

UNIVERSITY OF KWAZULU-NATAL

**STRATEGIC PLANNING AND IMPLEMENTATION
CHALLENGES FACED BY
PUBLIC ENTITIES**

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DECLARATION

I MALEHO MARGARET DAISY NKOMO declare that

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ABSTRACT

The dissertation explores strategic planning in thirteen public entities, based in Gauteng Province, South Africa. The study attempts to review the challenges experienced by the entities when undergoing strategic planning, and the techniques applied to overcome these challenges. The results present the extent to which the challenges and techniques as reported by the participants are found in the literature. The findings also present correlations between the extent to which a public entity is funded by government, and the extent to which it experiences strategic planning challenges. In addition, the findings include the negative correlation between the extent of the strategic planning challenges experienced, and the extent of an entity's reliance on techniques to overcome the challenges. The study concludes by highlighting areas that need further research.

The dissertation is important as it adds to the general body of knowledge, and contributes to the studies on strategic planning of public entities in South Africa.

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ABBREVIATIONS AND ACRONYMS

ARC	: Agricultural Research Council
CEO	: Chief Executive Officer
ELRC	: Education Labour Relations Council
DOA	: Department of Agriculture
GRHT	: Gauteng Rental Housing Tribunal
MINTEK	: Minerals Technology
NCT	: National Consumer Tribunal
NLB	: National Lotteries Board
NURCHA	: National Urban Re-Construction Housing Agency
PFMA	: Public Finance Management Act No. 1 of 1999.
SA	: South Africa
SASSA	: South African Social Security Agency
SEDA	: Small Enterprise Development Agency
SENTECH	: Sentech Ltd
WSSA	: South African Weather Services
TREASURY	: Gauteng Treasury Department

CHAPTER ONE: SETTING AND PROBLEM STATEMENT

1.1 Introduction

The aim of strategic planning is to increase the efficiency and effectiveness of organisations by enhancing existing and future operations. Strategic planning presents a perspective for management's vision of the future. The processes of strategic planning outline how an organization will transform so as to take advantage of new prospects that could assist it in meeting customer needs. Ordinarily, management would use this process to determine objectives, establish targets and provide timeframes to meet certain activities, as well as methods of monitoring progress. In operational plans, the process could be used to provide a method of assigning responsibilities in terms of who will perform the work.

With the implementation of the Public Finance Management Act No. 1 of 1999 (PFMA), increasing emphasis is on strategic planning in public entities. This Act requires, inter alia, that public entities develop and submit their three-year rolling strategic plans and annual corporate plans to both the government department to which they report, and the National Treasury. These plans have to include key outputs, performance measures and how the entities' strategic goals impact on the government's key objectives. As a result, many public entities, especially those that rely on government funding, are embarking on strategic planning processes which originate from methods found in literature meant for

private sector organizations. As will be discussed later in this dissertation, relying on such processes could be a problem for public entities.

The dissertation will concentrate on the challenges that public entity managers and planners experience when embarking on strategic planning. In addition, techniques that public entities can use to overcome some of the challenges they experience will be provided and analysed.

1.2 Organization of the Research

The key objectives of this research are to describe strategic planning challenges experienced by public entities and compare them to those found in literature, as well as to explore techniques that could be used to overcome the challenges.

The literature survey was compared to information from a sample of entities that will be studied. The sample was identified from the schedules of listed Public Finance Management Act (PFMA) public entities. Data was obtained by a questionnaire survey (paper based) and interviews with executives and strategic planners. The data collection methods were focused on eliciting basic information and data from participants about their entities, in order to explore the strategic planning challenges experienced and evaluate techniques applied to overcome the challenges

The study is organised into six chapters. Chapter 1 discusses the research problem and its setting. This chapter also attempts to determine the importance of the research and what contribution will be made to the field of study. Chapter 2 provides a review of the relevant literature on difficulties encountered by public sector organizations with strategic planning. Chapter 3 elucidates on the overall approach and methodology for conducting the research, incorporating the research design, the data collection and analysis procedures. Chapter 4 presents the research findings as well as depicts the variables. Chapter 5 summarises the key findings of the research. Chapter 6 provides the conclusion from the study and recommendations for future research.

1.3 Purpose of the Research

Private sector firms, that is, firms owned and funded by the private sector, use strategic planning to either maintain or enhance their competitiveness. Private sector strategic planning practices when implemented in the public sector result in public sector managers anticipating an improvement in the efficiency of their organizations, as well as a gain in advantages to the same extent as their private sector counterparts. Public entities find it difficult to realise these advantages because the planners do not consider differences in public and private organizations when undertaking strategic planning.

With the strict monitoring of public entities to comply with the PFMA, strategic planning is now a key requirement for most public entities. This research will explore how public entities are dealing with the requirements of developing and implementing strategic

plans, and measuring performance thereof. It is understood in this research that the public disposition, that is, the organisational form of public entities is the source of key challenges for effective strategic planning.

The research aims to reveal challenges in a selected sample of public entities. The extent of “publicness” of the selected sample will be determined. In addition, the study will illustrate the techniques applied by public entities managers to prevail over these challenges.

1.4 Statement of the Problem

The research was an investigation of the challenges faced by public entities in the planning and implementation of strategy.

The aims of the study were to:

- a. describe strategic planning, particularly in public agencies;
- b. determine what challenges are faced during strategic planning in public entities;
- c. establish what techniques might be used to surmount the challenges experienced during strategic planning in public entities; and
- d. analyse and interpret the data with the intention of evaluating and assessing the challenges and techniques in terms of their impact on successfully implementing strategic plans in public agencies.

1.5 Scope and Delimitations

The research will be restricted to public entities in South Africa (SA), and will review the formal strategic planning processes at entity level. Ordinarily, strategic planning for organizations deals with the development of long term goals, action plans as well as priorities for the allocation of resources that would embrace the agency's mission. The public entity, as an organization, will therefore be the focus of this research.

Information will mainly be obtained from strategic planners and officers in public entities who are involved with the development and implementation of the planning process. Strategic planners will be those officials who specialise in private or public strategic planning. It is assumed that these officials are capable of relating to the overall knowledge of individuals throughout the entity, and have a viewpoint of the strategic planning process. The research is subject to how well these planners relate to the overall experience.

No tests were conducted to verify if the participants were representative of the population of public entity strategy practitioners, consultants or academia.

The research did not cover a particular period or single strategy. In addition, the research did not explore distinguishing challenges peculiar to different entity groups.

This research was conducted within a South African public entity environment. Challenges identified would be applicable to South Africa, and therefore follow-up efforts can be appropriately focused.

1.6 Importance of the Research

When compared to the private sector experience, long term planning for public sector organizations is relatively new. Government entities have extensive experience in their core fields, such as health service provision, but generally lack strategic planning knowledge. The purpose of this research was to look into the challenges faced by public entities in planning and implementing strategy. The outcomes of the study would be of importance to public sector strategy managers and practitioners, strategy consultants, academia and other public sector stakeholders.

The recognition of challenges faced by entities can assist strategy managers and practitioners in assessing the existence and extent of these challenges within their organizations. Realistic interventions to counter the challenges, such as the development of systems, processes and skills, can then improve the possibilities of successful implementation of identified strategies. Therefore, identification of challenges could assist entities in allocating their resources to address the limitations to successful strategy implementation.

Strategy consultants can anticipate these challenges in public entities and hence acquire relevant competencies as well as design possible interventions upfront. This study can

therefore contribute to the development of models and methodologies that can improve the design and implementation of strategic planning in the public sector. Government and other external stakeholders can also be informed about the manner in which their authority affects the daily functioning of public entities. Public entities can then construct relevant programmes that could be aligned to these interest groups.

In the academic field, there is a continuous need to review and improve on existing practices and models of public sector strategy planning and implementation, as well as develop new ones. This study can encourage further research that can result in deeper understanding of this field of study.

This research also contributes to the literature and overall body of knowledge regarding the strategic planning and management in public entities in South Africa. Consultations with a number of practitioners provided evidence of the practical significance of strategic planning and implementation in public entities.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter initially considers strategic planning as a management practice and method in public and private sector entities. The difference between strategic planning in public- and private-sector organizations is then reviewed. These subjects explore how public entities could deal with strategic planning and implementation, vis-à-vis the challenges encountered, and some of the techniques they employ to overcome these challenges. These challenges would be reviewed in order to address the key inquiry of how strategic planning processes acquired from private businesses can be customized for public entities. The themes would shape the methodology planned to gather and evaluate information which would investigate the study problem.

2.2 An Overview of Strategic Planning

Strategic planning is described as “a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it” (Bryson, 1995, pp. 4-5). According to Usono (1999) strategic planning entails the analysis of internal and external factors, the development and evaluation of options, and the choice of the preferred option to follow. From a practical perspective, strategic planning provides a method for setting future direction by gathering and utilizing specific information. This process is translated into specific and measurable goals, aims, objectives and action plans. A well-designed strategic planning system, according to Ugboro and Obeng (2005) helps an organisation not only to establish its mission and long

term direction, but also in formulating and implementing strategies to meet its objectives. Strategic planning is therefore future oriented.

According to Andrews (1971) strategy is developed by analyzing the external and internal environments. Through the analysis, the strengths, weaknesses, opportunities and threats which an organisation face are then established. The identified strengths and opportunities are then utilized to prevail over the weaknesses and threats. Over the years, the private sector has developed a practical strategic planning process. The approach, according to Andrews and supported by Ugboro and Obeng (2005), includes the following aspects: -

- a. clarifying mission and values;
- b. developing a vision for the future;
- c. analyzing external challenges and opportunities;
- d. assessing internal strengths and weaknesses;
- e. developing strategic goals and objectives, and
- f. outlining action plans.

This process is further corroborated by Plant (2009a) who proposes a holistic strategic planning model which assumes that the elements are related to, and supportive of each other. These elements include the following: -

- a. developing a strategic vision involving staff and public input;
- b. prioritizing strategic goals and initiatives aligned with the vision;
- c. developing departmental business plans aligned with the strategic plan; and

- d. measuring and reporting results.

In the public sector, there is continuing debates regarding how to handle the scope, content, participation and involvement in terms of long-term planning. Mintzberg (1994) is skeptical of organisational strategic planning in that such activities are usually separated from the allocation of resources and organizational performance. According to Mintzberg, strategic plans are only useful if carefully linked to implementation. However, senior officials in the public sector are usually unable to provide a correlation between day to day decision making processes and strategic planning efforts. This view is supported by Niven (2003) that when dealing with crisis situations, which could include issues with a short time framework, many public officials tend to confuse this operational dilemma with the issues that are of strategic significance. In the private sector, long term issues that are related to a core business functions are more likely to be strategic (Niven, 2003).

2.3 Strategic Planning Differences between Public and Private Sector Organizations

Private and public sector firms derive almost similar benefits when undertaking strategic planning processes. A possible advantage derived “is the development of strategic thought and action” (Bryson, 1995, pp. 7). This could lead to an improved decision making process and ability to prioritize operations. Further, organizational responsiveness and performance are enhanced, with organizations being able to respond

to internal and external pressures more wisely and effectively. Strategic planning bolsters teamwork and expertise among employees and could thus be a good initiative to empower employees with knowledge of the organisation.

Due to the inherent differences between private and public sector organisations, the latter is inclined to experience challenges when implementing strategic planning designed for the former. The significant differences are discussed below.

2.3.1 Difference in accountability

In their analysis on the differences between strategic management processes in the private and public sectors, Ring & Perry (1985) provided the proposition that open decision making was apparent for public sector organizations, thus creating some managerial limitations. Access to public sector organisations and thus decision makers, is legislated, making it easy for stakeholders to influence strategic agendas. Unlike in the private sector, political leaders and executives in the public sector are required to attend to issues raised by external stakeholders such as the relevant constituents, or run the risk of being recalled from their portfolios. The private sector manager, in contrast, can disregard input on a company's policies and strategies, and still continue with his or her career. Managers in the private sector are empowered to adjust various combinations of product and services in response to changes in their environments, without any obligation to take into account public interest issues or societal values. Hughes (2003) and Toft (1989) identified that politicians normally set a public organisation's strategy. This limits the

executive management's flexibility in adjusting the strategy. In their study regarding the differences between strategic management processes in the private and public sectors, Ring & Perry (1985) also proved that policy directives seem more ill-defined for public than for private sector organizations. In light of the above strategic management differences, they concluded that it is a challenge to apply strategic planning models relevant to the private sector in the public sector.

Bozeman and Straussman (1990) maintain that public sector firms appear to be operating from an imposed strategy. The environment in which these organisations operate is highly regulated, and occasionally with their budgets linked to political mandates. In their normal cause of implementing strategy, executive management in private sector organisations is able to choose one business strategy from a variety of options, such as changing the price of goods or services, or introducing new products, in order to increase the market share.

According to Kooiman & Eliassen (1988) there are differences between management processes in the public and private sector. Public managers tend to share their authority for managing their organizations. In Europe, the authors aver, authority is shared with the political head who is democratically elected and who exerts a decisive influence on the organization and its direction. In addition, public-sector managers have to legitimize their actions before they can proceed with managerial tasks such as organizational design, efficiency improvement, feedback, control and other internal issues.

The fact that government programs have societal values makes it impossible for public sector managers to unilaterally reduce or eliminate their scope. Competing and sometimes conflicting interests, which have to be dealt with during strategic planning, determine a public entity's future direction and resource allocation. For the private sector, key strategic implementation includes *inter alia*, designing a strategy, choosing an appropriate structure, co-ordinating the company's various components, rewarding good performance, maintaining organizational culture and an effective internal control system. In short, the Chief Executive Officer (CEO) in a private sector company is in charge of ensuring the implementation of the strategic plan. In contrast, control in public sector entities lies outside the perimeters of the entity, due to the planning systems which tend to emphasize transparency and cooperation with various stakeholders.

In the private sector, strategic planning is normally regarded as a key management action that would ensure competitive advantages for the company, and thus contribute to increasing the bottom line, namely profit. In this instance, the company attempts to orchestrate itself with the expected changes in its environment with the intention of increasing its market share. For a private company, the strategic planning principles do not factor in political and organizational constraints, and thus could not be used in the public sector without being fine-tuned. If strategic planning is to be of benefit to the public sector, expected results unique to the private sector, such as the need to increase profits, would have to be disregarded. Instead, public sector results could include being responsive, shorter turn-around times, efficient and relevant to the communities they serve.

Therefore, a key question in adjusting private sector strategic planning applications to suit public entities would require accounting for the dynamics related to the public character of organizations.

2.3.2 Difference in environment

The difference between private and public sector strategic leadership can also be attributable to the different types of environment in which they operate. According to Franco and Bourne (2003) the environments in which the public organisation operates are more difficult and distorted when compared to the private sector as a result of inherent political and other government interventions. Another key distinction is the greater complexity of the environment for the public sector organization. Further, a public sector manager tends to view his or her environment to be predictable but complex, whilst a private sector manager is more inclined to report simplicity and change.

Since public sector organisations operate in a highly political environment, they require a strategic planning process which is more issue oriented. Bryson (1993) maintains that this type of process can contribute to an improvement to the traditional long term planning.

According to Plant (2009b), public organisations are structured as bureaucracies. In line with the conclusion by Kernaghan, Marson and Boirins (2000) bureaucracies tend to be

centralised, rule driven and process oriented. These inherent characteristics make it difficult for such organisations to successfully implement strategic plans. These views support the conclusion by various writers (Toft, 1989; Ring & Perry, 1985; Perry & Rainey, 1988; Nutt & Backoff, 1992) and indicate that innovation and creativity, which are important for strategic planning, are hindered by the bureaucratic environments of public entities. Therefore, the strategic planning and implementation process should reflect the distinctiveness of the organization and its environment. Further, public organizations should replace concerns about market volatility and competitors (which are applicable to the private sector), with unpredictability, which create pressure for action and reaction required to meet the need.

Plant (2009a) and Wechsler & Backoff (1986) maintain that public entities mainly operate in a governmental authority system and not a market system. This implies that their strategic choices and actions originate from non-market and non-competition based environments.

Most public sector organizations also operate within complex exchange relationships, which contribute to the need for a different approach. These relationships include the involvement of key stakeholders in strategic planning. It is these relationships that make planning in this sector more burdensome as compared to planning in the private sector. However, such relationships can result in better long-term outcomes. Strategic plans in the private sector are developed using highly analytical models and techniques. Further, resource allocations and decision making are done in a methodical manner, with the

execution of strategic plans rarely revolving around political factors. In contrast, public entities are normally faced with political and other external forces that can overpower any attempt to set goals and objectives. Resources are in some instances allocated in a politically biased manner, and decision making is more subjective. Further, legislative and social factors, which tend to restrain management judgment, have to be considered. The management of strategy in the public sector is also not easy when compared to private sector-developed approaches.

2.3.3 Cultural difference

Eldridge (1989) argues that cultural differences can cause different expectations for effective strategic implementation in both private and public sector companies. In particular, he identifies the following differences: -

- a) Strategic planning in private businesses aims to provide a competitive edge for the firm. In contrast, government services experience minimal competition, and in some instances government entities are sole suppliers for services, resulting in the lack of competitive edge for such services.
- b) Strategic planning in the private sector depends on environmental scanning and future customer and market needs. On the other hand, most public entities derive a major bulk of their financial resources from government allocations. Therefore these entities are less reliant on customers, resulting in weaker customer influence (Dorminey & Mohn, 2007).

- c) Performance measurement is a key factor in strategic planning evaluation. Measurement ensures that there is continuous feedback and assessment to determine whether strategies are producing the intended effects. For the private sector, measurement indices, especially financial indicators, are available. According to Gooijer (2000) performance measurements designed for private sector organisations have limited application to the public sector. It is difficult not only to measure government services, but also to set up measurement benchmarks.
- d) Managers in the private sector have to possess skills that are able to coordinate resources so as to increase the bottom line. Public sector supervisors tend to be specialists, and thus would have loyalty to their professional career. As an example, public hospitals, which in many instances are not customer focused, tend to be managed by ‘medical doctors’, instead of by ‘managers’.

2.3.4 Difference in time horizon

The public sector focuses on the short term, with annual budgetary cycles, not being long enough as required in strategic planning. According to Allison (1979) election cycles are constraints as they are short term in nature. This view is supported by Plant (2009b), who asserts that a strategy should have at least a ten (10) year time horizon rather than a single planning cycle. However, not only is long-term commitment to policy directions in the public sector difficult, but planning is also deterred by the high turnover of managers, and the annual allocations of budgets. Limited budgets can further complicate the employment of strategic planners in public entities. Nonetheless, long term planning

can contribute to continuity as well as enable the public sector organisation to develop competencies tailored to its strategies.

Campbell & Garnett (1989) assert that the private sector strategies are more about high investment returns, increased market shares and higher profits. Further, implementation has a propensity to be internally focused. In contrast, public sector organizations have strategies that are broader as they are likely to address social and public interest issues. De Bruijn (2002) confirms that the public sector performance is difficult to measure since outcomes and not necessarily outputs have to be reported on. The time between the strategic planning effort and the ultimate effect (outcome) is long, and data collection regarding such outcomes can be costly. In addition, strategy implementation is dependent on the cooperation of various stakeholders and interest groups.

Differences between private and public sector organizations could be obstacles to importing private sector planning methodologies into the public sector, and would therefore require different strategic planning approaches in public sector organization

2.3.5 Difference in strategic planning approach

During strategic planning facilitation processes in government, Bunning (1992) observed three common strategic planning approaches employed in the public sector. These approaches are: -

- a) A ritual approach, which entails strategic planning for compliance purposes, mainly to be eligible to obtain the necessary funding and resources from government. The resultant strategic plan could lie untouched, or areas included in the plan were to be implemented irrespective of the compliance factor.
- b) A technical decision-making approach, which focuses on the technical feasibility of various proposed alternatives, and aims to resolve what need to be implemented. In this instance, the implementation of the strategy is likely to be hindered by technically-driven solutions to address public interest and other social issues.
- c) A consensus-seeking approach, which aims to identify a strategy that is acceptable to all the key stakeholders. Implementation of the plan is unlikely to have any impact on key issues due to the possibility of compromises made during the planning process.

Wechsler & Backoff (1986) reviewed strategic management approaches in four Ohio state agencies. To classify the strategy type an agency can adopt, their study established the following eight strategy dimensions: -

- a) strength and external influence, which measures the level of effort by stakeholders in the influence;
- b) locus of strategic control, which looks at the outcome of influence processes and the agency's ability to resist external direction;
- c) impetus for strategic action, concentrating on proactive or reactive to events;

- d) strategic orientation, which includes the political, organizational and policy objectives of a company;
- e) orientation towards change, describing an agency's intention towards itself and its environment;
- f) scope of strategic management, being how strategic management activity addresses concern; and
- g) direction of strategic movement, being targets of strategic management action.

Wechsler and Backoff further assert that strategic management in public organizations aims to provide direction through the alignment of internal and external variables, and the unification of external demands, constraints and mandates with the entity's specific goals, objectives and operational procedures. The writers are of the view that this approach to public sector strategic management focuses more on human choice and action taking. Wechsler and Backoff propose four distinctive public sector strategies, namely:

- a) developmental – long term, incremental development and no fundamental changes in programme;
- b) transformational – commitment to fundamental changes;
- c) protective – accommodative of strong external influence whilst maintaining organizational status quo; and
- d) political – accommodative of new balance of power among external influence and limit pressure for organizational change.

These strategies were validated by Charih (2000) when testing the models on some government departments in the Canadian government.

Mintzberg (1994) distinguishes between two types of strategies, namely deliberate and emergent. A deliberate strategy, common in the private sector, gives effect to the particular intent by management (p. 111). Mintzberg concludes that strategy in the public sector tends towards the emergent and not towards the deliberate. Plant (2006) views an emergent strategy as similar to a bottom-up approach in that the majority of the parts of an organisation are included in the decision making process. This assertion is supported by Ring and Perry (1985), who indicate that flexibility is required of public sector managers as the strategy process tends to be emergent. Further, Drumaux and Goethals (2007) in their study of public management in selected Belgian government departments, conclude that due to the role of politics, strategic management in the public sector tends to be emergent and not deliberate. The authors also indicate that public sector managers are expected to maintain a balance between opposing requests by political leaders and various stakeholders.

Goal setting in the public sector is a process which is informed by a multiple of interests. Public sector managers must balance the different and diverse viewpoints of the general public. To make politically correct decisions, these managers must agree on goals that are in many instances conflicting.

Most public sector entities apply strategic planning concepts that are used in the private sector without contextualising differences in which such planning occurs. These differences will affect the success of planning and implementation of organizational strategies. Differences in strategic planning approach between private and public sector organizations make it an imperative for the public sector not to rely on private sector planning approaches.

2.4 South African Context

In South Africa, public entities have to submit their strategic plans to the National Department to which they report, as well as to the National Treasury, by 31 July of each year. Annual plans and budgetary information for the new financial year are to be submitted by the end of September prior to the applicable planning year. Public entities' 3-year strategic plans are to be reviewed on an annual basis. The contents of the strategic plans are legislated. In terms of Treasury Regulations, Section 76, subsections 5.2.3, these "strategic plans must include the specific legislative, functional and policy mandate that indicate the output deliverables for which the entity is responsible; policy developments and legislative changes that influence programme spending over the Medium Term Expenditure Framework period; measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the institution's programmes; and details of proposed acquisitions". In addition, "the strategic plans must include service delivery improvement programme; and multi-year projections of income

and projected receipts medium term expenditures”. Section 5.3.1 of the Treasury Regulations further indicates that the head of the agency must establish “procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action”. Annexure 1 provides relevant extracts on strategic planning from both the Public Finance Management Act of 1999 (PFMA) and the Treasury Regulations.

The PFMA makes provision for the responsibilities of an entity’s Accounting Officer. In terms of the PFMA, a public entity’s accounting officer is equivalent to a Chief Executive Officer (CEO) in the private sector. One of the CEO’s responsibilities is to develop and implement the entity’s strategic plan. Generally, the strategic planning and implementation approach followed by entities is normally one where the top executives formulate the entity’s goals and strategies, oversee the implementation, measure the progress towards the achievement of strategic plans while simultaneously adjusting the goals as organizational or environmental conditions necessitate.

In a South African context, the entity’s accounting officer is responsible for the development, implementation and monitoring of the strategic plans. Although the contents of public entities strategic plans are legislated, strategic planning approaches and processes are left at the discretion of the accounting officer.

Having reviewed the collection of literature relating to public sector strategic planning practices, the following section will now focus on the literature review of strategic planning challenges faced by these organizations.

2.5 Strategic Planning Challenges Facing Public Entities

Strategic planning in public entities is affected by a number of issues. The following challenges were identified in the literature on strategic planning in the public sector: -

- a) approach to strategic planning;
- b) constraining factors;
- c) goal conflicts;
- d) deficiencies with performance measures; and
- e) organization culture.

These challenges and the extent to which they affect strategic planning in the public sector are discussed below.

2.5.1 Public sector approach to strategic planning

Public organizations are inclined to approach strategic planning according to traditional planning theory from the private sector. This approach is what Mintzberg (1994) refers to as the synoptic approach, which is based on strategy formation being a controlled and formalized effort, outlining specific steps and procedures that are to be followed. The approach indicates that the CEO is mainly responsible for the strategy development and planning aspects, whilst execution lies with the support staff. Strategies that arise from

this planning process can be implemented through objectives, budgets and operational plans.

The direction setting process in the public sector is performed as a formalized, top-down and comprehensive approach. CEOs are mandated in terms of the entity's founding legislation, to develop a mission statement which will incorporate the functions, goals at policy and functional levels, performance plans and performance indicators. Performance indicators, which are linked to the goals, have to focus on outcomes and outputs, but not inputs. Specific steps, procedures and techniques guide the actions throughout the organization. Strategies are to include description of activities to be undertaken, assigning of responsibilities, resources required, and in some instances the daily implementation.

The prescribed top-down strategic planning approach is problematic for entities. According to Mintzberg (1994), this approach is based on three fallacies, viz. the fallacy of predetermination – strategies can be predetermined since the strategy making context is least predictable; the fallacy of detachment – strategy has to be detached from operations, and thinking detached from doing; and the fallacy of formulation – the process of making strategy can be programmed by the use of systems.

But as Bryson (1995) explains, the top-down approach to strategic planning can be successful where the entity has a narrowly defined mission; there is high likelihood of deep consensus on goals to be achieved; a hierarchical power structure exists, is

empowered to impose goals on those affected; there are a few powerful stakeholders; the participants are homogenous and share consensus on values; and direction setting is driven by externally imposed mandates. These conditions assume that goal setting is not problematic but can be identified and developed by the entity's CEO, who can easily use the centralized powers over resources to influence the entity into conformity. In practice, Bryson's top down approach, with its conditions, is not always applicable in the public sector. For instance, in cases where an entity may have a hierarchical structure, there is less likelihood of stakeholder consensus on goals.

The direction setting process in public agencies can be highly political and dependent on negotiation and bargaining, thus making it problematic for CEOs.

2.5.2 Constraining factors

Resource constraints are apparent during strategic planning in public entities, in particular, those dependent on the government for funding. This is so partly because such entities are subject to political factors, making funds availability and allocation more difficult when compared to the private sector. In some instances, political support might be lacking to fund strategic projects even though there could be demand from the community. In other instances, political support may be available to fund non-strategic projects which have no real demand.

The legal environment in which public entities operate is another constraining factor to strategic planning. According to Rainey (1976) this environment makes it difficult for entities to be flexible and autonomous. Young (2002) assert that government entities are established by statutes and other pieces of legislation, which detail the purposes, mandates, functions and key responsibilities. Such entities must comply with the legal provisions which prescribe their vision, mission and day to day operations and therefore do not have the freedom to structure a strategic direction which differs from the one legally mandated or even design new objectives to pursue.

Most entities have a moral obligation to incorporate the public interest issues into their strategic planning. Wamsley (1987) maintains that public entity managers are stewards of the democratic process, and agents of people. These managers are thus expected to be morally bound to take into account the public interest, and the requirements of the Constitution during strategic planning.

Strategic implementation faces difficulties relating to rules and regulations as well as appraisal by key stakeholders and other oversight / regulatory bodies. This view is supported by Plant (2009) who assert that if a strategic plan is developed without the participation of stakeholders, then there is a high risk that implementation will fail. Many public entities have a culture of bureaucracy which is rule-driven and rely on guidelines to sustain such an environment. These guidelines contribute to the difficulty in making any strategic changes.

Therefore, constraining factors such as legislated mandates prevent entities from adjusting their strategic mandates and direction. However, such constraints could be neutralized by negotiations with relevant stakeholders.

2.5.3 Deficiencies with performance measures

Backoff & Nutt (1990) and Ring & Perry (1985) assert that performance indicators and expectations for public organizations are normally unclear and vague as a result of the requirements by numerous and varied stakeholders. De Bruijn (2002) adds that performance in government is difficult to measure due to the need to report on outcomes as compared to outputs. Outputs, such as the number of houses built, are the direct effects of actions taken, and are easy to measure. However, outputs present a limited picture of a public entity's performance. Unlike the private sector firms, public entities do not have a profit motive, which is a significant performance indicator for the private firms. Legislated provisions and mandated objectives, functions and responsibilities are instead used as performance indicators in the public sector (De Bruijn, 2002).

Due to the lack of performance measurement yardsticks, setting performance indicators in the public sector is complex. Unlike in the private sector, where performance benchmarks and standards are easily available, and where outcomes can be noticed, the lack of meaningful and tested performance measures is a challenge facing public entities undergoing strategic planning. Therefore strategic planning in the public sector is

hamstrung by the lack of performance indicators and measures as it is difficult to design effective control measures and performance-linked incentives.

2.5.4 Goal conflict

According to Lal & Rainey (1992) public sector managers tend to perceive their goals as achievable and straightforward, depending on the degree of the entity's publicness. However, entities that have a variety of stakeholders normally experience problems during goal setting processes. Such processes tend to be politicized, resulting in goals that are general ambiguous, not specific, and difficult to implement. Joyce (2004) asserts that to counter the problem of goal conflict, public sector strategic management processes need to accommodate the results of consultations and involvement by the public. It is the coordination of information from various stakeholders that creates a challenge for public entities in their effort to reach consensus in goals that are sometime conflicting.

Setting goals in entities where there are multiple stakeholders and which operate in highly politicized environments is a challenge for strategic planners.

2.5.5 Organizational culture

Strategic planning is normally linked to change and transformation. For their organisations to be sustainable, managers in the private sector are expected to think out of the box when establishing goals and plans of action during strategic planning. In contrast

the public sector is inherently rigid and rule driven. The inflexibility not only contributes to a culture that inhibits change, but also limits management discretion. Risk-taking in public organizations may contravene an entity's legislated responsibilities, as argued by Lorvich (1981). Dorminey & Mohn (2007) add that public sector organisations operate according to non-financial objectives (with the exception of budgets), and have different measures of success as compared to the private sector.

Thus, the rigid culture and the lack of incentives for change due to legislated mandates, create strategic planning difficulties and reduce the potential to take risks for public entities. This in turn inhibits innovation and creativity.

2.6 Techniques to overcome Strategic Planning Challenges facing Public Entities

This section explores possible techniques that could be employed to counteract the strategic planning challenges identified in the section above.

2.6.1 Strategic issue approach to planning

To address the limitations observed with the top-down approach to strategic planning discussed in the previous section, government agencies should consider adopting a strategic issues approach to strategic planning. Niven (2003) defines strategic issues as

those that are longer term in nature, affect the entire organisation, appear on the agenda of the leaders, and have significant financial ramifications, amongst other things. According to Roberts (1997), the strategic issue approach requires public entity CEOs to obtain consensus with stakeholders to initiate a strategic planning effort that will decide on strategic issues facing their entities. Based on the consensus, the executive can begin to address the identified strategic issues by developing an action plan with clear performance measures. Joyce (2004) also supports the adoption of a strategic issue management approach to reduce strategic planning challenges.

This approach ensures that conflicting issues are not avoided, but are placed at the top of the agenda. In a way, this approach assists stakeholders in managing the competing and sometimes conflicting priorities and values. In that process, the stakeholders could then develop appropriate strategies that better fit the context.

2.6.2 Other techniques

The techniques expressed by Nutt & Backoff (1993) are included as the source for researching how public entities are managing strategic planning challenges. Their views are summarized below.

2.6.2.1 Public environments

Public environments entail techniques required to overcome stakeholder related strategic planning issues. These include customizing strategic planning processes to

account for constraints enforced by political authority and pressure. Additionally, implementation plans can be revised in accordance with benchmarks, whilst power influences can be prevented by recognizing stakeholder differences and bargaining opportunities.

2.6.2.2 Transactional factors

Transactional factors are techniques focusing mainly on communications, and include communication of strategic plans to stakeholders and building alliances to overcome apathy in implementation. In addition, the management of change and the handling of pressure beneath strategic issues are included, as well as the use of shared mission to achieve planned activities.

2.6.2.3 Organizational processes

Organisational processes are internally focused, and encompass simplifying aims, objectives and goals, improving accountability for goal achievement, and providing incentives for the achievement of strategic change. In addition, these processes include enhancing indicators to measure success of strategic planning, preserving stakeholder participation and increasing support to the plan by providing participation opportunities. Plant (2009b) submits that performance measurement systems should capture the knowledge of employees in the development and utilization of measurement information

2.7 Summary

This chapter has highlighted the differences between strategic planning in the public and private sectors. The key challenges which public entities encounter with strategic planning were summarized. Legal requirements pertaining to strategic planning in South Africa were analyzed. It is implied in the review that strategic challenges experienced by public entities are as a result of these entities relying on approaches designed for the companies operating in the private sector. Possible techniques based on the work of Nutt & Backoff (1993) to overcome the strategic planning challenges were also provided.

Chapter 3 considers the research methodology to review the applicability of the literature reviewed in a sample of public entities.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the manner in which the research is organized, as well as the approach in which data was collected and evaluated to respond to the problems. The aims of this chapter are:-

- a. to explain the research methodology of the study;
- b. to explain the sample selection process;
- c. to describe the procedure used in designing the instrument and collecting the data;
- d. to provide an explanation of the procedures used to analyze the data; and
- e. to explain the limitations and assumptions of the research methodology.

The research problems, which were indicated in the earlier chapter, are centered on the challenges which have occurred during strategic planning in public entities, as well as on the techniques used to surmount these challenges.

The objectives of the survey are as follows: -

- a) research the scope of strategic planning among public entities;
- b) examine the application of strategic planning components in public;
- c) investigate success of strategic planning and implementation;
- d) establish satisfaction levels with the strategic planning approach;
- e) evaluate the overall success of strategic planning efforts;
- f) identify strategic planning challenges experienced and compare with challenges found in literature; and

- g) establish strategic planning techniques used to overcome challenges and compare with techniques found in literature.

3.2 Research Approach

This research adopted a qualitative method, which Van Maanen (1979, p.520) describes as an overall term “covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning of naturally occurring phenomena in the social world”. Patton (1990) maintains that a qualitative method is applicable for elucidatory purposes. Williams (2007) views qualitative research as a holistic approach that involves discovery.

Qualitative research is open-ended and exploratory. According to Durrheim & Blance (1999, p.40) “exploratory studies are designed as open and flexible investigations and adopt an inductive approach”. Therefore, a qualitative method will be appropriate to strategic planning since processes, and practices which differ from one entity to another, and peoples’ experiences and opinions, are being analyzed. Themes and meanings of structures are best explored by the qualitative method. Although, data is collated and analysed through a theory-based outline, an exploratory component is necessary since participants may provide views that do not match the theoretical underpinnings.

The literature reviewed in Chapter 2 provided information relating to strategic planning in the public sector. Even though some literature describes challenges facing public

organizations in strategic planning, and the techniques employed, the description is not suitable enough for structured closed ended questionnaires. Further, there is insufficient information and prior research data for strategic planning ‘challenges’ experienced, ‘techniques’ used to offset the challenges, as well as performance measurements. To enable the adjustment of the research to contexts and situations of different public entities, semi structured interviews were chosen as suitable for the collection of data and opinions from practitioners.

3.3 Research Design

The descriptive research method and procedure were utilized. Welman, Kruger and Mitchell (2005) are of the view that descriptive methods can be used to comprehend the way things are, as well as to explain and predict human behaviour. Further, Isaac and Michaels (1984) provide the following as the usage of descriptive research: -

- a. to collate accurate information which outlines current context;
- b. to establish existing practices;
- c. to contrast, assess and determine the similarities with and action by others in comparable circumstances.

Since this study intends analyzing challenges facing public entities with their strategic planning, the descriptive research method is relevant. A combination of qualitative and descriptive methods can assist in examining factors that might influence behaviour, and

environments, but cannot prove a cause – effect relationship. Generally, such a combination enhances the analysis and elucidation of data.

Data in relation to strategic planning challenges and possible techniques was obtained from public sector strategic planners and senior managers. The research population has participated or is engaged in strategic planning and implementation to the extent that they can deliver expert opinion on public sector strategic planning.

3.4 Data Collection and Analysis Procedures

A survey on public entities as well as an analysis of the responses was used to collate data needed to explore the relationship between variables. Email addresses and facsimile numbers were obtained from company websites, business directories and by telephone requests.

A questionnaire was used to gather information on the entity and the respondent. The questionnaire was used to collect information that would explain the basic information and facts about the entity; basic data about the respondent; how the public entity performed strategic planning; and the entity's experience with strategic planning.

Interviews were used to further explore the strategic planning challenges facing entities, as well as the techniques employed. Interviews were also used to obtain additional information on incomplete responses on the questionnaire.

Themes and constructs regarding the strategic planning challenges and techniques used to overcome those challenges were generated from the interviews as the output to the analysis. Qualitative analysis was used to compare the information found in literature with that obtained during the interviews.

3.4.1 Sampling

There are various reasons why researchers would use sampling to obtain information. The advantages of sampling include: greater economy, shorter time-lag, greater scope, higher quality of work and actual appraisal of reliability.

A limited universe was involved. Public entities were identified from the Schedules of the Public Finance Management Act (PFMA). Entities listed in the PFMA have to comply with the requirements thereof, including the submission of a strategic plan. It was therefore concluded that the entities that were chosen would provide information relevant to the aims of this study.

Nominations were drawn from a diverse number of strategic practitioners. Public entities were chosen based on the following criteria: amount of strategic planning experience, and degree of reliance of the entity on the government for funding.

The sampling strategy involved obtaining information about various entities, so as to determine common themes and trends on responses provided to the questions. To ensure

that the outcomes of the study could be useful in the public sector, diversity of entities invited to participate was of utmost importance. This diversity was differentiated by the following characteristics: -

- a. size of entity in terms of employees;
- b. level of funding by government;
- c. stakeholder involvement;
- d. size in terms of employees and budget; and
- e. involvement of political leader i.e. the executive authority in the budgeting process.

The 13 entities which comprised the sample were from all three spheres of government, namely, national, provincial and local government.

3.4.2 Participants

All the participants were involved in strategic planning processes in various entities. They included: General or Senior Managers, Chief Directors, Directors, Deputy Directors, and Managers.

The majority of the respondents reported directly to the head of the entity, or the CEO's immediate subordinate. In many entities, there was no specific position named "Strategist" or "Strategic Planner". The CEO drove the strategic planning process, and in some instances a Chief Director or Senior Manager co-ordinated the process.

General or Senior Managers and Chief Directors were knowledgeable about the public entity's entire planning process. On the other hand, directors, deputy directors and managers' strategic planning knowledge revolved around their area of operation. Some of the directors proved to be more knowledgeable on their entity's overall strategic planning process. The respondents were involved with most strategic planning features, and were thus able to articulate the position of the entity.

3.4.3 Questionnaire

To collect public entity data and information on the public entities, a questionnaire was developed. Questionnaires are cost effective and time efficient, and are a beginning point to more in-depth study of related matters. The questionnaire is reflected as Annexure 2, and was sent to 26 public entities companies. The elements of strategic planning used in the questionnaire are based on the work by Poister & Streib (2005), who researched the use of strategic planning processes in selected municipal governments.

A pilot study, which was tested on senior managers in the public sector, was used to test the reliability and validity. The respondents in the field study differed from those used in the pilot survey. The pilot looked at the appropriateness of the questionnaire design, language clarity and flow, and ease of instructions. Section C was adjusted by providing additional external stakeholder options, namely other elected officials, and the differentiation of managers within the department to which the entity reports, and officials from other departments. The number of questions on challenges experienced

during strategic planning in section D was decreased from 26 to 18 after the pilot study. Questions were also fined-tuned to ensure consistent understanding, to reduce ambiguity and to clarify the content.

The final questionnaire (Annexure 2) was the final output after taking into account recommendations and changes from the pilot study.

The questionnaire consisted of four sections. Section A solicited data on the public entity. Section B needed information on the entity's strategic planning process. Section C was intended to seek the information on strategic planning elements. Sections D and E were about strategic planning challenges and techniques used, respectively.

The questions varied from those requiring 3 responses (*yes, no and do not know*), to those requiring five (5) (*not at all, seldom, sometimes, often and always*) so as to break the monotony. In analyzing the responses to questions which had 5 options to choose from, viz. *not at all, seldom, sometimes, often and always*, a value was assigned from 1 to 5 respectively. For the 3 options, the numerical values were assigned as 1 for *do not know*, 2 for *no*, and 3 for *yes*. The following steps were taken to compare the responses by the different entities, as well as to conclude the findings: -

- a. a value (1 to 5) was allocated to the responses by the respondent;
- b. for each elements that was considered, the total was calculated by adding all the values from each respondent (i.e against a particular element);

- c. a percentage for each element was calculated as a ratio of the total score obtained divided by the maximum total score possible.

3.4.4 Response rate

The response rate was based on the conservative approach in which a participant completed the questionnaire and was interviewed. The benefit of this approach is that questions that were skipped on the questionnaire were clarified during the interview process. The main limitation was that a lower response rate was derived as compared to other flexible approaches.

Twenty six (26) questionnaires were distributed, thirteen (13) were completed and nine (9) led to interviews. Four (4) of the questionnaires were completed but interviews were not held. One (1) questionnaire was not fully completed, and twelve (12) did not participate.

The response rate was calculated as a percentage of total questionnaires distributed, completed and where interviews were held. The response was calculated as follows: -

$$\frac{\text{Completed questionnaires and interviews}}{(\text{Completed questionnaires and interviews took place}) + (\text{refusals})} \times 100$$
$$= \frac{9}{(12)+(9)} \times 100 = 43\%$$

The rate was affected by a number of possible factors. The non participation can be linked to the uncertainty regarding the then newly appointed government. The elections

had just taken place during this process, and some officials were a bit uncertain regarding their role under the new political administration. Further, some of the respondents changed employment and were not comfortable to proceed with interviews relating to their previous portfolios.

The response rate could have been increased if the survey was left open for participation for a longer period.

3.4.5 Interviews

To counter the disadvantages of misinterpretation of questions as stated on the questionnaire, as well as to develop themes on strategic planning challenges and techniques, interviews were undertaken as the second phase.

A semi structured interview format was used in that a list of guiding questions was compiled prior to the interview. The list known as an interview guide was used as an agenda during the interviews. The interview guide, appended as Annexure 3, specified key aspects of topics to be covered. These features were in line with the context of the public entity and in relation to the topic. The sequence of the questions differed from one entity to another depending on the level of details provided by the interviewee. Interviews were performed with the nine (9) respondents listed in Annexure 3.

Semi structured interviews were deemed proper as the second phase because the use of probes are enabled, thus making it easy to obtain further elaboration of answers provided.

Certain aspects of the questions were put to respondents for clarification. The objective of the interviews was to better understand how the strategic planning processes were carried out in each public entity. Further, additional information on challenges experienced and techniques used were also topic items.

All interviews were conducted with persons who were involved with strategic planning or implementation in their entities. The format of the interviews was conversational and not question-answer. With the approval of the participant, data was recorded by means of a cell-phone recorder and by note taking. Interviews were held in the respondents' offices. In some instances, where distance between the researcher and the respondent made one-on-one interviews impossible, telephonic interviews were held. The recorded data was transcribed to enable the analysis of the strategic planning challenges and techniques as obtained from the literature review.

The steps which were followed in analyzing the information obtained from the semi-structured interviews involved converting the notes into write-ups and transcribing the recorded data to create a meaningful summary of the interviews; and grouping the summarized data according to topics identified in the reviewed literature.

3.5 Limitations and Assumptions

The understanding of questions by respondents, as well as the researcher's subjective interpretation of the responses, is inherent in studies such as the current one. To minimize the effects of this limitation, pilot testing was used, and the questionnaire and interviews were discussed with practitioners. In addition, experienced public sector strategic planning practitioners were requested to participate in a trial interview to reduce the research's expected subjectivity. These participants were not included in the study.

The sampling technique is another limitation. It is difficult to determine statistically the extent to which the sample represents the overall population. The adequacy of a focused sample can only be determined subjectively. The public entities that participated in the study varied significantly, and supported the possibility of extension of the conclusions to other government entities. Accordingly, the sample provides a reasonable representation of public entities.

The type of study was described as a sectional methodology, which has inherent limitations since it cannot establish fundamental relationships. Instead, it may indicate reasonable estimates of relationship among factors in the study (O'Sullivan & Rassel: 1989). In this study, relationships could not be determined between the different strategic planning challenges that were experienced.

Despite the above limitations, it is nonetheless, concluded that the study will augment the knowledge base on strategic planning. Further, it will contribute to constructive fundamentals for public sector practitioners.

3.6 Summary

The qualitative research methodology was used. Data was collated firstly by questionnaire, followed by semi structured interview. The questionnaire was designed to obtain basic data on entities, as well as information strategic planning challenges and techniques based on literature reviewed. The interviews were semi-structured and were aimed at obtaining themes based on responses that were not found in literature.

The data analysis resulted in establishing public entity information, strategic planning challenges, and techniques used. These were linked to the outputs of the literature reviewed. Graphical illustration will demonstrate the association and comparisons between the challenges, techniques and public entities which have accounted for the various factors.

CHAPTER 4 RESEARCH FINDINGS

4.1. Introduction

This section analyses and interprets the data collected, as well as compare the results with literature reviewed. The chapter covers the following main areas: -

- a) information on entities that participated in the survey;
- b) data on the respondents;
- c) the strategic planning process, including elements used during that process;
- d) challenges experienced during strategic planning and implementation; and
- e) techniques used to overcome the challenges experienced.

4.2. Public Entity data analysis

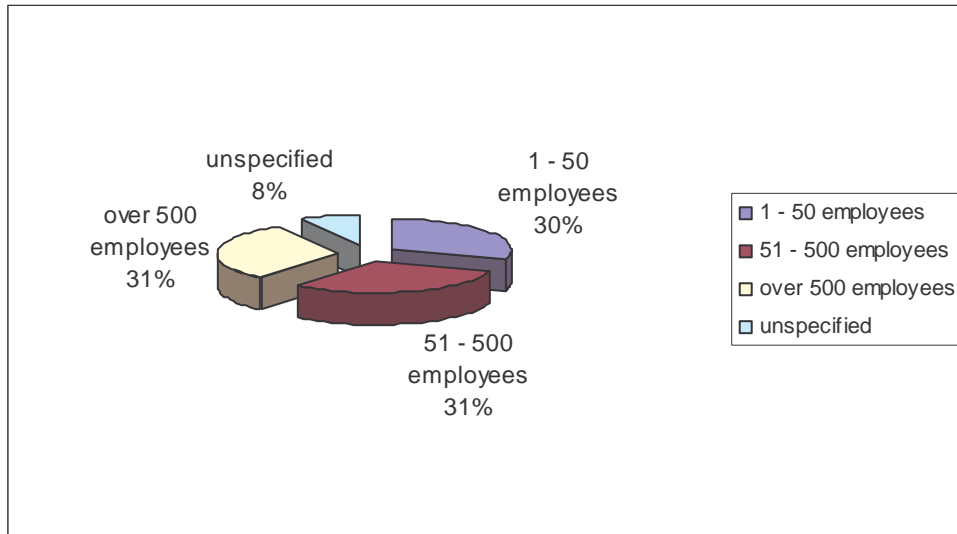
Thirteen (13) public entities participated in the study. This section elucidates on the public entity data collected, as well as on the respondents' role in the respective entity. Graphical illustrations are provided for further elaboration.

4.2.1 Number of employees

Figure 4.1 depicts the number of employees employed by the entities that participated in the survey. Four entities can be classified as small, with employees of between one and

fifty. In addition, four entities employed in excess of five hundred employees, including two with over a thousand employees.

Figure 4.1 Number of employees

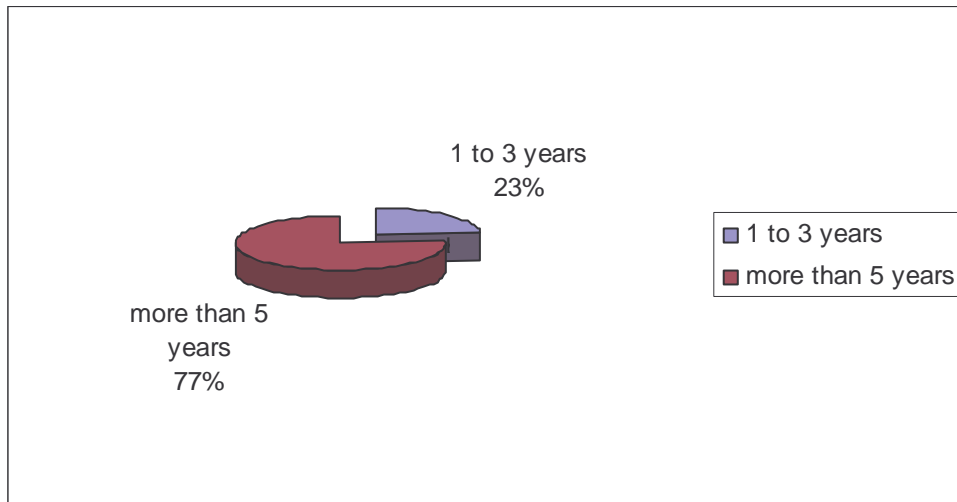


Therefore, the size of the participants, in terms of employee numbers, was broad and representative of the general size of public entities in South Africa.

4.2.2 Number of years strategic planning experience

All the entities had more than one year of strategic planning experience. An overwhelming majority of 77%, represented by ten entities, had over five years of strategic planning experience. Figure 4.2 is a graphical illustration of the numbers of years' experience.

Figure 4.2 Number of years' experience in strategic planning

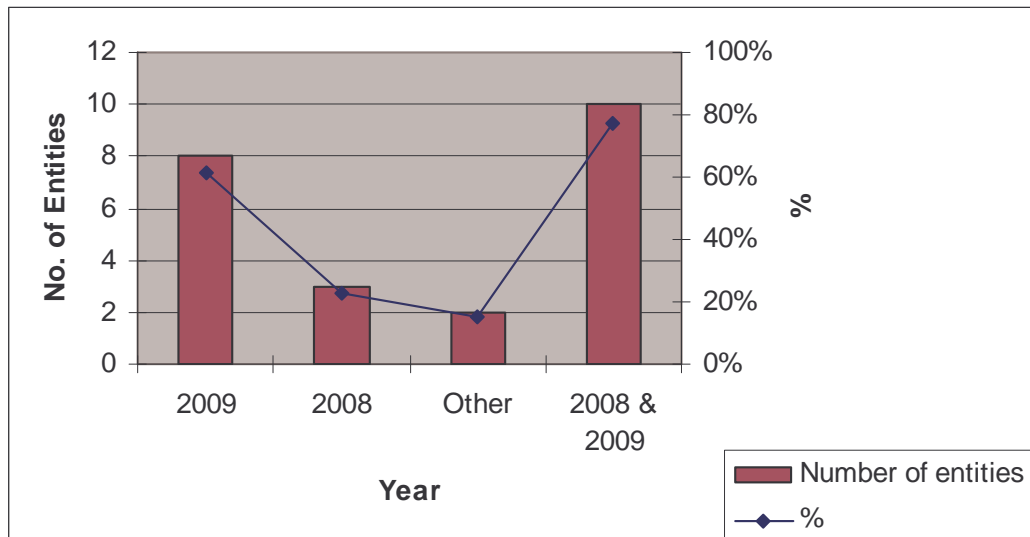


The participating entities were therefore experienced in strategic planning and implementation, therefore giving a credible spread of organizations in terms of experience in strategic planning.

4.2.3 Latest year when strategic planning was undertaken

Seventy seven percent (77%) of the respondents undertook strategic planning in the last two years, that is in 2008 and 2009. Figure 4.3 provides details of the years in which the entities undertook strategic planning.

Figure 4.3 Latest year of strategic planning

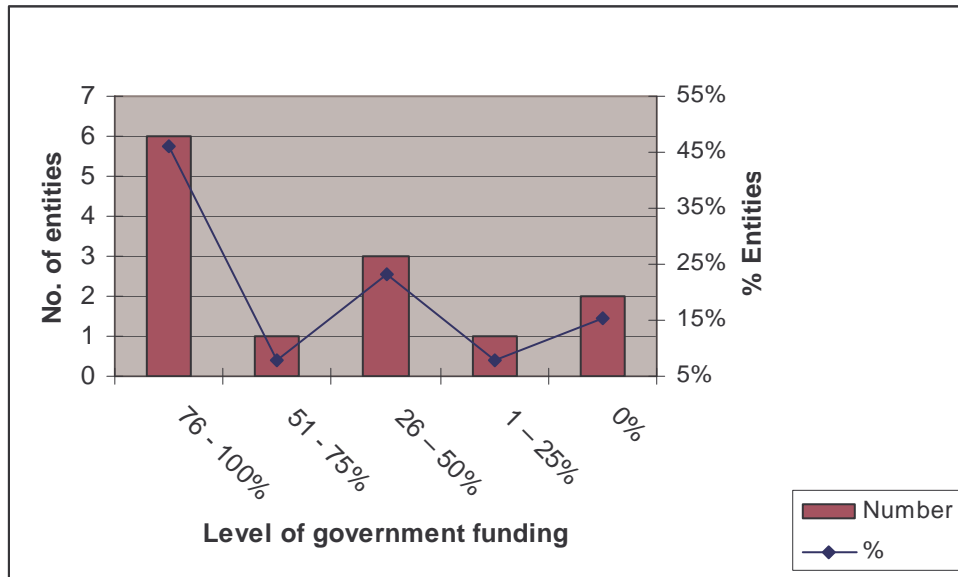


Therefore, the majority of participants had undertaken strategic planning in the current year, and could therefore be seen as complying with this aspect of the PFMA.

4.2.4 Funding by government

Forty six percent (46%) of the respondents received between 76 and 100% of their budgets from government. Twenty three percent (23%) were funded by between 26% and 75%, and 15% were not funded by government. Figure 4.4 depicts the breakdown of funding from government.

Figure 4.4 Funding by government



The respondents therefore represent a fair mix of fully funded and partially funded public entities.

4.3. Respondents

This section provides an analysis of the respondents who participated in the survey on behalf of their entities.

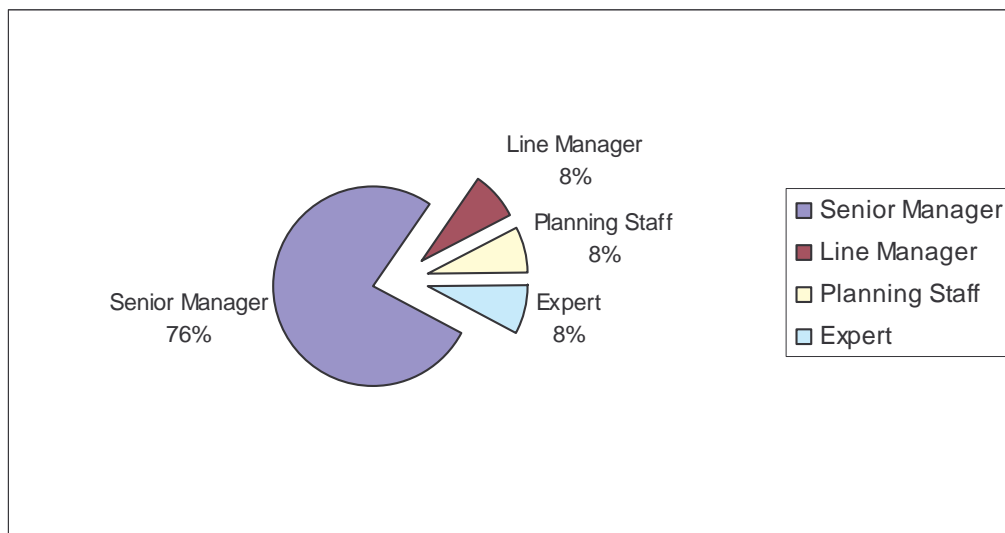
4.3.1 Level held in public entity

Ten respondents, representing 76% of the respondents, were at the position of Senior Manager. The remaining 24% of respondents were equally spread at Line Management level, Planning level and Expert, each representing 8%. In the public sector, senior management interacts with external stakeholders, internal staff, board members and all

other important stakeholders. Therefore the majority of respondents operated at a high level and has interacted with significant role players and stakeholders.

Figure 4.5 illustrates the breakdown of respondents who participated in the survey.

Figure 4.5 Level of responsibility

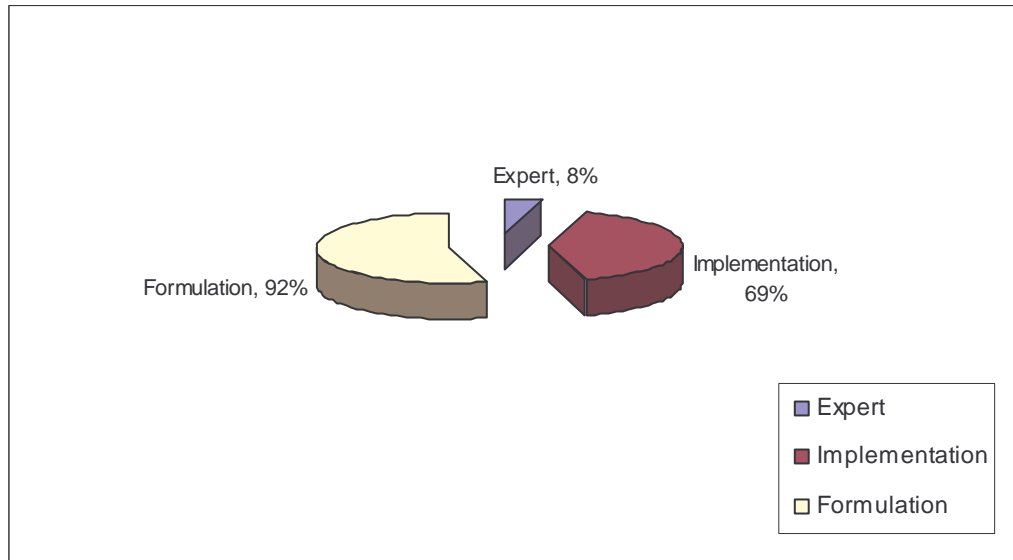


Accordingly, the majority of respondents are operating at a high level within their entities.

4.3.2 Role in strategic planning

A significant number of respondents, being 92%, formulated the strategic plans whilst 69% implemented the strategic plans. The higher number of respondents who participated in strategy formulation can be attributed to the participants being at a senior management level, hence being direct reports to the CEO or head of entity. Figure 4.6 depicts the respondents' role in strategic planning.

Figure 4.6 Role in strategic planning



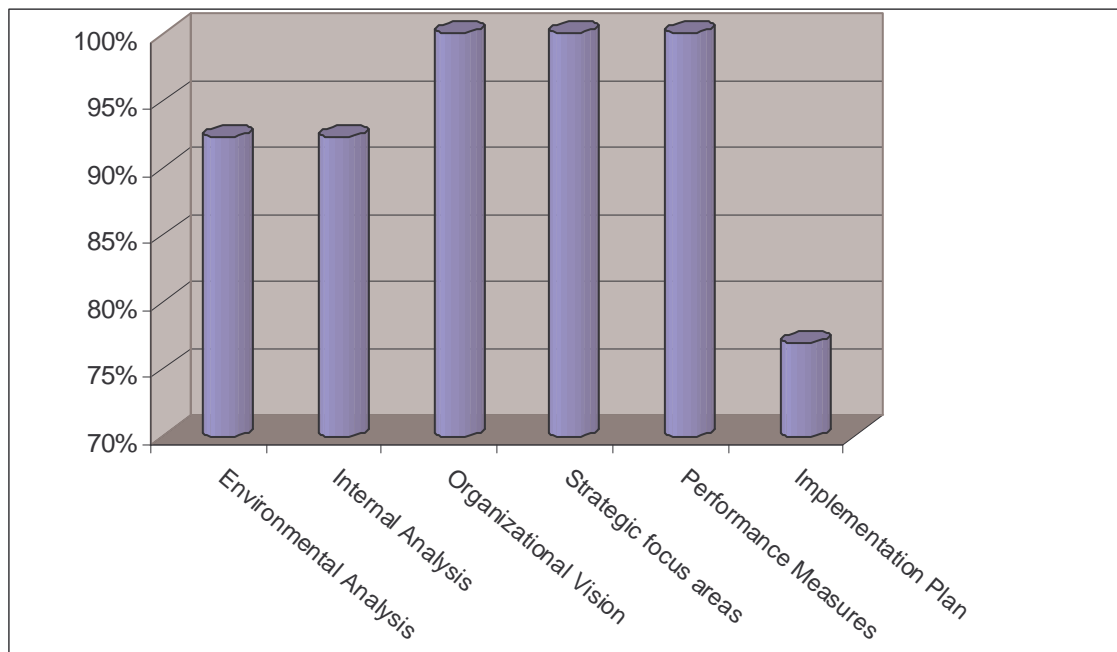
The participants involved in formulation and in implementation of strategic plans were found not mutually exclusive. Some participants formulated and also implemented strategies. However, the majority of respondents are hence operating at a senior level and suitable to provide input on behalf of their public entities.

4.4. Strategic planning process

4.4.1 Overall process

Almost all the respondents went through a traditional strategic planning process which included environment analysis, internal analysis, reviewing the vision and strategic focus areas, and setting performance measures and implementation plans. A graphical illustration of the spread of the strategic planning elements used is depicted in Figure 4.7 below. From this analysis, it appears that almost all respondents went through a similar process of strategic planning.

Figure 4.7 Strategic planning process



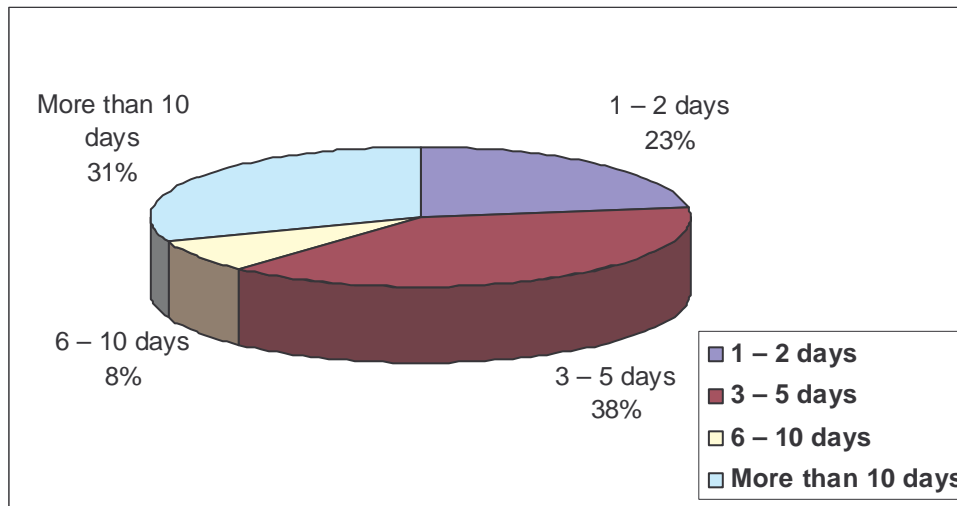
All the entities went through the vision, strategic focus areas and performance measures. Seventy two percent (72%) of the respondents indicated that their organizations drew up implementation plans during strategic planning. Ninety two percent (92%) each of the respondents analysed the environment and the internal factors.

4.4.2 Duration of strategic planning process

The duration of strategic planning sessions in respect of the majority of respondents, being 39%, was between 3 and 5 days. Twenty three percent (23%) of the public entities each took between 1 and 2 days, and between 6 and 10 days, whilst 15% took more than 30 days to complete their process. Upon verification of this anomaly, the respondent indicated that the longer period included the preparation times for the planning sessions. Further, the actual planning sessions were in line with the other entities at less than five

days. The comparison of the duration of the strategic planning process is depicted in Figure 4.8 below.

Figure 4.8 Duration of strategic planning process

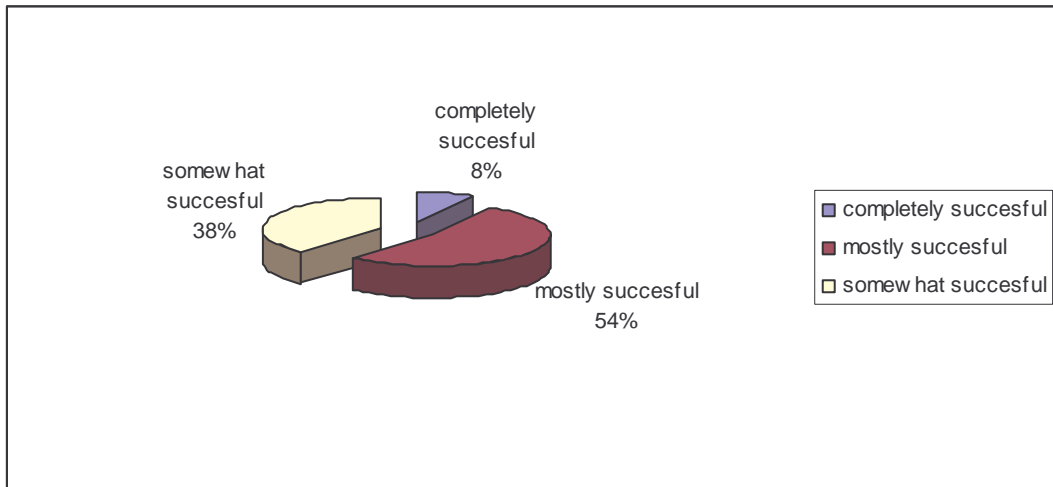


The data did not reflect a direct relationship between the duration of the strategic planning process and the number of employees.

4.4.3 Extent of implementation success

Implementation is the degree to which an entity meets performance measures that were established in the strategic and business planning. Figure 4.9 provides an illustration of the extent of implementation success. The majority of participants (54%) rated the extent of implementation of strategic plans in the past as ‘*mostly*’ successfully, 38% as ‘*somewhat*’ successful and 8% as ‘*completely*’ successful.

Figure 4.9 Extent of strategic plan implementation success



More than half of the participants rated implementation of past strategic plans as ‘*mostly*’ successful. According to the respondents, successful implementation meant public entities achieved targets planned in the strategic plans. Figure 4.9 provides an illustration of the extent of such success.

4.4.4 Stakeholder Involvement

4.4.4.1 External stakeholders

Figure 4.10 depicts the involvement of external stakeholders in the strategic planning process. External stakeholders were involved in strategic planning processes in 54% of entities. The remaining 46% did not involve external stakeholders in their strategic planning processes.

Figure 4.10 External stakeholder involvement

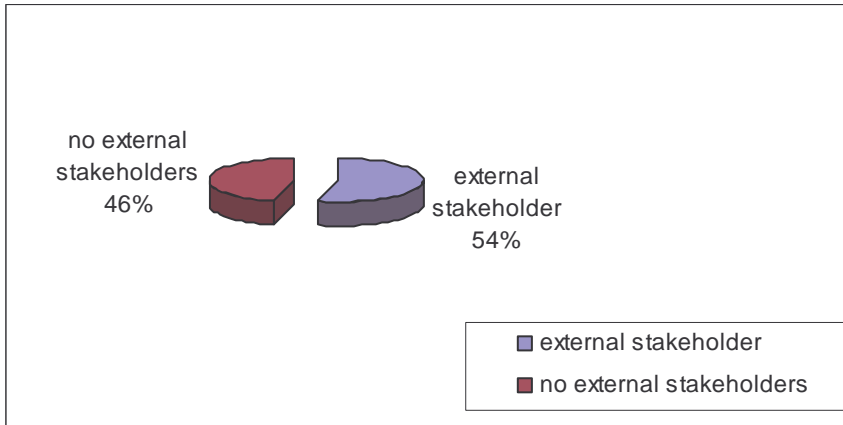
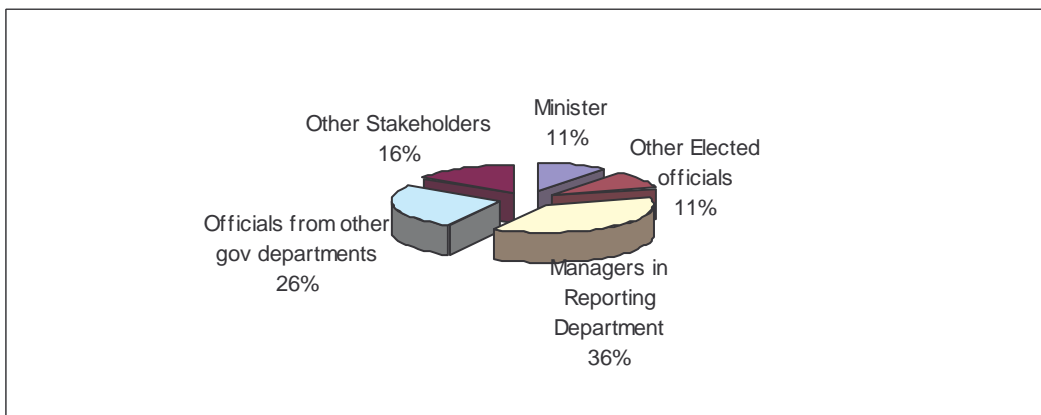


Figure 4.11 depicts the involvement of external stakeholders by type. Thirty six percent (36%) of the entities which involved external stakeholders invited managers in the department to which they reported, whilst 26% entities invited officials from other government departments. Fifteen percent (15%) involved the Minister to which the entity reported, as well as other elected officials. ‘Other’ stakeholders included board of directors and non executive members of entities.

Figure 4.11 External stakeholder by type



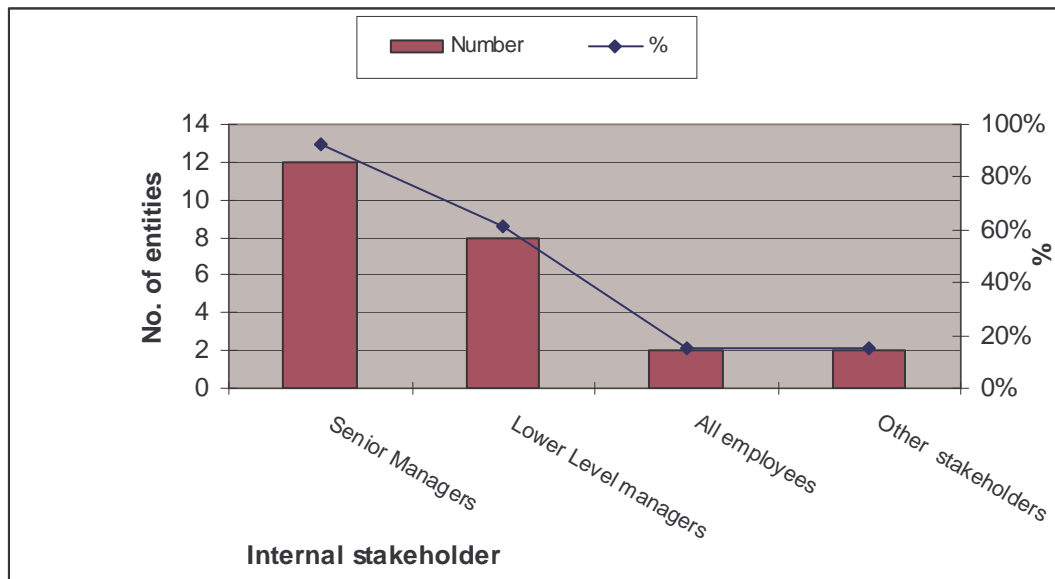
One anomaly was in the case of one entity which involved its Minister and officials from other government departments, but in its response did not involve external stakeholders

in its planning process. This anomaly could be due to the fact that the affected respondent is a national department, which indicated that it did not regard colleagues from other government departments as external stakeholders.

4.4.4.2 Internal stakeholders

All of the 92% of the respondents who involved internal stakeholders in their strategic planning process invited senior managers within the entity, 82% involved lower level managers, and 15% involved all employees. Figure 4.12 illustrates the involvement of internal stakeholders in strategic planning processes.

Figure 4.12 Internal stakeholder involvement



4.4.5 Strategic planning elements

The elements dealing with strategic planning processes are linked to conventional methods of strategic planning. Table 4.1, which is based on the work by Poister & Streib (2005), indicates the elements used in traditional strategic planning processes.

Table 4.1 Elements of strategic planning

<i>Strategic Planning Elements</i>
1. Review of mission
2. Identification of stakeholder needs and concerns
3. Clarification of organizational mandates
4. Evaluation of internal strengths and weaknesses
5. Assessment of external threats and opportunities
6. Development of vision for the future
7. Development of goals and objectives
8. Development of strategic agenda
9. Feasibility assessment of proposed strategies
10. Development of action plans

Source: Poister, T.H. & Streib, H (2005). Elements of Strategic Planning and Management in Municipal Government: Status after Two Decades. *Public Administration Review*, Vol. 65, No. 1, pp. 48.

Table 4.2 provides the responses on elements used during strategic planning. The results have been sorted in numerical order.

Table 4.2 Elements of strategic planning

<i>Strategic Planning Elements</i>	<i>Used by:</i>	
	<i>Number of Entities</i>	<i>%</i>
Strengths and weaknesses evaluation	13	100%
Goals and objectives development	13	100%
Mission review	12	92%
Organisational mandates clarification	12	92%
External threats and opportunities evaluation	12	92%
Action plans development	12	92%
Stakeholder needs identification	11	85%
Vision development	11	85%
Strategic agenda development	9	69%
Feasibility assessment	8	62%

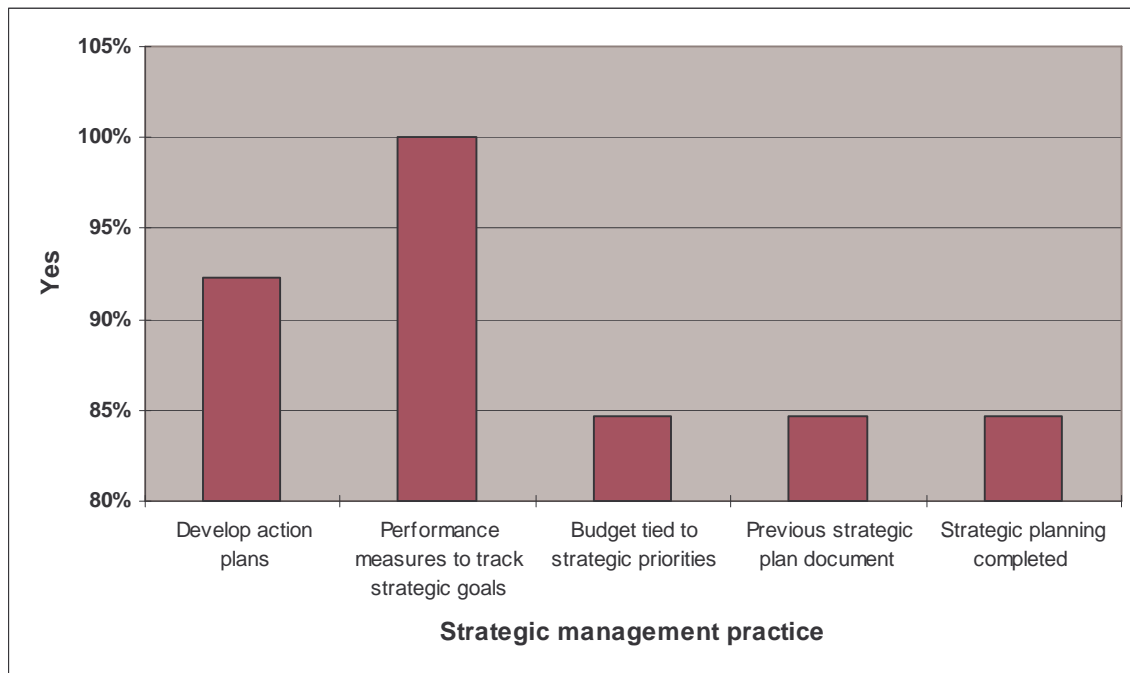
All the respondents followed the traditional strategic planning format and used the same strategic planning elements during their strategic planning sessions. The only exception was the exclusion by 4 entities of the feasibility assessment of proposed strategies. Sixty two percent (62%) of the participants of the respondents assessed feasibility of their proposed strategies.

4.4.6 Strategic management practices

According to section 5.3.1 of the Treasury Regulations the CEO of a public entity must establish 'procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action'. Questions on strategic management practices solicited clarity on how action plans, and performance measures were developed, as well as how the budgets linked to strategic priorities.

Figure 4.13 portrays the strategic management practices used by the respondents. Complementing the results obtained in section 4.2.3 regarding the latest year in which strategic planning occurred, 85% of the respondents indicated that strategic planning was either underway or being completed. Ninety two percent (92%) of the respondents developed actions plans during strategic planning processes. Performance measures to track goals and objectives were developed by all participants whilst 85% tied their budget to strategic priorities.

Figure 4.13 Strategic planning practices

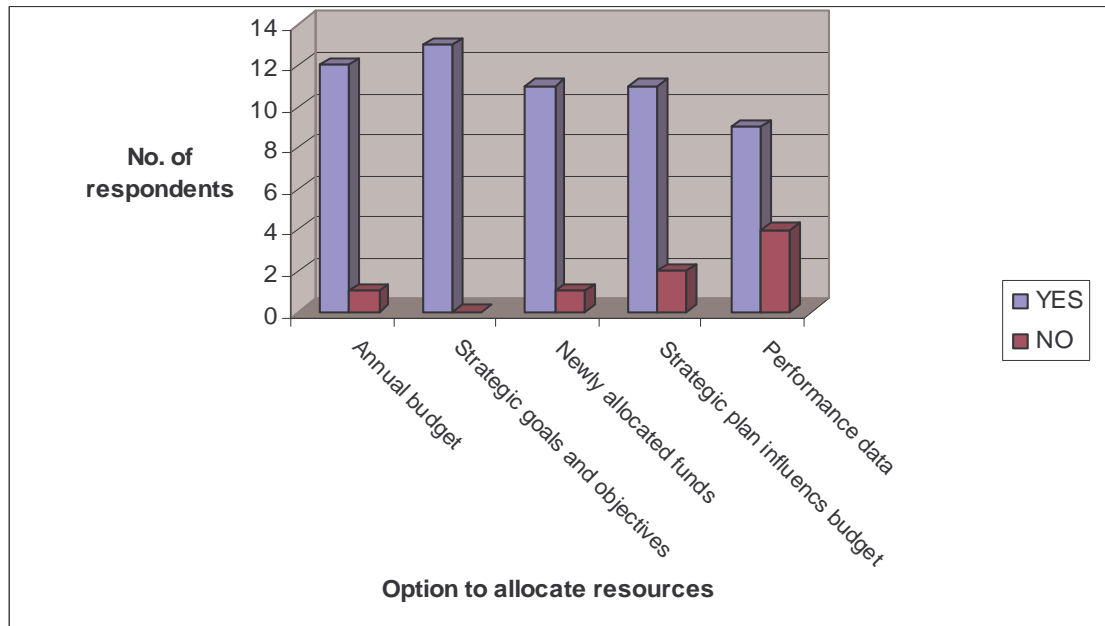


The percentage of respondents developed action plans and performance measures to track strategic goals was higher than the percentage of entities which linked the budget to strategic priorities.

4.4.7 Resource allocation

This section of the questionnaire inquired how participants allocated resources during strategic planning. Figure 4.14 depicts the results thereof. All the respondents took into account strategic goals and objectives in the annual budget review processes. Eighty five percent (85%) of the respondents each allocated the budget to achieving strategic goals and objectives, and further emphasized the budget input. Budgets of 92% of the respondents supported goals, objectives and priorities. Sixty nine percent (69%) of the respondents linked performance information to strategic goals and objectives.

Figure 4.14 Resource allocation



Accordingly a significant number of respondents considered various options when allocating resources during strategic planning.

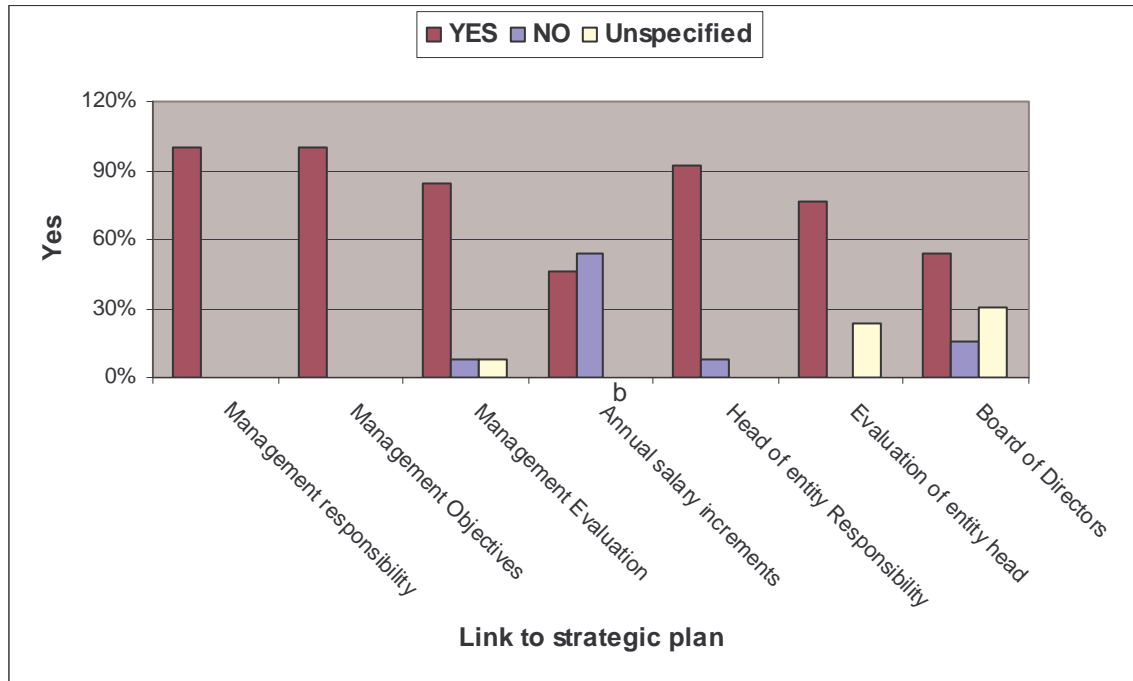
4.4.8 Linking performance management system to strategic plans

Respondents were asked whether their entities linked various performance management methods to strategic goals and plans. These methods include evaluation of managers, annual salary increments and the establishment of objectives for managers.

Figure 4.15 depicts the results of the responses. Managers in all the entities were responsible to implement projects linked to the strategic plan, whilst 92% held the head of the entity responsible for the implementation of the strategic plans. Seventy seven percent (77%) of the respondents evaluated the entity head based on the achievement of

the strategic plan. Since not all entities reported to a board of directors, only 54% of the entities indicated that the head of the entity kept the board focused on strategic goals.

Figure 4.15 Linking performance management system to strategic plans



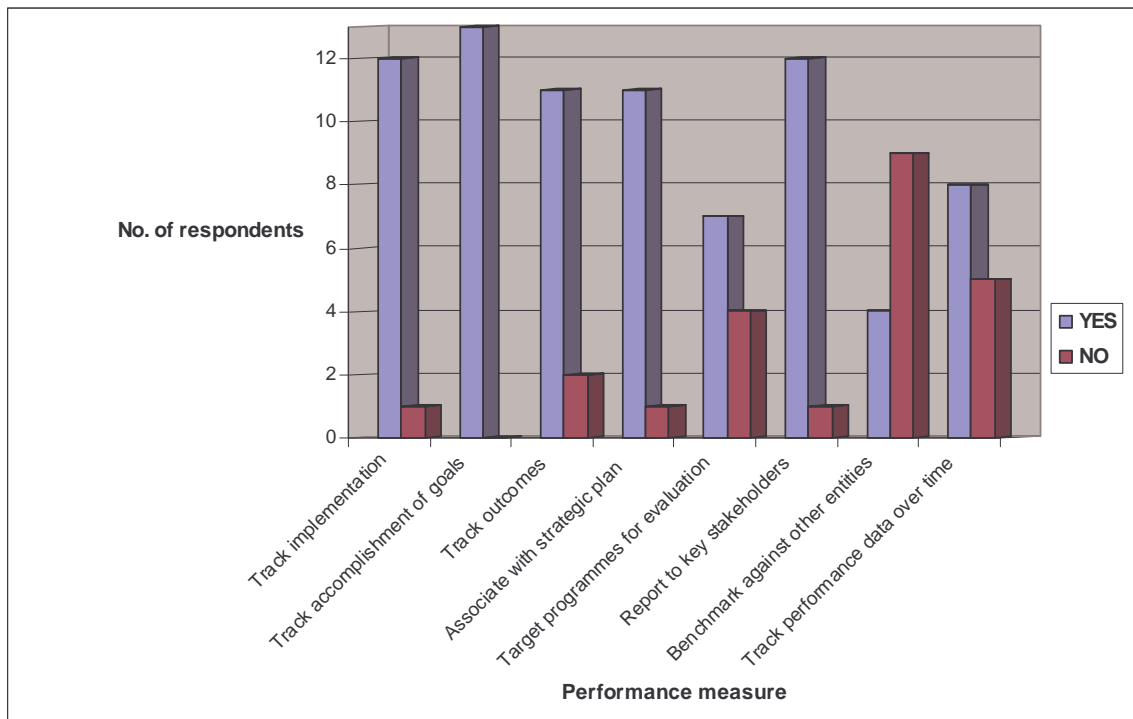
Therefore, the majority of participating entities linked strategic plans and goals to performance management systems.

4.4.9 Linking strategic plans to performance measures

Respondents were asked to indicate if an entity’s strategic plan was linked to a variety of performance measures, such as measures that track the implementation of projects, track the achievement of goals, and benchmarking against other entities.

Figure 4.16 illustrates the outcomes of the responses. Ninety two percent (92%) of the entities use performance measures to review project implementation and report such measures to key stakeholders. Eighty five percent (85%) of the respondents use performance measures to track outcomes, while 84% target programmes for more in-depth evaluation based on the strategic goals. Sixty two percent (62%) of the respondents track performance over time. Respondents, representing 31%, benchmarked performance against other entities to measure effectiveness.

Figure 4.16 Linking performance measures to strategic plans

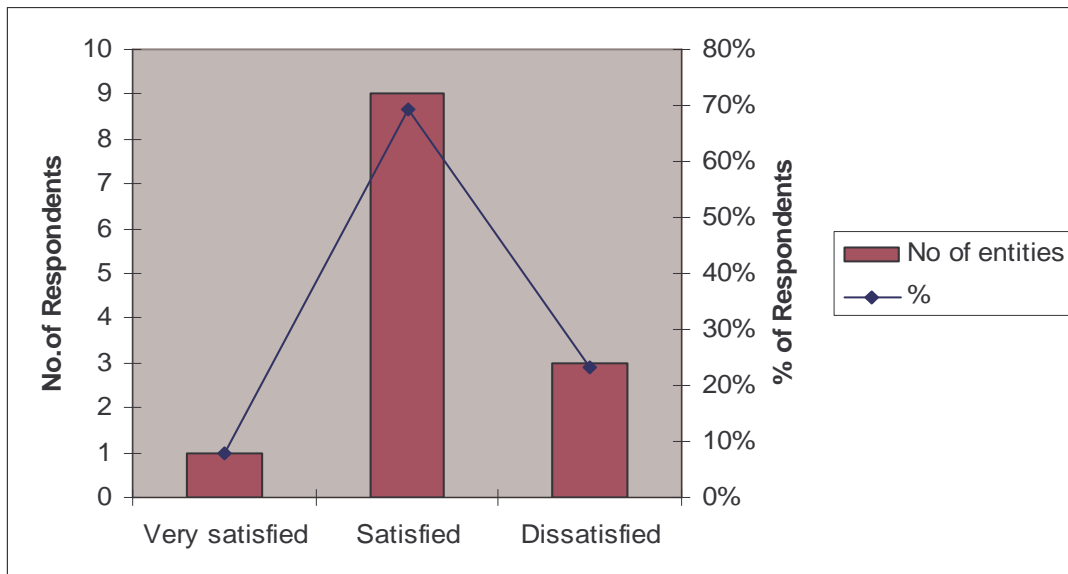


Although the results indicate that the majority of respondents linked strategic plans to a number of performance measures, benchmarking against other entities was reported by 30% of the respondents.

4.4.10 Assessing results

Figure 4.17 below illustrates the extent to which the respondents were content with the achievement of their strategic goals. Sixty nine percent (69%) of the respondents were satisfied with the achievement of strategic goals and objectives. Twenty three percent (23%) of the respondents were dissatisfied whilst 8% was very satisfied with the implementation.

Figure 4-17 Extent of satisfaction with strategic plan implementation



Therefore the majority of respondents were satisfied with the achievement levels of their goals and objectives.

Figure 4.18 indicates the percentage of goals that were implemented. In terms of the actual percentage of strategic goals and objectives achieved, 54% of the entities reported an achievement rate of up to 80%, which appears realistic. Thirty one percent (31%) of

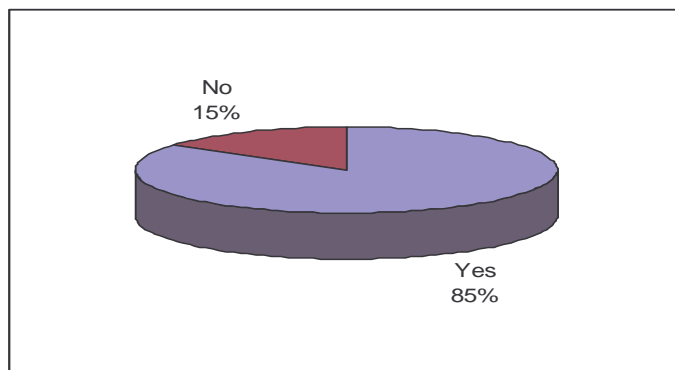
the respondents accomplished up to 60% of the strategic goals, and 15% achieved a rate of up to 15%.

Figure 4.18 Accomplishment of strategic goals and objectives



Figure 4.19 illustrates whether strategic planning efforts were worth the time and costs. A significant majority of 85% of the respondents was of the view that the strategic planning efforts were worth the time and costs, and only 15% felt otherwise. A relationship between strategic planning efforts and the goal attainment could not be established.

Figure 4.19 Were strategic planning efforts worth time and costs?



4.5. Analysis of Strategic Planning Challenges

Challenges experienced during strategic planning were grouped into three categories, namely: Strategic planning process; Managerial action and External alignment.

A five-point scale with the following options was used: *Always*, *Often*, *Sometimes*, *Least (or Seldom)* and *Not at all*. In some instances, respondents were expected to use a scoring scale of *Yes*, a *No* or *Do not know*. The ratings were coded according to the scale on table 4.3.

Table 4.3 Coding scale

Group 1

<i>Rating</i>	<i>Scale</i>
GROUP 1	
Not at all	1
Least (Seldom)	2
Sometimes	3
Often	4
Always	5

Group 2:

<i>Rating</i>	<i>Scale</i>
GROUP 2	
Do not know	1
No	2
Yes	3

In determining the total score for each strategic planning challenge experienced by the respondents, the scores as per the scale in table 4.3 were added to obtain an arithmetic total. A higher score implied that a particular challenge was experienced to a larger extent by the respondents, and a lower score meant a challenge was not commonly

experienced by the respondents. The arithmetic totals were complemented by the calculation of percentages. The percentage was calculated as the ratio of the overall totals divided by the possible maximum score.

The strategic planning challenges experienced, based on the literature reviewed in chapter 2, are provided in table 4.4.

Table 4.4 Strategic planning challenges experienced

STRATEGIC PLANNING CHALLENGE
• STRATEGIC PLANNING PROCESS
Goal ambiguity due to entity’s mission and programmes
Unplanned projects causes deviation in implementation
Stakeholder diversity
Problems in defining performance measures
Data collation on performance measures
Methods to obtain financial resources
Lack of culture to support accountability
No support from political leader
Diversity within entity’s business unit contributes to problems in producing coherent plan.
Misalignment between strategic planning framework and implementation plan
• MANAGERIAL ACTION
Constraining administration practices
Lack of culture to support strategic planning
Constraints in methods of obtaining financial resources
Lack of organisational culture to support accountability
Lack of control on expenditure of financial resources / Budget
Legal mandates limitations
Unending negotiation requirements
• EXTERNAL ALIGNMENT
Poor alignment between stakeholder objectives and entity goals
Poor alignment with political authority
Poor alignment with administrative authority

The scores for the key challenges experienced are discussed in the following section.

4.5.1 Strategic planning process

The majority of respondents encountered challenges on strategic planning processes. Table 4.5 provides the scores per strategic planning process-related challenge, with 65 points being the highest possible score (13 entities multiplied by 5 maximum points).

Table 4.5 Strategic planning process challenges: scores

Challenge	Score	%
Goal ambiguity	45	69%
Unplanned projects	41	63%
Stakeholder diversity	39	60%
Performance measures	38	58%
Data collation	36	55%
No support from political leader	33	51%
Entity diversity	32	49%
Misalignment: strategic vs. implementation	29	45%

The challenges which were experienced by the entities to a larger extent are: -

1. goal ambiguity caused by an entity's programmes;
2. problems in defining performance measures;
3. diversity of stakeholders; and
4. unplanned projects causing deviation in implementation.

The percentage of strategic planning process challenges experienced is depicted below in Figure 4.20.

Figure 4.20 Strategic planning process

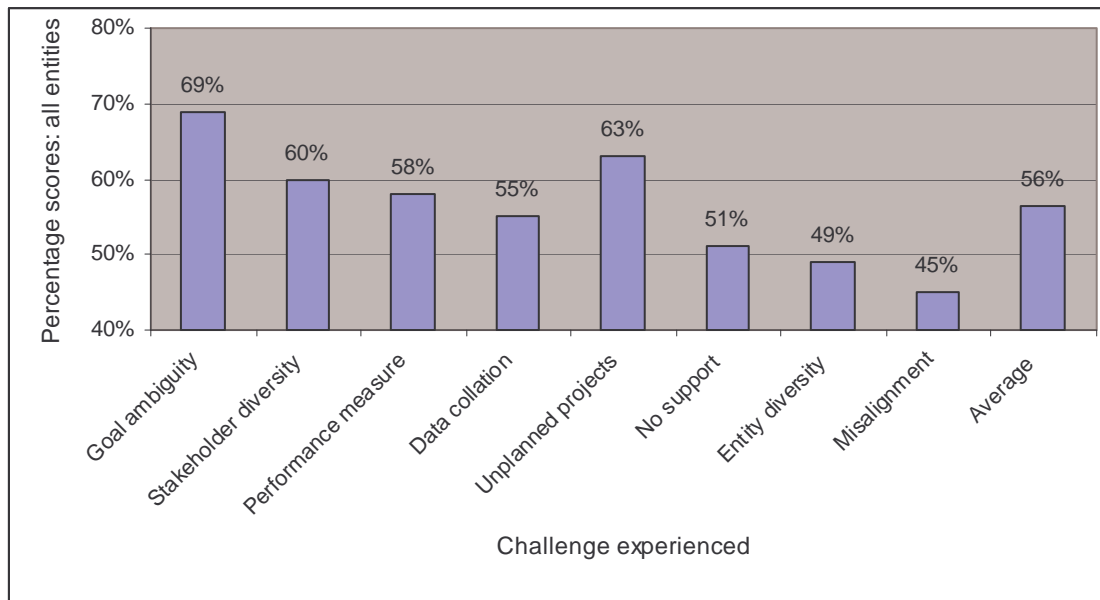


Table 4.6 further illustrates the breakdown of the extent to which the highest scored challenges were experienced.

Table 4.6 Extent to which process linked challenges are experienced

Challenge	ALWAYS	OFTEN	SOME-TIMES	SELDOM	NOT AT ALL	OVERALL %
Goal ambiguity	23%	18%	23%	3%	2%	69%
Unplanned projects	15%	18%	14%	15%	0%	63%
Stakeholder diversity	15%	25%	9%	6%	5%	60%
Performance measures	8%	6%	37%	6%	2%	58%

The respondents experienced goal ambiguity as a challenge to different degrees, even though the overall score is 69%.

4.5.2 Managerial action

Table 4.7 provides the scores per managerial action-related challenge.

Table 4.7 Managerial action related challenges: scores

Challenge	Score	%
Methods to obtaining financial resources	36	55%
Lack of culture to support accountability	36	55%
Lack of culture to support strategic planning	33	51%
Admin practices	31	48%
Lack of control of budget	30	46%
Legal mandates limitations	30	46%
Unending negotiation requirements	26	40%

The highest scoring challenges under managerial action are: -

1. constraints in methods of obtaining financial resources;
2. lack of organizational culture to support accountability; and
3. lack of organizational culture to support strategic planning.

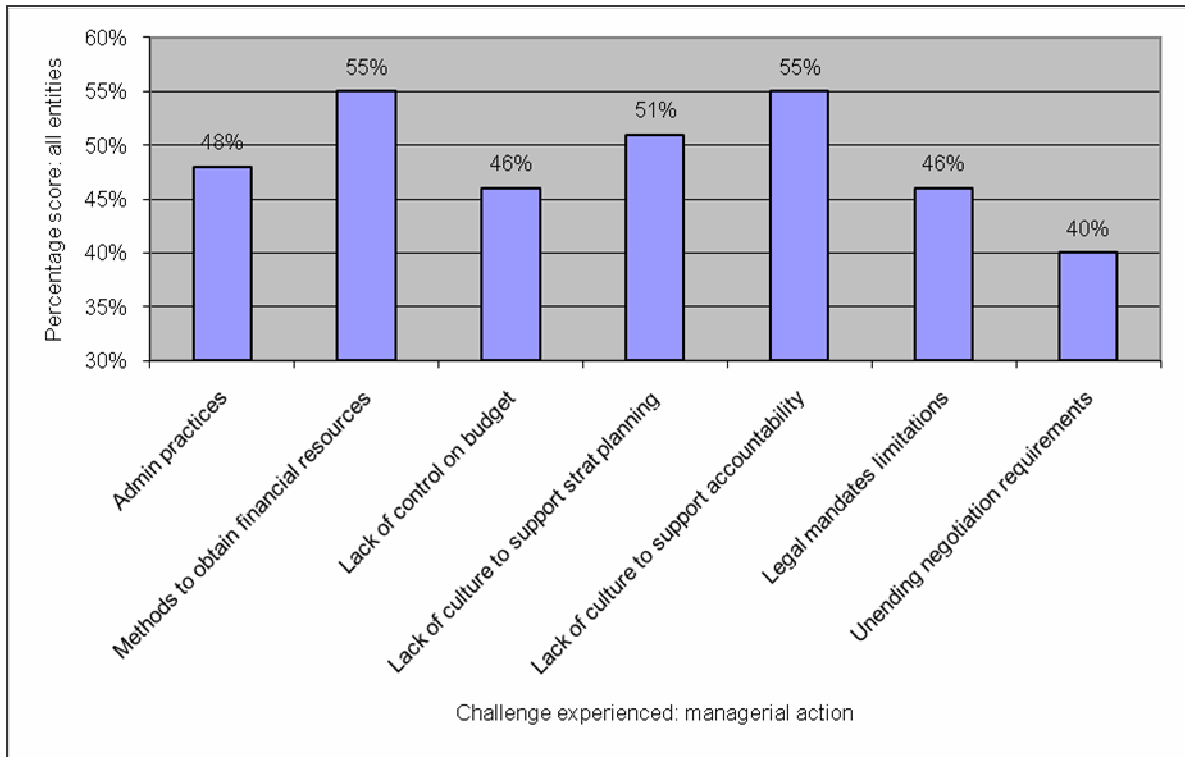
Table 4.8 provides a further breakdown of the extent to which the highest scored managerial related challenges were experienced.

Table 4.8 Extent to which managerial action linked challenges are experienced

CHALLENGE	ALWAYS	OFTEN	SOME-TIMES	SELDOM	NOT AT ALL	OVERALL %
Methods to obtain financial resources	15%	6%	18%	12%	3%	55%
Lack of accountability culture	23%	0%	18%	9%	5%	55%
Lack of strategic planning culture	23%	0%	9%	12%	6%	51%

Figure 4.21 further illustrates the percentage obtained per challenge related to managerial action.

Figure 4.21 Managerial action



Methods to obtain financial resources and the lack of culture to support accountability were rated as the highest scoring challenges under managerial action.

4.5.3 External alignment

Table 4.9 provides the scores per external alignment-related challenge.

Table 4.9 External alignment related challenges: scores

Challenge	Score	%
Poor alignment between stakeholder & goals	33	51%
Poor alignment with political authority	30	46%
Poor alignment with admin authority	27	42%

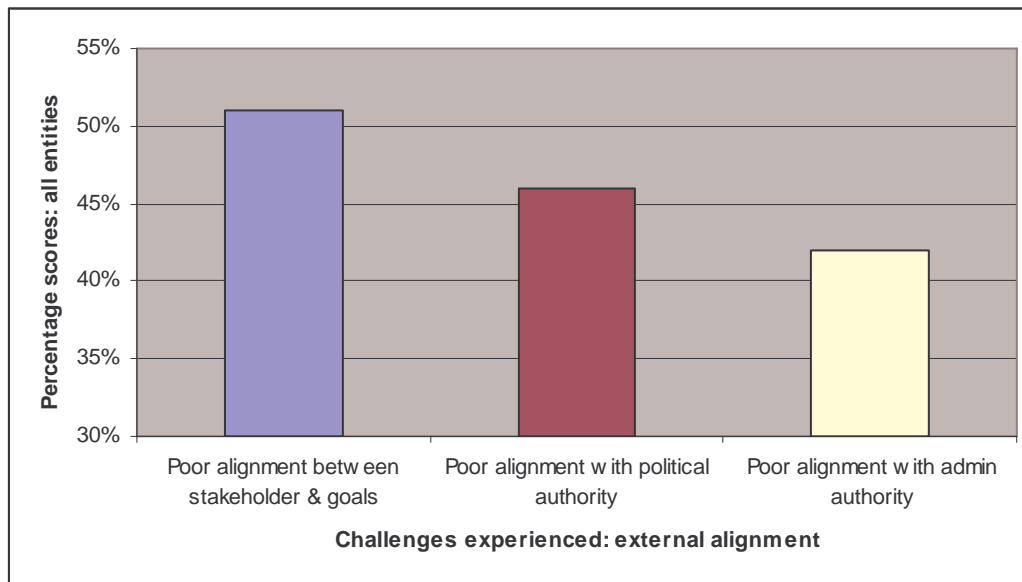
Table 4.10 provides comparisons between the extents to which the top two challenges were experienced.

Table 4.10 Extent to which managerial action linked challenges are experienced

CHALLENGE	ALWAYS	OFTEN	SOME-TIMES	SELDOM	NOT AT ALL	OVERALL %
Misalignment between stakeholder and entity goals	15%	0%	23%	6%	6%	51%
Poor alignment with political authority	8%	12%	14%	3%	8%	46%

Figure 4.22 indicates the percentage obtained per external alignment- related challenge.

Figure 4.22 External alignment



Poor alignment between entity goals and stakeholder objectives was experienced to a higher extent. This finding could be attributable to the goal ambiguity that was perceived to arise due to diverse stakeholders having conflicting objectives and expectations.

4.5.4 Top scoring challenges

The strategic planning challenges which scored the highest arithmetic totals are: -

1. goal ambiguity due to entity's mission and programmes;
2. unplanned projects causing deviation in implementation;
3. problems in defining performance measures; and
4. stakeholder diversity.

A synopsis of each of these challenges is discussed below.

Lack of performance measures

Private sector companies use financial results and ratios, such as profits, market share, cost of sales and turn around times, to measure their performance. These measures are not difficult to establish, and are easy to monitor. In contrast, public sector entities provide goods and services, such as regulatory functions and policing, which are generally in the public interest. These services do not always have financially-linked yardsticks. Further, in terms of the PFMA, performance reporting is linked to outcomes rather than rands and cents. The quarterly reporting requirements further do not provide sufficient time for public entities to achieve results.

In the public sector, challenges in establishing performance measures could further be attributable to the diverse nature of key stakeholders. These stakeholders sometimes have different requirements and expectations. For instance, stakeholders for the National Consumer Tribunal (NCT) include among others the debt providers and financially distressed consumers. Debt providers expect a reasonable rate of return for credit granted, whilst consumers would tend to expect to pay low interest rate on debt, and over a longer a period. Having to establish performance measures for these two stakeholders could be a difficulty for the NCT, which adjudicates disputes between these parties.

The political character of most entities is another key aspect linked to the difficulty in performance measurement. Some of the entities have to analyse public policy, which is a politically driven activity. The South African Social Security Agency (SASSA) for instance is responsible for social security payouts as well as the analysis of government

policies on social grants. It appears the results of SASSA's 'outcomes' as per the PFMA requirements normally exceed expectations every five years, just before the end of the electioneering cycle. This over-achievement is directly linked to the changes in policy on social grants just before the elections. In an interview with Dr Govender (General Manager: Strategic Planning, SASSA), the social grant net was increased by adjusting the social grant qualification age from 63 to 60 years, for male South Africans. Further, the child age was increased from 12 to 14 years for the child grant support. These changes were announced and took effect just before the 2009 elections. It could therefore be deduced that with these changes in policy, the number of beneficiaries sky rocketed, resulting in SASSA reporting an over-achievement of its plans.

Stakeholder diversity

In a democracy, input by key stakeholders to an entity's processes, including strategic planning activities is crucial. Since strategic goals are associated with resource and budget allocations, role players are even more interested in participating in strategic planning processes. This participation, however, brings about further challenges for public entities to manage. Consolidating diverse inputs which are frequently in conflict is not easy for public entities.

The relationship between a public entity and its role players differ from one entity to another. The Agricultural Research Council (ARC), which is responsible for research related services in the agricultural sector, deals with diverse kinds of stakeholders: scientists, researchers, farm owners, farmers and the general public. The National

Consumer Tribunal (NCT), which adjudicates disputes between financial services' providers, debt providers and consumers, is also faced with diverse expectations from its key role players.

Goal ambiguity

The majority of respondents experienced goal vagueness as a strategic planning challenge. Jarzabkowski & Fenton (2006) concluded that in a pluralist organisation (public sector or non-government organisation), external interest and power can cause destruction or interdependence in an organisation if not properly balanced against internal forces. They further distinguish between internally focused (organizing) and externally focused ones (strategic). It appeared that destruction and imbalance are experienced more often in public organisations.

In analyzing the data, it seems ambiguity stems from the diversity of entities' stakeholders, who also have diverse expectations. It also appears from the various interviews that these expectations are sometimes in conflict with the objectives of the entity. Goal ambiguity as a strategic planning challenge is also supported by literature, as reviewed in chapter 2 of this dissertation.

4.5.5 Challenges per entity

In order to rate the entities in terms of the extent of the strategic planning challenges experienced, an arithmetic total was calculated for each entity based on the coding scale

described on Table 4.3 above. If an entity responded that it ‘always’ experienced a strategic planning challenge it would be given a score of 5. The scores were then added for each entity, and an arithmetic total would be derived. The percentage was calculated out of a maximum total of 90, which was determined as follows: -

- a. possible maximum score for strategic planning process related challenges: 40,
- b. possible maximum score for managerial related challenges: 35, and
- c. possible maximum score for external alignment-related challenges: 15.

Table 4.11 provides a summary of the total arithmetic scores and percentages for each entity, in a descending order.

Table 4.11 Strategic planning challenges per public entity

PUBLIC ENTITY	SCORE STRATEGIC PLANNING CHALLENGES	
	TOTAL	%
ARC	73	81%
SASSA	70	78%
SENTECH	56	62%
TREASURY	56	62%
NCT	54	60%
NLB	51	57%
GRHT	48	53%
DOA	46	51%
SEDA	43	48%
WSSA	30	33%
ELRC	29	32%
NURCHA	27	30%
MINTEK	26	29%

(Note: % calculated from a maximum score of 90)

The top scoring entities experienced the most strategic planning challenges and are the ARC, SASSA, SENTECH, Gauteng Treasury, the NCT, and the NLB, which all scored an arithmetic total of greater than 50. The second group includes entities which scored an arithmetic total of between 30 and 49, included the GRHT, the Department of Agriculture, SEDA and the WSSA. The entities which scored the lowest arithmetic total and are therefore perceived not to be experiencing strategic planning challenges are the ELRC, NURCHA and MINTEK.

From these result, it appears there is a relationship between the funding from government and the extent of strategic planning challenges experienced by an entity. Table 4.12 correlates the level of strategic planning challenges experienced to the level of funding from government.

Table 4.12 Strategic Planning challenge vs. the level of government funding

ENTITY	TOTAL SCORE: CHALLENGES	% OF GOVERNMENT FUNDING
GROUP 1		
ARC	73	76 -100 %
SASSA	70	76 – 100%
SENTECH	56	1 - 25%
TREASURY	56	76 – 100%
NCT	54	76 - 100%
NLB	51	0%
GROUP 2		
RHT	48	76 - 100%
DOA	46	76 – 100%
SEDA	43	76 – 100%
WSSA	30	26 – 50%
GROUP 3		
ELRC	29	0%
NURCHA	27	26 – 50%
MINTEK	26	26 – 50%

With the exception of SENTECH and the NLB, it appears the entities which derive a higher percentage of their budget from the *fiscus* tend to experience a higher degree of strategic planning challenges. The entities in group 3 all scored low arithmetic totals for strategic planning challenges experience. The budgets of these entities are also funded by government by no more than 50%.

4.6. Analysis of the techniques used to overcome strategic planning challenges

A number of techniques were presented in the survey instrument. Respondents were required to score the degree at which they utilise the technique to overcome some of the strategic planning challenges. In rating the degree to the usage of the technique, a five

point scale was used. The options to determine the extent to which the entity relies on the technique, are similar to the discussion under 4.5.

4.6.1 Techniques used to overcome strategic planning challenges

The techniques are summarized below in Table 4.13

Table 4.13 Techniques employed

1. Strategise using entity obligations resolve conflicts
2. Customise planning process to factor in stakeholders influence
3. Collaborate with regulatory bodies during strategy formulation
4. Adjust strategy process according external issues
5. Strategic goals clarified strategic plan development
6. Use mission instead of goals
7. Incorporate buy-in by providing participation opportunities
8. Develop performance measures
9. Assign accountability
10. Maintain an open strategy formulation process
11. Build negotiation and bargaining opportunities
12. Develop a coalition of interest for tracking purposes
13. Develop buffering systems
14. Approach implementation gradually
15. Provide incentives for entity change
16. Engage political leader for support of strategic plan
17. Link strategic planning to funds and financial performance system
18. Develop cross cutting goals for internal integration

4.6.2 Techniques per score

Table 4.14 provides the score per technique, sorted from the highest to the lowest score, with the highest possible marks being 65 (18 questions multiplied by 5 point scale).

Table 4.14 Technique per score

TECHNIQUE	TOTAL	%
1. Develop performance measures	65	100 %
2. Assign accountability	61	94%
3. Maintain an open strategy formulation process	59	91%
4. Clarify strategic goals	55	85%
5. Increase buy-in to strategic plan	54	83%
6. Link strategic planning to financial performance system	52	80%
7. Using entity mandates and obligations to drive strategies	47	72%
8. Develop cross cutting and plans for internal integration	47	72%
9. Customise planning to factor in stakeholders influence	43	66%
10. Collaborate with regulatory bodies during strategy formulation	42	65%
11. Approach implementation gradually	41	63%
12. Adjust strategy development according to external issues	39	60%
13. Build negotiation and bargaining opportunities	39	60%
14. Develop a coalition of interest for tracking purposes	39	60%
15. Engage political leader to support for strategic plan	39	60%
16. Develop buffering systems to influence entity	29	45%
17. Use mission instead of goals	26	40%
18. Provide incentives for change	25	38%

4.6.3 Top scoring techniques

The techniques were rated in the same manner as the strategic planning challenges methods described in 4.6 above. The techniques that were used to a higher extent are listed in table 4.15 below.

Table 4.15 Technique per score

TECHNIQUE	%
1. Develop performance measures	100%
2. Assign accountability	94%
3. Maintain an open strategy formulation	91%
4. Clarify strategic goals	85%

A synopsis of each of the above techniques is provided below.

Development of performance measures to achieve strategic goals

The development of performance measurements to achieve strategic goals is a complex exercise in the public sector. Despite this reality, 100% of the respondents always used the development of performance measures as a technique to overcome strategic planning challenges. Nevertheless, it should be noted that defining performance measures was rated as one of the top strategic planning challenges facing public entities.

Assign accountability for achieving and implementing goals

The problem of shared accountability between the political head and the administrative head of a public entity makes it extremely important for allocating accountability. Nutt &

Backoff (1993) aver that the simplification of aims, objectives and goals is one of the ways in which public sector entities can manage some of the strategic planning challenges. This technique achieved a score of 94%, implying it was used by a higher number of respondents to a larger degree. Besides assigning accountability at a higher level, it is also important that lower level employees also be held accountable for achieving specific goals within their portfolios.

Open strategy formulation process

This technique scored 91% as a method used to prevail over some of the strategic planning challenges. Different entities use this technique differently. Some rely on email and internet, while others on workshops with stakeholders, meetings, and invitations to attend strategic planning processes.

Clarification of strategic goals during strategic plan development

Public entities normally have diverse stakeholders whose expectations and objectives sometimes differ from those of the entity. As a strategy to overcome these challenges, goals and plans can be clarified during strategic plan development processes. The technique scored 85% and is being taken into account to counter some of the strategic planning challenges. It also links to the consensus seeking method suggested by Robert (1997) used to address conflicting goals that could result from diverse stakeholders.

Linking strategic planning to budgets and financial performance

This technique was cited as being ‘often’ used by entities to overcome strategic planning challenges. It appears the reliance on this technique is based on the misalignment between the public entity’s budget, which is linked to a strategic plan, and the submission to the National Treasury, which is in the format prescribed by the PFMA.

4.6.4 Techniques per entity

To enable the entities to be rated in terms of the extent of the techniques used, an arithmetic total was calculated for each entity based on the coding scale described on table 4.3 above. If an entity responded that it ‘always’ used a particular technique to overcome a particular strategic planning challenge, it would be given a score of 5. The scores were then added for each entity, and a total was derived.

Table 4.16 provides an analysis of the total scores for each entity, in a descending order. The percentage score was calculated based on a maximum possible score of 90 (18 questions multiplied by a maximum of 5 points for each question).

Table 4.16 Technique per entity

PUBLIC ENTITY	SCORE	
	TOTAL	%
SENTECH	89	99%
NCT	79	88%
MINTEK	78	87%
NURCHA	77	86%
ELRC	77	86%
SEDA	73	82%
WSSA	67	75%
RHT	64	72%
DOA	62	69%
NLB	51	56%
ARC	47	53%
SASSA	43	48%
TREASURY	38	42%

(Note: % is calculated as total score divided by 90)

The higher score implies that the respondent firstly used most of the techniques to address strategic planning challenges. Secondly, the entity relied on the techniques to a larger extent (e.g. *always* or *often* and not *seldom*). The highest scores are those of the NCT, MINTEK, NURCHA, ELRC and SEDA, whereas the NLB, ARC, SASSA and Treasury where amongst the lowest. It is noted that the entities which encountered more strategic planning challenges appear to rely less on the techniques, hence the lower scores

on the latter. The comparison between the strategic planning challenges encountered and techniques used to overcome these challenges is provided in Table 4.17 below.

Table 4.17 Comparison between strategic planning challenge and technique

PUBLIC ENTITY	%	
	TECHNIQUE	CHALLENGE
SENTECH	99%	62%
NCT	88%	60%
MINTEK	87%	29%
NURCHA	86%	30%
ELRC	86%	32%
SEDA	82%	51%
WSSA	75%	33%
GRHT	72%	53%
DOA	69%	51%
NLB	56%	57%
ARC	53%	81%
SASSA	48%	78%
TREASURY	42%	62%

With the exception of SENTECH, the NCT and WSSA, it appears that the entities which experienced strategic planning challenges to a larger extent, tend to rely less on possible techniques to overcome such challenges. It was clarified by a senior manager at SENTECH during an interview that SENTECH derived its income from government and

from its own sources. The government funding was dedicated to television and radio broadcasting, and own income for other relevant projects. It was indicated that challenges were mainly experienced in the areas funded by government. These challenges included mandates that are adjusted from time to time, as well as the need to comply with regulatory requirements. In contrast, strategic planning and implementation on areas in which SENTECH generated its own income had few difficulties.

For the NCT, the Senior Manager who was interviewed indicated that the NCT interacted with stakeholders after strategic planning processes. This results in the NCT having to implement projects that were not planned for, but regarded as important for its key stakeholders. Stakeholder requirements are regarded by the NCT as crucial if the NCT is to meet its mandate.

CHAPTER FIVE: DISCUSSION

5.1 Introduction

This chapter provides a summary of the research findings, which are interpreted and explained. Further, the data collected is linked to the objectives and aims of the dissertation.

5.2 Summary

This dissertation investigated the challenges experienced by a number of public entities when undergoing strategic planning. The study also explored the techniques employed to overcome these challenges. Data on the public entities and on the respondents was collected by means of a questionnaire. Interviews were used to explore the strategic planning challenges and techniques relied on. To supplement the data provided on the questionnaire, interviews were conducted with persons who were involved with strategic planning or implementation in their entities

The outcomes of the research, to be discussed in this chapter, confirmed the strategic planning challenges and techniques found in literature. The study also revealed specific strategic planning challenges and techniques that are relevant to the public sector. It appears the literature may be lacking in these subjects, and more research still needs to be done to add to the body of knowledge.

A summary of research findings is provided below.

Finding 1: The predominant strategic planning challenges experienced were: -

a) Goal ambiguity due to the public entity's mission and programmes.

The majority of respondents experienced goal vagueness as a strategic planning challenge. It seems this ambiguity stems from the diversity of entities' stakeholders, who have different expectations. It also appears that these expectations are sometimes in conflict with the objectives of the entity. Goal ambiguity as a strategic planning challenge is also supported by literature, as reviewed in chapter 2 of this dissertation.

b) Problems in defining performance measures.

Private sector companies use financial results and ratios, such as profits, market share, cost of sales and turn around times, to measure their performance. These measures are not difficult to establish, and are easy to monitor. In contrast, public sector entities provide goods and services, such as regulatory functions and policing, which are generally in the public interest. These services do not always have financially-linked yardsticks. Further, in terms of the PFMA, performance reporting is linked to outcomes rather than rands and cents. The quarterly reporting requirements do not provide sufficient time for public entities to achieve results. In the public sector, challenges in establishing performance measures could further be attributable to the diverse nature of key stakeholders. These stakeholders sometimes have different requirements and expectations. The political character of most entities is another key

aspect linked to the difficulty in performance measurement. Some of the entities have to analyse public policy, which is a politically driven activity.

c) Stakeholder diversity.

In a democracy, input by key stakeholders to an entity's processes, including strategic planning activities is crucial. Since strategic goals are associated with resource and budget allocations, role players are even more interested in participating in strategic planning processes. This participation, however, brings about further challenges for public entities to manage. Consolidating diverse inputs, which are frequently in conflict, is not easy for public entities. The relationship between a public entity and its role players differ from one entity to another.

Finding 2: There is positive correlation between the percentage of funding obtained from government and the challenges encountered.

The data indicate a positive relationship between the percentage of funding obtained from government and the challenges experienced during strategic planning. The entities experiencing strategic planning challenges to a higher extent, also received a higher portion of their budgets from government. The small size of the sample indicates that prudence must be exercised when analyzing the correlation between funding levels by government and challenges experienced.

Finding 3: Individual performance is not always linked to organisational performance improvement.

Performance measurements used by public entities focused on outcomes whereas individual performance measured focused on inputs and outputs.

The goals of the majority of participating entities included addressing the societal gaps / issues. The measurement of whether an entity's performance has achieved the desired outcomes is not easy. As one respondent indicated during a personal interview *“we cannot measure outcomes of our strategic planning efforts. To measure such efforts, we will need qualified research houses to do that for us”*.

The data points toward the entities' attempts to measure performance in terms of outcomes and not only outputs, the need to address goal ambiguity, and the unplanned projects causing deviations in implementing strategic plans. Although individual employee performance measured could be high, there was no indication of how that performance contributed to the overall organisational goals, objectives and outcomes. The individual performance measures focus mainly on input and outputs, while organisational measures emphasize the impact on societal needs. Individual measures therefore do not gravitate towards organisational outcomes.

Finding 4: The entities used similar strategic planning processes and techniques to overcome strategic planning challenges, but obtained diverse results.

All the entities followed similar strategic planning processes and used comparable techniques to overcome strategic planning challenges. These techniques were found in the literature. However, the degree to which entities used the techniques differed. Further, the results obtained by the entities differed. The employment of similar processes and techniques could be attributable to the reliance by public entities on private sector consultants and experts to facilitate strategic planning sessions. This conclusion could not be fully established in the study.

Finding 5: The predominant techniques commonly used by the entities were.

a) Development of performance measures to achieve strategic goals.

The development of performance measures to track progress on the achievement of strategic goals is a complex exercise in the public sector. Despite this reality, 100% of the respondents always used the development of performance measures as a technique to overcome strategic planning challenges. Nevertheless, it is interesting to note that defining performance measures was rated as one of the top strategic planning challenges facing public entities.

b) Assigning accountability for achieving and implementing goals.

The problem of shared accountability between the political head and the administrative head of a public entity makes it extremely important for

allocating accountability. Nutt & Backoff (1993) aver that the simplification of aims, objectives and goals is one of the ways in which public sector entities can manage some of the strategic planning challenges. This technique was employed by a higher number of respondents and to a larger degree. Besides assigning accountability at a higher level, it is important that lower level employees also be held accountable for achieving specific goals within their portfolios.

c) Maintaining open strategy formulation and implementation processes.

This technique was used by the majority of entities to prevail over some of the strategic planning challenges. Different entities use this technique differently. Some relied on email and internet, while others on workshops with stakeholders, meetings, and invitations to stakeholders to attend strategic planning processes. However, stakeholder interaction is crucial for public entities.

d) Clarify strategic goals during the strategic plan development.

Public entities normally have diverse stakeholders whose expectations and objectives sometimes differ from those of the entity. As a strategy to overcome these challenges, goals and plans can be clarified during strategic plan development processes. The use of this technique also links to the consensus seeking method suggested by Robert (1997) to address conflicting goals that could result from diverse stakeholders.

e) Link strategic planning to budgets and financial performance.

This technique was cited as being ‘often’ used by entities to overcome strategic planning challenges. The reliance on this technique appears to be based on the misalignment between the public entity’s budget, which is linked to a strategic plan, and the submissions to the National Treasury, which is in the format prescribed by the PFMA.

Finding 6: There is a negative correlation between the number of challenges experienced and the reliance on techniques to overcome strategic planning difficulties.

Public entities that experienced fewer strategic planning challenges appeared to employ a higher number of strategic planning techniques. In contrast, public entities which experienced a higher degree of strategic planning difficulties tend to employ fewer techniques.

CHAPTER SIX: RECOMMENDATIONS AND CONCLUSIONS

6.1 Introduction

This chapter provides the implications of the research. In addition, recommendations for further study, as well as the conclusions are presented.

6.2 Implications of this Research

The lack of interaction between stakeholders and the public entity during strategic planning is a key challenge. Both the internal and external forces play a key role in shaping the public entity's vision and mission. The lack of a process to help shape the organisation is a major source of strategic planning difficulty.

Overall, it is a challenge for public sector organisations to incorporate or involve stakeholder inputs during strategic planning. Yet the stakeholders are deemed to be the entity's customers. This implies that though public entities are created through democratic principles, they lack democracy when approaching strategic planning as they do not always involve their key stakeholders. Thus the problem appears to lie with the entity's leadership, which tends to disregard the democratic principles when in positions of power.

Entities tend to follow a traditional strategic planning process which incorporates all of the elements the private sector employs. The process has serious problems when applied

in the public sector. Strategic planning in the public sector is complex as it has to provide for strategies would enhance the quality of life of the citizens, in other words, the impact of its strategies is to be felt by the society. Therefore outcomes and not only outputs have to be planned for and be measured. Resultantly, a web of influence and power comes into play, and end with a diverse and sometime conflicting goals.

The public sector leadership needs to promote democratic principles during strategic planning process. These principles require not only the involvement of key stakeholders during strategic planning process, but that consensus be reached when different view are presented. This would assist in the achievement and measurement of performance in both outputs and outcomes.

6.3 Recommendations for Further Research

The limitations of this dissertation indicate of areas for further research on strategic planning in the public sector.

There is a need to expand the scope to include bigger public entities and entities located in other South African provinces to validate further findings. There is a further need to establish whether there are differences between entities operating at a local, provincial and national level. This would enable generalization about public sector strategic planning challenges and techniques. Scope limitation indicates that additional research is required to incorporate further research into relationships between challenges encountered and size or type of public entity. The extension could incorporate larger

public entities in South Africa, some of which have recently been experiencing financial losses and requiring financial injection by the government.

Further research could also be on the relevance of the PFMA to the performance measurement of outcomes, as well as on the effect the need for compliance has on public entities. In terms of the PFMA, public entities are required to report mainly financial performance and outputs to government on a quarterly, half yearly and annual basis. Further research is therefore required to test if the requirements are not a source of difficulty for the public sector performance measurements.

The results of this dissertation indicate that strategic planning challenges were mainly encountered on 'soft issues' namely, stakeholder interaction, and employee-related issues. Future research can test this observation, with the intention of crafting strategies to enable entities to overcome the perceived problem.

This dissertation did not concentrate on the impact of external influences by stakeholders such as users of a public entity's services. A multi disciplinary approach may be adopted to examine the extent of how the stakeholders interrelate.

6.4 Conclusion

This study suggests that public entities have to strengthen interaction with their stakeholders for successful strategic planning and implementation. The key challenge therefore is to intensify processes that could enable information flow between the public

entity and its stakeholders. A democratic approach to public sector strategic planning is hence proposed. Such an approach can take the form of large interactive processes, such as scenario planning and appreciative inquiry. This approach implies that the public entity's leadership will have to play a pivotal role.

Unlike the private sector, public sector strategic planning is complex due to the operational scale of public entities. Such planning relies on effective interaction between the public entity and its stakeholders. The traditional strategic planning, which is derived from the private sector, appears to be a basis for most of the public entities' strategic planning difficulties. Political authority, together with the society at large, has an interest in a public entity's objectives, plans and actions. It is therefore crucial that consultation and negotiations occur with these stakeholders when crafting an entity's strategic plan and program of action. Strong leadership, based on the democratic principles, is required to ensure that consensus is reached when bringing in the diverse and often conflicting stakeholder requirements.

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ANNEXURE 1: EXTRACT FROM THE PUBLIC FINANCE MANAGEMENT ACT NO. 1 AND THE TREASURY REGULATIONS

EXTRACT FROM THE PUBLIC FINANCE MANAGEMENT ACT No. 1 OF 1999

29.2 Shareholder's compact

29.2.1 The accounting authority for a public entity listed in Schedule 2, 3B or 3D must, in consultation with its executive authority, annually conclude a shareholder's compact.

29.2.2 The shareholder's compact must document the mandated key performance measures and indicators to be attained by the public entity as agreed between the accounting authority and the executive authority.

29.3 Evaluation of performance

29.3.1 The accounting authority of a public entity must establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action.

29.4 Annual budgets

29.4.1 For purposes of section 52(a) of the Act, the projection of revenue, expenditure and borrowings must be in the final format as submitted for the accounting authority's approval.

EXTRACT FROM THE TREASURY REGULATIONS, ISSUED IN TERMS OF THE PFMA

30.1 Strategic plan

30.1.1 The accounting authority for a public entity listed in Schedule 3A or 3C must annually submit a proposed strategic plan for approval by the relevant executive

authority. Such a plan must be submitted at least six months before the start of the financial year of the designated department or another time period as agreed to between the executive authority and the public entity.

30.1.2 The strategic plan must be finalised and submitted to the relevant executive authority no later than 1 April of each year.

30.1.3 The strategic plan must –

- (a) cover a period of three years;
- (b) include objectives and outcomes as identified by the executive authority;
- (c) include multi-year projections of revenue and expenditure;
- (d) include key performance measures and indicators for assessing the public entity's performance in delivering the desired outcomes and objectives;
- (e) include the materiality/ significant framework, referred to Treasury Regulation 28.1.5;
- (f) be updated annually on a rolling basis; and
- (g) form the basis for the annual reports of accounting authorities in terms of section 55 of the Act.

30.1.4 The executive authority may request additional information to be included in the strategic plan.

30.2 Evaluation of performance

30.2.1 The accounting authority of a public entity must establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action.

ANNEXURE 2: QUESTIONNAIRE
UNIVERSITY OF KWAZULU-NATAL
Leadership Centre

Dear Respondent,

M Com Research Project

Researcher: Maleho Margaret Daisy Nkomo 084 586 586 5

Supervisor: Mr. Shamim Bodhanya 031- 260 1493

Research Office: Ms P Ximba 031-2603587

I, Maleho Margaret Daisy Nkomo, am an M Com Strategy and Organisational Dynamics student in the Leadership Centre at the University of KwaZulu-Natal (UKZN). You are invited to participate in a research project entitled *Strategic Planning and Implementation Challenges faced by Public Entities*.

The aim of this study is to investigate challenges in strategic planning faced by a selected sample of public entities, and to illustrate the techniques applied by managers in public entities to prevail over the challenges.

Through your participation I hope to contribute to a deeper understanding of strategic planning challenges facing public entities.

The results of this survey are intended to contribute to the literature and overall body of knowledge regarding the strategic planning and implementation in public entities in South Africa, as well as to improve on existing models and practices of public sector strategic planning and implementation.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this research project. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Leadership Centre, UKZN.

If you have any questions or concerns about participating in this study, please contact me or my supervisor at the numbers listed above.

It should take you about 15 minutes to complete the questionnaire. I hope you will take the time to complete the questionnaire.

Sincerely

Maleho MD Nkomo

Date: _____

**UNIVERSITY OF KWAZULU-NATAL
Leadership Centre**

M Com Research Project

Researcher: Maleho Margaret Daisy Nkomo 084 586 586 5

Supervisor: Mr. Shamim Bodhanya 031- 260 1493

Research Office: Ms P Ximba 031-2603587

CONSENT LETTER

I _____ (full names of participant), of _____ (public entity name) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Signature of Participant

Date

INSTRUCTIONS TO QUESTIONNAIRE

UNIVERSITY OF KWAZULU-NATAL
Leadership Centre

Dear Respondent,

M Com Research Project

Researcher: Maleho Margaret Daisy Nkomo 084 586 586 5

Supervisor: Mr. Shamim Bodhanya 031- 260 1493

Research Office: Ms P Ximba 031-2603587

Strategic Planning and Implementation Challenges Faced by Public Entities

The purpose of this survey is to solicit information from public entities regarding challenges faced by public entities when undertaking strategic planning, as well as implementation challenges encountered. The information and ratings you provide us will go a long way in helping us to design possible interventions, and contribute to the development of models that could improve the implementation of strategic planning in the public sector.

The questionnaire should take about 15 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no “right” or “wrong” answers to any question. Work as rapidly as you can. If you wish to make a comment please write it directly next to the question itself. Make sure not to skip any questions.

Thank you for participating!

QUESTIONNAIRE

SECTION A: ORGANIZATIONAL INFORMATION

1. Name of Public Entity: _____
2. Number of Employees in the organization: _____
3. Number of years your entity has been doing strategic planning (please tick relevant box):
 - 1 year
 - between 1 and 3 years
 - between 3 and 5
 - more than 5 years
 - Do not know
4. Latest year your public entity finalized a strategic planning document: _____
5. % of budget obtained from Government (please tick the relevant box):
 - 76 - 100%
 - 51 - 75%
 - 26 - 50%
 - 1 - 25%
 - 0
 - Do not know

SECTION B: STRATEGIC PLANNING PROCESS

6. Your role in the strategic planning process (please tick relevant box or boxes):
 - Senior Manager,
 - Line Manager;
 - Planning Staff;

- Expert;
- Other – please specify _____

7. In which activities did you participate (please tick relevant box or boxes):

- Formulation of strategic plan;
- Implementation of the strategic plan;
- Other - please specify _____
- None of the above.

8. Did your entity's strategic planning process include the following (please tick relevant box or boxes):

- Environmental Analysis (identifying issues that affect the entity)
- Internal Analysis (strengths and weaknesses of your entity)
- Organizational Vision (the 'dream' of how things will be for the future)
- Strategic focus areas (key performance areas)
- Performance Measures / Indicators
- Implementation Plan
- None of the above
- Other - please specify _____

9. How long was the duration of your strategic planning process, including preparation time (please tick relevant box):

- 1 – 2 days
- 3 – 5 days
- 6 – 10 days
- 10 –30 days
- Over 30 days

Other - please specify _____

10. To what extent was the strategic plan implementation successful in the past
(please tick relevant box):

- completely
- mostly
- somewhat
- not at all
- do not know

SECTION C: FORMAL STRATEGIC PLANNING

1	WERE EXTERNAL STAKEHOLDERS INVOLVED IN THE PROCESS? Please tick relevant box
	<input type="checkbox"/> Yes <input type="checkbox"/> No – please go to question 1b if you choose this option <input type="checkbox"/> Do not know – please go to question 1b if you choose this option
1a	If yes, which <u>external stakeholders</u> ? (please tick relevant box or boxes) <input type="checkbox"/> Minister (for your entity) <input type="checkbox"/> Other Elected officials (eg MEC, Mayor, MPL) <input type="checkbox"/> Managers in department to which your entity reports (eg DG, DDG, Chief director, Director) <input type="checkbox"/> Officials from other government department <input type="checkbox"/> Other – Please specify: _____

1b	<p>Which <u>Internal stakeholders</u> were involved in the strategic planning process? (please tick relevant box or boxes)</p> <p><input type="checkbox"/> Senior Managers/ unit managers within your entity</p> <p><input type="checkbox"/> Lower Level managers</p> <p><input type="checkbox"/> All employees</p> <p><input type="checkbox"/> Other – Please specify _____</p>			
2 STRATEGIC PLANNING ELEMENTS USED				
Which of the following strategic planning elements did your entity use during strategic planning (please tick relevant box or boxes): -				
		YES	NO	DON'T KNOW
2a	Review of mission			
2b	Identification of stakeholder needs and concerns			
2c	Clarification of organisational mandates			
2d	Evaluation of internal strengths and weaknesses			
2e	Assessment of external threats and opportunities			
2f	Development of vision for the future			
2g	Development of goals and objectives			
2h	Development of strategic agenda			
2i	Feasibility assessment of proposed strategies			
2j	Development of action plans			
3 STRATEGIC MANAGEMENT PRACTICES:				
Which of the following strategic management practices are used by your entity (please tick relevant box or boxes): -		YES	NO	DON'T KNOW
3a	Development of action plans			
3b	Performance measures used to track strategic goals and objectives			
3c	Budget tied to strategic priorities			

		YES	NO	DON'T KNOW
3d	Previous strategic plan document			
3e	Strategic planning completed or underway			
3f	No strategic management practices			
4	RESOURCE ALLOCATION			
	Which of the following options were used to allocate resources during the strategic planning process (please tick relevant box or boxes): -	YES	NO	DON'T KNOW
4a	Annual budget support your entity goals, objectives and priorities in the strategic plan			
4b	Strategic goals and objectives are considered when reviewing annual budgets			
4c	Newly allocated funds (as not rolled over funds) in the budget is targeted to achieving your strategic goals and objectives			
4d	Strategic plan has a strong influence on the budget requests submitted by senior managers			
4e	Performance data tied to strategic goals and objectives play an important role in determining resource allocations			
5	LINKING PERFORMANCE MANAGEMENT SYSTEM TO STRATEGIC PLANS			
	Which of the following systems are used by your entity to link performance management to strategic plans (please tick relevant box or boxes): -	YES	NO	DON'T KNOW
5a	Individual managers are responsible for implementing specific initiatives and projects that are part of the strategic plan			
5b	Objectives established for managers are linked to the strategic plan			
5c	Annual evaluation of managers is based on their accomplishment of strategic goals and objectives			
5d	Annual salary increments are based on the contributions to advancing strategic plan			
5e	Head of entity is held responsible for implementing strategic plan			
5f	Evaluation of entity head is based on the accomplishment of the strategic plan			
5g	The head of entity tries to keep Board of Directors focused on the strategic goals			

6 LINKING PERFORMANCE MEASURES TO STRATEGIC PLANS				
	Which of the following are used as performance measures to strategic plans (please tick relevant box or boxes)	YES	NO	DON'T KNOW
6a	Entity uses performance measures to track implementation of projects in the strategic plan			
6b	Your entity uses performance measures to track accomplishment of goals and objectives in strategic plan			
6c	Your entity uses performance measures to track outcomes targeted by strategic plan			
6d	Performance measures associated with the strategic plan on a regular basis			
6e	Do you target programmes for more intensive evaluation based on the goals and objectives of the strategic plan			
6f	Do you report performance measures associated with the strategic plan to the your key stakeholders (e.g. your entity's Minister or department) on a regular basis			
6g	Do you benchmark performance measures against other entities to measure the effectiveness of strategic initiatives			
6h	Do you track performance data over time to determine whether performance in strategic results areas has improved over previous levels			
7 ASSESSING RESULTS				
	Indicate to what extent you are satisfied with the implementation and achievement of your strategic goals and objectives to date: - (tick relevant box)			
	<input type="checkbox"/> Very satisfied <input type="checkbox"/> Satisfied <input type="checkbox"/> Dissatisfied <input type="checkbox"/> Not sure			
8 FOR THE MOST RECENT STRATEGIC PLAN, WHAT PERCENTAGE OF YOUR STRATEGIC GOALS AND OBJECTIVES HAD ACTUALLY BEEN ACCOMPLISHED (tick relevant box) : -				
	<input type="checkbox"/> 100% <input type="checkbox"/> 80% <input type="checkbox"/> 60%			

	<input type="checkbox"/> 50% <input type="checkbox"/> 40% <input type="checkbox"/> Less than 40% <input type="checkbox"/> Do not know				
9	HAVE THE STRATEGIC PLANNING EFFORTS BEEN WORTH THE TIME AND EXPENSE? Please tick relevant box.				
	<table border="1"> <tr> <td></td> <td>YES</td> <td>NO</td> <td>DON'T KNOW</td> </tr> </table>		YES	NO	DON'T KNOW
	YES	NO	DON'T KNOW		

SECTION D: CHALLENGES EXPERIENCED DURING STRATEGIC PLANNING

<u>Strategic Planning process:</u>					
To what extent does your entity experience the following strategic planning challenges (please tick relevant box for each of the possible responses):					
	ALWAYS	OFTEN	SOME-TIMES	SELDOM	NOT AT ALL
1.Goal ambiguity caused by entity's mission and programmes					
2.Diversity of stakeholders					
3.Difficulty in defining performance measures					
4.Difficulty in collating data on performance measures					
5.Unplanned projects causes deviation in implementation					
6.No support from entity's leader					
7.Diversity within entity's business unit contribute to difficulty in producing a coherent plan					
8.Misalignment between strategic planning framework and implementation framework					
<u>Managerial action:</u>					
To what extent did the following actions pose as challenges during the recent or past strategic planning process (please tick relevant box for each of the possible responses):					
	ALWAYS	OFTEN	SOME-TIMES	SELDOM	NOT AT ALL
9. Constraining administration practices					
10. Constraints in methods of obtaining financial resources					
11. Lack of control on expenditure of financial resources / budget					
12. Lack of organisational culture to support strategic planning					
13. Lack of organisation culture to support accountability					
14. Limitations imposed by legal mandates					
15. Unending requirements for negotiations					

<u>External alignment</u>					
To what extent did the following alignment-related issues become a challenge during your entity's strategic planning (please tick relevant box for each of the possible responses) ;					
	<u>ALWAYS</u>	<u>OFTEN</u>	<u>SOME-TIMES</u>	<u>SELDOM</u>	<u>LEAST</u>
16. Poor alignment between stakeholder objectives and entity strategic goals					
17. Poor alignment with political authority					
18. Poor alignment with administrative authority					

**SECTION E: TECHNIQUES USED TO OVERCOME CHALLENGES
EXPERIENCED DURING STRATEGIC PLANNING &
IMPLEMENTATION**

TECHNIQUE USED TO OVERCOME CHALLENGES					
To what extent did your entity use the following techniques to overcome some of the strategic planning challenges:	ALWAYS	OFTEN	SOME-TIMES	SEL-DOM	NOT AT ALL
1. Drive strategies and resolve conflicts by using entity mandates and obligations					
2. Customise planning process to account for the beliefs and demands of key stakeholders with authority and influence					
3. Collaborate with oversight bodies during strategy formulation and implementation process					
4. Adjust strategy development and implementation process in line with outside trends and issues					
5. Clarify strategic goals during strategic plan development					
6. Use missions as substitute for goals					
7. Increase buy-in to plan by providing opportunities for participation					
8. Develop performance measures for achieving strategic goals					
9. Assign accountability for achieving goals and implementing plans					
10. Maintain an open strategy formulation and implementation process					
11. Build negotiation and bargaining opportunities					
12. Develop a coalition of interest to keep strategic management processes on track					
13. Develop buffering systems to deflect outside influence on the entity					
14. Approach change / implementation incrementally					
15. Provide incentives for organisational change					
16. Engage entity leader to gain internal support for strategic plan					
17. Link strategic planning to appropriation of funds and financial performance system					
18. Develop cross cutting goals and plans to facilitate integration across the entity					

THANK YOU! PLEASE SEND COMPLETED AND SIGNED DOCUMENT TO:
FAX: 086 600 1788 OR
EMAIL: CUTEDGE@WORLDONLINE.CO.ZA

ANNEXURE 3: INTERVIEW GUIDE

NAME OF PUBLIC ENTITY: _____

POSITION / NAME OF PERSON INTERVIEWED: _____

DATE OF INTERVIEW: _____

INTERVIEW GUIDE: -

1. Strategic Planning Process

- Duration, range of thinking
- Impact, depth and analysis, quality
- Review

2. Challenges experienced: -

- What do you believe are the biggest challenges facing your entity iro strategic planning?

3. Techniques used to overcome the challenges

- What can your entity do, OR what has your entity done, to overcome the challenges identified in 2 above?

4. General

ANNEXURE 4: RESPONDENTS

- a. Agricultural Research Council (ARC)
- b. Department of Agriculture (DOA)
- c. Education Labour Relations Council (ELRC)
- d. Gauteng Rental Housing Tribunal (GRHT)
- e. Gauteng Treasury Department (TREASURY)
- f. National Consumer Tribunal (NCT)
- g. National Lotteries Board (NLB)
- h. National Urban Reconstruction Housing Agency (NURCHA)
- i. Minerals Technology (MINTEK)
- j. Sentech Ltd (SENTECH)
- k. Small Enterprise Development Agency (SEDA)
- l. South African Social Security Agency (SASSA)
- m. Weather Services of South Africa (WSSA)

RESPONDENTS INTERVIEWED

- a. Department of Agriculture (DOA)
- b. Education Labour Relations Council (ELRC)
- c. Gauteng Treasury Department (TREASURY)
- d. National Consumer Tribunal (NCT)
- e. National Lotteries Board (NLB)
- f. National Urban Reconstruction Housing Agency (NURCHA)
- g. Sentech Ltd (SENTECH)
- h. South African Social Security Agency (SASSA)

ANNEXURE 5: ETHICAL CLEARANCE



RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
TELEPHONE NO.: 031 - 2603587
EMAIL : ximbap@ukzn.ac.za

2 FEBRUARY 2008

MRS. MMD NKOMO (203515204)
LEADERSHIP CENTRE

Dear Mrs. Nkomo

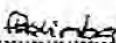
ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0009/08M

I wish to confirm that ethical clearance has been granted for the following project:

"Strategic planning and implementation challenges faced by public entities"

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully


.....
MS. PHUMELELE XIMBA

cc. Supervisor (Mrs. S Bodhanya)
→ cc. Cheralyn Terblanche

Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

MAR-7-2008 14:19 FROM: CUTTING EDGE CONSULT @126571789 TO: 03125216191 P.8/8