

**ASSESSMENT OF CAPACITY DEVELOPMENT THROUGH PUBLIC-PRIVATE
PARTNERSHIP: A CASE STUDY OF THE DEPARTMENT OF ECONOMIC
DEVELOPMENT AND ENVIRONMENTAL AFFAIRS IN THE EASTERN CAPE**

BY

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(200604624)

MINI-DISSERTATION

SUBMITTED IN PARTIAL FULFILMENT

OF THE

**REQUIREMENTS FOR THE DEGREE OF MASTERS IN PUBLIC
ADMINISTRATION IN THE**

**FACULTY OF MANAGEMENT & COMMERCE, DEPARTMENT OF PUBLIC
ADMINISTRATION, UNIVERSITY OF FORT HARE**

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COMPLETED: JANUARY 2011

DECLARATION

I, Mbulelo Sogoni, hereby declare that this mini-dissertation submitted to the University of Fort Hare for the Degree of Masters in Public Administration, has never been previously submitted by me or anyone else at this or any other University; that this is my own work in design and execution; and that all sources I have used or quoted have been indicated and acknowledged by means of complete references.

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ACKNOWLEDGEMENTS

I wish to express my sincere gratitude and appreciation to the following persons for their support, contribution, guidance and encouragement:

- Prof. M. H. Kanyane, my supervisor, for creating an enabling atmosphere, providing guidance, support and assistance throughout the study;
- The Eastern Cape Provincial Legislature for granting me the opportunity to further my studies and providing the necessary financial support;
- The management of the Department of Economic Development and Environmental Affairs for allowing me access to officials of the Department, and for their time and views as expressed in the interviews conducted with them;
- The respondents who participated in the DEDEA/NBI training programme for their time and views expressed in the questionnaires;
- Mr M. Brecht for helping with the distribution and collection of questionnaires, Ms V. Mali for organizing and making available relevant documentation, and Ms D. Pillay for creating space in my diary for this study;
- Mr T. Mwangolela, my colleague, for his support and encouragement; and
- My beloved family, Vuyiswa (wife) and children – Asavela, Ongeziwe and Sinaso for their support and understanding.

ABSTRACT

The aim of this study was to examine the effectiveness of a capacity development programme initiated by the Department of Economic Development and Environmental Affairs (DEDEA) as a mechanism to enhance the performance of the employees in order to improve service delivery to the people of the Eastern Cape. The public service is enjoined by the Constitution to provide services that citizens need, and for this reason it is in need of educated, trained and professional public servants, especially in the technical, professional and managerial categories. The department also recognized the potential of public–private partnerships (PPPs) to improve performance in the areas of transformation and service delivery, and that it required investments aimed at developing and strengthening public management capacity. However, the effectiveness of the PPP as a mechanism for capacity development, remained unknown.

The literature reviewed overwhelmingly supported the assertion that human capital development is critical for performance in the public service. The review also highlighted the importance of partnerships, especially the role of the private sector in the area of capacity development, advancing the argument that PPPs should be pursued in order to leverage ideas, resources, and capabilities to achieve public service goals.

Various research tools, namely interviews, questionnaires and document analysis were used to conduct the study. Data collected and analysed provided empirical evidence of improved performance of both the individual managers and the department in the functional areas of financial governance and management; programme and project management; as well as ethics and professionalism. It suggested a strong correlation between training, capacity development and service delivery.

This research found the DEDEA/National Business Initiative (NBI) PPP initiative, as a capacity development mechanism to enhance the performance of the department's employees, effective. On strength of the overwhelming evidence gathered through this research, it strongly recommends that the programme be rolled out to other employees.

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
APRM	African Peer Review Mechanism
ASGISA	Accelerated and Shared Growth Initiative of South Africa
DEDEA	Department of Economic Development and Environmental Affairs
ECPA	Eastern Cape Provincial Administration
EIB	European Investment Bank
FBO	Faith Based Organization
HoD	Head of Department
IDP	Integrated Development Plan
IMF	International Monetary Fund
JIPSA	Joint Initiative on Priority Skills Acquisition
LED	Local Economic Development
MDGs	Millennium Development Goals
MoU	Memorandum of Understanding
NBI	National Business Initiative
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental Organization
OECD	Organization of Economic Co-operation and Development
OTP	Office of the Premier
PFMA	Public Finance Management Act, Act 56 of 2003

PGDP	Provincial Growth and Development Plan
PPP	Public–Private Partnership
PSC	Public Service Commission
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SLA	Service Level Agreement

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CHAPTER ONE

INTRODUCTION AND GENERAL ORIENTATION

1.1 INTRODUCTION

The Department of Economic Development and Environmental Affairs (DEDEA) is one of the departments of the post-apartheid Eastern Cape Provincial Administration (ECPA) established in 1994. Like other departments of the post-apartheid government, it was charged with the responsibility to transform and rationalize the laws, policies, systems and the public service culture and procedures of the previous government. Due to the enormous service delivery backlogs, inherited by the new provincial administration in the Eastern Cape, the region's populace was optimistic of the post-1994 public service, in terms of the quality of public services and the speed, with which inhabitants would access such services in the quest for a better life. In order for such expectations to be fulfilled, the new government would have to develop the capacity required to provide services, particularly to the previously marginalized communities. However, more than a decade into the new democratic order, many people and analysts argue that little, if anything, has been achieved by DEDEA in transforming the institution and building the capacity necessary to fulfill its mandate to facilitate and promote economic growth and development.

The *RSA Constitution 1996*, in Chapter 10 outlines the Public Administration's values and principles, as key pillars for the transformation of the public service. The values provide a guide for the administration of the public sector institutions, and relevant to this study, these are summarized as follows: development-oriented public service; efficient, economic and effective use of public resources; and the accountability of public officials. The public sector plays a leading role in ensuring good governance processes that are aimed at the improvement of economic growth and development. However, the capacity of the public sector in the area of policy and programme implementation is weak, thus hindering processes of economic growth and development. This calls for a comprehensive package of capacity development within the human capital areas of financial governance and management; programme management; project

design and implementation; as well as cost control in the execution of departmental strategic turnaround plans.

In response to this challenge, the department has not only considered it essential to invest in attracting skilled personnel and conduct multitudes of capacity development programmes for its employees, but increasingly the private sector has been encouraged to play a significant role, in partnership with the department, in service delivery. In an effort to fulfill its constitutional obligation to the people of the province, DEDEA entered into a formal collaboration agreement with organized business, the National Business Initiative (NBI), thus establishing public-private partnerships (PPPs) intended to develop and enhance the department's capacity for service delivery. This partnership entails capacity development through mentorship and coaching of DEDEA's managers by these officials' counterparts from the NBI.

Although neither PPP nor coaching and mentoring is a new concept in the public sector, what makes it interesting in this case, is the scale of this initiative and resources deployed to support it, thus raising huge public expectations. Of particular importance to the study is the assessment of the PPP arrangement as a means of capacity transfer and development between DEDEA and NBI. This study seeks to examine the relevance and effectiveness of this initiative as a capacity development mechanism, designed and implemented to enhance the performance of the employees and therefore service delivery to mostly the poor people of the province. Furthermore, this study will confirm the advisability or otherwise of rolling out this capacity development model to other departments and public institutions.

1.2 CAPACITY BUILDING AND PUBLIC-PRIVATE PARTNERSHIP (PPP)

Government institutions are critical role players in planned social change. In the context of South Africa, the history of apartheid is associated with the differentiated and weak institutional capacities within the public sector. The Eastern Cape political economy shows challenges of poverty and inequality; weak institutional capacity to deliver on services, especially in the former homelands; and huge backlogs in service delivery. The Provincial Growth and Development Plan (PGDP) identifies the key areas of focus for improved social and economic transformation

as manufacturing, agriculture and tourism. DEDEA is the lead department that has to play a pivotal role towards the realization of the PGDP targets in these sectors, and in turn, this would bring the Province closer to meeting the Millennium Development Goals' targets (PGDP, 2004: 4).

The afore-mentioned motivates for capacity building and development. According to the African Peer Review Mechanism (APRM, 2005:ii), the key challenge affecting the growth and development of most developing countries are deficiencies in the human capital capacities that should drive a fully functional and vibrant good governance system. Capacity building and development, therefore, should be launched in order to enhance public sector performance, thereby improving service delivery. However, as a concept, capacity building and development may be used in literature associated with community development. According to Davids, Theron and Maphunye (2005: 67) capacity development is associated with the building of productive potential of community livelihoods' strategies to ensure security against poverty and vulnerability. Non-Governmental Organizations (NGOs), Faith Based Organizations (FBOs), government and the private sector are all examples of actors, who are identified as the most likely to stimulate the increase of the productive potential and viability of community development projects. The mechanisms of intervention to build capacity and further the development of capacity include the injection of skills, financial resources, material resources, and knowledge transfers.

The study, however, views capacity development as a good governance measure. According to Le Roux and Graaff (2001:22), good governance is associated with the business of governments and the associated coalition – partnerships fostered within a set of values and principles in order to achieve higher order, universally accepted or binding constitutional objectives. Weiss (2002: 34) argues that the World Bank views good governance as related to the capacity, potential and commitments of governments to create mechanisms, procedures that ensure sustainable economic growth and development for the benefit of the citizens. Literature reflects that there are at times debates over capacity 'development' or capacity 'building'. Morgan (2000:19) presents the broad position that capacity development and capacity building can be summarized to refer to

the transactional process, through which individuals, groups, organizations, institutions and countries develop abilities, individually and collectively, to perform functions, solve problems and achieve objectives.

Drawing from the above arguments, the study is of the view that capacity development should be viewed within the context of public administration to include the following principles:

- (i) Human capital transformation in the area of financial governance and management. The Public Finance Management Act, 2003 (PFMA) provides the scope for the improvement of financial management capacities, advancing a fundamental change from financial administration to financial governance and management. This is informed by the need to:
 - Enable the public sector managers to manage financial resources prudently, and at the same time be accountable;
 - Facilitate the ‘outputs and responsibilities based approach’ as opposed to the ‘procedure based approach’ advocated by the old exchequer acts; and
 - Enhance the best practice methods in financial governance that include budget planning, transparency in supply chain management, and performance related financial governance.

- (ii) Human capital transformation in programme and project management capacities. This is critical because in the implementation of policies government is expected to develop a programme of action with clearly set and adequately resourced targets, informed by accurate baselines and proper cost estimates. Therefore, project management is another area that requires capacity building. According to Smit and Cronje (2002:476), the key advantage of the project management approach, to improvement of service delivery impact towards economic growth and development, is its ability to integrate various skills, for quantifiable objectives, within a set time frame creating opportunity for clear measurement of success and impact evaluation. Senge (2006:133) also argues that the modern organization is a learning organization, which should be committed to the ‘total development of people’ in designing achievable programmes, for the achievement of corporate excellence.

(iii) Human capital transformation in terms of ethics and professionalism in the administration of public affairs plays a critical role in facilitating service delivery, and thus promoting growth and development. The King II Report on Corporate Governance (2002:12) argues that there is a set of ethical considerations and a level of professionalism that is necessary for public sector managers. The report places emphasis on those ethical–professional values that seek to mitigate issues of conflict of interest. These factors include transparency, accountability, discipline, responsibility, and independence.

Conclusively, the study views capacity development focus areas as informed by three perspectives. These are summarized as human capital transformation in financial governance and management, human capital transformation in the area of programme and project management, and human capital transformation in the area of ethics and professionalism.

The corporate governance framework provides the theoretical base of the study. The APRM (2007:13) recognizes the Corporate Governance Framework as pivotal in the public sector transformation for it stimulates the creation of integrity in the public institutions that are performance based within a set regulatory framework aimed at growth and development.

PPP is a contemporary methodology employed by public and private entities to achieve, through symbiotic relations, set objectives of improvement of service delivery and increased profit margins. According to the Organization of Economic Co-operation and Development (OECD, 2008:12) a PPP is an agreement between government and a private entity aimed at strengthening government's service delivery capacity. The International Monetary Fund (IMF, 2006:3) supports this assertion, and states that through the PPP, the private party enters operational zones of providing services that were traditionally delivered by government. Thus, this integrated partnership is a governance model that embodies social and economic objectives. Kappelar, A. & Nemoz, M. (2004:7) clarify that the PPPs are private bodies, which tend to bring into the governance space resources, expertise and knowledge capital transfers. Therefore, at an

operational level, PPPs would include formal-strategic to informal-loose working arrangements aimed at leveraging capacity to deliver public goods.

The study, drawing greatly from available literature and the Treasury Regulation 16, finally concludes that the following are vital in understanding and conceptualizing PPPs:

- (i) PPP represents a commercial transaction between public entities and private partner(s).
The private party performs an institutional function on behalf of the public institution. In doing so, the private party assumes substantial financial, technical and operational risks, and in return, the private party receives a benefit for performing the institutional function.
- (ii) PPP is a network of cooperative arrangements between government and private entities intended to ensure that government focuses on core business, whilst subletting the private parties to address the non-core functions that are aimed at stimulating quantitative and qualitative service delivery. The areas of cooperation in the context of the study are capacity building in the area of financial governance and management, programme and project management, and ethics and professionalism.
- (iii) PPP represents a commercial transaction between public entities and private partner(s).
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- (iv) PPP is a network of cooperative arrangements between government and private entities intended to ensure that government focuses on core business, whilst subletting the private parties to address the non-core functions that, however, are aimed to stimulate quantitative and qualitative service delivery.

The areas of cooperation in the context of the study are capacity building in the area of financial governance and management, programme and project management, and ethics and professionalism.

1.3 STATEMENT OF THE PROBLEM

DEDEA and the Eastern Cape provincial administration as a whole have, since the advent of the new democratic dispensation, spent millions of Rands in training and development initiatives,

aimed at capacity development of civil servants, in order to accelerate the pace and improve the quality of service delivery. However, the people of the Eastern Cape remain among the hardest hit by poverty and underdevelopment, largely resulting from government's poor service delivery.

Treasury Regulation 16 makes provision for PPP arrangements towards capacity development. It outlines the advantages and benefits of the PPPs, mainly the fact that it allows government to concentrate on the core functions as the private partners concentrate on the non-core functions, such as, capacity development. In alignment with that, DEDEA entered into partnership arrangements with the NBI to undertake the capacity building, especially in areas of financial governance and management; programme and project management; as well as ethics and professionalism. The programme was to be implemented, using capacity building tactics of mentoring and coaching, with a direct aim to raise the managerial and administrative capacity of DEDEA.

However, more than two years later, the issue of under-capacity in DEDEA remain a major concern, not only to government and public watchdog bodies, but also to society as a whole. DEDEA has found, and continues to find, it difficult to attract skilled personnel, due to the rural nature and negative reputational issues of the province. This has led to a high vacancy rate and low skills profile in the department, resulting in work overload, low staff morale and ineffective delivery of services in most programmes. The realization of the departmental goals and objectives remain a challenge, due to the inability by managers to effectively plan, execute and produce quality reports within stipulated timeframes. The Public Service Commission (PSC) alludes to this in the State of the Public Service Report, stating that "growth and development initiatives require a skilled workforce that can innovate, design and implement effective programmes" (PSC, 2007: 54). It alludes to the fact that managers in the public service are faced with multiple challenges, and requires very specific skills and expertise, some of which can only be gained through continuous learning and training. This is suggestive of the fact that there are still gaps in the requisite capacity for programme design and implementation, leading to an inability of government to realize the desired service delivery impact.

1.4 OBJECTIVES OF THE STUDY

The key research objective of the study is to assess the potential of the PPP arrangement between DEDEA and NBI in facilitating transformational capacity development through mentorships and coaching in DEDEA. The following are key focus areas of the study:

- (i) Evaluate the capacity building on the matters of financial governance and management;
- (ii) Evaluate the capacity building in the area of programme and project management;
- (iii) Evaluate the capacity building in the area of ethics and professionalism.

1.5 HYPOTHESIS OF THE STUDY

The DEDEA-NBI PPP arrangement has facilitated capacity development in the department in a manner that supports the service delivery mandate of the department.

1.6 SIGNIFICANCE OF THE STUDY

DEDEA is a strategic leading department in the achievement of the key objectives of the PGDP relevant to economic growth and development. Many factors such as personnel management, financial management, and customer care management can influence DEDEA's potential and ability to achieve its mandate. Arguably, the success of any organization in achieving its objectives is directly related to its commitment to capacity development.

There are two critical considerations, however, that should be given to capacity development, namely:

- (i) The content of the capacity development programme. The content and direction of capacity development should be designed in a manner that responds to the key objectives of the organization.
- (ii) The methodology of implementation of capacity development. The mechanisms of capacity development are critical, and these include, such aspects as, the partnerships and mentorship programmes.

In the context of DEDEA, it is then critical to examine the content of the capacity development, and the mechanisms, through which the capacity building programme is delivered. The study,

through an in-depth literature review as well as primary investigations, provided a scientific examination of the PPP arrangement in capacity development within DEDEA.

The significance of the study also lies in the fact that it would serve as a scientific basis. Therefore, it would provide the rationale for a decision by government to roll out this capacity development model to other departments of the provincial administration, and beyond.

1.7 SCOPE AND LIMITATION OF STUDY

There are numerous service delivery models and partnerships, which government can pursue, based on various theoretical and practical considerations. This research, however, will be confined to investigating the *value add* of the partnership with NBI to DEDEA's institutional capacity and organizational performance. It is not the intention of this study to examine exhaustively, how the partnership came into being, but the focus will only be on its success and effectiveness in developing the department's capacity for service delivery.

1.8 ETHICAL CONSIDERATIONS

According to Cooper et al (2003:121), research should be designed such that respondents / participants do not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy. Hence, the researcher complied with the following principles aimed at protecting the dignity and privacy of every individual (hereinafter referred to as a respondent/participant of the research) who, in the course of the research work, provided personal or commercially valuable information:

- a) Before any respondent/participant became a participant of the research, every individual was notified of the aims, methods, anticipated benefits and potential hazards of the research; in addition, the right to abstain from participation in the research as well as the option to terminate participation at any time; and the confidential treatment of replies, were elicited.
- b) No individual became a participant of research, unless given the notice referred to in the preceding paragraph, and prior to receiving the consent to participate, by such an

individual. No pressure or inducement of any kind was applied to encourage any individual to become a subject of research.

- c) The identity of individuals, from whom information was obtained in the course of the research, was kept strictly confidential. Assurance was given that at the conclusion of the study, any information, which could reveal the identity of individuals, who were subjects of research, would be destroyed, unless the individual concerned consented in writing to its inclusion beforehand.
- d) Objectivity versus subjectivity in this research was another important consideration. The researcher made sure personal biases and opinions did not interfere with the research, hence all arguments were given fair consideration.
- e) In undertaking the study, the researcher did not take advantage of easy-to-access groups of people (such as, children at a day-care centre), simply because they are vulnerable. The respondents/participants were chosen based on what would most benefit this research.

1.9 CHAPTER OUTLINE

The study is organized into five structured chapters.

- **Chapter One: Introduction and General Orientation**

This chapter serves as a preview and guide to the study, outlining the identified problem as well as what the research seeks to achieve.

- **Chapter Two: Literature Review**

In this chapter, the research offers an in-depth literature analysis, thus providing the theoretical framework to the study. The literature will include the legislative framework that shapes the study, the various arguments in PPPs, capacity building and public sector transformation.

- **Chapter Three: Research Design and Methodology**

This chapter on research design and methodology outlines the procedures of how the research was conducted, including the method used in collecting data from the respondents/participants.

- **Chapter Four: Presentation and Analysis**

Research findings are presented and analysed in this chapter. It also presents information on and explains the data trends.

- **Chapter Five: Conclusions and Recommendations**

In this chapter, the researcher gives an overview of the study, and presents recommendations based on the research findings and trends from the literature analysis.

1.10 CONCLUSION

Government is increasingly placed under pressure, even to the extent of public protests, by residents demanding service delivery. This happens against the background of a constitution, government policies and laws that are hailed as being amongst the most progressive in the world. Yet, the implementation of programmes and projects to give effect to the intentions, of these prescripts and meet the expectations of citizens, leaves much to be desired.

It is also common knowledge that government has the public service at its disposal, comprising officials appointed to management positions, therein to plan, implement and report on programmes and projects aimed at alleviating poverty and unemployment. However, what has become topical, and a matter of concern, over the years is the weak service delivery capacity in the public service, and whether initiatives, such as, the DEDEA-NBI PPPs are effective. Therefore, assessment and evaluation roles of this capacity development programme in service delivery are not only matters of public interest, but also assist government in determining value for money.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

South Africa is a country with many and diverse human and material resources. It has great potential for economic growth and human development. Nevertheless, it also has numerous economic, social and political challenges as well as tremendous global opportunities. Some of these problems are deeply rooted in history. However, the country is in the process of transformation from a society, which endured the injustices of apartheid into the one that hopefully will strive for prosperity and harness the country's resources and human potential for development. The single most important objective of the country's socio-economic transformation is to stimulate the economy in order to create the means to improve the quality of life of all the inhabitants, thereby redressing the fundamental problem of gross inequality in society; it is to ensure that services are delivered in a way that is sustainable, equitable, efficient and affordable. The change, which is happening in South Africa, therefore, should go beyond attempts to decolonize, *de-racialize*, and democratize society; it should also reflect a commitment to fundamental change in social, political and economic systems.

In the developed and developing countries, particularly in the latter, the state has a major role to play in promoting economic growth and development, and in implementing poverty reduction programmes. Thus, it is universally accepted that government institutions are critical in planned social change, and that state capacity is necessary for creating conditions for development. Nonetheless, capacity deficits in government are a reality and constitute one of the most critical constraints to social progress. This should be addressed if the goals and objectives of initiatives such as the Millennium Development Goals (MGDs), New Partnership for Africa's Development (NEPAD), Reconstruction and Development Programme (RDP), Provincial Growth and Development Plan (PGDP) and Integrated Development Plans (IDPs) are to be achieved.

The general observation is that, governments – especially in provinces, such as, the Eastern Cape – lack the necessary institutional capacity to deliver services and implement development programmes even when funding is available. This sometimes leads to public discontent.

The public service is the supplier or provider of particular products or services that citizens need. It, therefore, goes without saying that in order to provide the services the public service is in need of educated, trained and professional public servants. Today, South Africa – as part of the ‘global village’ – faces a rapidly changing socio-political environment and technology. Unfortunately, it suffers from severe skills’ shortages, especially in the technical, professional and managerial categories.

Fortunately, owing to the initiatives already undertaken, there is recognition by many, that education, training and development are key strategies to meet these challenges. In response to these challenges, government – sometimes with the support of the private sector and NGOs – has initiated multitudes of programmes to deal with the capacity constraints that frustrate effective service delivery. The underlying assumption, which is the subject of investigation in this study, is that in order to improve performance in the areas of transformation and service delivery, government requires investments aimed at developing and strengthening public management capacity. Increasingly, there is recognition by the Eastern Cape government of the potential of PPPs in enhancing state capacity, not only to provide social services, but also to meet the broader requirements of commerce and industry. As a result, there is significant and growing investment in PPP agreements entered into with the private sector in a wide range of functional areas and sectors, in support of government’s capacity development initiatives that are aimed at efficiency and effectiveness in service delivery. As a result, in the recent past PPPs have become common occurrences across all departments in the Eastern Cape. Hence, this study seeks to investigate the relevance and effectiveness of the ECPA and NBI coaching and mentoring programme as a capacity development mechanism aimed at enhancing the government’s organizational and staff performance, in order to improve service delivery.

2.2 CONTEXTUAL OVERVIEW OF CAPACITY DEVELOPMENT IN THE PUBLIC SECTOR

According to Fukuda-Parr, Lopes and Malik (2002:8), capacity is defined as the ability to perform functions, solve problems, and set and achieve objectives. As governments – especially in the developing countries – initiate programmes in support of the MDGs and other national development priorities, issues of human and organizational capacity are becoming increasingly important. However, governments and non-governmental organizations alike are faced with critical challenges and capacity constraints, which retard the pace of transformation and service delivery. Van der Waldt (2004:125) concurs with this assertion and argues that service delivery is constrained by the lack of skilled staff, especially in the professional and technical grades. To overcome these challenges would require measures including the training of service delivery staff, especially public sector managers in the functional areas with low levels of skills and severe public service backlogs, as well as other capacity problems related to public service operational efficiency, productivity, process improvement, and sustainable development.

Gildenhuys and Knipe (2000:75) warns, “given the existing problems and challenges facing public authorities, all public institutions need to undergo a process of transformation in order to ensure that they meet their responsibilities. To facilitate this, there must be a coordinated effort to build government capacity”. The capacity to continuously address new problems and improve access to quality public services requires not only financial and material inputs, but also investments in leadership development, management, and service delivery systems improvement. Critical questions therefore remain about the nature and role of public service and management capacity, how to strengthen it and integrate it with the range of actors from all sectors, playing a role in the development process.

According to Horton (2002: 2), capacity development refers to the process by which individuals, groups, organizations and institutions strengthen their ability to carry out assigned functions and achieve the desired results of the organization. This is supported by Morgan (1999:3) in the assertion that capacity development should be seen as the process of improving the ability of

organizations and systems to perform assigned tasks in an effective, efficient and sustainable manner. According to the NEPAD Secretariat (2001:19)

"... State capacity building is a critical aspect of creating conditions for development. The state has a major role to play in promoting economic growth and development, and in implementing poverty reduction programmes. However, the reality is that many governments lack the capacity to fulfill this role. As a consequence, many countries lack the necessary policy and regulatory frameworks for private sector led growth; they also lack the capacity to implement programmes even when funding is available".

Bourguignon, Elkana and Pleskovic (2007:110) suggest that the fundamental goal of capacity building is to enhance the ability to evaluate and address the crucial questions related to policy choices and modes of implementation among development options.

The last two decades of the twentieth century saw increased levels of global economic integration, largely due to trade liberalization and the revolution in information technology. According to Plummer (2002:239), with the exposure of many countries to global trends, the need to be competitive has increased, and yet the ability of the state to control its economic and political environment has diminished. In other words, although government remains a vital part of the global system, its role is increasingly defined in relation to other players, largely the private sector and NGOs. Van Dyk, Nel, Van Zyl-Loedolff and Haasbroek (2001:5) concur with this view, and assert that the new world economic environment is changing the structure of labour markets by increasing the level of competitiveness, thereby creating a need for improved labour productivity and a more flexibly work force. The observation is that in this environment of rapid and fundamental change, the education and training of human resources has become the driving force for meeting the demand for highly skilled workers and technical staff needed to manage the new social and economic challenges.

In the South African context, the history of apartheid is associated with the differentiated and weak institutional capacities within the public sector. According to Swanepoel, Erasmus, Van Wyk and Schenk (2003:41), South Africa was largely an agrarian society prior to the discovery

of diamonds in 1867 and gold 1872, and most of the country's inhabitants were engaged in household and agrarian activities. Later on, other industries, such as, building, engineering, and the railways developed around the mining industry, and the need arose for mining and engineering-related skills to mine the diamonds and gold. However, owing to the dismal apartheid education system, large numbers of the indigenous people were left ill-equipped to deal with the demands of an increasingly sophisticated economy, and in order to satisfy the need for skilled people, immigrants were recruited – and paid high wages – while local inhabitants were used to perform only the lesser skilled tasks.

Historically, South Africa invested heavily in first stage processing industries for export and domestic markets. Unfortunately, over the last decade, the tide of international trade has turned against primary products and low-technology manufactured goods. In the process, South Africa has lost most of the competitive edge that in the past was provided by its mineral resources. These changing circumstances leave the country with no other option but to invest much more in its people, also taking into account the warning by Boninelli and Meyer (2004:157) that the shortage of skills at senior management levels poses “a major threat to sustainability”.

As would be expected, the Eastern Cape political economy resembles the national economy, and it faces similar challenges of poverty, inequality and huge backlogs in service delivery. The provincial government has a very weak institutional capacity to deliver on services; especially in the former homelands; and a developed, but heavily skewed manufacturing and services sectors. According to the PGDP (2004:61), after 1994 the “Provincial Government faced merging six separate administrations, all with varying levels of administrative and institutional capacity, into a single Provincial administration. As a result, from 1994 to 2000, the focus was on stabilization, grappling with overspending, maladministration, and intractable administrative backlogs”. In the circumstances, it was clear that the public service required reforms to fill existing deficits in capacity where flawed employment methods and incentive structures, weak leadership and management, dysfunctional organizational structures, out-dated procedures, archaic equipment, poor expenditure management and policy analysis skills, and corruption were adversely affecting the implementation of government policies and the delivery of public goods and services.

Recognizing the enormity of this challenge, government and social partners, notably the private sector, over the years devised and introduced mechanisms designed to develop state capacity for improved service delivery. This underscores the point made by Fukuda-Parr et al (2002:10) in reference to developed country partners that “in the light of renewed calls for a capacity-building agenda in development, partnership may be an important way of developing capabilities”. As a result, amongst the initiatives undertaken were the PPPs established in areas, such as, fleet management, port management, hospital management, water and sanitation provision, and recently human capital development within the public service. The OECD (2008:12) defines a PPP as a contractual agreement between government and one or more private entities, in which the private entity delivers services in a manner that supports the service delivery objectives of government, whilst at the same time the private entity extends its profit frontiers.

It is within this context that a PPP expressed as a coaching and mentoring programme agreement between the ECPA and NBI was established with the aim to develop the capacity and enhance the performance of public managers in order for government to fulfill its role and responsibility to the people of the province. According to the 2007 ECPA/NBI Agreement, the purpose of the intervention is to facilitate the creation of a public–private interface, where business can support the government by providing financial resources and mentorship/coaching expertise to enhance its capacity for service delivery on a sustainable basis. The initiative was designed to enhance capacity of senior civil servants and improve performance in the functional areas of financial governance and management, programme and project management, as well as ethics and professionalism. The effect of this programme would be the improvement in the audit opinion of the department, timely completion of quality projects, increased levels of customer and investor confidence, and a positive reputation of the province.

Therefore, throughout this chapter, the study will endeavour to conduct a review of available literature to establish the theoretical basis for capacity development, through human capital development, as the means to improve performance in the public service.

2.3 THEORETICAL FRAMEWORK FOR PUBLIC–PRIVATE PARTNERSHIPS AS A MECHANISM FOR CAPACITY DEVELOPMENT

According to Psacharopoulos and Nguyen (1997:8), one of the critical strategies to reduce poverty is to invest in people. This is supported by Davids, Theron and Maphunye (2005:3), who argue, “development is about people”. Van Dyk et al (2001:9) elaborate on this assertion and state, “central to growth and development is human capital development”. Harrison and Kessels (2004:87) also argue that the human capital theory views people as organizational assets, whose economic value derives from their skills, competence, knowledge and experience. Consequently, both government and private sector have critical roles to play in human capital development, which is both a means and an end to development.

This study will review available literature in order to assess the support for, as well as establish the validity of this argument. The importance of this study is underscored by Burton-Jones (1999: 200), who issues a warning, “governments that fail to acknowledge the urgency of raising national skill levels will be left with under-performing economies and hostile electorates”. In South Africa, like many other developing countries, capacity development is arguably one of the central development challenges of the day; because, the rest of the social and economic progress will largely, depend on it. This literature review will discuss the theory of people and development at three levels.

- *Firstly*, effective management of and investment in human capital, especially in relation to building employee skills and commitment, is the key factor in realizing the productive potential in the public service. In the paper on the ‘Impact of management development on performance’, Jonathan & Ruth Winterton make the following general – and yet important – statement in McGoldrick, Stewart and Watson (2002:148-151), “there is extensive literature supporting the crucial role of human resources in improving organizational performance and sustaining competitive advantage”. Rue and Byars (1990:429) concur, and explain that human capital development is concerned with developing experience, attitudes and skills necessary to becoming or remaining effective employees in the organization; and further that it can be used to reduce the negative effect of managerial obsolescence.

The APRM Report, (2005:ii) also points out that the key challenge affecting the growth and development of most developing countries are deficiencies in the human capital capacities that should drive a fully functional and vibrant good governance system. This observation, therefore, suggests that capacity building and development should be launched in order to enhance public sector performance, thereby improving service delivery. According to Davids et al (2005:67), capacity development is associated with the building of productive potential of community livelihoods strategies to ensure security against poverty and vulnerability. Fukuda-Parr et al (2002:9) concur with this view, stating that capacity development is fundamentally concerned with change and transformation at three levels, namely individual, institutional and societal. The individual level entails enabling individuals to engage in a continuous learning process that allows them to build on existing knowledge and skills, and to be able to expand these into new directions as additional opportunities arise. The institutional level pertains to the building of existing institutional capacity, rather than trying to create new institutions. The societal level involves the society as a whole for development transformation, and this includes creating opportunities in both the private and public sectors to allow people to use and expand individual capacities for the benefit of society in general.

- *Secondly*, capacity development is a good governance measure. Janneh (2005:3) argues that good political, economic and corporate governance systems are "necessary foundations to create, stabilize, nurture and utilize capacity for development". Davids et al (2005:64) support this assertion and state that poor or bad governance, including corruption, has often been shown to undermine development, including programmes for poverty alleviation, food security and job creation. According to Le Roux and Graaff (2001:22), good governance is associated with the business of governments and the associated coalition partnerships fostered within a set of values and principles in order to achieve higher order, universally accepted or binding constitutional objectives. Weiss (2002:34) concurs with this view, and explains that the World Bank considers good governance as related to the capacity, potential and commitments of governments to create mechanisms, procedures that ensure sustainable economic growth and

development for the benefit of the citizens. Van der Waldt (2004:13) supports this view and argues that good governance, inter alia, involves strengthening the capacity of the public service to formulate, analyse, implement and evaluate policies as well as to promote development.

- *Thirdly*, capacity development contributes to corporate governance. The APRM Report (2005:13) recognizes corporate governance as pivotal in the public sector transformation for it stimulates the creation of integrity in the performance based public institutions with growth and development aims. Government and the private sector are examples of actors that are most likely to stimulate the increase of the productive potential and viability of community development projects. The mechanisms of intervention to build capacity and further the development thereof, include the injection of skills, financial resources, material resources, and knowledge transfers. Fukuda-Parr et al (2002:10) argue that the private sector develops capacity according to the dictates of need and performance. Gildenhuis and Knipe (2000:75) concur with this assertion and argue, “in order for public authorities to deliver public services effectively and efficiently, they will have to involve private organizations”. Hence, the private sector stands out as one of the actors that can collaborate with government and impart integrity and skills in efforts to improve service delivery.

These theoretical arguments support the view that human capital development in the public sector contributes to improved performance and good governance. In the case of DEDEA, the validity of this theory will be tested in the following areas:

- Human capital development in the functional area of financial governance and management. The PFMA provides the scope for improvement of financial management capacities advancing a fundamental change from financial administration to financial management and governance. This is informed by the need to enable the public sector managers to manage financial resources prudently, and at the same time be accountable; to facilitate the outcomes based approach to service delivery as opposed to the procedure based approach advocated by the old exchequer acts; and enhance the best

practice methods in financial governance that include budget planning, transparency in supply chain management, and performance related financial governance.

- Human capital development in the functional area of programme and project management. This is critical because in the implementation of policies, government is expected to develop a programme of action with clearly set targets informed by accurate baselines with proper cost estimates, and adequately resourced. According to Smit and Cronje (2002:476), the key advantage of the project management approach to improvement of service delivery impact, towards economic growth and development is its ability to integrate various skills, for quantifiable objectives, within a set period, creating opportunity for clear measurement of success and impact evaluation.
- Human capital development in terms of ethics and professionalism in the administration of public affairs plays a critical role in facilitating service delivery, and thus promoting growth and development. This refers to the need to develop and incorporate into the public service a concern for ethical behaviour and management as envisaged in the King II Report.

According to Van der Waldt (2004:113), the delivery of public services through PPPs is relatively new in South Africa, and support for this mode of service delivery varies across government institutions. Based on Treasury Regulation 16, 2004 and other relevant literature, the following principles are critical in the consideration, conceptualizing and understanding PPPs:

- PPP constitutes a network of collaborative arrangements between government and private entities intended to ensure that government focuses on core business, whilst subcontracting the private parties to address the non-core functions that, however, are aimed at stimulating quantitative and qualitative service delivery. The IFM Report (2006:3) supports this assertion, and states that through the PPP, the private party enters operational zones of providing services that were traditionally delivered by government.
- PPP represents a commercial transaction between public entities and private partner(s), in which the latter performs an institutional function on behalf of the public institution. In doing so, the private party assumes substantial financial,

technical and operational risks, and in return receives a benefit for performing the institutional function. The EIB Report (2004:7) clarifies that, through PPPs, private bodies tend to bring into the governance space resources, expertise and knowledge capital transfers.

Thus, at a strategic level, this integrated partnership is a governance model that embodies social and economic objectives. In the case of the ECPA/NBI Agreement, the partnership is based on the recognition that business can only succeed where society thrives. Business is granted an opportunity through this partnership to shape the type of society that it will operate and do business in. At an operational level, the PPPs would include working arrangements aimed at leveraging capacity to deliver public goods.

Hence, the study examines the effectiveness of the PPP programme through coaching and mentoring as a mechanism of capacity development. In addition, it discusses how partnership can be leveraged in the human capital development process, to improve performance and service delivery.

2.4 RELEVANCE OF COACHING AND MENTORING IN MANAGEMENT CAPACITY DEVELOPMENT

Wilson (2005:41) defines management capacity development as the growth or realization of a person's ability, through conscious or unconscious learning. Therefore, management capacity development is designed to improve the overall effectiveness of managers in present positions and to prepare these managers for greater responsibility when promoted. Van Dyk et al (2001:148) elaborate that management capacity development,

“... is aimed at employees serving in managerial capacity or preparing for managerial posts within the organization. It is essentially directed towards preparing supervisory and managerial personnel for subsequent levels of management. It can be seen as a process by which managers obtain the necessary experience, skills, and attitudes to become or remain successful leaders in their organization”.

Human (1991:27) takes this assertion further, and argues that the objective of management capacity development should be higher levels of productivity, which translates into greater organizational effectiveness, the key to sustainable levels of economic growth.

According to James, Stoner and Wankel (1992:7), managers are responsible and accountable for and in charge of seeing to it that specific tasks are performed successfully, and managers should be cognisant of the fact that personal evaluation is based on how well they arrange for these tasks to be accomplished. Human (1991:276) supports this assertion and argues that it is the function of public management to take charge of instruments, by which the full range of individual and social needs of all the members of society are satisfied. The success or failure in the ability of the public service to satisfy these needs, is largely dependent upon its managerial capacity, and consequently, its ability to develop effective managers.

However, it is increasingly recognized that managers differ in ability, experience, and personality, hence the need for management development programmes. Noe (1999:469) emphasizes the point by stating, “because managerial work is important, complex, and challenging, many organizations provide regular management training”.

According to Wilson (2005:47), management capacity development programmes “usually include elements of planned study and experience, and are frequently supported by a coaching or counselling facility”. Yet, to perform to the standards expected in the public service, managers require more than certain levels of knowledge and understanding; they require capabilities. This argument is supported by Noe (1999:469), who explains, “in South Africa where there is a critical shortage of high-level management expertise, it is essential that organizations should identify potential candidates and educate them accordingly”. Levy and Kpundeh (2004:79) also make the point that training public service managers is “about investing in human capital”.

Mentoring and coaching are developmental programmes that are about establishing relationships and unleashing the human potential. Rue et al (1980:431) argue that coaching and counselling are probably the most widely used techniques in management development, and that these

programmes change the way to do business, because they change the way people think, communicate and interact”. This view is supported by Holliday (2001:79), who states that coaching and mentoring are a partnership for achieving results. Stephen (2008:162) also refers to human capital development partnerships as the “interaction between two individuals with the intent of enhancing personal development and growth.” This constitutes the theoretical basis of and rationale for the capacity development programme of coaching and mentorship packaged as the PPP the ECPA and NBI.

MacLennan (1995:4) refers to coaching as the process whereby one individual helps another to unlock their natural ability to perform, learn and achieve; to increase awareness of the responsibility and ownership of their performance; and to identify and remove internal barriers to achievement. According to Holliday (2001:79), “coaching is more than a set of management actions for improving performance. It is an involved and supportive approach for allowing others to realize their potential”. In support of this view, Stephen (2008:172) makes the assertion that coaching is used for improving individual performance, productivity and skills; it is about working with people and their teams in complex, sensitive and changing workplace environments, to support leadership and talent management; it is also about looking to support problem and solution focused thinking, strategic insight and personal development. To underscore the significance of coaching, James et al (1992:339) describe coaching as the training of a subordinate by his or her immediate superior, and argues that it is, “by far the most effective management development technique”.

According to Noe (1999:239-241), mentorship relationships can also develop as part of a planned organizational effort to bring together successful senior employees with less experienced employees. It can be argued that the added advantage of mentorship, as compared to coaching, is that protégés can learn from each other as well as from more experienced senior employees. The leaders in a mentorship relationships help protégés understand the organization; guide subordinates in analysing experiences; and help clarify career directions. However, Meyer and Fourie’s (2004: 6) argument is, “we need both mentoring and coaching in our organizations. We need coaching to help individuals to perform over the short term so that business goals are met.

We need mentoring to ensure that employees and managers are continuously developed so that the organization's performance can be sustained and improved over the long term”.

2.5 LEGISLATIVE FRAMEWORK FOR SKILLS DEVELOPMENT AND PUBLIC-PRIVATE PARTNERSHIPS

One of the cornerstones of the *Constitution of the Republic of South Africa*, 1996, is the public service that is efficient, effective and career oriented (Constitution, 1996:107-111). However, as mentioned earlier, South Africa has a poor skill's profile, because of the poor quality of general education for the majority of citizens dating back to the apartheid era. According to Van Dyk et al (2001:35), “the government in South Africa is faced with the challenge of balancing the demand for skilled and flexible labour force to make industries in the country more competitive, on the one hand, and on the other hand, of ensuring access for all citizens to training opportunities as well as to redress disadvantages faced by particular groups”.

To bring about the necessary changes to meet new challenges, the state was compelled to take the lead in developing policy and legislation that should make provision for skills development. Initiatives undertaken, include the Constitution that stipulates,

“ ... public administration must be development-oriented”; the White Paper on the Transformation of the Public Service, which states that the public service needs to be, “efficient, effective and productive”; as well as the White Paper on Transforming Public Service Delivery that advocates the “people must come first” attitude, which not only benefits the recipients of services, but also, “results in better managed, more productive and cost effective services”, Van der Waldt (2004:88).

For purposes of this study, only two legislative interventions will be examined, namely the relevant provisions of the Skills Development Act and the PFMA.

The Skills Development Act seeks to promote the development of the skills of the South African workforce, thereby improving the productivity of the workplace and the delivery of social

services. According to Nel, Van Dyk, Haasbroek, Schultz, Sono and Werner (2004:115) the Skills Development Act also serves to encourage employers to use the workplace as an active learning environment to provide employees with the opportunity to acquire new skills. In Section 2 (2), the Skills Development Act envisages the establishment of partnerships between the public and private sectors of the economy to provide education and training in the workplace. Van Dyk et al (2001:26) argue that public-private collaboration in strategic areas, such as, skills development is necessary for economic development. Gildenhuis and Knipe (2000:78) state, “private sector involvement in service delivery should be aimed primarily at achieving improved and greater levels of services and leveraging additional capacity and investment.”

In South Africa, PPPs are governed by legislation, the PFMA and Treasury Regulations. Of particular note in this regard, and relevant to this study, is Treasury Regulation 16 on PPP issued in terms of the PFMA. In the context of this legislation, PPPs are referred to as “a contract between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project”, Gildenhuis and Knipe (2000:92).

Legislation provides for any government department or entity to initiate the PPP, but it equally makes it mandatory for all PPPs to be approved by National Treasury, to ensure compliance and value for money. This is supported by Gildenhuis and Knipe (2000:78), whose argument is, “when private sector involvement is considered, it should be consistent with the guidelines provided, and a full costing exercise should be undertaken to compare the costs and benefits of private and public sector delivery”.

2.6 ADVANTAGES AND CHALLENGES OF PUBLIC-PRIVATE PARTNERSHIPS AS A MECHANISM OF CAPACITY DEVELOPMENT

According to Kroukamp (2003:7), education and training can assist the public service to develop the professional capacity of public servants and to promote institutional change. Training also contributes to equipping public servants with the knowledge, skills and competencies needed to

carry out designated jobs effectively. According to the White Paper on Public Service Training and Education (1998:19), training and education in the public service can contribute to:

- equipping public servants, whether workers or managers with the necessary knowledge, skills and competences to carry out assigned jobs effectively in pursuit of the vision and mission of the public service;
- enable public servants to deal effectively and proactively with change and the challenges of a dynamic working and external environment;
- enable public servants to acquire a new development oriented professionalism; address issues of diversity, while also promoting a common organizational culture to support unity at the workplace and the ethos of a single public service;
- be a powerful instrument for anticipating, as well as facilitating, the introduction of institutional changes within the public service; and
- assist public servants in developing a better understanding of the needs of the communities, which they are serving, as well as the capacity to respond to these needs.

In other words, human capital development programmes, if properly conceptualized and well implemented, can successfully enhance the capacity and efficiency of government in the delivery of services and socio-economic development. According to Meyer and Fourie (2004:72), coaching and mentoring are about developing people, capacity development and empowerment. This is supported by McGoldrick et al (2002:150), who argue there is evidence that organizational performance is enhanced when management development is linked with organizational strategy. Van der Waldt (2004:225) also concurs with this view, stating, “the value of training is realized if the training activity is based not merely on filling gaps in current skill levels, but on ensuring that requisite skill levels are sustained in line with the organization’s core strategic activities”.

According to Psacharopoulos and Nguyen (1997:11), private sector involvement in capacity development would have the following advantages:

- Firstly, private sector involvement may enhance efficiency in the public service;
- Secondly, private sector can mobilize and help provide additional resources for investing in human capital development; and
- Thirdly, private sector involvement “frees up tax revenues for funding social programmes that benefit the poor”.

However, Plummer (2002:87) argues that the success of and the time it takes for capacity development through PPPs, to meet set objectives of human capital development, depend on a number of factors, namely:

- the identification of the appropriate roles and responsibilities of the public-sector and private-sector partners;
- understanding that private-sector participation does not in itself ensure success, unless there is a good combination of competent and qualified coaches and mentors, and willingness and commitment on the part of the public managers to learn;
- the establishment of a public monitoring and management system to assess performance by all the parties involved; and
- the provision of training through coaching and mentoring on skills relevant to the service delivery area of the managers involved.

Klasen and Clutterbuck (2002:95) warn that there are two major challenges the government faces in implementing PPPs. The **first** is that government tends to misunderstand its role in implementing PPPs. Yet, private sector participation does not mean that the government’s role becomes smaller, only that it changes; government should play the more important role of encouraging private sector investment and of ensuring provision of high quality services at a lower cost burden to citizens. The **second** challenge is setting up an appropriate public monitoring and management system, because of the serious lack of capacity within government to implement PPPs.

Within the context of these broad challenges, a number of generic problems tend to emerge, ranging from the formation of partnerships between public and private actors to operating together in a partnership framework. These problems are usually due to:

- the bureaucratic procedures on the part of the public sector;
- the different working styles and reward structures;
- lack of a business culture in the public sector and limited experience of working in commercial settings;
- absence of tradition or experience of working with the private sector or even in partnerships more generally; and
- lack of trust between the parties; as well as private sector concerns about unpredictable policy changes, which may affect partnership agreements (Plummer, 2002:102).

2.7 CONCLUSION

The review of literature on capacity development, and PPPs as a mechanism for capacity development, overwhelmingly confirms the centrality of people in development. It suggests that without appropriate public service management capacity to develop and implement projects or plans and to produce and deliver goods and services, sustained socio-economic development would remain elusive. Similarly, when capacity is weak, the state will lack the capability to undertake basic public management functions. In addition, the review also highlights the importance of partnerships, especially the role of the private sector in the area of capacity development, advancing the argument that PPPs should be pursued in order to leverage ideas, resources, and capabilities to achieve public service goals.

However, in the course of the review, some critical issues in the study of capacity development and partnerships to realize capacity development emerged, and these need to be taken into account, moving forward.

- *Firstly*, that there is no blueprint for partnerships. In fact, there is a great diversity of collaboration arrangements and these relate to the historical- and location-specific contexts, in which partnerships arise and the factors that trigger the need for partnership.

- *Secondly*, that operating within partnership arrangements for human capital development is often frustrated by tedious processes to develop formal agreements accompanied by high transaction costs precisely, because the parties have no history of working together.
- *Thirdly*, the main constraints to promoting partnerships for capacity development are of an institutional nature, largely arising from the habits, traditions and service cultures of partner organizations.

Hence, if PPPs are to fulfill its potential, new ways must be found to break down barriers and increase communication and trust between the parties involved.

In recent years, a forward-looking South Africa has re-emerged on the international scene with more confidence, dynamism and optimism than ever before, and many in Africa are looking to this country for leadership. Governance has improved considerably in recent years and, owing to collaboration between the public and private sectors, sustained economic growth is on the horizon. Thus, capacity development offers a unique window of opportunity to South Africa, and the Eastern Cape in particular, to move decisively towards sustainable development. Human capital development in the public service has the greatest potential to move the whole country forward to enhance good governance, effective service delivery and sustainable development, because it is in fact the human capital, and not so much the material resources, that holds the key to the country's economic and social problems.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter presents the research method and design followed by the researcher. The research method explains the technique used to collect data. The research design provides a framework used in the collection and analysis of data. The methodological design serves as guide to the researcher on the procedure to be followed when interacting with the research participants.

Although researchers may vary according to the type of method utilized, there is a set of criteria that should be met in the evaluation of research, namely, reliability, replication and validity. The specific methodology should also assist the researcher to be ethical and sensitive to the issues when conducting a particular study.

3.2 RESEARCH DESIGN

According to Bryman (2001:29), a research design provides a framework for the collection and analysis of data. It represents a structure that guides the execution of a research method and the analysis of the subsequent data. Mouton (1996:107) concurs and further states that the purpose of a research design is, “to enable the researcher to anticipate what the appropriate research decisions should be so as to maximize the validity of the eventual results”.

As suggested by Mouton (2001:151), the researcher in this study formulated exploratory and descriptive research questions, employed participant observation and/or structured interviewing, and collected primary and textual data through quantitative and qualitative approaches. The study followed the case study research design, which entailed the detailed and extensive exploration of a specific case, which, according to Bryman (2001:47), could be a community, organization or person. In this research, the case study was DEDEA.

3.3 POPULATION

According to De Vos (2000:198), population refers to all potential subjects who possess the attributes in which the researcher is interested. Mouton (2001: 107) as well as Bless and Higson-Smith (1995:87), also view the population as a set of elements on which the researcher focuses and from which the results obtained, by testing the sample, can be generalized.

In this study, the research population consisted of thirty subjects comprising twenty-six DEDEA senior and middle managers who participated in the DEDEA/NBI training programme as well as four members of top management.

3.4 SAMPLING

According to Babbie (2004:34), a sample consists of elements of the population only considered for the actual inclusion in the study. Thus, a sample can be viewed as a subset of the population in which the researcher is interested. Shipman (1988:52) concurs with this assertion and states that sampling, therefore, is a systematic way of choosing a group small enough to study and large enough to be representative of the population under study.

In this study, the sample was determined in consideration of the following factors:

- Some managers might no longer be working for DEDEA whilst others might be on leave.
- At the time of the distribution of the questionnaires, a couple of other managers might be working in districts, and thus not easy to reach.
- One or more supervisors might not be available for the interview.
- The researcher's work commitments might not allow for the second round of distribution of questionnaires or conducting of interviews.

3.4.1 Sample size

An imperative consideration of the researcher is to decide on the size of the sample. Bless and Higson-Smith (1995:96), argue that, "... if one wants to collect accurate information about a group, the best strategy is to observe each of them". However, owing to the many participants in the DEDEA/ NBI training programme, in this study the researcher examined only a portion of

the whole population, which is a sample. Welman and Kruger (2001:147) assert that sample size is properly fixed by deciding the level of accuracy required and the acceptable magnitude of the sampling error. The major criterion in deciding the sample size is its representativeness of the population.

In this study, like any other social science research, the researcher was confronted by the fact that it was not possible to collect data from everyone in the research population. As a result, the research was based on a sample comprising fifteen DEDEA's senior and middle managers who participated in the DEDEA/NBI training programme and four supervisors who were members of DEDEA's top management. The four supervisors, namely, the Head of Department, Human Resource Manager, Chief Finance Officer and the DEDEA/NBI Project Manager were directly responsible for supervision of programme participants to ensure value for money for the department.

3.4.2 Sampling technique

According to Dooley (1990:134), there are two primary sampling techniques, namely probability sampling and non-probability sampling. In probability sampling, the chance that any member of the population would be involved is known, whereas in non-probability sampling, the prospect is unknown.

According to Mouton (1996: 38), the researcher may use multiple methods and techniques in order to improve the quality of research. Hence, in this study, the probability sampling technique was used in conjunction with in-depth interviewing. Questionnaires were utilized in order to remove the possibility that bias on the part of the researcher will enter into the selection of cases. In addition, in-depth interviews were utilized because the researcher viewed this technique to be most reliable and valid as participants would engage, give their feelings, ask questions, provide explanations and talk about their experiences gathered in the process of the DEDEA/NBI training programme. In this way, the researcher would get confirmation from the supervisors of the validity of the responses given by the programme participants on whether the training received resulted in capacity development and improved performance in financial governance and management, programme and project management, as well as ethics and professionalism.

3.5 RESEARCH METHODOLOGY

Whilst there are various approaches to conduct research, two basic methods, namely the qualitative and quantitative methodologies are the most commonly used. According to Bless and Higson-Smith (2000:860), a comprehensive research follows both methodologies, depending on the setting to which the research is conducted. Both Bryman (2001:29) and Mouton (1996:57) agree that research methods describe and explain the technique for collecting data. This would involve specific instruments, for instance, questionnaires, survey, participatory action research or structured interviews.

This research is concerned with the complexity and the nature of the relationship and the linkage between the DEDEA/NBI training programme and capacity development in the department with specific reference to financial governance and management, programme and project management, and ethics and professionalism. The researcher used both the qualitative and quantitative research methods.

3.5.1 Qualitative research method

According to Leedy and Ormrod (2001:147), qualitative research is a way of collecting information on the knowledge, values, feeling, attitudes, beliefs and behaviours of the target population. It is a method of social research, in which data is usually presented in words to describe a social phenomenon. The qualitative research, according to Struwig and Stead (2001:11), make use of a number of research techniques or methods, such as, structured interviews and surveys. Grobler, Warnich, Carrell, Elbert and Hatfield (2006:115) suggest that the choice of a particular research technique “depends on the purpose of the research and the type of problem under study”, and argue, “an inappropriate research technique may seriously affect the study’s overall validity and usefulness”.

In this research, the case study was DEDEA. It was concerned with capacity development in DEDEA, investigating whether the DEDEA/NBI training programme has imparted on DEDEA the capacity to facilitate and promote economic growth and development in the Eastern Cape. In particular, it sought to explain the effectiveness of the training programme in developing the

department's capacity in financial governance and management, programme and project management, as well as ethics and professionalism.

Structured interviews were utilized, and interview sessions were arranged with four members of DEDEA's top management. As suggested in Bryman (2001:267), the researcher firstly formulated research questions, secondly selected the relevant respondents, and lastly executed data collection through interviews. The researcher collected and analysed texts and documents as well, notably the DEDEA's Strategic Plan, Annual Financial Statements and Quarterly Performance Reports.

3.5.2 Quantitative research method

According to Lawson and Ormrod (1994:218), the quantitative research method is one in which data is expressed in a numerical form such as in numbers, percentages and tables. The quantitative approach conceptualizes reality in terms of variables, and the relationship between them. It rests on measurements and therefore restructured data, research questions as well as research design.

The researcher used questionnaires to collect quantitative data on the impact of the DEDEA/NBI training programme on the department's capacity development in the areas of financial governance and management, programme and project management, as well as ethics and professionalism. Questionnaires were distributed at a workshop organised by the department for the fifteen managers of the department who were assigned the task of reviewing the DEDEA/NBI programme. The gathered data was reduced to some numerical representation of what was being measured.

3.5.3 Data Collection

Data collection is the process by which the researcher gathers empirical data of a historical, documentary or statistical nature. According to Mouton (1996:110), "this is accomplished through various methods and techniques of observation such as document analysis, content analysis, interviewing and psychometric testing". Layder (1993:54) concurs and identifies quite a

number of instruments that can be used to gather data, among which are interviews, intake forms, questionnaires, surveys and attendance records.

- **Interviews**

In gathering data, the researcher used structured interviews to obtain information from the interviewees, namely DEDEA's members of top management. A structured interview is one in which questions to be asked, the sequence of said questions, and detailed information to be gathered, are all predetermined. According to Kumar (2005:126), "one of the main advantages of the structured interview is that it provides uniform information, which assures the comparability of data". This is important to ensure maximum consistency throughout the interviews.

The researcher targeted and made appointments with the four officials from the department, namely Head of Department (HoD), Human Resources Manager, Chief Finance Officer and DEDEA/NBI Project Manager. These officials were targeted because of the positions held, serving as supervisors of the programme participants in the department. These officials monitor the work of and receive reports from the programme participants, and as such, are well positioned to know if performance and service delivery in the department have improved. Upon confirmation and approval of the dates and times, the researcher physically visited members of top management in the work place, over three days in a period of two weeks.

On all occasions, despite confirmation of an appointment with the HoD, the officer was not available, due to "urgent matters", which needed attention. Even attempts to interview the HoD telephonically did not yield results, because his office was reluctant to furnish after-hours contact details. Nonetheless, the researcher proceeded with the interviews of the other three officials on the basis that, in fact these officials reported directly to the HoD on the performance of the programme participants. It was clear then that failure to get hold of the HoD would not negatively affect the study, because, in any event, this officer would have presented the information as submitted to him by the other three officials. Interviews were deemed reliable and

valid, because participants would engage in open discussion with the researcher, give their personal feelings, make suggestions, and provide explanations in the process. Participants shared their experiences in relation to the planning and execution of the department's capacity development programme.

- **Questionnaires**

In this study, the researcher applied self-administered questionnaires with questions that allowed the respondents, namely DEDEA/NBI training programme participants, to fully express themselves and give detailed and precise information. The researcher appointed a research assistant, who distributed questionnaires to the fifteen DEDEA/NBI training programme participants at a workshop that was arranged by the department. After a week, the research assistant went back to collect the questionnaires from individual participants, but only thirteen completed questionnaires were received. The explanation for the two questionnaires, not retrieved, was that one programme participant had misplaced the questionnaire and the other was away from his work station on official business. The researcher, however, was satisfied that the sample (at 87%) was large enough and adequately representative of the research population.

- **Documentation**

According to Punch (2005:184), a range of documents might be used as references by social scientists, and these include diaries, letters, institutional memoranda and reports as well as government pronouncements and proceedings. The researcher often referred to DEDEA's written documents in conjunction with the interviews, and these were the Annual Report in combination with the Annual Financial Statements and Quarterly Performance Reports for the 2008/9 financial year (herein after referred to as documentation). The documentation was compared in terms of its content, relevance and linkage to the objectives of the research. The main purpose of assessing the documentation was to check whether the department's performance was improving and whether the set annual performance targets were achieved.

3.6 DATA ANALYSIS

Data analysis involves the organization and presentation of, and compilation of findings from, the collected data. Both quantitative and qualitative data analysis methods were used to give the readers an in-depth understanding of the results and the opinions of the officials and management of DEDEA. The researcher first considered the information as given in the questionnaires, established the trends, and compiled a diagrammatic impression of the responses. The information thus gathered was compared with and validated against the one obtained through interviews and in the documentation.

Data analysis then made it possible for the researcher to make findings and draw conclusions from the collected data. The names of the respondents were not mentioned to protect individual anonymity.

3.7 CONCLUSION

The research design and methodology were scientifically followed. The choice of interviews, questionnaires and document analysis was influenced by the need to assist the researcher to acquire all the necessary and relevant information from the participants. The interviews and questionnaires were structured to promote uniformity across all participants and to provide a guide to participants on how to answer or respond to a question. Documentation assisted in that it provided recorded information that was used to 'cross reference' the collected data, and in evaluating performance in the areas of financial governance and management; programme and project management; as well as ethics and professionalism.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

This chapter presents the data collected in the research as well as the analysis of the findings from the data collected after the interaction with the respondents. Both the qualitative and quantitative data analysis methods were used to give the readers an in-depth understanding of the results and the opinions of the officials and management of DEDEA.

Non-probability, especially the purposive sampling technique, was used in data collection, conducted through questionnaires completed by department's managers, who participated in the DEDEA/NBI training programme. Similarly, interviews were conducted with targeted members of the department's top management. These were officials, who were deemed relevant to and useful in the study, due to their involvement as supervisors in the department's functional areas of financial governance and management, programme and project management as well as ethics and professionalism. Furthermore, DEDEA's Annual Report with the accompanying Annual Financial Statements and Quarterly Performance Reports for the 2008/9 financial year, were analysed to obtain evidence of capacity development.

The names of the respondents are not mentioned in the presentation and analysis of data for purposes of ensuring the anonymity of the respondents.

4.2 PRESENTATION AND ANALYSIS OF QUANTITATIVE DATA

The questionnaire, used in collecting quantitative data, was structured in such a manner that it would provide information on the personal profiles of the programme participants and their views on the effectiveness of the training programme in improving performance in the functional areas of financial governance and management, programme and project management as well as ethics and professionalism. The questionnaire also made provision for participants to elaborate on or qualify statements by way of making comments and suggestions, and by expressing concerns and misgivings about the programme.

In this section, these responses are presented in numerical and graphical form. Analysis is made and – taking into account other documented information – interpretation is given on whether the training programme has had an impact on DEDEA’s capacity development in the areas of financial governance and management, programme and project management, as well as ethics and professionalism in order for the department to facilitate and promote economic growth and development in the Eastern Cape.

4.2.1 Personal profiles and implications for performance and service delivery in the department

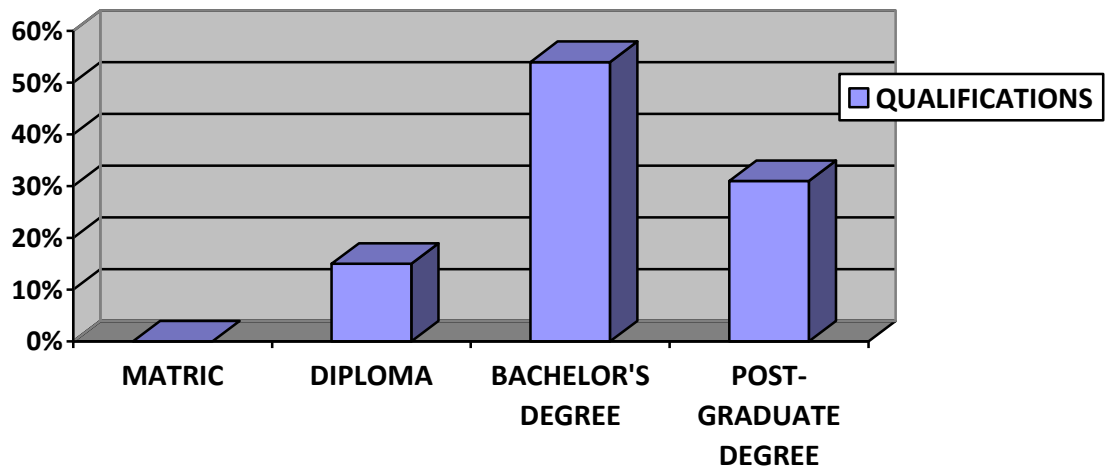


FIGURE 4.1: Qualifications of participants

Figure 4.1 shows that 15% of the participants had a Diploma, 54% had a Bachelor’s Degree, and 31% were in possession of a Post Graduate qualification.

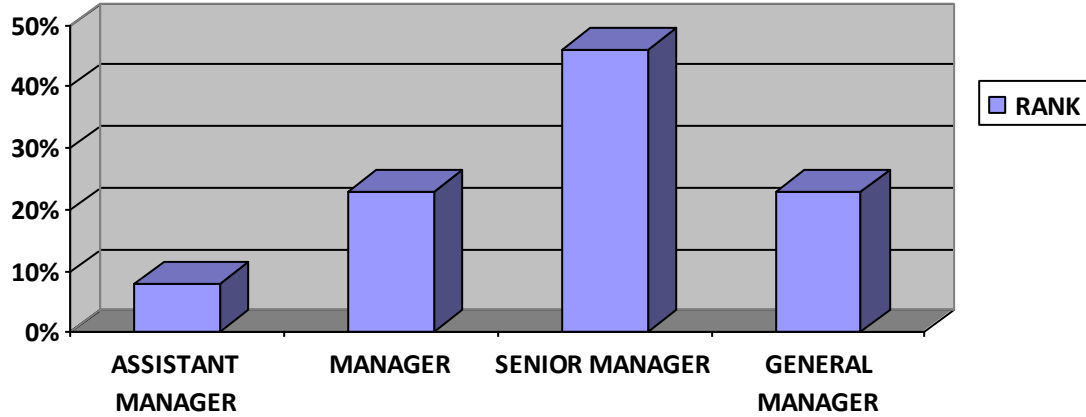


FIGURE 4.2: Rank of participants

Figure 4.2 depicts that 8% of the participants were Assistant Managers, 23% were Managers, 46% were Senior Managers, and 23% were General Managers.

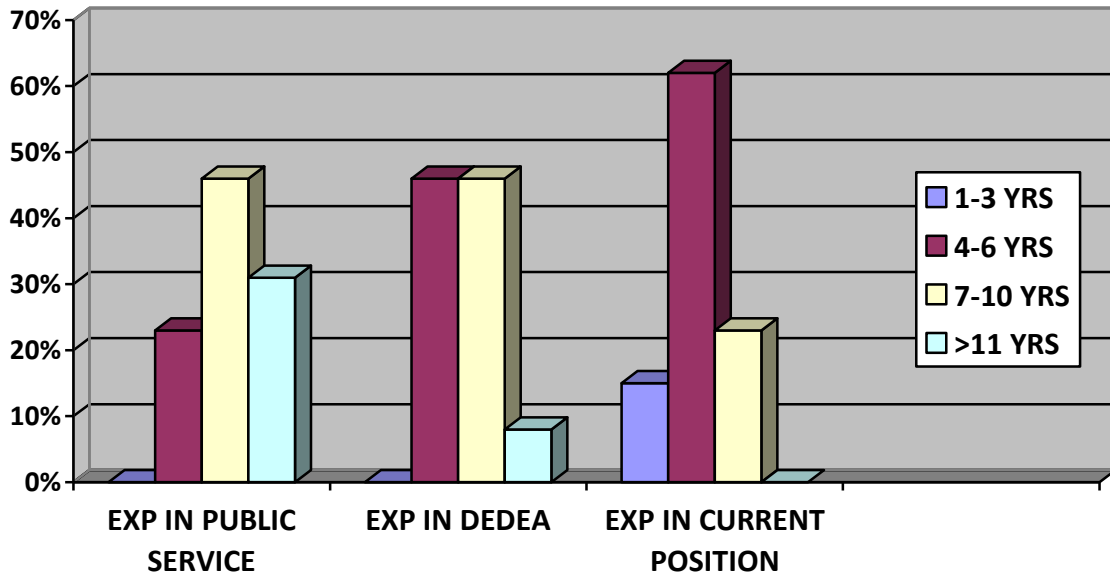


FIGURE 4.3: Experience in years of participants

Figure 4.3 indicates that no participants had less than 4 years' experience in the DEDEA or public service. In the public service, 23% of the participants had experience of between four and 6 years, 46% had experience of between 7 and 10 years, whilst 31% of the participants had more than 11 years of experience.

In the service of the department (DEDEA), 46% had between 4 and 6 years' experience, another 46% had between 7 and 10 years' experience, whilst only 8 % had more than 11 years of service.

With respect to occupancy of their current positions, 15% have served in their current positions for a period between 1 and 3 years, 62% have served for a period of between 4 and 6 years, 23% have served for a period of between 7 and 10 years, while none has served in their current positions for more than 11 years.

In the researcher's observation, the collected data reflects that the most senior, highly qualified and long serving officials of the department participated in the training programme. These are officials who, notwithstanding the most likelihood that they were exposed to one form of training or other in the course of their careers, were deemed to perform below expectation before this training programme. This information is vital for it dispels the notion that performance is only influenced by the employee's educational qualifications, rank and experience. In addition, this suggests that there, possibly, are other variables that should be considered in performance management and development for improved service delivery.

4.2.2 Effectiveness of the training programme and relationship with performance and service delivery in the department

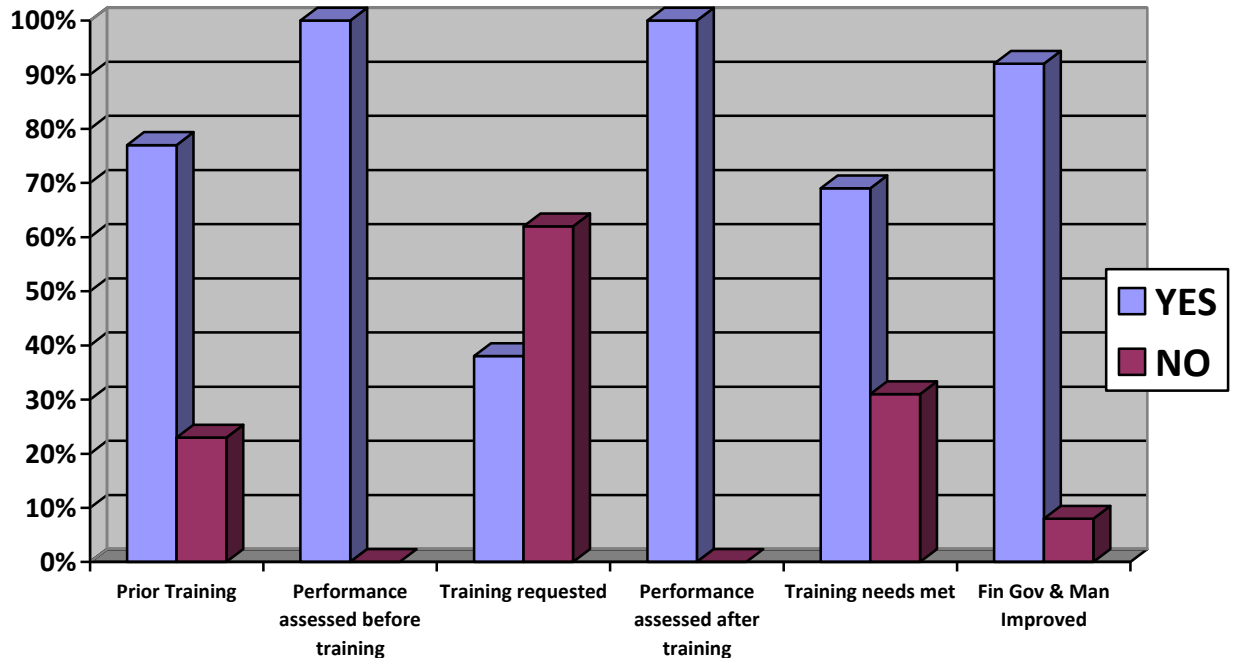


FIGURE 4.4: Financial governance and management

The graph in Figure 4.4 reveals that 77% of the participants had training in finance related functions before enrolling in the DEDEA/NBI programme; 100% had their performance assessed before the training; 38% requested the training on financial governance and management; 100% had their performance assessed after the training; 69% believed that the programme met their training needs; and 92% believed that the department's financial governance and management had improved as a result of the DEDEA/NBI training programme.

Elaborating on the question of training needs, the participants who thought their training needs had been met argued that, following the training programme, they had a better understanding of finances and could interpret financial reports easily, and that according to the feedback they received from their supervisors, the quality of the financial statements, they prepared, had significantly improved.

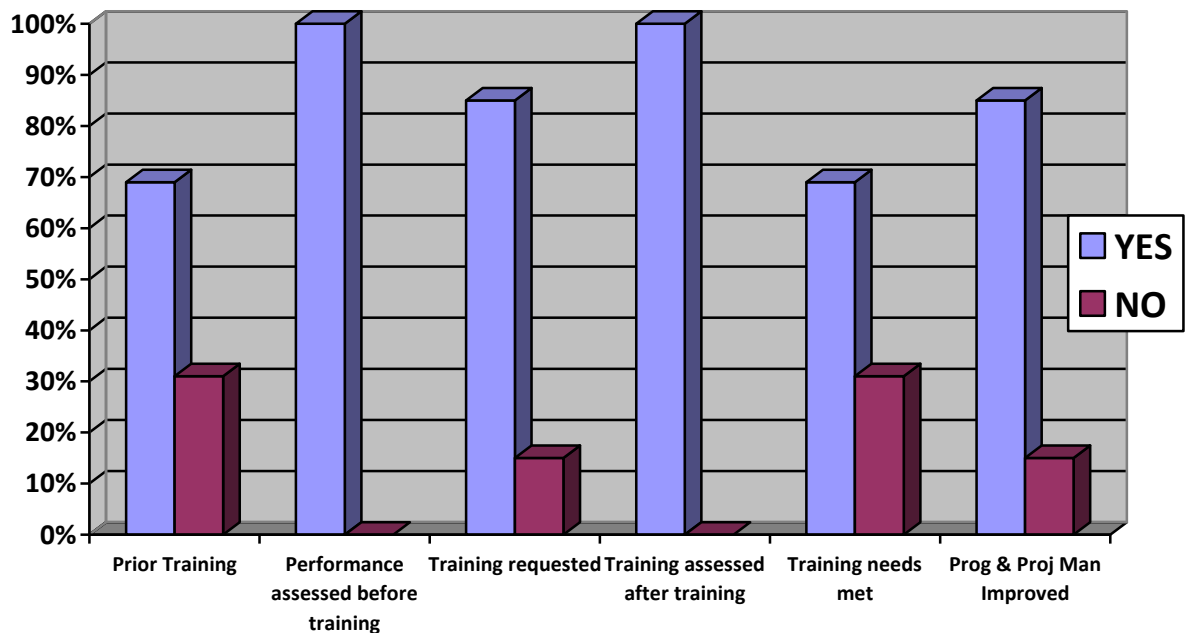


FIGURE 4.5: Programme and project management

The graph in Figure 4.5 shows that 69% of the participants had training in finance related functions before enrolling in the DEDEA/NBI programme; 100% had their performance assessed before the training; 85% requested the training on financial governance and management; 100% had their performance assessed after the training; 69% believed that the programme met their training needs; and 85% believed that the department's financial governance and management had improved as a result of the DEDEA/NBI training programme.

Elaborating on the question of training needs, the participants who thought their training needs had been met argued that, following the training programme, the participants reported excitement about the fact that the projects, which the department was implementing were running on schedule and further that expenditure on those projects, compared to the annual cash flow projections, were on track. Furthermore, the participants stated that in their interaction with communities, they were receiving positive feedback on improved quality, viability and sustainability of the projects that were implemented by the department.

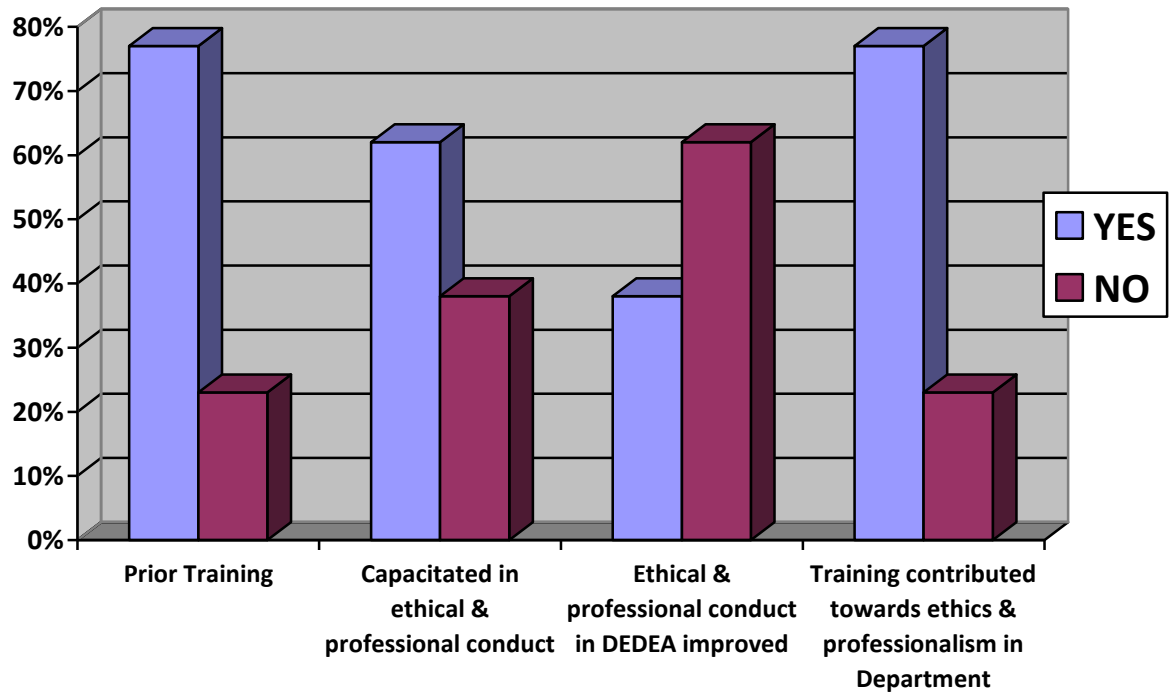


FIGURE 4.6: Ethics and professionalism

The graph in Figure 4.6 displays that 77% of the participants had training in finance related functions before enrolling in the DEDEA/NBI programme; 62% believed that the programme succeeded in capacitating them in ethics and professionalism; 38% believed that the department's ethics and professional conduct had improved as a result of the DEDEA/NBI training programme; and 77% thought that the training programme actually contributed towards improved ethics and professionalism in the department.

From the comments received from the participants, it was clear that all of them held the NBI mentors/coaches in high regard for their high ethical and professional conduct, and they believed that – over time – the department's employees would greatly benefit from them.

On further analysis, based on the collected data and the general comments submitted by the participants, the researcher observed that:

- Between 54 and 77% of the training participants confirmed to have had prior training in the functional areas of financial governance and management; programme and project management; as well as ethics and professionalism. This suggests that on previous occasions, the employees were indeed exposed to some form of training. Prior to the introduction of this training programme, these officials, nonetheless, continued to perform below expectation.
- 87% of the participants held the DEDEA/NBI training programme in high regard, and credited the partnership for improvement in service delivery. They believed that there was a strong correlation between the capacity building programme and improved performance in the functional areas of financial governance and management; programme and project management; and ethics and professionalism.
- A mere 38% of the participants considered the training to have had a positive effect on the ethics and professionalism in the department. In their comments, however, they stated that their observation should be viewed against the background that culture issues, such as, mind-set, attitude and behaviour, all of which inform the employee's and department's level of ethics and professionalism, take longer to change.
- 92% of the training programme participants expressed concern that very few of the department's employees had the opportunity to participate in the programme. The programme, in their view, should have been designed, such that it would also involve more employees as well as other critical functional areas, such as, planning, human resources management and supply chain management. In fact, they believed that the programme did little to cater for operational level employees and also that in its design, no input was sought from those employees, and further that had the training programme been comprehensive enough, the department's performance would be significantly better than what had been achieved.

The analysis was extended further to the documentation, and when reading the department's 2008/9 financial year's annual and quarterly reports, it indeed confirmed that subsequent to the

training programme, the department met most of its service delivery targets in the functional areas of financial as well as project management. The Auditor General's audit opinion provided additional evidence that the performance of the department in the 2008/9 financial year improved with fewer issues raised as 'emphasis of matter' compared to previous years. Over the same period, the oversight report of the Legislature also made the finding that, although there was still room for further improvement, the department's management of its local economic development projects has greatly improved. It explained that, unlike in previous years, the projects were planned well ahead of the year of implementation and further that the R30 million allocated to these projects was expended, fully and properly, due to the timely payment to service providers, whereas in the years before this training programme, the department would often be accused of fiscal dumping.

4.3 PRESENTATION AND ANALYSIS OF QUALITATIVE DATA

4.3.1 Effectiveness of the training programme in improving performance in the department

The interviews conducted with members of DEDEA's top management were used to collect data that would give an understanding on the effectiveness of the training programme in improving performance in the department. The collected data can be summarized as follows:

- The skills assessment was conducted prior to the training taking place through competency testing done by an external body.
- Management was satisfied that the training programme was properly designed, but felt that in its implementation most participants showed more interest in the areas of financial governance and management as well as programme and project management.
- Members of top management considered the training programme to have succeeded in improving performance. An audit opinion with reduced issues of 'emphasis of matter' is deemed to be indicative of improved performance.
- Successful implementation of projects, such as, Local Economic Development (LED) as well as the programme participants' robust engagement with industry on issues of economic growth, writing of articles and presentation of papers in conferences to influence public debate, and improved quality of reports to institutions like the National

Economic Development and Labour Advisory Council and the Department of Trade and Industry, were cited as indicative of capacity building in the department.

Additional comments received from members of DEDEA's top management provided information that, in compliance with the Skills Development Act, 1998, the Department annually conducts the workplace skills audit and, as informed by the results thereof, conducts training – mainly in the form of workshops on policies and procedures. It was reported that having been concerned about the persistent poor performance and lack of service delivery, the department undertook a comprehensive skills' audit that provided information confirming the low skills profile and thus the need for capacity development. It was explained that senior officials of the department were unable to understand finances and interpret financial reports, nor were they able to compile quality Annual Financial Statements; managers were finding it difficult to manage their staff due to the break down in ethics and professionalism in the department; and communities were ever submitting complaints based on projects that were left incomplete for extended periods.

This weakness, according to the researcher's observation, was obvious in the 2008/9 annual and quarterly reports of the department, where, for example, there was a lack of coherence between financial and non-financial reporting; no information was given on the outcomes, such as, number of jobs created, in the implementation of projects by the department; and quite a number of employees faced charges of misconduct, whose disciplinary proceedings dragged on for longer periods of time.

However, according to documentation, in the period following the DEDEA/NBI training programme, there is evidence suggesting that performance in the department has improved, and thus confirms the effectiveness of this training programme.

- In 2008/9 financial year, the Auditor General reported that the quality of the AFS had improved, leading to better audit outcomes.
- In the quarterly reports in the 2008/9 financial year, projects of the department were reported to be running on schedule.

- The quarterly reports also confirmed that there were no indications of possible over and/or under-expenditure as a result of improved budget management and control, and that there was significant reduction in the complaints of non-payment by service providers.
- The 2008/9 Annual Report informed that the customer satisfaction surveys that were periodically conducted by the department, showed that the clientele of the department was finding the department more accessible and its staff more customer-oriented, and that industry had also expressed confidence in the evolving capacity of the department to facilitate and promote economic growth and development in the Eastern Cape.

Although not stated in the reports, it is the researcher's observation that owing to improved capacity in the department as a result of the effectiveness of the training programme, the hiring of consultants to prepare financial statements and manage projects has been reduced to the bare minimum.

4.3.2 Impact of capacity development on service delivery

The interviews conducted with members of DEDEA's top management were also used to collect data that would give an understanding as to whether capacity development, acquired through the DEDEA/NBI training programme, had an impact on service delivery. The collected data can be summarized as follows:

- The successful and timely implementation of projects, due to improved capacity as a result of the training programme, was considered as indicative of improvement in service delivery. As a result, Treasury had allocated the department more service delivery budget, because it had demonstrated the ability to spend.
- The economy was creating more jobs, due to the successful facilitative role of the department's officials, as a result of their improved capacity following the training programme.
- The cost effectiveness as well as reduction in wasteful and fruitless expenditure in the management of programmes was viewed, as not only demonstrating the effectiveness of

the training programme, but also important in freeing up resources to fund other service delivery priorities.

Additional information gathered in the interaction with interviewees suggested that the department, through its Monitoring and Evaluation Unit, conducts annual assessments of the service delivery impact generated by the programmes it implements. It was explained that this exercise usually entails physically visiting the projects and gathering information on outcomes, such as, job creation and poverty alleviation. Moreover, it was stated that although the department has advertised posts and appointed “suitably qualified” managers to oversee the implementation of projects, and by implication service delivery, communities, as widely reported in the media, were protesting due to lack of service delivery. With the exception of the automotive industry and the government sectors of the economy, there was no significant economic activity in the Province; and no projects were initiated to stimulate the rural economy for sustainable rural development.

Indeed according to the documentation, in the period following the DEDEA/NBI training programme, evidence was established suggesting that service delivery in the department had improved, and thus confirming the impact of capacity development as a result of the training programme:

- In the department’s quarterly reports for the 2008/9 financial year, LED projects were reported to have been successfully implemented – all running according to schedule, people from local communities employed in the projects as well as access to food improving as a result of successful food security projects in the rural areas.
- Growing confidence in the Province’s automotive capabilities was demonstrated in the awarding of the contract for the production of the Hummer and C-Class vehicles in the Eastern Cape for the export market, and these developments has had the positive knock-on effect on the growth of the component suppliers sector. All these resulted in job creation in these and other associated industries.
- A R1.5 billion chipboard processing plant in Ugie was established, with the catalytic effect on the growth of other industries, such as, forestry and timber, construction,

property, hospitality and retail. That was further illustrated by the opening of the furniture incubation centre in Mthatha in 2008 and the fact that, in the same year, provincial government spent about R100 million on the upgrade of infrastructure in Ugie.

- The Eastern Cape's Joint Initiative on Priority Skills Acquisition (JIPSA) was launched as a response to the scarcity of the critical skills to grow the economy.
- The Eastern Cape's Accelerated and Shared Growth Initiative of South Africa (ASGISA-EC) was initiated with a specific focus on growing the agriculture sector in the rural Eastern Cape. As a result, more black farmers were introduced into commercial agriculture.

From the information gathered through interviews and in documentation, the researcher observed that in previous years, economic development initiatives were mostly driven by consultants, but that since the DEDEA/NBI training programme, teams led by DEDEA officials, with participating members from other departments, municipalities, public entities and industry had taken over the responsibility.

4.3.3 PPP as a mechanism of capacity building

The interviews conducted with members of DEDEA's top management were also used to collect data that would give an understanding on the relevance and suitability of PPP as a mechanism of capacity building. The collected data can be summarized as follows:

- The PPP was viewed to have been very useful in leveraging private sector resources (funding and expertise) for capacity development in the department.
- The PPP model of capacity development was mostly suitable for those departments where the private sector had a direct interest.

Interviewees also shared information to the effect that every year, the department conducted one form of training or other. These training programmes were usually workshops, facilitated from within the department, or consultants were hired to facilitate a workshop on a particular area, such as, labour relations or supply chain management. The interviewees, however, reported that

these arrangements did not yield the desired results; hence, it became necessary to be innovative and establish the DEDEA/NBI partnership.

According to documentation, in the 2008/9 Annual Report, the DEDEA/NBI PPP is reported as:

- The partnership that was initiated and concluded as an agreement to the effect that NBI would make a 50% contribution towards the costs of running the programme and make available serving and retired skilled business executives to coach/mentor DEDEA's officials in the functional areas of financial governance and management; programme and project management; as well as ethics and professionalism.
- The training programme was unlike the usually generic programmes, but it was tailored to meet DEDEA's capacity development requirements and the training needs of individual managers.
- The duration of the training programme was a minimum of one full year, with the possibility to extend.

Having gathered information through interviews and from the documentation on the DEDEA/NBI partnership as a capacity development mechanism to enhance the performance of the department's employees, the researcher observed that:

- The PPP was largely motivated by the commitment and willingness to share risks. It appeared as though NBI would not have agreed to enter into such an agreement if they were not confident about the 'quality of their product'. Perhaps, this confidence arose out of the understanding that the coaches/mentors were well experienced and appropriately skilled business executives, who were well compatible with the mandate area of the department, and would most likely deliver the goods with ease.
- The fact that government always had budget shortfalls made business sense to share the cost and still deliver on the expectation. A R1 million contribution by the private sector in capacity development in the public sector was not insignificant. That, in turn, enabled the department to re-direct resources to other priority areas.

- It is generally acknowledged that the private sector operates on the basis of better efficiency and high performance standards compared to the public sector, and further that business thrives in conditions where the public sector is efficient in developing and implementing policies conducive for economic growth and prosperity.

4.4 CONCLUSION

From the data analysis, the researcher can safely conclude that there is a strong correlation between training, capacity development and service delivery. It has been conclusively demonstrated that the issue is not just about training, but most importantly are issues, such as, its content, the commitment by all parties involved, and methodology used in providing training.

The effectiveness of the DEDEA/NBI training programme is well supported by evidence of improved performance of both the individual managers and the department. It is worth noting that financial governance and management; programme and project management; as well as ethics and professionalism are regarded as critical functional areas in the public sector. Many public sector institutions lack reputation and experience regular protests as a result of sub-standard performance in these areas.

The fact that DEDEA's capacity development as a result of the PPP training programme has improved service delivery in the department is particularly important for a government that has previously been widely criticized for lacklustre performance. Both the DEDEA management and NBI leadership should be applauded for their innovative initiative, as this particular partnership is unprecedented in the history of South Africa's public and private sector collaboration. However, as government considers rolling out the training programme to other employees, functional areas and/or departments, it would be important to take into account the lessons and potential for further improvement in the conceptualization and implementation of this programme.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In the post-apartheid era, the DEDEA is mandated to develop and implement policies aimed at stimulating the Province's economic growth to create jobs and produce wealth in order to improve the quality of the life of all the citizens. In order for such expectations to be fulfilled, the new department would have to develop the requisite capacity especially in the technical, professional and managerial skills. In response to this challenge, the department did not only consider it essential to invest in attracting skilled personnel and conduct multitudes of capacity development programmes for its employees, but also entered into a formal collaboration agreement with the NBI, thus establishing a PPP with the intention to develop and enhance the department's capacity for service delivery.

The objective of the study was to examine the relevance and effectiveness of the DEDEA/NBI PPP initiative as a capacity development mechanism to enhance the performance of the department's employees, and therefore service delivery to mostly the poor citizens of the Eastern Cape. In the first four chapters, the researcher presented the objectives of the study; the literature review; research design and methodology; as well as data collection and analysis. In this chapter, the researcher will present the conclusions and recommendations.

5.2 CONCLUSIONS

Chapter One introduced the study and presented the objective of the study, namely to evaluate the capacity building on financial governance and management; programme and project management; as well as ethics and professionalism. The research produced evidence to support that the department's management capacity in the functional areas of financial governance and management; programme and project management; as well as ethics and professionalism had improved following the DEDEA/NBI training programme. Critically, the research proved that the department's audit opinion and project implementation improved as a result of the training programme.

Chapter Two provided the theoretical framework for understanding PPPs and capacity development. Literature reviewed, overwhelmingly supported the assertion that human capital development is critical for performance in the public service. It suggested that without appropriate public service management, capacity to develop and implement projects or plans and to produce and deliver goods and services as well as sustained socio-economic development, would remain elusive. The review also highlighted the importance of partnerships, especially the role of the private sector in the area of capacity development, advancing the argument that PPPs should be pursued in order to leverage ideas, resources, and capabilities to achieve public service goals.

Chapter Three presented the various research methods used to conduct the study. The choice of interviews, questionnaires and document analysis in the research design and methodology proved to be very useful in assisting the researcher to acquire all the necessary and relevant information from the participants. The interviews and questionnaires afforded the researcher an opportunity to interact and extract valuable information from the respondents, and the documentation served the purpose of information verification and validation.

Chapter Four presented the collected data and provided an analysis of data. It also presented the interpretation of data and findings, taking into account information as gathered from questionnaires, interviews and documentation. Based on data collected and analysed, the researcher obtained empirical evidence of improved performance of both the individual managers and the department in the functional areas of financial governance and management; programme and project management; and ethics and professionalism, thus proving a strong correlation between training, capacity development and service delivery. It also demonstrated that the issue about capacity development was not just about training, but most importantly that issues, such as, its content, the commitment by all parties involved, and methodology used in providing training, should be taken into account.

5.3 RECOMMENDATIONS

Based on the critical issues raised and the fact that there is a possibility of rolling out the programme to other employees, functional areas and departments, the researcher deemed it appropriate to make the following recommendations:

- An independent institution should be engaged to conduct a comprehensive audit on capacity development initiatives in government, and recommendations should be made on synergy and integration to strengthen these initiatives for the benefit of the province. However, this exercise should be conducted with the participation of officials from DEDEA and the Office of the Premier (OTP) for purposes of skills transfer as well as in preparation for the roll-out to other departments. The Deputy Director-General responsible for Institutional Building and Transformation in the OTP should be the project leader of this audit exercise for better coordination. This stems from the fact that in the course of this study, the researcher observed disintegration and poor coordination in capacity building programmes, and found that no such audit has ever been conducted. This would not only benefit the research community, but government would also establish value for the money it spends every year on capacity building.
- When implementing capacity development in order to improve performance for service delivery, service beneficiaries, namely communities and stakeholders should be involved. This should be done through meetings with communities and stakeholders using the public participation structures existing at the local municipality level in order to strengthen Intergovernmental Relations further. This should also be complemented by customer satisfaction surveys that should be administered by local unemployed youth. This is based on the researcher's observation that the training programme was planned, implemented and assessed, only based on the views of the officials, and this may limit the scope of improvement of the programme.
- An effort should be made to involve more junior officials in capacity development programmes across the ranks in government. This may be achieved through convening workshops in order to solicit their views at the planning stages of the programme. A certain percentage of the programme participants should be allocated to operational level

staff so as to minimize the capacity gap between strategic and operational level staff in the department. In the analysis of data, the researcher observed that responses from the more junior officials of DEDEA were not as positive about the training programme as their more senior counterparts. This would ensure that the operational level of management is adequately capacitated to implement government policies and programmes.

- The Department should also consider and explore partnership with other institutions, such as, the institutions of higher learning and NGOs for capacity building programmes. These are institutions with vast experience in the area of capacity building, especially the human capital development and service delivery. This should be done through Memoranda of Understanding (MoU) and Service Level Agreements (SLAs) with set performance targets, and funds should be transferred to such institutions to project-manage the programme. However, the department should have a strong monitoring capacity and receive regular reports to ensure value for money.
- On the strength of the overwhelming evidence gathered through this research in support of the relevance and effectiveness of the DEDEA/NBI PPP initiative as a capacity development mechanism to enhance the performance of the department's employees, it is strongly recommended that this programme be rolled out to other employees. This should be done through the development and implementation of a roll-out plan comprising of the skills audit; gathering of views from the community and stakeholders; enrolment of a certain percentage of operational level employees on the programme; and support of higher education institutions and NGOs.

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ANNEXURES

ANNEXURE A: PERMISSION LETTER

P/B x 0039
BHISHO
5601
20 September 2010

The Head of Department
Department of Economic Development & Environmental Affairs
BHISHO

Sir

REQUEST FOR PERMISSION TO DISTRIBUTE RESEARCH QUESTIONNAIRES & CONDUCT INTERVIEWS

I am a registered student (Student Number: 200604624) doing a Master’s Degree in Public Administration at the University of Fort Hare. My research topic is: ASSESSMENT OF CAPACITY DEVELOPMENT THROUGH PUBLIC-PRIVATE PARTNERSHIP: A CASE STUDY OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT AND ENVIRONMENTAL AFFAIRS IN THE EASTERN CAPE.

I write to request permission to distribute questionnaires to the managers who were participants in the DEDEA/NBI training programme. I would appreciate it the most if you could advise me to come over on the day of your management meeting or workshop since there would be greatest possibility of finding the managers at one place.

Kindly, also grant me the permission to interview members of top management, specifically the Head of Department, Human Resources Manager, Chief Finance Officer and the DEDEA/NBI Project Manager on the dates suitable for the respective managers’ diaries.

I thank you in anticipation of your favourable response.

Regards,

.....
MBULELO SOGONI

ANNEXURE B: AUTHORIZATION LETTER



Province of the
EASTERN CAPE
ECONOMIC DEVELOPMENT AND
ENVIRONMENTAL AFFAIRS

P/Bag X0054
BHISHO
South Africa, 5605
Phone: +27 (40) 609 3200
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OFFICE OF THE MEC

26th September 2010

Mr M. Sogoni

P/B x 0039

BHISHO

5601

Sir

AUTHORISATION TO DISTRIBUTE RESEARCH QUESTIONNAIRES & CONDUCT INTERVIEWS

I refer to your letter dated 20 September 2010.

I am pleased to advise you that permission has been granted for you to distribute research questionnaires and conduct interviews with officials of the department.

The Department would appreciate a copy of your research work once completed.

I wish you all the best in your studies.

Regards,

.....

N. MBONISWA

SENIOR MANAGER: OFFICE OF THE MEC

ANNEXURE C: RESEARCH TOOL – QUESTIONNAIRE

UNIVERSITY OF FORT HARE
Faculty of Management and Commerce
School of Public Management and Development
Masters in Public Administration
Tool A: Questionnaire
(DEDEA/NBI Programme Participants Only)

Overview

The National Business Initiative (NBI) / Eastern Cape Provincial Administration (ECPA) Public Private Partnership was introduced in 2007 to facilitate capacity development in the public service with the intention to improve service delivery and accelerate economic growth and development in the Eastern Cape. This would be achieved through human capital development in the areas of financial management and governance, programme and project management, and ethics and professionalism in the administration of public affairs. Since its introduction, a number of officials in the Department of Economic Development and Environmental Affairs (DEDEA) have participated in the programme.

The purpose of this tool is to assess the impact of the programme in developing management capacity in the department. It is a research instrument aimed to evaluate capacity development in DEDEA in the following areas:

- Financial governance and management
- Programme and project management
- Ethics and professionalism

Respondents

This questionnaire has been prepared for the participation of **DEDEA/NBI Programme**.

The participants are nominated officials serving as senior and middle managers and supervisors in DEDEA. Participants were allocated coaches / mentors mobilized under the auspices of the National Business Initiative (NBI).

Guidelines

Please note that the information gathered during this research will be handled in a responsible manner within the confines of research ethics, particularly the principle of confidentiality.

Process

The researcher and / or research assistants will administer the questionnaire based on the direct engagement with respondents.

Communication

The researcher and / or research assistants will engage the respondents in English.

Disclaimer

This questionnaire has been prepared for a research project undertaken to fulfill the requirements of a Masters Degree in Public Administration at the University of Fort Hare.

Your participation will be greatly appreciated

© *M. Sogoni, University of Fort Hare, 2010*

PART ONE: PERSONAL PROFILE

1. What is the highest qualification you hold?

Matric	Diploma	Bachelor's Degree	Post Graduate Qualification

2. What is your occupational category?

Assistant Manager		Manager		Senior Manager		General Manager	
----------------------	--	---------	--	----------------	--	--------------------	--

3. How many years have you been in the public sector?

1-3 Years		4-6 Years		7-10 Years		11+ Years	
-----------	--	-----------	--	------------	--	-----------	--

4. How many years have you been in DEDEA?

1-3 Years		4-6 Years		7-10 Years		11+ Years	
-----------	--	-----------	--	------------	--	-----------	--

5. How many years have you been in the current position?

1-3 Years		4-6 Years		7-10 Years		11+ Years	
-----------	--	-----------	--	------------	--	-----------	--

PART TWO: FINANCIAL GOVERNANCE AND MANAGEMENT

6. As a participant of the training programme of DEDEA/NBI, have you been trained in finance related functions?

YES

NO

7. Was your performance in finance related functions assessed before the DEDEA/NBI training programme?

YES

NO

8. Did you request the training on financial governance and management?

YES

NO

9. Was your performance on financial governance and management assessed after DEDEA/NBI training?

YES

NO

10. Did the training meet your needs, in relation to your job function?

YES

NO

Comment

11. What is your comment on the commitment of DEDEA in financial management capacity building?

12. Do you think your department's financial governance and management has improved as a result of the DEDEA/NBI training programme?

YES

NO

Comment

--

PART THREE: PROGRAMME AND PROJECT MANAGEMENT

13. Have you been trained in programme and project management before you participated in this programme?

YES

NO

14. Was your performance programme and project management related functions assessed before the DEDEA/NBI training programme?

YES

NO

15. Did you request the training on programme and project management?

YES

NO

16. Was your performance assessed after DEDEA/NBI training?

YES

NO

17. Did the training meet your needs, in relation to your job function?

YES

NO

Comment

18. What is your comment on the commitment of DEDEA in programme and project management capacity building?

19. Do you think your department's programme and project management has improved as a result of the DEDEA/NBI training programme?

YES

NO

Comment

PART FOUR: ETHICS AND PROFESSIONALISM

20. Have you been trained in ethics and professionalism management functions before you participated in this programme?

YES

NO

21. Do you consider that you were capacitated towards ethical and professional conduct?

YES

NO

Comment

22. Do you consider that the ethical and professional conduct (e.g. honesty, integrity, conflict of interest, fairness, and accountability) of the administration in DEDEA has improved?

YES

NO

Comment

23. Do you think the capacity building programme of DEDEA/NBI contributed towards ethics and professionalism in the department?

YES

NO

Comment

PART FIVE: DEDEA AND NBI PARTNERSHIPS

26. Did DEDEA/NBI PPP arrangement facilitate capacity development in the department, in a manner that supports the service delivery mandate of the department?

YES

NO

If yes, why do you say so, if no why?

PART SIX: GENERAL COMMENTS

27. Do you think that the capacity building needs of the department were comprehensively covered by the DEDEA/NBI capacity building programme?

YES

NO

Comment

28. Do you see any relationship between the capacity building programme and performance in these three areas, namely financial management, programme management and ethical-professional conduct?

YES

NO

Comment

--

29. Generally comment on the impact of PPP on capacity building of the department, and in your own opinion, what are the possible intervention mechanisms to improve capacity development in the department?

ONCE AGAIN, THANK YOU FOR YOUR TIME IN COMPLETING THIS QUESTIONNAIRE SURVEY!

ANNEXURE D: RESEARCH TOOL – INTERVIEW GUIDE

UNIVERSITY OF FORT HARE
Faculty of Management and Commerce
School of Public Management and Development
Master's in Public Administration
Tool B: Interview Guide
Top Management Only
(Human Resources Manager, Chief Finance Officer
& DEDEA/NBI Project Manager)

Overview

The National Business Initiative (NBI) / Eastern Cape Provincial Administration (ECPA) PPP was introduced in 2007 to facilitate capacity development in the public service with the intention to improve service delivery and accelerate economic growth and development in the Eastern Cape. This would be achieved through human capital development in the areas of financial management and governance, programme and project management, and ethics and professionalism in the administration of public affairs. Since its introduction, a number of officials in the Department of Economic Development and Environmental Affairs (DEDEA) have participated in the programme.

The purpose of this tool is to assess the impact of the programme in developing management capacity in the department. It is a research instrument aimed to evaluate capacity development in DEDEA in the following areas:

- Financial governance and management
- Programme and project management
- Ethics and professionalism

Respondents

This interview will be conducted with the participation of **Top Management Only**.

The participants are the Head of Department, Human Resources Manager, Chief Finance Officer and DEDEA/NBI Project Manager who are directly responsible for supervision of programme participants and ensure value for money for the department.

Guidelines

Please note that the information gathered during this research will be handled in a responsible manner within the confines of research ethics, particularly the principle of confidentiality.

Process

The researcher and / or research assistants will conduct the interview based on the direct engagement with respondents.

Communication

The researcher and / or research assistants will engage the respondents in English.

Disclaimer

This interview guide has been prepared for a research project undertaken to fulfill the requirements of a Master's Degree in Public Administration at the University of Fort Hare.

Your participation will be greatly appreciated

© M. Sogoni, University of Fort Hare, 2010

Interview questions for Top Management

1. Was the capacity building programme informed by a capacity development needs analysis? Can you please elaborate?
2. Can you comment on the skills profile of the department before and after the DEDEA/NBI training programme?
3. Were the training programme participants assessed before and after the DEDEA/NBI training? Can you also explain how the assessment was done?
4. Were you satisfied with the course content of the training programme? Were you satisfied that the programme sufficiently covered the areas of financial governance and management, programme and project management as well as ethics and professionalism? Can you please elaborate?
5. Can you please explain whether you think the DEDEA/NBI capacity building programme succeeded in improving performance of the department's officials in the areas of:
 - a) financial governance and management
 - b) programme and project management
 - c) ethics and professionalism?
6. What specific projects have been successfully implemented by the department following the DEDEA/NBI capacity building programme?
7. What is your observation on the effectiveness of the programme participants and impact of the DEDEA/NBI training programme in terms of their management responsibilities in economic growth and development?

8. Did DEDEA/NBI PPP arrangement facilitate capacity development in the department, in a manner that supports the service delivery mandate of the department?
9. From the management point of view, do you think this programme has been of benefit to your department? Can you please provide examples?
10. What are the benefits of the PPP approach of DEDEA-NBI towards capacity building in the department?
11. Would you recommend that this training programme be rolled out to other departments?
12. Generally comment on the impact of PPP on capacity building of the department, and in your own opinion, what are the possible intervention mechanisms to improve capacity development in the department?

ONCE AGAIN, THANK YOU FOR YOUR TIME IN PARTICIPATING IN THIS INTERVIEW SURVEY!

ANNEXURE E: EDITOR'S CONFIRMATION LETTER

**SOLI DEO GLORIA
EDITOR'S CONFIRMATION LETTER**

TO WHOM IT MAY CONCERN

I hereby state that I have edited the document:

**ASSESSMENT OF CAPACITY DEVELOPMENT THROUGH PUBLIC-PRIVATE
PARTNERSHIP: A CASE STUDY OF THE DEPARTMENT OF ECONOMIC
DEVELOPMENT AND ENVIRONMENTAL AFFAIRS IN THE EASTERN CAPE**

(2007 – 2010)

BY

MBULELO SOGONI

(200604624)

**MINI-DISSERTATION
SUBMITTED IN PARTIAL FULFILMENT
OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS IN PUBLIC ADMINISTRATION
IN THE
FACULTY OF MANAGEMENT & COMMERCE, DEPARTMENT OF PUBLIC
ADMINISTRATION, UNIVERSITY OF FORT HARE**

SUPERVISOR: PROF. M.H. KANYANE

Disclaimer

At time of submission to student, language editing and technical care was attended to as requested by student and supervisor. Any corrections and technical care required after submission is the sole responsibility of the student.

Kind Regards

Hani Sammons
D.Litt.et Phil (University of Johannesburg)

SOLI DEO GLORIA
Language Editing

Cell: 073 778 1801
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DATE: 11 January 2011