Public management is a dynamic field of study that has to adapt constantly to a range of environmental influences. These environmental influences, which can be related to the open-systems approach, demand that public managers be flexible but at the same time demonstrate accountability towards the clients they serve.

Public institutions have a responsibility towards their clients. This means in essence that public institutions must deliver services and products to the public in order to improve their welfare and general well-being. To put it another way, public institutions and the people who work in them are responsible for creating an enabling environment in which the public can prosper.

This module, and indeed the whole course, was designed and developed to fulfil a need expressed by public institutions operating at local, provincial and national level in South Africa. The environment in which public institutions operate has changed, making new qualifications necessary. The qualifications in Public Administration and Management have therefore been recurriculated.

The recurriculation of the qualifications in Public Administration and Management made the study of different topics necessary. The aim therefore was to develop a complete course that would cover all the knowledge, skills and competencies that a public manager requires to deliver quality services to the public. Each module is intended as a unique contribution to the field of public management and to provide public managers with the necessary skills and competencies to manage their institutions effectively and efficiently.

Lecturers
Public Administration and Management
HOW TO USE THIS MANUAL

This study guide has been compiled with the goal of providing learners, who may well ultimately join the management corps of the public sector, with the necessary knowledge, information and sensitivity to deal effectively with a number of issues in South African society. It is intended to serve as a basis and guideline for the application of management functions and processes, as well as a useful source of information for those who simply wish to orient themselves with regard to the environment, functions and processes of the public sector.

The manual includes the following components to guide and support you in achieving your personal and work objectives in mastering the public management functions and processes in the South African public sector.

Each unit in the study guide starts with a route map that shows you where you are and how the unit fits in to the module as a whole. The aim of the route map is to provide you with a mental map of the structure of the complete module.

Units are based on learning outcomes and start with learning objectives, in line with SAQA requirements and complying with the National Qualifications Framework guidelines. These learning objectives tell you what you should be able to do by the end of each unit and during formal assessment.

In the text you will find helpful hints and pointers, as well as activities that will help you focus your attention so that you remain objective-oriented with regard to the learning content. These activities should provide you with some of the answers that you will need to complete the self-assessment questions at the end of each unit. The self-assessment questions are intended to help you to understand and apply the key aspects of the unit. Feedback on the self-assessment questions is supplied at the end of each unit. This feedback provides you with pointers and guidance, and will assist you in assessing your own progress during your studies.

The self-assessment questions form an extensive question bank that is used in other forms of assessment during the course. For example, we use the question bank when we compile your assignments. In other words, if you work systematically through all the activities and self-assessment questions in the manual, you should not have any difficulty in answering the assignment questions. The same goes for the final examinations. The examinations are set from the self-assessment questions at the end of each unit and are in line with the learning objectives at the beginning of each unit.
The diagram below provides you with an overview of how all these components fit together:
The following icons are used in the study guide to help you identify certain types of learning content and study guidelines more easily:

**ACTIVITY**
The pencil means that you have to do something, for example answer a question. This will help you to understand the learning content better and should also assist you when you get to the self-assessment questions at the end of each unit.

**DEFINITION**
The magnifying glass shows you that an important term or concept has been explained in the text, and that you should study the explanation or definition carefully.

**SELF-ASSESSMENT**
This icon indicates the self-assessment questions, which you must answer to test how well you have mastered the learning content.

**EXAMPLE**
The pointing finger indicates an area in the learning content where the theory can be related to practice. This should help you to identify your own practical examples that relate to the theory.

**TAKE NOTE**
The glasses and sheet of notepaper indicate an important point that you need to study carefully.
# STRATEGIC PUBLIC MANAGEMENT IV

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The word “govern” is derived from a root word that means “steering”. In this module we are concerned with the steering function of government: the ability of public sector institutions to strategically steer societies by way of the societies’ various institutions. Government should also steer public institutions on all levels (local, provincial and national) to optimise available resources for service delivery.

In the first unit of this module, we will describe the context of the changing environment in which public institutions function. This environment ultimately influences the level and scope of service delivery. In unit 2 we will explain the application of strategic management in governance. The purpose of this unit is to indicate the value of strategic management in the public sector. Unit 3 highlights the strategic management framework and process. Because this is such an important topic, unit 3 will be longer than the other units.

It is necessary to develop specific projects to operationalise strategies. In unit 4 the implementation of institutional objectives and strategies will be discussed.

Public service institutions operate in a rapidly changing and dynamic environment. For this reason they are required to constantly align themselves with their environment, to redefine their roles, to improve internal functioning and processes and to transform themselves strategically. Unit 5 will deal with public service transformation and will focus more specifically on strategic and transformational leadership.

In the last unit of this module, unit 6, we will highlight possible future trends and events that will shape Public Management as a discipline, as well as public management as an activity. Public managers should have this perspective so that they can orientate themselves strategically to deal with future challenges and trends.

The diagram below provides a “mental map” of the structure of this module on Strategic Public Management. The module deals with the processes shown in block A, namely strategic change management, the transformation process via projects (C), and the “refreezing” of processes and systems (B). Project management is a management tool which can be used in practice to implement the institution’s strategic objectives.
STP401P

Environmental Forces

A = Current situation

B = Desired future/outcome

C = Transformation via projects

Strategic Management
- Environmental analysis
- Vision & mission statements
- Objectives (thrusts)
- Values
- Strategies
- Programmes

Projects

Change Management
- Organisational culture
- Transitional communication

Diversity Management

Project Management

Desired Future
- Shared Vision
- Common Focus/synergy
- Main objective
- Direct all Activities and Resources

A = C B
THE CHANGING ENVIRONMENT OF PUBLIC SERVICE DELIVERY: THE IMPORTANCE OF A STRATEGIC RESPONSE

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Use the route map below to determine where you are within the syllabus and where this unit fits into the module:

1. The changing environment of public service delivery: The importance of a strategic response
2. Applying strategic management in governance
3. The strategy management framework and projects
4. From strategy to implementation: The use of projects
5. Dealing with public services transformation: The importance of strategic and transformation leadership
6. Public management: Quo vadis
LEARNING OBJECTIVES

After studying this unit, you should be able to:

● explain the public context of the application of strategic management
● evaluate the changing environment of public management
● discuss the need to apply strategic management
● analyse the environment by applying the systems approach
● identify ways in which management may react to the changing environment
1. INTRODUCTION

Gone are the days when the public sector was a stable organisation. Dynamic changes are taking place that will have a dramatic impact on the cities in South Africa, both politically and managerially. Societal trends are in motion that will require cities to change in order to meet the public’s legitimate expectations for effective governance.

The “new breed” of government planner, whether an elected representative or an official, is interested in providing future direction to communities and public sector institutions. These planners are becoming increasingly disappointed by traditional government planning practices, which have typically been reactive in nature. Public sector institutions face many of the same issues as “businesses”. Institutions in both the public and private sectors have to operate in a turbulent and uncertain environment that is increasingly influenced by events beyond their control. For this reason, the particular strategy management programme that each institution selects must be carefully adapted to its unique socio-political environment and administrative structure.

During the past two decades strategic management has become common practice in the private sector. Current structural changes require flexibility and strategic vision. Highly mobile internal and external environments, and an increasing need for the more effective use of scarce resources, have made thorough planning and management at strategic level very important. However, the approaches to strategic management that are used in the private sector cannot be applied in the public sector without any modification. To apply the strategic management process successfully in the public sector, it should obviously be adapted to the particular needs of the sector. Strategic management can be used with great success if it is accepted that there are differences regarding the provision of services and products, and if these differences are accommodated by means of suitable management practices.

Variables which may play a role in the application of strategic management in the public sector include the apparent administrative shortcomings in public institutions, the inability to establish a long-term vision, the apparent inability to respond quickly to change, the level of resistance to change and the way in which the institution responds to environmental issues.

One of the main benefits of applying strategic planning to the public sector is that it fosters a creative context in which individuals can plan for their particular department within a larger regional or national framework. This entails the use of a planning model that requires:

- an analysis of the external environment in which an institution operates
● a clear understanding of the opportunities, risks, and threats facing a city
● a thorough and candid review of the strengths and weaknesses of the institution

After the initial review of the external and internal environment comes the development of operational action plans. The functions of these plans are that they:

● help to manage major **community issues**
● set goals and objectives for new programmes and services
● make improvements to existing government operations

Strategic management requires a willingness to take a long-term view and the ability to take risks. But above all, it requires a creative desire to plan for the future. No strategic plan would be complete without a built-in mechanism to monitor and evaluate an institution’s progress towards achieving the results outlined in its plan. Circumstances — the external environment or the institution — may change, which may necessitate a reformulation of issues and strategies to deal with these circumstances. Also, feedback in the form of progress reports needs to be given periodically to those involved in the planning process.

The application of strategic management in public sector institutions provides public managers with an opportunity to improve planning for the future and manage government in the public’s interest. This will bolster the image of the government in the eyes of those it serves, namely its constituents and taxpayers.

The overall objective of this unit is to describe the context in which strategic management can be applied in the public sector.
2. THE CHANGING NATURE OF PUBLIC SECTOR MANAGEMENT

Today, the staff of a public institution should have multiple skills to be able to act effectively on behalf of the institution. A skill can be defined as an ability to perform a sequence of behaviours that relate to a specific outcome.

One reason why skills are so important is that public institutions are faced with continuous changes and turbulence. Recently, the public service has undergone continuous restructuring: there has been a shift away from centralised, bureaucratic control to establish well-developed, semi-autonomous “business units”. This has serious implications for the role and responsibilities of public managers, and for their skills and management applications — specifically strategic management and project management.

There is also a movement towards “alternative” organisational structures and management processes to seek creative ways to address complex socio-political and other issues in society. Examples of such structures are so-called “intelligent organisations” or “learning organisations”, and institutions that implement “total quality management”. In this context Pinchot and Pinchot (1993:30) provide the following model to explain the changing nature of management.

<table>
<thead>
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<th>Traditional management</th>
<th>Modern management</th>
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<tr>
<td>● Unskilled work</td>
<td>● Knowledge work</td>
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<td>● Meaningless repetitive tasks</td>
<td>● Innovation and caring</td>
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<td>● Individual work</td>
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<tr>
<td>● Function-based work</td>
<td>● Project-based work</td>
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<tr>
<td>● Single-skilled</td>
<td>● Multiskilled</td>
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<tr>
<td>● Power of management</td>
<td>● Power of clients (community)</td>
</tr>
<tr>
<td>● Co-ordination from above</td>
<td>● Co-ordination among peers</td>
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Important for the context of this module is that unskilled or “single-skilled” managers are being replaced by people who can do “knowledge work” and multiskilled work. The public sector no longer needs unskilled public managers, but managers who are multiskilled and well trained. Public managers need professional expertise and mastery of a large body of knowledge.

Knowledge work involves information gathering, imagination, experimentation, discovery and integration of new knowledge with larger systems. Managers should realise that they cannot perform their jobs without skills like these. This makes teamwork (projects) necessary. Managers need to find ways to organise work so that all work will be knowledge work. They need to bring everyone’s native intelligence and collaborative abilities to bear on the way in which the institution’s shared goals are achieved.

An example of such an approach is the “total quality” approach that gives teams the power to examine processes and make them work more effectively — a task that until recently belonged exclusively to managers. In this regard Alvin Toffler (1990) explains how, on a global scale, power (knowledge) is shifting from managers to the workforce. As a result, control is shifting from the functional organisation of bureaucracy to project teams. This forces managers to become involved in teamwork and projects to gain sufficient knowledge to perform tasks and to provide services and/or products.

Peter Senge (1990) illustrates how institutions should become learning organisations by means of systems thinking, and how they should adopt values such as shared vision, team learning and openness. He also explains how managers should make a “shift of mind”, from seeing parts to seeing wholes, from seeing people as helpless reactors to seeing them as active participants in shaping their reality, from reacting to the present to creating the future. Without systems thinking, there is neither the incentive nor the means to integrate various learning disciplines in practice.

Senge (1990:141) further explains that managers should attain personal mastery, which goes beyond competence and skills. Personal mastery in this context means approaching one’s life as a creative work, living life from a creative viewpoint as opposed to reactive viewpoint. It also means achieving a special level of proficiency in every aspect of life - personal and professional. Managers should have a special sense of purpose that lies behind their vision and goals.

“Personal mastery” as a discipline involves two fundamental activities. The first activity is continually clarifying what is important to one. Public managers often spend so much time coping with societal problems during the course of their work that they forget why they are doing the work in the first place. The result is that they only have a dim, or even inaccurate, view of what is really important to society.
The second activity is continually learning how to see current reality more clearly. In moving towards a destination, it is vital to know where you are now. Managers should live in a mode of continual learning — a lifelong discipline where the quest is for “advanced maturity”. As Nelson Mandela said in *Long Walk to Freedom* (1994): “After climbing a great hill, one only finds that there are many more hills to climb”.

Another characteristic of the changing nature of public management is that specialisation becomes increasingly important. But because all issues are interrelated in a complex society, work will increasingly demand that one should integrate the viewpoints and activities of specialists, and fewer tasks will be performed solely within one specialist field. As a result, each employee (and manager) will have to be both a specialist and a generalist. Improving service and product delivery to the public can only be achieved by using the skills of public managers and the resources of public institutions.

Transforming the South African public sector into an instrument capable of fulfilling its role in the new South Africa depends on many things, but above all it depends on the commitment and effectiveness of public managers themselves.

The public service still operates largely within hierarchical and rule-bound systems. These systems make it difficult to hold individuals accountable, because:

- decision-making is diffused
- they are focused on inputs rather than outcomes
- they do not encourage value for money
- they do not reward innovation and creativity
- they reward uniformity above effectiveness and responsiveness
- they encourage inward-looking, inflexible attitudes which are utterly at odds with the vision of a public service whose highest aim is service to the people (White Paper on Transforming Public Service Delivery, 9 May 1997 [1.1.9])

We will understand managers and the management process better if we look at how management functions in the institution, and at the specific **interfaces between managers and the environment** in which the institution finds itself.
Strategic management is most effective in a rapidly changing environment. Public managers should understand the dynamics within the environment if they are to apply strategic management successfully in the public sector.

A system can be defined as a set of interdependent components that form a whole. According to the systems approach, a public institution can be seen as a system with four basic components:

- Inputs
- Processing activities
- Outputs
- Feedback

The system obtains inputs from the environment in the form of resources such as labour, capital and information. These inputs are processed by manufacturing and management activities to become outputs in the form of services or products that are provided for the environment (community).

**Figure 1.1 A system perspective**

A = Macro- or external environment
B = Market or specific environment
C = Micro- or internal environment
A system is **closed** when it is self-sufficient and independent of a particular environment. On the other hand, a system is regarded as **open** if it has a definite **interaction** with the environment. There is virtually no functional system within a government institution which can be described as closed. Consider, for example, the information technology (computer) department of a local authority. This department should be open to receive data, new computer software, electricity, etc. so that it can process the data and provide relevant and accurate management information for decision-making (outputs). Regular feedback is received on, for example, new information that management needs, and new software that is required. Feedback like this will in turn become inputs.

A government institution can therefore be regarded as an **open system**, since:

- it depends on the environment in which it operates
- the environment depends on it
- there is a specific interaction between the institution and the environment

A subsystem is a system within a system. The institution as an open system consists of subsystems (departments/directorates/units/sections) that are interdependent. For the management of the institution, the systems approach offers the valuable insight that activities in one part of the institution affect the activities in another part of the institution. If the various departments and sections in the institution co-operate as a subsystem, they will be more productive than if they were to function separately.

**ACTIVITY**

*Why can a government institution be described as an open system? Give a practical example.*

________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
________________________________________________________________________________________
To explore the many environmental variables that influence the institution, it is helpful to classify these variables in a meaningful way. This will also enable us to identify specific trends for further analysis in each sub-environment. According to Smit and Cronjé (1992:30), an institution has three environments, namely the macro-environment, the micro-environment, and the market environment. Below we briefly discuss each of these environments.

3.1 The micro- or internal environment

The micro-environment consists of:

- the vision, mission (reason for existence) and objectives of the institution
- management
- processes, systems and procedures
- institutional resources (people, capital and skills)

By way of the micro- or internal environment, services and/or products must be provided for the community, the primary client of the institution. It is therefore important for the institution to have certain administrative processes and systems, and to use resources such as finance and staff to provide such services and/or products.

A public institution must ensure that its administration is based on sound principles of public project management, as well as on public accountability so that it can provide an effective service to the people in its judicial area.

3.2 The market or specific environment

The market environment can be described as the environment which directly influences the availability of resources to the institution. These components are observable and directly experienced by the institution. The market of the local authority will be the area of jurisdiction within which services and/or products are delivered by state departments.

The following specific components are associated with the market or specific environment:

- **Regulators** (such as the council, law courts and pressure groups) control or regulate the relationship between the local authority and the suppliers of resources, the community and competitors (such as privatised agencies).
- **Suppliers** produce, mobilise and allocate various kinds of resources to particular departments within the authority (Fox et al., 1991:21). Financial resources, which are mobilised by means of taxes, levies or service charges, are extremely important for authorities. In the case of local authorities the
provincial government acts as a supplier of financial resources which it provides in the form of grants. It also supplies political support for initiating and implementing action programmes.

- **Consumers** within the market environment are the users of the products and/or services provided by the institution. It is important to note that these consumers (the community) are often also suppliers of financial resources (rates and taxes) or political resources (i.e. they are the electorate).

- **Competitors** are those institutions or groups which compete for scarce resources. Privatisation and deregulation may create economic competitors for the institution in respect of service provision.

### 3.3 The macro- or external environment

The macro-environment affects the institution directly. For example, political developments and the legislation that arises from these developments influence the functioning of the institution.

The macro-environment can be divided into the following main environments:

- Technological environment (computers, equipment, production techniques, etc.)
- Economic environment (fiscal arrangements, taxes, grants, etc.)
- Social environment (urbanisation, unemployment, crime, etc.)
- Political environment (legislation, pressure groups, parties, etc.)
- Cultural environment (diversity, religion, language, etc.)
- Legal environment (regulations, policies, statutory requirements, etc.)

As far as the political environment is concerned, citizens are demanding more and better services as well as participation in the processes of service delivery. However, the fact that improvements in such services have implications like increased taxation makes it more difficult for public officials to set programme priorities and balance their annual budgets. Public attention is increasingly shifting from national to local community issues, such as crime prevention, drug abuse, affordable housing and shelters for the homeless. There is also a trend towards more coalitions and partnerships involving business, government, education, and the non-profit sector, to address local social and economic problems. Furthermore, the public increasingly demands that government officials should act in an ethical way and should not personally gain from holding government office.
Changes in each of these environments force institutions to adapt continuously. A process of environmental scanning (which is explained in section 6.1) is necessary to constantly monitor and evaluate the forces at play to ensure that changes in each of these environments force institutions to adapt continuously. A process of environmental scanning (which is explained in section 6.1) is necessary to constantly monitor and evaluate the forces at play to ensure that

4. CHARACTERISTICS OF THE MANAGEMENT ENVIRONMENT

An overview of the most important characteristics of the management environment can help to explain why it is so important that an institution should constantly explore its environment if it wants to be successful in the long term.

The following are some characteristics of the environment as summarised by Smit and Cronjé (1992:32-33):

- The environmental factors or variables are all related. A change in one external factor can bring about changes in another external environmental variable.
- Increasing instability. The result of interdependent environmental factors is increasing instability and change in the environment.
- Environmental uncertainty is a third characteristic of the management environment. This uncertainty about the environment is a function of the amount of information available on environmental variables, and of the confidence management has in that information.
- Complexity is a fourth characteristic of the management environment: there are many different external variables to which the institution must react, as well as fluctuations in the variables themselves.

This overview of environmental factors should have made it clear that it is very important for the management of directorates in a local authority to know and understand the environment in which the authority functions.
5. IMPLICATIONS OF THE ENVIRONMENT FOR PUBLIC MANAGEMENT

The unique nature of the public management environment has certain potential implications for public management. The following is a summary of some of these implications:

- There is a proven need for applying strategic management in public institutions to ensure efficiency, effectiveness and productivity. Although public institutions cannot be managed like private organisations, they must be managed for performance.

- Public managers should accept the differences between the management environments of public and private organisations as a given, and must compensate for it.

- Because the public management environment imposes various restrictions, it requires a significantly different set of behaviour reactions from public managers.

- Public institutions are influenced by various factors over which they have little or no control. One of these factors is the political and public accountability of the public sector.

- Public management must be adapted to the circumstances of public institutions. It must therefore be flexible and facilitate ideas on choices, stimulate the exchange of ideas and accept the process of political negotiation.

- A more effective measurement of the output of public institutions must be developed which evaluates what an institution does and how effectively it does it.

- The managerial processes in public institutions must be evaluated so that managers will be able to learn quickly from experience.

- If the practical side of public management is not emphasised, the unique nature of the public management environment will result in an application of management principles that will have little or no value in practice.
It is increasingly becoming a priority for management to gain insight into trends and events in the management environment and, in particular, to predict what implications this environment will have for decision-making. The degree to which the environment influences an institution’s management depends largely on the type of organisational structure and the nature of the environment. One important way in which managers react to environmental change is to do environmental scanning (reconnaissance) which forms a part of information management. Information management is generally followed by the formulation of a strategic response, and sometimes by structural change.

6.1 Information management

To obtain knowledge of and information from the environment for decision-making purposes, an institution’s information management system must make adequate provision for environmental scanning.
Environmental scanning is the process of determining, projecting and evaluating changes, forces and trends in the environment. Carrying out environmental scanning is important for the following reasons:

- The environment changes constantly and therefore management needs to make a determined scanning effort to keep abreast of the changes.
- Scanning of the environment is necessary to determine which factors in the environment threaten the local authority’s present objectives and strategies.
- Scanning is necessary to determine which factors in the environment offer opportunities for the institution to achieve its objectives effectively by adjusting its current strategy.
- Institutions that scan the micro-, market and macro-environment systematically for threats, opportunities, strengths and weaknesses are more successful than those that do not.

6.2 Strategic response

As soon as management has an adequate information base and insight into its environment, it can carry out a further step, which is to formulate a strategic reaction. This could involve an adjustment of existing strategy or the development of a new strategy; alternatively, management may simply decide to do nothing. A variety of strategic options, including rationalisation, restructuring or privatisation may also be implemented to adjust to the environmental change.

6.3 Structural change

Another response to environmental change is to adjust an institution’s organisation structure. Public institutions in an environment with a low uncertainty level may, for example, maintain a bureaucratic hierarchical type of structure where basic rules and a set of traditional actions are adequate for success. On the other hand, public institutions in an environment with a high uncertainty level may prefer a more flexible, matrix or project structure with fewer levels of authority and rules to deal with environmental change.

The way in which a public institution is managed is therefore largely influenced by the environment in which the institution operates. Each of the sub-environments we mentioned is characterised by interaction and interdependence between the components of that sub-environment. At the same time, there is also an interaction between the various sub-environments.
In this unit we provided a basic overview of strategic management and its application in public institutions. We emphasised that managers in public institutions must react strategically to a changing environment to ensure their institutions’ long-term viability and sustainability. To do this, they need to perform regular environmental scanning by applying the systems approach.

In the next unit, we will discuss the strategic management process in more detail.

8.1 Explain the public context of the application of strategic management

8.2 Evaluate the changing environment of public management.

8.3 Discuss the need to apply strategic management.

8.4 Analyse the environment by applying the systems approach.

8.5 Identify ways in which management may react to the changing environment.
8.1 See section 2 of this unit. Focus on the changing context of the public service environment that illustrates the application value of strategic management. You should emphasise aspects such as the establishment of business units, the idea of innovation and entrepreneurship, project management and the idea of public institutions as learning organisations.

8.2 See section 2 of this unit. It is important not only to explain the changing environment of public management, but to evaluate its influence on, for example, service delivery and public management functions.

8.3 See sections 4 and 5 of this unit to discuss the need to apply strategic management.

8.4 See section 3 of this unit. First discuss the systems approach and illustrate the discussion by using a diagram. Then point out what influence the various “environments” have on public institutions.

8.5 See section 6 of this unit to briefly identify ways in which management may react to the changing environment.
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# APPLYING STRATEGIC MANAGEMENT IN GOVERNANCE

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Use the route map below to determine where we are and how this unit fits into the module.

- The changing environment of public service delivery: The importance of a strategic response
- Applying strategic management in governance
- The strategic management framework and process
- From strategy to implementation: The use of projects
- Dealing with public service transformation: The importance of strategic and transformational leadership
- Public management: Quo vadis?
After you have studied this unit and completed the self-assessment activities, you should be able to:

- explain the cascading strategic intent of government
- evaluate the context of strategic change in the South African Public Service
- provide an overview of main transformational challenges
- explain the strategic management/change management interface
- analyse the role of the Department of Public Service and Administration in transforming the public service
- evaluate the government’s strategic agenda by focusing on:
  - Strategic Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
  - Strategic Priority 2: Massive programme to build economic and social infrastructure
  - Strategic Priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security
  - Strategic Priority 4: Strengthen the skills and human resource base
  - Strategic Priority 5: Improve the health profile of all South Africans
  - Strategic Priority 6: Intensify the fight against crime and corruption
  - Strategic Priority 7: Build cohesive, caring and sustainable communities
  - Strategic Priority 8: Pursuing African advancement and enhanced international co-operation
  - Strategic Priority 9: Sustainable resource management and use
  - Strategic Priority 10: Building a developmental state including improvement of public service and strengthening democratic institutions
- explain the government Framework for Managing Programme Performance Information
- briefly analyse the role of the public manager in the application of strategic management
1. INTRODUCTION

Improving governance requires responsiveness to both political imperatives and the service demands of customers. This responsiveness requires a strategic orientation and accountability – accountability for achieving results through the exercise of specific responsibilities within the specific public institutional context and policy frameworks.

In this unit we will give an overview of the application of strategic management in governance. Specific South African examples will be used to illustrate specific applications. Note that due to dynamic changes in the sociopolitical, technological and economic environments, government must constantly adjust its strategic goals and objectives. Therefore, you — the dedicated learner — should remain abreast of new strategic developments and applications in public institutions.

2. CASCADING STRATEGIC INTENT

You should understand what is meant by the cascading of strategic intent or objectives within government. In accordance with the stipulation of the Constitution, Parliament promulgates legislation that provides a strategic intent or vision for the public service. The White Paper on the Transformation of the Public Service is an example in this regard. Each public institution in the public service must then operationalise this strategic intent. This is done through departmental policies, a strategic plan and the allocation of resources. Within the public institution each directorate in turn needs to operationalise the strategic plan of the institution (e.g. Department of Education). All activities of each directorate, such as programmes and projects, must be aligned towards addressing the objectives of the strategic plan.

The operationalisation of the strategic intent of government is the main criterion which the Minister of Finance, for example, should use to determine how much money in terms of budget allocations should be made available to each department.

3. THE CONTEXT OF STRATEGIC CHANGE IN THE SOUTH AFRICAN PUBLIC SERVICE

In the South African Public Service, the key question is not whether change will happen, it is how it will take place. Change is a continuous process of adjusting and amending with a view to improving existing structures, processes, procedures and systems. A strategic approach is required to manage change effectively.
Although the concepts “change”, “transformation”, “rationalisation”, and “restructuring” usually have distinct meanings, in the context of strategic management they can be seen as synonymous. The reason for this is that all these processes require a strategic management response to bring about proactive and planned changes to systems, processes, structures and management approaches.

Approaches for managing such change are based on the premises that change is always disruptive, and that it can be managed successfully. The changing responsibilities of the South African government require a continuous and strategic reshaping of the public service. For the future, the strength of the public service will in all probability be judged by:

- its ability to support national competitive success
- its ability to inspire its employees and to encourage responsible work culture and ethic
- its ability to respond to, and be stimulated by, rising public expectations
- its capacity to identify and nurture the human resources, systems and structures which will provide excellent services to the public in the future

The public service contains those branches of the state concerned with controlling the input of human and financial resources into the public sector: the treasury and the key personnel management functions. It generally contains core social and economic policy-making functions. Many service delivery functions are within the public sector, but not within the public service, in that their internal personnel and financial management systems are no longer identical to those imposed within the core public service.

Change in the public service is an inevitability. Globalisation — the growing inability of national borders to restrict the flow of ideas or of capital — has changed the government equation for national economic and competitive success. It has ensured that national competitive success depends on an effective public service. The major dimensions of change in current public service reforms can be summarised as follows:

- Changes in management culture and style following the move from administration, concerned with process, to managerial concerns to maximise efficiency
- Re-examination of work methods and changes in working practices as a result of the introduction of new technology
● The restructuring and reorganisation necessary to focus on outputs

● Changed performance management frameworks, emphasising output targets and accepting strict accountability through performance appraisal, with limited-term contracts and monetary incentives

● Changes in financial management to ensure transparency in the allocation of costs

The pace of change in the public service, driven by the changing role of governments seeking to respond to a rapidly economic and social environment, will not slacken. Social expectations, led increasingly by global media, will continue to rise. Developments in information technology will enable further organisational restructuring. National competitiveness will increasingly depend on flexibility in highly skilled workforces, requiring fast responses from a government that is increasingly enabling rather than providing the detailed directions for change.

3.1 Overview of challenges facing the transformation of the public service

To transform anything with a past requires, firstly, an understanding of the historical nature of things, and secondly, a new theory. For a public institution to transform, it must change its historical basis for existence. It must also change its design logic and its structure (Skweyiya, 1998).

3.1.1 The nature of transformation

Transformation is thus a process of disintegration and re-integration. During this process all existing structures, such as hierarchies of authority, lines of accountability, and reward systems are interrogated and contested. Transformation is also a process invention. It requires new visions, new ways of thinking and a new language. It is a process of change so fundamental that by definition it exceeds the predictable. It is about altering the conditions of what is possible.

Transformation is of course about more than just structures. Transformation consists of rapid and radical change in all the facets of an organisation. These changes are so significant that they result in a new identity. Transformation is thus a process of becoming that re-organises organisational knowledge and operations. It creates new relationships between an organisation and its environment. These new relationships in turn alter both the organisation and its environment (Skweyiya, 1998).

Although organisational transformation requires a deliberate process of intervention (strategic), it is also a process of learning and development. In
other words it is a process of dialogue and experimentation as well as a process of decision and decree.

### 3.1.2 Key transformation challenges

According to the former Minister of the Public Service and Administration, Dr Skweyiya (1998), the South African Public Service must address key transformational challenges to strategically manage change. These challenges include the following:

- Creating departments that are broadly representative of society
- The blocking of efforts to implement new initiatives by some officials
- Minimising centralised decision-making structures and unclear lines of authority
- Ensuring that elected officials can effectively give direction and guidance to the policy formulation activities of departments
- Eliminating the fairly isolated and informal fashion in which policy formulation tends to occur
- Improving the selection of priority programmes for implementation and the mobilisation of adequate resources around these priorities
- The restructuring of provincial governments to give heads of department clear accountability
- Greater involvement of senior managers in budgeting and the human resource planning processes
- Aligning administrative transformation with budget reform and a fundamental re-direction of fiscal resources
- Participatory and open styles of management
- Creating an appropriate employment policy for the senior public service
- Implementing an effective performance management system which focuses on outcomes
- Using information technology to provide an infrastructure for management information systems

According to Skweyiya (1998), the Public Service Co-ordinating Bargaining Council provides a forum where public and elected officials can think strategically about dealing with these and other transformational challenges in constructive ways.
3.2 Strategic management/change management interface

Changes introduced into the public service internationally have resulted in the service playing a very different role. Change or reform programmes have reflected the two broad aims of increased efficiency and effectiveness. While the public service must produce more from fewer resources, it must also ensure that those products are the right ones. Through their focus on efficiency and effectiveness, successful change programmes have broken the perceived link of recent years between public ownership, on the one hand, and an equilibrium of underachievement and resistance to change, on the other. Strategic managerial frameworks and programmes can provide a sound framework for cost-effective services.

Successful change programmes are powered by a determination to make public services more responsive to the needs of the people who use them. A re-conceptualisation of service users as consumers of public services has meant that passive recipients of services are increasingly seen as active customers, and serious attempts are being made to find out what those customers expect. Successful change should be built on a foundation of balanced organisational and attitudinal changes. For example, the transformation of public service personnel management policies, supported by monitoring of staff numbers and costs, should be accompanied by a process of re-orientation for staff in which both quality of service and accountability to the public are emphasised.

Such a planned process of changing attitudes in step with reforming structures highlights the central role of staff commitment to change. The process of change should capture the concern about the quality of service provided to the public is currently a catalyst in developing an organisational culture where outputs are the overriding preoccupation. In South Africa, the move from a climate of administration towards one of comprehensive management has offered an opportunity to tighten up roles and responsibilities at all levels.

In order for the public institution to manage change strategically, it is necessary for functional groupings or directorates to function in synergy. Synergy refers to teams working in an aligned fashion towards the achievement of institutional objectives. Alignment is especially necessary not to waste scarce strategic resources such as money and time.
Strategic change should be integrated with the key performance areas formulated for every employee. Strategic change should also be converted into action plans for direct implementation in a joint, co-ordinated effort. Organisational strategy functions as a reference framework for the management of the corporate and strategic change process. It focuses management’s efforts on the optimal positioning of the institution within a changed environment. Organisational strategy therefore serves as a means through which actions are jointly aimed at an objective.

Strategic management and the management of change can and should be combined as a whole. The management of change is a part of strategic management when a strategy is divided into operational action plans and key performance areas for implementation. Strategic management emphasises organisational structural change and task formulation while the management of change, as part of strategic management, stresses the human dimensions during the implementation of a strategy.

### 3.3 Translating strategic change objectives into projects

Typically, transition or change starts at the top, general management echelons and then ends up in the project management (operational/functional) arena. Transition is not obviously linked to a particular project. In the strategic management process, vision and mission statements are formulated which have to be implemented via specific strategies. In turn the strategies must be operationalised through projects. One is essentially promoting a solution or promoting the need for a solution. The vision and mission statements imply the need to persuade people to subscribe to a certain direction (change).

In the public sector, change is in essence political in nature because, before transitional projects are launched, there needs to be agreement on the expenditure of funds and resources. It is also political because of the fact that role-players

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<td>Energies harmonise</td>
<td>Empowering individuals leads to chaos</td>
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- **Aligned Teams**
  - Function as a whole
  - Energies harmonise
  - Commonality of purpose
  - Complement one another’s efforts

- **Unaligned Teams**
  - Wasted energy and resources
  - Empowering individuals leads to chaos
could have considerable power — and unique interests. Projects also seek to meet the needs of people and therefore exist in a socio-political environment. During transition any project will have elements of institutional, interpersonal and political party politics. With widely differing needs competing for limited funds, and with many alternatives available to satisfy those needs, reaching agreement on what should actually be done can be difficult.

**ACTIVITY**

Provide an overview of the context of strategic transformation in the public service. Your overview should include main transformational challenges, the strategic management/change management interface, and the need to use project management for strategy implementation.
4. APPLYING STRATEGIC MANAGEMENT IN GOVERNMENT

In examining the application of strategic management in government in South Africa, it is necessary to focus on the role of the Department of Public Service and Administration.

4.1 The role of the Department of Public Service and Administration (DPSA)

Since 1994, with the introduction of democracy in South Africa much work has been done to transform the public service and to improve the delivery of services. New policies were developed, a new public management framework was established, and regulations were put in place which will accelerate the delivery of services to the majority of citizens. The Department of Public Service and Administration (DPSA) plays a key role in directing and guiding public institutions towards government’s strategic objectives.

In order to accelerate the transformation of the public service, the DPSA has set the following strategic objectives:

- **Integrated Provincial Support Programme (IPSP)**

In order to support institutions with the massive service delivery challenges, the Integrated Provincial Support Programme (IPSP) provides support for five provincial governments. The aim of this programme is to improve the effective rendering of services and good governance. The IPSP is about innovative service delivery, releasing more funds for service delivery to the poor through restructuring and improving good governance through regular interaction with citizens, transparency and accountability. To a large extent the policy frameworks exist in order to address the challenge to translate policy into action in order to give full realisation to Batho Pele.

These strategic objectives need to be operationalised in other state departments, which requires an extensive strategic plan.

- **Research**

In order to improve government’s understanding of the capacity constraints that institutions are facing, the DPSA undertook various studies. For example a study was completed on the use of consultants in the public service, and the underlying reasons for under spending and unauthorised expenditure in government. The DPSA is currently busy with an audit of public service transformation with a view to providing a comprehensive picture of the reforms implemented in the public
service during the period 1994 to 2001 and the progress that has been made with the implementation of these reforms.

● **Service delivery improvement and Batho Pele**

Government’s vision is to promote seamless, integrated service delivery. This is done within government’s Batho Pele policy, as promulgated in 1997. The Batho Pele principles are applied as the basis for service delivery. Various projects are being implemented to give full realisation to the improvement of service delivery. One of these is the Gateway project, which aims to establish a single electronic gateway that will facilitate access to all information and services being provided by government. The overall vision of the Gateway project is to provide access to government services, anytime, anyplace, and within a clearly defined and executed e-government strategy.

● **Modernising the public service**

A key initiative in terms of Batho Pele is to modernise government. As part of modernisation, the Department of Public Services and Administration has established the Centre for Public Service Innovation (CPSI) to encourage service delivery innovation in the public service. The work of the Centre focuses on using innovative means to achieve outcomes in sustainable service delivery partnerships, influencing the work culture in government, and developing an environment that supports innovation. The role of the Centre is primarily to function as an enabler, a facilitator and a champion of innovative ideas.

New service delivery mechanisms are also being implemented such as the Multi-purpose Community Centres, Shared Services and One-Stop Shops. The DPSA will also make a Directory of the Public Services available, which will provide citizens with information on the points of service delivery.

The following are the annual events run by departments to promote Batho Pele:

● African Public Service Day
● internal *imbizos*
● Public Service Week
● external *imbizos*
● Labour relations and conditions of service

The results of the Personnel Expenditure Review in 1999 highlighted a need to review a number of public service practices and systems. The purpose of this review was to highlight problem areas and help identify opportunities where innovation could result in the release of available resources to fund
other development programmes in line with the national reconstruction and development framework.

In the medium term, the focus will be on the following:

- A review of the determination of conditions of service for SMS members. Agreement was reached to determine conditions of service of SMS members outside the normal bargaining structures.
- A review of macro benefits in the public service with special focus on medical aid, housing, leave and pension arrangements with a view to ensuring efficiency, adequacy, equity and administrative justice.
- A review of the rank and leg promotion system as a pay progression system with a view to instituting a performance-based system.
- A review of the structure of public service institutions with a view to informing the redistribution of available human capital.
- A review of collective bargaining structures in the public service with a view to clearly defining roles and responsibilities and issues to be negotiated at national and sectoral or departmental level.
- The development of a national strategy to facilitate the mitigation of the impact of the HIV/AIDS pandemic on service delivery.
- The implementation of the Basic Conditions of Employment Act, 1997 in the Public Service.

● **Fighting corruption**

The Public Service Anti-Corruption Strategy has been developed and approved for implementation over a three-year period. To inform and support the implementation phase, new anti-corruption legislation has been introduced in Parliament and processes have been put in place to assess departments’ capacity to deal with corruption, to gauge the extent of corruption and to build further institutional capacity. Particulars of the strategy are available on the website of the department on Public Service and Administration.

● **Senior management service**

The aim of the new management framework introduced in July 1999 is to ensure improved service delivery in public service departments/institutions. This framework necessitates a number of initiatives to ensure that a transformed public service is not just “a pipe dream”. In order to realise this, a need has been identified to:
strengthen management capacity so that management is competent to drive the transformation process – hence the establishment of a senior management service for the public service

constantly audit the progress made by the departments in complying with the dictates of the new management framework.

Establishing a Senior Management Service (SMS) for the public service.

The overall goal of the SMS initiative is to improve government’s ability to recruit, retain and develop quality managers and professionals. In order to do this the following have been put in place:

- a modernised employment framework consisting of improved terms and conditions of service
- mechanisms to improve the interdepartmental mobility of senior managers and professionals
- a performance management system (through a performance agreement) supported by a competency framework
- an improved, competency-based recruitment and selection process
- the institution of improved ethical conduct through the disclosure of financial interests
- focused training and development interventions

Human resource management systems

Public service human resource management systems have been improved and, in line with the new management framework, their focus has been developed. These systems should inculcate a culture of performance, thus emphasising the importance of strategic planning and HR planning and the development of human capital.

Human resource development

Public service practice with regards to human resource development has been reviewed and consolidated into a human resource development strategy for the public service. The strategy builds on the foundation laid by the National Skills Development Strategy and the National Human Resource Development Strategy for South Africa; it has been approved for implementation and aims to address the major human resource capacity constraints currently hampering the affective and equitable delivery of public services. The strategy has the following four strategic objectives:
drive full commitment to promote human resource development in all public service institutions

establish effective strategic and operational planning in the public service

establish competencies that are critical for service delivery in the public service

drive effective management and coordination of developmental interventions in the public service

**HIV/AIDS**

Following an assessment of the likely impact on HIV/AIDS on the public service, a programme of action was developed focusing on the following key areas:

- The review of conditions of services to ensure that the potential impact on medical aid provision, pension arrangements, management of incapacity leave and ill-health retirement are considered and that public servants enjoy an acceptable level of care and support.

- The identification and provision of support, capacity development and training as part of the broader processes to manage the impact of HIV/AIDS on the Public Service.

- The review of current legislation and policy documents with a view to eliminating any form of discrimination and ensuring relevance.

A comprehensive implementation strategy has been developed which focuses on the implementation of a workplace policy framework and minimum standards, facilitating the development and implementation of departmental workplace policies and continuous monitoring and the evaluation of progress achieved by departments.

**Public service information**

Taking into consideration the importance of accurate management information for planning and informed decision making, the DPSA has published the National Minimum Information Requirements (NMIR). These identify the information required at a strategic level that departments must ensure that it is accurate and kept up to date.

As from 2002, departments will also, as part of the annual report, publish a statistical report with regard to human resource management. This report will strengthen HR information in the Public Service.
● The Government Information Technology Officer’s (GITO) Council

The DPSA has led the process that resulted in the establishment of the Government Information Technology Officer’s Council. The Council was created to serve as an IT co-ordination and consolidation vehicle in government, and as a form of “radar” that will assist in informing the government, on a continuous basis, when and how to intervene in the interests of enhanced service delivery to citizens. The GITO Council has been involved in the investigation, formulation and development of an IT security policy framework, e-government policy and strategy and IT procurement guidelines. It is also involved in the effort to monitor IT projects in government to eliminate duplication. The Inventory of Government-wide Information Systems (IGIS) report was successfully completed in 2001 and the office of the Government Chief Information Officer (OGCIO) in the DPSA has interacted with the GITO Council to facilitate project coordination aimed at delivering a single access window to government services by citizens, anytime, anywhere.

● e-Government policy

The current draft policy outlines the mission and vision of the South African government with regard to electronic service delivery, the challenges and mechanisms of effecting service delivery based on citizens’ life expectations/events and the necessary institutional framework to realise e-government.

e-Government regulation, which will form a new chapter in public service regulation, was developed and approved by the GITO Council in November 2001. In January 2001, a legal ratification process of the regulations was carried out to ensure compliance with the Constitution and other legislation. These regulations seek to enforce interoperability and information security across all government departments in all tiers of government.

These standards are intended to enable the seamless flow of information across government departments.

● State Information Technology Agency (SITA)

This major parastatal is accountable to Parliament, the Minister and the Department for Public Service and Administration. SITA recently received Cabinet approval to restructure into a holding company and divisions as follows:

- SITA D – ring-fencing the affairs of the Department of Defence
- SITA C – taking care of the affairs of all other national departments and provincial governments
- SITA e-service – will have the major responsibility for transforming the way in which government conducts its business. It will also be the single channel for procurement of government IT and related services through its Information Technology Acquisition Centre.
The benefits of restructuring SITA now focus on service delivery to its base by adhering to the principles embedded in the IT “house of values”. Improved coordination of requirements and interoperability will become the order of the day resulting in the elimination of duplication and leveraging the buying power of government.

Central SITA’s procurement mandate is the promotion of openness and fairness and socioeconomic responsibility for advancing black economic empowerment (BEE). Particular attention will be given to ensuring the regional distribution of spending and skill development (www.sita.co.za).

5. THE STRATEGIC AGENDA OF GOVERNMENT

The fourth democratic elections ushered in a new electoral mandate which defines the strategic objectives and targets of government for the period 2009 to 2014, outlined in the Medium Term Strategic Framework (2009–2014) (MTFS). Subsequently, the strategic plan of The Presidency has been aligned to the strategic agenda of government (MTSF), which has set out comprehensively the ten priorities that government will pursue in the five-year electoral period. These ten main priorities underpin the strategic direction of government.

However, government’s strategic agenda was introduced into an environmental context characterised by an economic downturn resulting from the global economic crisis which has affected every region of the world. These volatile times have negatively impacted on economic growth prospects in our country and we are likely to experience the consequences of this up to at least 2010. Current forecasts of real growth in the South African gross domestic product for the period 2009 to 2014 put the average annual growth rate much lower than the average for the period 2004 to 2009. This has concomitant negative implications for investment, employment, incomes and government revenue, resulting in the prevailing concern that the burden of this crisis may further deepen poverty and inequality. The steps outlined in the Medium Term Strategic Framework (2009–2014) had to take into account the constraints imposed by the economic crisis and outline a comprehensive programme to manage South Africa’s path through the economic challenges it faces.

To give effect to the strategic objectives spelt out in the electoral mandate, the ten priority areas identified in the Medium Term Strategic Framework (2009–2014), which have become the foundation for The Presidency strategy for the same period, comprise the following:

**Strategic Priority 1:** Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
The main objective is to respond appropriately, promptly and effectively so that growth in decent employment and improvements in income security are reinforced and investment sustained to build up national economic capability and improve industrial competitiveness. This has to be conducted in an environment of a stable macro-economy which provides conditions for higher rates of investment and the creation of decent jobs.

**Strategic Priority 2: Massive programme to build economic and social infrastructure**

In the period ahead, government will continue with the investment programme for expanding and improving social and economic infrastructure to increase the access, quality and reliability of public services and to support economic activities while also considering environmental sustainability and pursuing maximum employment impact. The aim is to ensure sustained investment growth over the medium term so as to achieve the target of a fixed investment ratio above 25% of the GDP by 2014. Such projects will be spatially referenced, planned for and implemented in an integrated manner. In addition, government will continue with programmes to provide and maintain health, education, library, sport, recreation and other social infrastructure.

**Strategic Priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security**

Between 10 and 15 million South Africans live in areas that are characterised by extreme poverty and underdevelopment. Recognising the diversity of our rural areas, the overall objective is to develop and implement a comprehensive strategy of rural development that will be aimed at improving the quality of life of rural households, enhancing the country’s food security through a broader base of agricultural production, and exploiting the varied economic potential that each region of the country enjoys.

**Strategic Priority 4: Strengthen the skills and human resource base**

Education has enjoyed the largest share of the national budget throughout the past 15 years. This significant investment in building human capital and capabilities has gradually improved the country’s human resource and skills base. However, progress has not been optimal and the achievements have not taken place on the required scale. Government’s objective is thus to focus our skills and education system on the delivery of quality outcomes. The focus will be on, among other things, learner outcomes, early childhood development (ECD), improving school management and monitoring and evaluation systems, and supporting and developing a high quality teaching profession.
Strategic Priority 5: Improve the health profile of all South Africans

In the current MTSF period government aims to transform the public health system so as to reduce inequalities in that system, improve quality of care and public facilities, boost human resources and step up the fight against HIV/Aids, TB and other communicable diseases as well as lifestyle and other causes of ill-health and mortality. Elements of our strategy include the phasing in of a national health insurance system over the next five years and increasing institutional capacities to deliver health system functions and initiate major structural reforms to improve the management of health services at all levels of healthcare delivery, particularly hospitals.

Strategic Priority 6: Intensify the fight against crime and corruption

Government is determined to curb levels of crime and corruption. Contact crimes, crimes against women and children and organised crime remain a key focus, and so is the combating of corruption. Key to government success would be the comprehensive revamp of the criminal justice system, including the strengthening of accountability systems and the enhancement of citizen involvement and community mobilisation in the fight against crime.

Strategic Priority 7: Build cohesive, caring and sustainable communities

Social cohesion is important if we are to achieve developmental success. However, inequalities of condition and opportunity and weaknesses with regard to a sense of being part of a common enterprise, are placing severe stress and strain on social cohesion. In this MTSF period, government aims to meet its target of halving poverty and unemployment by 2014 and, in conjunction with other priorities, to strengthen human capabilities, promote shared values and social solidarity and strive to reduce overall inequality.

Strategic Priority 8: Pursuing African advancement and enhanced international co-operation

Over the medium term, the main goal is to ensure that our foreign relations contribute to the creation of an environment conducive to economic growth and development domestically, within African and in other developing countries. Implementing the New Partnership for Africa’s Development (NEPAD), promoting Southern Africa Development Community (SADC) regional integration, strengthening South–South relations and pursuing a developmental and investment-orientated approach to engagements with the North, are key aspects related to this priority.

Strategic Priority 9: Sustainable resource management and use
Like the rest of the world, South Africa is vulnerable to the impact of climate change, biodiversity loss and diminishing water resources. Interventions will include, among others, diversification of the energy mix in pursuit of renewable energy alternatives and the promotion of energy efficiency, enforcing a zero tolerance approach to illegal and unsustainable exploitation of resources, supporting local and sustainable food production, promoting sustainable water use and preserving the quality of drinking water.

**Strategic Priority 10: Building a developmental state including improvement of public service and strengthening democratic institutions**

In the previous mandate period, government committed itself to improving the capacity of the state for growth and development. This remains a priority. Whilst progress has been made, government continues to face significant challenges in transforming the system of governance. Challenges include capacity gaps in local government; the poor quality of some of our public services; declining trust and confidence in public institutions such as the judiciary, legislatures and the executive branch of government; and weak planning capacity across the three spheres of government. As government strives to overcome these hurdles, its long-term goal remains the building of an effective and accountable state as well as fostering active citizenship.

The Presidency, naturally, does not deliver directly in each priority area, but must ensure co-ordination, integration, mobilisation and support towards the attainment of government’s goals. The Presidency will, therefore, in line with its mandate, lead, manage, plan, ensure coordination, facilitate, oversee as well as monitor and evaluate the successful implementation of the agenda of government outlined above.

Over and above the traditional role was played by The Presidency in the past, that of assisting government to work in clusters in order to respond to the needs of the South African citizen in an integrated and co-ordinated manner, The Presidency has also further strengthened its organisational machinery through the establishment of the National Planning and the Performance Monitoring and Evaluation ministries respectively, to ensure the successful planning and implementation of its priorities.

To this end, firstly, government has recognised the absence of national planning capacity as a major deficiency in our government system, hence the initiative was taken by President Jacob Zuma within this current financial year 2009 to establish a National Planning Commission. The National Planning Commission will have responsibility for planning for and initiating a national conversation about the kind of South Africa we wish to construct in the next fifteen to twenty years.
(Vision 2025). The Commission will comprise about twenty South African experts from a variety of disciplines who will, on a part-time basis, give impetus to this expressed need. Their task will be to identify the needs, to call for expert inputs from researchers in a number of fields, and to facilitate a national consensus around the future we want for our nation, and to facilitate decisions by Cabinet. The policy paper on National Strategic Planning sets out the approach that government will take on this matter.

Secondly, to ensure that the state is held accountable for performance against this plan, the other big initiative taken by President Zuma in this current financial year 2009, was the establishment of a Ministry in The Presidency which will be responsible for the performance monitoring and evaluation of government ministers, MECs and mayors across the three spheres of government. This will be in addition to the existing system for monitoring and evaluation (which includes the programme of action reports, developmental indicators and reviews).

Through the enhanced monitoring and evaluation (M&E) function government will, firstly, see public performance contracts signed with the public representatives. Another element of the enhanced M&E function includes the improvement of the quality and standard of service delivery. Government will be able to assess the impact made with its interventions and implement actions to rectify weaknesses and strengths. Finally, another component of the enhanced M&E function will be that each priority area noted above will develop a set of outcomes and outcome indicators, and will be measured systematically (www.info.gov.za/view/DownloadFileAction?id=85975).
Framework for Managing Programme Performance Information
What you should know...

After reviewing this Framework for Managing Programme Performance Information you should understand the following issues:

- The importance of performance information as a management tool
- The link between this Framework and the Government-wide Monitoring and Evaluation System
- The role of performance information in planning, budgeting and reporting
- Key concepts, including the criteria for good performance indicators
- An approach to developing performance indicators
- The capacity required to manage and use performance information
- The roles of key government institutions in performance information management
- The publication of performance information.
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# List of Acronyms

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<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
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<tr>
<td>DPSA</td>
<td>Department of Public Service and Administration</td>
</tr>
<tr>
<td>ENE</td>
<td>Estimates of National Expenditure</td>
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<td>MEC</td>
<td>Member of the Executive Council</td>
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<td>MFMA</td>
<td>Municipal Finance Management Act</td>
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<td>PFMA</td>
<td>Public Finance Management Act</td>
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<td>Stats SA</td>
<td>Statistics South Africa</td>
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National Treasury
Chapter 1
INTRODUCTION

1.1 Why is measuring performance important?

Performance information indicates how well an institution is meeting its aims and objectives, and which policies and processes are working. Making the best use of available data and knowledge is crucial for improving the execution of government's mandate. Performance information is key to effective management, including planning, budgeting, implementation, monitoring and reporting. Performance information also facilitates effective accountability, enabling legislators, members of the public and other interested parties to track progress, identify the scope for improvement and better understand the issues involved.

The public sector delivers services essential to the well-being and development of the nation. To ensure that public service delivery is as efficient and economical as possible, all government institutions are required to formulate strategic plans, allocate resources to the implementation of those plans, and monitor and report the results. Performance information is essential to focus the attention of the public and oversight bodies on whether public institutions are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective action is required.

Performance information also plays a growing role in budget allocations and will increasingly be used to monitor service delivery. This means the information must be accurate, appropriate and timely.

The most valuable reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks - and to perform them well. In addition, the availability of performance information allows managers to pursue results-based management approaches, such as performance contracts, risk management, benchmarking and market testing.

This document outlines key concepts in the design and implementation of management systems to define, collect, report and use performance information in the public sector.

1.2 Aims of the Framework

This Framework aims to:
• Clarify definitions and standards for performance information in support of regular audits of such information where appropriate
• Improve integrated structures, systems and processes required to manage performance information
• Define roles and responsibilities for managing performance information
• Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.

1.3 Policy and legal requirements

This section describes the policy and legal requirements aimed at improving public sector financial and performance information management related to this Framework.

Section 20(2)(c) of the Public Audit Act (25 of 2004) requires the Auditor-General's audit reports to reflect an opinion or conclusion on the reported information relating to performance against predetermined objectives of the auditee, which include constitutional institutions, departments, trading entities, public entities, municipalities and municipal entities, and other institutions as indicated by sections 4(1) and 4(3) of the act.

The Power of Measuring Results
• If you do not measure results, you can not tell success from failure
• If you can not see success, you can not reward it
• If you can not reward success, you are probably rewarding failure
• If you can not see success, you can not learn from it
• If you can not recognise failure, you can not correct it
• If you can demonstrate results, you can win public support

Adapted from Osborne and Gaebler, 1992, Reinventing Government

Framework for Managing Programme Performance Information
1.3.1 Constitution

Section 92 of the Constitution states that "members of the Cabinet are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions", and that they must "provide Parliament with full and regular reports concerning matters under their control". Section 133 provides for the accountability of members of the executive council (MECs) of a province to the provincial legislature. Similar arrangements are specified for municipalities in the Municipal Structures Act (1998).

1.3.2 Public sector management reform

The implementation of the Public Finance Management Act (PFMA) (1999), the Municipal Finance Management Act (MFMA) (2003) and the Public Service Act (1994 as amended) has enhanced control over public expenditure and empowered public sector managers. One challenge for the public sector is to use resources in a more efficient way. Further policy initiatives and legal requirements have been introduced to achieve this, including the integration of performance concepts from the Estimates of National Expenditure (ENE) and other budget documents.

1.3.3 The Government-wide Monitoring and Evaluation System

In 2004, the Cabinet initiated plans for a monitoring and evaluation system for government, and the Presidency subsequently developed the Government-wide Monitoring and Evaluation Framework.

Although there are various existing systems gathering valuable information within government, there are also a number of gaps in the information needed for planning the delivery of services and for reviewing and analysing the success of policies.

The Government-wide Monitoring and Evaluation System seeks to enhance these systems by describing them and explaining how they relate to each other.

The system has three components:
- Programme performance information
- Social, economic and demographic statistics
- Evaluations.

The following figure illustrates the relationship between these components. It highlights that there will be frameworks dealing with each component. The Framework for Managing Programme Performance Information deals with the management of the programme performance information component, although the terminology and definitions outlined in it are generally applicable throughout the Government-wide Monitoring and Evaluation System.
1.4 **Applicability of the Framework**

The Framework is applicable to all entities in the national, provincial and local spheres of government.

1.5 **A word on terminology**

The Framework outlines a set of agreed terms for performance information for use within the public sector. The term "performance information" is used as a generic term for non-financial information about government services and activities. In addition, "performance indicator" and "performance measure" are sometimes used interchangeably. The Framework will, for consistency, use the term "performance indicator".
Chapter 2

PLANNING, BUDGETING AND REPORTING

The planning, budgeting and reporting cycle describes the relationship between these processes and emphasises that the executive is accountable to the relevant elected representative body for the entire process. Full and regular reports are required at each stage of the process.

At any given time within government, information from multiple years is being considered: plans and budgets for next year; implementation for the current year; and reporting on last year’s performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

Figure 2: Planning, budgeting and reporting cycle

The documents associated with each stage provide the relevant performance information. Table 1 sets out the documents and information relevant to the three spheres of government.
The performance information reported in accountability documents enables Parliament, provincial legislatures, municipal councils and the public to track government performance, and to hold it accountable. Performance information also needs to be available to managers at each stage of the planning, budgeting and reporting cycle so that they can adopt a results-based approach to managing service delivery. This approach emphasises planning and managing with a focus on desired results, and managing inputs and activities to achieve these results.

### Table 1: Accountability reports of the three spheres of government

<table>
<thead>
<tr>
<th>Accountability cycle</th>
<th>Accountability documents</th>
<th>Performance information</th>
</tr>
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<tbody>
<tr>
<td>National and provincial departments and public entities</td>
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</table>
| Policy development | • Policy documents  
• Explanatory memoranda accompanying bills | • Identify baseline information informing policy  
• Set out desired effect of policy |
| Strategic planning | • Strategic plans  
• Corporate plans | • Indicate outputs to be produced  
• Specify performance indicators |
| Operational planning and budgeting | • Operational plans  
• Budgets  
• Performance agreements | • Set performance targets  
• Indicate available resources  
• Allocate responsibilities |
| Implementation and in-year reporting | • Monthly budget reports  
• Quarterly performance reports | • Report progress with implementation of plans and budgets |
| End-year reporting | • Annual reports | • Report on performance against plans and budgets |

| Municipalities and municipal entities | | |
| Policy development | • Policy documents  
• Explanatory memoranda accompanying ordinances | • Identify baseline information informing policy  
• Set out desired effects of policy |
| Strategic planning | • Integrated development plans | • Indicate outputs to be produced  
• Specify performance indicators |
| Operational planning and budgeting | • Municipal budgets  
• Service delivery and budget implementation plan  
• Performance agreements | • Set performance targets  
• Indicate available resources  
• Allocate responsibilities |
| Implementation and in-year reporting | • Monthly budget statements  
• Mid-year budget and performance assessments | • Report progress with implementation of plans and budgets |
| End-year reporting | • Annual reports | • Report on performance against plans and budgets |
Performance information needs to be structured to demonstrate clearly how government uses available resources to deliver on its mandate.

### 3.1 Inputs, activities, outputs, outcomes and impacts

When describing what government institutions do for purposes of measuring performance the following terms are used:

(a) **Inputs**: all the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.

(b) **Activities**: the processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".

(c) **Outputs**: the final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver".

(d) **Outcomes**: the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".

(e) **Impacts**: the results of achieving specific outcomes, such as reducing poverty and creating jobs.

When monitoring and assessing outcomes and impacts, it needs to be kept in mind that government interventions can also have unintended consequences. These also need to be identified and monitored so that risks can be managed and corrective action can be taken.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts.

Figure 3 illustrates the relationship between these core performance information concepts.

**Figure 3: Key performance information concepts**
3.2 Performance indicators

Suitable indicators need to be specified to measure performance in relation to inputs, activities, outputs, outcomes and impacts. The challenge is to specify indicators that measure things that are useful from a management and accountability perspective. This means managers need to be selective when defining indicators.

Defining a good performance indicator requires careful analysis of what is to be measured. One needs to have a thorough understanding of the nature of the input or output, the activities, the desired outcomes and impacts, and all relevant definitions and standards used in the field. For this reason it is important to involve subject experts and line managers in the process.

A good performance indicator should be:

(a) **Reliable**: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.
(b) **Well-defined**: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.
(c) **Verifiable**: it must be possible to validate the processes and systems that produce the indicator.
(d) **Cost-effective**: the usefulness of the indicator must justify the cost of collecting the data.
(e) **Appropriate**: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.
(f) **Relevant**: the indicator must relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives.

Institutions should include performance indicators related to the provision of goods and services. These describe the interface between government and the public, and are useful for monitoring and improving performance as it is relevant to the citizens of the country.

Figure 4 illustrates that performance indicators are relevant at all levels of the logic model. It also illustrates the way in which economy, efficiency, effectiveness and equity are conceptualised.

**Figure 4: Indicators of economy, efficiency and effectiveness, equity**
Where possible, indicators that directly measure inputs, activities, outputs, outcomes and impacts should be sought. This is not always possible and in such instances, proxy indicators may need to be considered.

Typical direct indicators include, cost or price, distribution, quantity, quality, dates and time frames, adequacy and accessibility.

- **Cost or Price indicators** are both important in determining the economy and efficiency of service delivery.
- **Distribution indicators** relate to the distribution of capacity to deliver services and are critical to assessing equity across geographical areas, urban-rural divides or demographic categories. Such information could be presented using geographic information systems.
- **Quantity indicators** relate to the number of inputs, activities or outputs. Quantity indicators should generally be time-bound; e.g. the number of inputs available at a specific point in time, or the number of outputs produced over a specific time period.
- **Quality indicators** reflect the quality of that which is being measured against predetermined standards. Such standards should reflect the needs and expectations of affected parties while balancing economy and effectiveness. Standards could include legislated standards and industry codes.
- **Dates and time frame indicators** reflect timeliness of service delivery. They include service frequency measures, waiting times, response time, turnaround times, time frames for service delivery and timeliness of service delivery.
- **Adequacy indicators** reflect the quantity of input or output relative to the need or demand - “Is enough being done to address the problem?”
- **Accessibility indicators** reflect the extent to which the intended beneficiaries are able to access services or outputs. Such indicators could include distances to service points, travelling time, waiting time, affordability, language, accommodation of the physically challenged.

All government institutions are encouraged to pay particular attention to developing indicators that measure economy, efficiency, effectiveness and equity using data collected through these and other direct indicators.

- **Economy indicators**: explore whether specific inputs are acquired at the lowest cost and at the right time; and whether the method of producing the requisite outputs is economical. Economy indicators only have meaning in a relative sense. To evaluate whether an institution is acting economically, its economy indicators need to be compared to similar measures in other state institutions or in the private sector, either in South Africa or abroad. Such indicators can also be compared over time, but then prices must be adjusted for inflation.
- **Efficiency indicators**: explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output. Efficiency indicators are usually measured by an input/output ratio or an output/input ratio. These indicators also only have meaning in a relative sense. To evaluate whether an institution is efficient, its efficiency indicators need to be compared to similar indicators elsewhere or across time. An institution's efficiency can also be measured relative to predetermined efficiency targets.
- **Effectiveness indicators**: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals. Such a model also needs to account for other factors that may affect the achievement of the outcome. Changes in effectiveness indicators are only likely to take place over a period of years, so it is only necessary to evaluate the effectiveness of an institution every three to five years, or an institution may decide to evaluate the effectiveness of its different programmes on a rolling 3-5 year schedule.
• **Equity indicators:** explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on. Often specific benefit-incidence studies will be needed to gather information on equity. The aim of such studies would be to answer the question: "Who benefits from the outputs being delivered?" Usually equity is measured against benchmark standards or on a comparative basis.

Institutions may also use the results of opinion surveys as indicators of their performance. Such indicators should not replace the above two categories of indicators, but rather complement them. If an institution uses such surveys, it is important that they be professionally designed.

### 3.3 Performance targets

Once a set of suitable indicators has been defined for a programme or project, the next step is to specify what level of performance the institution and its employees will strive to achieve. This involves specifying suitable performance targets relative to current baselines.

Each institution needs to collect a wide range of performance information for management purposes, however not all this information is relevant in accountability documents. The institution should specify in its planning documents a set of performance targets it will report against in its accountability documents. The set of indicators selected for accountability reporting ought to provide a holistic view of the institution's performance.

In the case of concurrent functions, national departments need to identify a core set of indicators that need to be reported by provincial and local governments to ensure comparability.

The **baseline** is the current level of performance that the institution aims to improve. The initial step in setting performance targets is to identify the baseline, which in most instances is the level of performance recorded in the year prior to the planning period. So, in the case of annual plans, the baseline will shift each year and the first year's performance will become the following year's baseline. Where a system for managing performance is being set up, initial baseline information is often not available.

This should not be an obstacle - one needs to start measuring results in order to establish a baseline.

**Performance targets** express a specific level of performance that the institution, programme or individual is aiming to achieve within a given time period.

**Performance standards** standards express the minimum acceptable level of performance, or the level of performance that is generally expected. These should be informed by legislative requirements, departmental policies and service-level agreements. They can also be benchmarked against performance levels in other institutions, or according to accepted best practices.

The decision to express the desired level of performance in terms of a target or a standard depends on the nature of the performance indicators. Often standards and targets are complementary. For example, the standard for processing pension applications is 21 working days, and a complementary target may be to process 90 per cent of applications within this time.
Performance standards and performance targets should be specified prior to the beginning of a service cycle, which may be a strategic planning period or a financial year. This is so that the institution and its managers know what they are responsible for, and can be held accountable at the end of the cycle. While standards are generally "timeless", targets need to be set in relation to a specific period. The targets for outcomes will tend to span multi-year periods, while the targets for inputs, activities and outputs should cover either quarterly or annual periods.

An institution should use standards and targets throughout the organisation, as part of its internal management plans and individual performance management system.

A useful set of criteria for selecting performance targets is the "SMART" criteria:

- **Specific**: the nature and the required level of performance can be clearly identified
- **Measurable**: the required performance can be measured
- **Achievable**: the target is realistic given existing capacity
- **Relevant**: the required performance is linked to the achievement of a goal
- **Time-bound**: the time period or deadline for delivery is specified.
Chapter 4
DEVELOPING PERFORMANCE INDICATORS

Even the best performance indicator information is of limited value if it is not used to identify service delivery and performance gaps, to set targets and to work towards better results. Determining a set of appropriate indicators depends on the nature of the institution's mandate.

Developing suitable performance indicators is a complex task. Six key steps may be identified in this approach:

**Step 1: Agree on what you are aiming to achieve**

The first step in developing robust indicators is to agree on the problem you seek to remedy. Based on an understanding of the problem, what is the solution? Or expressed in social terms, what would society look like if the desired changes could be effected? This enables you to define a clear set of outcomes and impacts. These are the institution's strategic goals and objectives, which need to be defined in measurable terms.

Well-defined strategic goals and objectives provide a better basis from which to develop suitable programmes and projects, as well as appropriate indicators. Once an institution has decided on what is to be achieved, it then needs to decide what it needs to deliver to do so.

**Step 2: Specify the outputs, activities and inputs**

The second step is often the most difficult - specifying what the institution needs to do to achieve the desired outcomes and impacts. You may find it useful to reverse the thought process: having defined the outcomes and impacts the institution is aiming to achieve, you should then examine:

- What parties are likely to be positively or negatively affected? What are their relevant characteristics? This information is important when planning interventions that will affect them and for designing appropriate indicators.
- What does the institution need to do in the short term to achieve the desired outcomes and impacts? These will be the outputs for the institution. The choice of outputs needs to take into account who will be affected by the intervention.
- What does the institution require to produce these outputs? These will be the activities the institution needs to undertake.
- What is needed to perform these activities? These will be the inputs the institution requires.

This approach to planning is called the “logic model”, and is a useful way to plan and order information. In determining the logic model, risk and assumptions must be identified for each of the levels of the planning process.

Specifying appropriate outputs often involves extensive policy debates and careful analysis. The process of defining appropriate outputs needs to take into consideration what is practical and the relative costs of different courses of action. It is also important to assess the effectiveness of the chosen intervention.

**Step 3: Select the most important indicators**

There is no need to measure every aspect of service delivery and outputs. Fewer measures may deliver a stronger message. Institutions should select indicators that measure important aspects of the service that is being delivered, such as critical inputs, activities and key outputs. When selecting indicators, it is important to keep the following elements in mind:

- Clear communication: the indicators should communicate whether the institution is achieving the strategic goals and objectives it set itself. The indicators should also be understandable to all who need to use them.
- Available data: the data for the chosen indicators needs to be readily available.
- Manageability: the number of indicators needs to be manageable. Line managers would be expected to track a greater number of indicators pertaining to a particular programme than, say, the head official of the institution or the executive authority.
Step 4: Set realistic performance targets

When developing indicators there is always a temptation to set unrealistic performance targets. However, doing so will detract from the image of the institution and staff morale. Effective performance management requires realistic, achievable targets that challenge the institution and its staff.

Ideally, targets should be set with reference to previous and existing levels of achievement (i.e. current baselines), and realistic forecasts of what is possible. Where targets are set in relation to service delivery standards it is important to recognise current service standards and what is generally regarded as acceptable.

The chosen performance targets should:
• Communicate what will be achieved if the current policies and expenditure programmes are maintained
• Enable performance to be compared at regular intervals - on a monthly, quarterly or annual basis as appropriate
• Facilitate evaluations of the appropriateness of current policies and expenditure programmes.

Step 5: Determine the process and format for reporting performance

Performance information is only useful if it is consolidated and reported back into planning, budgeting and implementation processes where it can be used for management decisions, particularly for taking corrective action.

This means getting the right information in the right format to the right people at the right time. Institutions need to find out what information the various users of performance information need, and develop formats and systems to ensure their needs are met.

Step 6: Establish processes and mechanisms to facilitate corrective action

Regular monitoring and reporting of performance against expenditure plans and targets enables managers to manage by giving them the information they need to take decisions to keep service delivery on track. The information should help managers establish:
• What has happened so far?
• What is likely to happen if the current trends persist, say, for the rest of the financial year?
• What actions, if any, need to be taken to achieve the agreed performance targets?

Measuring, monitoring and managing performance are integral to improving service delivery.
Effective management of performance information requires a clear understanding of different responsibilities, and the structures and systems involved in managing performance.

5.1 Responsibilities

(a) Executive authorities: Ministers, MECs and mayors are accountable to Parliament, provincial legislatures and municipal councils, and should provide these institutions with full and regular reports concerning matters under their control. Ministers, MECs and mayors should in turn ensure that the institutions under their control set up appropriate performance information systems so that they are able to fulfil their accountability reporting responsibilities. They should also oversee such systems to ensure that they are functioning optimally and comply with this Framework and other related standards and guidelines.

(b) Accounting officers: The accounting officer or head official of an institution is accountable for establishing and maintaining the systems to manage performance information. Their performance agreements should reflect these responsibilities. They should be assisted by chief information officers, and by ensuring there is appropriate capacity within the institution, as described in section 5.3 below.

(c) Line managers and other officials: Line managers are accountable for establishing and maintaining the performance information processes and systems within their areas of responsibility. Their performance agreements must reflect these responsibilities.

A range of officials is responsible for capturing, collating and checking performance data related to their activities. The integrity of the institution's overall performance information depends on how conscientiously these officials fulfil these responsibilities. Consequently, their performance agreements and assessments should deal explicitly with the quality of this aspect of their work.

5.2 Integrated performance information structures and systems

Performance information systems should be integrated within existing management processes and systems. The accounting officer or head official of an institution is responsible for ensuring that the institution has:

1. Documentation addressing the following:
   - Integration of performance information structures and systems within existing management processes and systems
   - Definitions and technical standards of all the information collected by the institution
   - Processes for identifying, collecting, collating, verifying and storing information
   - Use of information in managing for results
   - Publication of performance information.

2. Appropriate capacity to manage performance information
3. Appropriate systems to collect, collate, verify and store the information
4. Consultation processes that ensure the information needs of different users are taken into consideration when specifying the range of information to be collected
5. Processes to ensure the information is appropriately used for planning, budgeting and management within the institution, including:
   - Processes to set performance standards and targets prior to the start of each service delivery period
• Processes to review performance and take management action to ensure service delivery stays on track
• Processes to evaluate performance at the end of a service delivery period.

6. Processes to ensure that responsibility for managing performance information is included in the individual performance agreements of line managers and other officials

5.3 Management capacity

The accounting officer or head official of an institution must ensure there is adequate capacity to integrate and manage performance information with existing management systems. Each institution will need to decide on the appropriate positioning of the responsibility to manage performance information. Ideally, this capacity should be aligned to the planning and financial management functions. This responsibility needs to focus on the overall design and management of indicators, data collection, collation and verification processes within the institution. Where such systems are lacking, it is necessary to support the relevant line manager to put them in place.

It must be emphasised that line managers remain responsible for establishing and running performance information systems within their sections, and for using performance information to make decisions.
Chapter 6
PUBLISHING PERFORMANCE INFORMATION

Institutions have a responsibility to publish administrative and performance information to:
• Account to Parliament and provincial legislatures in accordance with sections 92 and 114 of the Constitution
• Be transparent and accountable to the public in accordance with section 195 of the Constitution
• Provide private individuals and the private sector access to information held by government that they can use in decision-making
• Provide researchers access to information.

Institutions need to develop policies and procedures to publish performance information to meet these different needs.

6.1 Accountability reports

As noted earlier, the Constitution stipulates that Cabinet members are accountable collectively and individually to Parliament for the exercise of their powers and the performance of their functions, and must provide Parliament with full and regular reports concerning matters under their control. The Constitution requires a similar level of accountability from MECs to provincial legislatures. The Municipal Structures Act provides that mayors are accountable to municipal councils.

These "full and regular reports" are essentially the various accountability documents - the publication and tabling of performance information in Parliament, provincial legislatures and municipal councils, linked to the planning, budgeting, implementation and end-year reporting processes. Reporting responsibility rests with the ministers, MECs or mayors, along with their accounting officers.

6.2 Information to facilitate oversight

Institutions in the executive that have broad oversight responsibilities within government have a general duty to assist Parliament, legislatures and municipal councils to exercise better oversight themselves by publishing appropriate summary information. The Expenditure Reviews produced by the National Treasury fall into this category.

In certain cases the Constitution or legislation requires that reports be produced and tabled in Parliament, such as the South African Human Rights Commission report on progress with the implementation of the Bill of Rights.

These reports and publications are essentially secondary, since most performance information published is sourced from the institutions responsible for gathering the information. This has implications for who should be held accountable for the accuracy of the information. Ideally, the accounting officer or head official of the institution from which the information was obtained should sign off on the information.
The following table sets out the range of documents that various institutions might consider publishing to facilitate oversight:

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Area of review</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government</td>
<td></td>
</tr>
</tbody>
</table>
| The Presidency | • Annual overview government performance  
| | • Detailed evaluations of specific policy initiatives or sectors  
| | • International reporting obligations, e.g. reports on the status of children  
| National Treasury | • National, provincial and local government expenditure reviews  
| | • Detailed performance evaluations of specific sectors focusing on the economy, efficiency, effectiveness and equity of service delivery  
| Department of Provincial and Local Government | • Overviews of provincial and local government delivery of basic services  
| National departments with concurrent functions | • Overviews of sector service delivery  
| | • Detailed performance evaluations of policies and areas of service delivery  
| Departments responsible for national public entities | • Overviews of entities’ performance  
| | • Detailed performance evaluations of entities  
| Provincial government | |
| The Premier’s Office | • Annual overview of provincial government performance  
| | • Detailed evaluations of specific policy initiatives or sectors  
| Provincial treasury | • Overviews of provincial expenditure  
| | • Detailed performance evaluations of specific sectors focusing on the economy, efficiency, effectiveness and equity of service delivery  
| Department of Local Government | • Overviews of local government delivery of basic services  
| Provincial departments responsible for provincial public entities | • Overviews of entities’ performance  
| | • Detailed performance evaluations of entities  
| Local sphere of government | |
| Municipal councils | • Annual overview of municipality’s performance  
| | • Detailed evaluations of specific policy initiatives or sectors  
| Municipalities responsible for municipal entities | • Overviews of entities’ performance  
| | • Detailed performance evaluations of entities  
| Constitutional institutions | |
| Public Service Commission | • The performance of the public service  
| | • Reviews of the implementation of human resources policies  
| South African Human Rights Commission | • Annual reviews of the implementation of the Bill of Rights  
| | • Ad hoc reports  
| Auditor-General | • Audit reports  
| | • General reports on systems used to manage performance information  
| Other constitutional entities | • According to their mandates  

To minimise the duplication of reporting responsibilities and requests for information, coordination among the oversight institutions is important. The Government-wide Monitoring and Evaluation System provides a mechanism for improved coordination. The general approach adopted by the National Treasury is primarily to use information that institutions publish in their accountability documents.

### 6.3 Providing public access to government-held information

A wide range of information collected by government can help decision-making in the private sector, civil society and the general public if placed in the public domain. Much of this information is already published by, for example, Stats SA, the Reserve Bank and the National Treasury. The challenge is to explore what other performance information could be made more accessible to the public, and what performance information should be placed in the public domain in more detailed formats than those currently used for accountability reporting.
Generally, the institution that gathers the information should be the institution that publishes the information. A suggestion for promoting transparency and accountability is that the key institutions responsible for line functions should produce a “Statistical Annual” that provides detailed information on the functioning of the sector. For example, each national department could produce a compendium of statistics relating to their area of responsibility.

6.4 Information for research

Publishing information for general public access is similar to publishing information for research purposes. In some cases, however, researchers require access to the basic data to carry out detailed statistical or econometric analyses. Each institution needs to develop appropriate protocols to facilitate access to government-held information for research purposes.

6.5 Information on the internet

The internet has become the principal medium for publishing performance information in the public sector. Every institution should maintain a website on which it publishes:

• All previous and current accountability reports - strategic plans, operational plans, budgets, quarterly performance reports, mid-term reports and annual reports
• Detailed performance information it holds that may be useful for decision-making in the private sector and civil society
• Data sets of performance information for research purposes.
A number of institutions are involved in performance oversight, including:

7.1 **The Presidency and Premiers' Offices**

This Framework is one component of the Government-wide Monitoring and Evaluation System. The Presidency and Premiers' Offices have a direct interest in all aspects of performance information management, and play a role in:
- Providing the political impetus
- Exercising general oversight across government
- Providing input into the processes to select and define performance indicators, particularly to ensure that all institutions gather the information that the Presidency requires to monitor and evaluate the effectiveness of government policies and plans
- Using the information generated by other institutions and reported to the Presidency for purposes of monitoring, evaluating and reporting on overall government performance.

The Presidency and Premiers' Offices are among the key secondary users of performance information. As such, they will use performance information collected, collated and reported by other institutions within government to provide an overall picture of local, provincial and national performance.

7.2 **The National Treasury and provincial treasuries**

Under sections 215 and 216 of the Constitution, the National Treasury is responsible for prescribing the formats of budgets, and for measures to ensure transparency and expenditure control in each sphere of government. Given these provisions, the National Treasury’s role in relation to performance information management is:
- Developing standards that may be required to facilitate the implementation of this Framework
- Developing formats for accountability reporting, including strategic plans, corporate plans, annual performance plans, budgets, in-year reports and annual reports
- Developing the core sets of performance information in collaboration with sector departments to ensure uniform information is produced to measure service delivery across provinces and municipalities
- Developing guidelines on the use of performance information in different circumstances.

In addition, the National Treasury and provincial treasuries are responsible for:
- Monitoring the implementation of the Framework by all institutions within their respective spheres
- Providing training on the use of performance information
- Providing input into the processes to select and define performance indicators
- Using the information generated by other institutions to monitor, evaluate and report on economy, efficiency, effectiveness and equity in the use of resources to deliver services.

7.3 **National departments responsible for concurrent functions**

The national departments responsible for concurrent functions need to be directly involved in developing the systems and structures to collect performance information on these functions across all spheres of government. This will ensure some degree of standardisation. So, for example, the national Department of Health has a responsibility to ensure the structures and systems used by provincial health departments to collect performance information are the same (or at least compatible), and that there is complete agreement on the types of information and definitions across the sector.

The national departments responsible for concurrent functions also need to play a supporting role, helping provincial departments to manage performance information, and providing systems training.
The national departments should also monitor the performance information produced by their provincial counterparts and use it to evaluate the overall delivery of services within their sector. The National Treasury proposes that a product of this monitoring should be a “Statistical Annual” on service delivery by sector, as suggested in section 6.3 above.

7.4 The Department of Public Service and Administration

The DPSA is responsible for leading the modernisation of the public service. It does this by assisting government departments to implement their management policies, systems and structural solutions within a generally applicable framework of norms and standards. The department will play a key role in linking performance information management to broader systemic and structural solutions, particularly the individual performance management system. Also important are the department's initiatives to improve service delivery through initiatives such as Batho Pele. The performance information generated by institutions will enable the DPSA to evaluate the success of these reforms and initiatives.

7.5 The Department of Provincial and Local Government and provincial departments of local government

The DPLG is responsible for monitoring the performance of provincial and local governments in relation to the fulfilment of their constitutional functions, particularly delivery of basic services. The national department is aided in this function by the provincial departments of local government.

The department is responsible for developing and implementing an integrated monitoring, reporting and evaluation system for local government, and for supporting the successful implementation of the Government-wide Monitoring and Evaluation System. The DPLG is also responsible for the development and implementation of monitoring, reporting and evaluation of the performance of provincial departments of local government and municipalities.
Chapter 8

CONCLUSION

The National Treasury will work with government departments and other institutions to identify performance indicators that may be used for budget decision-making and for tracking service delivery against targets.

The National Treasury will also develop a number of guides and training materials to support the implementation of this Framework.

Further information may be obtained at www.treasury.gov.za/performanceinformation.
## Annexure 1

### GLOSSARY

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility indicators</td>
<td>Explore whether the intended beneficiaries are able to access services or outputs.</td>
</tr>
<tr>
<td>Accountability documents</td>
<td>Documents that executive authorities use to give “full and regular” reports on the matters under their control to Parliament and the provincial legislatures in terms of the Constitution. They include plans, budgets, in-year reports and annual reports.</td>
</tr>
<tr>
<td>Activities</td>
<td>The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes.</td>
</tr>
<tr>
<td>Adequacy indicators</td>
<td>The quantity of input or output relative to the need or demand.</td>
</tr>
<tr>
<td>Baselines</td>
<td>The current performance levels that an institution aims to improve when setting performance targets.</td>
</tr>
<tr>
<td>Cost indicators</td>
<td>The overall cost (or expenditure) of producing a specified quantity of outputs.</td>
</tr>
<tr>
<td>Distribution indicators</td>
<td>The distribution of capacity to deliver services.</td>
</tr>
<tr>
<td>Economy indicators</td>
<td>Explore whether specific inputs are acquired at the lowest cost and at the right time, and whether production is economical.</td>
</tr>
<tr>
<td>Effectiveness indicators</td>
<td>Explore how well the outputs of an institution achieve the desired outcomes.</td>
</tr>
<tr>
<td>Efficiency indicators</td>
<td>Explore how productively inputs are translated into outputs.</td>
</tr>
<tr>
<td>Equity indicators</td>
<td>Explore the degree of equity and fairness with which services are provided.</td>
</tr>
<tr>
<td>Framework for Managing</td>
<td>A framework developed by the National Treasury that provides guidance on managing performance to national, provincial and local government.</td>
</tr>
<tr>
<td>Programme Performance Information</td>
<td></td>
</tr>
<tr>
<td>Government-wide Monitoring and Evaluation System</td>
<td>A system developed by the Presidency that describes monitoring and evaluation in government.</td>
</tr>
<tr>
<td>Impacts</td>
<td>The results of achieving specific outcomes.</td>
</tr>
<tr>
<td>Inputs</td>
<td>The resources that contribute to production and delivery of outputs.</td>
</tr>
<tr>
<td>Outcomes</td>
<td>The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.</td>
</tr>
<tr>
<td>Outputs</td>
<td>The goods and services produced by the institution for delivery.</td>
</tr>
<tr>
<td>Performance indicators</td>
<td>Identify specific numerical measurements that track progress towards achieving a goal.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Performance standards</td>
<td>Express the minimum acceptable level of performance, or the level of performance that is generally expected.</td>
</tr>
<tr>
<td>Performance targets</td>
<td>Express a specific level of performance that the institution, programme or individual aims to achieve within a given period.</td>
</tr>
<tr>
<td>Price indicators</td>
<td>The nominal or real prices of individual inputs.</td>
</tr>
<tr>
<td>Quality indicators</td>
<td>The quality of the input or output measured against predetermined standards.</td>
</tr>
<tr>
<td>Quantity indicators</td>
<td>The number of inputs, activities or outputs.</td>
</tr>
<tr>
<td>Start and end times</td>
<td>When an activity is to begin and end (the delivery date).</td>
</tr>
<tr>
<td>Timeliness indicators</td>
<td>Indicate whether activities and outputs are on time.</td>
</tr>
</tbody>
</table>
For the application of strategic management in governance to be effective and efficient, public managers must have a strategic perspective. It is necessary that public managers articulate long-term strategic goals for changes in functions, processes, systems and structures.

Public managers must realise that resources will always be finite and limited, so it is important that existing resources are strategically prioritised in line with customers’ priorities, and not wasted on unnecessary, inefficient bureaucratic processes. Top management backing and leadership are essential to ensure this. Public managers must also appreciate the fact that there must be participation by citizens. Good customer service must be rewarded and recognised and poor customer service penalised. To further improve strategic management in governance, co-ordination between national, provincial and local authorities and liaison between government and the private sector must be improved.

**ACTIVITY**

*Do a quick survey in your institution to assess the role of public managers in the application of strategic management. Write down your main findings below.*
8. CONCLUSION

The challenge of successful transformation and change in the South African Public Service is the successful application of strategic management. Effective governance to implement service delivery programmes is extremely important because it is closely linked to democracy and the realisation of individual rights. Furthermore, the transformation of the public service will be judged on the basis of what the impact of the transformation has been on service delivery.

Specific strategies are needed to address the various challenges associated with the complex activities associated with governance. The activities include policy-making, human resource management, financial management, performance management, and the application of information technology.

As the driver or facilitator of the application of strategic management, the public manager plays a fundamental role. Public managers must have the necessary strategic orientation, skills and knowledge to optimally utilise scarce resources to achieve the strategic objectives that have been set. In the next unit the strategic management process will be discussed.
9. SELF-ASSESSMENT

9.1 Explain the cascading strategic intent of government.  [8]

9.2 Evaluate the context of strategic change in the South African Public Service.  [15]

9.3 Provide an overview of main transformational challenges.  [12]

9.4 Explain the strategic management/change management interface.  [5]

9.5 Analyse the role of the Department of Public Service and Administration in transforming the public service.  [10]

9.6 Evaluate the strategic agenda of government by focusing on the following:

- Strategic Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
- Strategic Priority 2: Massive programme to build economic and social infrastructure
- Strategic Priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security
- Strategic Priority 4: Strengthen the skills and human resource base
- Strategic Priority 5: Improve the health profile of all South Africans
- Strategic Priority 6: Intensify the fight against crime and corruption
- Strategic Priority 7: Build cohesive, caring and sustainable communities
- Strategic Priority 8: Pursuing African advancement and enhanced international co-operation
- Strategic Priority 9: Sustainable resource management and use
- Strategic Priority 10: Building a developmental state including improvement of public service and strengthening democratic institutions  [50]

9.7 Briefly analyse the role of the public manager in the application of strategic management.  [8]

9.8 Explain the Framework for Programme Performance Information  [50]
10. FEEDBACK ON SELF-ASSESSMENT

10.1 Refer to section 2 of this unit. Explain the cascading strategic intent of government by indicating that strategic intent commences at policy level (Parliament) and then cascades down to public institutions (e.g. government departments) that must operationalise strategic objectives derived from the intent.

10.2 Refer to section 3 of this unit. Evaluate the context of strategic change by providing a brief overview of current transformation processes. Your evaluation should include challenges associated with transformation, the strategic management/change management interface, and the translation of strategic change objectives into projects.

10.3 Refer to section 3.1 of this unit. Give an overview of main transformational challenges; you may also include additional challenges that you have identified.

10.4 Refer to section 3.2 of this unit.

10.5 Refer to section 4.1 of this unit.

10.6 Refer to section 5 of this unit.

10.7 Refer to section 7 of this unit. Briefly analyse the role of the public manager by indicating his or her role in directing all resources towards the achievement of strategic objectives.

10.8 Refer to section 6 of this unit
REFERENCES


THE STRATEGIC MANAGEMENT FRAMEWORK AND PROCESS

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Use the route map below to determine where we are and how this unit fits into the module.

**The changing environment of public service delivery: The importance of a strategic response**

**Applying strategic management in governance**

**The strategic management framework and process**

**From strategy to implementation: The use of projects**

**Dealing with public service transformation: The importance of strategic and transformational leadership**

**Public management: Quo vadis?**
LEARNING OBJECTIVES

After studying this unit, you should be able to:

● define strategic management in your own words
● differentiate between strategic planning, long-term planning and strategic management
● describe the public context of the application of strategic management
● evaluate the necessity and advantages of the application of strategic management
● describe the importance of and the process of environmental scanning
● comprehensively analyse the basic steps in the strategic management process

“A corporation without a strategy is like an airplane weaving through stormy skies, hurtling up and down, slammed by wind, and lost in the thunderheads. If lightning or crushing winds don’t destroy it, it will simply run out of gas.”

1. INTRODUCTION

Strategic management is a relatively recent phenomenon in public institutions in South Africa and the necessity for this type of management is not generally accepted. An example of this is the first application of strategic management in the former Transvaal Provincial Administration (TPA), as recently as 1990.

An obvious feature of public institutions is that they do not have a strategic vision of the future. Relatively speaking, there is a lack of planning and a short-term “quick fix” is often used. Crisis management is often applied, particularly during periods of change and uncertainty.

The strategic plan should be the force that guides the institution, providing a common sense of direction and purpose. It need not identify every step in the process; that can be left to the implementation plan. The guideline, however, must be agreed upon and in place before day-to-day activities can lead to meaningful implementation.

To be able to move through a process of change to a required state, public institutions need to develop and formulate a strategy. This formulated strategy can serve as a guideline for making strategic changes. If there is no such strategy, public managers cannot always formulate clear objectives. As a result, management may follow a reactive and fragmented strategy in the face of change, rather than a proactive one.

In this unit we will discuss each of the steps in the strategic management process and, in particular, its unique application in the public sector.

2. STRATEGIC MANAGEMENT DEFINED

2.1 Understanding “strategy”

In the context of management, a “strategy” is a suitable plan or method for achieving the aims of the institution, irrespective of change. Four aspects of a strategy can be identified: the mission or overall aim of an institution; the transformation technology used; the strategic and operational planning to achieve the aims; and strategic control.

A strategy is the process whereby certain policies, strategies and resources are used to achieve the main objectives of the institution.

Views of strategy fall into two camps. There are those who equate strategy with planning. According to this perspective, information is gathered, sifted and analysed, forecasts are made, and senior managers reflect upon the work of the
planning section and decide what the best course for the institution will be. This is a top-down approach to strategy and is mostly effective in a stable, predictable environment. Its critics argue that: such environments are becoming increasingly scarce; events may make the plan redundant; and creativity is buried beneath the weight and protocols of planning and communication rules. Furthermore, those not involved in devising the plan (middle and lower management) are never committed to its implementation.

According to the second perspective, the key strategic issue puts into place a system of management that will facilitate the capability of the institution to respond to an environment that is essentially unknowable, unpredictable and therefore not amenable to a planning approach. This approach emphasises speed of reaction and flexibility to enable the institution to function best in an environment that is fast-changing and essentially unpredictable. The essence of strategy, according to this view, is adaptability and incrementalism. This approach has been criticised for failing to give an adequate sense of where the institution is going and what its mission is. Critics speak disparagingly of the “mushroom” approach to management (place the mushrooms in a dark room, shovel manure onto them, close the door, and wait for them to grow!).

Our view is that good strategic management actually encompasses elements of each perspective. There is no one best strategy.

To understand the strategy of a particular institution, we have to understand what factors have made the institution what it is at present. This involves asking the following types of questions:

- How did the institution reach its present state?
- Why is it producing its particular range of services and products?
- What kind of services or products does it intend to deliver in the future: the same ones or different ones and, if they are different, how will they differ?
- If the institution is thinking of altering its current range, what are the reasons for this?
- How are decisions made in the institution?
- How can one go about learning from the creative voice that so often remains silent?
- What is the institution’s management style — top-down or bottom-up, autocratic or democratic?
- Why is the institution structured in a particular way?
- What is the link between strategy and structure?
Strategy should satisfy four broad **criteria**:

- **Consistency.** The strategy must not present mutually inconsistent goals and policies.

- **Consonance.** The strategy must represent an adaptive response to the external environment and to the critical changes occurring within it.

- **Advantage.** The strategy must provide for the creation and/or maintenance of a competitive advantage in the selected area of activity.

- **Feasibility.** The strategy must neither overtax available resources nor create unsolvable problems.

A matter has **strategic implications** if it:

- poses a current or future threat or opportunity

- develops from an external or internal trend

- can potentially influence the institution’s growth, survival and service

- can influence the direction in which the institution is moving

With regard to strategic implications, strategies may be considered from two perspectives. The first perspective views strategy as the **broad programme** for defining and achieving an institution’s objectives and implementing its mission. According to the second perspective, strategy is the pattern of the institution’s **reaction to the environment** in a specific period. In terms of this approach, every institution has a strategy, whether or not it has been explicitly formulated. In reality, this implies that any institution has a certain relationship or **interaction** with the environment which can be analysed and described. This means that environmental change has certain strategic implications.

From the above definitions of strategy we can see that an institution’s strategy is the **central point** around which all other organisational activities revolve. This has a long-term and comprehensive orientation.

We will now define strategic management as a synthesis of the management process and the strategy.
2.2 Definition of strategic management

There is no general consensus on exactly what strategic management entails. According to Johnson’s uniform model for strategic management (1987:59), “there is no simple explanatory model of strategic management … the level of complexity with which we are concerned cannot be reduced to one model”.

Despite this complexity, theorists are still trying to define strategic management. Fox et al. (1991:221) define strategic management as “…the formulation, implementation and evaluation of actions that will enable an organisation to achieve its objectives”. Koteen (1989:17) emphasises the changing environment and suggests that strategic management is a management application to keep up with the environment.

The above definitions of strategic management emphasise the importance of an environmental scanning process as well as an organisational analysis with the aim of formulating and implementing strategies, thus promoting organisational effectiveness and efficiency. The definitions also emphasise the fact that management should make a concerted effort to guide the institution strategically towards a changing environment.

Strategic management should be regarded as an umbrella concept that includes various dimensions of strategic planning, long-term planning and environmental analyses. We will now discuss the relationship between strategic management, strategic planning and long-term planning to eliminate possible confusion between these management processes.

**ACTIVITY**

1. *Strategic management is* ……………………………………………………………
2. *An aspect has strategic implications if it* ……………………………………………
3. *Strategic management increases an institution’s* ………………………………

Strategic management is a comprehensive term which relates to the total management of an institution.

The following are specific reasons why strategic management has application value for public institutions:

- It improves decision-making about future opportunities and threats facing the institution.
- It stimulates the development of appropriate aims and objectives which serve as strong motivating and incentive factors.
● It promotes communication, co-ordination and participation in the institution.
● It enables an institution to carry out actions proactively and influence the institution’s environment.
● It ensures an objective basis for management decision-making. More effective decision-making leads to greater achievement of objectives, resource utilisation and personnel motivation.

Other benefits of strategic management are the following:
● It signals possible problems that may arise before they happen.
● It helps public managers to become genuinely interested in the institution.
● It alerts the institution to changes and allows for action in response to change.
● It improves the channelling of efforts towards the attainment of predetermined objectives.
● It offers an objective view of management obstacles, challenges and threats.
● It provides a framework for reviewing the execution of the plan and for controlling activities.
● It helps public managers relate major decisions more effectively to established objectives.
● It makes it possible to allocate time and resources to identified opportunities more effectively.
● It creates a framework for internal communication among staff.
● It encourages “forward thinking” on the part of staff and “visionary leadership” on the part of management.
● It stimulates a co-operative, integrated, and enthusiastic approach to tackling problems and opportunities.

However, there are also risks associated with the implementation of strategic management in the public sector. Shortcomings of the application of strategic management may include the following:
● The forecasts may not be achieved.
● Internal resistance may emerge.
● The process is time-consuming, expensive and relatively complicated, and requires management skills for its application.
The various strategic plans may be difficult to reconcile with the central government’s objectives.

It is relatively difficult to obtain community consensus in environmental scanning.

The process of determining the risks of the various strategies is complex.

Strategic plans may be difficult to link with the national budget.

Training in this management application is essential.

The process depends on group dynamics among role-players.

The process requires effective information-gathering and analysis.

With these identified shortcomings and benefits of the application of strategic management in the public sector as a point of departure, we now need to note the differences and similarities between public and private institutions in order to develop a relevant strategic management process for the public sector.

**ACTIVITY**

1. *Why is the application of strategic management necessary in your institution, department or division? Provide practical examples to substantiate your answer.*

2. *Is strategic management already being used? If so, what shortcomings are being experienced?*

3. *How can these shortcomings be overcome? Provide suggestions.*
3. STRATEGIC PLANNING: ENVISIONING AN INSTITUTION’S FUTURE

Any important government initiative should involve thoughtful planning. Few officials question the need for strategic planning to improve service delivery and to make the institution more effective.

3.1 Defining strategic planning

“Strategic planning does not deal with future decisions. It deals with the futurity of present decisions. What we have to do today is to be ready for an uncertain tomorrow.”

Peter F. Drucker, Professor of Social Science and Management

Strategic planning is a process that provides direction and meaning for day-to-day activities. It examines an institution’s values, current status and environment, and relates those factors to the institution’s desired future state, usually expressed in three- to five-year time periods.

If the institution existed in a static environment in which no change was necessary or desired, there would be no need for strategic planning. But the public sector environment is changing — demographically, economically and culturally. Thus strategic planning is both a reaction to, and a tool for, adapting to those changes and creating an institution’s future within the context of change.

Strategic planning can further be defined as the process of responding to the results of an institution’s assessment of its external and internal environments. Its purpose is to help the institution capitalise on its strengths while minimising its weaknesses, to take advantage of opportunities and defend itself against threats. It begins with a vision of what the institution should be. In this view, strategic planning provides a framework that guides choices. The choices in turn will determine the future nature and direction of an institution. It will assist public project managers in finding the best future for their institution and the best path to reach that destination. It will also provide a process of developing the procedures and operations necessary to achieve that future.

3.2 Advantages of applying strategic planning

In the simplest terms, a strategic plan can help improve performance. Staff of any public institution can become so bogged down in routine functioning and daily challenges that they can lose sight of the institution’s purpose. Not only will a strategic plan refocus the staff members’ sense of purpose, but it will stimulate future-oriented thinking based on a shared sense of mission. Collaboration
between members of an institution is more effective when everyone is working with the same set of assumptions and toward the same goals.

Vision, planning and goal-setting have consistently proven to be positive influences on institutional performance. A strategic plan’s specification of purpose, goals and objectives can be used as a prioritisation system for allocating staff and funds, especially in times of limited financial resources. It can help an institution to think through the difficult choices necessitated by restricted budgets.

Budgetary limitations are not the only challenges that institutions must meet. Today’s public institutions must cope with changes in demographics, politics and workplace requirements. Many of these changes provide interrelated challenges to its systems. Viewing them as a web of problems may be overwhelming; putting them in the perspective of an organised strategic plan allows the institution to deal with them in a co-ordinated way, addressing pieces of the problems as part of a progression toward a total solution. This allows the institution to influence its environment and take control of its future, rather than merely react to it.

Some groups of people, or inspired leaders, have a natural ability to respond quickly and effectively to new challenges and opportunities, making strategic planning superfluous. However, for most institutions and most institution members, strategic planning provides a powerful framework and impetus for action. Developing a strategic plan can be expensive, especially in terms of personnel time and energy. This cost must be considered in relation to the expected benefits. For some institutions or units within an institution, strategic planning is a burden imposed by a higher authority – a funding source or an umbrella institution.

3.3 Relationship between strategic management, strategic planning and long-term planning

Strategic management is a comprehensive term which relates to the total management of an institution. This implies that strategic planning is merely a tool or phase of strategic management. The difference between strategic planning and strategic management is that the latter also includes the implementation (management) of the strategy.

We can differentiate between long-term planning, which is reactive, and strategic planning, which allows an institution to create its future. In long-range planning, goals and projections are based on the assumption of institutional stability while, in strategic planning, the role of the institution is examined within the context of its environment. Strategic planning provides the means for an institution to adapt its services and activities to meet changing needs in its environment. It provides a framework not only for improving programmes, but also for restructuring
programmes, management, and collaborations, and for evaluating the institution’s progress in these efforts.

The most significant difference between strategic planning and long-term planning is that long-term planning assumes that the future is simply a continuation of the past, whereas strategic planning takes into consideration the changing nature of the environment and continually adapts accordingly.

To summarise: Characteristics of traditional planning vs. strategic planning

<table>
<thead>
<tr>
<th>Traditional planning</th>
<th>Strategic planning</th>
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<tr>
<td>● Short-term</td>
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<td>● Single issue</td>
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<td>● Organisational issues</td>
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<td>● Hierarchical</td>
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<td>● Low involvement/paticipation</td>
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<td>● Directive -based</td>
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<td>● Management-oriented</td>
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<td>● Staff awareness</td>
<td>● Public awareness</td>
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<tr>
<td>● Operational focus</td>
<td>● Policy focus</td>
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From the above discussion it is clear that, owing to the uniqueness of the public management environment, certain changes should be made to the strategic management process so that it can be implemented effectively in the public sector.
The process can be illustrated as follows:

- Obtain institutional mandate
- Environmental analysis: internal and external
- Vision and mission statement
- Strategy formulation
- Strategy implementation
- Strategy evaluation and control

4.1 Clarity on institutional mandate

Public institutions are increasingly subject to political and administrative policy and regulations. Various formal and informal mandates apply to institutions in the public sector and set out the requirements confronting a particular institution. For meaningful and successful strategic management in the public sector, an institution must have clarity on what it is authorised to do. Staff must be aware of and familiar with relevant legislation, ordinances, sections, provisions and contracts determining the formal mandate of the public institution concerned.

Staff must have clarity about the role of the institution within the socio-political transformation process before they can implement the strategic management process. This is especially important in the South African context because administrations of provincial authorities and certain departments of local authorities play strategic roles in the broader national transformation process. If such a department undertakes a strategic management process which may influence its functioning, this may also have consequences for the greater strategic transformation process.

The purpose of institutional mandates is to inform key decision-makers of what is intended, highlight the benefits and obtain approval. Including key decision-makers outside the public institutions is critical for the success of public programmes in which various parties and organisations are involved in adopting and implementing programmes.
In the case of local authorities, approval (a mandate) must first be obtained from the political head or body before a department or division can implement strategic change.

**ACTIVITY**

1. *Do you have a mandate to bring about change in your department or division? If not, from whom should a mandate be obtained?*

2. *What process should be followed to obtain a mandate? On what does this depend?*

**4.2 Environmental scanning: identification of strategic issues/forces**

The heart of the strategic management process is identifying and solving strategic issues. In the public sector members of the governing body are often more capable of identifying external opportunities and threats than the employees of public institutions. This is partly because the governing body is responsible for reconciling an institution with its external environment (policy, etc.) and vice versa. Unfortunately, members of the governing body or employees of public institutions do little systematic or effective environmental scanning. According to Bryson (1995:54), the result of this may be that most institutions “are like ships trying to navigate treacherous waters without the benefit of human lookouts or radar and sonar equipment”. Consequently, members of the governing body and employees of public institutions must rely on a relatively informal, external valuation process.

Environmental scanning in the public sector should be undertaken with due consideration for the most valid and reliable conceptualisation of the environment for public institutions. The relative importance of the various environmental components should also be considered. For example, more attention should be given to intergovernmental relations and the needs of role-players than to market factors as conceptualised in the private sector. The legal and formal restrictions in the environment should be addressed specifically.

Environmental scanning involves two important components in particular: an external environmental scanning and an internal organisational scanning.
regard to the external environment, the political, technological, economic, social and legal environments must be analysed continually to identify threats and opportunities in good time. An internal environmental scanning involves the analysis of internal processes and practices such as the structures, management style, resources, strengths and weaknesses.

There are many ways to assess the external environment. Trend analysis is a method of examining changes over time in order to anticipate future conditions and events. Trends within the economic, demographic, social, and political arenas, sometimes referred to as the macro-environment, can also be examined in relation to each other to identify patterns that may have implications for the institution’s future.

Competition is a factor to be examined in the external environment. Some may think that the public service falls outside of the competitive marketplace, but that is not the case. The competition for limited funding is fairly clear. The competitiveness that is frequently encountered between various departments is, at heart, competition for clients and resources. An important factor for community services is assessing current needs and projecting future needs for the community as a whole and for the various constituencies that may be served by the community programme.

Assessing the external environment increases the public manager’s capacity for reaching, identifying and assessing community problems and needs. Consequently, he/she is able to develop more responsive programmes. Opinions vary on the optimal order of activities in the planning process. Some experts believe that environmental scanning, or situation analysis, must precede visioning and goal setting, while others feel that an assessment of needs is impossible until goals are set.

An assessment of the current status is necessary to formulate a vision for the future. No one institution alone can meet all the needs of a community. However, recognising the myriad of needs can help an institution focus its mission on specific needs, defining the areas within which it can function, and establishing its goals and objectives within those parameters.

Methods for gathering information about the external environment include surveys, interviews, community forums and the “Delphi” technique. The following are typical questions posed during an external assessment:

- What is my client/community like today?
- Are the demographics changing? How?
- What are the implications of today’s trends for the future of my client/community?
● What other public agencies currently serve my client/community?
● What services do they provide? To whom?
● What needs exist today?
● What needs are anticipated for tomorrow?

4.2.1 Organisational analysis (internal scanning)

An analysis of the institution’s internal environment enables management to assess strategic capabilities based on understanding its strengths and weaknesses. This should then guide management in assessing the suitability of particular strategies and in planning and deploying resources.

The capability of any public institution is fundamentally determined by how well it links together its various activities, such as designing, delivering and supporting services that are rendered to the community.

The primary activities are generally quite distinct, having different economies and, in large departments, separate “business units”. The following resources should be considered:

● Physical resources. These include buildings, facilities, information systems, research and layout.
● Technology development. This includes product, process and raw material development and know-how.
● Human resource management. This includes productivity, numbers, skills, recruitment, training, development and rewards.
● Financial resources. These include asset structure, costing and budgeting systems.

Effectiveness should be measured by the match between the various resources.
During organisational analysis or valuation, all aspects of the public management function should be considered, such as policy-making, planning, organising, leadership and motivation, control and evaluation. The tool that is usually used to facilitate this process is the SWOT analysis. SWOT is an acronym of the following:

- **S**trengths
- **W**eaknesses
- **O**pportunities
- **T**hreats

In a SWOT analysis, the key point that should be communicated is that the notion of organisation subsumes a number of different variables, all of which impact on strategy. Traditionally, organisation structure has been the factor most emphasised in strategic management literature. The argument was that you decided upon your strategy and then designed an organisation structure to support that strategy. Strategy, in this traditional view, determined structure. However, existing strategy has important implications for further strategies.

**ACTIVITY**

1. **Consider how your institution assesses its capabilities. Is there a formal procedure for monitoring the internal environment?**

2. **Which is your (a) strongest and (b) weakest activity? Are there good links between the activities? Can you identify any room for improvement?**
A key argument of Peters and Waterman in their best-selling book, *In Search of Excellence* (1982), is that there is more to organisation than just structure. They demonstrate that the skilful management of seven factors is important for excellence. This argument leads to their “Seven S's” framework:

- **Strategy.** Those actions that an institution plans in response to or in anticipation of changes in its competitive environment, and the way an institution aims to sustain or improve its competitive position.

- **Structure.** The organisation chart and related information that show how the work of the organisation is subdivided and then co-ordinated.

- **System.** All the procedures and processes that enable the organisation to run from day to day, year by year, such as budgeting systems, employee relation systems, information systems.

- **Style.** Tangible evidence of what management considers important, as demonstrated by how it spends its time and how it uses symbolic behaviour. Peters and Waterman (1982:11) point out that it is not what management says that is important, but the way it behaves. There can, in short, be a discrepancy between stated attitudes and actual behaviours. For example, most public managers will say they are democratic. However, people reporting to them often judge them to be far more autocratic than they themselves think they are.

- **Staff.** The people in the organisation. Peters and Waterman (1982) argue that we should think about “corporate demographics” both in its “hard”, quantitative sense — appraisal systems, pay scales, formal training, and so on — and in the “soft”, qualitative sense of morale, attitudes, motivation and behaviours.

- **Subordinate goals.** The shared values and guiding concepts that underpin the formal statement of corporate objectives. Compelling subordinate goals pull an organisation together and provide stability over the long term. One of the main functions of public managers as leaders is to articulate these goals and thereby create a sense of meaning for employees.

- **Skills.** The capabilities possessed by the institution. These are more than just the sum of individual skills and require skilful management. Some government departments with highly skilled individuals are not capable of actually harnessing these skills to get things done, while other departments are able to perform extraordinary feats with apparently ordinary people.
The seven S’s framework illustrates two important facts. **Firstly**, the seven S’s cannot be treated in isolation from one another. The notion that if you get the structure right the people will automatically fit is simply wrong, as is the notion that if you get the right people, then success is guaranteed. Structure and staff are important, but so are the other five factors. **Secondly**, we need to take the “soft” variables — style, systems, skills and subordinate goals — very seriously. Consider the problem of strategic change, for example. It is very easy to state different strategic objectives, such as new target customers (communities) or new levels of product or service quality. It is also relatively easy and quick to reorganise in the sense of changing one’s structure, altering reporting relationships and so on. However, a major change in systems to support a new strategy, a major retraining programme to change the skills base of an organisation, or gaining commitment throughout the institution to a new subordinate goal can take years. Peters and Waterman’s (1982) final important point is that you need to think of the seven S’s as seven compass points. It is only when they are all aligned and pointing in the same direction that you can truly call yourself well organised.

Organisational analysis should examine not only public responsibility and accountability, but also the tendency towards formal bureaucratic controls. The particular nature of public services must be considered and compensated for in the identification of strengths and weaknesses. Given the nature of their services, marketing is not usually a high priority in public institutions. However, satisfying the community as a client is important and internal measures should be instituted to promote this.
4.2.2 Strategic analysis (external scanning)

Strategic analysis and selection may necessitate changes in various areas within the public institution. The aims should consider the same limitations and factors as required in the mission. This means that the possibility of political conflict, the diversity of aims and formal legal restrictions must be considered.

The particular nature of the public sector must be considered when developing strategies for achieving objectives. Strategies in the public sector should aim to provide the highest quality essential services with the most effective utilisation of scarce resources. Strategic options in the public sector must therefore be generated in harmony with the particular context and functions of institutions in the public sector.

The strong driving forces of change that exist in both the external and internal environment must be taken into account in determining the direction and pace of strategic change.
of transformation. The inhibiting forces in the internal environment should also be taken into account.

Identifying forces for and against strategic change/the programme may involve force field analysis. Force field analysis is an effective method of getting a picture of all the forces for and against a plan. It helps you to weigh the importance of these factors and assess whether a plan is worth pursuing. Where you have decided to proceed with a plan, carrying out a force field analysis helps you identify changes that you can make to improve the plan.

To carry out a force field analysis, follow the steps below:

- **List all forces** for change in one column and all forces against change in another column.
- **Assign a score** to each force, from 1 (weak) to 5 (strong).
- **Draw a diagram** showing the forces for and against, and the size of the forces.

Where you have decided to carry out a project, it can help you to analyse how you can push through a project that may be in difficulty. Here you have two choices:

- To reduce the strength of the forces opposing a project
- To increase the forces encouraging a project

Often the most elegant solution is the first: just trying to force change through may cause its own problems (e.g. staff can be annoyed into active opposition to a plan instead of merely not welcoming it).

It is essential to realise that you can create your own future. This will require interventions at group and individual level and should target:

- mindsets
- values
- processes
- policies and procedures
- structures

The mindset changes are central to the entire transformation process and should be clearly identified. Critical mindset changes should be experienced by all staff of the institution as the process of transformation advances. The degree to which these mindset changes have occurred collectively and individually is a measure of progress. The foundation for successful transformation will be
established if this new way of thinking is internalised by each individual. Such new thinking should find expression in new attitudes and behaviour.

**ACTIVITY**

*Identify the key forces in your institution’s general environment. Which set of factors do you consider to be most influential (a) at present, and (b) in five years’ time?*

Since strategic decisions are made in situations of uncertainty, the strategist must attempt to understand the nature of the environment facing the institution. By reducing the many environmental influences to a coherent pattern, strategic analysis aids *understanding* of the *nature of uncertainty* and provides *guidance* as to which methods are most appropriate for monitoring and evaluating strategic options.

The more dynamic (rapidly changing) or complex the environmental conditions are, the more uncertainty increases. Government in South Africa is facing both a dynamic and highly complex environment. Complexity comes in different forms. Firstly, it can result from the sheer diversity of environmental influences faced by the institution. Secondly, it can arise because of the amount of knowledge required to handle environmental influences, which are, in themselves, interconnected (e.g. social conditions affecting the economic situation). The least uncertainty exists where the conditions are static and simple. If change occurs in these circumstances, it is likely to be fairly predictable.

The institution must regularly scan the environment, checking for signals that suggest the onset of a particular scenario. This monitoring acts as an *early warning device* so that the appropriate strategies can be implemented in good time.

Different methods are required for handling each type of environment.
Static environment

Here the past acts as a good predictor of the future, and thus environmental scanning is likely to be more continuous and systematic; in more dynamic situations environmental scanning is more intermittent. In a fairly static and simple situation it makes sense to undertake a detailed analysis of past environmental influences and use (quantitative) forecasting techniques to predict changes with reasonable certainty.

Dynamic environment

The more dynamic the situation becomes, the less can be learnt from past circumstances. Therefore the focus should switch to considering the future and use of judgmental forecasting methods involving scenario planning. Here, the strategist constructs “alternative futures” which consider the likely behaviour of suppliers and clients (the public) so that an overall picture of possible competitive environments can be built up.

Scenario planning is essentially a qualitative approach. It should involve detailed planning for at least three situations:

- The worst-case scenario (the so-called “low road”)
- The best-case scenario (the so-called “high road” where the environment is extremely favourable)
- The most likely case scenario (between the two extremes)

At this stage the strategist can carry out a strategic analysis of each of the scenarios, and can develop different strategies for the different possible futures. The analysis should show how the institution would respond to each scenario and formalise this in terms of contingency plans. In private sector organisations, analysis specifically focuses on suppliers, buyers, competitors and the threat of substitute products or services. Monitoring the environment then provides the insight into which of the scenarios is likely to be most appropriate.

Complex environment

In a complex environment such as the one in South Africa, the aim of strategic managers in authorities should simply be to reduce the complexity. At macro (departmental) level, this may involve divisionalisation when diversity is a problem, enabling each section to focus on its own environment. Structural analysis can involve sophisticated techniques such as model-building and simulation. These techniques focus directly on the key influences and attempt to model the interrelationships between them, with the aim of simulating the effects that different environmental conditions might have on an institution.
Environmental scanning in the public sector should be undertaken with due consideration for the most valid and reliable **conceptualisation of the environment** for public institutions. The relative importance of the various environmental components should also be considered. For example, more attention should be given to intergovernmental relations and the needs of role-players than to market factors as conceptualised in the private sector. The legal and formal restrictions in the environment should be addressed specifically.
ACTIVITY

1. Conduct an internal organisational scanning of your department or division. Make a list of critical areas regarding strengths, weaknesses, opportunities and threats which influence or may influence activities.

2. Prioritise the weaknesses and threats.

3. Conduct an external scanning of your department or division. Which factors have strategic implications for your activities? Prioritise these according to high impact, high certainty, low impact, etc.
4. Formulate critical assumptions on each (point 3), particularly with regard to the possible influence on your institution.

5. What can you as a manager do to prepare yourself proactively in this regard?

6. What organisations or institutions can be consulted for statistics on more accurate management information and planning?

4.3 Formulating a vision and mission statement

Formulating a vision of success as the third phase in the strategic management process applies to both the public and private sector. Most public institutions undergo various repetitions of strategic planning before they can develop a vision of success. Often various cycles of strategic planning are needed before the staff of an institution know what they want, what they can get, and how the two differ.

Combining current information and future projections about the external environment with a renewed institutional self-concept provides a basis for developing a vision of what the institution will be like in the future. There are several approaches to developing this vision. The desired future state can be expressed philosophically in terms of the belief system capable of moving the institution into the future; it can be expressed practically in terms of what the institution wishes to accomplish in the future. Small to medium-sized public institutions may adopt either a scenario approach or a critical issues approach to future visioning.

The word scenario is often misused to mean event or situation. In fact, scenarios describe alternative pathways into the future. They project a range of possible outcomes and enable people to think about the future in different ways. They do
not predict what will happen, but identify what may happen. They also encourage disciplined, systematic thinking about the future.

According to the **scenario approach**, several alternative images of what the institution will be like in the future are developed and rated in terms of financial feasibility and how well they fit in with the institution’s mission and community needs. These are discussed with members of the institution and the best fit is selected, tested and refined.

Plausible scenarios must be internally consistent and based on credible interpretations of present trends. Scenarios are a **strategic planning tool** in that they identify what has to be done to secure a desired outcome. Scenarios imply that the future is not fixed but can be shaped by decisions and actions of individuals, organisations and institutions.

Scenarios are used to:
- avoid being caught off guard
- challenge conventional mental maps about the future
- recognise signs of change
- test strategies for sustainability in different circumstances

Priority items for funding are those that move the institution toward its stated mission. Developing a sense of the future involves asking the following questions:
- How will our institution look in the future?
- What will be our guiding philosophy and mission?
- What will our community be like five or ten years from now?
- What role will we play?
- What needs will exist?
- What resources will be available?
- Who will we serve?
- How will we serve them?

### 4.3.1 Formulating a vision

A challenging yet achievable vision of success embodies the tension between what a public institution wants and what it can get owing to limited resources. A vision that motivates staff will have to be challenging enough to encourage actions, but not so easy to achieve that staff are demotivated and demoralised (Hunger & Wheelen, 1993:14). Most institutions find that their vision for success
serves as a guideline for strategy implementation rather than for strategy formulation.

**Visionary** institutions whose missions capitalise on emerging social and political trends have been among the success stories of the 1990s. By creating a common vision, state departments can overcome the sectionalism that is inimical to the sense of shared responsibility for the department’s fate.

Getting started is as simple as sitting people in small circles and asking them to talk about what’s really important to them. When people begin to state and hear each other’s visions, the foundation of the political environment begins to crumble - the belief that all we care about is self-interest. Departments that fail to foster genuinely shared visions, or that foist unilateral visions on their members and pretend that they are shared, fail to tap this broader commitment. Though they decry internal politics, they do nothing to nurture a non-political environment. It is only in a non-political environment that responsibility for the common good can be generated. One of the deepest desires underlying shared vision is the desire to be connected to a larger purpose and one another.

The primary role of senior management is to foster shared values in the institution.

**4.3.2 Mission statement**

An institution needs a well-defined sense of its mission — its unique place in its environment and **scope and direction of growth**. Such a sense of mission defines the institution’s strategy. An institution also needs an approach to management itself that will harness the internal energies of the organisation to realise its mission.

In the public sector an institution’s mission determines the **social and political reason for its existence**. This means that there must be an identifiable social or political need which the institution is trying to meet. The mission should be in accordance with the aims set out in the policy formulated by the legislative authority.

The input of all role-players in the strategic management process must be obtained to establish a basis for formulating the institution’s mission. Given the political nature of public management, **political decision-makers** should be included in the process of formulating a mission. The mission should not be rigid and unchangeable. It should be open, flexible and subject to change.

The mission should be in accordance with the aims set out in the **policy** formulated by the legislative authority. This limitation may help to overcome the
challenges in the political environment, as it may provide a basis for potential agreement in circumstances of political conflict. It may also contribute to missions that are relatively general and therefore less useable as a point of departure and as a general guideline for management actions.

The mission should not be rigid and unchangeable. It should be open, flexible and subject to change. When drafting the mission, remember that it is often subject to intense political differences. This may mean that it will require compromises and will probably be based on relatively general issues on which consensus can be obtained.

A number of public institutions, non-governmental organisations (NGOs) and parastatals (Eskom, SAA, etc.) have recently started to transform themselves. Common elements in these transformation processes include:

- freedom from ideological “baggage”
- a change of values
- a common beneficial vision
- governance marked by open access to information, transparency, and inclusive decision-making
- broad stakeholder involvement to stimulate the dynamics of change through leadership
- sensitivity of all leaders to perceptions and fears of others supported by an awareness of own aspirations and prejudices (constructive intolerance)
- a transformation of the leader corps which will transmit the vision (see paradigm pioneers)
- a change in power relationships marked by an exchange of information and interaction
- recognition and tolerance of diversity
- the disappearance of discriminatory attitudes and practices
- a sense of individual security and purpose
- the development of language (tone, terminology) to support transformation

By careful consideration of these elements of transformation as identified in South Africa, institutions can assist public project managers with the development of a transformation mission. A transformation mission should be based on an awareness of stakeholder expectations.
In the public sector an institution’s mission determines the social and political reason for its existence. This means that there must be an identifiable social or political need which the institution is trying to meet.

The main purposes in establishing a mission orientation are to:

- help public managers clarify in their minds what the “business” of the institution is
- provide a focus for managers and other staff in meeting institutional goals
- promote a sense of membership of the institution rather than the sense of being merely employees
- provide a framework within which to determine targets and more precise objectives

The process of developing a mission statement, which includes staff at all levels, is as important as the statement itself.

Managers must keep in mind that orientating staff and activities towards the achievement of institutional goals will highlight existing institutional weaknesses. A decision to focus on mission should imply a willingness to address challenges. These are some of the challenges that may have to be addressed:

- Low morale among staff and related low levels of remuneration, poor working conditions, over- or understaffing, and poor employment security
- High turnover of staff within the institution
- Political apathy or lack of top management commitment
- Strong labour union opposition

A mission statement is a means, not an end. An institution will not achieve its purpose of providing a “banner” behind which the institution can “rally” if the mission statement is:

- too vague and generalised to have any substantial value
- too idealistic to have realistic hope of implementation
- not felt to be owned by all levels of staff
- not seen to be owned by top management
- not regularly reviewed and renewed
- not publicised widely
The enthusiasm with which mission is defined at unit or ministerial level must be consistent with larger strategies. The preconditions for developing a mission orientation are:

- commitment and active support by top management and political leaders
- understanding and appreciation within the institution of clients’ needs
- a collaborative environment between management, staff and, where relevant, public service unions
- a determination to monitor performance and provide feedback to all levels through effective communication channels within the institution
- a willingness by top managers and political leaders to set challenging targets which are achievable given the available resources

4.4 Strategy formulation

“Who”, “what”, “when”, “where”, “why”, and “how” questions serve as guidelines for developing goals and objectives. The future vision of the institution — the “why” — is the guiding force in their development. Specific goals — what is to be achieved — are identified to help move the institution from its current state to the desired future state. Goals may be sequential over, for example, a three-year strategic plan, with a completion date specified for each goal.

The objectives can be described as action steps, the accumulation of achievements necessary for attaining each goal. Objectives answer the questions of who is responsible, what specifically will be done, how and where it will be done, and when it will be completed. The goals and objectives must at all times convey a sense of movement toward the desired end state.

The so-called strategic institutional or “business” model consists of two parts: the strategic profile, which states the institution’s goals in quantified terms; and clear statements saying how each goal will be achieved. As with goals and objectives, strategic business modelling must be compatible with the institution’s vision for the future. This is the essence of the full strategic plan. As a document, it clearly and concisely outlines the results of the preceding steps. It proceeds from a statement of the current situation to a description of the desired future situation, and includes a blueprint of how that future is to be achieved. The section headings that follow may include the following:

- Today’s community or client
- Future needs
- Institutional mission and purpose
● Goals for the future
● Action plan to address the future
● Assessment and revision of the plan

Now that you have some idea of the range of options (strategies) available to you, there remains the "minor" problem of choosing between them! There are mainly three key criteria on which to make a basis for a decision:

● Suitability
● Feasibility
● Acceptability

We briefly outline the issues surrounding each of these aspects.

● **Suitability**

To be “suitable” the strategy should **meet the needs** of the institution in terms of exploiting strengths and seizing opportunities while defending against weaknesses and threats. The appropriateness of a strategy will be judged on the basis of how well it tackles the issues in the external environment and how effectively it can use and develop the institution’s resources. The public manager must then relate plausible options to situation analysis — via the SWOT analysis — to see how well the strategy deals with the internal and external environmental conditions. Whereas simple techniques like SWOT are useful, a fuller analysis will be required, taking into consideration how well objectives are likely to be met, e.g. competitive advantage, synergy and service/product portfolio development.

● **Feasibility**

Feasibility refers to whether or not a strategy can be implemented successfully. To implement a strategy, the institution should have or be able to obtain the necessary funds, along with the necessary materials, services, technology and managerial and operative skills. Management must also be sure that the institution is capable of performing to the required level (e.g. by providing services of the necessary quality).

● **Acceptability**

The end result of the strategy should be assessed in terms of public perceptions, political acceptance, the risks attached and the influence on the department. Scenarios should also be used to examine worst, best and most likely outcomes. It goes without saying that the best route to follow is the one that is most suitable, feasible and acceptable. Unfortunately public life is diverse and public managers will often be faced with a choice between strategies that are ambiguous. In this
case they will have to decide which strategy offers the best overall compromise to best meet the institution’s objectives.

Strategy formulation includes the mission of the institution, environmental scanning for opportunities and threats, organisational analyses for strengths and weaknesses and strategic analysis and selection. Provision should be made for short- and long-term objectives and the strategy should be a mechanism which enables the public institution to achieve what it wants to achieve.

To move through a process of change to a required state, public institutions need to develop and formulate a strategy. This formulated strategy can serve as a guideline for making strategic changes. If there is no such strategy, public managers cannot always formulate clear objectives. As a result, management may follow a reactive and fragmented strategy which cannot respond proactively to change.

It is important to focus on a specific product or service when a particular strategy is selected. This is because the strategy must enable the public institution to provide the specific product or service better or more timeously than other institutions (“competitors”). A strategy which does not have a particular benefit for the institution should be rejected.

When a strategy is formulated, provision should be made for short- and long-term objectives. In other words, the strategy must be a mechanism which enables the department or division to achieve what it wants to achieve.

**Defining strategies**

The strategy definition phase involved evaluating a number of options of potential strategies in the various functional areas. The planning team should perform a cost-benefit analysis of each option. After they have analysed the numerous options, they should select some of the options to become institutional strategies. Some of these may include to:

- develop and implement an employee reward and recognition programme
- strategically improve service delivery
- build strategic alliances and community support
- actively pursue the development of new services

The selected strategies are very high level. They are neither projects nor initiatives. They determine what will be the result or benefit of doing “what” and “when”.
Strategy rollout

The fourth step in the strategic planning process involved developing action plans that describe what must be accomplished to achieve strategy and reach goals. This phase includes the tactical aspects of strategy implementation such as:

- functional area involvement
- key steps and milestones to be completed
- estimated resources
- estimated benefits
- time schedules

The final step represents the institution’s follow-through on its strategic planning process. At this point the strategic planning team is disbanded, leaving various project teams to implement the strategies. These teams measure progress by reviewing information relating to performance measures and by conducting gap analysis evaluation that allow the institution to make mid-course changes in strategy if necessary. Performance measures become more than simply metrics for each manager; they track the metrics that measure the corporate strategic goals.
ACTIVITY

1. **Formulate a strategy or strategies needed to achieve the vision and mission of your department or division.** Remember to consider the information gathered during the internal and external environmental scanning.

2. **Formulate short- and long-term objectives.**

3. **Formulate functional, operational strategies (such as growth, rationalisation, diversification, integration, combination).**
The process of internal assessment (SWOT) and future visioning may uncover, within an institution, differing views of its purpose, its current level of effectiveness, and its potential for the future. Thus, consensus building may be an important element of these phases. Once consensus is reached, the practical steps necessary for reaching that future state over a given period of time — the goals and objectives of the institution — can be identified and actualised in the implementation phase. Evaluation and revision occur at the end of the planning cycle, but may occur at any stage within the planning process.

In effect, the strategy rollout is both a final step and an intermediate step or continuous process. Just as sudden changes in the environment — for example, changes in funding, the public’s needs, or demographics — may impel changes in the institution’s vision, a re-conceptualisation of the institution’s mission may require the institution to re-examine its external environment and internal capacity.

The first question to ask before starting a strategic planning process is whether to develop a strategic plan. Unless this question is answered honestly in terms of the institution’s current status and the attitudes of its members and leadership, the planning process may be doomed before it begins. The decision whether or not to develop a strategic plan may be based on answers to the following questions:

- What purpose will the strategic plan serve?
- How will it help the institution?
- Will it be better than the system we use now?
- Are those in leadership positions committed to strategic planning?
- How much will it cost in terms of time and staff effort?
- Who should be on the planning team?
- Does anyone have experience in strategic planning?
- Do we think we can do it?
- Are we willing to make decisions about our future?
- Will we actually use the plan?
- What overriding crises would inhibit our ability to plan?

If the answers to these questions support the development of a strategic plan, then the process can be initiated.

It is important to stay focused on the critical issues. The planning design frequently calls for a small team to direct efforts and develop the written document, but input should come from the entire institution so that each member has a
stake in the process and outcome. Team members should work well together, be committed to the process, and be respected by their peers. Whoever leads the planning team should understand planning well enough to help others through the process. If this is a first-time experience for everyone involved, outside expertise may be useful to provide an initial orientation or a jump-start.

The institution’s leader (usually the Director-General) need not be a formal member of the planning team. But leadership and support for the planning process, including implementation, should be clear from the outset. The following hints may assist in the process:

- Strategic planning is a way of thinking, an ongoing process. The plan is never perfect or complete.
- Keep the planning simple and manageable.
- Involve the institution’s leaders. Do not give away the planning task to support staff or consultants.
- Emphasise creativity, innovation and imagination rather than blindly following a set of planning steps.
- Do not adopt strategies without carefully considering how they will be implemented.
- Strategic planning is not an end in itself; it is a tool to help the institution accomplish its mission.

With these tips in mind, a planning team can work through the steps of the planning process, adapting and adjusting the procedure to fit the institution and its members. From here implementation must start.

4.5 Strategy implementation

Implementation shifts the institution’s focus from developing the strategic plan to acting upon it. This occurs not only at the institutional level, but within each section or unit of the institution. The degree to which the plan was developed through honest self-examination, environmental scanning, and stakeholder/political involvement can determine the ease — or difficulty — the institution will experience in moving toward its envisioned future state.

Implementation is, in effect, a reality check on the assumptions and future visioning of the planning process. It is also a test of the institution’s capacity, section by section, to achieve its stated goals.

Implementing a strategy is mostly an operational process and involves the **sum total of all activities** and choices required for executing a strategic plan. It involves the management of systems to ensure the most effective integration of
human resources, organisational structures, procedures, tasks and resources to achieve the strategic objectives of the institution. Clear guidelines are necessary for those managers who are responsible for implementing the strategy. Everyone must know who is responsible for what, how it must be done and by when.

Public institutions should systematically identify the various dimensions that support the implementation of the institution’s strategy, and integrate them into a synergistic (combined) whole with all functional groupings/directorates and even with other public institutions.

During the implementation of a strategy, too much emphasis may be placed on restructuring and task formulation at the expense of the human socioemotional and cultural dimensions. By contrast, the management of change emphasises the human dimension as part of the change process by means of the formulation of a joint vision for the institution.

Remember that those responsible for implementing a strategy (project managers) are not those responsible for developing and formulating it. Clear guidelines are therefore necessary. Project managers, who are responsible for implementation, should also be involved in formulating the strategy. The danger that project managers may influence the process negatively is thus eliminated to a certain extent and this can lead to better organisational performance.

All role-players in the strategy implementation process should be committed to this process and must be expert and competent. It is also important that the necessary authority be delegated to the relevant employees so that they can manage the process effectively. A degree of flexibility in management should also be allowed to implement strategies with due consideration of certain needs which may arise at certain times or places.
ACTIVITY

1. Compile a checklist that will help you to ensure that your strategy will be implemented as effectively as possible. Write some notes in this regard. Note structures, policy, processes, leadership, motivation and contingency plans.

2. What should you as a manager do to contribute to the successful implementation of the strategy?
Implementation may require greater specificity in the objectives, a detailed description of the steps (work breakdown structures) that must be taken in each unit or programme in order to reach the institution’s long-term goals. The focus here is on the short-term activities — such as projects — that lead to goal achievement. Implementation can also serve as a strategic management tool, providing both a framework for staff development and a solid basis for evaluating progress.

4.6 Strategy evaluation and control

The last phase of the strategic management process is the evaluation of performance and the control of work activities. It ensures that the institution is achieving what it set out to accomplish. Hunger and Wheelen (1993:297) view this process as a five-step feedback model:

- Determine what to measure
- Establish standards of performance
- Measure actual performance
- Compare actual performance with the standard
- Take corrective action

Although listed as a separate set of activities, evaluation and revision are implied in every step of strategic management. If continuous evaluation and revision have been an integral part of the strategic plan development process, formal evaluation and revision following implementation are unlikely to involve major changes. The advantages of this are obvious. Each step of the strategic planning process involves a degree of investment by the institution in terms of time, energy and commitment.

The later in the planning process a major revision occurs, the greater the retrenchment that may be necessary. Strategic planning requires a broad base of information. It involves stakeholders in order to develop consensus around a future vision for the institution and the specific steps or activities necessary to reach that future.

Control is primarily concerned with maintaining and improving functions and activities. It controls the effectiveness and efficiency of all short- and long-term programmes which support the overall strategy. This requires constant feedback and corrective steps.
The basic steps in the control process used for strategy evaluation apply to both the public and private sector. However, there are important differences for which provision should be made. There are at least three considerations:

- The right and need of external interested parties to be informed and even to be involved in the evaluation process
- The role and influence of political decision-makers in the process
- The need for the development of relevant performance evaluation for the public sector

Controls for institutions in the public sector cannot only be internal. Owing to their particular nature, public institutions are and should be under the control of the community. Public responsibility and accountability mean that evaluation must take public interest into consideration. Actions should be able to withstand the test of public investigation and legislative and judicial supervision.

Owing to the public nature of decision-making in the public sector, the evaluation of success and impact of strategies will be assessed in different ways by the competing political decision-makers. Political decision-makers from the opposition tend to be critical, even if the strategy is successful. For this reason, political consequences should be considered in the evaluation and selection of strategies.

Institutional aims and objectives in the public sector are unique in nature and so, too, are the specific strategies that are needed. This also means that specific performance evaluation must be carried out when evaluating these strategies, which is in line with the needs of the public sector. However, this performance evaluation is not freely available to public sector institutions. In practice most public institutions have large volumes of information or input, such as personnel and operating expenses. However, public institutions can provide little, if any, information on their output and its effect on clients and taxpayers.

The relative absence of performance evaluation creates problems for the institution and interested parties. This may lead to political role-players and the community evaluating the service provided by the institution according to their own criteria, and not according to the institution’s criteria. If the effectiveness of the institution does not meet the criteria of these groups, they may withdraw their support (e.g. rates and taxes).

The absence of performance evaluation may also create organisational conflict. Without performance evaluation there is almost no way of evaluating the effectiveness of alternative strategies, allocation of resources, organisational design and distribution of authority. Therefore organisational conflict occurs more often than it should and it is resolved in ways that do not promote the
mission of the institution. According to Fox et al. (1991:236), **operational indicators** should be developed to measure the performance of strategies in the public sector. This represents a particular insight into the operationalisation of objectives in the public sector and innovative efforts to design effective controls for the public sector.

For a change of strategy to work, there must be an alignment between internal capability and external opportunity. This is described as “**strategic fit**”. The ideal situation is where there is a fit between the environment, a “business” need arising out of that environment that is felt strongly by an institution that has the sense of purpose (mission) and a management system that enables it to respond to this need with a coherent and practicable strategy. The potential to act in this way depends upon managerial judgement, managerial skills to exploit windows of opportunity, and management ability to motivate other employees to support and commit themselves to the institution’s new strategic objectives.

With faulty information or lack of consensus, there is an insufficient basis for supporting the future vision. Thus, evaluation and revision must begin with the first steps of developing a strategic plan to ensure an adequate base for further development. Additionally, the environment is not static during the development of a strategic plan. Changing events may necessitate revisions or a change in staff, funding patterns or needs.

Many public institutions include **contingency planning** (see risk management) as an ongoing activity throughout the strategic planning process. Strategic planning itself is based on high-probability assumptions, the most likely events. Contingency planning takes into account those opportunities and barriers that might arise and challenge the institution’s planned future, but probably will not. As a process and as a method of management, therefore, strategic planning requires flexibility – the ability to adapt and revise as conditions change.
To summarise

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WHERE ARE WE NOW? WHERE DO WE WANT TO BE? HOW WILL WE GET THERE? WHO MUST DO WHAT? HOW ARE WE DOING?

5. CONCLUSION

The discussion in this unit has made it clear that, owing to rapid changes in every area and owing to an unstable environment, public institutions are being forced to follow a systematic management process to change strategically. However, strategic management as it is applied in the private sector cannot simply be applied to the public sector. The management process should be adapted to the unique nature of public institutions.

It is important that public managers follow a systematic process, be familiar with the principles of strategic management, and consider all dimensions of the institution when managing processes and programmes strategically.
### 6. SELF-ASSESSMENT

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7. FEEDBACK ON SELF-ASSESSMENT

6.1 See section 2 of this unit. Remember to phrase the definition in your own words.

6.2 See section 3.3 of this unit. You may use a table to differentiate between the three aspects more clearly.

6.3 In answering this question, note the difference between the application of strategic management in the public and private sectors.

6.4 See section 3.2 of this unit. Focus on the fact that continuously adapting to a changing, dynamic environment is an effective management application.

6.5 See section 4.2 of this unit. Highlight the fact that environmental scanning is the basis of effective strategic management to identify forces in the internal and external environments that necessitate change.

6.6 See section 4 of this unit. First identify the basic steps in the process before you analyse each.
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# FROM STRATEGY TO IMPLEMENTATION: THE USE OF PROJECTS

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Use the route map below to determine where we are and how this unit fits into the module.

The changing environment of public service delivery: The importance of a strategic response

Applying strategic management in governance

The strategic management framework and process

From strategy to implementation: The use of projects

Dealing with public service transformation: The importance of strategic and transformational leadership

Public management: Quo vadis?
“Just being able to conceive bold new strategies is not enough. The general manager must also be able to translate his or her strategic vision into concrete steps that get things done.”

Richard G Hamermesh
1. INTRODUCTION

Institutions do not rely only on a single strategic project; they rely on several parallel initiatives that must combine to meet institutional objectives. Projects must co-ordinate the efforts of multiple cross-functional teams operating in different functional areas and even geographic locations. More often than not, project information needs to be shared and presented to an increasing number of stakeholders, including top management, clients, suppliers and governing bodies whose impact can threaten or strengthen the outcome at any moment. For these and other reasons, all projects must be managed according to a strategic approach. This becomes even more critical in the implementation phases of various projects, to ensure that institutional resources are optimally utilised.

In a dynamic environment, traditional management structures struggle and project-based organisations thrive. Project-based organisations can respond to needs and demands more quickly, can use resources better and control projects and performance better, and so have the flexibility to maximise their efforts in core institutional projects and evolving technology.

In this unit, we will focus on how a public institution implements various strategies to realise its objectives. The vehicle it uses to implement its strategies is project management. Bear in mind that there can be various types of strategies that must be implemented during various stages throughout the year. At any given time, strategies will be at varying stages of completion.

2. MANAGEMENT BY PROJECTS

On the whole, public institutions are tending to become leaner and are evolving from a functional base toward a matrix or project base. This requires that people should be brought together to work in cross-functional or multidisciplinary project teams. These management and organisational changes have generated demands for tighter planning, scheduling, resource coordination and management control. These demands and the demands for business change have made it necessary to introduce "management by projects”.

Management by projects involves the entire institution, and the systems that support it must also range across multiple levels and departments. The best and most useful systems have the flexibility to adapt and evolve along with the organisation. However, even institutions that use such a flexible approach find that there are still barriers to succeeding with their product introduction process. These barriers have to do with making teams work — from the point of view of organisational structure as well as organisational culture.
Managing by projects has become very popular in the past few years. This is due to increased interest in process redesign, which in turn has resulted in an emphasis on restructuring, rationalisation and transformation exercises in the South African Public Service. Institutions have begun to view all changes to their institutional processes and all service delivery activities as “project-oriented”. Institutions committed to the “managing by projects” philosophy see all activities as “projects” and classify them as either “change” projects or “operational” projects. The managing-by-projects concept affects all aspects of an institution, beginning with the development of corporate strategy and continuing through the strategic and operational planning cycles.

An institution using the above approach treats all work as a project, beginning with the evaluation of potential projects in terms of the corporate strategy. Operational plans for all functional groups are prepared with a project orientation and reviewed as such.

The output of the complete process is a set of projects (programmes) and resource plans aligned with the institutional strategy.

The vast number of simultaneous activities that result must be managed effectively, and any problems or risks must be made visible to senior management. This is the natural application of a good project management technique. Project management makes the product introduction process and the projects that are running visible in terms of time, resources, cost and progress, and this enables managers to plan for both success and continuous improvement. This system should fit the organisational structure to reflect the way things are done, but should also be flexible enough to meet evolving needs and changes so that continuous improvement can take place.

2.1 A strategic approach to project management

The first step in managing by projects is to create a strategic vision which depicts how project management will be used in the institution in the future. The following are typical examples of such vision statements:

- “Effective service delivery lies in management by projects and requires modern project management.”
- “By organising our work as projects we will cut across the traditional functional lines and integrate the institution’s resources to achieve specific objectives.”
- “Implementing modern project management will allow us to perform multiple projects in an increasingly complex environment and measure our performance improvements.”
In developing a vision statement, the institution must determine the boundaries of project management.

The second step would be to develop a mission statement with clearly specified objectives and goals. The mission statement should provide programme objectives and measurable goals. The following is a sample mission statement:

“The institution will organise all service delivery activities as projects from October 1, 2000. Any existing activities due to be completed after December 1, 2000 will also be reorganised. Project management will be recognised as a specific discipline and all project team members will be trained in specific techniques and assessed in these areas as part of the personal appraisal process. Projects will be assessed at key points against predefined standards for improved project co-ordination, better utilisation of project resources, improved monitoring and forecasting of workload, and conformance to quality requirements. Procedures and guidelines to support staff will be developed and tools will be put in place that minimise the procedural knowledge required to carry out project management roles.”

With this framework sketched out, the next step is to check the institution’s capability to meet these goals and objectives.

2.2 Comparison between “project management” and “management by projects”

The following table shows the basic differences between project management and managing by projects.

<table>
<thead>
<tr>
<th>Project management</th>
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<tbody>
<tr>
<td>The direction and management of a project</td>
<td>The integration, prioritisation, communication and continuous control of multiple projects</td>
</tr>
<tr>
<td>A discipline</td>
<td>An operating environment</td>
</tr>
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<td>Project-wide</td>
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<td>A tactical issue</td>
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Managing by projects has the following advantages:

- Effective communication between the project and the functional departments/directorates
- Because valuable and scarce resources have to be used across the multiple project organisations, high-priority projects which are critical to the mission receive a suitable degree of attention
- Repeating early successes achieved by high management focus, attention to early implementation, and focus on key projects
- Spreading, repeating and sustaining successes across all projects

Institutions committed to this approach distinguish between the operational business plan, which addresses the requirements of the current organisation, core “business” processes and cost structure, and the strategic business plan, which addresses the issue of the “vision” for moving to a new organisation, and revised institutional processes and cost structure. Very often, those committed to the managing-by-projects concept also introduce the notion of “programme” management, which is different from “project” management.

A “programme” can be seen as a collection of related projects which address specific corporate strategic objectives.

“Programme management” is that set of management activities and processes that facilitate the prioritisation, balancing, conversion and integration of new strategic initiatives within the constraints of planned time and cost, thereby minimising risk and maximising the benefit to the organisation.

Project management as a discipline focuses on tasks, jobs, people and structures, but not on the actual process for managing programmes (multiple projects). Most institutions have some understanding of how to manage individual projects, but many fail to implement a process for managing multiple projects. The very nature of a large public institution is that it can handle many projects simultaneously. That is why there is so much potential benefit in the proper implementation of project management techniques.

On major complex projects, it is usually the external factors that affect project timetables, and managers do not have as much opportunity to control project priorities. Managers should actually use the project management data they receive to make real-time adjustments to priorities and assignments to accomplish their objectives.

Probably one of the most critical concepts to grasp in managing programmes according to a managing-by-projects approach is that, rather than assigning resources to tasks, managers assign tasks to resources. This is the reverse of
the traditional project management technique, where more emphasis is placed on the project/task than the resource/task. Most project managers find that the success of their projects does not lie in the sequencing of a critical series of activities, but the prioritising and sharing of resources across a portfolio of projects. This prioritising is made more difficult if the projects are of different sizes, different degrees of urgency and require different skill mixes. As a result, institutions require project management tools that can accommodate both a “project-driven” approach and a “resource-driven” approach at the same time.

While most staff understand the meaning of “project” when applied to the traditional operational project planning and execution, strategic projects are perhaps more critical and require significantly more planning, monitoring and auditing. This is because they are concerned with fundamental changes to the processes of an institution. The potential impact of such projects is usually more widespread than most operational projects. Thus, the need for accurate and timely feedback and especially communication of project goals, status, and accomplishments becomes extremely important. The functions discussed cannot and should not be left to the line functions concerned with daily operations. They should be the responsibility of a highly skilled and professional group who have the authorisation and skills to carry out these tasks. In addition, when implementing a management by project philosophy, it is especially important to establish a project support office, to justify the support requirements of such a rigorous planning process. We will discuss the establishment of project support offices in more detail in the next section.

3. SETTING UP A PROJECT SUPPORT OFFICE (PSO)

Since the 1990s, management has recognised the need for better project management expertise at all levels, and many institutions began to establish a project support office. The PSO is usually a multi-project or programme-oriented function. Its aim is to make projects manageable and controllable, given accurate and timely data. The PSO operation has therefore become a valuable resource. Moreover, the scope of services offered by PSO has expanded significantly beyond dealing with scheduling software. This has happened because institutions today have recognised managing by projects as a core technique for efficient operation. Many view their project management operation as an institution-wide strategic information system, much as they do accounting and human resources.

3.1 Advantages and disadvantages of a PSO

The project support office concept has some significant advantages when compared to the alternative approach of controlling projects using the traditional
The pure functional approach has the following inherent **disadvantages:**

- Functional boundaries impede cross-functional (project) implementation
- Specialist skills are usually locked in specific functional groups
- Support systems tend to be department-centred, rather than process-centred
- Unclear ownership and accountability of project goals
- Performance measures are usually static and historical, rather than forward-looking

The project support office approach offers the following **advantages:**

- The organisational structure makes provision for cross-functional implementation
- There is a holistic/institutional view of resources
- Skills are focused on strategic goals
- There is clear ownership and accountability of project responsibilities
- Performance measurements are dynamic, predictive and forward-looking
- There are cross-functional organisational boundaries
- The approach assists multi-skilled project teams
- The approach provides mechanisms for pooling unique specialist skills among projects and programmes

In light of the above discussion we should not conclude that a functional approach could not be implemented successfully in some situations. However, there are certain cases where a PSO operation should be considered. These cases include the following:

- An organisation’s first implementation of project management methodology
- A very large, complex, resource-limited single project
- A large multi-project environment
- The implementation of managing by projects

The principal **responsibilities** of a project/programme support office can include one or more of the following:

- Focusing projects on strategic objectives
• Assisting top management in the prioritisation of projects
• Assisting in institutional resource allocation
• Supporting project initiation and planning
• Capturing and analysing data
• Risk assessment
• Maintaining and enhancing project management techniques
• Supporting users of project management systems
• Project management training (theory and software)
• Quality control

The PSO can be responsible for providing training in the use of project management tools and function as an internal “hotline” for users. Meaningful change is not the consequence of using high-tech hardware and software; it is what happens when people are committed to and capable of performing new roles in a new organisational environment. The project support office is a valuable aid in attaining this goal.

The role of the PSO in risk assessment also deserves emphasis. Managing risk plays a determining role in ensuring project success. As part of the project status cycle, the PSO should identify potential risks, and categorise and analyse them. It should assist other project staff in developing alternatives and use its analysis to establish contingency. As part of their post-project audit function, the PSO should factor actual or potential risks into future project planning activities.

Inherent in all of the PSO functions we identified above is communication. This is the single most important overall function which the PSO can perform in its support role. It is vital to understand the dynamics involved and the demands of these dynamics on the support function.

3.2 Implementation challenges

The one aspect most likely to cause the failure of a PSO is its inability to cross organisational boundaries. For institutions attempting to implement project management techniques for the first time, this hurdle is perhaps the hardest to overcome. In a purely functional organisation the line managers perform dual functions — that of line management and project management. If an organisation introduces a PSO, it is natural for the functional line managers to feel that a portion of their responsibility is being removed. The executive responsible for setting up the project support organisation must be aware of this and plan accordingly. For this reason, he or she should consider recruiting a PSO manager from line
management ranks. Regardless of the types of projects for which a PSO is being created, the profound effects of organisational change should be considered. It is therefore suggested that the PSO team starts with the implementation of a pilot project. As in any organisational restructuring, some staff will accept this with enthusiasm, and some will reject it out of hand.

This brings us to the relationship between specific project and functional reporting structures and the responsibilities of the PSO. The primary overall goal of a PSO should be management visibility and control. It is not the PSO which makes the mid-course corrections to a project plan, but rather executive or project management, based on the data, analysis and support provided by the PSO. As noted above, one of the principal functions of the PSO is "risk assessment and management".

Successfully establishing a PSO depends more on initial staffing than any other factor. As mentioned above, owing to the organisational change aspect of the function, it is recommended that the senior PSO manager be chosen from the existing line, rather than staff, ranks. If a pilot project is implemented first, it is possible to staff a PSO with as few as three to four staff members. In addition to the senior manager, at least two members with significant project management experience are required. If the public institution does not have staff with the necessary project management and software experience, this is one area where outside recruitment should be considered.

Another critical success factor is that the PSO team should have knowledge of the current processes of the institution. It is critical that the team have actual experience in the institution’s current mode of operation. The key is that all the team members should realise that they perform a very vital support role, namely contributing to overall success of the project.

4. THE INTERFACE BETWEEN STRATEGY IMPLEMENTATION AND PROJECT MANAGEMENT

The figure below illustrates how important it is for team members to know what their individual contribution towards the implementation of the project should be. In other words, they must know:
● what the project is all about
● where the project will be executed (geographical locations)
● who will be involved (units, sections, directorates, etc.)
● when to start with individual tasks of the project and when to complete them
● how they must perform a specific activity and how they will be evaluated

Figure 4.1 Conversion from strategy to implementation

4.1 Drivers of project-based management

From the above, it is clear that projects for strategy implementation must be properly planned and executed.

Project-based management generally stems from one or several key institutional drivers — elements of the “business” which are so fundamental that they often determine the institutional level of success. These drivers include:

● reduced service delivery time
● extended service or product range
● increased use of multi-functional teams and partnerships (e.g. public-private partnerships)
● increased importance of controlling individual activity
● rapid restructuring
● restricted government spending
● management of external resources and contractors
● ease of access to information
These drivers may vary from institution to institution, but the challenge of adapting existing institutional structures to a project-based structure is unique for each situation. Many challenges face institutions embarking on this change — from cultural, to technological, to organisational challenges. And these changes are often met with inherent resistance from those reluctant or unwilling to change.

To address these challenges, the project management approach should maintain a balance between improving both the process and the organisation, and should adapt to the organisational culture or climate of each directorate. To ensure that all the individuals in the organisation are involved, each staff member should be introduced to the fundamentals that affect him or her.

4.2 Project management and systems integration

The best project management package in the world cannot take a project through to completion without being firmly integrated into an institution. Institutions whose senior management recognises the need to fully integrate project control into the culture of the institution have made a major move towards acknowledging that effective project management is effective general management. The whole institution must accept the concept of project management, from senior management through to operational staff, before the organisational culture can become truly project-oriented. To achieve this integration process, critical elements should be considered. The following are just a few aspects.

4.2.1 Effective communication

The lack of proper integration in an institution is often a symptom of another problem — poor communication within larger institutions and the failure to view individual projects in a strategic way, as an integral part of the “business”. A common concern that is voiced by project managers is the lack of understanding of senior managers. Senior managers often do not appear to appreciate what a project manager is trying to achieve, and fail to see the project both in relation to other current projects and in the context of the whole institution.

4.2.2 Efficient methods and procedures

Some institutions fail to recognise that, in order to implement a new system to support project management, it is important to have efficient and effective methods and procedures in place. Institutions need to have an effective project management culture in place if they are to successfully implement project management for strategy implementation. The management environment must support the various stages of a project’s life cycle, from inception to feasibility planning and estimating to eventual monitoring and control. All of


these stages require effective practices and procedures, in conjunction with general management.

All projects that are authorised to proceed should be judged against their impact on the institution as a whole and their contribution to the business plan. Not all projects can be sources of revenue, but measuring and controlling the business benefits of each and every project contribute to the improved performance of the institution.

Where senior management has grasped this idea, projects are fully integrated, well managed and supported by effective business management practices. In institutions where this has not happened, projects are often viewed and controlled in isolation, without the benefit of support from the institution as a whole. There is often also no clear understanding of the project’s impact on the rest of the institution.

4.2.3 Establishing a project management culture

How does one foster an awareness of the importance of an effective project management environment? Developing a culture that sees individual projects as elements of the business plan can be a difficult problem. This is especially the case if there is reluctance within the ranks of senior management to admit uncertainty about what project management really means.

It is important that communication between managers and between management and the rest of the institution is open and unhindered. Only through clear communication can senior members of staff provide the necessary leadership and enable their staff to develop and maintain a project management environment.

4.2.4 Training

Training has a key role to play in changing the culture of any institution and is as necessary for senior management as for the rest of the staff. The most successful approach to training is to select courses that can be tailored, where necessary, to suit different levels of the institution. It is essential that project management training takes place before any system is implemented. This means that managers are equipped to participate in creating a good working environment, in which effective project control as a way of managing service delivery through projects becomes part of the culture.

Training should really start with the basics of project management. Often individuals have little or no real knowledge of project management, or they may have misconceptions about it. Training programmes may look at what a project really is and why project management is important to the institution. Where a client/contractor relationship is part of the picture, it may also be useful to look at issues relating to contracts.
Training programmes should also look at the process of monitoring and controlling the project once it is under way.

5. **ESTABLISHING A PROJECT-BASED MANAGEMENT STRUCTURE**

Unlike traditional management structures, a project-based structure does not require dedicated, professional project managers. The reality of today’s public sector environment requires individuals to be both managers and individual contributors on a variety of projects. This means that it requires a more informal or infrequent use of project management tools and principles.

Establishing a successful project-based structure requires an approach designed for each specific institution. There are, however, a number of **critical success factors** common to all project-based structures. The institution should do the following:

- Align project management to institutional objectives and strategies
- Let the approach be driven by top management (a top-down approach)
- Involve and educate as many staff members as possible (a bottom-up approach)
- Pay particular attention to human factors (e.g. resistance to change)
- Manage the implementation as a project
- Ensure effective knowledge transfer to the key players
- Measure and demonstrate progress

By using an integrated approach, these success factors are more predictable and manageable. For many institutions, it may be their first implementation of a project using a project-based approach and it becomes a hands-on learning experience for the entire institution.

5.1 **Implementing project management practices**

Management needs to drive the change if project management practices are to be implemented successfully or improved. This is due to the environmental and procedural changes inherent in a transition to a project-based management approach. Top management should fully support this process, measure performance and reward successful change.
The factors that influence the effectiveness of project management are often referred to as the “three axes of continuous improvement” and involve culture, organisation and technology. Through these three axes the institution can create an environment for effective project-based management, as well as establish a baseline for measuring performance improvement.

The culture axis includes the influences that shape the way people within the institution think and behave; these are manifested through common behaviour patterns and management styles, shared values, attitudes and motivation. Key objectives of this component are to:

- break down functional barriers and power groups, eliminate information retention, encourage open communication and visibility
- overcome fatalism, sceptical attitudes, lack of rigour
- create shared vision and objectives across functional teams
- ensure the involvement and buy-in of operational staff

On the organisational axis we find all the elements that combine the project management process. This involves the methodologies, definitions and standards that determine the project organisation; the roles and responsibilities of the project team; and the procedures and decision-making processes. Some of the key objectives of this component are to:

- clarify project and functional roles and responsibilities
- provide visibility of resources (including answers to questions such as: What skills are required? Do we have the capacity to take on a new project? Are there really work overloads?)
- ensure the decision-makers have the information and tools to measure the impact of the decisions that are made
- establish a consistent vocabulary and management reporting process that provides an appropriate level of visibility, and improves decision-making

The technical axis includes the concepts and methods of time, resource and cost management together with the associated project data and information processing systems. Key objectives of this component are to:

- promote the concepts of project management throughout the institution
- ensure consistent and timely progress reporting
- guarantee the accuracy of information and report data
5.2 Determining influence on workload

An aspect of the institutional environment that needs to be examined is the workload, both current and prospective. Project measures need to be developed to measure the principal objectives of completing a project on time, within budget, to the quality specified and to the satisfaction of the client. Process measures that measure how effectively and efficiently project management deliverables are produced also need to be developed. Examples of process measures are:

- the time (elapsed and/or resourced) it takes to prepare for a project
- quality reviews
- the number and types of projects that can be carried out at the same time
- the number of earned hours that can be achieved by a specific group
- staff utilisation rates

The principle in establishing these measures is to define and track only those measures that will be used in decision-making processes. The project and process measures must be implemented before the roll-out of the modern project management initiative (by at least three to six months), to provide quantifiable measures of gains and losses. Remember that the driving force behind any initiative is to be more effective and efficient in public service delivery.

A survey of current and prospective workload needs to be carried out, logged and updated from this point onwards. This is another aspect of the implementation that is critical — the total scope must be quantified and tracked. On the basis of this information and the above sections, a detailed roll-out approach can be developed. One possibility is to do this with all new projects that meet minimum criteria from a particular date onwards rather than incrementally. This approach would adjust the initial scope and objectives according to the capability of the organisation.

5.3 The need for strategic linkages

A major concern of both upper management and project participants is that projects seem to “pop up at will” across the institution. Confusion may arise from:

- a lack of clarity as to how these projects align and link to the public institution’s strategy
- the apparent absence of a “business” process for selecting the projects
- upper management’s apparent lack of awareness of the number, scope, and benefits of the projects being undertaken
This may result in people feeling that they are working not only on many unnecessary projects but also at cross purposes with other directorates or sections within the department.

Giving projects a strategic focus goes a long way towards resolving these concerns.

Combining a strategic focus with a process for selecting and prioritising projects is an important step in creating an environment for successful projects. Some form of strategic planning should be done at all levels of the institution. Strategies, in turn, are carried out through projects.

6. PROJECT IMPLEMENTATION

The basis for the project management method is similar to the approach that has been stressed by versions of TQM, ISO 9000, and so on. It can be easily remembered by a simple acronym, COST. Each letter stands for a basic aspect of the method:

C Customer
O Ownership
S System
T Teamwork

Below we briefly discuss some of these aspects (and others) to highlight key areas in the implementation process.

6.1 Customer

In line with the *White Paper on Service Delivery* (*Batho Pele* principles), the purpose of each member of the project team is to fulfil the needs of someone else, i.e. customers who can be internal or external to the public institution.

Ask yourself questions like the following: Who are my customers? Do I talk to them directly? Am I sure that I understand my customers’ needs? Are we communicating clearly?

Your work will undoubtedly be defective if you misunderstand customers’ needs or do not communicate with them. If you wish to have an immediate impact on improving project quality and to reduce the number of reworks, you should spend more time ensuring that the project objectives and requirements are clearly understood, communicated and that agreement has been reached both internally and externally to the institution.
6.2 Ownership

To what extent should individuals who are responsible for achieving and performing the work of the project, tasks, work packages and contracts be permitted to participate in the development of their objectives? The more management permits staff to participate in establishing the project objectives, the greater the likelihood that the objectives will be met. Public managers as project managers should ask the following kinds of questions:

- Do we develop a work breakdown of tasks, the outputs of which are work products and services?
- Is someone responsible for these work products and services?
- Do we have a project institution that has a one-to-one relationship with the work breakdown structure?
- Is the project structure well known and has it been co-ordinated with other directorates/functional managers?
- Are the projects, tasks, work packages and contracts under the control of these responsible individuals?

6.3 Teamwork

The basic ideas of project management are not new. The method has become popular because it appears to work better than other management tools. Managers must ask themselves what the best way is to structure the institution to serve projects on a case-by-case basis.

It is envisaged that the public institution of the future will be a knowledge-based organisation of specialists drawn from key competence areas across directorates/departments who will work together in ad hoc teams.

Cross-institutional teams can build quality into customer service through cross-functional creativity, innovation and participation because their members have different and complementary expertise, styles and values. The project team will become building blocks of the institution that supports them. The team members will probably direct their own performance through their own self-discipline, and be in control through organised feedback and coaching by themselves, customers and management.

6.4 Planning

Planning is determining what needs to be done, by whom, when and at what expense in order to meet the customer’s needs. Without planning, a project is
out of control, because planning provides the basis for control. Without planning, a project is in so-called “free fall.”

When planning, management should use a basic set of management tools to promote appropriate planning behaviour. However, the extent and rigour with which these tools are used must be allowed to differ, because projects, people and situations differ. Nevertheless, even for the smallest project, each tool should be used.

6.5 Project objectives

The behaviour that management should try to foster with the creation of project objectives is that of concurrence and agreement with customers. Most mistakes in planning are made here. This is the area that contributes most to change administration, defects in service, poor relationships and mistrust. In effective project management, one should spend a great deal of time making sure objectives are clear, measurable, verifiable, and mutually agreed upon, and that risks are understood. Project managers should be risk managers for the institution.

6.6 Work breakdown structure (WBS)

One approach to controlling projects is to break them into smaller pieces and then control the pieces. If the pieces are still too large and complicated to control the project, we then break those pieces into yet smaller pieces. There are many views about how projects should be broken down, and there are many different breakdown structures that can work. However, the only valid management rationale for what constitutes a good WBS is control, i.e. the structure should offer the best control of performance, quality, configuration and budget.

A work breakdown structure fosters effective control. The WBS better enables project team members to stand back and see how their part fits into the rest of the project, to see if anything is missing, and how the project might be better organised or broken down in order to control it.
6.7 Project structure

Project structure or organisation is necessary for accountability and ownership. Individuals’ names should be associated with each task in the WBS. If the individual who will be responsible for the work of a task is not known at the time of planning, the name of the line manager who will provide that individual to the team should be associated with the task.

6.8 Project performance baseline (budget)

The project budget serves as a performance baseline and, therefore, as control. A performance baseline is a prerequisite for project control. People cannot perform optimally if they do not know what their goals are or how well they are doing in relation to these goals. But goals set by other people, without a “road map” to reach the goal, have a negative rather than positive effect.

An effective project management action is to request team members to develop their own budgets as functions of time. This means that they have to break the work down into tasks, determine the various work products in each task, and then establish how these work products are interdependent, which determines the time sequence in which they have to be produced. The sequencing of work products in time is the foundation by which the performance baseline is established in order to control the work.

6.9 Control

Although project teams work largely on their own, they are also controlled by the institution. People, as part of the institution, set their own objectives, keep track of their own progress, determine how their progress influences others, and decide on their own responsive actions. The system establishes methods, checkpoints and feedback to prevent instability, ambiguity and tension in the institution. At the same time, the system avoids rigid control that impairs creativity on the one hand and, on the other hand, spontaneity that can drive the project out of control.

6.10 Measuring and evaluating

Measuring is determining the degree of progress being made in the project. The metrics to be used to measure progress will be determined in the planning process. Metrics should be true indicators of progress and should be collected in such a way that they are statistically significant. Inappropriate measurement can drive the system out of control with regard to micro-measurement.

Evaluating is the process of determining causes for deviations and predicting what should be expected in the future. It includes determining possible ways
to avoid or correct problems. Doing this involves communicating progress to appropriate participants in the project, their management and the customer, as well as taking actions to correct deviations.
7. CONCLUSION

One of the main challenges of public institutions is to implement the strategic objectives of the institution without compromising effective service delivery. Management by projects is seen as the best approach to accomplish this, and has a track record of success in the institutions that have implemented it.

It is clear that project managers should ensure that all projects contribute towards achieving the strategic objectives of the institution. In this way, wastage of institutional resources will be minimised.
8. SELF-ASSESSMENT

8.1 Justify the introduction of a management-by-projects approach

8.2 Explain the difference between project management and managing by projects.

8.3 Justify the establishment of a project support office.

8.4 Explain the interface between project management and strategy implementation.

8.5 Explain the importance of implementing a project-based management structure.

8.6 Analyse key aspects in project implementation.
8.1 Read through the entire unit to obtain a general overview of a management-by-projects approach. Then concentrate on the importance of such an approach for operationalising the strategies of a public institution.

8.2 See section 2.2 of this unit. Note the table provided to differentiate between project management and managing by projects.

8.3 See section 3 of this unit. It is important that you not only describe what the establishment of a project support office entails, but also evaluate its significance to facilitate the implementation of various projects to realise strategic objectives.

8.4 See section 4 of this unit. Explain the interface between project management and strategy implementation by concentrating on drivers of project-based management and the integration of project management and systems.

8.5 See section 5 of this unit. Focus on the implementation of project management practices, the determination of workloads, and the need for strategic linkages.

8.6 See section 6 of this unit. Firstly, identify the key aspects in project implementation, namely customers, ownership, teamwork, planning, project objectives, work breakdown structures, project structure, control, and measuring and evaluating. Secondly, analyse the significance of each aspect in contributing to the success of the project.

9. FEEDBACK ON SELF-ASSESSMENT
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Use the route map below to determine where we are and how this unit fits into the module.

The changing environment of public service delivery: The importance of a strategic response

Applying strategic management in governance

The strategic management framework and process

From strategy to implementation: The use of projects

Dealing with public service transformation: The importance of strategic and transformational leadership

Public management: Quo vadis?
LEARNING OBJECTIVES

After studying this unit, you should be able to:

- analyse the context of public service transformation and change
- define the following terms in your own words:
  - transformation
  - change
  - leadership
- describe and analyse the act of institutional leadership
- define and describe strategic and transformational leadership
- list and describe the three phases of transformation
- describe the purpose of a strategic and transformation plan
- analyse the role of public managers as the facilitators of transformation
- evaluate the importance of strategic and transformational leadership for public service transformation
1. **INTRODUCTION**

Today change takes place so frequently that it seems that one change is scarcely complete before another begins. Transformation does not occur only as a result of a change in the system. It occurs as a result of consistent (incremental) changes in the way the institution performs its functions.

It is essential to recognise that the transformation and continuous development of governance has to begin at the centre (in other words, with top management) and needs to involve the entire institution. Public managers play a pivotal role in institutional transformation. As the “guides” for transformation they should ensure that the institution constantly reshapes itself to meet societal needs and to achieve its ultimate goals and objectives.

In this unit we will explore the visionary and transformational leadership role of public managers. Firstly, we will give you an overview of public service transformation. Secondly, we will clarify the concepts “transformation”, “change” and “leadership”. Thirdly and lastly, we will highlight the specific roles and responsibilities of public managers as strategic and visionary leaders. The emphasis will be on the significant role that leadership can play to bring about strategic change and transformation in an institution.

2. **PUBLIC SERVICE TRANSFORMATION: AN OVERVIEW**

In the South African Public Service the key question is not *whether* change will happen, it is *how* it will take place. Change is a continuous process of adjusting and amending with the view to improve existing structures, processes, procedures and systems. Various forces and trends shape the way service providers structure and manage their institutions. The most significant of these forces and trends include the following:

- A rapidly changing statutory framework (e.g. the *White Paper on Transformation*, the Skills Development Act, etc.)
- Competition in a global economy
- The insistence on accountability in terms of quality of services and/or products
- Advances in information technology
- Research and development
As subsystems of government, public institutions must continuously align themselves with these forces and trends to remain relevant and to fulfil their mission in society. A changing policy climate affects all areas of national life and is influenced strongly by rising expectations for quality and transparency in government services.

Under the leadership of their respective management teams, providers of public services should align themselves to support broad, national transformational imperatives. Every institution should support society and its government structures to:

- support national competitive success
- inspire its employees and encourage a responsible work culture and ethic
- respond to, and be stimulated by, growing public expectations
- identify and nurture the human resources, systems and structures which will provide excellent services to the public in the future

The major dimensions of change in current reforms can be summarised as follows:

- Changes in management culture and style following the move from administration, concerned with process, to managerial concerns to maximise efficiency
- Re-examination of work methods and changes in working practices following the introduction of new technology
- The restructuring and reorganisation necessary to focus on outputs
- Changed performance management frameworks, emphasising output targets and accepting strict accountability through performance appraisal, with limited-term contracts and monetary incentives
- Changes in financial management to ensure transparency in the allocation of costs

The White Paper on Transforming the Public Service (WPTPS) provides the following vision for public service transformation:

“The Government of National Unity is committed to continually improving the lives of the people of South Africa by a transformed public service which is representative, coherent, transparent, efficient, effective, accountable and responsive to the needs of all.”
In pursuit of this vision, the Government developed the following mission:

“The creation of a people-centred and people-driven public service which is characterised by equity, quality, timeousness and a strong code of ethics.”

The above vision and mission statements were premised on a fundamental re-definition of the role of the state and its relationship with civil society, based on a partnership between them rather than the antagonistic relations that prevailed in the past.

In moving towards this vision, the South African government identified the following eight priority areas for public service transformation:

- Transforming service delivery to meet basic needs and redress past imbalances
- Rationalisation and restructuring to ensure a unified, integrated and leaner public service
- Institution building and management reforms to promote greater accountability and organisational and managerial effectiveness
- Representativeness and affirmative action
- The democratisation of the state
- Human resource development
- Improving employment conditions and labour relations
- The promotion of a professional service ethos

Chapters 3 and 10 of the Constitution 108 of 1996 took this process further by making provision for an integrated, inter-sectoral, and co-operative approach to governance. These provisions commit government in all spheres to be transparent in policy-making and inclusive in its approach.

2.1 Key transformation themes

To transform the public service, key transformation themes were identified. It should be noted that these themes should be translated into transformation programmes and, eventually, projects for implementation. The themes are the following:

- Improving the quantity, quality and equity of service delivery to all citizens
- Changing the racial, gender and disability composition of employment in the public service
Creating an integrated and unified framework for the operation of the public service at national and provincial levels

Determining the right size for a productive public service, involving the re-prioritisation and optimal allocation of human and other resources

Promoting a cost-effective public service, capable of achieving an appropriate balance between effective services and an environment of fiscal constraint

Improving the strategic prioritisation and planning processes

Ensuring effective systems for the monitoring and review of public service performance

Improving co-ordination and communication

Ensuring effective consultation and participation (by employees, customers, and the public as a whole) in the planning and operation of the new public service

Promoting internal democratic work practices and external accountability

Building new management and leadership practices, as well as new organisational cultures reflecting the diversity of South African society

Prioritising individual and institutional capacity building through the development and introduction of appropriate programmes of human resources planning, development and training

Ensuring that financial control mechanisms work

Developing a professional work ethic

Eliminating corruption

Such transformation measures, if effectively implemented, should help to ensure the development of a new and effective culture of democratic governance in South Africa.
3.1 Transformation

In the WPTPS, “transformation” is defined as “a dramatic, focused and relatively short-term process, designed to fundamentally reshape the public service for its appointed role in the new dispensation in South Africa”. As such it can be distinguished from the broader, longer-term and ongoing process of administrative reform which will be required to ensure that the South African public service keeps in step with the changing needs and requirements of the domestic and international environment. Whereas the goals of transformation are to be achieved within an anticipated time scale of two to three years, the process of administrative reform should be ongoing.

3.2 Change

The change process need not and should not be based on an oversimplified dichotomy between radical once-off transformation, on the one hand, and incremental reform, on the other. There will be a need to combine transformation in some areas with more gradual piecemeal reform in others.

The first and most obvious definition of “change management” is the task of managing change. However, the obvious is not necessarily unambiguous. “Managing change” is itself a term that has at least two meanings.

- One meaning is the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an ongoing way. The changes to be managed lie within
and are controlled by the institution. However, these internal changes might have been triggered by events originating outside the institution, in what is usually termed “the environment”. This brings us to the second meaning of managing change.

- A second meaning of managing change is the response to changes over which the institution exercises little or no control (e.g. legislation, social and political upheaval, the actions of competitors, shifting economic tides and currents, and so on). Researchers and practitioners alike typically distinguish between a knee-jerk or reactive response and an anticipative or proactive response.

3.3 Leadership

Senge (1990) states that many of the problems that face organisations can be traced to their lack of leadership. Advocates of Total Quality Management (TQM) estimated that 85–90% of the problems that an organisation experiences are due to the lack of leadership.

3.3.1 The act of institutional leadership

The act of leading involves conveying the institution’s vision to the rest of the institution and other stakeholders. This is an inspirational step in the leading process. However, more structured forms of leadership are equally appropriate, and at times even more effective.

The act of leading involves a number of actions. Some of the most critical actions include the following:

- Communicating the vision: Promotion of the vision in the interest of achieving buy-in from all role-players is perhaps the most important task the leader has to perform. The prospect of organisational change provokes stress by defining the problem and identifying the need to alter the status quo. Repeated and consistent communication of the vision as well as relatively easy access to the leader and the message reduces stress and prevents the misinterpretation of intentions.

- Articulating the message in a way people understand: Successful promotion of the vision means finding a way of communicating which will be embraced by the stakeholders. One way of achieving this is through the use of vivid language. Symbolic language and the use of metaphors amplify the values and beliefs embedded in the vision. Illustration of the vision in a way that has strong appeal to followers encourages understanding.

- Empowering the audience: For the change effort to succeed, a structure should be created that will make it possible for the followers of a vision to
take ownership of that vision. This goal can be achieved by delegating responsibility and letting people accept accountability for their work; this promotes buy-in and generates commitment. An action plan with clear responsibilities and milestones conveys ownership to stakeholders.

- Mobilising resources: Coaching and assistance are required to get people on board. The leadership role includes seeking solutions to obstacles, finding the tools to implement the vision, and helping others to succeed in doing the same.

In assuming these functions, public managers will adopt critical roles in restructuring and reform as well as in the development of new policies to give effect to such reform. These functions demand knowledge, leadership and coherent policy making.

Leadership is fundamentally about indicating what direction to take.

(Heifitz, 1994)

Leadership is the indirect ability to lead people by setting an inspiring example. This should not be just any sort of example, but one that inspires people to pursue a direction that benefits the institution. It is an indirect ability because true leaders do not have to try to influence someone intentionally. This means that, to be a leader, one must excel in achieving goals that others can admire (Sergiovanni, 1994). Leadership is essentially indirect because it inspires without any accompanying efforts to persuade people. Of course, many great leaders are also great persuaders of people, but that is not what makes them leaders. It is often because they are admired that they become great persuaders.

Senge (1990) proposes that a leader’s “new work” should include a commitment to:

- being the architect of the organisation
- providing stewardship
- being a “teacher”

Each of these leadership roles or commitments is briefly highlighted below.

- The leader as architect

To explain why leaders need to be architects, Senge (1990:17) uses the analogy of trying to turn a large ship. He asks the question: “Who is most important in ensuring that it can be turned successfully? The captain, the first mate, the navigator, or the engineer down in the engine room?” Senge suggests that the single most important person in making sure that a ship can be turned successfully is the architect who designed the ship. If it is not well designed, it will be virtually impossible to manoeuvre. Such a ship, regardless of its other features, will be virtually useless. It is vital that the design be done with a clear
understanding of the “ship’s” purpose. If the purpose of a public institution is to provide quality services for all citizens of South Africa, then leaders (top management) need to design the institution with that purpose in mind.

- **The leader as steward**

  The second dimension of leadership is that of providing stewardship. By stewardship Senge means that someone (or some group) within the organisation needs to accept responsibility for ensuring that everyone who works in the organisation is clear about why it exists. One will not be able to create the kinds of conditions that are needed for learners until one is committed to creating the same kinds of conditions for staff. As steward it is important to make sure that this new vision be put into practice and that the decisions that are made on a day-to-day basis be consistent with such a vision. The act of stewardship means being entrusted with the responsibility for something.

- **The leader as teacher**

  A central premise is that organisations that are successful enough to survive will be those in which everyone is a learner. For a public institution to become a learning organisation, its leaders must accept responsibility for creating conditions that promote and enhance that learning. Senior management must create opportunities for staff to acquire information about what is occurring in the institution and engage them in finding solutions to challenges.

  Many factors influence the personal style of the individual leader. Effective leaders demonstrate knowledge, enthusiasm, persistence, sensitivity, and a sense of humour, among other things. There is a range of possible leadership styles, including transactional leadership, autocratic and democratic leadership, and transformational leadership, which tends to be charismatic and inspirational.

  Exercising leadership means providing a vision and mobilising others to realise that vision. One can build a foundation for effective leadership by asking a set of questions that allows a vision of the desired future state to be clearly articulated, and then choosing a means of communicating the vision which motivates followers. Leadership is also a function of personal style, and may tend to be more or less charismatic or structured, depending on the preference, inclination and abilities of the individual delivering the message.
3.3.2 Visionary and transformational leadership

Conley (1996:23) says that vision exists when people in an organisation share an explicit agreement on the values, beliefs, purposes, and goals that should guide their behaviour. More simply, he calls it “an internal compass.”

Sergiovanni (1994:34) characterises vision as an “educational platform” that incorporates the institution’s beliefs about the preferred aims, methods, and climate, thereby creating a “community of mind” that establishes behavioural norms. Whitaker and Moses (1994) call it “an inspiring declaration of a compelling dream, accompanied by a clear scenario of how it will be accomplished.” According to them, a good vision not only has worthy goals but also challenges, and stretches everyone in the institution.

Vision is more about motivating people than about providing them with direction. It gives people something to believe in, to work towards, and to identify with. But a vision does not provide concrete direction. Without direction — leadership — the vision is just wishful thinking. So, vision is not in itself leadership. More precisely, having a vision is not leadership. Leadership is demonstrating through action how others can achieve the vision.

Starratt (1995) emphasises the importance of institutionalising the vision. No matter how inspiring it sounds on paper, the dream will wither unless it takes concrete form in policies, programmes, and procedures.

Transformational leadership evokes a response from followers which transcends the status quo. The thinking and feelings of the followers undergo a change reflecting the envisioned future state. Transformational leaders tend to be passionate communicators with the ability to articulate the vision in vivid terms, painting pictures with words and gestures. They hold high expectations for follower performance and communicate high confidence in follower success. Transformational leaders are often charismatic and tend to inspire motivation and action among followers.
Transformation is a process and must be treated as such. A public institution cannot expect people to change the way they have done things for years overnight. Transformation is not something that should be taken lightly. It is complex and, if managed properly, can be very beneficial to the employees, clients and the institution as a whole.

Proper management of the transition through the process of change is critical to the success of the new system. There are three aspects to the transition of people through change:

- Discontinuing the “old way” of doing business
- Migration
- Starting the new way of doing business

Below we briefly discuss each of these aspects.

**4.1 Discontinuing the “old way” of doing business (“unfreezing”)**

The first aspect of the transition is discontinuing the old way of performing activities — also called the “unfreezing” of the status quo. It is during this part of the transition that many of the reactions to the change are experienced. You should do the following to facilitate the unfreezing process:
• Identify who is losing what
• Accept the reality and importance of subjective losses
• Do not be surprised at overreactions
• Acknowledge losses openly and sympathetically
• Expect and accept signs of “grieving” (do everything possible to restore people’s sense of having some control over their situation)
• Compensate people for their losses
• Give people information — over and over again
• Define what is over and what is not
• Mark the ending
• Treat the past with respect
• Let people take a part of the “old way” with them
• Show how endings ensure the continuity of what is really important
• Avoid dragging it out — whatever must end, must end

4.2 Migration (change)

Migration is the “in-between” part of the transition. People have to let go of the old way but they have usually not quite reached the point of fully grasping the new way. It’s like being on a trapeze. As you let go of the first trapeze, there is a moment before the other trapeze reaches you. It is during that time that you have nothing to hold on to. It is also during that time that many questions may go through the trapeze artist’s mind; questions like “Was this a wise thing to do?” or “Will I be able to catch the other trapeze?” This can be a very difficult time, yet it can also be a very innovative and creative time. Some things to look for in this process include the following:

• Anxiety; absenteeism; old weaknesses and wounds emerge
• People are overloaded; systems are unreliable; signals get mixed
• Teamwork is undermined; people take sides; the old way is compared to the new way
• The institution and its staff are vulnerable to attacks from outside — defences are weakened
Possible ways to get through this phase is to:

- recognise that this behaviour is “normal” and expected
- create temporary systems or ways to deal with this period
- protect your people
- review policies and regulations — make sure they are flexible enough to deal with the changes taking place
- strengthen and encourage intra-group connections
- communicate, keep the people informed. Be open and honest about the effects of the changes being made

### 4.3 Starting the new way of doing business (“refreezing”)

This part of the transition is very important because it is here that managers “solidify” the changes the institution has made. It is here that lasting change takes place. This phase is also called “refreezing”. To reinforce this new beginning, the following steps can be taken:

- Be consistent. Be careful of conflicting messages. Walk the talk. Do not reward old behaviours
- Ensure quick success
- Symbolise the new identity
- Celebrate the success

Each of these steps can be used to reinforce the new processes or ways of doing things.

These are only a few ideas on how to manage the transition of change in an institution. It is important to note that there are many schools of thought on this subject, but all have a common theme: open and honest communication is essential throughout the transition.

### 5. INSTITUTIONAL TRANSFORMATION: THE ROLE OF THE PUBLIC MANAGER

As we indicated in the introduction, public managers play a pivotal role in institutional transformation. As the facilitators of transformation, they should ensure that the institution constantly improves and adapts to change.
In order for public managers to monitor and guide the transformation process, they should understand transformation principles, and the processes and challenges associated with these. In this way they will be able to take informed corrective measures to put transformation imperatives back on course and to guide all role-players towards achieving the various objectives of transformation programmes.

5.1 Strategic orientation

Strategic orientation programmes have increased rapidly in recent years as a direct result of the tighter and business-like trends in public institutions. There is an increasing tendency for smaller units and directorates to establish their own mission statements and transformation projects for change.

The mission statement of an institution captures its overall purpose, its reasons for existence, and what it intends to achieve within its area of operation and responsibility. It also plays an important role in the strategic management process by providing a specific reference point which can be published and displayed for the benefit of both staff and clients of the institution. Achieving a mission orientation is concerned with establishing a clear sense of direction and commitment within the institution. However, drawing up a mission statement is only one stage in the whole process of achieving a mission orientation and gaining commitment to its aims and purposes among managers and staff.

The term “mission” is closely related to other terms that refer to the purposes of the institution. The activities that these terms describe form a hierarchy of planning and direction setting. This hierarchy is as follows:

- **Vision**: Looking ahead to the best possible outcome; where the institution intends to be, for example, in three or five years’ time. It is related to policy formulation and, therefore, in government institutions, has a strong political dimension.

- **Mission**: How the institution intends to operate in order to bring about the vision. This is primarily the responsibility of the chief executive or administrative head of the institution, but should reflect the importance of adaptable and consultative management.

- **Objectives or targets**: More specific achievements which the institution hopes to bring about within the mission framework.

- **Strategies**: These are devised to determine what actions the institution will take in order to achieve its purpose at various levels, and performance indicators will be devised to determine whether these purposes are being achieved.
Programmes and projects: These indicate what units and individual staff members in the institution must do to operationalise the objectives.

5.1.1 Establishing a strategic plan

It is vital that public institutions develop well-designed strategic plans tied to institutional financial plans. Without a strategic plan it will be very difficult to address the multiple pressures and forces on service delivery such as access, quality, and quantity. A strategic plan *guides* the institution towards common goals and objectives. A strategic plan should allow for *growth* in priority areas as well as cuts in redundant or less successful programmes. It should be synonymous with *creativity* and *change*.

Public managers need to consider the social, economic, geographic, educational, and political environment of their institution or programme. They also need to review the institution’s internal situation, for organisations cannot respond to their environment without a clear knowledge of their strengths and weaknesses. Strategic planning is only one tool in the effective management of an institution or programme. Moreover, the need to plan strategically often conflicts with the need to remain flexible enough to respond to changing or unforeseen circumstances.

**ACTIVITY**

*What is the purpose of a strategic plan?*

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5.2 Translating the strategy into transformational programmes

Typically transition or change starts at the top (senior) management level and ends in the project management (middle and lower management) arena.

Transition is essentially political in nature because, before transitional projects are launched, there needs to be agreement on the expenditure of funds and resources. It is also political because role-players may have considerable power — and unique interests. Projects also seek to meet the needs of people and therefore exist in a socio-political environment. During transition any project will have elements of institutional, interpersonal and political party politics. With widely differing needs competing for limited funds, and with many alternatives available to satisfy those needs, reaching agreement on what should actually be done can be difficult. Project managers should find ways of satisfying wants and needs. In the process, they will be concerned with resolving conflicting interests and with building up a coalition of support for the project, and also with overcoming coalitions opposing the project.

5.2.1 Implementation of transformation programmes

Adequate control becomes a problem if the direction of a clear future situation is not managed. The concept of transition management is based on the existence of a clearly defined future. To ensure effective transition, the following actions are necessary:

- Transition management must be divided into several shorter, smaller transitions (programmes) to a possible future situation, or alternative scenarios of the future must be created. Instead of one transition to a fixed situation, five transitions to a set of different possible future situations could be envisaged. Change is therefore managed incrementally as developments unfold.

- During the process of incremental changes, the transition must be managed effectively. Where there is a great deal of uncertainty, coordination between those who manage the process and the source of change is very important, and information should flow freely. Information should also flow continuously between senior management and the employees of the institution.

- The flow of communication within the institution should increase considerably. With regard to the possible intensity and speed of action, information should flow regularly and efficiently to the institution and feedback should be ensured to monitor how people regard and respond to change.
To ensure that these elements are adequately addressed, it should be included in a transformation management plan.

**A transformation management plan**

An implementation plan for transformation should be drawn up. This plan is an overall design of the entire process which indicates the integration of various smaller transitions.

Because the transition phase of the current and future situation differs, special arrangements may be needed. These may include the following:

- The appointment of a transition manager
- The availability of specific transition resources, including a budget, time, staff and computers
- The use of specific transition structures such as a matrix or project management structure
- The development of a transition plan

A transition monitoring team (TMT) should be appointed to facilitate the transition process. This team should consist of between 7 and 12 people and should be as representative as possible of the institution. It should not include members of senior management, but must liaise directly with top management. Steering groups should be appointed from within the TMT with the task of managing individual transformational programmes. It may also be necessary to bring some “new blood” into the institution, particularly when the transformation programmes are implemented. They may be needed for their skills and experience but also to be new role models.
6. CONCLUSION

Strategic and transformational leadership represents a highly challenging opportunity to strengthen the institution and make it a better place for employees to work and learn. Indeed, it is imperative for survival. Visionary and transformational leadership is a serious business that demands an earnest look at the whole institution and other aspects of the human side of change. The more actively the leadership team is engaged, and the more leaders are able to model and guide a stimulating, inclusive, creative, open and engaging process, the greater the potential for lasting, fundamental change.

Sometimes, no matter how grand the vision was originally, leaders often find themselves focusing on the daily events that require attention but have nothing or little to do with the ultimate vision. Without a vision, a public institution has no framework for making effective strategic decisions. This weakens every institutional function. More importantly, it undermines areas of comparative advantage.

If reengineering is going to realise its full potential of dramatically improving the way organisations perform functions, changing the organisational culture must be considered as an integral part of the process. Systems cannot be developed separately from the people who will manage and operate them.
7. **SELF ASSESSMENT**

7.1 Analyse the context of public services transformation and change [25]

7.2 Define transformation in your own words. [5]

7.3 Define change in your own words. [5]

7.4 Define leadership in your own words. [5]

7.5 Describe and analyse the act of institutional leadership. [8]

7.6 Define and describe strategic and transformational leadership. [12]

7.7 List and describe the three phases of transformation. [15]

7.8 Describe the purpose of a strategic and transformation plan. [8]

7.9 Analyse the role of public managers as the facilitators of transformation. [25]

7.10 Evaluate the importance of strategic and transformational leadership for public service transformation. [25]
8. FEEDBACK ON SELF-ASSESSMENT

7.1 Carefully read section 2 of this unit. It is important to provide a brief overview of public service transformation and change by focusing on key issues and strategic milestones in this process. You should not only describe this process, but analyse it in detail.

7.2 Consult section 3.1 of this unit. Provide a definition of transformation in your own words.

7.3 Consult section 3.2 of this unit. Provide a definition of change in your own words.

7.4 Consult section 3.3 of this unit. Provide a definition of leadership in your own words. You may also address the aspects of strategic and transformational leadership in your definition.

7.5 Consult section 3.3.1 of this unit. You should not only describe the act of institutional leadership, but also analyse its importance in providing a focus for the achievement of institutional objectives and the motivation of staff.

7.6 Consult section 3.3.2 of this unit. Specifically note the importance of leadership in facilitating change in a public institution.

7.7 Consult section 4 of this unit. Firstly, list the three phases or stages of transformation, namely unfreezing, change and refreezing, and secondly, briefly describe each phase.

7.8 Consult sections 5.1.1 and 5.2.1 of this unit. It is important to note that strategic management — and more specifically the strategic plan — and the transformation plan should not be viewed as two separate plans. An institution must provide a plan to manage transformation strategically.

7.9 Read this unit attentively, specifically section 5. Note the role of public managers as change agents, providers of direction and resources, and the motivators of staff.

7.10 Consult sections 3 and 5 of this unit to evaluate the importance of strategic and transformational leadership for public service transformation. You may use a practical example to substantiate your facts.
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ROUTE MAP

Use the route map below to determine where we are and how this unit fits into the module

1. The changing environment of public service delivery: The importance of a strategic response
2. Applying strategic management in governance
3. The strategic management framework and process
4. From strategy to implementation: The use of projects
5. Dealing with public service transformation: The importance of strategic and transformational leadership
6. Public management: Quo vadis?
After studying this unit, and completing all the self-assessment activities, you should be able to:

- give reasons why it is important to study the future
- identify and explain three futurist views and perspectives
- list five time periods that are used in studying the future
- provide an overview of key subjects studied by futurists
- identify at least ten methodologies that can be used to study the future
- evaluate possible implications of future events for governance
- identify and evaluate at least five current and future public management challenges
- identify attitudes that public managers should have to have a future orientation
What will the future hold (quo vadis) for public management as an activity and Public Management as a discipline? In the previous units, we explored the necessity of a strategic orientation towards the management of government functions, processes and systems. Without such a strategic orientation public institutions will not be able to proactively adapt to a changing environment. A practical result of this would be ineffective service delivery — or no service delivery at all.

In unit 3, the importance of environmental scanning was emphasised. That unit made it clear that environmental scanning forms the basis of strategic management and that the effectiveness of strategic management will depend on the thoroughness of environmental scanning. In this unit, a broad environmental scanning overview will be provided of global and national trends and events that are likely to alter the way we manage the public sector. In unit 2, the application value of strategic management was illustrated by focusing on government programmes. It is argued that government programmes will increasingly have to address these strategic trends and events.

Public management has tended to become more focused on crisis management issues or administrative detail than on issues to do with strategic change management. Because of globalisation and the fact that the South African Public Service functions in an open system, however, public management cannot operate in isolation. It is important to monitor and analyse similar reform programmes in other countries to learn and not to repeat mistakes.

The future trends and events explored here are by no means exhaustive. It is expected of you, the learner, to analyse, question, evaluate and explore these and other trends and events to not only adjust your management profile, but also to make sure that you proactively manage public institutions in addressing these challenges. It will be up to you, the leader of today and tomorrow, to make sure that public resources are strategically directed towards meeting these and other challenges.
2. STUDYING THE FUTURE

Public managers must keep abreast of the rapidly changing environment to ensure that government institutions fulfil their service and product delivery roles in society. The past few years may be regarded as the most volatile years in socio-political and economic history. As Grulke (2000:7) put it: change “comes in larger and larger waves, arriving faster and with greater force”. Forecasting is difficult, especially when it concerns general future trends. This has made it necessary for government institutions to better understand change and the future, since we will all be living and working in a future world that promises to be different from today in significant ways. When public managers understand change, they also often see more opportunities and ways to positively influence, through policy imperatives, the future that is being created.

2.1 Futurist views and perspectives

Within the futures field, there has always been a great variety of views and perspectives from people who have come from a many different disciplines, backgrounds and interests. Futurists hold a whole range of views that extends from one extreme to the opposite, and includes everything in between:

- **“Doom and gloom” futurists**: So-called because they tend to focus on current real world problems without easy solutions (such as the continuing population explosion, world hunger, depletion of fossil fuels, and pollution) and project these trends into the future, showing that “if current trends continue, then the future will be much worse than the present.” The major reason for pointing out negative trends and scenarios for the future is to alert people to the potential problems ahead, so that we will be informed and change our current policies to create a more desirable future.

- **Futurists who create different scenarios of the future**: These scenarios range from negative, “doom and gloom” views, to most probable or likely views, to positive and visionary views. This is an in-between perspective that acknowledges all the possibilities for the world future, and which points out that our actions and policies now will help to determine which of these scenarios will actually transpire in the future.

- **Positive, visionary and evolutionary futurists**: They focus more on a positive image of the more desirable futures that we would like to create; articulating the positive values that we would like a future world to be based on; technological, societal, and human potential; and generally empowering people to see that we always have choices, and that we have the power to create a more desirable future world by committing in the present to change what we are doing now.
2.2 Characteristics of a futurist perspective

While futurists themselves represent a wide range of backgrounds, interests, and perspectives (as noted above), there are nonetheless certain characteristics of a futurist perspective that most futurists would agree on, and which distinguish Future Studies as a field from many other disciplines and fields of study. These characteristics include the following:

- Seeing change, and the speeding up of change, as the norm

- Seeing events as interrelated (within a whole systems context), not separate and unconnected

- Taking a holistic, or whole systems, perspective in looking at change

- Accepting as a premise that there are many alternative futures

One can also sometimes distinguish between futurists who are generalists (and look at the interactions of changes in a number of diverse areas), and futurists who deal more with change in a particular area, such as the future of energy. In general, however, people who choose to call themselves “futurists” tend to fit the former definition, and even if futurists tend to specialise in particular areas, they usually look at the area within the broader context of numerous other changes happening in the world that impact upon their particular area of interest.

2.3 Distinguishing between possible, probable and preferable futures

The distinction between these futures is the following:

- **Possible futures**: Anything (good or bad, probable or improbable) that could happen in the future.

- **Probable futures**: What is most likely or probable to happen in the future (based on extending past trends or developments into the future in some way).

- **Preferable futures**: The futures that are most desirable or preferable.

The goal is to make preferable or desirable futures more probable, by visualising clearly what we want to create (including the values that we want a future world to be based on), and then committing energy, resources, time, and our lives to creating that future world.

Another goal is to also note possible futures that, though they might not be probable or likely, would have a great impact on people’s lives if they did occur. We should thus be aware of such possibilities.
2.4 Time periods for studying the future

There are various time periods for studying the future. These periods are:

- **Near-term future**: Up to one year from now
- **Short-range future**: One to five years from now
- **Middle-range future**: Five to twenty years from now
- **Long-range future**: Twenty to fifty years from now
- **Far future**: Fifty plus years from now

Most public institutions and businesses only look ahead as much as four to five years in their planning — in politics, until the next election, and in business, through the next five years. It is important to look further ahead, however, in a world that is undergoing such rapid change as the one we live in today. Futurists stress that we are creating the world that we will be living in five to twenty years from now, the so-called middle-range future, by what we are doing right now. Thus almost anything can be created if we have a vision of what we want to create and are also committed to that vision.

It is also important for public managers to remember that while past, present and future are all somehow interconnected, the only place from which to change the future is now. The power for change resides in the present moment, for that is the only place from which thoughts or actions can actually be changed.

2.5 Key subjects studied by futurists

While futurists can study the future of anything and everything, and while they often have a holistic, systems approach that looks at connections and relationships between changes in one area of life as these relate to changes in other areas of life, there are nonetheless certain key subjects that they tend to study more often. Below we look at these, as well as the current situation of increasing global instability.

2.5.1 Global issues

The key global issues studied by futurists include the following:

- Global mega-crisis issues, including the relationships between the following:
  - Global population growth
  - Food and world hunger
  - Energy sources (traditional, non-renewable fossil fuels and alternatives, renewable energy sources)
- Environmental pollution
- Sustainable development
- Global climate change (including global warming)
- Other global catastrophes. Here one could add the issue of HIV/AIDS. According to South African studies, for example, 50% of all tertiary students are HIV positive. In ten years, life expectancy in South Africa will drop to 35 years. The impact on the economy, government taxes, health care, social care and other issues will be tremendous.

- Global peace, conflict and war; global governance; and the increasing gap between rich and poor.
- The emergence of larger regional economic blocs, including the Asia/Pacific Region; the European Community (EC); the North American Free Trade Association (NAFTA); and other regional blocs.
- Global economic trends, including the emergence of a global economy and privatisation.
- Global political trends, including democratisation, and reactions to that (especially by those who feel disenfranchised or left out of all the modern changes happening in the world).
- Societal fragmentation, as old beliefs and identities are challenged by rapid change which creates anxiety, fear of change and the future, and hence resistance to change, which sometimes takes the form of fundamentalism, and an attempt to go back to an earlier so-called “better and simpler” time.
- Societal restructuring and environmental impacts of new technologies, including robotics, multimedia, the Internet and World Wide Web, “virtual reality” technology, genetic engineering, DNA and gene splicing, space exploration, and nanotechnology.
- Educational trends; new scientific paradigms (or overarching worldviews); changing cultural paradigms; global spiritual/religious/ consciousness traditions and trends.

2.5.2 Global instability

The areas of study indicated above must be viewed in the light of the current global situation — a situation which is increasingly becoming more unstable. Grulke (2000:67) explains his case for why this planet is teetering on the brink of imminent global instability:
The collapse of our integrated global economy

- The massive migration of the rural poor to the world’s rapidly expanding cities
- Not only urban but national and global overcrowding through population explosions
- The widening gap between the rich and the poor
- The ominous global warming and rising sea levels of the earth
- The increasing collapse of the bio-ecosystems of life on the planet
- Mounting water and food shortages caused by troubling climate changes
- The resurgence of spreading infectious diseases
- Growing radical, right-wing fundamentalism in all the world religions

In his memoir, Jacques Cousteau, the greatly admired French scientist and oceanographer and renowned undersea explorer, also predicts early extinction for the human race. Cousteau had spent more than two decades putting together his 425-page autobiography in French, whose title, translated into English, reads *Man, Octopus and Orchid*. His posthumously published words sound an ominous warning: “The road to the future leads us smack into the wall. We simply ricochet off the alternatives that destiny offers: a demographic explosion that triggers social chaos and spreads death, nuclear delirium and the quasi-annihilation of the species.”

### 2.6 Methodologies for studying change and the future

Futurists have had to develop a number of methodologies for studying the future and change that are different from traditional scientific methodologies for studying the present and the past on which data already exists or can be generated. These methodologies range from quantitative methods to visionary, creative, intuitive methods, and various combinations of these. It is important to remember that futurists believe in many alternative futures including probable, possible, and preferable futures. Futurists are thus not only interested in looking at probable futures (based on extending past trends and developments into the future), but also at designing preferable alternative futures, and showing how one can plan to get from the present state to this more desirable future. A wide range of methodologies must thus be employed to arrive at these very diverse different views of the future.

Some of the more prominent futures methodologies include the following:
● **Trend extrapolation:** This projects past trends into the future, for some given period of time. It assumes that the future will in some way be an extension of past trends.

● **Dynamic systems analysis and computer modelling:** This shows how various variables in different areas interact with each other, within a whole systems context, over time.

● **Simulations:** These are attempts to take certain variables from “reality” in some area and create a computer model or game situation in which one can see how those variables might interact with each other over time. Computers, or humans (as role-players), or both, can be involved. With computers, humans can play “what if” games in which, by making certain choices, they can then see the consequences (in terms of public policy) that follow from those choices.

● **Cross-impact analysis:** This shows how choices concerning one variable interact with choices concerning another variable, providing a table of all possible combinations of choices for each variable, and showing which combinations are viable and which not.

● **Technological forecasting:** This is an attempt to forecast what technological breakthroughs and developments are most likely to occur in future, and when they are likely to occur. In an age in which technology is a major driving force for change, such as today, staying on top of the latest developments in technology is essential – especially if one works in the high-technology field.

● **Technological impact assessment:** This looks at how new technologies are likely to impact on society or the environment.

● **Environmental impact assessment:** This looks at how new developments in some area will impact on the environment. It is often required today, for example, before new building plans can be approved.

● **Social impact assessment:** This looks at how new developments in some area will impact on society or on some community.

● **Delphi polls of experts:** With this method, experts in some field are asked for their opinions on what events they think are most probable (or preferable) and when they are most likely to occur; and they are also asked to give reasons for their answers. The results of this poll are then summarised, and given back to the experts, and they are asked to take the poll again. If they think other people’s reasons for their answers are better, they can change their answers the second time, or the third time they take the poll.
This technique gives good results regarding experts’ views on what is likely to occur in future.

- **Futures wheels**: This is a group brainstorming technique to quickly determine what some of the first-, second- and third-order consequences might be if some event were to occur in the future, or if something were to either decrease or increase in value in future. Everything follows from this event that is put in the centre of the “futures wheel”.

- **Scenarios**: A scenario is a possible sequence of events that could happen in the future, based on certain initial conditions or assumptions and what could follow from that. Futurists often construct at least two or three different scenarios about the future in some area, believing that different alternative futures are possible. Examples include “best case”, “worst case”, “most probable case”, and other types of scenarios.

- **Intuition and intuitive forecasting**: This is a right-brain “aha” experience, in which you suddenly “know” something to be true, or you suddenly see patterns and relationships between things that you didn’t see before. Intuition is another way of knowing, a “sixth sense” beyond our five senses. Intuition is important in future studies because in a world in which change is occurring so fast, and one does not always have time to get all the information that one would like before one must make a decision about what to do, one must often rely on one’s intuition to fill in the missing pieces and make a decision.

- **Short-, medium-, and long-range planning**: Futurists look at planning in short-, medium-, and long-range terms.

- **Relevance trees**: This is a way to map out the sequence and order of events that are necessary to get from where you are now to where you want to be as your end goal by some future date.

- **CERT/CPM analysis**: This is a method for doing complex planning for some large programme involving great numbers of people and subcontractors, such as the Reconstruction and Development Programme (RDP) in South Africa. One begins with a relevance tree, and then adds layers of additional information. It is a way to map all the different pathways that must be completed between where one begins and the end goal one plans to achieve. One also calculates, from all these pathways, what the “critical path” is that will take the longest and that must be adhered to on schedule, or the whole project will be delayed. Between any two events along any given pathway, one usually adds estimates of the time needed, the number of people needed, the budget needed, etc. One can then calculate dates for the completion of each event along a pathway; enter all this into a
computer and print all the pathways out, and use this to monitor a project, once it begins, to be sure it stays on time and on budget. If a particular pathway — especially the “critical path” — starts running behind schedule, one can then move additional resources to that pathway to correct the problem and ensure that the whole project stays on time.

**ACTIVITY**

*Can you remember at least five of the futures methodologies discussed above? Write them down below.*

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**3. GOVERNANCE AND THE FUTURE**

In South Africa, the ultimate goal of public sector change and reform is to achieve a government that is small and efficient but nevertheless provides better service to the public. A core priority is to reduce the size of government to facilitate efficient allocation of resources and encourage the creativity, entrepreneurship and initiative of the private sector. Small size as an objective needs to be balanced by other priorities such as job creation and social empowerment. However, the overall aim is to attain a government capable of delivering quality services using as little as possible of the taxpayers’ money.

The success of government reform must ultimately be judged from the perspective of the customer, or the general public. Accordingly, another goal of the public sector is to shape a civil service that provides better service to the public, listens to the public, and works in their best interest. It should also aim to instil an atmosphere of change and “reform-mindedness” among public managers. Future-orientated public managers must strive to create a new mindset in the civil service through changes in the way that civil servants think and behave.

Traditionally, all activities that are financed with tax revenues have been organised as public services, and there are still many politicians and citizens who argue that this should be the rule in the future as well. As government agencies and local authorities search for more rational and efficient ways of organising and
managing their activities, it is inevitable that they will also experiment with new modes of service delivery (OCDE, 1999).

The Public Service Review Report 1999/2000 highlights several lessons that public managers should have learnt during the previous five years:

- Transformation has been managed in an ad hoc manner, without paying due regard to matters of sequencing, co-ordination and integration.

- The demands brought about by policy overload and the pace of change outstripped the managerial capacity available, and the demands were not matched by initiatives to develop managers for these challenges.

- The Public Service is generally caught up in crisis management, leaving little space for strategic and visionary management to take root in practice.

- The regulatory frameworks are not adequately aligned, nor flexible and sophisticated enough to accommodate most situations without causing distress to a significant grouping of actors regulated by these frameworks (Public Service Review Report 1999/2000:3).

3.1 Innovations in public management

Managerial approaches in the public sector need to be strategic and contingency-orientated. To be successful in a strategic orientation, there is a need for public institutions to scan the environment, identify changing forces, trends and events and to amend internal processes, procedures, systems and policies to remain relevant.

According to Fox, Wissink & Schwella (1991:320), a contingency approach involves the following steps in practice:

- An examination of the public institution and its environment is made to analyse the current situation.

- An analysis of available public management strategies is made to determine which strategy is best suited for the specific situation.

- An assessment has to be made of political constraints as any contingency approach to public management has to take into account the political milieu on administrative discretion, and the requirements of community participation.

- Based on research about the possible consequences, a choice of management strategies is made.

The effort to change South Africa’s public management focuses mainly on introducing the principles of service excellence, competition and performance-orientedness into government. To support this, the White Paper on Transforming
Public Service Delivery (18 September 1997) was introduced. Furthermore, intensive efforts were made to instil performance-oriented thinking into the system and practice of public finance management. Beginning with the budget for fiscal year 1999/2000, the government, through the new Financial Management System (FMS), has introduced performance-based budgeting with the ultimate goal of raising fiscal transparency.

Another important goal is to produce changes that can be seen and appreciated by the consumer, or the general public. For example, a priority will be to cut down redundancy and red tape in the provision of public services at all levels. Better transparency is essential if public sector reform is to gain the trust of the general public. With this in view, the government plans to broaden the scope of performance disclosure requirements, and also plans to adopt an index of administrative services, which will be measured jointly by the government and the public from the perspective of the customer. Public sector reform is a task that will be more effective when it involves the participation of citizens. The government plans to facilitate greater citizen participation in the identification of the reform agenda, and the implementation and evaluation of the agenda.

3.2 The future: implications for public policy-making and scenario planning

It is necessary to ensure that public services should be provided for the benefit of those who need and use them, and not for the convenience of the institutions that provide them. Public service providers and policy-makers are required to:

- ask people what they want from public services and not make assumptions about what they need, or how they would like to deal with government
- recognise that the public is more demanding, and has rising expectations of quality and service
- know what their experiences of public services are, and how these could be improved

Translating future-orientated government strategies into operational policies requires a systematic process. There are perhaps unlimited versions of such processes that one must go through to design an alternative future world through policy programmes. Common elements of these processes include the following:

- An analysis of the present and a forecast of future developments
- A formulation of designs of alternative futures
- An evaluation of the designs of alternative futures
- Drafting transition strategies
- Implementation of policies
- Feedback on whether those policies are having the effects one planned or not
- An adjustment of strategies and policies based on feedback

The more dynamic the situation, the less can be learnt from past policies, and therefore the focus should switch to considering the future and use of judgmental forecasting methods involving scenario planning. Here, the strategist constructs "alternative futures" which consider the likely behaviour of suppliers and clients (the public) so that an overall picture of possible competitive environments can be built up.

4. CURRENT AND FUTURE PUBLIC MANAGEMENT CHALLENGES

You should note that the challenges highlighted in this section are by no means exhaustive. You, the serious public management student of the future, should constantly analyse the environment around you and should come up with answers for future demands and challenges.

4.1 The information and knowledge explosion

Today, computers, cyberspace, and the information superhighway (the Internet) are changing the social order, catapulting present-day society — and public management — fully into globalism as spatial distances collapse between previously divided groups. The result of this is what is sometimes referred to as "virtual communities". Public managers today have access to vast amounts of information through means such as television and the Internet that ensure that information is readily available and easily accessible. Managers need to be able to sort through this profusion of information, decide which bits are valid and reliable, and know how to use the facts at their disposal to make informed and rational decisions.

The Internet has collapsed time and distance, forever changing the way we live, learn, work and play. We are rapidly approaching the point where we can have anything, anytime, anywhere. Individuals now have more power and influence than ever before. The opportunities are endless and we are only just scratching the surface. Effectively, globalisation and de-regulation are stripping governments and centrally controlled institutions of power and authority while dramatically increasing the power of the individual citizen. Citizens have unprecedented choice and access to information.
Cyberspace is bringing changes to global thinking and global technology. The editor of *Time* magazine has stated that without a doubt cyberspace and the digital revolution would set the course of the world into the future. Some anticipate that cyberspace will become a “true planetary nervous system”, “an electronic ocean of digital consciousness”, where human minds enhanced by computer technology form an alliance. They hope a “global mind” will appear through this and bring about a “global village” (Brooke, 1997:30).

With these vast amounts of information come unique circumstances, protocol and language. A new breed of citizens called “netizens” call for unlimited access to information — including government information. They believe that their rights must be protected and expanded, not controlled by government. The ideology of “electronic democracy” (electracy) is that a vast cyberspatial revolution and renaissance is in progress at this very moment.

Training for public managers and their management development initiatives today does not really focus on the learning of facts, but instead on information retrieval and sorting. The argument is: why bother learning an endless number of facts if you can have access to them whenever you need them? You might find value in not knowing something, as the very process of discovering anything may be more useful and exciting than the content of the discovery. The counterargument is that there is a danger in this: if public managers have no underlying factual structures and value systems through which to contextualise and evaluate newly acquired information, how can they possibly transform unorganised information into synthesised knowledge, and finally into clear-headed wisdom? Cyberspace technologies will not help the new generation public managers to extract knowledge and wisdom from data if they are not taught to recognise that some ideas are more important than others and some are, in fact, true and worth emulating.

### 4.2 Alternative Service Delivery (ASD)

The complexity of today’s world demands that the public and private sectors not only learn to master management applications and technology, but also to work co-operatively to maximise the national benefits of these. To achieve this, the public and private sectors must engage in innovative partnerships that share the costs, risks and rewards of developing solutions to service delivery challenges.

According to the Presidential Review Commission’s report of 1998 (chapter 6), the Canadian government has made significant advances promoting what is called an **Alternative Service Delivery** (ASD) model. ASD posits a range of service delivery options involving a spectrum of public, private and non-governmental agencies. The ASD approach seeks to encourage new relationships
in service delivery without the government abdicating its ultimate responsibility for governance.

4.2.1 **Improvements needed in the delivery of services**

The media and private sector have stated that certain improvements are needed in the provision of services. According to them, the most important of these are the following:

- Improve access to services and make them more responsive to the needs of citizens
- Use allocated funding in a more flexible and efficient way
- Remove the command/control approach of management and accompanying excessive number of regulations
- Develop the ability to change processes/policies more quickly when problems are detected
- Use technology more effectively in the delivery of services
- Reduce the overlap among jurisdictions which promotes confusion and frustration
- Remove public/private sector competition

4.2.2 **Reasons why government should consider alternative service delivery**

The most important of these reasons are the following:

- Fiscal pressures for cost savings
- The belief that competition increases efficiency
- Separation of service delivery from policy advice allows the government to focus on “steering” and to leave the “rowing” to others
- A need to focus on outputs and performance standards
- Greater choice for citizens

In South Africa, the powers to deliver programmes and services are divided between national and provincial authorities. The Minister is directly responsible to Parliament for the work of departments and agencies within his/her mandate. This provides an opportunity for public scrutiny of programme policy and delivery.

“One-stop shops” are an exciting development and should be replicated where the conditions are appropriate, usually where public service offices have large
geographical jurisdictions. It is important to develop one-stop shops in close co-operation with the community that uses the facility, and inter-departmental co-operation is indispensable.

4.3 e-Government

Modern technology and the global environment are forcing all governments to be even more responsive to meeting citizens’ needs than ever before, to apply technology in the best way, and to look for opportunities to become a partner of service providers rather than for government itself to be the sole service delivery agent. This requires government to be as good as the very best (in comparison to the private sector).

However, government must also ensure that its partners, such as suppliers and industry, deploy the best standards for services. To ensure that confidence is retained in government in this new information age, the transparent and accountable adherence to established codes of practice must be demonstrated.

e-Government focuses on better services for citizens and businesses and more effective use of the government’s information resources. It challenges all public sector organisations to innovate, and the centre of government to provide the basic infrastructure that is needed to achieve these goals.

It is based on four guiding principles:

- Building services around citizen’s choices
- Making government and its services more accessible
- Social inclusion
- Using information better

The South African Government intends that all services which can be electronically delivered should be; that they be accessible over the Internet and through mobile phones, digital TV, and call centres as well as through personal computers. The mix for any service will be determined in relation to demand, which does not exclude the ongoing demand for personal contact. Services should be tailored to individuals’ needs (Presidential Review Commission, chapter 6).

The increased public access to government information and services electronically, particularly over the Internet, together with a much greater demand for active involvement in the decision-making and policy-making process will transform traditional government structures, roles and relationships. There has already been significant change at all levels of government in response to this, but the real challenge for public managers will be to meet these ongoing demands in a flexible, timely and transparent manner.
4.4 Public-private partnerships (PPP) and outsourcing

Governments are increasingly contracting out the provision of public services which were previously delivered by public service departments. Contracting out (outsourcing) typically implies provision by private sector contractors. However, it may also include in-house provision by public service departments or other public agencies where the right to provide is won through competitive tendering and is governed by contract.

Outsourcing is by now an established practice when it comes to supportive and peripheral functions, and many local authorities and county councils are also subcontracting for services such as child care, care for old people and health services.

Outsourcing is the strategic use of outside resources to perform activities traditionally handled by internal staff and resources. Outsourcing is a management strategy by which an institution outsources major, non-core functions to specialised, efficient service providers.

Companies have always hired special contractors for particular types of work, or to level off peaks and valleys in their workload. They have always formed long-term relationships with firms whose capabilities complement their own. Furthermore, they have always contracted for shared access to resources that were beyond their individual reach — whether these be buildings, technology or people. But the difference between simply subcontracting and outsourcing is that outsourcing involves the wholesale restructuring of the institution around core competencies and outside relationships.

The main rationale for outsourcing is to improve efficiency in service provision by harnessing the virtues of competition, in particular the superior productivity engendered among competitive providers. At the same time, there is a legitimate expectation that providers of public services paid for by public funds will be publicly accountable. Outsourcing has the potential to reduce the extent of public accountability by transferring the provision of public services to members of the private sector who are generally not subject to the same accountability requirements as public officials. Indeed, reduction in such accountability requirements may be one of the reasons for the greater efficiency of the private sector.

4.5 Performance management and service standards

To be able to monitor and evaluate policy processes, performance and outcomes, it is generally recognised that a set of key performance measures and indicators will need to be put in place. These will need to measure what they set out to measure in a reliable and meaningful way, and thereby provide managers
at different levels with accurate and relevant information that can be used to inform the ongoing process of policy formulation, implementation and review (Presidential Review Commission, section 3.8.2.5).

Clarity is also needed on the nature and functions of different indicators, particularly to answer the following questions:

- **Efficiency**: Were human, financial, institutional and technical resources used in the most efficient and cost-effective ways?
- **Effectiveness**: Were the policy output and outcomes achieved?
- **Equity**: To what extent have policies and strategies served to eliminate existing disparities, to promote greater representivity, and to ensure greater equity in employment and service delivery?
- **Responsiveness**: How responsive has policy implementation been to the actual needs of customers and clients?
- **Appropriateness**: Have policies and strategies been appropriate to meeting the requirements of the overall policy context set by the RDP, GEAR etc?

The South African government has initiated a number of projects aimed at improving the present system of performance management. The main focus is on improving government institutions’ capacity and competence in formulating targets, and to improve the measuring of the results achieved. Other projects concern more extensive use of national and international benchmarking, and recurrent evaluations.

Performance measures come in many forms, including economic value measures, financial measures, and a combination of methods for linking non-financial and financial measures. Performance measurement systems also create an essential feedback and learning mechanism in support of key management decisions. By understanding how the three areas of strategic planning, performance measurement, and knowledge management interconnect, public institutions can find compelling new ways to improve the strategic decision process.

Learning processes, if dynamic, can influence both performance measures and organisational strategies. The key needs in creating dynamic organisational learning processes are the following:

- Practices aimed at improving the quality of information/technology flows that support strategic decisions
- Capacity building, i.e. developing new individual and collective capabilities that support and are addressed by the strategic planning process
- Development of organisational learning infrastructures
• Development of systems for analysing and cataloguing tacit and explicit forms of knowledge

• Productivity measures and analytical tools aimed at increasing the utility of knowledge and information as a dynamic element of strategic decisions

Organisational learning can be defined as the capacity or processes within an institution to maintain or improve performance based on experience. Usually organisations learn as they produce. Learning is as much a task as the production and delivery of goods and services. It is not implied that institutions should sacrifice the speed and quality of service delivery to learn, but rather that service delivery systems be viewed as learning systems. While institutions do not usually regard learning as a function of service delivery, research on successful institutions indicates that three learning-related factors are important for their success:

• Well-developed core competencies that serve as launch points for new products and services

• An attitude that supports continuous improvement in the business’s value-added chain

• The ability to fundamentally renew or revitalise

4.6 Globalisation

A small but powerful group of internationalists has the goal to bring about a global government. Though they are a diverse and eclectic group of international bankers, politicians, futurists, religious leaders, and economic planners, they are unified in their desire to unite the planet under a one-world government, a single economic system, and a one-world religion. Through various governmental programmes, international conferences, and religious meetings, they desire to unite the various governments of this globe into one single network. This of course has vast implications for the sovereignty of states and democracy.

4.6.1 Characteristics of globalism

Reasons given why states should abolish their sovereignty for the “common good” are typically the following: “global government for global problems”, “peace demands world government”, and “we must all unite”.

Globalism is known by several terms: Structural Adjustment Programmes (the Reconstruction and Development Programme in South Africa is an example), The Washington Consensus, the Wall Street-Treasury Complex, Liberal Productivism, and the New World Order. Some of the global organisations which strive for a “New World Order” include the following:
The prescription for every country is to:
- open financial and capital accounts
- remove foreign exchange restrictions
- cut public expenditures
- balance budgets, lower corporate taxes
- deregulate businesses
- encourage foreign investment
- sell off public enterprises and secure private property monopolies under law (Held, 1999:448)

The Human Development Report (1999), for instance, proposed structures of global governance, including: a stronger United Nations, a global central bank, the World Trade Organisation, a world environment agency, a world investment trust, an international criminal court and a “broader United Nations system”.

The central characteristic of globalisation is its denial of sovereignty to entities other than nations or peoples and its support of cultural, social, political and/or economic unity. Globalisation seeks a state with planetary territory and a monopoly of that territory. All humans would belong to that state (as citizens) simply by reason of being human and/or inhabiting the planet, without any choice in the matter.
4.6.2 Implications for democracy

Globalism challenges democratic assumptions about the sovereignty of states and national citizenry. Under globalism, states are:

- oriented less to internal demands, and more to the collective good of all
- focused on maximising exports, freeing the flow of capital and enshrining transnational corporate rights as “national treatment”
- locked into neo-liberal principles by structural adjustment programmes, and by international agreements, and international institutions (e.g. the World Trade Organisation)

At its simplest, the extent to which the population controls the government determines the degree of democracy. Democracy literally means rule or government by, or power of, the people. Implicit in this is the notion of majority rule. Representative democracy is a form of democracy in which the people govern indirectly, through elected representatives, rather than directly governing themselves. At a minimum, a democracy is a political system in which the people choose their authoritative leaders freely from among competing groups and individuals who were not designated by the government. Globalism, with a single world government, clearly has serious implications for democracy and the sovereignty of the state.

4.7 Environmental protection and management

When one considers the environment, various issues come to mind. On a global scale, pollution, global warming, protection of endangered species, and other issues force governments to strategically and jointly address environmental concerns. In designing environmental protection and management programmes, governments must consider the minimum disruption of ecological processes, the maximum conservation of energy and materials, a stable population, and a social system in which individuals can enjoy, rather than feel restricted by, the first three conditions.

Most environmentalist programmes assume that far greater decentralisation would be a vital feature of a sustainable society. It would facilitate public participation and thereby increase the possibility of popular consensus about the creation of a sustainable society. A decentralised way of living would mean more self-reliance and therefore greater diversity in land uses and economic activity.

To appreciate the extent of environmental challenges, let us consider the following statistics:
• 1.2 billion people live in conditions of absolute poverty (there are approximately 6 billion people on earth)
• The populations of some countries like Egypt is growing at a rate at which they will double every twenty or so years
• Africa now produces 27% less food per person than it did 25 years ago
• The richest 20% of the world’s population receives 150 times the income of the poorest fifth, the gaps having doubled over the past 30 years. In 1992, Brazil had the worst internal national ratio, at 26 to 1
• 75% of African countries saw their real incomes fall by more than 15% during the 1990s
• Although the volume of exports from Africa increased by 25% in the 1980s, the deterioration in terms of trade meant that its earnings fell by 30%
• Around 80% of all diseases are caused by polluted water
• Dehydration caused by diarrhoea has killed around 150 million children since 1949 — more than the combined military and civilian deaths in both world wars
• Over 100 million people around the world receive no primary education

Government action at all levels — local, national, and international — is critical. It is the responsibility of governments to take the lead, not least since they often possess information not widely available to the public. Changes in public consciousness and behaviour are not an alternative to government action but part of a dialectical process, in which one side both reflects and encourages the other. Governments must re-examine the ways in which they conduct their own affairs by, for example, auditing their own environmental impacts and making at least some attempts to put themselves on a more sustainable footing. The making of public policies around sustainability criteria would act as a stimulus to suppliers of environmentally friendlier goods and services.

4.8 Designer genes and DNA manipulation

The search to decipher DNA and the development of drugs which could address the causes of diseases such as cancer, rheumatoid arthritis and heart disease is accelerating.

Each of the human body’s 75 trillion cells, except for the red blood cells, has a full complement of chromosomes in its nucleus. Each nucleus has 46 chromosomes in 23 pairs. In each chromosome is a curled-up strand of DNA, which includes hundreds of millions of base pairs. Stretched out straight, it would measure anywhere from three to nine feet long and about 20 atoms across. The structure of DNA (the DNA “code”) determines the nature and functions of every cell and
is responsible for the characteristics that are passed on from one generation to the next. The DNA code is the same in all living things on earth, whether they be humans, rats, bats, mice, worms, fruit flies, or microbes. (One could say that all codes of life came from the same “software house.”)

The Human Genome Project is a $21 billion international effort to map the entire genome (i.e. all the genetic material in humans). It was launched in 1990 and involves 350 laboratories. It is not expected to complete its task until 2005. One of the leading organisations, Human Genome Sciences, has 135 scientists using the most advanced computer, laser, and scientific technologies to decipher and decode the molecular sequences that make up the human genome. Human Genome Sciences, along with its associated research foundation, the Institute of Genomic Research, is expected to have isolated and deciphered most of the important human genes by 2001.

4.8.1 Business opportunities

Genetic research has many potential practical applications that might offer business opportunities. In Britain, for example, researchers at the government-backed Roslin Institute are reporting progress in breeding genetically engineered chickens which will be capable of producing drugs and vaccines in their eggs.

The potential economic stake is enormous. Genzyme Transgenics (Cambridge, Massachusetts) anticipates that the market for milk-produced drugs alone will be worth over $1 billion per year within the next decade. New start-up companies as well as the big drug “giants” are rushing to build inhouse gene-hunting capabilities.

There are also organs being produced for eventual transplant into humans. Researchers at the British company Imutran can transplant hearts and other organs produced from genetically altered pigs into humans! The first litter of suitably adapted pigs was born in June 1994. Estimates suggest that more than 100 000 patients a year could receive such pig organs.

4.8.2 Are concerns justified?

The proponents of genetic engineering claim that they have learned from the development of nuclear power, and environmental legislation is now being introduced to control potential damage. However, no laboratory security, no matter how effective, can deal with unforeseen post-release effects.

Controls designed to protect high-security farming of genetically manipulated farm animals cannot deal with the damage that may follow the release of genetically manipulated plants, fish, or animals. The areas of risk include: the “escape” of an introduced gene by crossing it with wild relatives; unexpected alterations of normal characteristics in different environments; and unexpected advantages conferred by genetic manipulation which could lead to the establishment and persistence
of an organism. There are already many examples where the introduction of exotic species to a new environment has caused the displacement of indigenous fauna and flora without the added ingredient of genetic manipulation. Rabbits in Australia, zebra mussels in North America, and rhododendron plants in north Wales are but a few examples.

There are even some scientists and doctors who believe that the AIDS virus was the result of a government genetic experiment that went out of control. They point to some combinative aspects of the HIV virus which suggest that it was engineered in a laboratory.

There is little doubt that these efforts could lead to adverse, possibly catastrophic, consequences. As the experimentation continues and expands, and as increasing investments are made in this dynamic new field, the risks multiply. It seems ironic that the vigorous and talented pursuit of solutions to relieve human suffering and misery might also be leading to some major, perhaps global, tragedies for mankind.

4.9 Cloning of human beings?

The idea that humans might someday be cloned — created from a single somatic cell (ordinary body cell) without sexual reproduction — moved further away from science fiction and closer to a genuine scientific possibility on February 23, 1997. On that date, Dr Ian Wilmut, a Scottish scientist, and his colleagues at the Roslin Institute announced the successful cloning of a sheep by a new technique which had never before been fully successful in mammals. The technique involved transplanting the genetic material of an adult sheep, apparently obtained from a differentiated somatic cell, into an egg from which the nucleus had been removed. The resulting birth of the sheep named Dolly, on July 5, 1996, was different from prior attempts to create identical offspring, since Dolly contained the genetic material of only one parent and was, therefore, a “delayed” genetic twin of a single adult sheep.

Within days after the report on Dolly was published, President Clinton of the United States instituted a ban on federal funding related to attempts to clone human beings in this manner. In addition, the President asked the appointed National Bio-ethics Advisory Commission (NBAC) to address the ethical and legal issues that surround the subject of cloning human beings. This provided an opportunity for initiating a thoughtful analysis of the many dimensions of the issue, including a careful consideration of the potential risks and benefits. It also made it possible to review the current legal status of cloning and the potential constitutional challenges that might be raised if new legislation were enacted to restrict the creation of a child through somatic cell nuclear transfer cloning.
Funding for human embryo research is severely restricted, although there are few restrictions on human embryo research carried out in the private sector. Thus, under current American law, the use of somatic cell nuclear transfer to create an embryo solely for research purposes is already restricted in cases involving federal funds. There are, however, no current federal regulations on the use of private funds for this purpose.

The unique prospect, vividly raised by Dolly, is the creation of a new individual genetically identical to an existing (or previously existing) person — a “delayed” genetic twin. This prospect has been the source of the overwhelming public concern about such cloning. The creation of embryos for research purposes has always raised serious ethical questions, and the use of somatic cell nuclear transfer to create embryos raises no new issues in this respect. The unique and distinctive ethical issues raised by the use of somatic cell nuclear transfer to create children relate to, for example, serious safety concerns, individuality, family integrity, and treating children as objects.

The public policies recommended with respect to the creation of a child using somatic cell nuclear transfer reflect the NBAC’s best judgements about both the ethics of attempting such an experiment, and our view of traditions regarding limitations on individual actions in the name of the common good. According to the NBAC report, at present the use of this technique to create a child would be a premature experiment that would expose the fetus and the developing child to unacceptable risks. This in itself might be sufficient to justify a prohibition on cloning human beings at this time, even if such efforts were to be characterised as the exercise of a fundamental right to attempt to procreate.
Within this overall framework the NBAC came to the following conclusions and recommendations:

- At this time it is morally unacceptable for anyone in the public or private sector, whether in a research or clinical setting, to attempt to create a child using somatic cell nuclear transfer cloning.

- A continuation of the current moratorium on the use of federal funding in support of any attempt to create a child by somatic cell nuclear transfer.

- Legislation should be enacted to prohibit anyone from attempting, whether in a research or clinical setting, to create a child through somatic cell nuclear transfer cloning. However, any regulatory or legislative actions undertaken to effect the prohibition on creating a child by somatic cell nuclear transfer should be carefully written so as not to interfere with other important areas of scientific research.

- Different ethical and religious perspectives and traditions are divided on many of the important moral issues that surround any attempt to create a child using somatic cell nuclear transfer techniques.

- Because scientific knowledge is essential for all citizens to participate in a full and informed fashion in the governance of our complex society, institutions concerned with science should co-operate in seeking out and supporting opportunities to provide information and education to the public
in the area of genetics, and on other developments in the biomedical sciences, especially where these affect important cultural practices, values, and beliefs.

4.10 Nanotechnology and virtual reality

According to some projections, by the second half of the next century there may be no clear distinction between human and machine intelligence.

Two things will allow this to happen. **First**, our biological brains may be enhanced by neural implants. This has already begun in the sense that doctors use neural implants to counteract symptoms of Parkinson’s disease, for instance, and neuroscientists from Emory University School of Medicine in Atlanta recently placed an electrode into the brain of a paralysed stroke victim who now communicates using a PC. In the 2020s, these neural implants may not be just for people with disabilities, but may be used to improve our perception, memory, and logical thinking, and even create virtual sensory experiences. These implants may plug us directly into the Web. By 2030, “going to a web site” may mean entering a virtual reality environment. Implants could generate streams of sensory input that would otherwise come from our real senses, creating an all-encompassing virtual environment that responds to our behaviour. This virtual reality would be as realistic, detailed, and subtle as the reality we know today.

**Second**, we will have created “non-biological brains” (computers) which will vastly extend our own human brains. While our biological intelligence is, for all practical purposes, at a standstill, non-biological intelligence is growing at a double-exponential rate. By the end of the 21st century, non-biological thinking may be trillions of times more powerful than that of its human progenitors. By 2019, a R7 000 computer will already match the processing power of the human brain in terms of the calculations it can perform — about 20 million billion calculations per second. By 2029, the calculating ability of an average PC will be equivalent to that of 1 000 human brains.

Other experimental technologies include three-dimensional chips, optical computing, crystalline computing, DNA, and quantum computing.

By 2030, nanobot (i.e. microscopic robot) technology should be feasible, and brain scanning will be a prominent application. Billions of nanobots could travel through every capillary of a human brain, and scan every detail. The nanobots would all be on a high-speed wireless Intranet allowing them to communicate with each other, and with computers compiling the brain-scan database. From this data, we might learn how the brain works, and we would be able to copy the information into a neural computer.
Of course, there will be great concern about who is controlling the nanobots, and who the nanobots may be talking to. Public institutions or extremist groups, or just clever individuals, could put trillions of undetectable nanobots in the water or food supply. These “spy” nanobots could then monitor, influence, and even control our thoughts and actions. Just as we have virus scanning software today, we might then use patrol nanobots that search for (and destroy) unauthorised nanobots in our brains and bodies.

**ACTIVITY**

What measures can you propose to manage the application of nanotechnology?

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5. MANAGEMENT ATTITUDES REQUIRED TO MEET FUTURE CHALLENGES

The challenges of the future that we discussed above made it clear that Public Management as a discipline and public management as an activity must make serious attempts and adjustments to address these and other challenges. This will require that public managers equip themselves with the attitudes, behaviour, knowledge and competencies to meet these challenges.

Caiden (in Fox, Wissink and Schwella, 1991:320) explores the attitudes that public managers must have to have a future orientation. It is clear that public managers will have to adopt a set of new attitudes which reflect the rejection of the static, rigid and bureaucratic inclinations so often found in the past. Fox, Wissink & Schwella (1991:320) and McCurdy (In Thornhill and Hanekom, 1995:259) suggest that a public manager should become the following:

- **A crusader** intent on transforming some aspects of community life according to preconceived notions of the ideal society
An organiser able to use the knowledge and principles of public management to develop a formal organisational structure to meet future demands

A pro-active policy formulator ready with possible strategies to meet the unknown

A social change agent ready to accept new ideas and to lead others into accepting them

A crisis manager who is slow to “burn” but quick to act and brilliant at immediate improvisation

A dynamic programme manager able to shape new courses and adapt analysing activities

A humanitarian employer treating staff with respect and meting out balanced and equitable justice

A pathologist able to diagnose an institutional “illness” and “heal” it

A political campaigner who is responsive to public needs and a champion of public causes

A competent manager ensuring effective performance with minimum political embarrassment

An interest broker choosing among competing interests and reconciling all parties to the outcome

A public relations expert adept at building support to the advantage of the public

A scientist able to take rationally defensible decisions and to deal with change

A speedy decision-maker prepared to assume responsibility and to give clear instructions

A constructive thinker not easily led astray

An optimistic leader not easily discouraged in adversity but able to command attention and stimulate subordinates

A reformer able to predict future discontinuity and prepare the public institution for it

To adopt these desirable attitudes public managers will have to be critical and honest of their own position and should be susceptible to personal change. This
will involve realistic self-assessment and, if necessary, personal readjustment. These attitudes are necessary since no manager can escape the implications and demands of the future.
6. CONCLUSION

In this unit we emphasised the need for a strategic future orientation towards the study and practice of public management. In answering the question that is the title of this unit, “Public management: Quo vadis?”, we first provided an overview of the study of the future. We then discussed specific implications of the future for governance. Thirdly, we indicated what some of the most important challenges are for current and future public management. However, it is virtually impossible to include all challenges pertaining to the future. An effective and continuous environmental scanning or analysis is necessary to constantly obtain accurate management information on their possible implications.

Finally, we highlighted the specific management attitudes required to meet future challenges.

This concludes the module Strategic Public Management. We trust that you will do further self-study to remain abreast of strategic trends and events around you and to strategically direct your institution’s vision and resources towards addressing them. This will help to demystify the “quo vadis?” of public management.
7. SELF-ASSESSMENT

7.1 Explain why it is important to study the future. [10]
7.2 Identify and explain three futurist views and perspectives. [9]
7.3 List five time periods that are used in studying the future. [5]
7.4 Provide an overview of the key subjects studied by futurists. [25]
7.5 Identify at least ten methodologies that can be used to study the future. [10]
7.6 Evaluate possible implications of future events on governance. [15]
7.7 Identify and evaluate at least five current and future public management challenges. [30]
7.8 Identify the attitudes that public managers should have to have a future orientation. [15]
8. FEEDBACK ON SELF-ASSESSMENT

7.1 See section 2 of this unit. In your discussion, focus on the need for a strategic orientation towards the future.

7.2 See section 2.1 of this unit. Identify and explain the three futurist views and perspectives that were discussed.

7.3 See section 2.4 of this unit. Merely list the relevant periods; it is not necessary to explain each period. Note the mark allocation.

7.4 See section 2.5 of this unit. As part of your overview, you could also include practical examples or applications of these subjects.

7.5 See section 2.6 of this unit. It is only necessary to list the methodologies; no discussion or explanation is required.

7.6 See section 3 of this unit. It is necessary to specifically note the innovations in Public Management and the implications on policy-making and scenario planning.

7.7 See section 4 of this unit. In your evaluation you should indicate how each specific challenge will possibly influence public management and what public managers of the future should consider.

7.8 See section 5 of this unit. Identify at least eight attitudes that public managers should have. Again, no explanation or discussion is necessary.
REFERENCES


