive management did not have project experience, 30% believed that decisions were imposed because most of the executive management did not move up the organizational 'ladder', 25% suggested that decisions were imposed by the executive management because of power and control in policy implementation in the cluster, and 5% of the respondents thought that executive management felt threatened by operative employees. These factors were explored by the Key Informants in the course of interviews with them.

**(i) Executive management does not have project experience**

KI: 9 said that:

The reason why the executive management is imposing decisions is due to the fact that most of them do not have project experience. My experience in government is that the appointment of executive



management into strategic positions is not based on merit but rather on whether someone can be entrusted with certain responsibilities. This is why, once an executive manager has been appointed, they spend most of their time on matters outside the scope of government policy. There are so many cases in government where senior officials have been fired because the relationship between them and the political principals have broken down. To me, this means that the central focus at the top is all about creating good working relationships with political principals rather than policy implementation.

KI: 10 concurred with this view, that "*...the higher you go within the organizational hierarchy the more political it becomes. This means that you must strive to find a balance between the political mandates with policy imperatives. In most cases it is safer to carry the instructions from your political principal*".

KI: 11 disagreed, arguing that:

The executive management cannot be accused of not having project experience because it is not their role to operate at this level. This is why they must ensure that they hire operative employees to deal with project implementation. They can only take the blame for not properly distributing the resources, not for policy implementation failures. It must be remembered that when the executive management hire the operative employees they are at the same time delegating certain responsibility. The operative employees by extension serve the function of the executive management.

**COMMENT:** The relationship between the top executives and operative employees (project managers) is hierarchical. Strategies were decided upon by the top executives without the involvement and consultation of the operative employees. The respondents expressed frustration regarding this approach because they believed that such decisions were not informed by concrete experiences in the field of project implementation. The various comments on this reflect different interpretations of how government structures should operate. Obviously, all levels of such structures have an important role to play in the management and implementation of government policy. However, the responses indicated some contestation of the role that each level plays in policy management.

**(ii) The executive did not move up the organizational ladder**

The general view here is that the career path for executive management did not follow the normal promotion of staff in the public service. What were consequences for managing B-BBEE policy in the SPCHD cluster? KI: 12 said that:

Career pathing for the top executive management is not done through the normal public service practices. In practice, it may look like it's done through the proper procedures because all these positions are advertised correctly. The problem arises when there is no fair competition amongst the applicants. Internally, we don't waste our time applying for the job that is advertised for certain individuals that are known to be lacking experience at that level. At the end of the day they get appointed irrespective of their shortcomings on government operations. What can we say? The political principals reserve a prerogative to appoint the executive management.

KI: 11 suggested that:

Things would have been much better if there was a rule that prescribes that no one must be appointed at senior level without having started at a project level. This would have ensured that at least senior management is experienced in policy implementation. This was going to improve relationship between senior management and operative employees.

**COMMENT:** The central theme of these claims and counter arguments was that key decisions that were taken by the top executives in the SPCHD cluster were not relevant to the needs on the ground. This has been interpreted by those at the project implementation level as a direct result of lack of experience among the top executives when it comes to project implementation. Conversely, executive management believe that the operative employees were hired to close this gap, that project managers were delegated to solve executive management problems. However, this still does not explain why such important policy decisions on B-BBEE were taken without the operative employees having been consulted. The problem may not lie with consultation per se, but may be due to issues of power and authority, since executive management believe that it is their mandate and

responsibility to make key organizational decisions irrespective of the impact of such decisions.

**(iii) It is because of power and control**

KI: 12 said that:

It is a known fact that South Africa is still dealing with the legacy of apartheid. B-BBEE policy was introduced to solve this unfortunate past. It was a common practice under apartheid that everything was imposed from the top. This was done to enable apartheid masters to exercise power and control at all levels of government. This practice was camouflaged as government protocol and standard practice. Unfortunately, there are still senior managers in government who are adopting the same approach in the name of protocol and government practices. The mistake made in the transition to democracy is that we concentrated on policy development without at the same time transforming government practices.

KI: 11 suggested that *"it is impossible to change this behaviour of the top management because there is a standard practice within government that instructions do not come from below. This means that government policy is driven from the top"*. KI: 10 maintained that *"it is neither government policy nor practice that decisions must be imposed from the top. The problem is power and control by the top management, which is being exercised unreasonably to the extent that it affects policy implementation"*. KI: 9 noted that, *"I do not believe that the performance of those at the top is based on policy implementation otherwise we would have a lot of them fired. Those who get fired are for all the wrong reasons, such as corruption or the breaking down of relationships with political principals, etc. I have not seen a single manager being disciplined for failing to implement government policies"*.

**COMMENT:** The decisions of the top executives have been questioned for their lack of reaction to the challenges on the ground. There was a strong belief among those operating at the project level that this was informed by a lack of such performance measures for the executive management. The performance of the top executive was not based on policy implementation

results. Importantly, interviewees suggested that performance of the executive management is dependent upon the preservation of good working relationships with the political principals. This compromises the policy implementation of B-BBEE because the executives would always strive for political expediency.

**(iv) Executives are threatened by the operative employees**

Perhaps the executive management felt threatened by the operative employees, which then affected the style of decision-making. KI: 9 said that:

My experience in government is that over the years government has undergone serious changes. Since the inception of democracy in 1994, government departments have ensured that they recruit highly qualified young people. However, this happens at junior or lower level. What you have in government is that there is a concentration of highly educated and technical young people at an operational level. However, the senior top level is composed of experienced old people. Most of the old people do not have qualifications but they have experience and technical abilities which they have acquired over the years. This is creating a lot of challenges now because young employees want to see radical change in policy implementation, while the senior top are satisfied with the standard practices.

KI: 10 commented " *the operative employees believe that the top executives are threatened by their qualifications. Additionally, a lot of project implementation proposals get rejected by the top management without any proper explanation. This happens despite the fact that the operative employees are aware of the available budget*". The result, agreed KI: 11, is that " *government is supposed to serve the public. However, current practices within government are such that we must serve the executive management. Nothing gets approved if it does not get the blessing from the top even when thorough research has been conducted on the viability of the proposed project*".

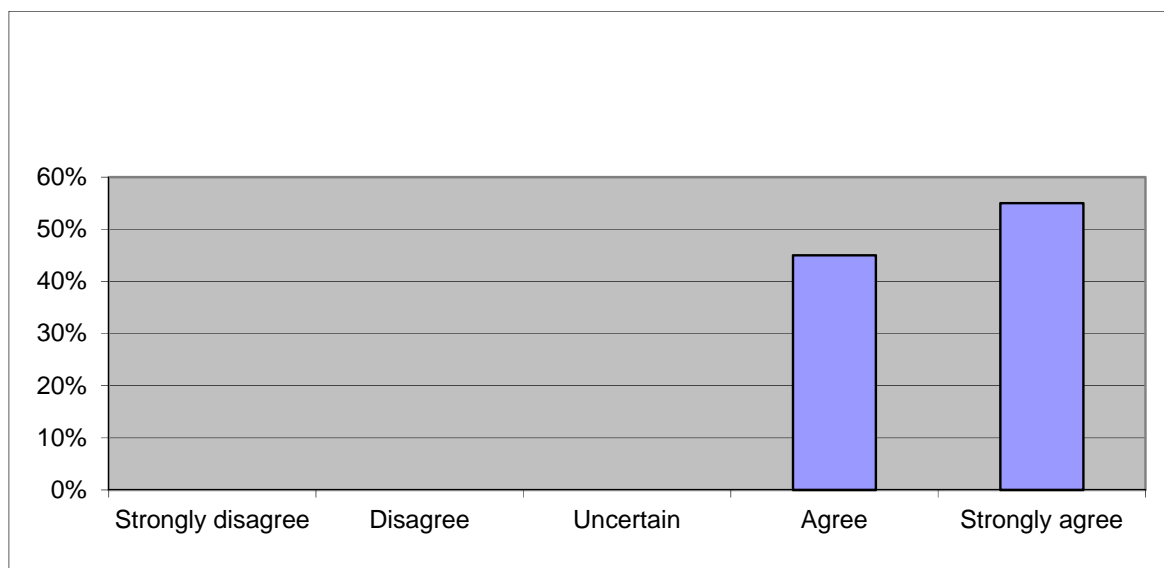
**COMMENT:** The responses in this section have opened up a different dimension on the reasons why key decisions were imposed by the top executives. Notably, there was a strong view that the qualifications and

expertise at the operative level were creating difficulties because policy proposals or policy alternatives get disapproved by the top executives without any convincing reason. Importantly, the new generation of public officials often push for a radical shift of direction in government policy. But the prospect of this was limited due to the refusal of the top executives. It was rather strange that the executive would appoint highly qualified project managers and then not afford them the opportunity to exercise their expertise. Part of the problem in the SPCHD clusters may be how the policy on B-BBEE is communicated.

### 6.5 Policy communication

How did the respondents interpret their role in relation to B-BBEE policy communication? The questionnaire requested the officials to respond to the statement that without communication there can be no proper management of B-BBEE policy implementation for there is no possibility, then, of the group influencing the behaviour of the individual. As Figure 6.8 shows, most agreed strongly 55%, while 45% agreed.

**Figure 6.8. SPCHD cluster: importance of B-BBEE policy communication**



But was such policy communication being carried out successfully?

**Figure 6.9. SPCHD cluster: the success of organizational communication**

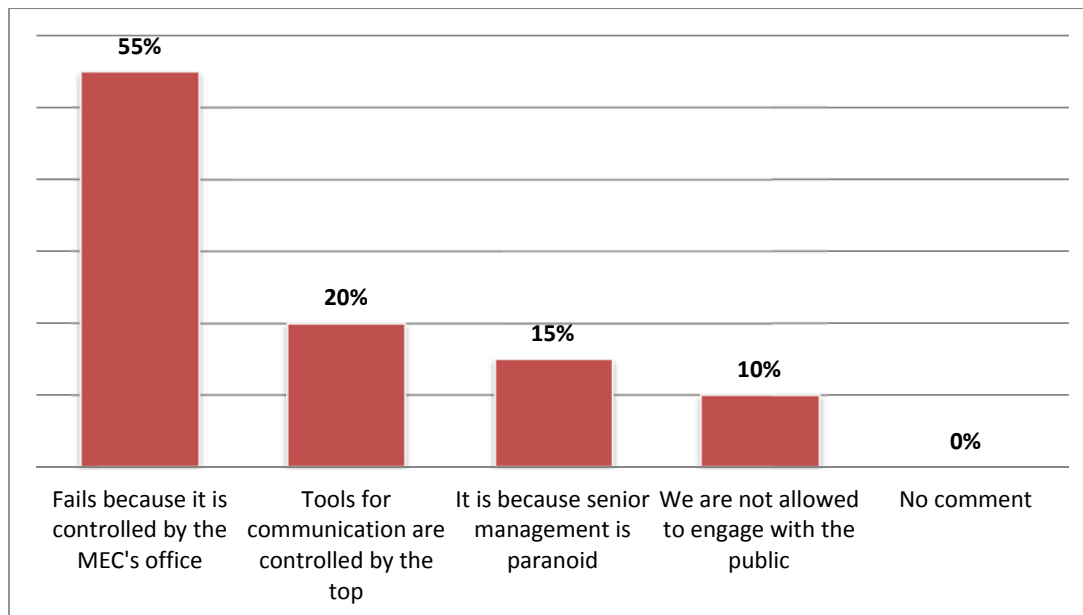


Figure 6.9 reveals that 55% of the respondents believed that communication was failing because it was centralized in the office of the their Member of the Executive Council (MEC), 20% suggested that communication in their cluster was hampered by the tools for communication, such as emails, being controlled by the top management. 15% indicated that communication within their organizations was not effective because senior management was paranoid. 10% stated that they were not allowed to engage with the public on B-BBEE policy implementation issues. These opinions were investigated with Key Informants.

**(i) Fails because communication is controlled by the MEC's Office**

KI: 9 said that:

The issue why we have a problem in communicating key B-BBEE policy information is because communication is centred at the political office. Staff meetings are organized by senior management as a way of communication. Senior management often asked everyone to forward issues for discussion. However, it is difficult to forward real issues for discussion because everyone is afraid of victimisation. The meetings end up being dominated by management who issue instructions on every issue within the department. Staffers attend these meetings but nobody is

prepared to talk. Informally, everybody is free to express various concerns regarding the policy.

KI: 10 suggested that "*communication within government is too political, and this was the reason why it was centralized at the MEC's office*". KI: 11 indicated that "*it was not communication per se that was a problem in government. Real problems were the issues for communication. People were able to discuss and communicate on social issues such as government sports day, events, etc. However, things become difficult when you raise critical issues about the core function of government. For this, you must have permission from the communication section. The same goes for publication*".

KI: 12 added that

Government over the years has centralized communication in the MEC's offices. They have hired highly technical individuals on communication such as former journalists to work as 'spin-doctors'. The communication section was working as a government nerve centre for information dissemination. There was a strong view within government that the communication section should have its own newspaper for the public. This has to show that government was not treating information dissemination lightly.

**COMMENT:** The provincial government's approach to policy communication seemed to be problematic. Government policies are public knowledge. The policy on B-BBEE is a public document which anyone can download from the Internet. This policy seems to be attracting a lot of attention, much of it negative. Permitting government officials to communicate internally could serve government well in terms of clarifying technical aspects of the policy. This would better ensure that, when communicating with the public, government officials at least do so on commonly informed basis, importantly thus enabling them to be ambassadors for B-BBEE policy.

**(ii) Tools for communication are controlled by the top**

The standard practice within government was that dissemination of information is controlled at the central corporate point. KI: 10 said that:

Over the years, the management has introduced control mechanisms over communication. Anyone wanting to distribute information, whether through emails, pamphlets or a meeting must first seek permission from corporate affairs. The standard practice is that there is nothing to be transmitted if it is not job related. We have a problem with this approach because this is perceived as censorship on issues which are critical in the management of the department. We are unable to raised critical issues through internal channels due to the fact that such issues are often considered as having the potential of bringing government into disrepute.

KI: 11 suggested that *"there is censorship when it comes to communication within government. There is censorship in the sense that it is only the corporate affairs who determines all job related publications. There are no guidelines given, so that everyone is aware of what constitutes a job-related subject. To me, it is job-related to talk openly about policy failures. Normally, this is considered as bringing the organization into disrepute"*.

KI: 10 noted that *"this behaviour of controlling all the channels for communication is informed by the centralization of communication tools. Senior management believe that internal discussion over the emails might be picked up by the media. It is because of this reason that government has introduced control mechanisms"*.

**COMMENT:** The issue of the centralization of communication has been expressed many times in the course of this chapter. Generally, it can be stated that the management of government policies is highly centralized and officially structured. This manifests itself in a number of ways, whether in decision making, policy co-ordination or policy communication. There seemed to be a well-established tradition of control that was entrenched in government processes and procedures. The majority of the Key Informants consider this as a barrier to effective policy implementation, not least because negativity surrounding B-BBEE policy is not able to be corrected by those who were implementing the policy.



**(iii) It is because senior management is paranoid**

Some public officials attributed the centralized control over communication to the paranoia of senior management. KI: 11 said that:

There is no free flow of information within government due to fear of senior management. The top management is so fearful to communicate on B-BBEE policy to the extent that strategic decisions are not communicated to the whole department. We rely on unofficial forms of communication to understand what is happening within our department. Sometimes this is not good because information derived from this form of communication is not accurate. I think the main reason why this happens is that management is fearful that the media might access such information.

KI: 12 indicated that:

The tools for communication such as the intranet, emails, and websites are controlled by the top management. Anyone intending to publicise anything internally must first seek permission and demonstrate whether such publication is relevant to one's work before it can be transmitted. However, I believe that this is against the principles of democracy. We must be transparent. There is therefore no way that government can communicate internally unless all the communication channels are opened for everyone.

Without such internal communication, policy implementation is undermined. According to KI: 9, *"my department is composed of a number of divisions and these divisions are inter-related. The proper functioning of one division is dependent on the other. However, it is very difficult to operate when you are not sure of what the other section is doing. This is why there is a lot of duplication of government projects and scarce resources are not properly distributed"*. KI: 10 added that *"even when you try to communicate at a project implementation level, it does not achieve anything when there was no proper communication in the planning phase"*.

**COMMENT:** The implication of centralization and the lack of a free flow of information has negative effects on policy implementation. There was an element of frustration among those who serve at a project management level. They believed that a lack of communication leads to a lack of

understanding by various business units within the same department. Eventually, duplication results and scarce resources were not properly distributed. Importantly, it was evident from the responses that poor communication contributes to poor policy planning which cannot be mitigated by project implementation.

**(iv) We are not allowed to engage with the public**

Policy communication on B-BBEE was regarded as weak by some in the SPCHD cluster because employees were not allowed to engage the public on key policy issues. KI: 12 said that:

Communication within government should reflect what is happening in the broader society. I mean that government officials should discuss or communicate amongst themselves about social needs. This is not happening because we are not allowed to engage with the public to get feedback on policy impacts. To a certain degree, we receive feedback from the public through surveys from the consultants hired by the state. I believe that it could help us if we could get the first hand information directly through face-to-face interaction with the public. The only communication that government is good at, is on human resources related problems, that is, bonuses, promotion, salary increases or staff discipline. To me, this is not good because the message it sends out to the public is that government is all about individual's interests. We have made people out there perceive us as people who are driven by personal interests rather than solving their challenges.

KI: 9 commented that "*communication within government would have been much better if all of us were allowed to communicate directly with the public rather through the communication section*". KI: 11 suggested that "*communication within government is not at an expected level. Government has all the internal tools for communication. However, we are not utilising the tools at an optimal level. We receive information through 'corridor talk' rather than the official channels. There are a lot of lies. The information in the corridors is not about the policy but more about staff welfare. We lack leadership when it comes to communication*".

**COMMENT:** Evidently, lack of communication in the SPCHD cluster also means a failure to communicate with the public outside government structures. Notably, the Key Informants agreed that they were able to communicate freely on issues that affect them directly, such as salaries, but they were not allowed to communicate on policy issues. This begs one fundamental question. What was the cause of this situation? The answer lies in the very location of communication within government, which was identified as being at the political level. Those at this level were concerned with the political implications of government policies. This suggests that what gets transmitted within and outside the cluster was based on political considerations rather than being informed by technical aspects of government policy.

## **6.6 Conclusion**

The findings in the SPCHD highlighted a number of organizational issues. What has been learned thus far regarding the cluster's management of B-BBEE policy implementation? The findings revealed that B-BBEE policy implementation encountered a number of challenges. It emerged that B-BBEE policy implementation was not contributing to the reduction of poverty. Notably, rural areas (underdeveloped areas) require more emphasis on economic development rather than the more general racial transformation necessary in urban areas. However, those in this cluster suggested that there was a contradiction between transformation and general economic development strategy. Thus, B-BBEE policy implementation was criticised for being elitist and benefiting the urban privileged. B-BBEE was thought to be creating social entitlement, because people were no longer working hard since they believed that they were entitled to government opportunities. B-BBEE policy was thus creating unintended consequences, which can be interpreted as an indication of how B-BBEE policy was being managed in the cluster. Furthermore, B-BBEE policy was creating a get rich mentality among its beneficiaries. This occurred when people are interested in accumulating benefits for themselves as individuals rather than advancing government strategic goals to deal with poverty and unemployment. Furthermore,

respondents in the cluster believed that it was difficult to manage B-BBEE policy, as too many actors were involved in the process. Various specializations within government organizations had different and sometimes conflicting policy emphasis which was creating a problem for B-BBEE policy implementation.

The findings revealed that there was a culture of individualism within the cluster that affected B-BBEE policy co-ordination. In this situation, individual business units within the cluster were considered to be preoccupied with their individual functions. As a result, government departments in the SPCHD cluster were structured according to functional mandates which hindered policy co-ordination. The decentralization of government functions was also considered to be another barrier for policy co-ordination. It was further suggested that decentralization of government functions created unnecessary competition between government organizations in the cluster. This was considered to be unnecessary because there was no co-operation to maximize government efforts. Thus, it was believed that the problems within the cluster were too serious to be solved by policy co-ordination. Even when officials in the cluster attempted to organize co-ordinating meetings, they did not succeed because meetings were supposedly not properly prepared.

What has been learned about the level of transformation in terms of B-BBEE in this cluster? It emerged that organizational transformation encountered serious challenges. Notably, the respondents in this cluster cast a shadow of doubt on transformation because there were strong views on the issue that blacks were in charge of key positions in the cluster but that processes and procedures remained the same. There was a perception that government in general, including black managers, were incapable of transforming state institutions. Officials contended that the reason why black managers were failing to transform government institutions was due to their policy orientation which was not different from any other racial group. This perception was underlined by the belief that the institutional culture still discriminates against

blacks and that transformation was not driven by the top echelons in the SPCHD cluster.

On the hierarchy of decision-making in this cluster, the findings revealed that key organizational decisions were imposed from the top without consultation. Thus, frustration was expressed regarding this approach because such decisions were considered to be uninformed by concrete experiences in project implementation. It became clear that there was a belief that executive management did not have project experience, and one of the main reasons for this perception was that the executive have not moved up the organizational ladder in the departments through the usual channels of job selection like all other staff members. Consequently, their lack of knowledge of tangible targets and projects was felt to be weak because they were experienced. On the other hand, there was a belief that the exercise of power and control of the executive over the operative employees was an impediment to career progression. This was further compounded by the opinion that the executive felt threatened by the operative employees. There was a strong view that qualifications and expertise at the operative level were not necessarily an advantage because policy proposals or policy alternatives were turned out by the top executives for unconvincing reasons.

In general, the cluster acknowledged the importance of policy communication as a tool for B-BBEE policy implementation. However, on whether the cluster was meeting this expectation, the cluster believed that centralization of communication in the MEC's office was affecting policy implementation. The centralization of communication was considered to be a form of censorship because officials were not free to transmit key technical policy matters. There was a strong feeling that when it comes to communication the centralization of the services reinforces the belief that senior management were paranoid. Members of the SPCHD cluster indicated that this has created a situation where government employees rely on unofficial channels to understand what is happening in their own

organizations. Thus, the implication of the centralization and lack of free flow of information had negative effects on B-BBEE policy implementation. Consequently, duplication resulted and scarce resources were not properly distributed. It was contended that communication was a major problem in that what gets transmitted within and outside the cluster was based on political considerations rather than being informed by technical aspects of government policy.

The following, final chapter combines the findings on all three clusters in an effort to reach a general assessment in terms of the five main themes which have informed this study.

## **Chapter Seven**

### **Final analysis**

The previous chapters discussed data pertaining to the three clusters according to the main themes which inform this study, namely, managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy and policy communication. The main objective of this chapter is to combine and compare all these findings. This will be carried out in terms of the same five themes. The discussion of each theme will proceed with a table which presents the summary of the central themes of the theoretical framework that were first identified in Chapter One. This will be followed by another table which will indicate the main findings on that theme from the three clusters. The findings will indicate the issues that were identified by each cluster according to the significance they were given by the public officials concerned.

The chapter concludes with a brief exploration of the South African development vision for 2030, the National Development Plan (NDP: 2012) which was being prepared by government, in the President's office, at the same time that this research was being undertaken. The NDP is a significant development, which bears examination in relation to B-BBEE policy, especially in light of the issues that emerged from this study.

#### **7.1 Managing policy implementation**

What were key issues identified by each cluster on B-BBEE policy management?

**Table 7.1. Summary of the central themes of the theoretical framework:  
managing policy implementation**

Themes	Strategic focus
Managing policy implementation	<ul style="list-style-type: none"> <li>• <i>Policy implementation is rarely a linear, coherent process</i></li> <li>• <i>No single agency can manage policy implementation effort</i></li> <li>• <i>Creates winners and losers</i></li> <li>• <i>New policies do not come with budgets</i></li> <li>• <i>Support is frequently absent</i></li> <li>• <i>Policy benefits take time to be realised</i></li> </ul>

**Table 7.2. Clusters: managing policy implementation**

<u><b>ESID CLUSTER</b></u>	<u><b>G&amp;A CLUSTER</b></u>	<u><b>SPCHD CLUSTER</b></u>
<ul style="list-style-type: none"> <li>• <i>Contradictory strategies and different mandates (50%)<sup>2</sup></i></li> <li>• <i>No knowledge transfer (20%)</i></li> <li>• <i>Regulatory environment not conducive to innovation (15%)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Implementation structures and processes are outdated and rigid (50%).</i></li> <li>• <i>B-BBEE governance models are weak (20%)</i></li> <li>• <i>B-BBEE policy is discretionary (20%)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Not contributing to the reduction of poverty (60%).</i></li> <li>• <i>B-BBEE policy is creating social entitlement (20%)</i></li> <li>• <i>B-BBEE policy is creating a get rich mentality (15%).</i></li> </ul>

There was general agreement among the clusters regarding the broad challenges encountered by the provincial government on B-BBEE policy implementation, but there was a slight difference of opinion as to the root causes of the situation. As noted earlier, this was to be expected as different government functionaries in the same organizational environment tend to face a variety of challenges that are different in detail, if not in their totality.

50% in the ESID cluster argued that contradictory strategies and different organizational mandates served as a barrier to B-BBEE policy implementation.

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<sup>2</sup> The percentages cited here and in the following tables have been transposed from the equivalent tables on each cluster that appear in Chapters Four, Five and Six.



Those in the ESID cluster explained that each government department has its own unique and specific policy mandate, and their own organizational brief, which prescribe the nature of collaboration between departments in the province, as well as their relations with the national sphere of government. Such organizational briefs and policy mandates entail a certain exercise of authority. Those who controlled government resources at the same time determined the rules of engagement. In this setting, it was impossible to deal with B-BBEE policy limitations at the provincial level. This was so because legislative mandates were limited and dependent upon appropriate policy action by the national sphere of government. Consequently, those serving at the national government level were considered to be in a better position to solve complex B-BBEE policy challenges. Those in the provincial government clusters perceived the national government as having the legislative authority to overcome B-BBEE policy limitations. This view was strongly held by all provincial government officials despite their different briefs. Those in the ESID cluster suggested that there was nothing the provincial government could do to overcome this problem because they did not have the requisite authority. This reveals the organizational complexity between the spheres of government, even in a unitary state.

It would have, perhaps, been expected that there was a predetermined legislative mechanism in place to deal with such challenges whenever they arose. Policy implementation can often be multidirectional, fragmented, frequently interrupted, and unpredictable, according to Brinkerhoff and Crosby (2002: 23). These considerations turn out to be true in this case and are complicated due to power relations between the different spheres of government. As noted earlier, a disproportionate exercise of authority may be problematic in conditions that should rely more on influencing and persuading others. Perhaps the exercise of authority might suggest deep seated structural policy problems. Note that 50% in the G&A cluster argued that B-BBEE policy implementation structures and processes in the province were outdated and rigid.

Consequently, an authoritative administration that issues instructions from the top may find it hard to solve structural problems. Unfortunately, problems do not come to an administrator carefully wrapped in bundles which are clearly sorted out (Simon 1997: 4). Thus, a conducive environment should be created for different organizational components to contribute to the design and implementation of B-BBEE policy. Problems and weaknesses need to be remedied in order for an organization to achieve its designated goals, which have mostly been set by legislation, rules, and regulations. However, 15% in the ESID cluster noted that the environment in which the policy on B-BBEE was implemented was not conducive to innovation. In this sense, a lack of innovation was regarded a barrier to policy implementation because government officials were forced to deal with compliance issues rather than being able to provide alternative initiatives in order to solve complex problems. This challenge was, perhaps, connected to a lack of proper leadership and understanding of B-BBEE policy by senior officials. 20% in the ESID cluster indicated that there was no knowledge transfer in the implementation of B-BBEE policy. It can be argued that knowledge transfer requires a concerted effort by leadership to ensure internal co-operation in provincial government.

The findings further revealed that there were entrenched procedures and routines to meet B-BBEE compliance targets in the province. The G&A cluster pointed out that it has become a norm in the management of B-BBEE policy in government always to follow long established methods rather than being creative in coming up with new initiatives. It was suggested that innovation needs risk taking, a reality that was impossible for government officials, unless they were prepared to take the chance of being expelled from government. Furthermore, 20% in the G&A cluster thought that governance models for B-BBEE policy implementation were weak because government officials endeavoured to accommodate B-BBEE policy initiatives by using outdated methods and procedures. This means that there were no best practices in B-BBEE policy processes. As a result policy implementation was ineffective. This

could be the reason why 60% in the SPCHD cluster believed that B-BBEE policy was not contributing to the reduction of poverty among its target group.

Officials in the SPCHD cluster maintained that it was impossible to implement B-BBEE policy in underdeveloped rural areas which require economic development. This suggests not only the limitations of B-BBEE policy implementation but also weaknesses in the design of state institutions. Thus, the provincial organizational designs in implementing policy were perceived to be in conflict with B-BBEE policy objectives. This has led to a lack of uniformity and a common approach to B-BBEE policy management. The findings revealed that various government organizations were affected by their internal arrangements, their specific contacts, as well as relations between the organizations. The indication that everything that needed to be done by government had to be in line with an overall organizational mandate bears testimony to this challenge.

This can further be interpreted as a bigger problem in the provincial government of disintegration in policy planning, and in budgeting processes as well. Those in the three clusters identified a serious lack of linkages between government policy processes. 20% in the G&A cluster thought that B-BBEE policy was discretionary which makes it difficult to enforce its implementation. The responses highlighted that those who were non-compliant with B-BBEE policy did not face sanctions. For instance, in executing B-BBEE policy, government had no leverage over companies which did not wish to tender for government services. Consequently, provincial officials desired more authority and powers to deal with such shortcomings. This implicitly suggests that success in B-BBEE policy implementation requires government organizations to have more authority to enforce policy implementation. Hence, there was an overwhelming sense of agreement among all clusters that policy managers should be empowered accordingly in terms of B-BBEE policy legislation.

The frustration expressed by all in the clusters can also be interpreted as a failure or absence of strategic management to mobilise and persuade stakeholders towards a common goal on B-BBEE policy implementation. However, strategic management in a multi-actor policy implementation is not a question of command and control (Brinkerhoff and Crosby 2002: 118). Managing policy implementation is about developing a shared vision (which in this context means influencing rather than punishing), persuading supporters and opponents, negotiating agreements, resolving conflicts, co-operating with a wide array of stakeholders and devising work programs in a participatory and collaborative way. The advocacy for more power and authority expressed by officials in the clusters exposed the reality that participatory B-BBEE policy management within the provincial government was lacking.

It was clear from the findings that there was an element of frustration among the clusters regarding various challenges encountered in the processes of B-BBEE policy implementation. Those in the SPCHD cluster, for example, suggested that the management and application of B-BBEE policy by government organizations had produced unintended results. A substantial number of the respondents in the SPCHD cluster (60%) noted that while one of the key objectives of B-BBEE policy has been to contribute significantly to the reduction of poverty, this was not the case, as the majority were still living under poor conditions.

Officials in the SPCHD cluster explained that the presumed B-BBEE policy beneficiaries were no longer working hard because they believed that they were entitled to government opportunities. 20% in the SPCHD cluster argued that B-BBEE policy implementation has been instrumental in creating a strong sense of social entitlement and a get rich mentality among its target group. Practical results on the ground indicated that a very small segment of the population had taken advantage of the opportunities, and these had been inconsistencies in the implementation of B-BBEE policy. As a consequence, B-BBEE policy was not achieving its intended aims and objectives.

Furthermore, those in the SPCHD cluster maintained that the implementation of B-BBEE policy in reality has widened the gap between the 'haves' and the 'have nots'. Thus, they suggested that although the emerging black middle class can be regarded as 'haves' many of them relied on government tenders, social grants, and lived from 'hand to mouth'. Those in the SPCHD cluster identified two main interrelated consequences that had arisen from the implementation of B-BBEE policy. One was the phenomenon of 'fronting', of Africans acting as the public face of companies owned by others who sought tenders from government. The second is when beneficiaries from B-BBEE policy decide to rent out or subcontract such opportunities to others, which is expressly forbidden in terms of the policy regulations.

In general, the challenges in managing the implementation of B-BBEE policy that were highlighted by officials in the three clusters can be addressed by co-ordination within government, which is the second main theme of this study.

## **7.2 Policy co-ordination**

How does the provincial government co-ordinate B-BBEE policy implementation?

**Table 7.3. Summary of the central themes of theoretical framework: policy co-ordination**

Themes	Strategic focus
Policy co-ordination	<ul style="list-style-type: none"> <li>• <i>Co-ordination must deal with threats to autonomy</i></li> <li>• <i>There is always a lack of task consensus</i></li> <li>• <i>Conflicting vertical/horizontal requirements</i></li> <li>• <i>Linkages among the agencies are multiple and interlocking</i></li> </ul>

**Table 7.4. Clusters: B-BBEE policy co-ordination**

<u>ESID CLUSTER</u>	<u>G&amp;A CLUSTER</u>	<u>SPCHD CLUSTER</u>
<ul style="list-style-type: none"> <li>• <i>Lack of stakeholders buy-in (30%).</i></li> <li>• <i>Problem of silo management (25%).</i></li> <li>• <i>There are no benefits from policy co-ordination (25%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Organizations have different annual performance plans (50%).</i></li> <li>• <i>Co-ordination structures are unable to adopt far reaching decisions (20%).</i></li> <li>• <i>Too many organizations are represented by junior officials (15%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>There is a culture of individualism (35%).</i></li> <li>• <i>Too many actors create problems (25%).</i></li> <li>• <i>Problems are too serious to be solved by policy co-ordination (25%).</i></li> </ul>

Those in the clusters acknowledged that the KZN government has been successful in setting up a provincial B-BBEE policy co-ordination structure. All pointed out that a B-BBEE implementation team had been tasked to co-ordinate B-BBEE policy implementation. It emerged that the ESID cluster is responsible for organizing B-BBEE implementation team meetings. The findings revealed that the provincial government encounters many challenges in its quest to co-ordinate B-BBEE policy in the province. Some challenges were common to the clusters and others were peculiar to a particular cluster.

Notably, 35% in the SPCHD cluster indicated that a culture of individualism in government serves as a barrier to policy co-ordination, while 25% in the ESID cluster highlighted that there was a problem of 'silo management' that

served as a barrier to policy co-ordination. 'Silo management' can be understood as a condition where the interdependence of various components within government organizations is not recognized. According to the officials, clear boundaries were set for policy implementation which is not informed by a broad organizational strategic vision. Thus, individual components within the cluster pursue their individual projects. As a consequence, scarce resources are not shared to maximize policy outcomes and roles have become centralized which has affected attempts to attain policy co-ordination.

Lack of policy co-ordination undermines joint action. It has been suggested that joint action is clearly the most intensive form of co-ordination, which carries the highest degree of potential problems for policy co-ordination (Brinkerhoff and Crosby 2002: 123). These considerations were found to be true in regard to B-BBEE policy co-ordination in the province. From the findings it was discovered that the situation was compounded by policy pertaining to operating procedures in the province. Individual government organizations were following their own mandates strictly in policy planning. 50% in the G&A cluster explained that different performance plans among government organizations were a serious barrier to policy co-ordination. Government programmes are based on targets set out in performance plans and are assessed accordingly. Performance plans determine government priorities in a financial cycle. Consequently, government performance is geared towards achieving targets as stated in the performance plans. Officials indicated that performance plans are adopted several months before the beginning of a financial cycle. In practical terms this means that B-BBEE policy co-ordination only occurs once all policy decisions, particularly financial commitments, have already been made. Then, because B-BBEE policy does not form part of the performance plan, co-ordinating is problematic. This is possibly why 20% in the G&A cluster suggested that inadequate co-ordination of B-BBEE policy in the province prevented far reaching decisions being adopted.

This begs a fundamental question: how; then, can government officials make far reaching decisions in the middle of a financial cycle, since clearly by this time key decisions have already been concluded? Thus, joint action can pose real challenges when organizations which have different operating procedures need to co-ordinate their activities (Brinkerhoff and Crosby 2002:122). It was therefore apparent from the findings that policy planning in the provincial government was not informed by deliberations concerning policy co-ordination. Further evidence that policy co-ordination was not regarded as part of a key strategy for policy implementation was illustrated by most organizations delegating co-ordination tasks to junior officials. Unsurprising, then, 25% in the SPCHD cluster maintained that B-BBEE policy problems were too serious to be solved by policy co-ordination.

Furthermore, the findings also revealed that the situation was compounded by the central location of policy co-ordination in the ESID cluster. As noted earlier, the ESID cluster played a leading role in terms of B-BBEE policy co-ordination at a broad provincial level. Thus, those in the G&A and the SPCHD clusters considered that co-ordinating B-BBEE policy was the responsibility of the ESID cluster. 50% in the G&A cluster and 60% in the SPCHD cluster thought that their organizations were not successful in co-ordinating B-BBEE policy implementation in the province, while 40% in the ESID cluster indicated that they were succeeding in co-ordinating key stakeholders for B-BBEE policy implementation.

This was a clear indication of how the location and the role of each cluster on policy co-ordination have a direct influence on policy implementation. Significantly, multi-organizational co-ordination that relies heavily on formal mechanisms which is enforced by a central unit is rarely successful, according to Brinkerhoff and Crosby (2002: 126). This was so in the case of co-ordinating B-BBEE policy where the location of co-ordination had proven to be ineffective. Officials in neither the G&A nor the SPCHD cluster thought that policy co-ordination was their responsibility. This could be interpreted as a deliberate mechanism to distance policy co-ordination failures from the



two clusters and ultimately to deny accountability. In this context, the 'presumed custodian' (ESID cluster) had to shoulder the blame regarding the failure of B-BBEE policy co-ordination.

Thus, the ESID cluster was placed in an unfairly conflicting situation to meet various expectations, especially considering that B-BBEE policy is specific to all government organizations which must carry out policy implementation. But perhaps the official arrangement of B-BBEE policy co-ordination in the province is what is creating a lot of confusion and leading to misinterpretation of the processes. The results of this can be determined by an analysis of the level of transformation in the provincial government.

### **7.3 Organizational transformation**

What is the level of organizational transformation in the provincial government?

**Table 7.5. Summary of central themes of the theoretical framework:  
organizational transformation**

Themes	Strategic focus
Organizational transformation	<ul style="list-style-type: none"> <li>• <i>Organizational transformation: process of organizational change, standards, norms, hierarchies, decision making, organizational culture</i></li> <li>• <i>Culture of an organization is the result of its history, environment, selection process and socialization practices</i></li> <li>• <i>There are five forms of participation: information sharing, consultation, collaboration, joint decision-making, and empowerment</i></li> <li>• <i>There must be collaboration among stakeholders</i></li> <li>• <i>Participation is not a panacea for future implementation success</i></li> </ul>

**7.6. Clusters: organizational transformation**

<u><b>ESID CLUSTER</b></u>	<u><b>G&amp;A CLUSTER</b></u>	<u><b>SPCHD CLUSTER</b></u>
<ul style="list-style-type: none"> <li>• <i>There are no cultural activities to promote transformation (55%).</i></li> <li>• <i>Youth and women are still excluded (20%).</i></li> <li>• <i>Blacks participate at the lower level (15%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Everything revolves around your association with right group (55%).</i></li> <li>• <i>Black leadership is not agent of change (20%).</i></li> <li>• <i>Blacks have been included in key positions but it's hard to influence change (15%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>There is the concentration of blacks at the lower level (50%).</i></li> <li>• <i>Blacks are in charge but processes remain the same (30%).</i></li> <li>• <i>Institutional culture is still discriminatory (10%).</i></li> </ul>

The prevailing views from all the clusters were that the provincial government has achieved some level of success in terms of opening up opportunities for black people. Officials recognized that black people were holding key strategic positions in the provincial government, but there were many transformation management challenges. 55% in the ESID cluster explained that transformation within the provincial government has not achieved its objectives because there were no cultural activities to promote transformation. They noted that, for historical reasons, the South Africa

population had been segregated by apartheid and that transformation under democracy has failed to achieve cultural integration in the provincial government. Officials believe that cultural activities could help ensure that there is unity among government officials in order to maximise their efforts in serving the public. This was an important revelation as it demonstrated that the inclusion or participation of black people in key positions is not a panacea for successful transformation (Brinkerhoff and Crosby 2002:52). Accordingly, real transformation cannot be measured only in terms of the numbers of black people occupying key positions in government.

Furthermore, those in the ESID cluster maintained that the system of apartheid ensured that black people were never entrusted with important responsibilities in government. At that time occupational roles were allocated on the basis of race. This is the reason why members of the ESID cluster contended that discrimination was still deeply entrenched in government processes and procedures, even though all the discriminatory rules and regulation had been abolished by the democratic government.

Most importantly, how can the majority of black managers perpetuate discrimination which victimised them under apartheid? 30% in the SPCHD cluster explained that black people are now in charge of key positions within government yet the administrative processes and procedures remain the same. This can be interpreted as an indication that, perhaps, the implementation of transformation has come to be associated with the inclusion of black people in key positions, while at the same no attention is given to other key transformation factors, such as the nature of structural injustice. The measurement of the level of transformation also makes matters worse as it is based on the achievement of compliance with numerical targets. In this context government organizations are forced to concentrate on statistics pertaining to personnel rather than dealing with overall organizational transformation in terms of culture, norms, processes and procedures. Perhaps the challenge faced by provincial government is due to policy limitations rather than a management problem. Moreover, the

transformation of government organizations is complicated even further by the fact that even among the black population there is no homogeneous culture. Public officials are therefore operating in a policy terrain that is full of limitations and opportunities.

The findings also demonstrated that transformation policy is not immune to patronage. 55% in the G&A cluster argued that in government everything revolves around one's association with the right group. They suggested that government opportunities are allocated on the basis of patronage rather than on merit. As they acknowledged, transformation policies were introduced with good intentions, but their implementation favours certain people. 15% in the G&A cluster explained that as much as black people were holding key positions, it was hard to influence the strategic direction of policy in government. Those in the G&A cluster suggested that this was due to the problem of internal committees which had powers to make key decisions. They believed that the manner in which people get appointed to key positions was questionable as it was not based on transparent processes. This was a thought provoking finding given that government officials are entrusted with authority to provide general leadership even when they perform their particular roles as members of various committees.

Government decisions will always be contested terrain among various groups in government. But a government official's policy brief is to ensure that he or she persuades others to achieve policy objectives and to exercise authority to ensure that there is transformation. Notably, 20% in the G&A cluster maintained that black leadership was not the agent of change. According to them, black managers lacked a transformation agenda, because their world view was not different from any other racial group working for government. This goes to the heart of transformation in South Africa. In fact this demystifies the central belief by many in South Africa that black managers, because of their group identity with the black population, would be loyal and biased towards their own in delivering services. But there are limits and trade-offs inherent in increasing participation, which may further be

dependent on leadership and dedication (Brinkerhoff and Crosby 2002: 59). Discussing the organizational hierarchy in the provincial government will further unpack the key issues which need to be taken into consideration.

#### 7.4 Organizational hierarchy

What is the relationship between the top echelon and operative employees?

**Table 7.7. Summary of the central themes of the theoretical framework: organizational hierarchy**

Themes	Strategic focus
Organizational hierarchy	<ul style="list-style-type: none"> <li>• Hierarchical-rule based organizational designs</li> <li>• Organizational power and influence</li> <li>• Policy change is controversial</li> <li>• Strengthen political will</li> <li>• Boost specialised skills</li> </ul>

**Table 7.8. Clusters: organizational hierarchy**

<u>ESID CLUSTER</u>	<u>G&amp;A CLUSTER</u>	<u>SPCHD CLUSTER</u>
<ul style="list-style-type: none"> <li>• Protocol dictates this (65%).</li> <li>• Strategy is always drive from the top (20%).</li> <li>• It's the way the public service is structured (5%).</li> </ul>	<ul style="list-style-type: none"> <li>• Operative employees must concentrate on project implementation (70%).</li> <li>• This is done to promote accountability (15%).</li> <li>• It's the duty of executive management (5%).</li> </ul>	<ul style="list-style-type: none"> <li>• It's because they don't have project experience (40%).</li> <li>• Most of them did not move up the organizational ladder (30%).</li> <li>• It's because of power and control (25%).</li> </ul>

What emerged from all the clusters was that the provincial government was following a strict hierarchical, rule-based approach on B-BBEE policy management. Strategic B-BBEE decisions were imposed by the top executives without any consultation.

70% in the G&A cluster suggested that key decisions were imposed by the top executives so that the operative employees could concentrate on policy implementation. According to them, in government there are clear guidelines regarding the allocation of roles and responsibilities which have led to top management having to make certain decisions on behalf of their organizations and to be accountable for such decisions. They explained that it was a matter of government policy that the top executives must make strategic decisions, otherwise operatives would not know what to do. Although the executives are responsible for making strategic decisions and are accountable for them, the issue here is whether such decisions were informed by sufficient consultation within their organizations. Those in all the clusters suggested that top management was not always in touch with the realities of policy implementation. This made their decisions irrelevant or incompatible with B-BBEE policy objectives.

Members of the G&A cluster explained that it was the duty of the top management to mobilize resources so that the operative employees could concentrate on policy implementation. However, those in the ESID cluster challenged this approach since their experience had been that resource allocation undertaken on this basis had turned out to be irreconcilable with the objectives of B-BBEE policy. Consequently, they believed that the requirements for policy implementation needed immediate attention which was not forthcoming from the top executives. This created an impression among the operative employees that the top management lacked experience in policy implementation. Thus, the overwhelming majority of officials across the clusters felt that this top-down approach to policy management had been a bad strategy for policy implementation.

It was found that because top executives were concerned with the allocation of the resources this meant that policy implementation had to be adjusted according to the availability of resources. In the end, policy implementation was often required to be aligned to the constraints of the government budget, rather than in terms of achieving policy objectives. Thus,

policy implementation, and reporting on it, had to be in accordance with government spending. In this sense, progress reports on policy were reduced to accounting for budget expenditure.

This raises one fundamental question regarding policy accountability. How can the executives account for expenditure emanating from policy implementation when they are not actually involved at this level? The findings revealed that there was this kind of disconnect between executives and those responsible for operational aspects of policy implementation. The only form of interaction between operatives and executives seemed to be, according to those in the clusters, through executives issuing instructions and operatives carrying them out. This militates against the notion that the principal role of a hierarchy is to co-ordinate an organization's interdependences (Peterson 1997: 159). Consultation and accountability need not be mutually exclusive. Instead, consultation should form part of a broad strategy for policy accountability. This would strengthen state accountability and ultimately its capacity and institutional arrangements.

65% in the ESID cluster suggested that the situation was further compounded by government protocol. They noted that government protocol dictates that the executive management must make strategic decisions without consultation. All in the clusters expressed frustration regarding this approach, which they viewed as an impediment to successfully managing B-BBEE policy implementation, as well as being against the principles of democracy. 25% in the SPCHD cluster explained that this approach was informed by issues of power and control within the provincial government. Pfeffer (1992: 12) suggests that unless and until leadership in organizations is willing to come to terms with organizational power and influence, and admit that the skills of getting things done are as important as the skills of figuring out what to do, their organizations will fall further behind.

It turned out that the issue of power relations in the management of B-BBEE policy in the province was further connected to the problem of a

generational divide. Those in the SPHD cluster explained that in government there was a generational divide on B-BBEE policy management. According to them, the inception of democracy in 1994 meant that most government organizations needed to hire highly educated and technically skilled young black employees. Such employees were concentrated at the lower and middle management levels within the hierarchy of most government organizations. Consequently, at the top level, there were old officials with inadequate or no qualifications, while in the middle and lower levels there were highly qualified young people but who had little experience. Members of the SPCHD cluster argued that this was creating conflict in B-BBEE policy management because the young generation's approach to policy implementation was radically different to that of the top executives' who were inclined to adopt tried and tested policy approaches.

40% in the SPCHD cluster indicated that this major problem had created the perception among people in government that the top executives do not have project experience. Such a perception emanated from the experiences of policy implementation where policy proposals were rejected by the executives without any convincing explanation. 30% in the SPCHD cluster believed that this problem was because many executives had been hired without having had considerable previous experience in government administration. This had led to a style of management based on command and control. How the decisions made in this manner were communicated to the entire organization is an issue for the following section.

## **7.5 Policy communication**

Is the provincial government successful in communicating key B-BBEE policy information within its organization?



**Table 7.9. Summary of central themes of the theoretical framework: policy communication**

Themes	Strategic focus
Policy communication	<ul style="list-style-type: none"> <li>• <i>Communication must take place at all levels</i></li> <li>• <i>Good information flow is not a set of procedures</i></li> <li>• <i>Without communication there is no organization</i></li> <li>• <i>Attention to communication is dependent on its form</i></li> <li>• <i>There are official and informal forms of communication</i></li> <li>• <i>Communication must be at a centre stage of strategic decisions</i></li> <li>• <i>Organizations need internal communication networks</i></li> </ul>

**Table 7.10. Clusters: policy communication**

<u><b>ESID CLUSTER</b></u>	<u><b>G&amp;A CLUSTER</b></u>	<u><b>SPCHD CLUSTER</b></u>
<ul style="list-style-type: none"> <li>• <i>Not contributing to project implementation (40%).</i></li> <li>• <i>Lack of critical engagement with issues (35%).</i></li> <li>• <i>It is centralized at the top (20%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>It happens, but it is not effective (65%).</i></li> <li>• <i>It lacks a transformation agenda (15%).</i></li> <li>• <i>It is not improving policy implementation (10%).</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>It fails because it is control by the MEC's office (55%).</i></li> <li>• <i>Tools for communication are controlled by the top (20%).</i></li> <li>• <i>It is because senior management is paranoid (15%).</i></li> </ul>

All the clusters acknowledged the importance of communication in the implementation of B-BBEE policy in the province. However, the prevailing view from all clusters was that the provincial government was failing to meet this expectation. This is due to a number of challenges, as indicated in Table 7.10.

65% in the SPCHD cluster suggested that policy communication happens in government, but that it was not effective. Those in the SPCHD cluster explained that problems in policy communication within government were getting worse, as the top executives had begun to issue instructions

prescribing that nothing was to be transmitted internally unless it was not job related. Officials in the G&A cluster expressed confusion about what constituted job-related information in relation to B-BBEE policy communication.

It has been argued that the most common example of poor information flow is evident when one part of an organization is unaware of what another is doing (Cohen and Eimicke 2002: 170). All the clusters indicated that a lack of policy communication through proper communication official channels had resulted in a rise of informal means of exchanging information. There was a strong feeling that when it comes to centralizing policy communication, this emphasized the belief that the top executives were always apprehensive of operative employees. 15% in the SPCHD cluster felt that the top executives were paranoid.

Thus, 65% in the G&A cluster suggested that although B-BBEE policy communication took place within government, it was not effective, and 15% in the same cluster believed that communication lacked a transformation agenda. Consequently, many in government, as well as the public in general, did not properly understand B-BBEE policy, and did not realize the effort that government was making to implement the policy. B-BBEE policy needed to be seen in conjunction with all other public policies which entailed transformation and development. This would reduce the negative perception, B-BBEE officials in the clusters maintained. Government employees would be able then to understand the essence of B-BBEE policy, its significance at all levels and could thereby serve as B-BBEE policy champions.

40% in the ESID cluster specified that B-BBEE policy communication was not contributing to project implementation. 35% in the ESID cluster suggested that the issue was not policy communication per se that was a problem, since the serious challenge was a lack of critical engagement on B-BBEE policy issues. 20% in the ESID cluster contended that the problem of policy communication

within government was also compounded by its location at the top level of the provincial administration. 55% in the SPCHD indicated that communication was located in the MEC's office. This made policy communication structures inaccessible to policy specialists who needed and wanted to advance the technical aspects of B-BBEE policy. Consequently, all in the clusters argued that the structures for policy communication within government needed to be democratized and decentralized so that the myths associated with the policy could be corrected.

Officials in the clusters believed that government had adopted inappropriate approaches to managing policy communication. Those in the ESID as well as the SPCHD clusters indicated that the top echelon in the provincial administration had introduced communication business units as a way of strengthening government policy communication. Thus, they contended that the problem with this is that these communication business units were given extraordinary powers to decide what gets transmitted within the organizational structures. Nothing was to be transmitted throughout provincial government unless and until it is approved by the communication section. Some in the clusters believed that this has imposed censorship at the expense of a free-flow of information. According to Cohen and Eimicke (2002: 170) the difficulties experienced by organizations are often seen as problems of information flow, while in actual reality they are problems of a poorly designed organizational structure and inadequate constructed assignments. It turned out that these considerations were true with B-BBEE policy communication in the province.

Officials in the SPCD as well as the ESID clusters indicated that the centralization of communication at the top level was having negative effects on policy communication because any critical views on B-BBEE policy were always construed as bringing government into disrepute. Those in the ESID cluster suggested that the problem was partly because political principals emphasized certain policies as priorities at the expense of others. In the end, a MEC's choice of priorities became the organizational strategic focus which

had to be carried out by the top executives. Thus, any form of communication that was critical of such policy programmes could not be transmitted by anyone in government, except by the relevant MECs. Members of the ESID cluster remarked that even highly specialized employees who were hired to implement the policy in question were not permitted to communicate matters of technical nature relating to policy implementation.

Responses from the ESID and SPCHD clusters indicated that this highly centralized form of policy communication made it impossible to provide constructive critique of policy within government that would improve B-BBEE policy implementation. It was clear from the findings that the issue was not only a problem about the form of communication but also what needs to be communicated by and within provincial government. Simon argues that the attention a communication receives will also depend upon its form (1997: 216). In the provincial government the attention that policy communication received was not dependent upon its form, but on its location and on power relations within the organization.

Policy communication was not seen as being at centre stage for policy management. Those in the SPCHD cluster, for example, indicated that the provincial government had all the necessary communication tools at its disposal, yet there was no clear and persuasive message about the broad intentions of B-BBEE policy. They believed that a compelling message on B-BBEE policy could assist in convincing the role players to rally around policy implementation. Nevertheless, the existence of internal communication tools presents provincial government administration with an opportunity to create an effective communication system. This would entail decentralization and de-politicizing policy communication so that information dissemination could be enhanced. This could lead to a better quality of B-BBEE policy communication.

## 7.6 Conclusion

This study reveals that government policies are a complex phenomenon. They are characterised by many different interpretations, divergences, and conflicting demands from stakeholders as well as the need to carry out constitutional imperatives. Consequently, government has to be well equipped to deal with such challenges, not only in terms of introducing appropriate policies, but also in attending to institutional arrangements, and the professionalism of public officials. As was mentioned earlier in this study the South African government defines itself as a developmental state, one that is capable of intervening to correct historical inequalities, and of addressing poverty and unemployment through the creation of opportunities for more people. In responding to these challenges the government is also required, as a constitutional mandate, to further democracy in South Africa. This has led to the government publishing recently a National Development Plan for 2030 (NDP). This plan was formulated at the same time as the research for this thesis was undertaken. The significance of the NDP is that it affords South Africa a long term vision for development.

The issues raised by the NDP have far reaching implications for provincial government, and for the role of B-BBEE policy and its implementation. But seen from another perspective the implementation of the NDP envisages an efficient and effective developmental state which is committed to democracy, transformation and development. Attaining good governance requires addressing the kind of issues that arose in this study pertaining to managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy, and policy communication. This final section considers, briefly, the NDP, in the context of what has been learned about the implementation of B-BBEE policy in the context of the provincial government of KwaZulu-Natal.

In May 2010, the South African President, Mr Zuma, appointed the National Planning Commission to draft the South African National Development

Plan/Vision (NDP) for 2030. The Commission was appointed as an advisory body to the Presidency, consisting of 26 experts who were largely not employed by the state. The composition of the Commission included academics, researchers, independent policy analysts, individuals from business, labour, civil society, and it was chaired by the Minister in the Presidency who was responsible for the National Planning Commission. In June 2011, the Commission released its diagnostic report which set out South Africa's achievements and shortcomings since the inception of the democratic administration in 1994. The report stated that South Africa's failure to implement policies and an absence of broad partnerships among stakeholders were the main reasons for slow progress in development. The diagnostic report sets out nine primary challenges faced by the country:

- (i) There were too few people who were working.
- (ii) The quality of school education for black people was poor.
- (iii) Infrastructure was poorly located, inadequate and under-maintained.
- (iv) Spatial divides hinder inclusive development.
- (v) The economy was unsustainable and resource intensive.
- (vi) Public services were uneven and often of poor quality.
- (vii) South Africa remained a divided society.
- (viii) Public health system could not meet the demand or sustainable quality
- (ix) Corruption levels were high (NDP 2012: 14).

The release of this report in 2011 generated serious debate during the consultation processes for the drafting and finalization of the NDP for 2030. The National Development Plan was debated and approved by the national Cabinet in August 2012.

The NDP aims to eliminate poverty and reduce inequality in South Africa by 2030. It specifies that South Africa can realize its goal by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout the society (NDP 2012:14). The NDP report (2012:14)

maintains that in every facet of life in South Africa advances have been made in building an inclusive society, overcoming the apartheid past and broadening opportunities for all. South Africa has been able to build the institutions necessary for democracy and transformation (NDP 2012:14). Healing the 'wounds' of the past and redressing inequalities caused by centuries of racial exclusion are constitutional imperatives (NDP 2012: 14). The South African Constitution enshrines a rights-based approach and envisions a prosperous, non-racial, non-sexist democracy that belongs to all of its citizens (NDP 2012:15). The Constitution also imposes obligation on the state to address the historical imbalances. As noted in the previous chapters of this study, government utilizes B-BBEE policy to deal in part with such inequalities.

The NDP report (2012: 14) applauds and highlights the advances that have been made by the country since the inception of democracy in 1994. This includes South Africa's increase in access to services for its people, economic stabilization and the fact that a non-racial society had begun to emerge (NDP 2012:14). Millions of people who were previously excluded now have access to education, water, electricity, health care, housing, and social security. Additionally, about three million more people were working now than in 1994, the poverty rate has declined and average incomes have grown steadily in real terms (NDP 2012:14).

The fragmented apartheid governance structures have been consolidated into a system designed to serve the developmental objectives (NDP 2012: 408). The composition of the public service has been transformed to better represent the entire population (NDP 2012: 408). This thesis has shown that black people are in the majority in the management structure of the KZN provincial government. The NDP report (2012: 408) suggests that the foundations have been laid, but weaknesses in how government structures function constrain the state's ability to pursue the developmental objectives. The NDP specifies many challenges which are closely related to the findings on the main themes of this study.

On government management of policy implementation, the NDP notes a serious capacity challenge that is related to a number of factors. This includes challenges relating to uneven performance in local, provincial and national government (NDP 2012:408). The NDP contends that this was caused by a complex set of factors, including weakness in capacity, which is most serious in historically disadvantaged areas, where state intervention is most needed to improve people's quality of life (NDP 2012: 408). The findings of this thesis revealed that inefficiency of government officials, which is mainly associated with a lack of skills and knowledge at different governance and administrative positions, can be described as a legacy of the past, but not entirely so. Specialist skills on policy implementation could be acquired through particular education and training, as well as from learning how other countries have carried out policies of transformation.

The NDP maintains that a deficit in skills and professionalism has affected all levels of the public service (NDP 2012:409). Skills, a professional ethic and a commitment to public service should be recognized and valued at all levels of the public service (NDP 2012: 419). The NDP suggests that skills can be developed on the job, but staffers were often promoted too rapidly, before acquiring the experience needed for senior posts (NDP 2012: 419). This has resulted in the public service becoming top heavy (NDP 2012: 419). This was in part a reflection of skills shortages in the broader society, but specific interventions within the public service could help ameliorate this (NDP 2012: 419). Although skills development is an important element of policy implementation, research for this thesis found that this is linked to other organizational issues, which go beyond to what is stated by the NDP.

This thesis found that government policy implementation is hampered by weak policy governance models. As noted, this is a serious indictment of policy makers who design, plan and pass laws, but principally of the administrative arm of government which is obliged by law to apply public policies. The thesis revealed that government policy processes and procedures were too rigid to achieve policy objectives. But this is not the only



reason for the failure of policy implementation, as most government officials acknowledged that their role was more than public administration, since they have the power to convert government policies into implementable projects. This is why it was pointed out earlier that it was within a management official's brief in the provincial government to rationalise outdated and rigid policies. The NDP notes tensions in the government-political administrative interface, instability of the administrative leadership, skills deficits, the erosion of accountability and authority, poor organizational design and low staff morale (NDP 2012: 408). As shown in this thesis, such challenges are directly connected to problems of policy co-ordination.

On government policy co-ordination, the NDP notes that there have been many individual initiatives in the country, but there is a tendency to jump from one quick fix or policy fad to the next (NDP 2012: 408). These frequent changes had created instability in organizational structures and policy approaches that had further strained limited capacity (NDP 2012: 409). The search for quick fixes had diverted attention from more fundamental priorities (NDP 2012: 408). However, this thesis has shown that the situation could be far more complicated as silo management or a lack of co-operation among different government organizations was regarded by officials in all the clusters as a major problem for policy co-ordination in the KZN government.

It was evident from the findings in this thesis that policy co-ordination was further constrained by set boundaries which were not in line with a broad organizational vision. The research revealed that silo management was informed by individual management priorities which had nothing to do with broad organizational strategic goals. This affects the distribution of scarce resources which could benefit a number of different components in the clusters. As noted in previous chapters, silo management of government policy had led to individual interests superseding the broad organizational goals. Thus, many within the KZN government clusters believed that there was no point in participating in policy co-ordination because there were no

benefits from the process. This serves as a barrier for policy co-ordination in the province.

The NDP states that new initiatives to deal with co-ordination problems had often been ad hoc, with responses to individual problems being implemented without adequate consideration of the cumulative effects (NDP 2012: 409). Thus, among the stumbling blocks to efficient services were poor policy coordination and integration, multiple priorities, and an undefined hierarchy of authority amongst the plethora of government departments (NDP 2012: 154). This means that, for example, whenever a complex and integrated set of responsibilities was split across government organizations, it was difficult to maintain coherence over time (NDP 2012: 154). This has resulted in public servants becoming increasingly overburden with paperwork (NDP 2012: 409). This thesis found that government organizational design was serving as a barrier to policy co-ordination. Most government organizations are structured according to their specializations. This inclines them to associate themselves with other organizations that have similar mandates.

Furthermore, this research found that decentralization of government functions creates competition between government organizations, which was not beneficial because co-operation did not result and government efforts were not maximized. The main reason why there was such competition among government organizations was because of political interests rather than administrative considerations. However, in terms of the regulations governing public service practices in South Africa, civil servants should be apolitical. In other words, the public should receive services from officials irrespective of their political affiliation. The challenges of policy lead to a more general assessment of organizational transformation in government.

The NDP suggests that South Africa needs to build a more equitable society where opportunities are not defined by race, gender, class or religion (NDP 2012: 457). In order to make it easier for South Africans to interact with each

other across racial and class divides, the country needs to improve the public service. Consequently, measures that seek to correct imbalances of the past should be strengthened (NDP 2012: 457). The removal of the shadow of apartheid by developing the capabilities of the historically disadvantaged is necessary (NDP 2012: 460). The NDP believes that this is possible under the South African constitution as it has embedded in it values of human dignity, non-sexism, no-racialism and the rule of law. However, the NDP does not explain how the implementation of transformation policy could be managed by state institutions. As the NDP acknowledges, comprehensive legislation on transformation has been introduced, but the problem lies in its implementation and enforcement (NDP 2012: 470).

The findings in this thesis identify some of the reasons why implementation of transformation policy is ineffective. As shown from the findings, the rigidity of administrative procedures and practices was cited as a major problem for transformation within KZN government. It also transpired that although blacks were holding key positions within the KZN government, they were unable to influence the direction of strategic policies. It was argued that their failure to exercise power and the authority vested in them was another barrier to organizational transformation within the KZN government. It was also suggested in the thesis that the apparent inability of black officials to influence the implementation of B-BBEE policy might be related to the drawbacks of patronage which were highlighted as another barrier to organization transformation in the KZN government.

The thesis noted the issue of recruitment and promotion in the public service which was cited as another barrier for transformation. However, it was argued that the matter of the recruitment of public officials is not uniquely a problem of transformation, but a broadly organizational issue. In this context, it was discovered that the South African government faces a unique challenge in trying to recruit highly skilled, and technical black people (to reflect a commitment to transformation), while at the same time attempting to address poverty and underdevelopment. Yet, keeping such employees for

the sake of transformation requires that the government is able to compensate them appropriately.

Thus, race is not the only factor to consider in furthering transformation in government in South Africa. For ambitious, well-qualified, experienced public officials advancement depends on a variety of matters, like patronage, as has been shown in this research on the KZN provincial government. The implementation of transformation policy is also dependent on structural issues, like organizational hierarchy.

Power and authority which are associated with job positions in government organizational structures are cited as a major challenge for policy management by the NDP (2012: 419). The NDP maintains that the problem of authority and the experience attached to positions had been downgraded over time. Salaries were high for the work required (NDP 2012: 419). For example, a deputy director's post used to be considered to be a senior one in the public service, but now people can enter such posts straight from university on a salary higher than many in developed countries or in equivalent posts in the private sector (NDP 2012: 419). This imposes pressure on higher ranking officials, which has increased the proportion of work that has been contracted out to highly paid consultants, who were often former public servants (NDP 2012: 419). In this context, policy work has been reduced to commissioning consultants and managing contracts, rather than engaging directly in public policy analysis (NDP 2012: 419). The findings in this thesis have shown that this problem was further connected to other structural management issues within the provincial government, including the challenge of policy decision-making.

Findings from this research suggest that the working relationship between the top executive and operative employees within the provincial government has been centralized according to official structures. It was noted that decisions within the provincial government flow from the top executives downwards in the hierarchy. Accordingly, each individual component is

forced to follow its own line function without intruding on other levels. This had made it difficult to respond appropriately to policy problems. Government officials in all the clusters believed that because of this nature of decision - making, policy decisions were not always relevant to the needs on the ground. The executive management within the KZN government saw its primary tasks as driving the organizational strategy, which meant mobilizing the required resources, and accounting for such resources. From the findings it was seen that the point of contact between the top executives and operative employees was through project proposals that are drafted and submitted by operatives for funding and approval by the executives. However, this approach was criticized by the operatives as ineffective and contrary to the principles of democracy. The NDP argues that power relations linked to job positions within the public service is widening the gap between policy formulation and implementation (NDP 2012: 419). At senior level, reporting and recruitment structures have allowed far too much political interference in selection and managing senior staff (NDP 2012:409), a factor that was identified in this thesis too.

The findings in this thesis highlight that despite the occasional disagreement among government officials in different clusters within the KZN government, there were strong common feelings about the negative effects of the hierarchical administrative system. A sizeable proportion of the officials felt particularly aggrieved by this reality as they saw themselves as outsiders and not as integrated to decision-making. Thus, KZN government officials believed that the strict hierarchical structures dictated that they were obligated to follow strategic decisions that were imposed on them by superiors irrespective of the expected outcomes. Consequently, the executives' 'special projects' were supposed to be implemented irrespective of the risks involved.

The NDP argues that a lack of clarity about the division of responsibility, together with a reluctance to manage government systems had created tension and instability across the three spheres of government (NDP

2012:409). This thesis found that this issue was further linked to problems of power relations among government organizations. The NDP (2012:409) notes that there was no consensus on how problems relating to organizational hierarchy were going to be resolved and there was an absence of leadership in finding appropriate solutions. The NDP (2012: 409) suggests that reforms are needed that would enable people to do their jobs by strengthening skills, enhancing morale, clarifying lines of accountability and building an ethos for public service. Research in this thesis indicates that, even so, appropriate solutions do not occur in a vacuum; they need to be communicated to the entire government value chain.

The NDP has not provided an assessment of communication as an instrument for government policy implementation. The NDP has rather concentrated on the broad problem of Information Communication Technology (ICT) in South Africa. On this, the NDP acknowledges that ICT in South Africa has not brought affordable, universal access to the full range of communication services. Therefore, the performance of state interventions in the ICT sectors has been disappointing (NDP 2012: 190).

The findings of this thesis have highlighted many challenges of policy communication within the KZN provincial government. The officials in all the clusters emphasized the importance of communication as a broad strategy for policy implementation. But the findings revealed that policy communication was very poor. This was explained as a challenge that manifests itself in a number of ways in KZN government; for instance, an inability to mobilize stakeholders in a joint programme of action and an inability to transmit key information to B-BBEE policy target groups. This leads to a lack of critical engagement with B-BBEE policy issues, which is associated with the centralization of communication at the top level of public administration in the province.

As argued in the thesis, this organizational problem reflects different interpretations of communication within the provincial government. Officials

in the cluster indicated that policy discussions were officially located at a certain high level in government structures, even in situations when it involved individual members of one department or government organization. This ensured that policy practices in the provincial government were hierarchically entrenched. As a result everything that was considered to be official was automatically elevated to the level of the top executives. Thus, the general views reported in this thesis are that the location of policy communication in provincial government was a cause for B-BBEE policy not being implemented effectively. To this end, a distinction was drawn between policy communication that is directed to the public outside government, as opposed to communication that flows within government structures. The focus of this thesis was on the latter. It was shown that policy communication has not formed a central role in the broad strategy for B-BBEE policy implementation. Its location within the KZN government ensures that it serves political aims rather than contributing to the successful implementation of the policy itself.

The general issues highlighted in the NDP are largely confirmed by the research in this thesis which concentrated on the implementation of one specific policy, namely B-BBEE, by the provincial government of KwaZulu-Natal. As this research has revealed, while the provincial government has had success in achieving transformation, shortcomings remain. These were identified and explored in terms of the themes of managing policy implementation, policy co-ordination, organizational transformation, organizational hierarchy and policy communication. Advancing management of B-BBEE policy will depend on the KwaZulu-Natal provincial government addressing the issues and problems that arose in the course of discussing these main themes.

## Appendix 1

### Letter of consent



Dear Sir/Madam

#### **Broad-Based Black Economic Empowerment policy management**

This study explores how the policy on B-BBEE is managed by the provincial government of KwaZulu-Natal. Please note that you are at liberty to withdraw from filling in this questionnaire, should you so desire. Please also note that the responses will be treated in the strictest of confidence, your name will not be disclosed, not even to the researcher himself.

B-BBEE is an area that is of paramount importance for our country and for the future success of the South African economy. There have been a number of strategies introduced by the state to lay a foundation for socio-economic transformation in South Africa.

In 1995, a national strategy for the development and promotion of small business in South Africa was tabled in parliament. The creation of new black owned and black controlled enterprises was seen as a key component of the strategy. The national Small Business Act was introduced in 1996 to provide an enabling environment for small, medium and micro-enterprises (SMMEs) and to establish several institutions to provide financial and other support to entrepreneurs. In addition, government has implemented various policies, strategies and programmes aimed at overcoming economic inequalities and underdevelopment, including the integrated human resource development strategy, urban renewal programme, Integrated Sustainable Rural Development Programme, tourism transformation strategy, strategic sector plan for agriculture, and the national small business development promotion programme. The B-BBEE Act 53 of 2003 and the codes of good practice of the 9<sup>th</sup> of



February 2007 set clear target on the implementation of B-BBEE across the South African economic landscape.

The main aim for all of these initiatives and interventions is to create an enabling environment for the empowerment and the reduction of poverty amongst the designated groups of this country. The main intention of this research is to understand how the policy on B-BBEE is managed by the provincial government of KwaZulu-Natal. Hopefully this will assist in strengthening the strategic-B-BBEE management in the province and the whole country.

**Instruction for the completion of this questionnaire**

This questionnaire is designed to solicit responses that will give accurate information for data analysis. It is therefore requested that the respondent place an 'X' in the appropriate block or blocks. Please note that for some questions more than one 'X' could be placed in response to questions. Should you wish to furnish additional information for open-ended questions, please use the space provided. We value the information provided and it will be treated in the strictest of confidence.

Your assistance is greatly valued.

**Sixtus Sibeta**  
**Doctoral Candidate**  
Contact Details: 033 264 2612  
Email: [sibetas@kznded.gov.za](mailto:sibetas@kznded.gov.za)

**Professor Ralph Lawrence**  
**Supervisor**  
Contact Details: 033-2605980  
Email: [Lawrencer@ukzn.ac.za](mailto:Lawrencer@ukzn.ac.za)

**Declaration**

I..... (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

.....  
**SIGNATURE OF PARTICIPANT**

.....  
**DATE**

## Appendix 2

### B-BBEE POLICY MANAGEMENT QUESTIONNAIRE FOR MEMBERS OF CLUSTERS IN THE PROVINCIAL ADMINISTRATION OF KWAZULU-NATAL

#### Section A: General Information /Biographical

Age (years):

20-29	
30-39	
40-49	
50-60	

Gender:

Male	
Female	

Race:

African	
Asian/Indian	
Coloured	
White	

**Highest educational qualification:**

Tertiary	
Technical	
Secondary	

**Experience:**

20+yrs	
11-20yrs	
6-10yrs	
0-5yrs	

**Your Technical Cluster:**

Economic Sectors & infrastructure development	
Governance & administration	
Social protection, community & human development	

**Position:**

Director	
Deputy Director	
Assistant Director	
Specialist	
Administrator	
Executive Manager	

**SECTION B: PUBLIC POLICY IMPLEMENTATION**

1. Can you explain what has been your general views in the management of B-BBEE policy by the provincial government thus far, and can you elaborate on the challenges?

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2. The successful implementation of B-BBEE policy requires clear organizational decision-making and execution of decision in an integrated and consistent way.

Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

3. Is your organization succeeding in co-ordinating stakeholders on B-BBEE policy implementation and can you elaborate on the obstacles?

1	2	3
No	Uncertain	Yes

Comments:

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4. The executive management often introduces very broad B-BBEE policy objectives which are not accompanied by resources to enable the operational officials to carry out their tasks. Do you agree?

1	2	3
No	Uncertain	Yes

Comments: if yes, why?

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**SECTION C: PUBLIC POLICY MANGEMENT/ADMINISTRATION**

5. Are there definitive organizational B-BBEE strategies and structures in place within your cluster to ensure the implementation of B-BBEE?

1	2	3
No	Uncertain	Yes

If yes, explain the nature and function of these structures.

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6. Transformation within your organization is extremely slow. Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: if you agree, can you elaborate on the barriers?

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7. There is a strong view that strategic B-BBEE management measures are not adequate for the current empowerment processes and operations. Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: if you agree, state why.

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8. Operational officials are not involved in strategic B-BBEE decision in your organization, as the key strategic decisions are often imposed by the executive without consultation.

Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: if yes, elaborate on the reason why this happens?

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9. There is no structured strategy of dealing with key stakeholders in the implementation of B-BBEE within your cluster. Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: If yes, state why.

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10. To drive different teams sometimes the organization requires more than just skills of those responsible to make correct decisions on B-BBEE. Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: if you agree, state why.

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**SECTION D: COMMUNICATION**

11. Organizational strategic decisions are not properly communicated to entire staff, as they are taken at the top executive without a proper communication strategy. Is this the case with your organization?

No	0	
Uncertain	1	
Yes	2	

Comment on your organizational strategic communication effectiveness.

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12. There are official and unofficial channels of communication. Which methods does your organization use to communicate on B-BBEE?

Comments:

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13. Without communication there can be no implementation of B-BBEE policy, for there is no possibility then of group influencing the behaviour of the individual. Do you agree?

1	2	3	4	5
Strongly disagree	Disagree	Uncertain	Agree	Strongly agree

Comments: if you agree, elaborate on your organizational success?

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14. Are there any reporting structures within your organization to exercise control over B-BBEE communication activities?

No	0	
Uncertain	1	
Yes	2	

Comments:

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**SECTION E: RECOMMENDATIONS**

15. Please state how B-BBEE can better be managed within your organization to achieve its aims and objectives.

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16. Please state the challenges in managing B-BBEE policy.

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Thank you for your participation. Your time spent in filling this questionnaire is greatly appreciated.

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**Sixtus Sibeta**

## Appendix 3

### INTERVIEWS QUESTIONS FOR KEY INFORMANTS IN THE CLUSTERS IN THE PROVINCIAL ADMINISTRATION OF KWAZULU-NATAL



QUESTIONS FOR INTERVIEWS	
Managing Policy on Broad-Based Black Economic Empowerment in the provincial government of KwaZulu-Natal, South Africa.	
Questions for the interviews with B-BBEE policy: management champions/specialists	
Economic sectors and Infrastructural development cluster	
Governance & administration	
Social protection, community & human development cluster	
Interview Location	
Date	
Time	
<i>Duration</i>	

1. Can you briefly explain your role/ 'brief' on B-BBEE policy implementation, and elaborate on the challenges encountered in pursuing your duties? How such challenges can be mitigated?
2. What has been the most interesting part of your work in B-BBEE policy implementation thus far?
3. Why did you specifically choose B-BBEE policy implementation when you could have decided to be involved in any other government policies?
4. In your opinion, is the current B-BBEE policy co-ordination succeeding in the implementation of the policy? And what are the obstacles?
5. To what extent are the provincial government departments integrated in the implementation of the policy in the province? Is their involvement sufficient, State why?
6. What is the level of transformation within your organization? Elaborate on the challenges encountered in the management of various transformation processes in your organization?
7. There is the general belief that key decisions within government are imposed by the Executive management without consultation. Is this the case within your organization? If so, what do you think is the main cause of this?
8. Clearly, some of the important aspects of B-BBEE policy imperatives are control by the National Department of Trade and Industry i.e. sectoral charters. How far does this influence B-BBEE policy implementation in the province?
9. Almost every Sunday in the news there is something about the successes or failures of B-BBEE policy. It would appear that government does not set the agenda in terms of B-BBEE policy communication. Do you think government is doing enough in terms of communication on B-BBEE matters? Explain why?
10. Can you specifically explain whether communication is strategically accommodating in the transmission of key B-BBEE policy information? Elaborate on whether it is assisting in the management of B-BBEE policy within government.
11. How far do you think the implementation of B-BBEE policy has resulted in final outcomes being achieved in terms of management, implementation, communication, stakeholder relations, and general transformation of governments?
12. What factors do you believe could make B-BBEE achieve its intended goals?

13. What challenges do you anticipate or experiencing right now in B-BBEE policy management, and how such challenges can be mitigated?

14. Anything which I have not asked that you would like to add?

**Thank you for your participation**

.....

**Sixtus Sibeta**

**PhD, Candidate**

## Appendix 4

### Schedule: interviews with Key Informants.



No.	Respondent	Abbreviation	Duration	Date	Place
1	Key Informant	KI:1	09h00-10h00	08/09/09	Pietermaritzburg
2	Key Informant	KI:2	10h00-10h55	16/09/09	Pietermaritzburg
3	Key Informant	KI:3	10h30-11h00	21/09/09	Pietermaritzburg
4	Key Informant	KI:4	14h00-14h45	29/09/09	Pietermaritzburg
5	Key Informant	KI:5	11h00-12h00	05/10/09	Pietermaritzburg
6	Key Informant	KI:6	09h00-10h10	09/10/09	Pietermaritzburg
7	Key Informant	KI:7	13h00-14h00	19/10/09	Pietermaritzburg
8	Key Informant	KI:8	13h00-14h00	22/10/09	Pietermaritzburg
9	Key Informant	KI:9	10h00-11h05	08/11/09	Pietermaritzburg
10	Key Informant	KI:10	12h00-12h45	11/11/09	Pietermaritzburg
11	Key Informant	KI:11	09h-09h55	09/11/09	Pietermaritzburg
12	Key Informant	KI:12	11h00-12h10	26/11/09	Pietermaritzburg

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