UNIVERSITY OF KWAZULU-NATAL

THE EFFECTIVENESS OF STRATEGIC MANAGEMENT IN THE PUBLIC SERVICE: A CASE STUDY ON THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING IN LIMPOPO PROVINCIAL ADMINISTRATION

By
Ntshengedzeni Thomas Ramovha
204520702

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Supervisor: Mr. Shamim Bodhanya

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DECLARATION

I Ntshengedzeni Thomas Ramovha declare that

(i)   The research reported in this dissertation, except where otherwise indicated, is my original research.

(ii)   This dissertation has not been submitted for any degree or examination at any other university.

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   March 2010

<u>ACKNOWLEDGEMENTS</u>

ABSTRACT

Strategic management is regarded as one of the highest forms of management activities in the South African government. Consequently it is mandatory for Heads of government departments to develop strategic plans for their departments. Despite compliance to the strategic management framework as prescribed through the Public service regulations and the Treasury regulations, service delivery targets as set out in these plans are often not achieved. This also results in the underspending of monies budgeted for the delivery of basic government services.

This paper presents the findings of the study undertaken to evaluate the effectiveness of strategic management in the public service. The study employed a qualitative approach in the form of a case study research method targeting the Department of Local Government and Housing in Limpopo provincial administration.

It is evident from the findings that the department is comprised of a number of elements or organizations within its environment that it is dependent on for it to achieve its objectives, and that some of these organizations are in turn dependent on the department to achieve theirs. This makes the department and organizations within its environment typical complex adaptive systems in that for them to achieve their goals, they need to adapt to one another. Failure to meet strategic plan targets in the department is attributed to (1) the government prescribed strategic choice and linear approach to strategic management that does not take into account the complexity and uncertainty of the department's environment and the views of stakeholders; (2) the capability of management to perform the strategic management function which is questionable, (3) lack of a systems thinking approach in the department, and (4) ineffective strategic control.

The study recommends a strategic management model for the Public service that will encourage management to see the department as a system that is influenced by and also influences other systems within its environment to achieve its objectives. This will facilitate the interactions between the department and its stakeholders during the formulation of strategies and the implementation thereof.

Key Words:

Strategic management, strategic plan, strategic formulation, strategic implementation, strategic control, complexity, complex adaptive systems, organisation, strategy, systems thinking, environment, public service, resources and uncertainty.

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CHAPTER 1

BACKGROUND AND INTRODUCTION

1.1   Introduction

The government of South Africa has a vision of ensuring a better life for all citizens of South Africa. To this end the president of South Africa, in his state of the nation addresses each year outlines programmes to be implemented by government and the targets thereof. National departments further ensures that the programmes and targets as outlined by the president are implemented successfully by ensuring that they form part of their strategic plans, and the strategic plans of both the provincial and local government spheres.

Despite this, the government is faced with numerous challenges such as (1) the failure of government to spend money allocated for infrastructure development and social services (Sunday Times, August 27 2006), (2) protests by communities over lack of service delivery, unemployment, crime etc. According to the Sunday Times (January 28 2007, p10) "the Minister of Housing warned the ANC's national lekgotla that the country could face greater instabilities in the run-up to the 2009 general elections if the government did not meet expectations on service delivery". According to the Sunday Times, the minister warned her colleagues from the ANC that the ANC needed to do "something radical and drastic" over the next two years to avert the lack of service delivery protests, which characterized the general elections of 2004 and the local government elections of 2005 respectively.

In his 2006 state of the nation address, President Thabo Mbeki acknowledged amongst others the following challenges and expectations from the people, and committed government to respond to these challenges with all determination and seriousness. The challenges as outlined in the 2006 state of the nation address emphasized the need for government to:

- Speedily address poverty, under-development and the marginalisation of the poor;

- The need for government to sustain and improve the effectiveness of the country's social development programmes; and

- Ensure that government, particularly the local government sphere deliver services effectively and efficiently, in line with the government's Batho Pele precepts.

There is a number of perceptions as to the reasons for failure to implement programmes

successfully. According to the Sunday Times, areas of concern with regard to service delivery is mostly due to perceived lack of capabilities to implement service delivery programmes by the state as a whole, and not due to failure by the state to manage political and social diversity.

Resource scarcity and service demands place public organisations under great pressure to apply better planning techniques such as strategic planning to achieve their objectives (Eadie, 1983). Through the Public Service Regulations (2001) and Treasury regulations issued in terms of the Public Service Act (2001) and Public Finance Management Act (2003) respectively, the government of South Africa in its endeavor to enhance service delivery ordered all ministers of national and provincial departments to develop strategic plans.

In spite of the fact that government departments develop and implement strategic plans as prescribed in the abovementioned legislations, and develop the necessary systems to support the implementation of strategic plans as prescribed, failure to meet targets and under-spending of budgets as mentioned above is still a challenge. This state of affairs challenges the effectiveness of strategic management in the public service.

1.2   Background information

The South African government through the Public Service Regulations of 2001 (chapter 1, Part III, B.1), mandates the executing authority (ministers and provincial MEC's) to develop a medium term strategic plan for his/her department. According to this regulation, the strategic plan shall include "(1) the core objectives of the department based on constitutional, legislative and functional mandates and the service delivery improvement programme; (2) the core and support activities necessary to achieve the core objectives, avoiding duplication of functions; (3) the functions that the department will perform internally and those it will contract out; and (4) information systems to enable the executing authority to monitor fulfillment of the department's core objectives".

Over and above this, based on the department's strategic plan, an executive authority shall amongst other things (1) determine the organisational structure of the department regarding its core and support functions; and (2) implement its performance management system, etc.

In spite of all these, as indicated in the introduction above, both national and provincial departments fail to meet targets as outlined in their strategic plans and their respective annual performance plans. The Department of Local Government & Housing in Limpopo provincial

government experiences the same problem. The department's annual reports clearly indicate how this department fails year in and year out to meet targets as outlined in its strategic plan documents.

According to Van der Waldt and Du Toit (1997:286), strategic management is already used successfully in many public institutions provided it is adapted for the unique context of the public sector. They further suggested that because of the importance of proactive management and planning to keep pace with a changing environment, strategic management is a major alternative to traditional planning.

Rhyne (1986) in his study to determine the relationship between an organisation's performance and strategic planning concluded that organisations that have planning systems that resemble the strategic management concept, have superior long-term performances in terms of finances than other organisations. A study by Hart and Banbury (1994) also concluded that organisations that have high capabilities to perform strategic management, demonstrate higher performance levels.

Lucas (2004) suggests that people began to realize late in the 20th century that owing to the fact that most of today's world about us is not linear, linear prediction that was implemented and yielded success in the past, is no longer applicable to today's systems. It was only applicable to few systems. He further suggested that owing to the fact that one cannot predict the outcome in a non-linear system by simply knowing the equation of a system's behaviour, this has an adverse implication in organisational plans and the control thereof, as one cannot develop plans that will be implemented as expected, especially in systems that involve people as they are too non-linear.

In view of the above background, this study to determine the effectiveness of strategic management in the public sector is relevant in the quest to enhance service delivery by public sector organisations.

1.2.1 The Department of Local Government & Housing (DLGH) in Limpopo Province background information

1.2.1.1 DLGH vision

Sustainable developmental local governance and integrated human settlement.

1.2.1.2   DLGH mission

The Department's mission is to establish, support and monitor local governance that is sustainable and developmental by ensuring that:

- There is a coordinated and integrated development planning in all spheres of government;
- Capacity development programmes are coordinated and targeted;
- The environment that is conducive for housing development in the province is created; and that,
- Disaster management activities in the province are coordinated.

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1.2.1.3   Organisational structure of top management of the Department of Local Government and Housing in Limpopo

Depicted below is the department of local government and housing's organisational structure during the research period. Depicted on the organisational structure are positions that form the department's management team. In the public services these positions are known as the senior management services (SMS), and are comprised of the head of department (HOD), senior general managers (SGM), general managers (GM) and the senior managers (SM).

In the department of local government and housing, the management team is divided into two, namely the executive management team comprised of the head of department, the senior general managers and the general managers, and the management team that includes the members of the executive management team and senior managers. The executive management team meets once every week and the senior managers join the executive management team once   a month.
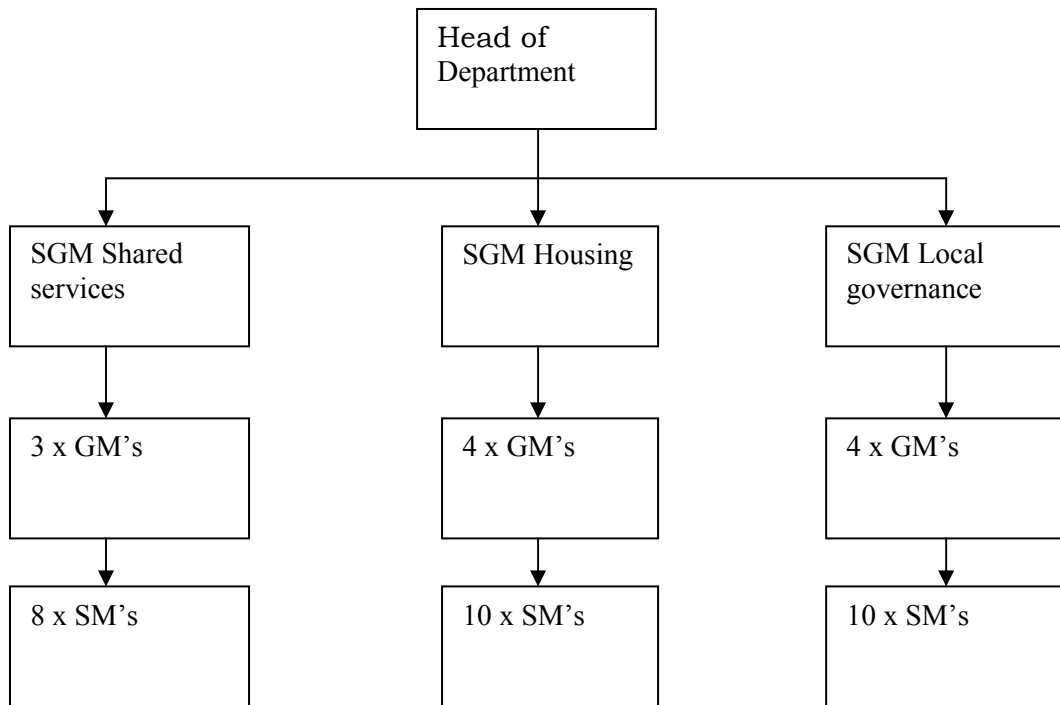
Figure 1-1: The organisational structure of the Department of Local Government & Housing.

1.2.1.4 Systems map depicting the Department of Local Government & Housing in Limpopo

Below is a systems map depicting systems within the Department of Local Government and Housing's environment. These systems are stakeholders who have a say or a stake in the functions of the Department.
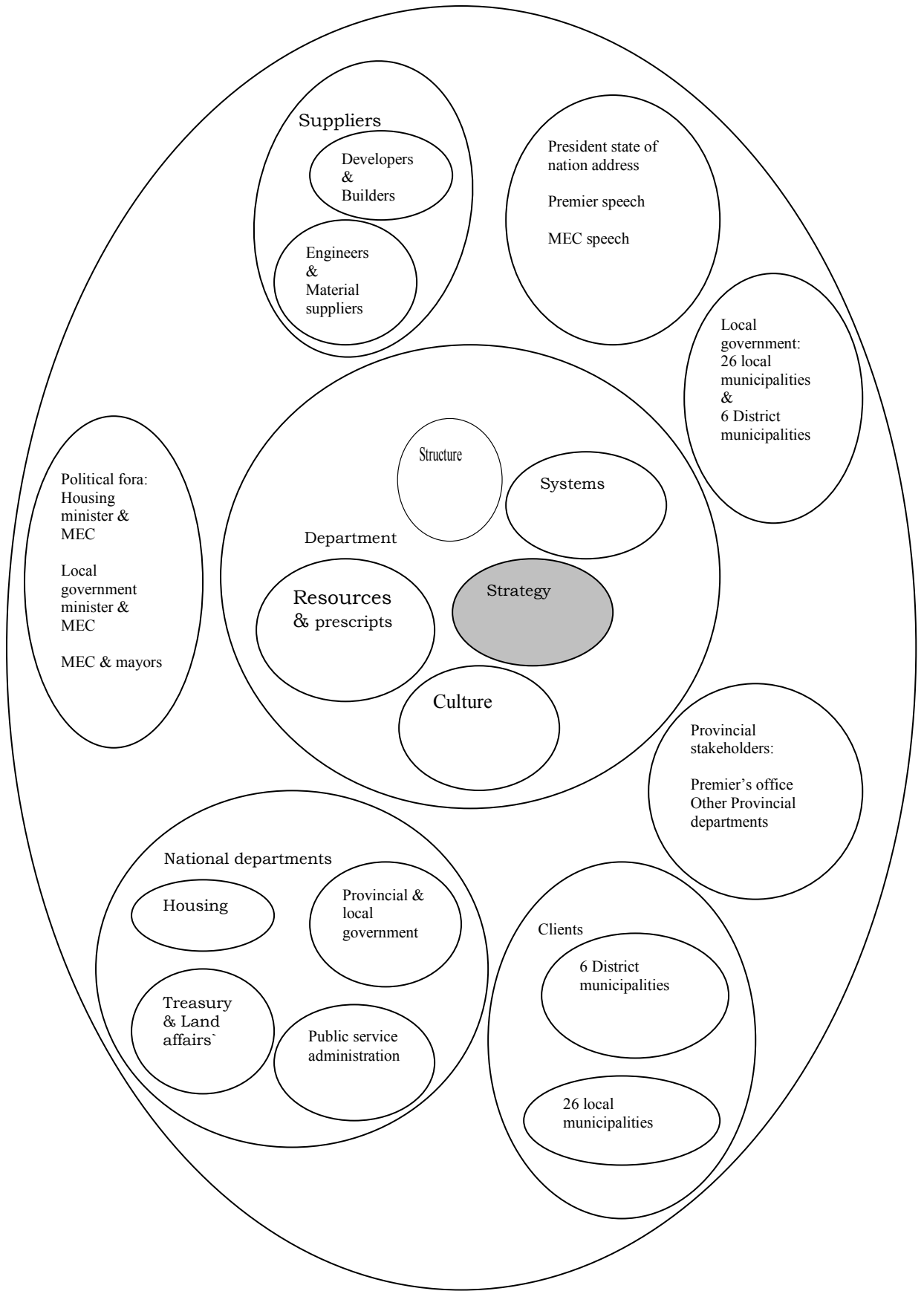
Fig 1-2: An illustration of the Transactional environment in the Department of Local Government & Housing

1.3   Problem statement

The Department of Local Government and Housing has a mandate to monitor and capacitate municipalities and to facilitate the development of sustainable human settlement in the province. To achieve this mandate, in line with the Public Service Regulations and Treasury Regulations the Department develops a five (5) year strategic plan and from this plan develops an annual performance plan to implement the strategic plan. This strategic plan is reviewed on a yearly basis.

The implementation of the strategic plan is further enhanced by the review of the organisational structure and the implementation of the department's performance management system.

In spite of this, the Department experiences the following challenges every year: (1) failure to meet targets as outlined in the department's strategic plan and the annual performance plans; and (2) failure to spend monies budgeted for programmes such as housing development, municipal Infrastructure development, municipal capacity building and development planning services.
There is a general perception that the problem is attributed to the process of strategic management in the department.

According to Ackermann and Eden (2001) the strategy making process is the most important component in order for organisations to realise their strategic intent.

This study will therefore assist the Department in identifying areas of concern with regard to strategic management, to inform the development of corrective actions to enhance the effectiveness of strategic management in the Department and the public service at large.

1.4   Aim of the study

The aim of the study is to evaluate the effectiveness of strategic management in the public services with specific reference to the department of local government and housing in Limpopo province.

1.5   Significance of the study

It is hoped that the outcome of the study will assist in the following areas:

- Identifying areas of concern with regard to strategic management in the department;
- Inform the development of corrective actions to enhance the effectiveness of strategic management in the department;
- Sharing of actions to enhance the effectiveness of strategic management with national and other provincial departments and municipalities;
- Inform theory in the area of strategic management in complex adaptive systems.

1.6 Research questions

- What is the strategic management process in the department?

- How complex, dynamic and uncertain is the department's environment, and how does the department respond to changes in the environment?

- Who are stakeholders in the department's environments that have the legitimate rights for the department to incorporate their interests during the strategic management process and how are they involved in the strategic management process?

- What are the systems that are in place in the department to ensure implementation and control of strategic plans?

1.7 Discussions of definition of concepts

The concept of strategic management can be defined as a process through which an organisation establishes its strategic direction, develops and implements actions and systems to achieve its objectives. During implementation these actions and systems are adapted or changed taking into account changes in the environment within which the organisation operates. Strategic management has been defined by a number of authors in different ways and there is therefore no single definition for the concept.

According to Chaffee (1985), numerous writers who write about strategy concur that no consensus exists on its definition. After reviewing a huge amount of strategy literature Mintzberg, Ahlstrand and Lampel (1998:4) concluded that "because of a large number of

perspectives about strategy, strategy accordingly requires a number of definitions". Mintzberg *et al* (2003) further suggests that there is therefore no consensus on the definition of strategy.

It is the researcher's view that an organisation's strategy is its plan to achieve its goal/s, which is developed taking into account the environment within which the organisation operates. This plan is adapted to enhance the effectiveness of the organisation and to respond to relevant environmental changes. The plan therefore informs the identity of the organisation. According to Mintzberg *et al* (2003:2) strategy can be defined as a "plan, a ploy, a pattern, a position and a perspective". Strategy is according to Stacey (2002) the identity of an organisation which is continuously constructed and enacted in the interaction of organisational practitioners. Ackermann and Eden (2001:3) define strategic management as "a process that involves creating and moulding the future, along with making sense of the past, construction rather than simply predicting, and responding to, some predetermined future reality, and developing the capacity for long term flexibility and strategic opportunism rather than making and sticking to long term plans".

According to Chaffee (1985), one of the areas of strategic management that authors agree on is the inseparability of the organisation and the environment and that organisations use strategy to deal with changes in the environments.

Central to the concept of strategic management are the concepts such as strategy formulation and strategy implementation. These concepts are critical in this study in that in the public service the strategy formulation process that results in a strategic plan document is performed separately from the processes of strategy implementation and control. Strategy formulation and strategy implementation, respectively referring to the processes of (1) analysis that leads to the formulation of a strategy, and (2) the implementation of the formulated strategic plan, are according to Joldersma and Winter (2002) major topic areas in the field of strategic management.

Strategy formulation is according to Stacey (2003:51) "the analytical procedure of preparing a plan, which is a set of goals, the intended actions required to achieve the goals, and forecasts of the consequences of those actions over a long period of time", whereas strategy implementation is according to Stacey (2003:51) "the procedure of designing systems to ensure that the plans are carried out in the intended manner and periodically adjusted to keep the organisation on track to achieve goals".

It is also critical in this study to ascertain the capacity of the department to perform the

abovementioned activities of the strategic management process, namely strategy formulation and strategy implementation. It is the researcher's view that the ability of an organisation to master the process of strategic management will have a positive impact on the quality of the plans and the implementation thereof. Hart and Banbury (1985) after their study to establish the relationship between the process of strategy making and the performance of an organisation, concluded that organisations demonstrating a high capability in the process of strategy making exhibited higher performance levels in a number of situations.

It is the researcher's view that the manner in which the above strategic management activities are performed by organisations, varies from one organisation to the other due to amongst other reasons the peculiarity of the impact of environments within which organisations operate. Hart and Banbury (1985) pointed out that focusing on the capacity of organisations to perform strategic management processes does not imply that there is one universal way to perform strategic management. What is critical is the effectiveness of the process of strategic management considering the environment within which an organisation operates. It is the researcher's view that an organisation's flexibility will determine the speed in which it will adapt its plans to the changes in the environment. Smit (1999) suggests that whereas in the past the focus of strategic management in organisations was on attempting to adapt to a predictable future, today's focus is on ensuring that organisations are flexible and that they respond speedily to a changing present.

It is evident from the above discussion of the definitions of strategic management that both the internal and external environment of the organisation plays a critical role in the formulation and implementation of organisational strategies, and that organisations are not islands. In other words they affect and are affected by other organisations. It is therefore critical that concepts such as systems and complex adaptive systems be discussed in this study. According to Senge (1994) a system is a whole that is comprised of elements that continually interacts with one another to achieve a common goal, and in the process affect each other; and according to Stacey (2003:237), "a complex adaptive system consists of a large number of agents, each of which behaves according to some set of rules. These rules require the agents to adjust their behaviour to that of other agents. In other words, agents interact with, and adapt to, each other".

1.8 Research design and methodology

The research approach that was employed in this study is the qualitative approach. It was selected based on the nature of the problem which requires to be studied in depth and in detail. According to Durrheim (2004:42) "qualitative methods allow a researcher to study selected

issues in depth, openness and in detail as they identify and attempt to understand the categories of information that emerge from collected data". To enable the researcher to collect in depth and comprehensive information about the effectiveness of strategic management in the public sector, a case study research method was used in this study (Patton, 2002). Case studies also have the advantage of allowing new ideas and hypotheses to emerge from careful and detailed observation (Lindegger, 2002).

1.8.1   Data collection methods

One of the strengths of a case study methodology is that it allows the researcher to be able to use a number of data collection methods according to Yin (2003). According to Yin, the use of multiple data collection methods can help to address the issue of establishing the case study evidence's construct validity and reliability. Data for this study was therefore collected through triangulation. Triangulation entails collecting material in as many different ways from as many diverse sources as possible (Terre Blanche and Kelly, 2004). Data was collected through interviews, self administering questionnaires, direct observation and through archived data.

1.8.2   Data analysis

The aim of data analysis is according to Durrheim (2004) to transform information or data collected into an answer to the original research question. To analyse data collected in this study, themes were identified and data arranged in such a manner that also allowed for both quantitative and qualitative analysis.

1.9 Chapter outline

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

Chapter   1:   Introduction

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

overview of the research project in chapter one.

Chapter 2: Literature review

Chapter two provides a detailed literature review of strategic management. In this study, the researcher has attempted to deal with critical concepts of the literature separately to allow the researcher an opportunity to comment appropriately. The following are the critical concepts:

- Introduction of the strategic management concept;
- Complexity and systems thinking;
- Strategic management under uncertainty;
- Strategic management in a complex adaptive system; and,
- Strategic management in the public service;
- Resources as a determinant of the organisation's strategy.

Chapter 3: Research design

Chapter three states what research approach the researcher has used, as well as detail regarding the population and sample used. Information regarding the research design and the measurement instrument is included. This chapter basically indicates to the reader exactly how the information needed was obtained as well as the means by which the data was analyzed and interpreted.

Chapter 4: Analysis and results

Chapter four can be seen as this research project's most "valuable" chapter, because all the results are documented in this chapter. Detailed information in support of the findings is contained in this chapter.

Chapter 5: Recommendations and conclusion

Chapter five provides an overall conclusion to the whole study, determining whether the research questions were answered, stating limitations and providing recommendations for further research to be done in this field.

CHAPTER 2

LITERATURE REVIEW

2.1   Chapter outline

This chapter provides a detailed literature review of the concept of strategic management. In this study the researcher focused on the following major topics that are critical for strategic management, viz. (1) The definition of strategic management; (2) Complexity and systems thinking; (3) Strategic management under uncertainty; (4) Strategic management in a complex adaptive system; (5) Strategy control; and (6) Strategic management in the public sector. These topics and concepts are discussed hereunder.

2.1.1   Discussion of concepts covered

Despite the multiplicity of the definitions of strategy and the fact that there is no single definition that is universally accepted, the researcher listed a number of definitions to enable a reader to understand what the concept is all about. The complexity of today's organisations calls for managers to consider the environment when developing strategies. According to Segev (2000), today's organisations are complex systems and it is therefore critical that to develop an organisation's strategy one needs to also consider the complexity of the organisation's environment. This study therefore also covered the organisation's environment insofar as it affects strategic management in organisations.

The concept Systems and Complexity is critical in this study in that systems thinking will enable managers to understand the interconnectedness and interdependency of organisations. This is because the world can be described as a hierarchy of systems, each of which contains and is contained by other systems where larger systems are just as dependent on the existence and healthy functioning of the smaller ones (their components) as the smaller ones are on the larger ones that they are part of (their environment). This study also covered the issue of managing strategy under uncertainty, in that today's managers operate in an environment that is volatile and therefore unpredictable. These managers have to therefore find ways to deal with the enormous uncertainty inherent in the environment. This needs a paradigm shift in how they conduct strategic management. It is the researcher's view that managers have to have the capabilities to conduct strategic management under uncertainty for their organisations to survive.

According to Stacey (2003:237) "a complex adaptive system consists of a large number of agents, each of which behaves according to some set of rules. These rules require the agents to adjust their behaviour to that of other agents. In other words, agents interact with, and adapt to, each other". It is therefore critical for managers of organisation's strategies to understand complex adaptive systems, to enable them to build capacity to develop and implement effective strategies under these conditions.

Strategic control is aimed at enabling an organisation to track the implementation of its strategy, detecting areas of concern or changes in the environment and the strategy's initial premises, and taking appropriate corrective actions. It is the researcher's view that it is critical to monitor progress regarding the implementation of strategy in terms of meeting the intentions of the strategy in order to implement corrective measures where necessary as well as ensuring continuous improvement in the process of strategic management.

The role played by resources of an organisation in the determination of the organisation's strategy is also critical in that targets need to be set based on the available resources of an organisation. This study will also attempt to determine whether the concept of strategic management, such as that applied in other sectors can be adapted to be applied to the public sector organisations.

2.2   Strategic management

2.2.1   Introduction

Strategic management is defined in different ways by different authors. It is the researcher's view that any organisation has a strategy even if the strategy is undocumented or unplanned. "A strategy is created because a working organisation can neither be totally flexible nor turn around constantly" (Segev, 2000:1).

After reviewing a huge amount of literature on strategy, Mintzberg, Ahlstrand and Lampel (1998:9) concluded that, owing to a large number of perspectives about strategy, strategy requires a number of definitions, and suggested the following five definitions: strategy as a "*plan,* a *pattern,* a *position*, a *perspective*, and a *ploy*".

Chaffee (1985:90), after her analysis of the strategy definitions in the literature suggested that strategy can be clustered into three groups or models which she referred to as "(1) the linear strategy, (2) adaptive strategy and (3) interpretive strategy".

Similarly, after their analysis of strategy literature, Mintzberg *et al* (1998:5) discovered ten distinct perspectives about strategy and suggested ten schools of thought on the formation of strategy, namely, the "Design, Planning, Positioning, Entrepreneurial, Cognitive, Learning, Power, Cultural, Environmental, and Configuration" schools. The first three of these schools are prescriptive in nature and have the same characteristics as Chaffee's linear strategy.

Inherent in the linear strategy model, is the assumption that strategy is comprised of decisions, plans or actions that are integrated to attain the goals of an organisation. This view portrays top managers as having considerable capacity to change the organisation (Chaffee, 1985). The linear model is associated with terms such as strategy formulation, strategic planning, and strategy implementation. The linear strategy model is what Stacey (2003) referred to as strategic choice theory which also separates the formulation of a strategy from its implementation. Strategic choice theory like Chaffee's linear model, assumes that organisations change successfully when top executives form the right intention for the overall future shape of the whole organisation and specify in enough detail how this is to be achieved.

According to Chaffee, the adaptive strategy model on the other hand considers the environment to be a complex life support system of an organisation as it consists of events, trends, stakeholders and competitors that have an impact on the implementation of an organisation strategy. Because of the highly permeable boundary between an organisation and its environment, it is therefore critical that management considers the environment as a major key when determining the actions of an organisation. This therefore means that organisations are expected to assess their external and internal environments in order to adjust themselves or their relevant environments to ensure alignments of environmental opportunities and threats on the one hand, and capabilities and resources, on the other.

Similarly, according to Stacey (2003) organisations are connected through feed-back links to their environments and therefore to reach their goals organisations need to adapt to those environments.
According to Chaffee, adaptive strategy rests also on the assumption that the environment within which organisations operate is dynamic and therefore not predictable, and that organisations must change with their environment.

According to Chaffee (1985:93) strategy in the interpretive model can be defined as "orienting metaphors or frames of reference that allow the organisation and its environment to be understood by organisational stakeholders. On this basis stakeholders are motivated to believe

and to act in ways that are expected to produce favourable results for the organisation". This model is according to Stacey (2004) a social constructionist perspective in that it assumes that reality is socially constructed.

The abovementioned models of strategy as suggested by Chaffee can be summarized briefly as follows: In linear strategy, organisational leaders develop strategies and plans on how to deal with competitors in order for them to achieve organisational goals. In adaptive strategy, organisations and their components change in proactive and reactive ways, in order to be aligned with the dictates of the environment, whereas in interpretive strategy, organisational leaders communicate messages that are directed at motivating relevant stakeholders to behave in a manner that that has a positive impact to the organisation.

It is the researcher's view that the speed in which organisations adapt to the changing environment has an impact on the effectiveness of organisations. To illustrate how changing environments calls for organisations to be flexible and adapt their strategies to remain relevant, one can only look at the behaviour of western countries in their response to the looming global recessions who are known to be against the concept of nationalization. According to Mthombothi (2009:6) "nationalisation is back in vogue, thanks to the credit crunch. This time it has ironically been adopted by some influential apostles of the free market system", referring to the US and the British governments who were contemplating the nationalization of some banks.

According to Hart and Banbury (1994:251), "the competitive realities for business appear to demand not only efficiency and high quality, but also fast cycle capability, strategic flexibility and attention to social-environmental concerns". Fast cycle capability means the ability of an organisation to do things right the first time and every time. It also means an organisation's ability to take decisions fast, where an organisation does not tolerate bottlenecks and delays. Strategic flexibility is an organisation's ability to identify changes in the environment, adjust the strategic plans quickly and allocate resources to alternative actions where necessary. Hart and Banbury (1994:251) further suggested that strategy making is the key to ensuring that organisations meet these demands. They however, suggested that most existing models of strategy making do not reflect the variety and complexity of strategy making, instead "strategy-making is portrayed in either rational or incremental or separated into formulation and implementation".

Stacey (2003) suggests that many writers of strategic management are aware of the uncertainty, ambiguity and conflicting goals that managers have to deal with and have developed different ways of understanding the nature of strategic choice. Through the notion of logical

incrementalism managers sense the changes in their environment and gradually adapt their strategies to those changes and by so doing they maintain a continuing dynamic equilibrium with their environment. This view also supports the notion of strategic flexibility.

It is the researcher's view that the ability of organisations to develop their strategies has an impact on the quality of strategies and the implementation thereof. This also therefore calls for the managers of organisations to be competent in the field of strategy making and implementation.

Gluck, Kaufmann, and Walleck (1982) (in Hart and Banbury 1994:255) suggested that organisations "pass through a series of stages as they become more adept at strategic management". They suggested that "organisations start with traditional financial and forecast based planning and later adding strategic analysis skills, before achieving full strategic management capability which requires broad diffusion of strategic thinking through out the organisation". Similarly, Chaffee (1985) (in Hart and Banbury 1994) also suggested that organisations develop strategic management skills over a period of time and that the linear form of strategy-making represents the entry level in the strategy-making types hierarchy, and the second level is the adaptive mode which is followed by the interpretive mode.

Hart and Banbury (1994) after their study to determine the direct link between the strategy making process and organisational performance, concluded that organisations that demonstrated high capability levels in the process of strategy making, exhibited higher levels of performance in diverse environments and settings. They however pointed out that this does not imply that there is one universal way to perform strategic management.

It is the researcher's view that for an organisation strategy to be effective, there need to be an internal consistency or congruency between the strategy, organisational processes and systems, organisational culture, organisational structure, human resources and the organisation's external environment. Mintzberg (2003) suggest that the criteria for evaluating a strategy as suggested by few studies are amongst others the alignment of the strategy with the environment and resources available, the clarity of the strategy, the risk levels, internal consistency, alignment with the values of the organisation's key leaders, time horizon and the level of achievability of the strategy.

Unlike the private sector, the public service has a large number of stakeholders that have an influence on the services and products that a public service organisation must deliver. These stakeholders need to be identified and engaged during and after strategic planning to have their

buy-in and therefore increase the possibility of an effective implementation of the strategies. Boston and Palliot (1997:401) suggested that strategic management in the New Zealand public sector served to (1) ensure cross-sectoral coordination and alignment in the nation's public administration by providing an overarching framework for departments to develop their strategies, and to (2) serve as an "instrument of vertical integration between the political and managerial realms", which was lacking.

It is clear from the above discussion that the environment of the organisation has a crucial influence on the organisation's ability to implement its strategies and thereby meet its goals. Segev (2000) suggests that to develop an organisation's strategy one need to also consider the following four environmental variables: the uncertainty, dynamism, hostility, and complexity of the organisation's environment. According to Segev (2000), the uncertainty of an organisation's environment indicates unavailability of information for predicting environmental events and external changes to the organisation's decision makers. Environmental dynamism on the other hand means the rapidity and amount of change in the environment. Environmental hostility is according to Segev, the prevalence of factors that pose threats to an organisation, such as price competitions, technological competition, resources availability etc.

The awareness of the character and levels of the above mentioned environmental variables in the environment of an organisation will enable an organisation strategy making team to develop strategic plans that are realistic in terms of the targets. Most importantly this awareness in my view should be a way to justify taking actions to mitigate the impact of the environment where possible and also marry it with strategic flexibility as suggested by Hart and Banbury, where, a new course of action is taken where necessary.

As alluded to earlier, the capacity of managers of organisations to implement their strategies is critical for an organisation to achieve its goals. For a strategic plan to be implemented effectively managers need to ensure that internal systems, processes, resources, organisational culture, etc are aligned to the dictates of the strategic plan. According to Thompson and Strickland (2001) the formulation of a strategy and ensuring that the strategy is implemented effectively, require different sets of managerial competencies, in that, strategy implementation is an action oriented activity that tests management's ability to manage organisational capabilities, engender a corporate culture that is supportive to the strategy, achieve continuous improvement in business processes, and achieve or exceed performance targets.

2.3   Complexity and systems thinking

Today's organisations are not closed to the impact of what is happening around them, in other words they impact and are in turn impacted by other organisations. This therefore calls for managers to continually identify and understand those organisations within the environment that they impact and are likely to be impacted by, in order for them to keep their strategies relevant and robust.

According to Capra (1997) because today's problems are interdependent and interconnected and therefore systemic, the more we study them as individual problems separately, the more it is clear that we cannot understand them in isolation. This therefore calls for managers to look at the whole system and its components when trying to solve today's organisational problems effectively.

A system is according to Jackson (2003) a complex whole comprised of a number of parts that interact with one another, and the functioning of the whole system is depended on the interaction of the system's components.

According to Senge (1994) a system is a perceived whole that is comprised of elements that continually interacts with one another to achieve a common goal, and in the process affect each other.

This means that since systems have systems (sub-systems) within them, we therefore need to be clear about the relationships between the components of the system and the whole system in focus. This also means that only by viewing any system problem as just one small part of the whole system can we start to work together with all the stakeholders to find a solution.

Concurring with the above, Midgley (2000) summed up this nicely by suggesting that the world can be described as a hierarchy of systems, each of which contains and is contained by other systems where larger systems are just as dependent on the existence and healthy functioning of the smaller ones (their components) as the smaller ones are on the larger ones that they are part of (their environment).

Ulrich (2003:214) further argued that "justifying systems interventions require continually redrawing the boundaries to "sweep in" stakeholders previously excluded from consideration".

However there is a challenge of defining a system boundary. Where exactly boundaries are constructed, and what the values are that guide the construction, will determine how issues are

seen and what actions will be taken (Midgley, 2000). The drawing of boundaries is crucial to determining how improvement is to be defined and what action should be taken (Jackson, 2003). We therefore need to determine what to include as part of the organisation. As alluded to above, this calls for managers to continually identify organisations and other stakeholders that are critical to the organisation's achievement of its goals.

The implication of the above is that the impact of systems that the organisation is part of and the organisation's subsystems need to be identified, and taken into cognisance during strategic management.

Ulrich (2003) in Jackson (2003) suggests that those who design systems make assumptions about what is part of the system's environment as well as what is inside the system. He further suggests that management must develop a way of evaluating systems designs in order to expose boundary judgements being made currently and a way of asking what other boundary judgements might be possible. He suggested that to reveal boundary judgements the following 12 (twelve) questions must be asked about the four groups viz. 'client', 'decision-taker', 'designer' and 'witnesses':

a) **Client:** boundary judgement questions:

- Who is the client or system beneficiary?
- What is the purpose of the system?
- What is the system's measure of success?

Responding to the three boundary questions above, would help any organisation to identify and understand its customers, customers' requirements and how to meet customers' requirements. This would also inform the organisation's vision and mission component of the strategic plan document and the key performance areas, performance indicators/measures, quality of services or products and targets thereof. These are the basic questions that any organisation should respond to before crafting a strategic plan. With regard to systems boundary judgment, what is critical in this discussion is that the client should not be left outside of the organisation's system since it is the one that has the information regarding the organisation system's reason for existence. Customers need to be engaged to stay tuned to customers' needs for an organisation to adapt its strategies accordingly and stay ahead of competitors.

b) **Decision maker:** boundary judgement questions:

- Who is the decision maker?
- What resources and constraints of the systems are under the control of the decision maker?
- What resources are part of the system environment, in other words, not under the control of the decision maker?

To emphasize the need for managers to respond to the above boundary judgement questions, a typical example is the South African government's three spheres of government, where a provincial government housing department has a target in its strategic plan to build 20 000 houses per year. To achieve the target of 20 000 houses the provincial housing department is dependent on the housing grant from the national government and also the availability of land and housing beneficiaries in a local municipality where houses can be built. This is enough justification to consider including both the national government and local municipality in the system boundary of the provincial department when strategies are developed and implemented, as they control the budget and land and other human resources.

c) **Designer:** boundary judgement questions:

- Who is involved as part of the designers of the system?
- What expertise is required to ensure proper design of the system?
- Who is the guarantor of the system?

Key stakeholders must be considered during the design of a system, and that those who design systems must have the necessary expertise to ensure that the system achieves its purpose.

d) **Witnesses:** boundary judgement questions:

- Who belongs to the witnesses that represent the concerns of those citizens who are affected by the design of the system?
- To what extent and how are the affected citizens allowed an opportunity to be emancipated from the involved people's premises and promises?
- On what worldview of either the involved or the affected citizens did the designers base the system's design?

The views of the system's client must be considered during the design of a system, during the

development of strategies and the implementation thereof, and that their feedback must always be solicited to ensure that there is a convergence of worldviews between stakeholders. It is also crucial that appropriate systems boundaries can only be established through dialogue, especially between those involved and those likely to be affected by the system design. The responsibility of designing systems should therefore not be left to an individual systems designer whose worldview may influence the design negatively. The essence of this debate is to ensure that systems that have an influence in the organisation's output are identified and acknowledged to ensure that they are considered when decisions regarding an organisation's strategy are taken to enhance the implementation of those strategies.

2.3.1   Some characteristics of a complex system

In order to understand what a complex system is, the following are some characteristics of a complex system according to Kirshbaum (2002), Kauffman (1995), Ortegon-Monroy (1999), Stacey (2003), and Fortune & White (2002):

2.3.1.1 Self organisation

According to Kirshbaum (2004) self organisation in systems takes place naturally and automatically in order for the system to enhance its effectiveness and efficiency. The change is accomplished by elements that are components of the system during their automatic responses to feedback from the environment within which the system operates. This feedback from the system's environment is according to Kirshbaum, information from the environment about the system's efficiency and effectiveness. The success of the system elements at resettling and reorganising themselves and their interactions assures their existence by protecting and reinforcing the structures with which these elements are part of.

According to Ortegon-Monroy (1999), this spontaneous self organisation resulting from the interactions of agents (individuals or groups) produces emergent patterns that no individual agent can intend or foresee.

"The advantage of self organizating systems is that they search by themselves for solutions, without the need for a manager or engineer intervening" (Richardson 2005:55)

According to Stacey (2003) it is important to stress that the notion of self- organisation as it is employed in complexity theory does not mean any of the following:

- Something that happens no matter what anyone does;

- Full-blown democracy in which all agents are equal and nothing is done without complete consensus;

- Anarchy in which everyone does whatever they please;

- Constraint-free form of behaviour;

- The empowerment of the lower echelons in the organisation and leaving them to get on with it;

- The disempowerment and incapacitation of the higher echelons who no longer have a role.

There are conditions that both enable and constrain the interactions between agents at the same time, so that self organisation does not mean that individuals organize themselves without any constraints. It is also not separate individuals on their own that are organizing themselves individually, instead self organisation means interactions between agents according to their own local interaction principles. It is the overall pattern of relationships that is organizing itself at the same time as the nature of the agents is changing (Stacey, 2003). In organisations, for instance, the interactions of agents is constrained by such issues as delegated authorities, scope of work, resources available, quality of work required etc. This therefore means that the character of self organisation of a certain level of employees will be within the boundaries of their positions' authority. This does not necessarily mean disempowerment of management nor empowerment of lower level employees as each self organizing will be based on each group's scope of work.

2.3.1.2 Emergence

According to Fortune and White (2002:3) "emergence is the overall system behaviour that cannot be predicted or even envisioned from knowledge of what each component of a system does in isolation" since this behaviour emanates from the interaction of many components or participants of a system. This phenomena therefore occurs from the distributed and non-linear pattern of interactions between the system's elements.

2.3.1.3 Non-linearity

According to (Kirshbaum 2002), in a complex system changes occur in a non-linear manner. Whereas linear change occurs where there is a sequence of events that are affected by each other in the order that they occur one after the other in such a way that one could predict what would happen next, in non-linear change previous elements change elements that come after

them and these elements in turn cause change to the elements that came before them. There is therefore no proportionality between cause and effect in terms of change in a non-linear system. In other words, a non-linear system can also be described as any system in which input is not proportional to output whereas in a linear system, the input is proportional to the output. Change is seen in terms of adaptive co-evolution, where each organisation is an active agent which both influence and is influenced by social ecosystems comprised of all related organisations.

2.3.1.4 Non-determinism and non-tractability

Determinism is according to Van Inwagen (1983) the proposition that all events are causally determined by an unbroken chain of prior occurrences. This also includes events such as human cognition, behaviour, decision and action. In a complex system the opposite is the case in that "causality is complex, intricate, multi-ordered, and intractable" (Richardson, 2005:5). Similarly Pavard and Dugdale (2003) suggest that it is not possible to anticipate precisely the behaviour of a complex system even if one completely knows the function of its constituents due to the fact that complex systems are fundamentally non-deterministic. This is caused by the disturbance of the system due to unforeseen circumstances. A complex system is non-tractable in that it is difficult or not possible to describe explicitly the flows of information that are relevant for one to understand how systems function collectively.

2.3.1.5 Edge of chaos

According to Ortegon-Monroy (1999) complex systems operate at the most efficient and robust level in the area known as the edge of chaos since systems agents conduct a wider range of interactions that are productive and share a greater amount of useful information in this area than when it is stable.

According to Stacey, in the edge of chaos, system structures are not too rigid in order to allow for novelty to emerge and also not too responsive to prevent system decay. In the edge of chaos stability and change is balanced, as is the case in systems that are loosely coupled. Whereas most changes in interaction in these systems will not cause the system from leaving its present attractor, some changes move the system to a new attractor. It is critical to point out that system structures are able to reproduce themselves in this condition that is neither too rigid nor too responsive.

Gilpin and Murphy (2008) define an attractor as recurrent patterns of behaviours that exert a

pull on a complex system, as the system transits among phases and areas of change.

According to Pascale (1999:91) "nothing novel can emerge from systems with high degrees of order and stability". A challenge to managers and practitioners is therefore how to nudge their organizations to move towards the edge of chaos, i.e. "in the boundary between rigidity and randomness". Managers can achieve this by (1) setting the context in their organization, (2) encourage a sense of restlessness with the status quo in the organization and constant experimentation, (3) creating an opportunity for learning experience for all in the organization through interaction between various stakeholders within and outside the organisation, and (4) allow for organizational members to decide how to perform their activities within the context set and agreed upon.

The context set will act as rules around which both negative and positive feedback and self organization can take place. *"Negative* feedback also known as *d*ampening feedback, consists of any processes where a deviation or instability is reduced, counteracted or constrained, resulting in the furthering of stability, order and homeostasis", whereas "positive feedback also known as amplifying feedback, consists of any processes where a deviation or instability is increased, magnified or reinforced, resulting in the furthering of instability, disorder and morphogenesis".

This will allow the organization to operate in the bounded instability (dynamic between stability and instability) area where novelty, innovation and self organization is enhanced.

2.3.1.6 Unpredictability

Complex systems are not easily predictable due to the fact that the pattern of behavior is nonlinear (Lewin*, 1999*), as explained above.

2.4   Strategic management under uncertainty

The recent global recession was not anticipated and has left governments grappling with how to save industries such as the motor manufacturing and banks. One can only conclude and emphasize that today's managers need to have the capacity to perform strategic management under uncertainty that will allow them to respond speedily for their organisations to remain effective.

According to McNamara, Webb and Collins (1995) many organisms live in environments

which undergo large scale fluctuations from year to year as a result of variations in either weather conditions or biotic factors such as population density. In any year these organisms may have to make behavioral decisions before that year's environmental conditions are known. Similarly, organisations need to take strategic decisions under uncertainty. According to Costanza (1993) the question is how should organisations deal with the huge levels of uncertainty in the environment. Costanza suggests that management need to accept uncertainty as a basic element of decision making at all levels of the organization for them to formulate effective strategies.

According to Courtney, Kirkland, and Viguerie (1999:1) "at the heart of the traditional approach to strategy, lies the assumption that by applying a set of powerful analytic tools, executives can predict the future of any business accurately enough to allow them to choose a clear strategic direction". They suggest that it is only in stable businesses that the traditional approach to strategy continues to work well, and that this approach fails when the uncertainty in the environment is such that no amount of analysis will enable executives to predict the future.

Courtney, *et al* (1999) further suggest that today's high levels of uncertainty that management is confronted with on a regular basis require a new approach to strategic management.

The increased volatility of the environments within which organisations operate, makes the process of strategic management more complex and that strategies that are flexible are suitable for environments that are characterized by rapid change. Smit (1999) suggested that whereas in the past the focus of strategic management in organisations was on attempting to adapt to a predictable future, today's focus is on ensuring that organisations are flexible and that they respond speedily to a changing present.

Uncertainty in the environment makes it impossible for management to predict the future for them to specify in detail actions to be performed, and therefore strategy should not concern itself with specific actions. Strategy should be developed more to clarify the organisation's direction and allow for flexibility in the short term while ensuring that the organisation's strategic decisions are coordinated (Grant, 2003).

Concurring with the above, Lucas (2004) suggests that people began to realize late in the 20th century that owing to the fact that most of today's world is not linear, linear prediction that was implemented and yielded success in the past, is no longer applicable. It was only applicable to few systems. He further suggested that since one cannot predict the outcome in a non-linear system by simply knowing the equation of a system's behaviour, this has an adverse

implication in organisational plans and the control thereof, as one cannot develop plans that will be implemented as expected, especially in systems that involve people as they are too non-linear.

Contrary to the above viewpoint, Davis (2000) suggests that to circumvent outcome uncertainty, exploratory analysis is a methodology to be used if one needs to plan under uncertainty, since through it one can examine outcomes across a huge region of scenario space, which is like testing against a number of diverse scenarios.

This view does not take into account that often problem situations seem to be pluralistic in that there are different value positions and interests, or they appear conflictual.

No level of exploratory analysis will enable management to predict the future in a system that operates in an environment where there are multiple agents with diverse worldviews. In an environment where change is rapid and where there is limited information, traditional forecasting techniques have failed to predict changes in the environment. Failure to predict significant changes in the external environment may deny the organisation an opportunity to seize opportunities offered, or overlook serious threats that may threaten the organisation's survival. A tool such as scenario planning is most appropriate to deal with uncertainty in the organisation's environment.

According to Van der Heijden (1996) scenario planning is conducted for the purpose of creating an organisation that is more adaptive, which recognizes and uses the uncertainty in the environment to its advantage. The first objective of scenario planning is according to Van der Heijden (1996) the generation of projects and decisions that are more robust under a variety of alternative futures. He further suggests that for a strategy or plan to be robust, it needs to be evaluated against a number of futures or scenarios. Some of the benefits of scenario planning include the following:

- Enable management to break away from their world views by exposing blind spots that have the potential of being overlooked using the traditional forecasting techniques;
- Unfolding scenarios are recognizable in their early stages by management and thereby enable them to take appropriate decisions timeously, to the benefit of the organisation.

According to Van der Heijden (1996) increasing failures of planning based on forecasts in the mid-1960s prompted Shell to use the scenario planning methodology. Each project or decision

at Shell was evaluated against a set of scenarios and thereafter outcomes were generated for each scenario. A decision whether to go ahead with the project is made on the basis of multiple possible outcomes, instead of one. Those multiple, but equally plausible futures served the purpose of a test-bed for policies and plans.

During scenario planning, a number of scenarios are generated to describe the future. These scenarios are generated from the project's important key issues, and major trends, or dynamics that are happening in the world today that are critical for the project to take into consideration. The resulting scenarios can be used as drivers for considering a number of concepts and evaluating their importance for the design process.

Scenario planning is about what is possible in the future and not about predicting the future. The result of a scenario analysis is therefore a group of distinct plausible futures, that are exposed to management for them to take decisions and actions that are appropriate based on the possible scenarios. It is also critical for management to ensure the development of early warning signals, in other words, of a particular scenario.

The above is summed up by De Geus's (1997) assertion that scenarios are stories. They are not scientific things in the environment that are indicative of the unfolding analysis but works of art. The types of conversations and decisions that scenarios spark are more important than the reliability of their content.
Scenario planning enhances the quality of an organisation's strategies though it will not completely mitigate against the uncertainty of the environment within which today's organisations operate.

2.5   Strategic management in a complex adaptive system

A complex adaptive system is according to Stacey (2003) comprised of a huge number of diverse agents that interact with one another and whose interaction is informed by sets of rules that require the adjustment of the behaviours of agents to those of fellow agents in a system.
Similarly, Lewin (2000) defines a complex adaptive system as a system comprised of a number of diverse agents that are mutually affected by each other during their interaction with each other. Agent interactions result in the generation of a behaviour that is novel for the system as a whole. This behavior is not constant due to the fact that the behaviour of the system as a whole changes when the system's environment changes. This means that the system constantly adapts

to the environment around it and therefore evolves through continuous adaptation.

According to Boisot and Child (1999) organisations are adaptive systems, i.e. systems that have to fit with their environment's complexity to either achieve an appropriate alignment with the environment or to free themselves from any potential adverse impact or constraints the environment might impose.

According to Lucas (2004), the level of agent interactions in a system are three-fold and as follows: (1) intra-system or intra-level interaction: these are interactions of agents within the system, (2) inter-system interaction: this is where agents interact with each other across the boundaries of the system, and (3) hierarchical or inter-level interaction: in this case agents interact within a vertical hierarchy. What this means is that because of these interactions at various levels, every change regardless of the size has the capacity to change the entire hierarchy of levels since the perturbation affects internal, horizontal and vertical levels simultaneously as it follows all the available paths of influence.

Strategic planning that allows for networking and dialogue between both internal and external stakeholders on matters related to the mission, objectives, targets, resources etc, will enhance the relationships among stakeholders and thereby enhance the achievement of organisational objectives.

Vogelsang (2005) concurs with the above by suggesting that in complex adaptive systems, shared operating values and a shared purpose that also dictates the relationship between fellow agents and stakeholders connect agents to each other.

Vogelsang further suggested that a complex adaptive system approach to strategic planning builds upon methods of organisational learning and at the same time emphasizing mindfulness, mission and decisions that are based on values, promoting relationships and communication systems, and constructing organisational opportunities that contribute to an organisation's self-organising and resiliency in its immediate and future environment.

According to Stacey (1996:2) "it is important right at the outset to think of strategy as a game that people play, because when it is discussed more seriously there is a strong tendency to slip into talking about it as a response that the organisation makes to an environment". According to Stacey, when we do that we depersonalize the game and unwittingly slip into understanding it in mechanical terms, where one thing moves in predetermined ways in relation to another thing, and consequently run the risk of denying ourselves an opportunity to understand strategic

management's real complexities. Stacey (1996:2) further suggested that "organisations and their environments are in reality not things adapting to one another, but groupings of people that interact with one another".

The downside of the strategy game is that the game is a turbulent one, complex and full of uncertainty such that one cannot always predict the consequences of one's actions and the response from organisations in the environment. This weakness can be mitigated by ensuring that the circular process of *discovery, choice and action* that is strategic management is both deliberate and intentional as well as unintentional and emergent.

According to Stacey (1996) human systems are so complex that no individual or small group of individuals can understand them fully enough to control what happens to them.

2.6 Resources as a determinant of an organisation's strategy

The resources of an organisation will determine the products or services and the markets that an organisation targets. Resources will therefore be a critical consideration when strategies are developed and implemented. Resources of an organisation also provide that organisation with a competitive advantage over its competitors. Resources in this case include both finances, materials, machinery, capabilities and competencies.

According to Foss (1997), sustainable competitive advantage depends on the nature and type of capabilities and resources that an organisation possesses and the utilization and deployment thereof. The following are some of the definitions of resources, capabilities and competencies:

According to Grant (1991) capabilities are an organisation's capacity for undertaking a particular activity.

According to Degravel (2007), a capability is perceived by both the organisation's customers and employees as one of the components of an organisation that represent its identity. A capability is the ability of an organisation to use its organisational competencies that are distinct and not easy to replicate, and therefore perform better than its competitors. Capabilities can be further divided into two, namely, distinct and reproducible capabilities.
Distinctive capabilities are an organisation's characteristics that cannot be replicated by other organisations, or characteristics that are difficult to be replicated. An organisation's sustainable competitive advantage is dependent on these capabilities. Examples of distinctive capabilities

are exclusive licenses, patents, tacit knowledge, effective leadership, team work, or strong brands.

Capabilities that are reproducible are not the base for competitive advantage since they are capabilities that can be purchased or developed by other organisations. Examples of reproducible capabilities are marketing, financial, and technical capabilities.

Core competencies are defined by Hamel and Prahalad (1994:219) as "a set of technologies and skills that enables an organisation to provide a particular benefit to its customers".

Grant (1991) suggests that the resources of an organisation are the central considerations during the formulation of its strategy. He argues that when the environment is in a fluctuating state, the organisation's own resources and capabilities provide a basis on which the identity of an organisation is defined. Defining an organisation on the basis of its capabilities rather than defining it on the basis of the needs which the organisation must satisfy may provide a stronger basis for the organisation's strategy. Grant also suggests that several organisations who based their strategies on creating and utilizing internal capabilities have been able to adapt to changes in the external environment.

Designing a strategy that exploits to the maximum, capabilities and core resources of an organisation is, according to Grant, the essence of strategy formulation. This, therefore, implies that the organisation will limit the scope of its strategies to those operations where it clearly has developed a competitive advantage over other organisations.

Hamel and Prahalad (1990, 1994) in Stacey (2003) suggest that one firm outperforms another if it has superior ability to develop, use and protect core competencies and resources, which are the foundations for creating the future. Strategies are therefore designed to capitalize on core competencies, and distinctive assets form the basis of creating a sustainable competitive advantage for the organisation.

Hamel and Prahalad further suggest that successful organisations are those that focus on leveraging resources, that is, using the resources that they have in new and innovative ways to reach seemingly unattainable goals. These orgaisations' main concern is, according to Hamel and Prahalad, to use their resources in challenging and stretching ways to build up a number of core competencies.

Concurring with the above, the South African Management Development Institute (SAMDI,

2001) suggests that one of the benefits for the adoption of strategic management in the public service, is the need for management to identify and develop core competencies.

Resources, capabilities and competencies are critical elements to ensure implementation of a strategy. It is therefore critical that the strategic targets of an organization, particularly a public service one, should take into account available resources, capabilities and competencies. This would avoid setting targets that are not realistic and therefore not achievable. Managers should therefore ensure that the organisation's resources, capabilities and competencies are utilized to the maximum and that strategies are implemented to secure more of these resources to ensure that the organisation's goals are not limited by the available resources.

2.7   Strategic control

The effective implementation of strategy will be enhanced through a monitoring and evaluation process that is aimed at tracking progress and identifying any deviation and the reasons thereof, with the intention of implementing corrective actions timeously, and as a basis for continuous improvement. Corrective actions will include revising the targets as and when the environment dictates. The results of the monitoring and evaluation process will also serve as a basis for the allocation of future resources.

To ensure that the monitoring and evaluation process is effective in complex adaptive systems, the current evaluation techniques or new tools and approaches can be strengthened by encouraging continuous interactions between relevant stakeholders during the implementation of the strategy to encourage both planned and *adhoc* feedback.

According to Pearce and Robinson (2003) strategic control enables an organisation to track the implementation of its strategy as it is being implemented, detecting variances, any areas of concern or changes in its underlying premises, and taking necessary corrective actions. Pearce and Robinson (2003) further argued that of importance in strategic control is the critical need to track progress against set standards and to ensure that the reasons for deviations and necessary responses to deviations are given serious in-depth attention. Notwithstanding that this approach is a typical strategic choice approach to strategic control which was criticized in this document, it is my view that for an organization to adapt to change it is critical that organisational members receive feedback regarding deviations of the actual performance in relation to what was desired, and respond accordingly.
The feedback is not only meant for organizational members to take actions to achieve targets

set, but to direct or spark a certain level of conversation in the organization.

According to Berkas and Eoyang (1998) teams and individuals at all levels of the organisation are expected to provide progress reports of their individual or team performance for various reasons. Reasons according to the authors range from that of ensuring individual and group accountability, to using information from the evaluation as a basis or framework for continuous improvement and decision making that is based on facts.

Berkas and Eoyang further argued that, traditional methods of evaluation were sufficient as long as human systems behave in linear and predictable manners or patterns. However, the assumptions that are the basis for evaluation of linear systems become invalid as human systems move toward complex adaptive behavior. Most of the traditional tools of evaluation and techniques and methods thereof are based on the assumptions of linear organisational dynamics such as predictability, stability, system closure (not connected to other systems), and equilibrium, which is not the case in complex adaptive systems. The result is that traditional evaluation techniques are only effective in some circumstances and ineffective in others. An evaluation tool must therefore be aligned to the dynamics of a system to which it is used to ensure its effectiveness.

The need for the evaluation of organisational performance in both the private and public sector organisations stems from the expectation of critical stakeholders such as funders and donors, participants, elected leaders, and other constituencies who expect management to be able to evaluate the performance of their organisations, and most of the evaluation systems are based on monitoring of performance against predicted goals.

It is also critical to note that the assumption that an organisation is a complex adaptive system means that it is normal for an organisation's behaviour to vary and change from one pattern to another such as random to chaotic to linear patterns over time or at different scale levels. Due to the fact that a complex adaptive system may appear to be linear and predictable in certain conditions, traditional systems of evaluation may sometimes be appropriate for the assessment of organisations, while under some circumstances random or chaotic strategies may be more appropriate. The bottom-line is that for an evaluation program to be effective it must be aligned to the dynamics of the system which it is applied to.

As indicated above, complex adaptive systems behaviour varies and may move from random to chaotic to linear patterns over time, it is therefore not easy for managers to know what state a system is in, in order for them to select and align an evaluation system with the system's state at

a particular moment in time. This weakness can be circumvented by ensuring the use of a mix of traditional organisational assessment systems and the use of feedback systems that continuously solicit feedback from all stakeholders regarding the implementation of strategies

According to Eden and Ackermann (2001:171), "the practice of strategic control is much more complex than most writers on the subject have acknowledged". Problems include amongst others "developing and implementing strategic controls that can also accommodate conditions of uncertainty and flexibility in the implementation of strategy; defining strategic goals that can motivate managers"; avoiding strategy control systems that replace management judgment; and developing and implementing a strategic control system that does not destroy mutual confidence between various levels of management.

Higgs (2003) suggests that instead of trying to develop strategies to change or control the nature of agents in a system, strategies should be developed to optimize the interaction and communications of agents in a system. This makes sense in that it will enhance learning between the agents of a system and adaptation as a result of the feedback from agents.

Ahmed, Elgazzar and Hegazi (2006:4) suggest that before a decision concerning a complex adaptive system is taken the following must be done: (1) a system should be studied as a whole and therefore in some cases reductionist point of view may not be reliable; (2) take into consideration the effect of the system's perturbation on fellow systems; (3) note that complex adaptive systems are not easy to control and therefore a useful approach may be to interfere at highly connected sites".

Instead of focusing on meeting targets set to control a complex adaptive system such as an organisation, managers need to focus at the level of each strategic objective and stakeholders that has an impact on its achievement and agree on how to meet the objective effectively and efficiently. The organisation stands a better chance of meeting the targets by focusing on the system as a whole, in other words, including all stakeholders.

According to Battram (1999), due to the fact that complex systems are inherently unpredictable, the command and control management approach does not work in this type of systems. Chapman (2003) suggests that it does not help to link a system's poor performance to an assumption of linear cause and effect due to the unpredictability of complex systems.

Similarly, Gilpin and Murphy (2008) suggest that there are several reasons that complex systems cannot, by nature, be subjected to traditional linear analysis in any meaningful fashion.

This is so because complex systems are holistic, and they are not amenable to letting a part stand for the whole, and therefore one cannot have confidence in traditional statistical sampling, etc.

2.8   Strategic management in the public sector

Can strategic management, such as that applied in the private sector be applied to the public sector as is? According to Koteen (in Van der Waldt and Du Toit 1997) the answer to the above question is a qualified "yes". They further suggest that if the differences in terms of services and products are accepted and provision is made for them through relevant management practices, strategic management can be applied very successfully, and in fact, according to Koteen, strategic management has been applied successfully in some South African government institutions.

After his study to determine the relevancy and effectiveness of applying private sector strategic management models to the public sector, Green (1998) concludes that thou the public sector's emphasis is on the development of goals, objectives, and the allocation of resources, the private sector strategic management process was found to be relevant and of value to the public sector as it has positively changed the management of departments in the public sector.

According to Nutt and Backoff (1995), managers in the public sector work with many stakeholders such as the legislatures and others to deal with policy issues in areas such as housing and health etc. These managers should continuously re-examine their strategies and fit to the demand posed by the environment. This responsiveness occurs when someone in a leadership role takes steps to change the organisation's strategy in response to emergent client needs. Concurring with the above, Sminia & Van Nistelrooij (2006) suggest that when compared to organisations in the private sector, organisations in the public sector have larger numbers of decision makers and diverse stakeholders, a more bureaucratic organisational design and intensive organisational dynamics.

According to Sminia and Nistelrooij, in public sector organisations, specific demands are put on the management of change due to the fact that these organisations work with and need to influence different authorities and also in turn handle the influence of legislation and the political environment effectively.

According to Wilkinson and Pedler (1995) effective strategy making in the public sector, particularly that which crosses sector boundaries could improve local governance as well as the

quality of service delivery. They however further argued that the complexities, uncertainties, and lack of clarity in many areas of public governance frequently add a further and tricky dimension to strategy direction finding.

Similarly, Joyce (2004:107) suggests that strategic management processes adopted by organizations in the public sector emphasizes on plans, goals and performance targets and "lacks creativity and fails to encourage learning and innovation". Joyce further argues that thou strategic management processes in the public sector may be similar to those in the private sector, the challenges facing organizations in the public sector demand that this processes be evolved to (1) improve service delivery by involving community organizations during strategic planning; (2) involving the public during planning; and (3) support strategic leaders that will *interalia* increase their organisations' learning capacity of their organizations, and lead their organizations towards the achievement of their strategic visions.

Joice (2004:109) further suggests that organizations in the public service need to meet the following requirements for them to move away from expecting the public to endorse plans developed on their behalf by managers and professionals:

(1)   "setting up a strategic planning process that places the problems of the public at the heart of the analysis and formulation of strategic actions;

(2)   The application of professional expertise within the planning process in line with the public's perceptions and ranking of problems;

(3)   Formulation of budgetary and resource plans to support the public and not organizational priorities;

(4)   The direct involvement of the public in turning strategic ideas into blueprints for strategic change".

In South Africa's public service, strategic planning is also regarded as crucial that the Minister of Public Service and Administration included a section on strategic planning in the Public Service Regulations (2001) issued in terms of the Public Service Act, to guide the executing authorities in the public service, heads of national and provincial departments and officials.

According to the Public Service Regulations of 2001 (chapter 1, Part III, B.1), "an executing authority shall prepare a strategic plan for her or his department". The strategic plan shall:

(a)   "state the department's core objectives, based on constitutional and other legislative mandates, functional mandates and the service delivery improvement programme";

(b)   "describe the core and support activities necessary to achieve the core objectives,

avoiding duplication of functions";

(c)   "specify the functions the department will perform internally and those it will contract out";

(d)   "describe the goals or targets to be attained on the medium term";

(e)   "set out a programme for attaining those goals and targets";

(f)   "specify information systems that:

    i.   enable the executing authority to monitor the progress made towards achieving those goals, targets and core objectives;

    ii.   support compliance with the relevant reporting requirements and the national minimum   information requirements".

The Minister of public service and administration through the public service regulations further directs that "based on the strategic plan of the department, an executing authority shall":

(a)   "determine the department's organisational structure in terms of its core and support functions";

(b)   "grade proposed new jobs according to a job evaluation system prescribed by the Minister";

(c)   "define the posts necessary to perform the relevant functions while remaining within the current budget and medium-term expenditure framework of her or his department, and the posts so defined shall constitute the department's approved establishment; and

(d)   engage in human resource planning with a view to meet the human resource needs".

The Minister further directs that "in implementing the strategic plan, a head of department shall":

(a)   "promote the efficient, economic and effective use of resources as to improve the functioning of the department; and

(b)   to that end, apply working methods such as the re-allocation, simplification and coordination of work, and eliminate unnecessary functions".

To further emphasize the importance of strategic planning in the public service, a section on strategic planning was provided for in the Treasury regulations issued in terms of the Public finance management act (1999). According to section 5.1.1 of the Treasury regulations, "each year the accounting officer of an institution must prepare a strategic plan for the forthcoming

medium term expenditure framework (MTEF) period for approval by the relevant executive authority. The approved strategic plan must be tabled in parliament or relevant legislature at least seven (7) days prior to the discussion of the department's budget vote in order to facilitate the discussion of individual votes".

According to Chapter 5 of the Treasury regulations, this strategic plan must:

(a)   "cover a period of three years and be consistent with the institution's published medium term expenditure estimates;

(b)   include specific constitutional and other legislative, functional and policy mandates that indicate the output deliverables for which the institution is responsible";

(c)   include policy developments and legislative changes that influence programme spending plans over the three year period;

(d)   include the measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the institution's programmes;

(e)   include details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;

(f)   include details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities;

(g)   include multi-year projections of income and projected receipts from the sale of assets;

(h)   include details of the service delivery improvement programme;

(i)   include details of proposed information technology acquisition or expansion in reference to an information technology plan; and

(j)   for departments, include the requirements of chapter 1, part 111 (b) of the Public service regulations, 2001 mentioned above".

Furthermore, according to section 5.2.3 of the Treasury regulations, "the strategic plan must form the basis for the annual reports of accounting officers".

According to Fancy and Matheson (as cited in Boston & Pallot, 1997) the new processes of strategic management in the New Zealand public sector are designed to ensure that wider policy issues are more consciously reflected in the formulation of the budget and in appropriation decisions. It is an attempt to enrich the budget process and create incentives for more strategic thoughtfulness among both politicians and public servants. "The new strategic management process in the New Zealand public service was reported to enhanced coordination within government in that cross-sectoral issues were clearly identified and as a result improved

integration amongst government portfolios and ministries as well as helping departments recognize areas where they have common interests" Boston & Pallot (1997:397).

It is important to indicate that the strategic management approach in the public sector in general as per the literature reviewed, and the process in the Department of Local government and housing in particular, is a typical strategic choice approach that is characterized by (1) the development of a plan (a set of goals and intended actions to achieve goals) as if the future is predictable, (2) the assumption that if the plan is skillfully developed it will ensure the success of an organization in meeting its objectives, and (3) characterized by targets that are not met.

Lately authors such as Brown-Welty (2005) and Drumaux and Goethals (2007) after their respective studies suggest strategic management approaches in the public sector, that are moving away from strategic choice: In her study to understand the relationship between organizational strategy and the performance of Carlifonia's school districts, Brown-Welty (2005) concludes that districts that are led through a modicum of both intended and realized strategy, were found to perform better than districts that were led differently.
An Intended strategy refers to a plan that an organization develops for its future whereas a realized strategy refers to patterns that evolved out of an organisation's past behaviour (Mintzberg *et al* (1998).

Similarly Drumaux and Goethals (2007:651) after their study on strategic planning in the Belgian Federal Administration, suggests that managers preferred "an emergent, more flexible and less formal strategy, based on the behavioral assumption of incrementalism".

2.9   Discussion of topics covered in the chapter

It is evident from the literature reviewed that there is no universal definition of strategy due to a large number of perspectives about strategy held by authors and practitioners.
It is also evident from the literature reviewed that today's organisational problems are systemic problems and therefore cannot be understood in isolation. This is due to the fact that today's organisations are complex adaptive systems. According to Stacey (2003), a complex adaptive system is comprised of a huge number of diverse agents that interact with one another and whose interaction is informed by sets of rules that require agents in the system to adapt their behavior to that of fellow agents. The level of agent interactions in a system are according to Lucas (2004) three-fold, namely, intra-system or intra-level interaction (interactions of agents within the system); inter-system interaction (agents interact with each other across the boundaries of their systems); hierarchical or inter-level interaction (agents interacts within

vertical hierarchy).

The complexity of organisations has a serious implication on strategic management in organisations in the private and public sectors, in that today's managers of strategy, must be clear of the identities of organisations that have a bearing on their organisations' effectiveness. Identifying these organisations is not enough, managers also need to understand how these organisations operate to (1) implement strategies to influence them, or (2) to implement strategies to adapt, in order for them to achieve their goals. This therefore calls for managers to consider organisations within their environment when developing strategies.

Similarly, Fox, Schwella & Wissink (1991) suggested that managers must take into consideration forces and elements in their organisations' environment in spite of the fact that they may be unable to do anything to change these elements and forces.

Managers therefore are required to draw their system boundaries to ensure that agents that are supposed to be inside their organisational systems and those that belong to the environment are clearly delineated. However because of the fact that organisations and their environments are dynamic, managers will need to continually redraw the boundaries to "sweep in" stakeholders previously excluded from consideration (Ulrich 2003).

The uncertainty of the environment makes it difficult for management to anticipate changes in the organisation's external environment, to craft strategies that are robust particularly when the change is rapid and turbulent or when there is limited information. Tools such as Scenario Planning are useful to depict plausible scenarios to spark conversation and decisions that will enhance the robustness of strategies.

An organisation's resources, capabilities and competencies are critical elements to ensure implementation of a strategy. It is therefore critical that the strategic plan targets of any organisation should take into account available resources, capabilities and competencies. This would avoid setting targets that are not realistic and therefore not achievable. Managers should therefore also ensure that the organisation's resources, capabilities and competencies are utilized to the maximum and that strategies are implemented to secure more of these resources to ensure that the organisation's goals are not limited by the available resources.
Management's ability to perform strategic management processes has a bearing on the quality of the organisation's strategic plans and the implementation thereof.

Strategic management processes that are implemented in the private sector are currently being

implemented in the public sector. The only difference is that unlike in the private sector, public sector management works with many stakeholders or actors and therefore strategic management in this sector could be enhanced by ensuring that all key stakeholders and all sectors of government work together to ensure coordination and integration of plans.

During the implementation of strategies, managers of organisations are expected to report on their performance against targets as set in their strategic plans, as a way to control the implementation of strategies and submitting reports to various stakeholders for various reasons. Due to the fact we cannot set out plans that will come true as expected, except in very specific cases because we cannot predict the future, progress reports are useful as a feedback to inform relevant stakeholders to spark conversations that may lead to corrective actions such as the revision of targets, allocation of additional resources etc.

It is critical to point out that literature reviewed covered both the strategic choice approach to strategic management as well as strategic management in complex adaptive systems. At face value the two approaches seems to contradict each other. The strategic choice approach was criticized for the following weaknesses among others:

- o the development of plan (a set of goals and intended actions to achieve goals) as if the future is predictable;
- o the assumption that if the plan is skillfully developed it will ensure the success of an organization;
- o using the plan as an externally set reference point for the performance of organizational members;
- o the assumption that order leads to success and that disorder must be removed;
- o not accepting uncertainty in the environment as inevitable;
- o assumption that the future can be predicted by identifying linear causal links between action and outcome;
- o the development of actions and targets to carry out plans with the believe that targets will be met as set;

Notwithstanding the criticism above, drawing from complexity theory, "life in organizations is woven from inextricable strands of the predictable and the unpredictable, the stable and the unstable, the orderly and the disorderly" (Stacey 2003:81). The strategic choice approach therefore still has its place in organizations, in that "when a system operates in the dynamics between stability and instability (bounded instability), its short-term behaviour is predictable at a fairly detailed and quantitative level" (Stacey 2003:236).

The strategic choice approach where an organisation's vision, mission, objectives and goals are clearly spelt out can be applied to complex adaptive systems, as long as managers avoid developing plans where they predict future activities and targets at a fine level of detail over a long period. Manager can use the vision, mission, objectives and goals to set the context and allow members of the organization to determine activities to achieve the objectives of the organization and self-organise where necessary. This will require organizational members to have the necessary competencies and capabilities.

The strategic choice approach can be enhanced by creating an environment in the organization that allows for interactions of organizational members at all levels of the organization, both horizontal and vertical as well as interactions with relevant systems/organizations within the environment. This would encourage learning and creativity in the organization.

CHAPTER 3

RESEARCH DESIGN

3.1   Introduction

This chapter describes the research methodology used in the research study. According to Durrheim (2004:29) "a research design is a strategic framework for action that serves as a bridge between research questions and the execution or implementation of the research". The design for this research was informed by the purpose of the research, the theoretical paradigm the researcher subscribes to, and the context within which this research will be carried in. This has informed the research methodology or research techniques that were used to collect and analyse data. The research approach that was used in this study is the qualitative approach. "Qualitative methods allow the researcher to study selected issues in depth, openness and detail as they identify and attempt to understand the categories of information that emerge from collected data" (Durrheim 2004:42). This approach has enabled the researcher to explore strategic management in the Department of Local Government and Housing in depth.

3.2   Research design and approach

The qualitative research method used in this study is the case study method. According to Patton (2002:447) the "purpose of case study is to gather comprehensive systematic and in depth information about a case of interest". One of the purposes of case study is to shed light on phenomena. Case studies also have the advantage of allowing new ideas and hypotheses to emerge from careful and detailed observation (Lindegger 2002). This approach has enabled the researcher to gather data relating to the whole strategy formulation, implementation and control processes employed in the Department of local government & housing.

3.3   Target population

The target population for this study was the members of the Limpopo department of local government and housing management team comprised of the head of department, senior general managers, general managers, and senior managers. This group of officials was targeted because they are currently critical in the process of strategic management in the department and

that they are responsible for reporting on the performance of their respective units in so far as the implementation of the strategic plan is concerned. An official who is responsible for (1) the consolidation of the strategic plan and the annual performance plan documents and seeing to it that they are forwarded to relevant authorities and (2) the consolidation of monthly performance reports from all the strategic business units (SBU's) in the department, was interviewed to provide information on the process of strategic management in the department. Due to the interconnectedness between the department and municipalities, the researcher also targeted municipal councilors to hear their views on reasons for the department's failure to meet targets. Councilors targeted are those who are officials of the department as they were more easily accessible than other councilors. The target group is tabulated in the table below:

Job Title or level	Posts per level in the department's organisational structure approved in December 2005	
	Number of filled positions during the study period	Total number of positions
Head of department	1	1
Senior General Manager	3	3
General Manager	6	11
Senior Manager	15	28
Municipal Councilors	5	5
Acting Manager Strategic planning services	1	1
Total	**31**	**49**

Table 3-1: Target population

3.4   Method of data collection

As suggested by Yin (2003:97), "a major strength of case study data collection is the opportunity to use many different sources of evidence". According to Yin, "the use of multiple sources of evidence can help to deal with the problems of establishing the construct validity and reliability of the case study evidence". Data for this study was therefore collected through triangulation. Triangulation entails collecting material in as many different ways from as many diverse sources as possible (Terre Blanche and Kelly, 2004). For this study, data was collected through interviews, survey questionnaires, direct observation and through collecting relevant

documents from the records of the department.

3.4.1 Interviews

Data was collected through structured interviews. Structured interviews were straight forward open-ended questions to allow respondents to formulate their responses themselves. Considering the minimum education level of respondents, open-ended questions were appropriate. Welman and Kruger (1999) suggest that open-ended questions require respondents who are able to express themselves and usually possess a higher level of education than one would require for multiple choice type of questions. Respondents were interviewed individually in their respective offices; however there were respondents who indicated that they were not going to be available for interviews. Attached as Annexure A is a questionnaire containing structured questions that were asked during the interviews.

3.4.2 Self-administered survey questionnaire.

A survey questionnaire was used to collect data from members of the management team who indicated that they would not be available for face-to-face interviews. Questionnaires were both hand delivered or emailed to individual members of the management team. The questionnaire did not include any personal information section to accommodate respondents who felt that they did not want to risk being linked to responses by their job titles.

The selection of questions in the survey questionnaire attached as Annexure A to this chapter, was informed by the literature reviewed and this study's research questions. The sequencing of questions in the survey allows for a flow of information to make it easy for respondents to complete the questionnaire.

Managers in the table below were either interviewed or completed the self administered questionnaire:

Job Title or level	Managers interviewed	Managers who completed the administered survey questionnaire
Senior General Manager	-	2
General Manager	2	1
Senior Manager	3	5
Municipal Councilors	-	3
Acting Manager Strategic planning services	1	-
Total officials interviewed	6	11
Total number of members of the management team who were either interviewed or responded to self administered questionnaires		**17**

Table 3-2: Officials at senior management services (SMS) levels who were either interviewed or responded to self-administered questionnaires

3.4.3   Reports and other documents

The researcher collected and analysed the following reports and documents of the department to establish reasons for under performance:

- the 2005/6 strategic planning documents (3 year plan and annual performance plan, and 2006/7 annual strategic plan review sessions and 2005/6 and 2006/7 quarterly reports) ;
- 2006/7 minutes of the monthly management team meetings (attended by officials at senior manager level and above to report on progress made on the implementation of the annual performance plan);
- 2006/7 minutes of the bi-monthly executive management team meetings (attended by management at general manager level and above)

3.4.4   Observation

To complement the data collection techniques mentioned above, the researcher as an employee of the department and being in the position to interact with the target population (members of the management team) during strategic planning sessions and management team meetings,

observed the dynamics, processes and behaviour of management team members, with regard to how they perform strategic planning, and how they track progress with regard to achieving targets as outlined in the strategic plan document (see figure 3-3 below). According to Bailey (1987) observation is preferred when one wants to study in detail the behaviour that occurs in some particular setting or institution.

For a period of six (6) months, from the 3rd of January 2006 to end of July 2006, the researcher was responsible for compiling agendas of the management team meetings and the executive management team meetings in conjunction with the Head of department and recording of minutes of these meetings. The researcher was also responsible for the compiling of reports of strategic planning review sessions held in January and June 2006 respectively. This placed the researcher in a position where he could observe and note any behaviour and frustration of management with regard to the strategic management function. The researcher recorded in type-writing, narratively, the process of strategic planning in the department, participants' behaviour and attitudes towards the process, how the management team track progress with regard to the achievement of targets set; challenges reported/ reasons for failure to meet targets; systems in place to enhance the implementation of the strategy, and corrective actions.

Observed the interactions during the following sessions	Management team members observed	What was observed/units of data
Strategic planning sessions	• One (1) HOD; • Two (2) Senior general managers; • Three (3) General managers; • Thirteen (13) Senior managers	• The strategic planning process of the department; • How the management team conduct the strategic planning sessions; • Participants & stakeholders involved
Bi-weekly Executive management team meetings	• One (1) HOD; • Two (2) Senior general managers; • Three (3) General managers;	• How the management team track progress with regard to the achievement of targets set; • Challenges reported/ reasons for failure to meet targets; • Corrective actions

Monthly meeting of the management team	• One (1) HOD; • Two (2) Senior general managers; • Three (3) General managers; • Thirteen (13) Senior managers	• Progress made in relation to targets set; • Challenges reported/ reasons for failure to meet targets; • Corrective actions;

Table 3-3 Officials at Executive management and senior management services (SMS) levels observed

3.4.5 Triangulation

The use of the three data collection methods mentioned above helped the researcher to achieve triangulation, in that the three methods together shed light on the strategic management process in the department, stakeholders involved, challenges to meet targets etc. These methods together has allowed for the corroboration of findings.

3.5 Data analysis

Data analysis is an essential part of research. The aim of data analysis is according to Blanche and Durrheim (2004) to transform information or data collected into an answer to the original research question. To analyse data collected in this study, themes were identified and responses clustered per theme and the frequency of responses determined in such a manner that allow for analysis. Case studies may employ both quantitative and qualitative techniques (Gerring, 2007). According to Welman & Kruger (1999), whichever technique is used for data-collecting purpose, the concern is not merely to describe what is being observed, but to search, in an inductive fashion, for recurring patterns and consistent regularities.

Since a number of data collection methods were used, data was analysed as follows:

3.5.1 Analysis of data collected through structured interviews and survey questionnaires;

(a) From each question's responses themes were identified and responses were clustered according to themes provided. See example below:

Question1: Why is it that the department fails to meet targets as set out in its strategic plan document and annual performance plans?

Theme	Reasons for failure by the department to meet targets as per the responses by management team members	No. of responses	% of total responses
Capacity challenges	- Lack of management support; - Lack of project management and monitoring capacity; - Poor implementation of the Performance management system; - Lack of capacity within the department to implement the strategic plan;	**7**	**37**
Stakeholders outside the department	- Delays by municipalities in providing housing beneficiary lists; - Lack of capacity by municipalities to submit housing beneficiary lists; - Contractors do not have the capacity to deliver the number of houses allocated to them; - Lack of coordination between the three spheres of government; - Material shortages not anticipated (Insufficient capacity by material suppliers);	**4**	**25**
Strategic planning method	Poor planning	**1**	**7**
Unrealistic targets	- Targets are not informed by baseline; - Targets are not set taking into account processes to be performed to meet targets; - Targets are not set taking into account support processes and the internal and external environment; - Not enough consultations with stakeholders particularly when setting housing targets;	**5**	**31**
Totals		**17**	**100%**

Table 3-4: Illustration of the analysis of data collected through interviews & survey questionnaire

(b)   The above information was depicted in a bar chart as follows in the analysis and results chapter. The bar chat is accompanied by the explanation of what each theme entails (see example in (c) below).
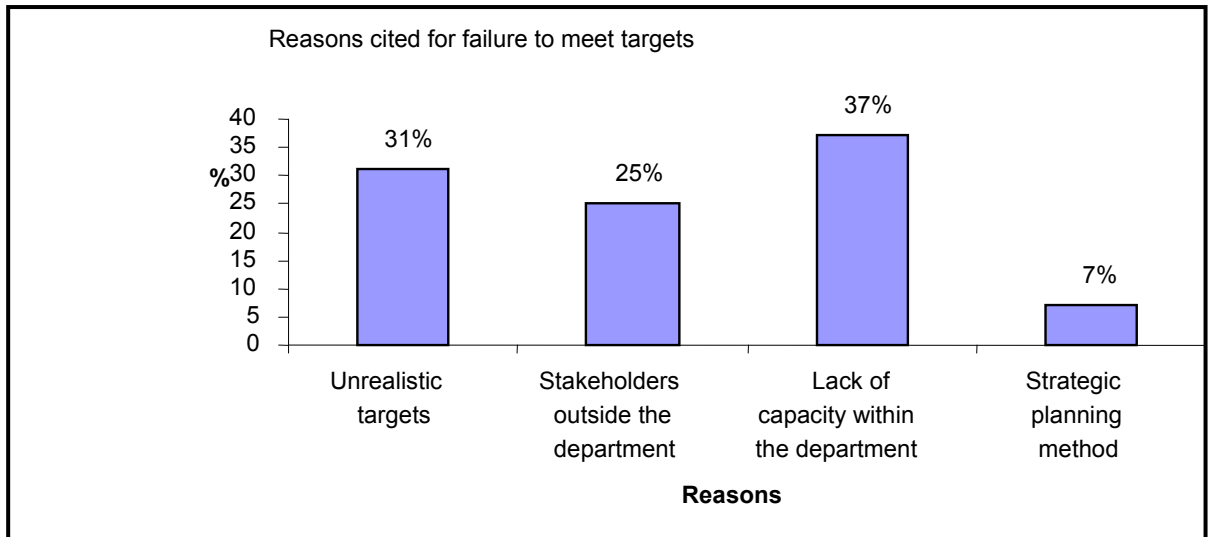
Figure 3-1:   Reasons for failure to meet targets

(c)   Example: As depicted on the graph above, thirty seven percent of respondents cited lack of capacity within the department as one of the reasons for the department's failure to meet targets as set in the strategic planning documents. Lack of capacity was attributed to the following issues:

- . Lack of management support;
- Lack of project management and monitoring capacity;
- Poor implementation of the Performance management system;
- Lack of capacity within the department to implement the strategic plan;

3.5.2   Analysis of data collected through secondary data such as reports;

(a)   Reports accessed were progress reports which also indicated why each component of the department failed to meet targets as set in the strategic plan document's annual performance plan. Due to the fact that reasons cited for not achieving the targets revolved around reasons due to (1) internal stakeholders, (2) external stakeholders or (3) own weaknesses, responses were clustered around these reasons.

(b)   The frequency or the number of occasions that the report by components of the department cited each of the reasons, were recorded to allow for statistical analysis, i.e. each reason as a percentage of the total number of reasons cited.

(c)   The results were then depicted graphically and followed by a narrative comment.

3.5.3   Analysis of data collected through unstructured interviews and through observations

(a)   To analyse data collected through observations, themes and repeated patterns of behaviour were identified. Below are some of the themes identified:

Themes	Sub-themes
Strategic management process	o Participants o Response of management with regard to the process o Stakeholders
Tracking the strategy implementation	o Participants o Findings o Response by management responsible for implementation o Corrective action o Reasons for deviations from targets o Authority to influence stakeholders o Frustration
Systems to enhance strategy implementation	o Organisational structure o Performance management system o Reward system o Resources o Motivation

Table 3-5: Themes identified during the analysis of data collected through direct observations

(b)   Each theme was described in detail narratively and using process flows where necessary. The relationship between information from this data collection technique was compared with themes from the other data collection methods

applied.

3.6 Ethical consideration

Permission to conduct study was sought from and granted by the University of Kwazulu Natal and the Department of Local government and Housing in Limpopo Province. At individual level permission was also sought from the participants prior to the interviews and administering of questionnaires. Ethical issues were therefore considered under the following sub-headings: confidentiality and anonymity, and voluntary informed participation.

3.6.1 Confidentiality and anonymity

The use of subjects (human beings) in a study introduces an element of threat because of uncertainty. The researcher assured the subjects that information collected would be treated in strict confidentiality and anonymity. The survey questionnaire had to be designed in such a manner that no job-titles of respondents were to be revealed for they did not want anything that would easily link them to the responses made.

3.6.2 Voluntary participation

It was ensured that participation in this study was voluntary. This was based on the information given by the researcher about the nature and scope of the study. The researcher explained the purpose of the study and the importance of their participation and assured them that there would not be any repercussions for those who were not willing to participate and that an individual was free to withdraw at ant time without penalty. They were also informed about the data collection procedure.

3.7 Conclusion

The use of the case study research allowed for the use of multiple data collecting techniques to enhance the richness of data collected, and also to allow for the corroboration of data collected through each technique employed. Data collected allowed for both qualitative and quantitative analysis. Ethical issues and the need for confidentiality were considered and guaranteed during the study.

CHAPTER 4

ANALYSIS AND RESULTS

4.1 Introduction

This chapter can be described as this research project's most "valuable" chapter, because all the results are documented in this chapter. Detailed information in support of the findings will make it even more relevant and clear to the reader of what the specific findings were. The results will be provided as follows:

4.1.1 Responses to questionnaires and interviews

Responses to questionnaires and interviews were summarised and results are depicted graphically followed by a narrative descriptions of the results.

4.1.2 Findings from the reports

Findings from various reports regarding failure to meet targets were summarised, aggregated and depicted graphically. The results are followed by a narrative description of the results.

4.1.3 Findings as observed during the study period

Findings regarding the development and implementation of the department's strategic plan as observed during the study period were described.

4.2 Data presentation, analysis and interpretation

4.2.1 Interpretation of responses to questions contained in the questionnaire attached as Annexure A

Responses to questions were analysed and interpreted through graphs, and accompanied by a narrative discussion. The author makes no claim of statistical representivity of findings nor does he generalize them to the general population. Graphs are used to depict the frequency of

responses to questions as shown below. This is supported by further qualitative analysis to enhance the interpretation.

4.2.1.1 Question1*: Why is it that the department fails to meet targets as set out in its strategic plan document and annual performance plans?*
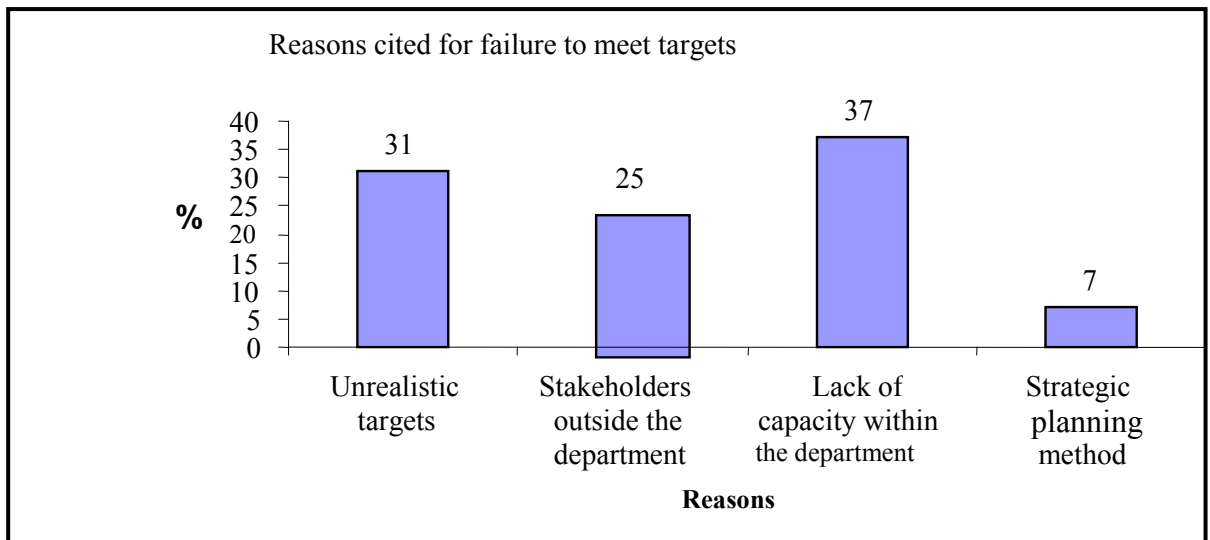
Figure 4-1: Reasons for failure to meet targets

(a)   As depicted on the graph above, thirty seven percent of respondents cited lack of capacity within the department as one of the reasons for the department's failure to meet targets as set in the strategic planning documents. Lack of capacity was attributed to the following issues amongst others.

- . Lack of management support;
- Lack of project management and monitoring capacity;
- Poor implementation of the Performance management system;
- Lack of capacity within the department to implement the strategic plan;

(b)   Thirty one percent of the respondents attributed failure to meet targets to unrealistic targets. Some of the issues clustered under unrealistic targets are the following amongst others:

- Targets are not informed by baseline;
- Targets are not set taking into account processes to be performed to meet targets;
- Targets are not set taking into account support processes and the internal and external environment;

- Not enough consultations with stakeholders particularly when setting housing targets;

(c) Twenty five percent of respondents attributed failure to meet targets to stakeholders outside the department, and issues thereof are as clustered hereunder.

- Delays by municipalities in providing housing beneficiary lists;
- Lack of capacity by municipalities to submit housing beneficiary lists;
- Contractors do not have the capacity to deliver the number of houses allocated to them;
- Lack of coordination between the three spheres of government;
- Material shortages not anticipated (Insufficient capacity by material suppliers);

4.2.1.2 Question2: *What informs the targets that the department set for itself?*
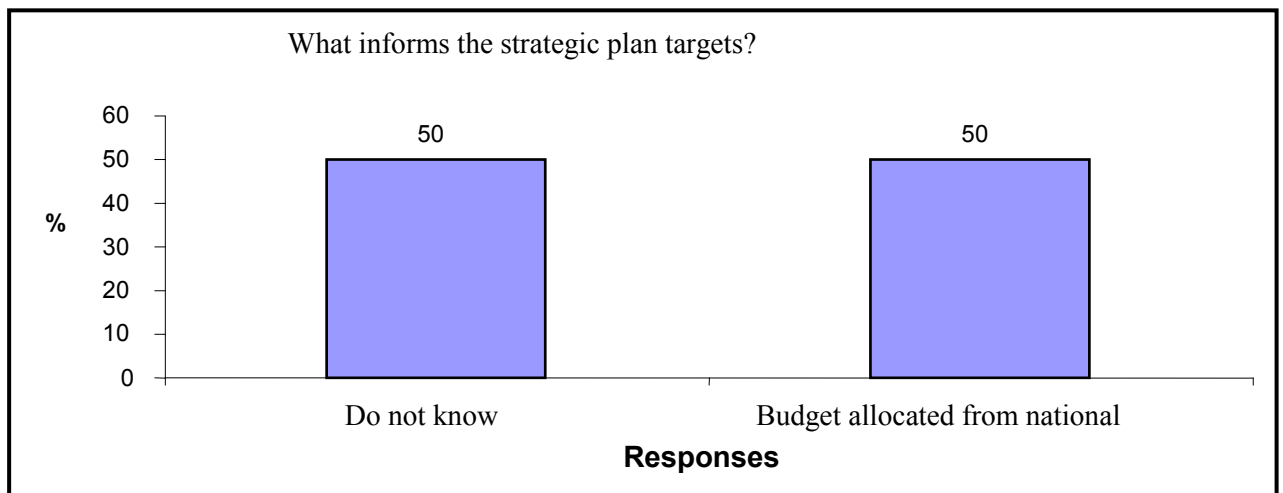
Figure 4-2: What informs the targets

(a) Fifty percent of the respondents indicated that they did not know what informs the targets, whereas the remaining respondents indicated that the budget allocated from the national treasury for each financial year informs the targets for that particular year.

4.2.1.3 Question 3: *Are the targets that the department sets realistic?*
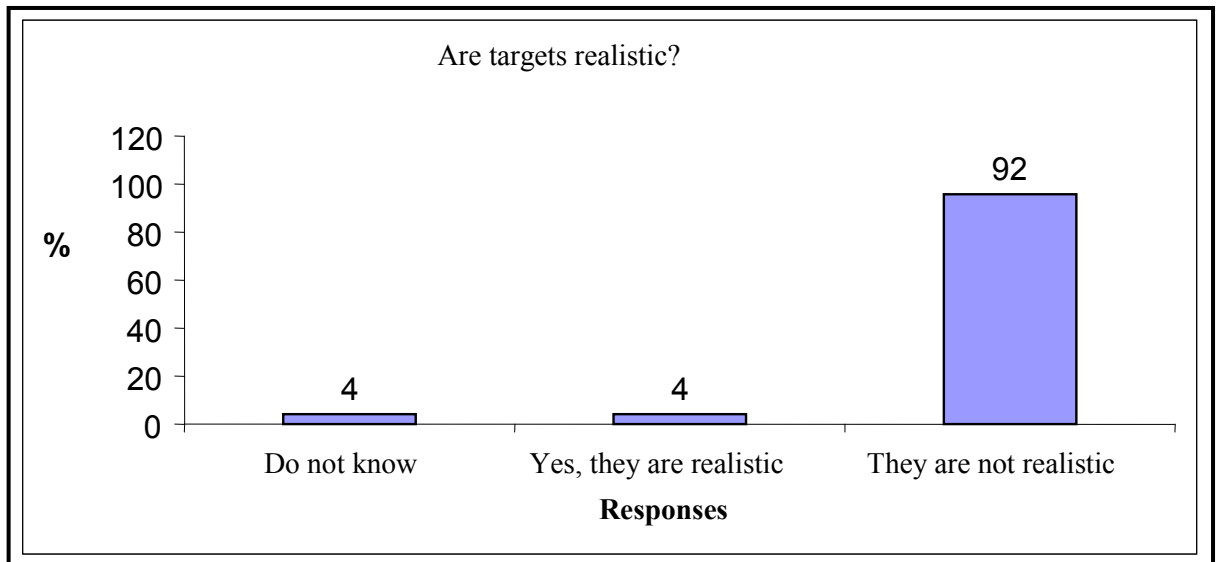
Figure 4-3: Are targets realistic?

(b)   As depicted in the chart above, ninety two percent of respondents indicated that targets
        as set and reflected in the strategic planning documents are not realistic. They cited the
        following as issues that unrealistic targets are attributable to:

- The capacity of developers not taken into account when planning;
- We plan as if we know the future;
- We analyse the environment casually;
- Plans are not informed by existing capacity within the department and province;
- Availability of material not taken into account during planning;
- Targets are not informed by baseline;
- Targets are not set taking into account processes to be performed to meet targets;

4.2.1.4 Question 4: *Does the department have the necessary resources, systems, processes to ensure that targets are met?*
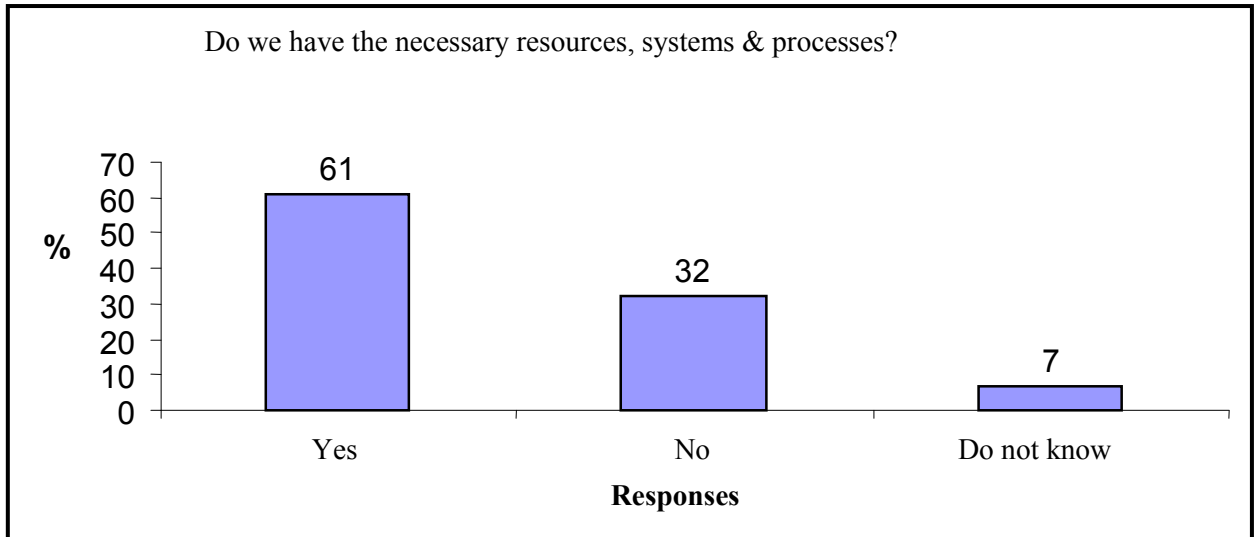
Figure 4-4: Does the department have the necessary resources, systems & processes?

(a)   As depicted on the chart above, sixty one percent of the respondents indicated that the department has the necessary resources, systems and processes to implement the strategic plan, whereas thirty two percent responded that the department does not have the necessary resources, systems and processes. The remaining indicated that they did not know.

4.2.1.5 Question 5: *Does the department incorporate the input of the stakeholders into its plans?*
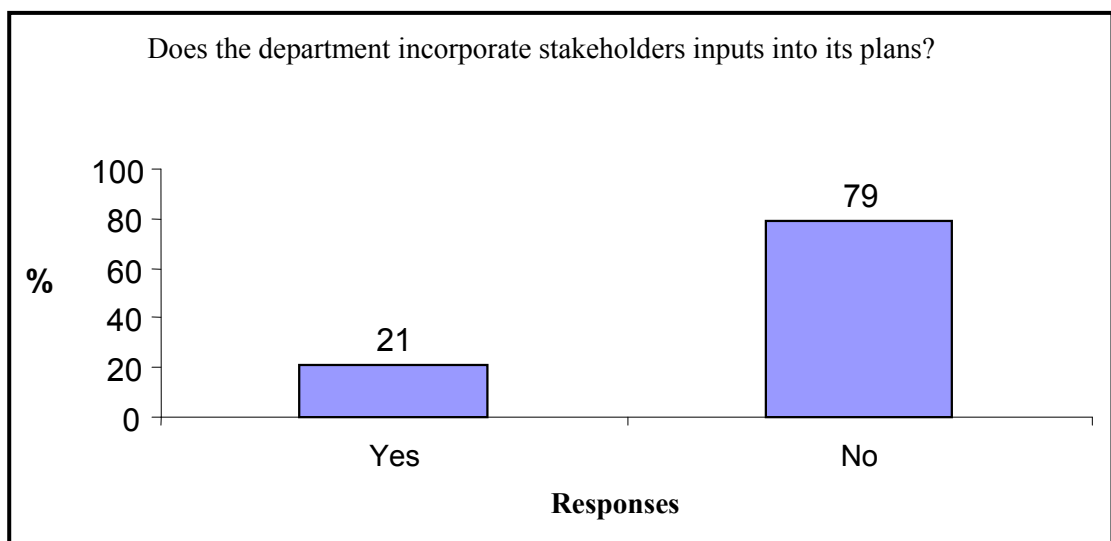
(a)   Seventy nine percent of the respondents indicated that the department does not incorporate stakeholders' inputs when developing its strategic plans. Only twenty one percent of the respondents responded that stakeholders' inputs are taken into consideration when developing strategic plans.

4.2.1.6 Question 7: *Are there projects or work that was not planned for that has to be performed during the year?*
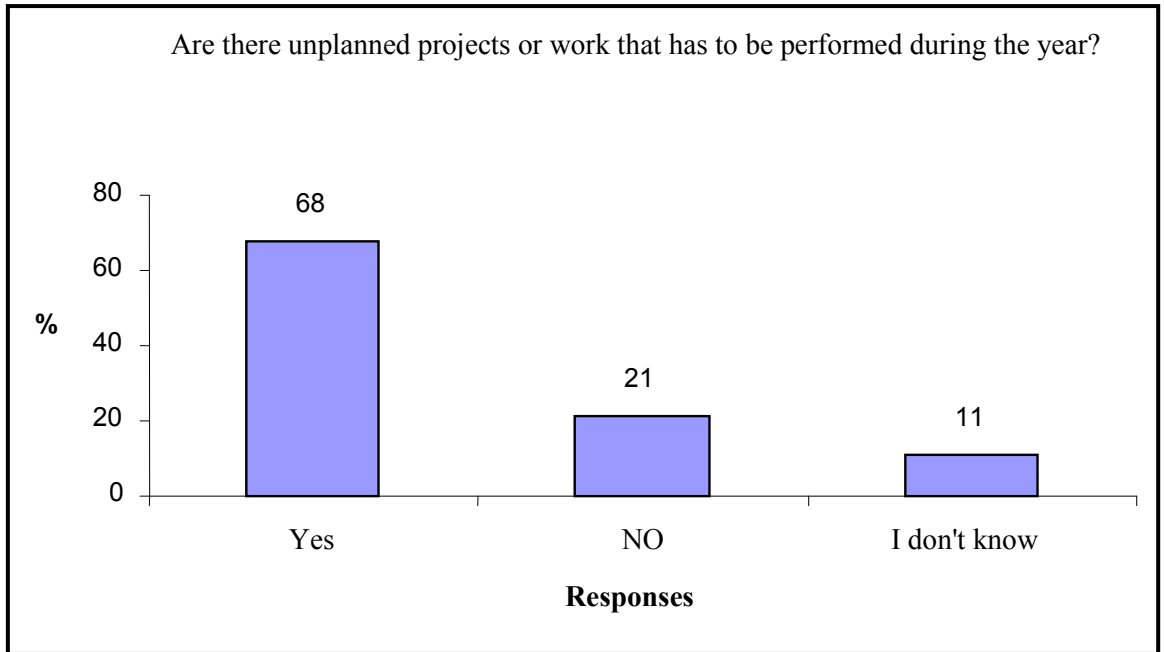
Figure 4-6:   Are there unplanned projects or work

(a)   As depicted in the above chart, sixty eight percent of respondents indicated that there are unplanned projects or work that is performed during the year that was not planned for in the strategic plan or annual performance plan. Only twenty one percent indicated that there are no projects that are performed in a financial year that were not planned for.

4.2.2   Interpretation of data from secondary sources, i.e. reports

4.2.2.1 Reasons for failure to meet targets as depicted in the quarterly reports (three last quarterly reports of 2005/6 and 1st quarter of 2006/7)

Reasons for failure to meet targets as per reports of the last three quarters of the 2005/6 financial year presented during the 9 January 2006 Strategic plan review session, and reports of the 1st quarter of 2006/7 financial year were analysed and depicted through graphs accompanied by a narrative discussion of the findings, distinguishing between support and core functions components of the department. The author makes no claim of statistical representivity of findings nor does he generalize them to the general population. Graphs are used to depict the frequency of reasons for failure to meet targets as cited in reports. Below is the analysis:

4.2.2.1(a)   Support functions (Shared services sub-department)

Reasons for failure to meet strategic plan targets as reported by the Support functions, i.e. Shared services sub-department of the department:
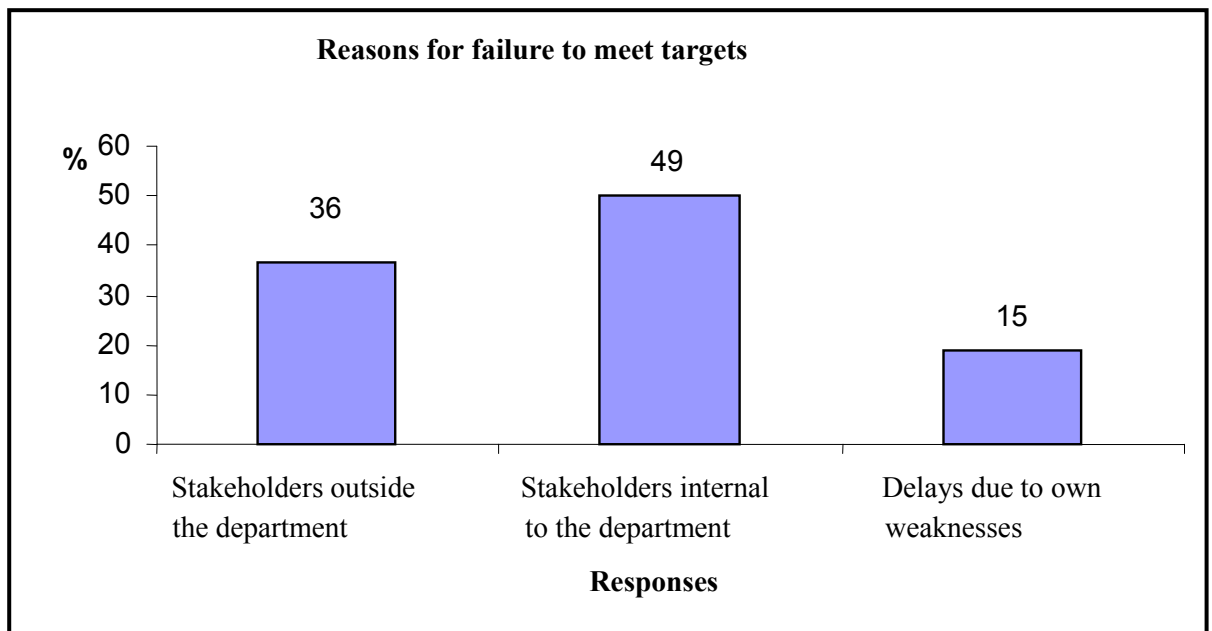
Figure 4-7: Reasons for failure to met targets by support functions

As depicted on the graph above, thirty six percent of the causes for failure to meet targets by the Support functions in the department are stakeholders external to the department, forty nine percent are caused by stakeholders internal the department, whereas the remaining fifteen

percent of the causes are due to own weaknesses.

4.2.2.1(b)   Core functions within the department (Local governance Sub-Department, and Integrated Human Settlement (Housing) Sub-Department).

Reasons for failure to meet strategic plan targets as reported by the core functions in the department of Local government & housing.

Reasons for failure to meet targets by core functions
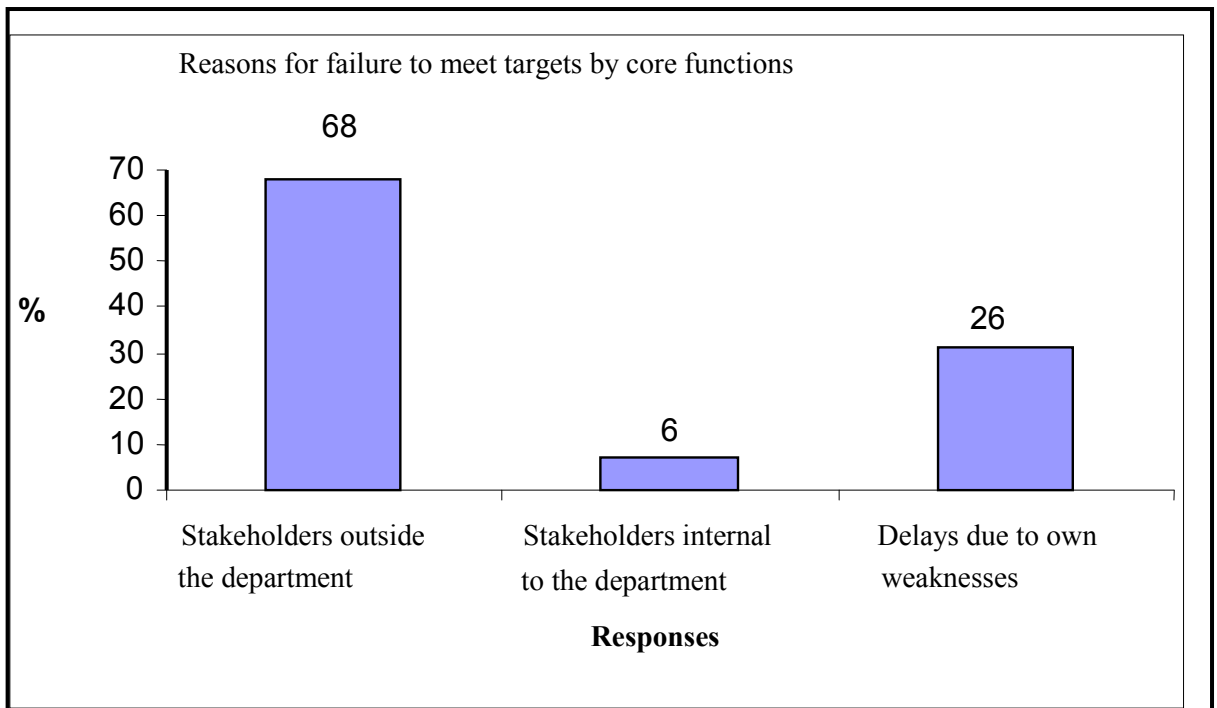
Figure 4-8   Reasons for failure to meet targets by core functions

As depicted on the graph above, sixty eight percent of the causes for failure to meet targets by the Core functions in the department are stakeholders external to the department, and that six percent are caused by stakeholders internal to the department. Twenty six percent of the reasons are due to the Core functions' own weaknesses. The following are stakeholders that are attributable to the failure to reach targets and how they contributed to the failure:

Stakeholders outside the department
- Municipalities delaying to submit housing beneficiary lists;
- Township establishment process that is dependent on other departments;
- Municipalities delaying to release land for the construction of houses;
- Contractors did not have the capacity to deliver as per contracts;

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- Poor capacity in municipalities;
- Shortage of material from suppliers.

Stakeholders internal to the department

- Poor project management of projects;
- Turn-around time for the filling of vacant posts too long;
- Turn around time for the payment of contractor claims too long;
- Lack of cooperation by other branches in the department;
- Supply chain SBU delay the appointment of a service provider;

4.2.3 Interpretation of data collected through direct observation

The following were observed during the study period. The observed data is clustered into three main themes to enhance the discussion.

4.2.3.1 Strategic management process in the department

The process of strategic management in the department and the public service as a whole is mandated by the public service regulations and the treasury regulations respectively. It is therefore mandatory for the accounting officer to develop a three year strategic plan for the department as well as the annual performance plan.

(a) **Participants internal to the department**

The strategic plan process begins with a meeting of each strategic business unit (SBU) of the department where a progress report is compiled, indicating progress made regarding the set targets in the current financial year's annual performance plan, as well as reasons for failure to meet targets and recommended corrective actions. These meetings take place in a session called branch strategic planning session. These sessions are held to prepare presentations at the departmental strategic planning session normally held a week later. In these sessions a SWOT analysis per SBU is conducted, and each SBU develops a new vision and mission of the department or confirm the current ones.

Employees who participate during the compilation of the reports are employees at deputy manager and manager levels and the senior managers as well as the branch head, the general manager.

Reports of SBU's are further consolidated into one report per branch (on average a branch is comprised of three SBU's). Branch heads, i.e. general managers, presents branch reports during

the strategic planning sessions, attended by employees at manager, senior manager, general manager, senior general manager levels, and the head of department. The political head (MEC) does attend strategic planning session mostly to open the session on the first day and close the session on the second day (last-day) of the session.

It is important to report that the department added a layer of managers (the senior general managers) above the level of general managers to head the branches now called the sub-departments. As a result employees at manager level (who reports to senior managers) were no longer invited to the department's strategic planning session during the study period despite the fact that their responsibilities did not change.

(b) **Participants external to the department**

During the two sessions that were observed, on average two municipal managers out of 32 municipal managers in the province, and two members of the housing portfolio committee from the legislature attended the session as observers. They did not make any meaningful contribution to the sessions, as they did not spend the whole two days in those sessions.

(c) **Management's views on the strategic management process**

Most managers view these sessions as sessions where they are bashed or humiliated for failure to meet targets. They felt that most of the reasons for their failure to meet the targets are beyond their control and that in spite of the fact that in their monthly and quarterly reports reasons for challenges are reported, nothing was done to address reported challenges.

There are those who see these sessions as just a way to comply with regulations as there is no serious debate or interrogation of presentations, by fellow management team members except for the head of department. Most of them feared that if they had interrogated their fellow team members, they would also be interrogated themselves and face the wrath of the head of department and MEC as targets were most of the time not achieved.

(d) **Output of the process**

A three year strategic plan document indicating broad strategic objectives, programmes, projects, key performance indicators and targets for the three years is the product of the strategic planning sessions. The strategic plan is subject to the approval by the treasury department. After the approval of the strategic plan, an annual performance plan is developed for the first year of the strategic plan. Illustrated below is a process flow depicting the strategic

planning process in the department.

Each SBU head presents progress report during branch sessions to prepare for strategic planning session	SBU reports are consolidated into branch report for presentation at strategic planning session	Each branch head presents branch progress report & reports are interrogated	The department's vision & mission is confirmed or a new one developed
The department's broad strategic objectives are developed for the next three years	Programmes to achieve strategic objectives as well as projects/KPA's are agreed upon	Key performance indicators for each project/kpa are set	Targets are set for each key performance indicators per project for the next three years
A budget amount is attached for each project/ key performance area for the current financial year	MEC approves draft strategic plan & submit draft to Treasury for approval	After the approval of strategic plan, the annual performance plan with KPI's & targets as outlined in the strat plan is developed for year 1 of the three years	Annual performance plan is submitted to the office of the premier for approval

Figure 4-9: Visual exposition of the strategic planning process in the department

4.2.4   Tracking the implementation of the strategy

To ensure the implementation of the strategic plan by the department, the following were observed.

4.2.4.1 Performance agreements of senior management and all other employees

Performance agreements of all levels of management and employees in the department are developed to be aligned to the annual performance plan key performance indicators and targets. It was however observed that whereas the new annual performance plan begins to be implemented on the 1st of April of each year, performance agreement of some managers and some employees are finalized and signed around September. The intention of the performance agreement was to assess the performance of an individual manager or employee on a quarterly basis and implement corrective actions such as training or the development of capabilities

required to enhance the implementation of the strategy. The late signing of performance agreement renders this performance management tool ineffective.

4.2.4.2 Monthly progress reports per SBU

Senior managers submit progress reports to the Organisational Transformation SBU, an SBU that coordinates progress reports, before the 7th of each month. After consolidation, these reports are forwarded to the head of department. The monthly reports indicate progress made, challenges and corrective actions recommended. Quarterly reports are also compiled and forwarded to the head of department.

It was observed that (1) in most cases corrective actions recommended in the monthly and quarterly reports are not acted upon and (2) there is no unit or person that follows up on the implementation of corrective actions.

4.2.4.3 Progress reporting meetings

Fortnightly status meetings are held between the executive management comprised of the head of department, the senior general managers and the general managers to report on progress made in relation to targets in the annual performance plan of the strategic plan; and once a month senior managers join the executive management to report on progress.

The atmosphere in these meetings was mostly tense and was characterized by a lot of tongue-lashing by the head of department of individual team members who could not justify failure by their components to meet targets week-in and week-out. Only few managers could confidently report progress that meet the target.

4.2.4.4 Reasons for failure to meet targets as reported in meetings

Some members of the management team were so frustrated as they felt that failure to meet their targets was due to factors beyond their control. Most of the reasons reported were the following:

- Municipalities delaying to submit housing beneficiary lists;
- Township establishment process that is dependent on other departments;
- Municipality delaying to release land for the construction of houses;
- Contractors did not have the capacity to deliver as per contracts;
- Poor project management of projects;

- Turn-around time for the filling of vacant posts too long;
- Turn around time for the payment of contractor claims too long;
- Lack of cooperation by other branches in the department;
- Poor capacity in municipalities;
- Supply chain SBU delay the appointment of a service provider;
- Shortage of material;

Some members of the team would book themselves off-sick on the progress reporting meeting day, as they could not stand reporting the same reasons for failure to deliver over and over, and face the wrath of the head of department who was tired of listening to the same "*excuses*". What was more frustrating to the members of the management team was that they felt they did not have the authority to influence the appointment of competent contractors or influence other stakeholders that have a bearing on the achievement of the set targets.

4.2.5 Systems in place to enhance the implementation of the strategy

The department had the following systems in place to enhance the implementation of the strategic plan, during the study period:

(a)   Performance bonuses

A performance bonus linked to the extent to which an individual employee meets the targets was in place to motivate employees. It was, however, observed that it was not serving its purpose as there were no quarterly assessments of individual performances as per the performance system policy. Towards the end of the financial year assessment reports of three to four quarters would be quickly compiled and submitted to the human resource management unit for the processing of bonuses regardless of the performance of employees in relation to targets agreed. It appears that most of the managers and employees did not have the capacity to manage performance in line with the performance management system used, as they understood and applied the rating scale differently.

(b)   Organisational structure

The organisational structure of the department is reviewed to ensure that it is aligned with the

strategic plan. Job profiles of posts in the reviewed organisational structure are developed and jobs graded accordingly. It was, however, observed that the time it takes the department to decide to and review the structure takes place long after the beginning of the financial year and the implementation of the annual performance plan, and therefore the structure is finalized too late to have an impact on performance in the first year.

(c)   Resources

It was observed that budget was not a problem for the core business of the department. After the finalization of the strategic plan or during the development thereof, management did not pause to ask themselves as to whether they have enough resources to implement the strategic plan and spend the budget e.g. for houses. It was also observed that projected expenditure per month was not met owing to targets that were not met.

(d)   Service delivery improvement plan

A service delivery improvement plan is developed on a yearly basis to enhance the implementation of strategic plans. This is mandatory and in line with the public service regulation. It was, however, observed that this was only done to comply with the regulation as (1) there was no follow-up as to whether the plan was adhered to, and (2) there was no justification of the improvement indicated in the plan as the availability of resources to match the improvement was not indicated.

The department also had during the study period support systems such as the information technology (IT) systems, financial management systems, risk management, supply chain management, human resources development systems, employee wellness, and organisational development systems, etc, in place to support the implementation of the strategic plan;

It was, however, observed that these support systems operated as if they were not established to support the department as a whole, they instead operated in silos that one sensed that they were competing with the core functions components of the department instead of providing them with expert support.

4.3   Relationship between the results from the three data collection methods (qualitative & quantitative)

The following is a brief discussion of the relationship between results deduced from data collected through the survey, interview, secondary data, and direct observation data collection techniques employed in this study:

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4.3.1   Strategic management process in the department

Whereas the survey technique only shed light on the lack of participation of stakeholders external to the department during the formulation of the department's strategic plan, the interview and the direct observation data collection techniques, indicated the actual process followed leading to the formulation of strategic plan and targets thereof, over and above shedding light on the lack of participation of stakeholders external to the department.

4.3.2   Tracking of the implementation of the strategy

All the data collection methods employed in this study pointed out that in his endeavor to perform his strategy control function, the head of department used progress reporting against set targets, through either biweekly, monthly and quarterly reporting. It was also deduced from interviews and through observations that this method of tracking the implementation of strategy through progress reports against set targets, is not yielding any positive results.

4.3.3   Reasons for failure to meet targets

Both data collection methods revealed that failure to meet targets by the department is attributed to (1) stakeholders external to the department, such as municipalities, contractors, sector departments, etc; (2) stakeholders internal to the department, such as fellow branches or SBU's in the department; (3) lack of capacity or resources within the department. It is also important to mention that all the data collection techniques employed in this study indicated that reasons for failure to meet targets are mostly attributed to external stakeholders than any other reason.

4.3.4   Availability of resources to implement strategic plans

Data collected through the various data collection techniques employed during this study did not indicate the availability of resources as an issue or a problem. The problem is instead failure to meet the targets and the expenditure thereof.

4.3.5   Stakeholder management

It was evident from data collected through interviews and surveys, through secondary data and

observation that the department has a lot of individuals, groups, or organisations external to the department that has a stake in the business of the department, and that these stakeholders are not managed properly in that they are not involved in the formulation of strategic plans and the targets thereof despite the fact that they are expected to play a certain role to help the department achieve its goals, e.g. submission of housing beneficiary list to the department, availing suitable land for housing development to the department, etc. It was also deduced from data collected through the various data collection techniques that most of the reasons for failure to meet targets by the department are attributable to stakeholders in the department, both internal and external.

4.3.6 Systems in place to enhance the implementation of the strategic plans

It was deduced from data collected through all the data collection techniques that there are systems in place to enhance the implementation of the department strategic plans. However, it was only through the direct observation technique that it was observed that most of the systems are not effective.

4.4 Discussion of the results

This section seeks to discuss the findings above in general and relate them to the reasons for this study and the relevant theory.

4.4.1 Strategic management process in the department

The current strategic management process in the Department of Local Government and Housing as depicted in figure 4-9 above, and the prescribed strategic management process for the whole public service, is typical of the linear strategy model (Chaffee 1985) and Stacey's strategic choice model which assumes that organisations change successfully when top executives form the right intention for the overall future shape of the whole organisation and specify in enough detail actions and plans of how this is to be achieved. The following areas of concern were observed:

4.4.1.1 Not taking into account the complexity of the department:

As depicted in the systems map depicted in figure 1-2 and in the above findings, the department of local government and housing is comprised of a number of sub-systems internal to the

organisation, as well as a large number of other organisations within its environment who have a stake in the services that the department was established to deliver. Some of the external stakeholders are the six (6) district municipalities, twenty six (26) local municipalities, the provincial legislature, the provincial treasury and other provincial departments, the premier's office, national departments, etc. The number of stakeholders and the interaction that takes place or should take place between the department and these stakeholders qualifies the department to be a complex adaptive system.

A complex adaptive system is according to Stacey (2003) comprised of a huge number of diverse agents that interacts with one another and whose interaction is informed by sets of rules that require the adjustment of the behaviours of agents to those of fellow agents in a system. Similarly, Lewin et al (2000) defines a complex adaptive system as comprised of a number of diverse agents that are mutually affected by each other during their interaction with each other.

The above means that for the department to achieve its objectives, it must interact closely with all its stakeholders. This actually calls for the plans of the department and those of these agents/stakeholders to be influenced by one another.
As indicated by the findings, the department's stakeholders do not influence the strategic plan of the department and the targets thereof even though the department is dependent on them to achieve targets set.

Interaction between the department and its agents (stakeholders) would assist to ensure that they share common goals, and therefore influence each other regarding their strategic plans and targets thereof and how to behave to meet the targets. Vogelsang (2005) suggests that in complex adaptive systems shared operating values and a shared purpose that also dictates the relationship between fellow agents and stakeholders connect agents to each other.

Lack of a shared purpose and operating values between the municipalities, and other stakeholders within and external to the department could be the reason why on average the majority of causes for failure to meet targets is attributable to stakeholders.

4.4.1.2 Setting targets without taking into account the uncertainty and the dynamism of the environment

The environment within which the department operates has a vast number of agents that it must interact with to achieve its mandates. The fact that these agents are independent in that they

have their own visions and missions that are not aligned to the department's, leave the environment so dynamic and uncertain that it is not possible to predict the agents' behaviour and the future.

Despite the uncertainty in the environment, the department develops a three year strategic plan document indicating broad strategic objectives, programmes, projects, key performance indicators and targets for the three years. This is a recipe for failure in that it is difficult to predict the behaviour of agents that were not involved during the setting of targets. It was evident during the study period that the department could not meet most of the targets outlined in the annual performance plan mostly due to agents in the department's environment.

Uncertainty in the environment makes it impossible for management to predict the future for them to specify in detail actions to be performed, and therefore strategy should not concern itself with specific actions. Strategy should be developed more to clarify the organisation's direction and allow for flexibility in the short term while ensuring that the organisation's strategic decisions are coordinated (Grant, 2003).

4.4.2 Lack of stakeholder management

As indicated above, the department has agents in its environment that has a stake in the business of the department, and therefore should take into consideration these stakeholders' input during the process of strategic management.

It is clear in the study's findings above that these stakeholders were not involved during the critical exercise of developing the department's plans and targets thereof. These stakeholders' views were not solicited despite that they are expected to play a certain role to help the department achieve its goals, e.g. submission of housing beneficiary list to the department, availing suitable land for housing development to the department, etc.

From the findings above, the poor management of stakeholders by the department manifested itself in the failure by the department to meet its targets. The reasons for failure to meet these targets were attributed to stakeholders. Below is a summary of the findings:

4.4.2.1 Reported reasons for failure to meet targets

The findings highlighted serious challenges regarding reasons for failure to meet targets as set in strategic plan documents and annual performance plans, namely that the reasons are mostly due to stakeholders external and internal to the department.

(a) Failure to meet targets due to stakeholders outside the department

As depicted in graphs in the findings above, on average seventy four percent of the reasons for failure to meet targets by the core functions sub-departments in the department of local government and housing are due to delays by stakeholders, namely sixty eight percent by stakeholders outside of the department and six percent by stakeholders within the department. Stakeholders outside the department are low-cost housing contractors, geotechnical engineers, both district and local municipalities, material suppliers, etc.

This could be attributed to the fact that the department does not involve these stakeholders during the setting of targets as indicated in the findings depicted above.

(b) Failure to meet targets due to stakeholders within the department

According to the findings in the graphs above, on average forty nine percent of the reasons for failure to meet targets by the department's support functions sub-department, is attributed to stakeholders within the department. According to Lucas (2004), one of the levels of agents' interactions in a system is the intra-system or intra-level interactions, which are interactions of agents within the system. This also means that there is a lack of intra-system or intra-level interactions between stakeholders within the department. In other words the support functions plan their activities to support the core functions without involving the core functions and visa-versa. There is clearly a lack of shared goals between sub-departments within the department.

4.4.3   Systems that are in place in the department to ensure the implementation and control of strategic plans

4.4.3.1 Tracking of the implementation of the strategy

As indicated in the findings section above, the department uses progress reporting against set targets, through bi-weekly, monthly and quarterly reporting for its strategy control. It is clear from the findings that this method of tracking the implementation of strategy through progress reports against set targets is not yielding any positive results.

According to Pearce and Robinson (2003) strategic control enables an organisation to track the implementation of its strategy as it is being implemented, detecting variances, any areas of concern or changes in its underlying premises, and taking necessary corrective actions. Pearce

and Robinson (2003:324) further argued that "of importance in strategic control is the critical need to monitor progress against standards and to give serious in-depth attention to both the causes of observed deviations and the most appropriate responses to them".

Despite consistent negative reports of failure to meet targets, the department does not revise targets, review the underlying premise that lead to the set targets, nor engage stakeholders to ensure sustainable corrective actions.

According to Capra (1997:3) "the more we study the major problems of our time, the more we come to realize that they cannot be understood in isolation because they are systemic problems", which means that they are interconnected and interdependent.

4.4.3.2 Systems in place to enhance the implementation of the strategic plans

The findings indicated that the systems in place to enhance the implementation of the strategy are ineffective. These systems are the responsibility of the management support services branch/sub-department of the department. It was found that during the strategic planning session these components conduct their planning separate from the core functions branches. During the strategic planning session all the heads of the support functions do is to present what they have planned. Their plans are therefore not informed by the need of the branches they are supposed to support. Internal stakeholders cited as reasons for failure to meet targets, are the human resources components for their delays in filling vacant posts, the finance component for the delay in the payment of contractors claims, the supply chain management component for the delay in the appointment of service providers etc. These systems' effectiveness could be enhanced if they were aligned to the core functions of the departments.

4.4.4   Availability of resources

Financial as well as human resources (in terms of numbers) are available. The question is the quality of the human resources in terms of the competencies that they have in relation to what they are supposed to do to perform the strategic planning function and the implementation thereof to ensure that targets are met and that monies allocated for projects are spent effectively and efficiently.

Hart and Banbury (1985) suggest that organisations that demonstrated high capability levels in the process of strategy making, exhibited higher levels of performance in diverse environments and settings.

Consistent with the above, Chaffee (1985) also suggested that organisations develop strategic

process skills over time and that the linear mode of strategy-making is the entry level in the hierarchy of strategy-making types, with the adaptive mode constituting the second level and followed by the interpretive mode.

It is therefore crucial that it be ensured that management has the capability to perform the strategic management function particularly in a complex adaptive system environment.

It was not the scope of this study to ascertain whether management in the department have the capability to conduct strategic management. It would be profitable for another study of the capability of management to perform strategic management functions.

CHAPTER 5

CONCLUSION

5.1   Chapter introduction

This Chapter will provide an overall conclusion to the whole study, determining whether the research questions were answered, stating limitations and providing recommendations for future research to be done in this field.

5.2   Conclusion to the study

As depicted and discussed in the previous chapter, it was evident that failure to meet targets by the department of local government and housing is not attributed to lack of financial resources or lack of relevant systems. Failure to meet targets by the department is attributed to *inter-alia* the following factors:

5.2.1   The complexity of the department of local government and housing.

The department of local government and housing is comprised of a number of agents or stakeholders that has a stake in its mandate. The success of the department regarding the fulfillment of its mandates is largely dependent on these agents, and some of the key agents or stakeholders are in turn dependent on this department to achieve their mandates. Some of the key stakeholders are the twenty six local municipalities and six district municipalities. This makes the department a typical complex adaptive system.

The department as a system has a boundary that has kept outside, key stakeholders that it is fully dependent on for the execution of its mandates. This boundary limits cooperation between the department and its agents. Without re-drawing the systems boundary, for the department to achieve its mandates, the department and its stakeholders need to interact and adapt their behaviours to one another.

This study's findings clearly indicate that there is poor interaction between the department of local government and housing and its stakeholders on matters related to strategic planning and the implementation thereof. The implication of this lack of communication is failure to meet targets by the department due to delays by stakeholders to play their roles.

5.2.2   The strategic planning process in the department

The strategic planning process is a typical strategic choice model which is linear and flawed in that it does not take into account the views, inputs, and capabilities of the stakeholders or agents within the department's environment.

Services rendered by the department are rendered in localities belonging to or under the jurisdiction of stakeholders such as municipalities. Some of the processes in the value chain of the department's services have to be performed by or dependent on processes that must be performed by these stakeholders. This therefore calls for maximum interaction, communication and mutual influence between the department of local government and housing and its stakeholders during strategic planning and the implementation thereof.

Lack of interactions between the department and its stakeholders manifests itself in the fact that most of the reasons for the department's failure to meet targets are attributed to stakeholders within and outside the department, as mentioned above.

5.2.3   The capability of the department's management to perform the strategic management function.

The strategic planning process and the content thereof in the Department of Local Government and Housing and the public service at large, is prescribed by both the Ministers of Public Services and Administration and Finance. It was observed during the study that strategic planning is mainly done to conform to the deadlines set by the Office of the Premier in the province and the provincial treasury department. It is the researcher's view that management does not have the capability to perform strategic management in a complex adaptive system.

5.2.4   Lack of a systems thinking approach by the department's management

The fact that the department does not take into account the views of other stakeholders within its environment, can be attributed to management lack of capacity to see the department as part of a larger system. According to Midgley, the world can be described as a hierarchy of systems, each of which contains and is contained by other systems where larger systems are just as dependent on the existence and healthy functioning of the smaller ones (their components) as the smaller ones are on the larger ones that they are part of (their environment).

The fact that the department fails to resolve the challenge of failure to meet targets that also results in under-spending of allocated budgets can be attributed to the fact that the department does not include relevant stakeholders in its attempt to resolve this area of concern. Ulrich (2003) suggest that justifying systems interventions require management to continually redraw the boundaries to "sweep in" stakeholders previously excluded from consideration.

5.2.5   Strategic control

Strategic control enables an organisation to track the implementation of its strategy as it is being implemented, detecting variances, any areas of concern or changes in its underlying premises, and taking necessary corrective actions (Pearce and Robinson 2003). Tracking the implementation of strategy through periodic reports can be enhanced by involving all relevant stakeholders at the level of decision makers to ensure that deviations are corrected timely and where necessary targets are reviewed, or additional resources are provided. It was observed during the study period that the department does not implement corrective actions where variances were detected. There are deadline dates and follow-up meetings such as bi-weekly and monthly meetings to enforce implementation and control. These meetings are however not effective due to the fact that stakeholders that are external to the department such as municipalities, contractors, other departments, etc, are not involved during these meetings despite the fact that some variances were reported as attributed to them.

5.2.6   The prescribed strategic planning process in the public service

The strategic planning process outlined in section 2.8 in this report as prescribed by the Minister of Public Service and Administration in the Public Service regulation; and as prescribed by the Minister of Finance in the Treasury Regulations, prescribed critical components of a typical strategic choice and linear type of strategic planning. It is important to mention that the prescribed process is a well thought out linear way of performing strategic management, but has not achieved intended results even where the department followed this process to the letter. The flaw is that the Ministers prescribed each and every step but did not consider the complexity of the public service, which require interaction and communication between a vast numbers of stakeholders.

5.3 Recommendations:

The identified areas of concern with regard to strategic management in the department are (1) management not taking into account the complexity of the department during the development of the strategic plan and the implementation thereof; (2) the three year strategic plan that does not take into account the uncertainty in the environment and the views of key stakeholders; (3) lack of a systems approach to strategic management and as a result key stakeholders are left out during strategic management; (4) ineffective strategic control; and (5) the capacity of management to perform strategic management is questionable.

It is critical to mention that in essence the above identified areas of concern relate to lack of interactions between the department and its stakeholders during strategic management, i.e. during the development of strategic plans and the implementation thereof.

In view of the above, recommendations contained in this report, are directed at enhancing the capacity of the department to perform the strategic management function effectively by addressing the above areas of concern. The following recommendations are therefore made:

5.3.1 Strategic management model

The researcher is proposing the strategic management model in figure 5-1 below, as an appropriate strategic management process for the department. In spite of the fact that this model resembles Stacey's strategic choice model, it is the researcher's view that coupled with a lot of interactions between the department and its stakeholders, the model can enhance strategic management in the department.

The decision to recommend this model took into account the stage at which the department and the public service at large are, regarding the capability to perform the strategic management function. It was observed during the study that the department has not yet reached full strategic management capability.

Gluck, Kaufmann, and Walleck (1982) (in Hart and Banbury 1994:255) proposed that "organisations pass through a series of stages as they become more adept at strategic management". They suggested that "organisations start with financial and forecast-based planning, later adding strategic analysis skills, before achieving full strategic management capability which requires broad diffusion of strategic thinking throughout the organisation". Similarly, Chaffee (1985) also suggested that organisations develop strategic process skills over time and that the linear mode of strategy-making constitute the first level in the hierarchy of

strategy-making types, with the adaptive mode constituting the second level in the hierarchy and followed by the interpretive mode.

What this model will achieve is to encourage the department to identify relevant stakeholders and to optimize the interaction and communication between the department and these stakeholders during the formulation of strategies and the implementation thereof. This interaction will also allow for flexibility by the department and its stakeholders to take fast decisions when the environment dictates.

Strategic control will be very easy as communication and feedback will be enhanced. Higgs (2003) suggest that instead of trying to develop strategies to change or control the nature of agents in a system, strategies should be developed to optimize the interaction and communications of agents in a system.

This model will allow management to take into account the complexity of the department as it will encourage the interaction between the department and diverse stakeholders. During the interaction learning will take place and therefore the department and its diverse stakeholders will influence each other and become more effective and efficient.

Lewin (2000) suggested that in a complex adaptive system, systems agents generate novel behaviour for the system during their interaction with each other.

5.3.2   Systems thinking

To build the capacity of the department's management to perform strategic management in a complex adaptive environment, the department and the public service as a whole need to develop management skills in the concept systems thinking. These will help management understand the importance of the interaction of system agents both intra and inter-systems.

5.4   Recommendation for the Public services as a whole

The following would enhance strategic management in the public services:

5.4.1   Revision of the strategic planning process as prescribed in the Public Service Regulation (2001) issued in terms of the Public Service Act (1994) and the Treasury Regulations issued in terms of the Public Finance Management Act (1999)

To enhance strategic planning in the public service, it is recommended that a section be included in the abovementioned regulations, which section will ensure that departments interact with other departments and relevant stakeholders that they are dependent on for the achievement of its objectives.

The section could read: e.g. *The accounting officer in developing his/her department's strategic plan shall (1) identify departments, municipalities and other stakeholders that his/her department is dependent on to meet its objectives; (2) involve identified stakeholders during the development of the strategic plan and the implementation thereof; and (3) indicate how each of these stakeholders was involved or is going to be involved.*

5.4.2 Competencies of Senior Management Services in the public sector and Section 57 Managers in municipalities

The competencies of public services managers at senior manager level and above, and competencies of managers reporting directly to the municipal managers (section 57 managers) in municipalities, should include stakeholder management. Stakeholder management can be described as the identification of any individual, group or organisation that has an interest in the department, who will be affected or will affect the department, and the engagement thereof to obtain commitment from stakeholders. This would ensure that management have the capacity to influence and be influenced by stakeholders and thereby ensure that departments, municipalities and their respective stakeholder share a common goal. This would enhance the achievement of targets.

Setting the context	⟹	Implementation with Feed-back loops & collaboration of stakeholders

Mandate:

Identify & confirm mandate of the department

Develop a Vision & Mission statements of the department

Objectives:

Define Objectives of the department to achieve mandate

Stakeholder identification & engagement:
Identify Key Stakeholders and agree on the role of each stakeholder in the achievement of the department's objectives.

SWOT analysis

The department & stakeholders jointly conduct a SWOT analysis in relation to the department's broad objectives

Development of projects/KPA's:
Agree on projects/KPA's with relevant stakeholders & their roles

Project Resourcing

Agree with stakeholders on resources required & available

Project steering committee:

Establish a Project steering Committee comprised of members from relevant stake-holders & the department, for each project

Risk analysis & mitigation actions
Identify risks against the implementation of each project & implement strategies to mitigate risks

Project plan & targets:

Stakeholders agree on activities, key performance indicators & targets based on resources available, processes, service quality etc,

Implementation and Evaluation: Stakeholders presents status reports of progress regarding the achievement of agreed upon targets, challenges experienced & corrective actions and/or adjust targets where necessary
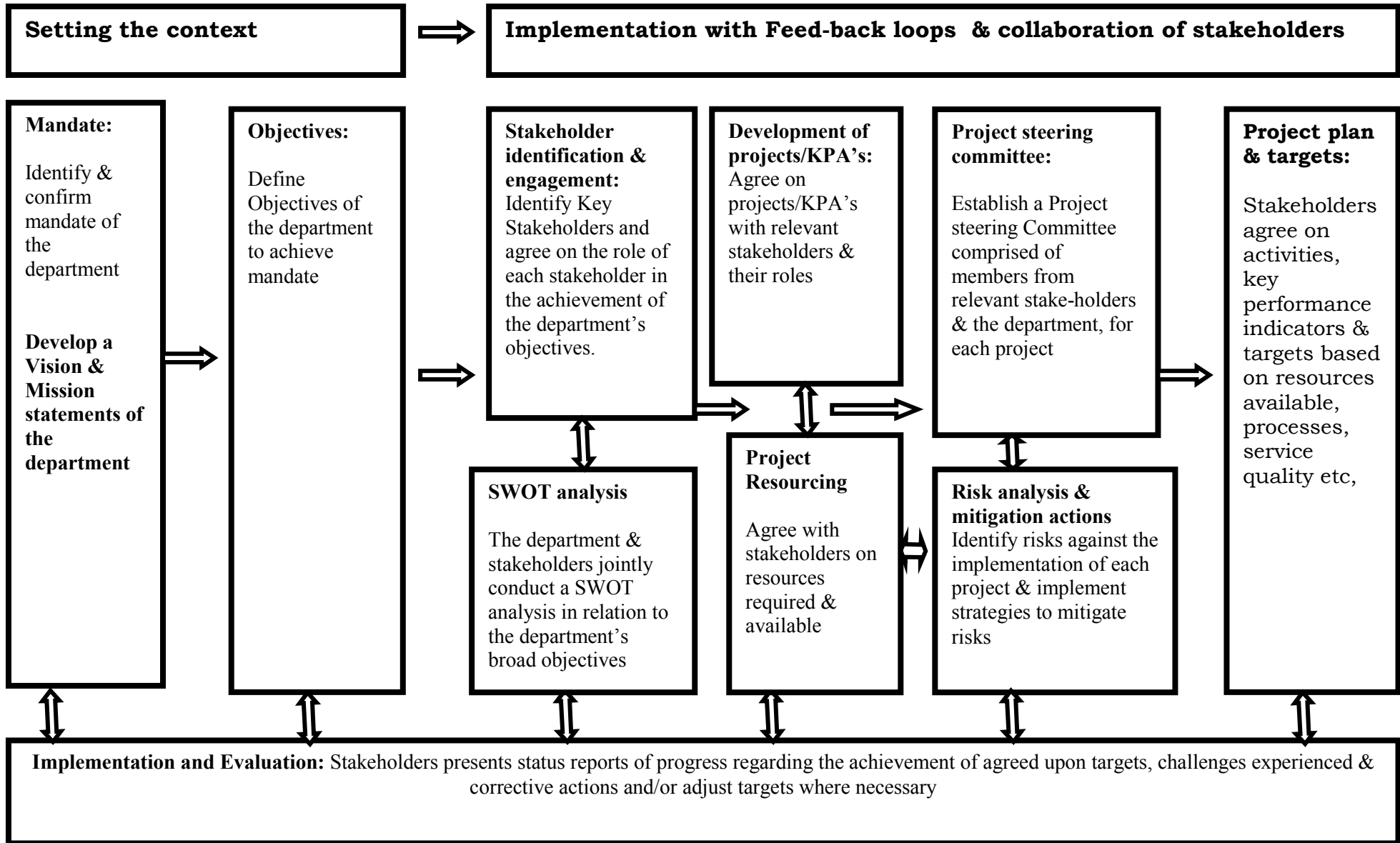
Figure 5-1: Proposed strategic management model

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Master of Commerce in Strategy & Organisational Dynamics

Research for Dissertation

Research Title: The effectiveness of Strategic Management in the Public service: a case study on the Department of Local Government & Housing in Limpopo.

Please answer the following questions honestly. Should you need additional space feel free to use additional paper.

Questionnaire

1.   Why is it that the department fails to meet targets as set out in its Strategic plan document and Annual performance plans?

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2.   What informs the targets that the department set for itself, e.g. 13 000 units of low cost houses per annum, or 3000 sites demarcated per annum?

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3. Are the targets that you set for yourselves as the department realistic? If "NOT" please explain why you say so.

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4. Does the department have the necessary resources, systems, processes etc in place to ensure that targets as set out in its Strategic plan and annual performance plans are achieved?

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5. Who are stakeholders that the department involves during its strategic planning process. Does the department incorporate the input of the stakeholders into its plans?

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6. Who are stakeholders or role players who were supposed to be involved during the department's Strategic planning to enhance the plans and targets but are not invited to strategic planning sessions?

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7. Are there projects or work that was not planned-for that have to be performed during the year? In other words, projects that were not in the annual performance plan?

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8. What do you suggest need to be done to ensure that targets as outlined in the Strategic plan and annual performance plans of the department are achieved?

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Thank you for taking time to complete this questionnaire. Your cooperation is highly appreciated.

Master of Commerce in Strategy & Organisational Dynamics

Research for Dissertation

INTERVIEWING SCHEDULE

The following members Managers were either interviewed or completed the self administered questionnaire:

Job Title or level	Number of Senior management targeted	Week for data collection through interviews & completion of questionnaires	Number of Senior management who participated
Acting Manager Strategic planning services	1	1 – 2 Feb 2007	1
Municipal Councilors	5	5 – 9 Feb 2007	3
Senior Manager	15	12 – 23 Feb 2007	8
General Manager	6	26 Feb – March 2007	3
Senior General Manager	3	5 – 9 March 2007	2
TOTALS	**30**		**17**

TABLE OF CORRECTIONS

Examiner's comments	Corrections
Internal Examiner	
The internal examiner recommended that the quantitative graphical presentation of questionnaire analysis be reviewed as it does not add value and has no statistical validation.	This has been addressed in paragraph 4.2.2.1. of the dissertation.
The internal examiner also highlighted editorial corrections in the dissertation.	All highlighted corrections have been dealt with in the dissertation
External Examiner	
The external examiner listed a number of issues that require clarification in chapters 3, 4, and 5	The issues have been dealt with. See attached Addendum
The external examiner also recommended the following list of corrections: **Abstract:** • First sentence on page iv does not make sense: "government that it is…." **Chapter 1:** • "National departments further ensures…." • Page 8: "virtually (?) writers who write…." • Page 9: "process that result(s)…." **Chapter 2:** • Page 25: "as the system transit(s) among phases and areas of change…." • Page 30: "groupings of people that interact(s) with one another…." • Page 31: "designing a strategy that exploit(s) to the maximum…." • Page 32: "effective implementation of strategy will be enhance(d)…." • Page 39: "organisation's past behaviour (Mint(z)berg et al, 1998)	All listed corrections have been completed in the dissertation.

ADDENDUM TO CLARIFY ISSUES NOTED BY THE EXTERNAL EXAMINER

Chapter	Examiners comments	Response
Chapter 3	Explain what the researcher has done to remove any form of bias as he was the only one involved in the interpretation of data. How did the researcher deal with interpreting open-ended questions since there were no multiple choice ones which are easily interpreted?	According to Welman & Kruger (1999:192) during case study research "in view of the consideration that the researcher himself or herself is the research instrument, an attempt is usually made to corroborate findings according to at least three different approaches". The researcher has used three types of data collection methods in his attempt to corroborate the findings. According to Yin (2003:97) "a major strength of case study data collection is the opportunity to use many different sources of evidence. The use of multiple sources of evidence can help to deal with the problems of establishing the construct validity and reliability of the case study evidence". To analyse and interpret data collected through observations

		and open-ended questions, themes and sub-themes were identified. Each theme was described in detail narratively and using process flows where necessary. The relationship between information from this data collection technique was compared with themes from the other data collection methods applied, to enhance the quality of conclusions and eliminate bias.
Chapter 4	Answers to Question 3 & 4 somehow seem to contradict each other. Interpret the two next to each other and draw a conclusion	Question 3 is asked to determine as to whether the targets that are set are realistic. To this question 92% of the respondents responded that the targets are not realistic, citing the following as reasons: - The capacity of developers not taken into account when planning; - We plan as if we know the future; - We analyse the environment casually; - Plans are not informed by existing capacity within the department and province; - Availability of material not taken into account during planning;

		- Targets are not informed by baseline; - Targets are not set taking into account processes to be performed to meet targets; Question 4 is asked to determine whether the department has the necessary resources, systems, processes etc, to ensure that targets are met. To this question 61% of the respondents responded that necessary resources, systems, processes etc are available to ensure that targets are met. When responses to the two questions are compared to each other, the conclusion is that the targets are not realistic due to not taking into account the capacity of developers/contractors, availability of building materials (suppliers), capacity of the province (other stakeholders) and to a lesser extent due to the internal capacity of the department.
	Can the outcome of Question 7 be the result of emergent strategy? What is the difference between emergent strategy and unplanned for projects and work?	The outcome of question 7 is not the result of emergent strategy. **Emergent strategy:** According to Mintzberg (1994:23) "an emergent strategy is a set of actions, or behavior, consistent

| | | over time, a realized pattern that was not expressly intended in the original planning of strategy. Note that when a deliberate strategy is realized, the result matches the intended course of action, whereas an emergent strategy develops when an organization takes a series of actions that with time turn into a consistent pattern of behavior, regardless of specific intentions". **Unplanned for projects or work:** Unplanned-for-work in the public service can be attributed to (1) poor planning, (2) interference from the political office, (3) emergency situations (4) new demands by the electorate, (5) directives from other government department such as DPSA, Treasury, Office of the Premier (6) uncertainty, etc. |
| | Figure 4-8 should be substantiated. Did reports indicate that external stakeholders are the root cause for poor performance or was it the researcher's own opinion from the analysis of the reports? | The reports indicated the following as root causes for failure to meet targets:

• Municipalities delaying to submit housing beneficiary lists;

• Township establishment process that is |

<table>
<tr><td></td><td></td><td>dependent on other departments;</td></tr>
<tr><td></td><td></td><td>

Municipality delaying to release land for the construction of houses;
Contractors did not have the capacity to deliver as per contracts;
Poor capacity in municipalities;
Shortage of material;
Poor project management of projects;
Turn-around time for the filling of vacant posts too long;
Turn around time for the payment of contractor claims too long;
Lack of cooperation by other branches in the department;
Supply chain SBU delay the appointment of a service provider;

The researcher arrived at this conclusion through an analysis process based on the clustering of the data into external and internal stakeholders.
</td></tr>
</table>

	Fig 4-9 does not include a step that indicates where revenue is matched with the needs and wants of the organization when they plan strategically. Is it done or not? Should this not be included in the recommendations?	The Department of Local Government and Housing is a government department that does not collect any revenue/income, and therefore only the budget was indicated in the steps in Figure 4-9.
Chapter 5	Under the heading Strategic control, it is mentioned that corrective actions are not implemented where variances are detected. Mention was not made of the presence of deadline dates and follow-up meetings to enforce implementation and control.	There are deadlines dates and follow-up meetings such as bi-weekly and monthly meetings to enforce implementation and control. These meetings are however not effective due to the fact that stakeholders such as municipalities, contractors etc that are external to the department are not involved during these meetings despite the fact that some variances were reported as attributed to them.