

REALIGNMENT OF FUNCTIONAL PLANS TO
THE STRATEGIC PLAN: CASE OF NORTH WEST
PROVINCE'S DEPARTMENT OF HEALTH

BY

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**REALIGNMENT OF FUNCTIONAL PLANS TO THE STRATEGIC PLAN:
CASE OF NORTH WEST PROVINCE'S DEPARTMENT OF HEALTH,
SOUTH AFRICA**

BY

NORTH WEST UNIVERSITY



A33641200162933C

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**Submitted in partial fulfillment of the requirements for the Degree of
MASTERS OF DEGREE IN BUSINESS ADMINISTRATION
In the Graduate School of Business and Government Leadership in the
FACULTY OF COMMERCE AND ADMINISTRATION
at the
NORTH WEST UNIVERSITY**

SUPERVISOR: Professor W.P.J.van Rensburg

DATE SUBMITTED: 15 February 2005

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DECLARATION

"I declare that: REALIGNMENT OF FUNCTIONAL PLANS TO THE STRATEGIC PLAN: CASE OF NORTH WEST PROVINCE'S DEPARTMENT OF HEALTH, SOUTH AFRICA is my work, that all sources used or quoted have been indicated and acknowledged by means of complete references, and that this dissertation was not previously submitted by me or anybody for degree at another university".

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ACKNOWLEDGEMENTS

Sincere thanks are extended to all my colleagues in the Department of Health, North West Province who contributed to the successful completion of this study. The assistance of the following deserve a special acknowledgement:

- Professor W.P.J van Rensburg for your excellent guidance, assistance, and patience.
- The Head of Department of Health for allowing me to conduct the investigation;
- All those who spared their valuable time to complete the questionnaire and interviews
- My parents, brothers and sisters, wife and daughter, friends and colleagues for your continuous encouragement.
- My secretary, for your loyalty in completing this project.
- Above all, to God Almighty for giving me the strength and guidance to complete this study.

DEDICATION

This research is dedicated to my father, who has never had an opportunity to attend any school, but remains to be the source of my inspiration.

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CHAPTER ONE

ORIENTATION

1.1 INTRODUCTION

Proponents argue that strategic planning leads to organisational effectiveness, it being in the private or public sector. The New Public Management (NPM) contends that business principles should be introduced in managing public sectors in order to improve their performance. It is no longer surprising that principles, which were historically applied in the private sector, are now applied in the public sector. Organisations develop strategic and functional plans in order to improve on their performance and effectiveness. The challenge is left with managers of the day to implement and control these plans.

A strategy is only useful when it has been implemented, and hence the organisation must have an appropriate structure, clear and contributory functional strategies and systems, which ensure that the organisation behaves in a cohesive rather than a fragmented way
(Thompson, 1993)

The aim of this chapter is to briefly introduce the Department of Health and provide objectives, importance, scope and the plan of this study.

1.2. STRUCTURAL-FUNCTIONAL ANALYSIS OF THE DEPARTMENT OF HEALTH (DOH)

1.2.1 VISION OF DOH

Optimum health for all individuals and communities in the North West Province.

1.2.2 MISSION OF DOH

To ensure access to affordable, equitable, quality, caring health service for all in the North West Province through community involvement and partnership, Batho Pele Principles and the Patient's Right Charter, innovation driven performance and by valuing our people and their diversity.

1.2.3 VALUES

The Department is customer driven (Batho Pele Standards). We work toward understanding our customer's needs, to continuously deliver beyond their expectation, and provide comprehensive quality health care service.

We are performance driven. The Department strives to improve and excel. We have set aggressive service delivery target through our integrated implementation programme. We value people and their diversity. The department values fairness in all its dealings with people.

1.2.4 HISTORICAL OVERVIEW OF DOH

The North West Department of Health was established in 1994 after the first democratic elections in the Republic of South Africa. It was formed from three administrations namely, Transvaal Provincial Administration (TPA), Cape Provincial Administration (CPA), and the Bophuthatswana Administration. It was then referred to as the Department of Health and Developmental Social Welfare services in the province.

Dr Molefi Sefularo was appointed as a Member of the Executive Council (MEC) responsible for this Department, and the first Deputy Director General (DDG) being Ms C. Mmanong-Ntoane.

It also had two Chief Directors for Health and for Developmental Social Welfare services respectively. In 1999, during the restructuring of the provincial Departments, Developmental Social Welfare services were taken to the Department of Sports, Arts and Culture. This Department is now known as the Department of Health.

It is now organized into four (4) districts and twenty- two (22)-sub districts

1.3. GOALS, AIMS AND OBJECTIVES

1.3.1 DEPARTMENT OF HEALTH NATIONAL (1999-2004)

The National Departmental of Health has developed a Health Sector Strategic framework for the period 1999-2004. All the provincial departments should use this framework in developing their strategic plans. This framework outlines a ten (10) points plan to accelerate quality health service delivery and they are as follows:

- 1) Decreasing morbidity and mortality rates through strategic interventions
- 2) Improving quality care
- 3) Speeding up delivery of essential package of services through the district health system
- 4) Revitalization of hospital services
- 5) Improving resource mobilisation and the management of resources without neglecting the attainment of equity in resource allocation
- 6) Improving human resource development and management
- 7) Reorganization of certain support services
- 8) Legislative reform
- 9) Improving communication and consultation within the health system and between the health system and the communities we serve, and
- 10) Strengthening co-operation with our partners internationally

1.3.2. DEPARTMENT OF HEALTH NORTH WEST PROVINCE

The core objective of DOH is to deliver health care services to the people of the North West. This involves promotive, preventive and curative public health services.

Strategic goals are set as follows:

- 1) Providing quality health services
- 2) Providing accessible, equitable and affordable comprehensive Primary Health Care Services
- 3) Well functioning and competitive hospitals
- 4) Improving the health status of communities through implementation of integrated Health Programs
- 5) Well-Managed and effective District Health Systems (DHS)
- 6) Competent, empowered and performance focused staff
- 7) Integrated and effective organisational systems
- 8) Effective management of the Department's finance and assets

1.4 OBJECTIVES OF THE STUDY

The primary objective of this study is to contribute in improving performance of the DOH, by providing the following:

1. Framework on how to improve all structure and stakeholders in developing and implementing a strategic plan.
2. To provide a framework on how to effectively align functional plans to the strategic plan.

To achieve this primary objective the following are proposed as secondary objectives:

1. To determine which approach or model should the DOH use in developing a strategic plan.
2. To determine which approach should functional managers in the DOH, use in developing functional plans.
3. To determine how this plans can be used to improve performance and service delivery.
4. To identify a basis for resource allocation in the implementation of strategies.
5. To identify important Structures in the implementation of strategies.
6. To develop coherent and defensible basis for decision making across all levels and functions.
7. To explore a number of theoretical and empirical issues in order to improve the knowledge and practice of Strategic management principles in the DOH.
8. To link rhetoric, choices and actions in strategic planning.

1.5 SIGNIFICANCE OF THE STUDY

The significance of this study is its focus on the approaches used in developing and implementing Strategic and Functional plans. It explores the application of strategic management principles in a public sector organisation such as DOH. Although this study is limited to DOH, it provides valuable information for other departments in the public sector with regard to the applications of these principles.

1.6 SCOPE OF THE STUDY

The study is limited to the Department of Health North West, and its findings, recommendations and conclusions are limited to this organisation. It will provide valuable information in the implementation and control of future strategic plans in the Department.

1.7 PLAN OF THE STUDY

CHAPTER 2: Literature study and Theoretical foundation

CHAPTER 3: Problem identification and Research Questions

CHAPTER 4: Research Design and Analysis

CHAPTER 5: Results and Interpretation

CHAPTER 6: Implications, Recommendations and Conclusions

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1. INTRODUCTION

David (1999) defines Strategic Management as the art and science of formulating, implementing and evaluating cross-functional divisions that enable organisations to achieve objectives

The primary aim of this chapter is to develop an understanding in the field of strategic management, it be from a private or a public sector perspective. It does this by briefly looking at accepted paradigms and models. It will explore strategic management process from formulation, implementation and control. In addition to that, it will briefly discuss the “standard model” for public sector organisations. It concludes by looking at legislative requirements of strategic planning in Public Sector organisations like DOH in South Africa.

2.2 PARADIGM SHIFTS

2.2.1 TRADITIONAL PROCESS

Fayol's (1969) Linear, undimensional and stylised understanding of the management process (planning, organizing, staffing, directing, implementing and controlling) gave way to Anthony's (1975) more complex and realistic partitioning of the management process into strategic planning, management control and operational control.

Anthony's contribution was to recognize the difference in both degree and kind that exists in planning at various levels of an organisation. Different managers are involved at different levels on the planning horizon. Anthony's identification of the distinct different strategic planning task of management found reinforcement, conceptual development and process delineation offered by Ansoff (1965) and Andrews (1970).

The Anthony's- Ansoff- Andrews paradigm came to maturity, full expression and acceptance in an international seminar on strategic planning held at the University of Pittsburg in 1978. This understanding of strategic management is still today the most widely accepted and implemented view of the process by which managers develop, define and motivate the competitive strategy, organizational architecture and long term objectives of the organization, underlying that model is an emphasis on analysis and reason as illustrated in Figure2. 1. (SMIT 1999:4). Under this paradigm, emphasis was put on the role of top management and shareholders or customers in developing the strategic plan.

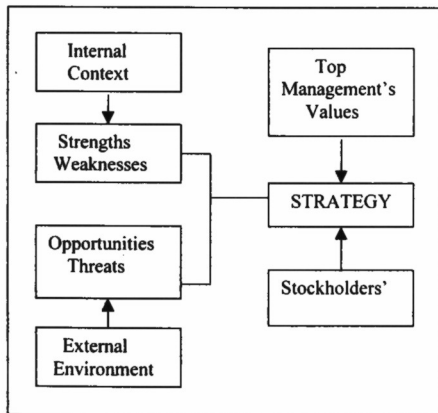


Figure 2.1 The Traditional Process (Source: Smit, 1999)

2.2.2 THE PREDICTION MODEL

There is a presumption that a combination of analysis, experience and insight can lead to reliable predictions regarding the future.

The classic paradigm, ubiquitous though often hidden, combined with an increasingly dynamic environment, resulted in an evolution of the management systems from the master budgets of the fifties, through the long-range plans of the sixties to the strategic plans of the seventies. In the eighties the rapid change of business environment proved that prediction is very difficult, especially about the future. With the inability to predict the future came the need to review plans differently and this paradigm is illustrated in figure no2.2. Plans were no longer viewed as descriptors of the future performance, but a basis for initiating changes.

This paradigm changed manager's focus on attempt to adapt to a predictable future to flexible and speedy response to a changing present.

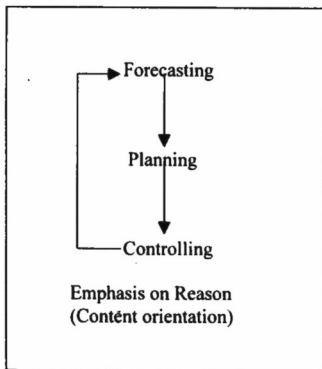


Figure 2.2. The Prediction Model (Source: Smit, 1999)

2.2.3 LEARNING MODEL

The attention of many leading organizations shifted from predicting the future, but to deal with current strategic issues that they were facing. Many organizations adopted a philosophy that views strategic management, not as a grand immutable plan based on the insight about what the future holds, but as the design of experiments to provide a basis for learning and adaptation. Figure no 2.3 represents this paradigm. In this paradigm the strategic management process is seen as one of managing adaptation. In learning paradigm the process of strategic management dominates, in contrast to the analytically based content of strategy that was the focus of the prediction paradigm.

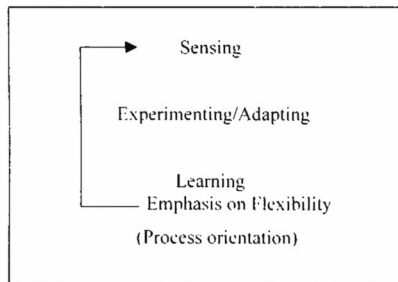


Figure 2.3. The Learning Model, Source: Smit, 1999

2.2.4 THE TRANSFORMATIONAL MODEL

This paradigm is based on a proactive approach. It is not about responding to unforeseen changes, or adapting to development as they happen. Its focus is about creating and even forcing change with regard to the organisation itself and the context or environment, in

which organization functions. Unlike the prediction and the learning paradigms it is not uncommon for organisations to collaborate under this paradigm.

It must be recognized that adopting the transformational paradigm (Figure 2.4) does not imply that the prediction and learning paradigm are entirely irrelevant. The challenge is not only to recognise the very different management systems and process implication also to exercise judgment about which paradigm can first serve the organisation at a given moment. When should an organisation merely refine its strategic posture and when should it seek to create a linear self and a new strategic domain.

In South Africa, the democratic state have introduced legislations that require most of the organisations to be transformed. If organisations do not change their strategies to address this challenges in the post -apartheid South Africa their existence might be threatened.

[SMIT,1999]

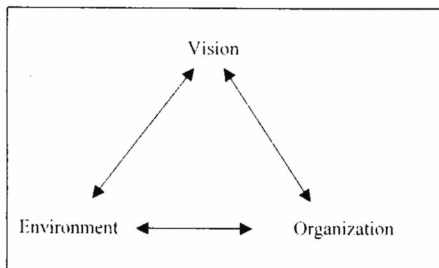


Figure 2.4. The transformational Model; Source: Smit, 1999

2.3 STRATEGIC MANAGEMENT PROCESS

2.3.1 INTRODUCTION

Strategic management process is a dynamic and a continuous process through the life of an organisation. Figure 2.5 is adopted in trying to understand the strategic planning process. Although this model is seen as more suitable for the private sector, public sector organisations may customise it to meet the nature of their operations.

This model does not represent a blue print of strategic management process, but is adopted, for its practical approach for formulating, implementing and evaluating strategies.

The strategic management process is not as clearly divided and neatly performed in practice as the strategic management model suggests. Strategists do not go through the process in lock step fashion, generally there is a give and take among the hierarchical levels of an organisation. (David: 1999)

Good communication and feedback are needed throughout the strategic management process. Strategic Management processes can be divided into three phases

- **Strategic formulation**, which focuses in Vision and Mission, Environmental analysis and establishment of long term objectives.
- **Strategic implementation**, this is an important phase of any strategic plan it includes generation, evaluation and selection of strategies, establishment of policies and annual objectives and finally allocation of resources.
- **Strategic Evaluation**, which measure and evaluate performance of the strategic plan.

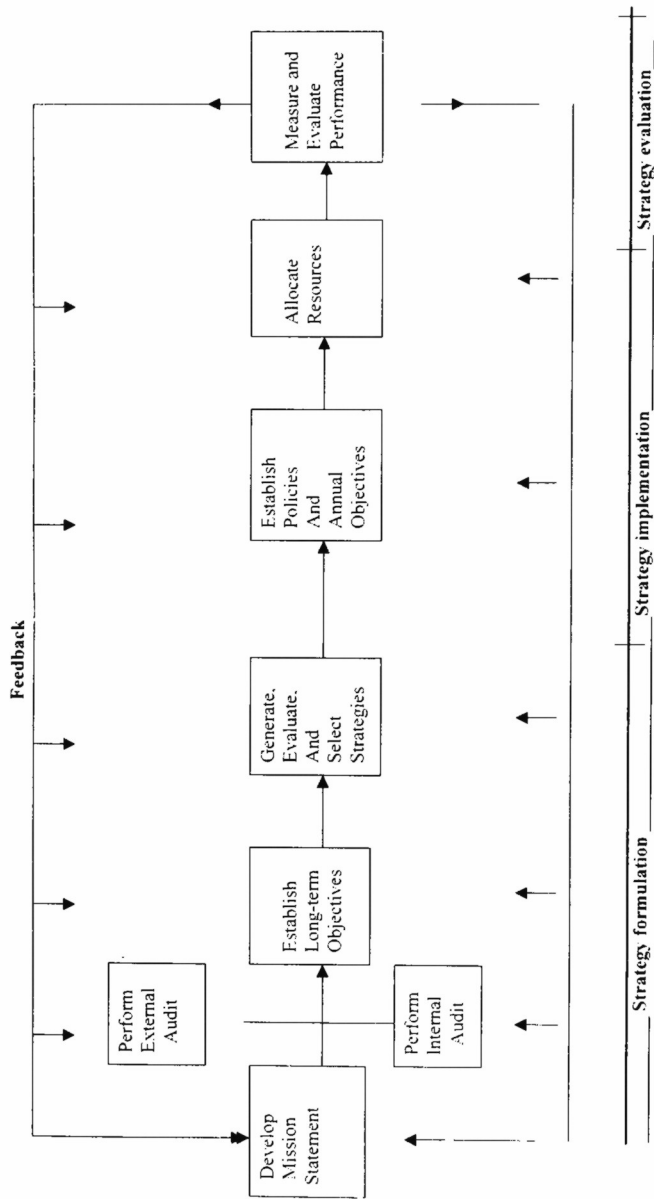


Figure 2.5: Comprehensive Strategic-Management model (Source: David, 1999)

2.3.2 STRATEGY FORMULATION

2.3.2.1 DEVELOP VISION AND MISSION STATEMENT

- **VISION**

The vision statement describes the future direction of the organisation. Its intention is to direct how the organisation should look like in ideal terms in the future, the results that will be achieved. The strategic vision statement provides direction and inspirations for organisational goal setting. Mission describes "general purpose"; vision describes "future direction". [Martinelli, 1999]

- **MISSION**

Mission statements, are enduring statements of purpose that distinguish one business from other similar firms. It is a declaration of organisation's "reason for being". A clear mission statement is essential for effectively establishing objectives and formulating strategies.

A clear mission statements is important for the following reasons:

- It ensures unanimity of purpose within the organisation
- It provides a basis or a standard for allocating organisational resources.
- It establishes a general tone or organisational climate.

- It serves as a focal point for individuals to identify with the organisations purpose and direction, and deter those who cannot from participating further in the organisation 's activities.
- It facilitates the translation of objectives in a work structure involving the assignment of tasks to responsible elements within the organisation.
- It specifies organisation purpose and the translation of these purposes into objectives in such a way that cost, time, and performance parameters can be assessed and controlled.

[David, 1997]

- **VALUES**

Values statements serve as a cornerstone for culture building, a code of ethics serves as cornerstone for developing corporate conscience. They are undertaken to create an environment of strongly held values and convictions and to make ethical conduct a way of life. Once values and ethical standards have been formally set forth, they must be institutionalised and ingrained in the organisations policies, practices and actual conduct.

The following actions are important in implementing values and code of ethics.

- Incorporation of the statement values and the code of ethics into employee training and educational programs.
- Explicit attention to values and ethics in recruiting and hiring to screen out applicants who do not exhibit compatible character traits.
- Communication of the values and ethics code to all employees and explaining compliance procedures.

- Management involvement and oversight, from the CEO down to first line supervisors
- Strong endorsement by the CEO
- Word of mouth indoctrination

[Thompson, and Strickland, 2001]

It is no more surprising that most of the government Departments have their vision, mission and value statements clearly written. The vision, mission and values of DOH is written as follows:

- **VISION OF DOH**

Optimum health for all individuals and communities in the North West Province.

- **MISSION OF DOH**

To ensure access to affordable, equitable, quality, caring health service for all in the North West Province through community involvement and partnership, Batho Pele Principles and the Patient's Right Charter, innovation driven performance and by valuing our people

- **VALUES OF DOH**

The Department is customer driven (Batho Pele Standard). We work toward understanding our customer's needs, to continuously deliver beyond their expectation, and provide comprehensive quality health care service.

We are performance driven. The Department strives to improve and excel. We have set aggressive service delivery target through our integrated implementation programme.

We value people and their diversity. The department values fairness in all its dealings with people and their diversity. [DOH Strategic plan 2003-2007]

2.3.3 ENVIRONMENTAL ANALYSIS

2.3.3.1 Introduction

Environmental analysis seeks to uncover relevant information, rather than extensive information; it rewards the pursuit of quality rather than quantity. Environmental analysis can be divided into three major steps.

- **Defining:** - determining the relevant environmental forces and the geographical scope of operations.
- **Scanning and forecasting:** - ensuring that information is available concerning the environment.
- **Interpreting:** - packaging the information into forms that are useful for strategic planning.

[Pearce & Robinson; 1999]

- **SWOT ANALYSIS**

SWOT (Strengths, Weakness, Opportunities and Threats) approach is adopted in conducting environmental analysis. It is seen as the most systematic and simple approach in carry out the environmental analysis. Some approaches such as functional and value chain analysis, base their approach on the principle of this tool.

SWOT analysis is a process of performing environmental scanning focusing on the Strengths and Weakness in the internal environment, Opportunities, and Threats in the external environment. During this process, managers must identify realistic options from which to choose an appropriate strategy.

- **OPPORTUNITIES**

An opportunity is a mayor favorable situation in the organisation's environment. Key trends are one source of opportunities. Identification of a previously overlooked market segment, changes in competitive or regulatory circumstances, technological changes, and improved buyer or supplier relationship could represent opportunities for the organisation.

- **THREATS**

A threat is a mayor unfavorable situation in a firm's environment. Threats are key impediments to the firm's current or desired position. The entrance of new competitors, slow market growth, increased bargaining power of key buyers or supplier, technological changes, and new or revised regulations could represent threats to firm's success.

- **STRENGTHS**

Strength is a resource, skill, or other advantage relative to competitors and the needs of the markets s firm serves or expects to serve. It is a distinctive competence when it gives the firm a comparative advantage in the marketplace. Strength may exist with regard to financial resources, image, market leadership, buyer-supplier relations, and other factors.

- **WEAKNESSES**

A weakness is a limitation or deficiency in resource, skill, or capabilities that seriously impedes a firm's effective performance. Facility, financial resources, management capabilities, marketing skills, and brand image can be sources of weaknesses.

SWOT analysis can be used in many ways to strategy analysis; the most common way is to use it as a logical framework guiding systematic discussion of a firm's situation and the basic alternative that the firm might consider. Key external opportunities and threats are systematically compared with internal strength and weaknesses in a structured approach. The objective is identification of one of four distinct patterns in the match between organisation internal and external situations.

[Byars, Rue, Zahra, and Richard. 1996,]

2.3.3.2 INTERNAL ENVIRONMENT ANALYSIS

An organization when going through internal analysis should look into its own strengths and weakness. It does this by analyzing the quantity and quality of the organisation's finances, human and physical resources. It also assesses the organisations' management and organisational structure. It should also contrast the organisations past success and traditional concerns, with the organisations current capabilities, in an attempt to identify the organisations future capabilities.

Internal environmental analysis evaluates relevant factors in an organisation in order to determine its strength and weaknesses. Typically, every area of the organisation that can

significantly influence its long – term survival and success should be analyzed. Some of the areas that most organisations should analyze include the following:

- Financial position / service delivery.
- Product / service position
- Product / service quality
- Marketing capability
- Research and development capability
- Organisational structure
- Human Resources
- Condition of facilities and equipment
- Corporate culture

The analysis should give management and understanding of the organisation's mayor strengths on which its future should be build, and mayor weaknesses, which should be corrected whenever possible.

- **FINANCIAL ANALYSIS**

Financial analysis is a comprehensive term that refers to any use of available financial data to evaluate the financial position of an organisation. Many tools and techniques are available for examining an organisation's financial position. Cash flow statements, income statements, and balance sheets are some of the basic information sources used by management. Primary sources of company financialy data for outsiders are the company's annual report. The objective of a financial analysis is to establish relationships between data items and to highlight changes and trends that may explain the

company's past performance and give clues to its futures performance. The most useful financial analysis tools for managers are those that increase the understanding of the course-and-effect relationships in the organisations, those that identify company and industry trends, and those that allow comparison with other organisations.

For public sector organisations service delivery position is important. Expectations of communities or the electorate as promised by the Political Parties defines the service delivery position of any public sector organisation. The extent to which promised service standards were met must be audited. Department of Health has adopted Medium Term Expenditure Framework (MTEF) as a strategy for financial planning. Public Finance Management Act (PFMA) of 1999 as amended guide and regulate financial management in the DOH. It is therefore crucial that when performing financial analysis the requirements of this Act should be considered such as whether resources we used in effectively, efficiently and economic manner.

- **PRODUCT / SERVICE POSITIONS**

For a business to be successful, it must be acutely aware of its product or service position in the marketplace. When assessing an organisations products or service positions, manager need to first determine the market shares of its mayor products and or services. The core business of the DOH is to provide Health services to communities and individuals in the North West province. The rural nature of this province poses a challenge of access to health services to many communities and individuals. The DOH, must continuously evaluate their internal strengths in meeting this challenge. This should be a measure of access to health service by historically disadvantaged individuals in the post apartheid South Africa.

The other challenge will be to measure the service position of hospitals in the DOH in relation to the private sector counterparts. The competitive natures of private sector hospitals pose a new challenge to public sector hospitals thus making this an important area of analysis.

- **PRODUCTS / SERVICE QUALITY**

If a product or service is to survive and grow, it must be perceived in the marketplace as providing high quality relative to its price. An evaluation should be undertaken to evaluate the quality of the firms in major products and services relative to that of the competition. Direct feedback from customers, service and repair records, and general customer acceptance are some potential sources of data reflecting product or service quality.

The DOH has introduced complaint mechanisms and Clinical Investigation Committee as way to improve on quality of their service. These mechanisms may become a source of feedback from customers on their expectations and quality of service they receive. Critical analysis should be performed to understand the nature and form of these complaints.

- **MARKETING CAPABILITY**

Closely allied with an organisation product position is its marketing capability to deliver the right product or service at the right place at the right time and at the right price. These are areas that should be investigated regarding an organisation's marketing capability, distribution channels, the types of advertising and promotions used, and

identification of the specific markets being targeted. The DoH has introduced private suites / wards as a strategy to respond to competition from private sector hospitals. There seem to be nothing wrong with quality of health services in the public sector, but the continued perception that “private is better” results in most of Medical insured patients using the private sector facilities and not public facilities. Some of these newly introduced private suites are the state of the art that the private sector hospitals envy, but without a well thought strategic marketing plan, there will soon be an extension of the normal wards. For private patients / funders to accept Public sector Health services strategists in DoH should perform an analysis on their marketing capability in this area.

• **RESEARCH AND DEVELOPMENT CAPABILITY**

Every organisation, whether it has a formal research and development department or not, must be concern about its ability to develop a new products and services. Organisations are faced with the challenge of developing new ways to respond to customers needs. Although the DOH has Research and Development program, this unit seems to be more concerned about approvals to do research in the department rather than doing continuous research on some of the challenges facing the department. This is an area of strategic importance and should be prioritised by organisations.

- **ORGANISATIONAL STRUCTURE**

All organisations produce and market their products through an organisational structure. This structure can either help or hinder an organisation in achieving its objectives. Factors that may shed some light on the effectiveness of the structure include the time it takes to make a decision, the paperwork required by the structure, and the degree of cooperation among the different organisational units.

The DOH place emphasis on decentralisation of management as a strategy and it was the first province to appoint General managers for hospitals. The recent approach of centralisation of some budgets such as for equipments, maintenance and training if not managed properly might undermine this strategy. It is an unacceptable practice that there are some institutions without staff establishments such as clinics and Community Health Centers for such a long period.

- **HUMAN RESOURCES**

All the activities of an organisation are significantly influenced by the quality and quantity of its human resources. Training programs, compensation system, performance appraisal system, and management and employee development programs help determine not only the quality and quantity of current employees but also the type of employee that can be expected in the future. Effective human resource systems can give an organisation a very real competitive edge in attracting and retaining high-quality personnel. This assessment must include not only operative but also all levels of management. The rural nature of this province put strains in the recruitment and retention of Health care

professionals such as Doctors and Nurses. It becomes imperative that DoH measures the success of the rural and scarce skill strategy as introduced by the National Ministry of Health. The DOH has recently introduced Performance Management and Development System (PMDS) as a policy to manage their Human resources. An analysis must be done on the quality and quantity of employees in the department and whether this constitutes strength or a weakness.

- **CONDITIONS OF EQUIPMENT AND FACILITIES:**

The conditions of an organisation's facilities and equipment can either enhance hinder its competitiveness. An evaluation of the facilities and equipment should also include an evaluation of the production / service processes used. Are the facilities, equipment and processes modern and up to date or are they aged and in danger of becoming obsolete? Once the relevant factors in the organisation's internal environment have been analysed, this information must be coupled with external environmental information to determine which strengths have strategic significance when: they result in a distinctive competency. A distinctive competency occurs when an organisation's strengths cannot be easily matched or imitated by a competitor. They provide a competitive advantage. A competitive advantage is ability to do something that competitors cannot do or at least cannot do nearly as well. They enable the organization to maintain its position by performing the activity inn question at the same level as other organisations in the industry. This is called a business requirement. Weaknesses may also have strategic significance. While an organisation tries to do as many things well as possible, it is inevitable that an organisation will not have strengths in all areas.

The department has no in house maintenance and health care technology teams. It depends largely on the services of Public Works Department. Facility management and Health care technology poses a mayor concern. It is left to institutional managers to decide on the type of equipments they will need to carry their functions. It is therefore not surprising that some institutions may prioritise to buy unnecessary Information Technology equipments instead of life saving equipments. An analysis should be made on the current status of equipments and a plan be developed on the type of modern equipments required.

(Byars et al, 1996)

• **CORPORATE CULTURE: (THE INTANGIBLE ASSET)**

Culture can be defined as the collective assumption and beliefs that pervade the organisation about how business should be conducted and how employees should behave and should be treated. Culture is important to strategic management because it is a stabilizing influence on organisational activities. A strong culture makes activities predictable. Strategic change that requires activities different from those suggested by the culture may be doomed before it is begun unless explicit attention is given to matching strategy and culture. When a shift in strategy requires a shift in culture, it should be explicitly planned. Managers should be aware of beliefs before dealing with environmental changes that may challenge these beliefs. A culture audit is an exercise by which top management develops a consensus about their shared beliefs. The process is a simple one but not always easy, since the beliefs may be so internalised they are not easily recognised. Organisational objectives are sometimes not achieved and strategies are ineffective because of their incompatibility with the organisation's culture.

2.3.3.3 EXTERNAL ENVIRONMENT

On completion of a thorough analysis of the internal environment, strategist must now perform external environmental analysis. The focus should be on the Threats and Opportunities facing the organisation. Forces in this environment are usually not influenced by a single organisation. These forces can be classified as economic, technological, social and political (or regulatory)

- **ECONOMIC FORCES**

The fluctuations of local, national and world economies are related in many ways. To assess local situation, an organisation might seek information concerning the economic base, the future of the region, and the effects of this outlook on wage rates, disposable income, unemployment, transportation and the commercial base. On the national level, trends in growth, income levels, inflation, balance of payments and taxation would indicate the ability of the economy to produce and consume goods and services. The challenge of poverty and unemployment in the province is a mayor economic challenge facing the department. This challenges put mayor pressures on the health budget. The pandemic of HIV and AIDS brings with it loss of economically active individuals.

- **TECHNOLOGICAL FORCES**

Technology refers to the means chosen to do useful work. These include gradual improvements in methods, materials, design, and applications, in diffusion into new industries and in efficiency. There is little innovation in this area, as technology is

perceived to be more relevant to the private sector. Technology is an important strategic resource; organisations strive to improve on their methods of delivery by undergoing a process reengineering. An analysis should be made on the new technologies in the market and what competitive advantage will they be bringing to the organisation.

- **SOCIAL FORCES**

These are factors that relate to the values, attitudes, and demographic characteristics of the organisations customers. These forces influence the demand for an organisations services or products. The impact of social sector is felt in changing needs, tastes, and preference o f consumers, in relations with employees and in expectations of society about how the organisation should fulfill its citizenship role.

In the North West province, 64.4% of the population live in the rural areas whilst 35.06% live in the urban areas. According to South African Demographic Health Survey, which was conducted in 1998, the infant mortality rate for the North West Province was found to be 42 as against 45 for South Africa. The life expectancy at birth according to Statistics South Africa HID of 1996 was 53.3 for North West Province and 57 for South Africa. Finally the under 5-mortality rate (SADHS of 1998) for the North West province was found to be at 56 as against 61 in the whole South Africa. These rates reflect the relatively poor socio-economic conditions prevalent in the province. [NWDOH Strategic plan: 2003-2007]

• **POLITICAL (OR REGULATORY) FORCES**

The political orientations of governments have influence on the strategic planning decision. Political constraints are placed on firms through fair-trade decisions; antitrust laws, minimum wage legislation, pollution, pricing policies, administrative and actions aimed at protecting employees, customers, and the general public and the environment.

For public sector, the political forces play a major role. Departments have appointed political heads, ministers at national level and Member of the Executive Council (MEC) for provincial departments. The role of these political heads is interpreted as that of giving political direction. There have been serious legislative changes introduced by the ruling party in the post apartheid era. The main objective of these legislations is to usher a new era driven by respect of human dignity and founded on the democratic principles. Departments are blamed for being too slow in embracing these new legislative changes, it therefore critical that a thorough analysis and continuous review of legislations becomes key in the strategic planning exercises of the departments. In the DoH the new health Act, pharmacy act and mental health act are introducing new environment that demand a proactive response. [Pearce and Robinson, 1999.]

2.3.3.4 FORMULATING LONG – TERM OBJECTIVES

Long-term objectives are specific results that an organisation seeks to achieve in pursuing its basic mission over a year. Objectives should state direction, aid in evaluation, create synergy, reveal priorities, focus coordination and provide a basis for effective planning;

organizing, motivating and controlling activities. They should be challenging, measurable, constant, reasonable and clear. [David 1999:10]

Organisations pursue long-term objectives in the following six areas.

- **PROFITABILITY/ SERVICE DELIVERY**

The ability of any firm to operate in the long run depends on attaining an acceptable level of profits. Strategically managed firms characteristically have a profit objective, usually expressed in earning per share or return on equity. Although public sector organizations are not profit making organizations, service delivery objectives should be clearly expressed to meet the needs of the electorates. It is requirement of the Treasury that Departments should include their Service Delivery Improvement Plan in their strategic plans. The legislative requirements are discussed in full in the coming sections.

- **PRODUCTIVITY**

Strategic Managers constantly try to improve the productivity of their systems. Firms that can improve the input- output relationship normally increase profitability. Commonly used productivity objectives are the number of items produced or the number of services rendered per unit of input. However, productivity objectives sometimes are stated in terms of desired cost decreases. For example, objectives may be set for reducing defective items, for customer complaints leading to litigation, or for overtime. Achieving such objectives increases profitability if unit output is maintained. The envisaged Public Service in South Africa should be responsive the needs of the people it serves. The historical view that suggest that Public servants are lazy and nothing to do

with production is challenged by this new era. The introduction of Batho-Pele is an attempt to improve on the type of service rendered in the public service. It is no more surprising that Senior Managers in the public service sign performance contracts, thus shifting away from the practice of life employment in the public sector.

- **COMPETITIVE POSITION**

One measure of corporate success is relative dominance in the marketplace. Larger firms commonly establish an objective in terms of competitive position, often using totally sales or market share as measures of their competitive position. An objective with regard to competitive position may indicate a firm's long – term priorities. For DoH, the Health industry includes both private and public sector providers. The department has set one of their long-term objectives as “Well functioning and competitive hospitals” (NWD011 Strategic plan, 2004-2007). This is an indication that competitiveness is also important for public sector organisations.

- **EMPLOYEE DEVELOPMENT**

Employee's value growth and career opportunities in all organisations. Providing such opportunities often increases productivity and decreases turnover. Therefore, strategic decision makers frequently include an employee development objective in their long – range plans. For the department this objective appears as “Competent, empowered and performance focused staff”.

- **EMPLOYEE RELATIONS**

Productive steps in anticipation of employee needs expectations are a characteristic concern of strategic managers. Strategic managers believe that productivity is linked to employee loyalty and to perceived management interest in worker's welfare. They therefore, set objectives to improve employee relations. Among the outgrowths of such objectives are safety programs, worker representation on management committees, employee stock option plans. The Employment Assistance Program (EAP) is an important program aimed at promoting welfare of the employees in the Department. It should not be translated into being a program of employees with problems but rather should focus on all employees of the Department.

- **TECHNOLOGICAL LEADERSHIP**

Firms must decide whether to lead or follow in the marketplace. Either approach can be successful, but it requires different strategic posture. Therefore, many firms state as an objective with regard to technological leadership. Technologies are tools that help organisations to perform better. It is worrying that public sector organisations seem to be less interested about this area.

- **QUALITIES OF LONG – TERM OBJECTIVES**

The following seven criteria are useful in preparing long – term Objectives.

- **ACCEPTABLE**

Managers are most likely to pursue objectives that are consistent with their preferences. They may ignore or even obstruct the achievement of objectives that offend them or that they believe to be inappropriate or unfair. Long – term objectives must be designed to be acceptable to both the external and internal stakeholders.

- **FLEXIBLE**

Objectives should be adaptable to unforeseen extraordinary changes in the organisation's competitive or environmental forecasts. Employee's confidence may temper because adjustments of flexible objective may affect their jobs. On way of providing flexibility while minimizing its negative effect is to allow for adjustments in the level, rather than in the nature, of objectives.

- **MEASURABLE**

Objective must clearly and concretely state what will be achieved and when it will be achieved. Thus, objectives should be measurable overtime. Targets for each objective must be set and outputs or outcomes clearly stated.

- **MOTIVATING**

Studies have shown that people are most productive when objectives are set at a motivating level – one high enough to challenge but not so high as to frustrate or so low as to be easily attained. The problem is that individuals and groups differ in their perceptions of what is high enough. A broad objective that challenges one group frustrates another and minimally interest a third. One valuable recommendation is that objectives be tailored to specific groups. Developing such objectives requires time and effort, but objectives of this kind are more likely to motivate.

- **SUITABLE**

Objectives must be suited to the broad aim of the organisation, which are expressed in its mission statement. Each objective should be a step towards the attainment of overall goals. Objectives that do not coincide with the company mission can subvert the firm's aims.

- **UNDERSTANDABLE**

Strategic Managers at all levels must understand what is to be achieved. They also must understand the mayor criteria by which their performance will be evaluated. Thus, objectives must be so stated that they are as understandable to the recipient as they are to the giver.

- **ACHIEVABLE**

Finally, objectives must be possible to achieve. It is of no importance to have long-term objectives that the organisation has no capacity to achieve. Functional managers play an important role in the achievement of objectives, they must be in a position to can develop action plans in pursuit of these objectives.

[Pearce & Robinson; 1999,]

2.3.3.5 GENERATE, EVALUATE, AND SELECT STRATEGIES

The aim of this stage is to develop strategies for each long-term objective. Strategies are statements of major approach or method for attaining goals and resolving specific issues. Strategies are based on results of the environmental analysis, especially the strengths and weaknesses identified in the internal assessment. A strategy is judged potentially effective if it does one or more of the following:

- Exploits environmental opportunities.
- Defends against environmental threats.
- Leverages organizational competencies
- Corrects organizational shortcomings
- Offers some basis for future competitive advantage
- Counteracts forces eroding current competitive position

[Martinelli, 1999]

Strategies are formulated from the SWOT analysis. Selected strategies must advance the mission and the vision of the organisation. For each long term objective to be achieved a strategy must be formulated. It is important to evaluate each strategy and thereafter select the most appropriate one. Strategies are not activities but the how part of achieving long-term objectives of the organisation.

2.3.3.6. STRATEGY IMPLEMENTATION

This is the most important part of the strategic management process. Developing a strategic plan only, is not enough the challenge is the implementation phase. Critical part is for top management to communicate the chosen strategy and ensures that functional managers are able to implement it. Pearce and Robinson, 1999 raised three important issues in translating strategy into an action plan.

- The strategy must be translated into guidelines for the daily activities of the organisation's members.
- The strategy must be reflected in the way the firm organises its activities and in the firm's values, beliefs, and tone.
- In implementing the strategy, the firm's managers must direct and control action and outcomes and adjust to change.

Action plans guide implementation by converting long-term objectives into short-term actions and targets. Functional tactics translate the business strategy into activities that build advantage. Policies empower operating personnel by defining guidelines for making decision. Once corporate and business strategies have been agreed upon and

long-term objectives said the strategic management process moves into a critical new phase translating strategic thought into organisation action. In words of two well-worn phrases, they move from “planning their work” to “working their plan” as they shift their focus from strategy formulation to strategy implementation. The shift gives rise to four interrelated concerns:

- Identifying action plans and short-term objectives
- Initiating specific functional tactics
- Communicating policies that empower people in the organisation
- Committing to continuous improvement

Action plans and short-term objectives translate long-range aspirations into this year’s actions. If well developed, these objectives provide clarity, a powerful motivator and facilitator of effective strategy implementation. Functional tactics translate business strategy into daily activities people need to execute. Functional managers participate in the development of this tactics, and their participation, in turn, helps clarify what their units are expected to do in implementing the business strategy. Policies are empowerment tools that simplify decision making by empowering operating managers and their subordinates. Policies can empower “doers” in an organisation by reducing the time required to decide and act

Corporate and business level strategies that have been carefully formulated are of little value if they cannot be successfully translated in to actions. Implementing strategies requires moving from the largely intellectual exercise of formulisation to the concrete realities of tactical choices, trade-offs, conflict, obstructions, misunderstandings, and

even errors. Whether seeking improved implementation of current strategies of adjusting to new strategies, the same basic concerns must be addressed.

- Strategies and their requirement must be communicated and clearly defined for all affected employees.
- All affected employees must receive the management and organisational support necessary to implement strategies. Management and organisational support include an appropriate organisational structure, reinforcing policies, sound leadership, and effective motivational systems.
- Corporate and business unit strategies must be translated in to annual objectives and functional strategies.

[Pearce and Robinson, 1999]

2.3.3.6.1. ESTABLISH POLICIES AND ANNUAL OBJECTIVES

- **ANNUAL OBJECTIVES**

Like long- term objectives, annual objectives should measure the quantitative, challenging, realistic, consistent and be prioritised. To achieve long-term objectives, a set of annual objectives should be developed. Annual objectives therefore represent a basis for allocating resources. **[David 1999; 12]**

On a yearly basis, institutions are requested to submit operational plans. Little feedback if not none is given to submitting institutions. The DOH operates a Medium Term Expenditure Framework as a strategy for resource allocation. The continued misallocations suggest that submitted plans are not taken into cognisance in allocating resources. Annual objectives or operation plans, as their commonly known in DOH, are

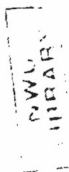
an important milestone in the implementation of any strategic plan. They translate the first year of any strategic plan into simple actions plan that functional managers should pursue and implement. The first year of any strategic plan is therefore an important year in the life of any organisation. The following are qualities of effective annual objectives.

- **MEASURABLE**

Short-term objectives are more consistent when they clearly state what is to be accomplished, when it will be accomplished, and how its accomplishment will be measured. Such objectives can be used to monitor both the ineffectiveness of each activity and the collective progress across several interrelated activities. Initial focusing on measurable activities and identifying measurable outcomes often can overcome difficulties in quantifying objectives.

- **PRIORITIES**

Although all annual objectives are important, some deserve priority because of a timing consideration or their particular impact on the strategy's success. If such priorities are not established, conflicting assumptions about the relative importance of annual objective may inhibit progress towards strategic effectiveness. A simple ranking may be based on discussion and negotiation during the planning processes. However, this does not necessary communicate the real difference in the importance of objectives, such terms as primary, top, and secondary may be used to indicate priority. Whatever the method recognising priorities is an important dimension in the implementation value of short-term objectives.



On a yearly basis, top management must produce priorities to be pursued by functional managers. These will improve the focus of functional managers and ensure alignment of commitment to the strategic plan. The dwindling budgets of health care service, demands that planning and prioritising should be central to any health management.

• LINKED TO LONG-TERM OBJECTIVES

Short-term objectives can add breath and specificity in identifying what must be accomplished to achieve long-term objectives. Achieving that objectives can be greatly enhanced if a series of specific short-term objectives identify what must be accomplished each year in order to do so. The link between short-term and long-term should be resembled cascades through the firm from basic long-term objectives to specific short-term objectives in key operation areas. The cascading effect has the added advantage of providing a clear reference for communication and negotiation, which may be necessary to integrate and coordinate objectives and activities at the operation level.

It is therefore unacceptable that in some instances functional managers develop their plans without the strategic plan of the organisation. The poor implementation of strategic plans might be because of functional managers developing action plans that are not linked to long-term objectives. This forms an important question for the study, as it will discuss in the forthcoming chapters.

- **THE VALUE ADDED BENEFITS OF ACTION PLANS AND SHORT-TERM OBJECTIVES**

One benefit of action plans and the short-term objectives is that they give operating personnel better understanding of their role in the firm's mission. A second benefit of action plan and short-term objectives comes from the process of developing them. If the manager's responsible for this accomplishment have participated in their development, action plans and short term objectives provide the valid basis for addressing and accommodating con'licting concerns that might interfere with strategic effectiveness. Meetings to set action plans and short-term objectives become a forum for raising and resolving conflicts between strategic intentions and operating realities. A third benefit of action plan and short-term objectives is that they provide a basis for strategic control. It is important to recognise that action plan and short-term objectives provide a clear, measurable basis for developing budgets, schedules, trigger, and other mechanism for controlling the implementation of strategy, a fourth benefit is often a motivational payoff. Action plans and short-term objectives that clarify personal and group roles in a firm's strategies and are also measurable, realistic, and challenging can be powerful motivators of managerial performance – particularly when this objectives are linked to the firm' reward structure.

[David, 1999]

2.3.3.6.2 POLICIES

Policies are procedures established to support efforts to achieve stated objectives. Like annual objectives, they are important in strategy implementation, because this outlines an organisation expectation of its employees and managers.

Specific functional tactics provide guidance and initiate action implementing a business's strategy, but more is needed. Supervisors and personnel are charged in today's competitive environment with being responsible for customer value – for being the “front line” of the organisation effort to truly meet customers' needs. Meeting customer needs, becoming obsessed with quality service, was the buzzword that started organisational revolutions in the 1980s. Efforts to do so often failed because employees that were the real contact point between the business and its customers were not empowered to make decisions or act to fulfill customer needs. One solution has been to empower to make decisions or act to fulfill customer needs. One solution has been to empower operating personnel by pushing down decision making to their level.

- Policies are directives designed to guide the thinking, decisions, actions of management and their subordinates in implementing firm's strategy. Policies increase managerial effectiveness by standardising many routine decisions and clarifying the discretion managers and sub-ordinates can exercise in implementing functional factors
- Policies establish indirect control over independent action. By clearly stating how things are to be done now. By defining discretion policies in effect, control decisions yet empower employees to conduct activities without intervention by top management.

- Policies promote uniform handling of similar activities. This facilitates the coordination of work task and reduce friction arising from favoritism, discriminates and disparate handling of common functions that often empower operating personnel.
- Policies ensure quicker decisions by standardising answer to previously answered questions that otherwise would recur and be pushed up the management hierarchy again and again-something that require unnecessary levels of management between senior decision makers and field personnel.
- Policies institutionalise basic aspects of organisation behavior. This minimizes conflicting practices and establishes consistent patterns of action in attempt to make the strategy work – again, freeing operating personnel to act.
- Policies reduce uncertainty in repetitive and day-to-day decision making, thereby providing a necessary foundation for coordinated, efficient efforts and freeing operating personnel to act.
- Policies counteract resistance to or rejection of chosen strategies by organisation members. When major strategic change is undertaken, unambiguous operating policies clarify what is expected and facilitate acceptance, particularly when operating managers participate in policy development.
- Policies offer predetermined answers to routine problems. This greatly expedites dealing with both ordinary and extraordinary problems – with the former, by referring to this answer with the latter, by giving operating personnel more time to cope with them.

- Policies afford managers a mechanism for avoiding hasty and ill-conceived decisions in changing operations. Prevailing policy can always be used as a reason for not yielding to emotion-based, expedient, or temporarily valid arguments for altering procedures and practices.

[Pearce & Robinson, 2000]

2.3.3.6.3. COMMUNICATING STRATEGY

Before any strategy can be implemented, it must be clearly understood. A clear understanding of strategy gives purpose to the activities of each employee. It allows the employee to link whatever task is at hand to the overall organisational direction. This is mutually enhancing and gives meaning to the task. It also provides the employee with general guidance for making decisions and enables him / her to direct efforts toward activities that count.

There should be a concerted effort to ensure that each member of the department understands the contents of the strategic plan and its intention. This can be done through workshops, in-service training and publications.

2.3.3.6.4. STRATEGY AND STRUCTURE

Structure can be defined as “the sum total of the ways in which the organisation divides its labour into distinct tasks and then achieves coordination between them”. The structure of an organisation is reflected in how groups compete for resources, where responsibilities for profits and other performance measures lie, how information is transmitted, and how decisions are made. In addition to clarifying the strategy through

delegation of authority and responsibility, the structure of the organisation can either facilitate or inhibit strategy implementation. Structure follows strategy. Changes in strategy ultimately led to or resulted in changes in the organisation's structure. It can be safely concluded that the process of the matching structure to strategy is complex and should be undertaken with a thorough understanding of the historical development of the current organisational structure, the requirements of the organisation's environment and technology, and the political relationships that might be affected.

2.3.3.6.5. ORGANISATIONAL LEADERSHIP

A critical ingredient in strategy implementation is the skills and abilities of the organisation's leaders. A leader is an individual who is able to influence the attitudes and opinions of others. Unfortunately, too many senior managers are merely able to influence employee actions and decisions. Leadership is not a synonym for management it is a higher order of capability. Organisational leadership is the ability to influence the attitudes and opinions of others in order to achieve a coordinated effort from a diverse group of employees— is a difficult task. However, one of the key methods available to management is creating an overall sense of direction and purpose through effective strategic planning.

Employees are influenced by the organisational structure and leadership and develop a concept of what they should be doing to improve organisational performance and for their own self-interest. Encouraging employees to work hard toward the achievement of organisational objectives is one of the most significant challenges for any management team. There is little doubt that highly motivated employees can significantly increase the likelihood that organisational strategies will be successfully implemented. In fact, one

study on the relationship between middle management and strategy implementation found that middle managers could redirect, delay, or even sabotage the implementation of a strategy that they believe compromises their self-interest.

In most cases, the organisational reward system is one of the most effective motivational tools available to organisations. The design and use of the organisational reward system reflects management's attitudes about performance and significantly influences the entire organisational climate. Organisational reward includes all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the organisation. Intrinsic rewards are internal to an individual and are generally derived from involvement in certain activities or tasks. The feelings of satisfaction and accomplishment that are derived from doing a job well are examples of intrinsic rewards. On the other hand, extrinsic rewards are tangible rewards that are directly controlled and distributed by the organisation. The way that management recognises outstanding performance-or fails to recognise it-sends signals throughout the organisation about what is designed and what it is worth to try to achieve it. **[Pearce & Robinson; 1999]**

2.3.3.7. STRATEGIC CONTROL

Strategic control is concerned with tracking a strategy as it being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments.

The control of strategy can be characterised as form of "steering control". Ordinarily, a good deal of time elapses between the initial implementation of a strategy and achievement for its intended results.

The four basic types of strategic controls are:

- Premises control.
- Implementation control.
- Strategic surveillance.
- Special alert control.

- **PREMISES CONTROL**

Every strategy is based on certain planning premises-assumptions or predictions. Premises control is designed to check systematically and continuously whether the premises on which the strategy is based are still valid. If a vital premises is no longer valid, the strategy may have to be changed the sooner an invalid premises can be recognized and rejected, the better are the changes that an acceptable shift in the strategy can be devised. Planning premises are primarily concern with environmental and industry factors. Strategies are often based on numerous premises, some mayor and minor, about environmental and industry variables. Tracking all of these premises is unnecessarily expensive and time consuming. Managers must select premises whose change is likely and would have a mayor impact on the firm and its strategy.

A strategy's key premises should be identified and recorded during the planning process. Responsibility monitoring those premises should be assigned to the persons or department that are qualified sources of information. Key aspects of the strategy that would be significantly affected by changes in certain premises should be pre identified so adjustments necessitated by revision in those premises can be determined and initiated.

- **IMPLEMENTATION CONTROL**

Implementation control is designed to assess whether the overall strategy should be changed in light of the results associated with the incremental actions that implement the overall strategy. The two basic types of implementation control are monitoring strategic thrusts and milestone reviews. Monitoring strategic thrusts is seen as a means of implementing broad strategies, narrow strategic projects often are undertaken – projects that represent part of what needs to be done if the overall strategy is to be accomplished. These strategic thrusts provide managers with information that helps them determine whether the overall strategy is progressing as planned or needs to be adjusted.

Managers often attempt to identify significant milestones that will be reached during strategy implementation. These milestones may be critical events, mayor resources allocations, or simply the passage of a certain amount of time.

- **STRATEGIC SURVEILLANCE**

Strategic surveillance is designed to monitor abroad range of events inside and outside the firm that are likely to affect the course of its strategy. The basic idea behind strategic surveillance is that important yet unanticipated information may be uncovered by a general monitoring of multiple information sources, strategic surveillance must be kept as unfocused as possible. It should be a loose environmental scanning activity.

- **SPECIAL ALERT CONTROL**

A special alert control is the thorough, an often rapid, reconsideration of the firm's strategy because of a sudden, unexpected event.

- **OPERATIONAL CONTROL SYSTEMS**

Operational control systems guide, monitor, and evaluate progress in meetings short-terms objectives. While strategic control attempt to steer the company over an extended period, operational controls provide post action evaluation control over short periods-usually from one month to one year. To be effective, operational control systems must take four steps common to all post action controls:

- Set standards of performance.
- Measure actual performance.
- Identify deviations from standard set.
- Initiate corrective action.

[Pearce & Robinson, 1999]

2.3.3.8 SUMMARY OF ACTIONS

- Formulate the companies mission including broad statement about its purpose, philosophy and goals.
- Conduct an analysis that reflects the company's internal conditions and capabilities.

- Assess the company's external environment including both the competitive and general contextual factors.
- Analyze the company's options by matching its resources with the external environment.
- Identify the most desirable options by evaluating each option in light of the company's mission.
- Select long-term objectives and grand strategies that will achieve the most desirable options.
- Develop annual objectives and short-term strategies that are compatible with selected set of long-term objectives and grand strategies.
- Implement the strategic choice by means of budgeted resource allocations in which the matching of tasks, people, technologies, structures and reward systems is emphasized.
- Evaluate the success of the strategic process as an input for the future decision-making.

2.4. IS THERE ANY DIFFERENCE IN THE PRACTICE OF STRATEGIC MANAGEMENT BETWEEN PRIVATE AND PUBLIC SECTOR ORGANISATIONS?

For several decades, academicians in public administration have been reading voluminous literature on business strategy. This literature may have influenced these scholars greatly, but it has often seemed to fit public organisations poorly. There have been efforts to develop a "Standard" model of strategic management for public

organisations. It is a prescriptive model created to guide decision makers rather than an explanatory model derived solely to explain behaviors.

The “standard” model of strategic management for public organisation is based upon the theory of strategic management for businesses. Although the public sector “standard” model (fig. 2.6) is based on the theory of strategic management for businesses, this theory is insufficient to the needs of public sector applications. The real difference is that business planning is usually focused on some variation of single objective return on investment.

The following is a single abridgement of more complex models proposed for public organisations.

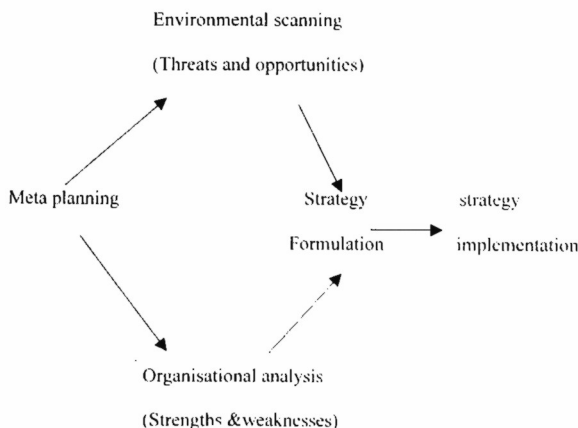


Figure 2.6. The “standard” model of public strategic management (adopted from Klay, 1999)

The public sector strategic management theory emphasizes the need to consider political context. It suggests that this can be done by “Metaplanning” the design of planning process that incorporate the viewpoints of multiple stakeholders.

In developing a model for academic institution, Klay argues that this model does not fit academic institutions. His emphasis is the difference on the environment, specifically the internal environment. He further customizes the model to fit his operating environment. It is therefore crucial to note that the “standard model” for public sector organisations can be customized as indicated by Klay. (Klay, 1999.)

The critical issue, which is demonstrated by different scholars, is that the theory of strategic management for public sector organisation is founded on theory and practice of strategic management in business. It can therefore be concluded that the theory and practice of strategic management is the same for both public and private sector organisations.

2.5. LEGISLATIVE REQUIREMENTS FOR GOVERNMENT DEPARTMENTS

2.5.1 PUBLIC FINANCE MANAGEMENT ACT NO. 1 OF 1999 AS AMENDED BY ACT NO. 29 OF 1999 (PFMA) AND TREASURY REGULATIONS, 2002.

Treasury regulations makes strategic planning a requirements for government departments. In terms of part three (3) chapter five (5) of this regulations,

- Each year the accounting officer of an institution must prepare a strategic plan for forthcoming MTEF period for approval by the relevant executive authority.
- The approved strategic plan must be tabled in Parliament or the relevant provincial legislature at least 7 days prior to the discussion of the department's budget vote.
- It must cover a period of three years and be consistent with the institutions published medium term expenditure estimates;
- It must include specific Constitutional and other legislative, functional and policy mandates that indicate the output deliverables for which the institution is responsible;

- It must include policy developments and legislative changes that influence programme spending plans over the three-year period.
- It must include the measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the institution's programmes.
- Include details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets;
- Include details of proposed acquisitions of financial assets or capital transfers and plans for the management of financial assets and liabilities;
- Include multi-year projections of income and projected receipts from the sale of assets;
- Include details of the Service Delivery Improvement Programme.
- Include details of proposed information technology acquisition or expansion in reference to an information technology plan.
- The strategic plan must form the basis for the annual reports of accounting officers as required by sections 40(1)(d) and (e) of the Act.
- The accounting officer of an institution must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action.

The strategic plan formulated from the mission statement, addresses a few key areas on which the organisation must focus in support of government policy, as well as the strategies to achieve them. It is an essential tool, enabling accounting officers and managers better to achieve government objectives, to address financial management and service delivery problems, and to ensure that services are delivered in the most economical, effective and efficient manner. It provides a sound framework for communication between the accounting officer and the relevant Minister or Member of the Executive Council (MEC) of a province, ensuring commonality of understanding and purpose in the department's pursuit of government objectives and outcomes.

2.5.2 PUBLIC SERVICE ACT NO.103 OF 1994 AND PUBLIC SERVICE REGULATIONS, 2001.

In terms of the Public Service regulations part 3, A and B

An executing authority shall prepare a strategic plan for her or his department –

- Stating the department's core objectives, based on Constitutional and other legislative mandates, functional mandates and the service delivery improvement programme mentioned in regulation III C;
- Describing the core and support activities necessary to achieve the core objectives, avoiding duplication of functions;
- Specifying the functions the department will perform internally and those it will contract out;

- Describing the goals or targets to be attained on the medium term; setting out a programme for attaining those goals and targets;
- Specifying information systems that enable the executing authority to monitor the progress made towards achieving those goals, targets and core objectives;
- Complying with the requirements in paragraphs 5.1 and 5.2 of the Treasury Regulations.

2.6 DIFFERENCES BETWEEN BUSINESS STRATEGIES AND FUNCTIONAL TACTICS

Functional tactics are different from business or corporate strategies in three fundamental ways:

- Time horizon
- Specificity
- Participants who develop them

• TIME HORIZON

Functional tactics identify activities to be undertaken “now” or in the immediate future business strategies focus on the firm’s posture three of five years out.

• SPECIFICITY

Functional tactics are more specific than business strategies. Business strategies provide general direction. Functional tactics identify the specific activities for each functional area and thus allow operating managers to work out how their unit is expected to pursue short-term objectives. Specificity in functional tactics contributes to successful implementation by:

- Helping ensure that functional managers know what needs to be done and can focus on accomplishing results.
- Clarifying for top management how functional managers intend to accomplish the business strategy, this increases top management's confidence in and sense of control over the business strategy.
- Facilitating coordination among operating units within the firm by clarifying areas of interdependence and potential conflict.

• PARTICIPANTS

Different people participate in strategy development at the functional and business levels. Business strategy is the responsibility of the general manager of a business unit. That manager typically delegates the development of functional tactics to subordinates charged with running the operating areas of the business. The manager of a business unit must establish long-term objectives and strategy that corporate management feels contributes to corporate-level goals. Key operating managers must establish short-term

objectives and operating strategies that contribute to business-level goals. Just as business strategies and objectives are approved through negotiation between corporate managers and business managers, so, too, are short-term objectives and functional tactics approved through negotiation between business managers and operating managers. Involving operating managers in the development of functional tactics improves their understanding of what must be done to achieve long-term objectives and, thus, contributes to successful implementation. It also helps ensure that functional tactics reflect the reality of the day-to-day operating situation. And perhaps most important, it can increase the commitment of operating managers to the strategies developed.

2.7 TRANSLATING STRATEGIC PLANS INTO FUNCTIONAL PLANS

- **STRIVE FOR FLEXIBILITY**

Managers must recognise that change will occur, and plan for transitions before they become crises. They must also respond quickly to situations that need attention.

Although change is stressful, the lessons learned from smaller entrepreneurial organisation and the associated improvement in productivity demonstrate the importance of flexibility in job functions.

- **GLOBALISE**

Although organisation will remain to retain provincial, regional or district characteristics in pursuing strategic global trends, should be taken into consideration.

- **SPREAD INFORMATION**

Information should be spread from the cooperate level to the functional level; decision-making should be driven to the functional level.

- **STANDARDISE**

Establish clear boundaries of authority responsibility so that people know the span of control that they can exercise within their respective business units.

- **MEASURE**

Managers should instill a culture of accountability. Standards should not be ambiguous to avoid shifting up or down performance falters. Action must follow measurement to reinforce commitment to achieving plan objectives.

- **REWARD**

Managers should strive to keep all employees motivated. A clear reward and incentive systems should be established. Performance should not be haphazard but should be seen in a light of achieving strategic goals.

- **REORGANISE**

Flexible teams and task groups will tend to replace the classical organisation pyramid
Structure of an organisation should be organised for the benefit of the client and not of
the organisation.

[SMIT, 1999]

2.8 NON- FINANCIAL BENEFITS OF STRATEGIC MANAGEMENT

- It allows for identification, prioritisation, and exploitation of opportunities.
- Provides an objective view of management problems.
- It represents a framework for improved co-ordination and control activities.
- It minimizes the effects of adverse conditions and changes
- It allows major decisions to better support established objectives.
- It allows more effective allocation of time and resources to identified opportunities
- It allows fewer resources and less time to devolved to correcting erroneous or ad hoc decisions.
- It creates a framework for internal communications among personnel.
- It helps to integrate the behavior of individuals into a total effort.
- It gives encouragement to forward thinking.
- It encourages a favorable attitude towards change.
- It provides a basis for the clarification of individual responsibilities.

2.9 THEORETICAL FOUNDATIONS

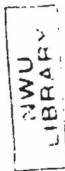
Action plans and short-term objectives translate long-range aspirations into a year's actions. Functional tactics translate business strategy into daily activities people need to execute. Corporate and business level strategies that have been carefully formulated are of little value if they cannot be successfully translated in to actions. Strategies and their requirement must be communicated and clearly defined for all affected employees. All affected employees must receive the management and organisational support necessary to implement strategies. Management and organisational support include an appropriate organisational structure, reinforcing policies, sound leadership, and effective motivational systems. The theoretical foundation of successful implementation of any strategy is based on the ability to translate corporate and business strategy into functional tactics or annual action plans.

The structure of an organisation is reflected in how groups compete for resources, how information is transmitted, and how decisions are made. The structure of the organisation can either facilitate or inhibit strategy implementation. Structure follows strategy. This is important to understand as changes in strategy lead to changes in organisation's structure. After formulating the strategy, top management must review all structures to assess their capacity in implementing the strategy. Strategies are the how part of achieving long - term objectives while structure reflects the way in which the organisation divides its labour into distinct tasks and achieves coordination between them. These theoretical foundations form the basis of understanding for this study.

2.10 CONCLUDING REMARKS

Strategic Management allows an organisation to be more proactive than reactive in shaping its own future, it allows an organisation to initiate and influence rather than just respond to activities, and thus to exert control over its own destiny. The public sector organizations will benefit if they can customise the private sector model to fit their operations. The challenge of implementing strategic plans should be the responsibility of all employees in the organisation and not only top management. The most challenging part of any strategic plan is its implementation. The time spent in developing strategic plan of any organisations is only valuable if implementation is prioritised. It is a legislative requirement that departments should produce a strategic plan; this should be submitted to the relevant treasury for consideration. Proper care should always be taken that what is submitted really outlines the future direction of any department and not some rhetoric aimed at gaining more from the relevant treasury. If the continuous argument that public sector department must be run in a “business like” approach is the way to go, then fundamentally there is no difference in strategic management process it be whether in public or private sector. The challenge for public sector managers is to customise the so-called private sector models to their benefit.

CHAPTER 3



DEFINING THE PROBLEM AND RESEARCH QUESTIONS

3.1 INTRODUCTION

Formulating strategic plans is a time consuming exercise. All managers should therefore take the implementation phase serious. Strategic planning should not be a response to the legislative requirements but a top management tool in effectively, efficiently and economically managing governments departments. The Public Finance Management Act no 29 of 1999 as amended, charges accounting officers with the responsibility of producing a strategic plan with measurable outcomes and report on progress on a quarterly basis. The Department of Health has produced a strategic plan for a period of three years. This strategic plan is reviewed on an annual basis and submitted to treasury. In the DOH institutions, hold quarterly reviews in order to report on progress made to implement the strategic plan.

The amount of work involved in developing strategic and operational plans and producing quarterly reviews report in the DOH is enormous, costly and time consuming. The aim of this chapter is to identify the problem and formulate research questions.

3.2 THE RATIONALE TO THE PROBLEM

In the DOH, different institutions and program managers develops operational plans on a yearly basis. At the beginning of each new financial year, different managers hold their retreats to develop strategic plans and operational plans. The DOH has produced a set of

strategic goals, which managers should pursue. It is a requirement in terms of the treasury and public service regulations that on a yearly basis the accounting officer must submit a strategic plan of the department before the MEC presents the vote to the legislature. The regulations specify what the contents of the strategic plan must be and does not prescribe the procedure or the model that departments should follow in developing their plans. In line with requirement of these regulations the Department has also introduced quarterly reviews in order to assess performance in pursuit of their strategic goals.

It is the view of most of the managers that these quarterly reviews are just rhetoric, more output based and not linked to the strategic plan. Recently managers are reluctant to attend these reviews and if they attend, level of debates in these meetings is at the lowest levels.

At the beginning of each financial year the directorate responsible for the strategic plan expects institutional managers to submit yearly operational plans. No feedback or advice is received on the submitted operational plans. It has been proven by literature reviewed that functional managers play a vital role in the implementation of the strategic plan. In addition to that it was also proven that operational plans must be aligned to the strategic plan for successful implementation.

3.3 DEFINITION OF PROBLEMS

PRIMARY PROBLEM

- There is poor understanding of the Strategic management process in public sector organisations such as DOH.

SECONDARY PROBLEM

- The implementation of strategic plan in the department of Health is poor.

3.4 FORMULATION OF RESEARCH QUESTIONS

3.4.1 The Strategic Plan must be translated into detailed functional or annual objectives for the first year. Functional planning ensures that Managers take a systematic approach to managing individual performance.

There is an agreement amongst scholars that traditional planning practices, designed during more stable periods of steady growth and routine change, are being replaced by new planning techniques. Roger L. Kemp contends that business models of strategic planning are designed to increase a company's profit and / or control its environment, such practices should be modified and adapted to properly "fit" the unique political and administrative environment of a particular organization. He further argues that public sector officials can learn from private sector practices and that a new strategic planning model is necessary for public and non-profit organisations. Many officials and scholars agree that there is a need for strategic planning in the public sector but there is little consensus concerning the model to be utilised. Based on the primary problem the question is:

- Do managers in the department of Health have any model that they follow in formulating the strategic plan?

3.4.2 The challenge of any strategic plan is its implementation part. Functional plans are important tools in the implementation phase. Functional plans must be aligned to the strategic plan of the organisation. It is therefore crucial that top management must ensure that functional managers understand the strategy and have the capacity to implement the strategic plan.

In order to address the secondary problem questions are:

- Do functional managers have in their possession the departmental strategic plan prior to developing their annual operational plans?
- Are functional plans aligned to the Strategic plan of the department?

These are important questions for the study as their findings will demonstrate that operational plans produced by functional managers are or not aligned to the departmental strategic plan. In addition to that it will indicate the level of communication regarding the strategic plan.

3.4.3 The first year of the strategic plan must be translated into functional plans, and should form a base for resource allocation. In terms of the PFMA the contents of the strategic plan must include spending plans over the three-year period, details of proposed acquisitions of fixed or movable capital assets, planned capital investments and rehabilitation and maintenance of physical assets. On a yearly basis, institutions are requested to submit their MTEF inputs. It is important to note that the period for MTEF is three years, it therefore important that only a review and prioritisation should be done and not a new submission during the MTEF period. The question is:

- Does top management use functional plans as a basis for resource allocation?

3.4.4 In terms of the treasury regulations part five (5) section 5.3, the accounting officer of an institution must establish procedures for quarterly reporting to the executive authority to facilitate effective performance monitoring, evaluation and corrective action. The evaluation of the strategic plan can assist managers in determining whether actions are executed according to plan and if not take corrective measures. The department has established quarterly performance reviews that are an important tool in the evaluation of the implementation of the strategic plan. It is very important that the reporting format must be informed and be based on the strategic plan. It is therefore important for the researcher to understand whether the quarterly reviews reporting format is based on the strategic plan of the department. Lastly,

- Is the quarterly performance review format linked to the Strategic plan of the department?

3.5 CONCLUDING REMARKS

The department is submitting its strategic plan to the relevant treasury on a yearly basis. The question remains on whether there has been implementation and understanding on the submitted strategic plans. All this questions will form the basis of the research and results will be discussed in the following chapters.

CHAPTER FOUR

RESEARCH DESIGN

4.1 INTRODUCTION

In chapter 3 research questions were formulated. The main focus of this research is on the field of Strategic Management. It focuses mainly on the practice and applications of the principles of this field in public sector organisations such as the Department of Health. The following chapter aims to explain the rationale behind the methodology and how the research was conducted.

4.2 POPULATION

The population from which the sample was drawn included some members of, Executive Management, Departmental Management Committee, District Management, Sub-district Management and Hospital Management Teams. The levels included assistant directors, Deputy Directors, Directors and Chief Directors in the NWDoH. These individuals were identified for their role that they play in formulating the strategic plan and operational plans in the department. The aim was to obtain expert opinion in the practice of strategic management in the department of health.

4.3 SAMPLING TECHNIQUES

The sampling technique used in this research is a non-probability sampling. This is a purposive sampling technique that does not accurately represent the population under investigation. In this approach sample elements judged to be typical or representative are chosen from the population that is case judged as typical of the population of interest constitute the sample. Although the limitations of non-probability sampling is recorded as generalising to the population, the opinion leaders in the field of strategic management in the department of health were selected on the basis of their experience and availability. In addition this method was seen to be more convenient, and inexpensive. The assumption is that erroneous judgements in the selection of the elements from the population will counterbalance one another.

4.4 SURVEY METHODS

The research was conducted through a questionnaire as per Annexure A. Personal interviews were also conducted with the respondents. The questionnaire was developed and pre-tested. It consisted of three parts, A, B and C. The intention of part A was to gather the biographical data of the participants, while part B and C aimed at determining the understanding of strategic management practice in the department. It looked at how are the strategic and operational plans formulated, whether these plans are used as a basis for resource allocation and are they implemented in the department.

A covering letter was attached to the questionnaire requesting the participants to participate in the study and also reassured them that confidentiality will be ensured. It was important to continuously remind participants to complete and return questionnaires.

Appointments were made with some of them especially executive management. In such appointments semi-structured interviews were conducted with some members of the sample.

4.5 METHODS OF DATA ANALYSIS

For the purpose of this report, data were analysed manually using frequency tables and descriptive statistics.

4.6 ETHICAL STANDARDS

A letter was written to all participants stating that answers provided will be kept confidential and be used only for the purpose of this research. In respect of semi-structured interviews, respondents were briefed on the importance and the implications of the study before any interviews took place. In addition an approval was received from the Head of Department to undertake the study. The results as presented in the following chapter represent the honest and complete data without any misrepresentation by the researcher.

4.7 CONCLUDING REMARKS

The chapter described how the research was designed and conducted. Only participant regarded as responsible for Strategic and Operational plans in the department were selected for their expert opinion. It is important to understand the different types of plans, their time horizons and who is responsible for those. The challenges of health service

delivery are enormous and thorough planning is crucial. In the next chapter the results of the research are presented.

CHAPTER 5

RESEARCH RESULTS

5.1 INTRODUCTION

The investigation was conducted through questionnaires and semi-structured interviews. The sample is mostly managers in the Department of Health who are in fact opinion leaders in the field of Strategic Management. The aim of this chapter is to present the results of the investigation as obtained through questionnaires and semi-structured interviews. It is again important to note that these results were summarised without misrepresenting any views or findings.

5.2 SUBJECTS

From the total thirty-three (33) subjects, twenty-two (22) respondents filled in and returned questionnaires. Participants were targeted through e-mails, faxes, meetings and appointments. In some instances, it was important to make follow-ups through telephonic interviews. Follow-ups were made to those who could not submit their questionnaires, and finally a report had to be consolidated without their responses.

5.3 BIOGRAPHICAL DATA

5.3.1 GENDER

Table 5.1. Gender distributions

GENDER	No. of respondents	Percentage
Male	14	64
Female	8	36
TOTAL	22	100

64% of respondents were males while 34% were females. As indicated in

table 5.1

5.3.2 JOB TITLE AND NUMBERS OF YEARS IN POSITIONS

Table 5.2. Job titles and Numbers of years in the current position

Job title	No. Of years in position	
	0-2	3-5
Chief Directors	1	
District Directors		2
Other Directors	1	3
Hospital General managers	1	4
Sub-district managers		4
Assistant directors	1	2
Program managers	2	1
TOTAL	6	16
Percentage	32	68

68 % of respondents have more than two years in their current positions. According to table 5.2

5.3.3 MANAGEMENT LEVEL IN THE DEPARTMENT

Table 5.3. Management level in the department

Management level	Total no.	Percentage
Departmental Executive Management (DEC)	2	9
Departmental Management committee (DMC)	5	23
District Management Team (DMT)	9	40
Sub-district Management Committee (SDMT)	3	14
Others	3	14
TOTAL	22	100

Most of the respondents (40%) are members of the District Management Teams. As indicated by table 5.3

5.3.4 RESPONSIBILITY IN REGARDS TO DEVELOPMENT OF PLANS

Table 5.4. Responsibility for different plans

TYPE OF PLANS	TOTAL NUMBER	PERCENTAGE
STRATEGIC PLAN	6	27
TACTICAL PLANS	7	32
OPERATIONAL PLANS	9	41
TOTAL	22	100

Note: The total of responses to the various questions does not add up to 22, as some respondents' marked more than two answers.

RESPONSIBILITY FOR DIFFERENT PLANS

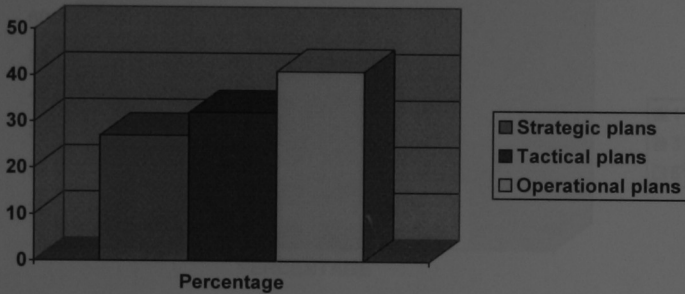


CHART 5.1

41% of the respondents are responsible for developing operational plans, 32% for business or tactical plans while 27% is responsible for the strategic plan (Table 5.4 and chart 5.1).

5.3.5. TIME FRAMES USED FOR DEVELOPED PLANS

Table 5.5. Time frames used for developed plans

TIME FRAMES	TOTAL NUMBER	PERCENTAGE
1YR	13	57
3YRS	6	25
5YRS	3	18
TOTAL	22	100

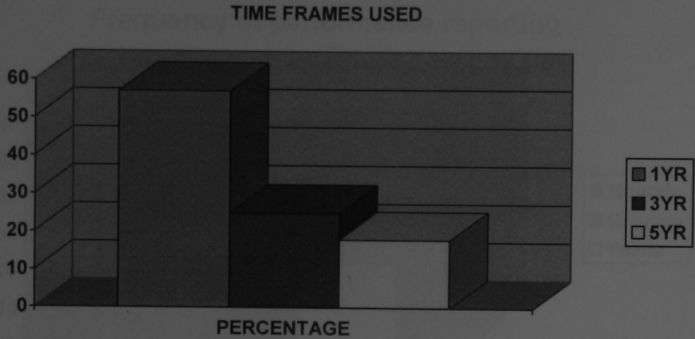


CHART 5. 2

Most of respondents use a period of a year for their plans. According to table 5.5 and chart 5.2

5.3.6. FREQUENCY OF PERFORMANCE REPORTING.

Table 5.6. Frequency of performance reporting

FREQUENCY	TOTAL NUMBER	PERCENTAGE
MONTHLY	7	31
QUARTERLY	10	46
YEARLY	5	23
TOTAL	22	100

Frequency of performance reporting

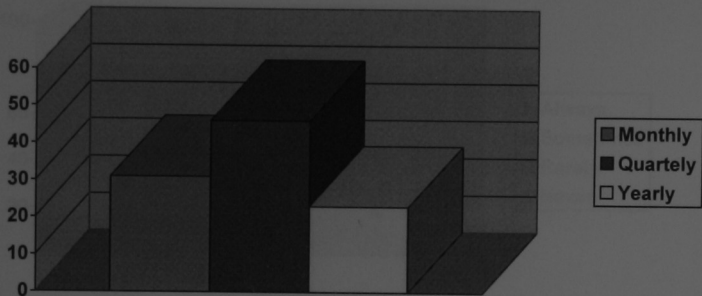


CHART 5.3

In terms of Table 5.6 and chart 5.3, 46% of respondents report their performance on a quarterly basis, 31 % monthly and 23 % on a yearly basis.

5.3.7. FREQUENCIES OF DISCUSSIONS WITH SUB-ORDINATES.

Table. 5.7 Frequencies of discussions with sub-ordinates

FREQUENCY	TOTAL NUMBER	PERCENTAGE
ALWAYS	13	59
SOMETIMES	9	41
RARELY	0	0
NEVER	0	0
TOTAL	22	100

FREQUENCY OF DISCUSSIONS OF PLANS

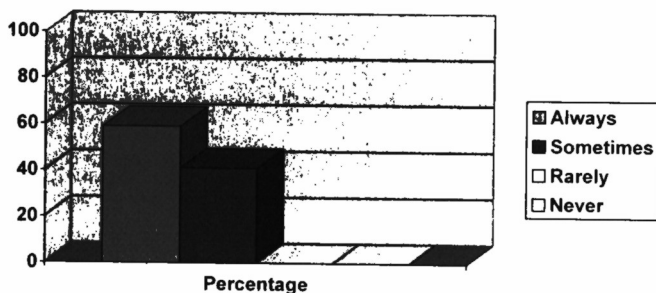


CHART 5. 4

59% of respondents indicated that they discuss their plans always. According to table 5.7 and chart 5.4

5.3.8 USE OF THE DEPARTMENTAL HEALTH STRATEGIC PLAN TO DEVELOP OWN PLANS.

Table 5.8 Use of the departmental health strategic plan to develop own plans.

Answer	Total No.	Percentage
YES	22	100
NO	0	

All respondents indicated that they have used the Departmental Strategic plan to develop their plans. As indicated by table 5.8

5.3.9 ALIGNMENT OF THE FUNCTIONAL PLANS TO THE STRATEGIC PLANS

Table 5.9. Alignment of the functional plans to the strategic plans

Answer	Total No.	Percentage
YES	18	82
NO	4	18
Total	22	100

82 % of respondents indicated that functional plans are aligned to the Strategic plan.

According to table 5.9

5.3.10. RESOURCE ALLOCATIONS ARE BASED ON SUBMITTED PLANS.

Table 5.10 Resource allocations are based on submitted plans.

Answer	Total No.	Percentage
YES	0	
NO	22	100

None of the respondents thinks that resources are allocated according to submitted plans.

As indicated by table 5.10

5.3.11. SUCCESS IN IMPLEMENTATION OF PLANS IN THE PAST TWO YEARS.

Table 5.11 Success in implementation of plans in the past two years

Answer	Total No.	Percentage
YES	11	50
NO	6	27
Partially	5	23
TOTAL	22	100

50% of respondents were successful in implementing their plans, 27% not and 23% partially according to table 5.11

5.3.12. AVAILABILITY OF A FORMAT /MODEL FOLLOWED IN DEVELOPING PLANS.

Table 5.12 Availability of a format /model followed in developing plans.

Answer	Total No.	Percentage
YES	22	100
NO	0	

In terms of table 5.12, all respondents followed a format/model to develop plans.

5.3.13. QUARTERLY REPORTING FORMAT IS LINKED TO THE STRATEGIC PLAN.

Table 5.13 Quarterly reporting format is linked to the strategic plan.

Answer	Total No.	Percentage
YES	18	82
NO	4	18
TOTAL	22	100

82% indicated that the quarterly reporting format is linked to the strategic plan while 18% indicated differently.

5.4 INTERPRETATION OF RESULTS

The following are results of the investigation.

- 41% of respondents are responsible for developing operational plans, 32% for Business/Factual plans and 27% for Strategic Plan as indicated by Table 5.4 and Chart 5.1.
- 57 % of respondents use a time frame of a year in developing their plans in the department of Health and 25% use 3years while 18% use 5 years as shown by Table 5.5 and chart 5.2.

- Performance reporting happens more frequently on a quarterly basis at 46 %, and 31% monthly and 23 % on a yearly basis as shown by Table 5.6 and chart 5.3
- Most of the respondents always discuss the plans with their sub-ordinates, 59% as compared to 41 % who discuss them sometimes according to Table 5.7 and chart 5.4
- All respondents used the Departmental Strategic plan in developing plans for their respective divisions and further 82 % think that Functional/operational plans are aligned to the Strategic plan according to Table 5.8 and 9 respectively.
- None of the respondents thinks that resources are allocated according these plans according to Table 5.10.
- Half of respondents think they were successful in implementing their plans in the past two years, while 27 % were not and 23 % partially successful according to Table 5.12.
- All respondents follow a format/model while developing their plans. Some use the National, Provincial and district formats according to Table 5.13
- Most of the respondents think that their quarterly reporting format is linked to the Strategic Plan, 82 % as compared to 18% according to Table 5.14.

5.5. CONCLUDING REMARKS

From the information gathered, it is clear that the Department of Health has a Strategic Plan and personnel in this department produce plans that are in line with this plan. It is a mayor concern that resources are not allocated according to developed plans. The implications of these results are discussed in the next chapter. The aim of this study was not do content anaiysis of plans in the Department, but to understand the practice of Strategic Management as a science in this department.

CHAPTER 6

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous chapter, the results were presented as gathered through a questionnaire. The data was collected from opinion leaders in the field of Strategic Management in the Department of Health. These managers are responsible for different plans in the department. The aim of this chapter is to discuss the results, draw conclusions, implications and make recommendations.

The primary objective of this study was to contribute in improving the understanding of Strategic Management principles and performance of the Department of Health in developing and implementing the Strategic plan. This was done through an in-depth study of the frame-works used in the application of these principles in a public sector organisation such as the DoH. This involved a process of understanding the following:

- Time frames used for different plans, and frequency of reporting performance of those plans.
- Use of Departmental Strategic plan and success rate of implementing developed plans.
- Alignment of functional plans to the Strategic plan and whether resources are allocated according to developed plans.
- Finally to establish whether is there any format that is followed in developing plans and whether the quarterly reporting format is linked the departmental Strategic plan.

6.2 CONCLUSIONS

The findings as presented in the last chapter, suggest the following important conclusions,

Primary Problem

- Do managers in the department of Health have any model that they follow in formulating the strategic plan?

All respondents indicated that they have a format or a model that they follow while developing their plans. It is interesting that none of the answers suggests a common model that is followed Some of the responses were:

- “The normal operational format used by the department”
- “That was based on the regional strategic plan format”
- “We use prescribed Business plan format for all of our projects .The format include SWOT analysis, activity statistics and financial indicators, intervention plan, budget and QIP.”
- “We use Operational plans format, IIP, and DIHER as well as Health plans documents, coupled to this we adopted generic plans Format of renowned authors.”

Based on the above it can be concluded that the process of Strategic Management is formalised. Although respondents could not clearly indicate the model that they use, but there is generally a format that is followed in developing plans.

Secondary Problem

- Do functional managers have in their possession the departmental strategic plan prior to developing their annual operational plans?

All respondents indicated that they had the departmental strategic plan while developing plans.

- Are functional plans aligned to the strategic plan of the department?

Some responses included,

- “There are as my Performance Agreement, is based on the Strategic Goals and non-performance on this is not tolerated, aligning them in a way cement my relation with the Department and ensuring achieved goal as a Comprehensive Team.”
- “The vision and mission is aligned to that of DoH. Plans are aligned to nine strategic goals”.
- “The main goal we align ourselves with is Well Functioning and Comprehensive hospitals, and we have consistently achieved this goal.”

Most of the managers in the Department of Health are involved in the development of operational/ functional and use a period of a year for these plans according to Tables 5.4 and 5.5. In developing these plans, managers have in their possession the Strategic plan of the Department according to Table 5.8.

It was also reported that performance reporting happens more frequently on a quarterly basis, and that plans are frequently discussed with sub-ordinates according to Table 5.7. Respondents indicated that they think that operational/ functional plans are aligned to the strategic plan according to Table 5.9

- Does top management use functional plans as a basis for resource allocation?

It is important to note that all respondents' indicated that resources allocation is not based on developed plans according to Table 5.10. These were some of the responses,

- "Allocation of resources such as budget is unilaterally done in spite of our contribution to MTEF and etc, these meetings seem just as a window dressing when actual decisions has already been taken. allocation of pool vehicles, approval of staff establishments are example of how head office neglect districts/sub-districts in allocation of resources."
- "The equitable share depends on many other factors, that our plans sometimes have to be scaled down to indicative figures."
- "Not allocated even if enough evidence and motivation is submitted."
- Budget inputs are not considered when allocations are made."

.50% of the respondents further indicated that they were successful in the implementation of their plans in the past two years, 27% not and 23% partially according Table 5.11. Finally, 82% of respondents indicated that the quarterly reporting format is linked to the strategic plan of the department. It can therefore be concluded that, "the implementation of the strategic plan of the department is taken serious and is fairly good".

6.3 DISCUSSIONS AND IMPLICATIONS

Norman Flynn and Colin Talbot while looking into the strategy and strategist in UK local government concluded that in the public sector the level of formal strategic planning corresponds quietly closely to the degree to which organisations are required by central governments to have business or corporate plans. They further conclude that they seem to display central government-like levels of formal planning because they are required to by direction, not competition. This tends to suggest that some of the strategic planning is more formal than real, seeking to satisfy imposed requirements rather than make strategic choices. One important factor which distinguishes governments and indeed all public sector strategic planning from its private sector counterpart is the fact that it is sometimes an externally-imposed requirement that may owe more to formalism, the appearance of strategic planning without its real content. (Journal of Management Development, vol.15.no.2 1996,pp.24-37).

It can also be confirmed by the conclusions reached that it will seem that the strategic planning in the department is more formal and is an external requirement. It was indicated in chapter two that there is a legislative requirements in terms of the Public Finance Management and Public Service Acts that Departments submit their strategic plans on an annual basis. Clearly, this legislative requirement may place an undue pressure on the executive to meet some deadlines and undermine the importance of a strategic plan.

Failure to link policy, planning and budgeting may be the single most significant factor contributing to poor budgeting outcomes at the macro, strategic and operational levels in developing countries as observed by Geo Paul (Paul, 2003).

There is a constant decline in Health budget in South Africa put pressure on departments, which necessitate decisions on priorities. The changes in political control may cause change in direction, which also places pressures on the organisations to respond to the new priorities. These may bring changes in legislation and regulations, often creating an atmosphere of reacting to events from departments rather than planning service for the people. This can be witnessed in the current discourse on the new legislation and regulations relating to Pharmaceuticals and Dispensing of medicines.

Flynn and Talbot also observed that the annual round of budgeting and funding is often raised as a reason for short-termism, although funding is often stable relative to the revenues of companies in competitive industries.

It was also confirmed by this study that resource allocation in the department pose a mayor challenge. The introduction of Medium Term Expenditure Frame-work as a government financial planning strategy and the PFMA suppose to be the pillar stones for resource allocations. The implications for failure to demonstrate that resources allocation was based on the developed plans may lead to poor motivation of personnel, poor financial management and even high turnover of managers. Such implications will affect service delivery in a very negative way. It is therefore crucial that the top management must demonstrate that plans are taken serious and resources allocation is not biased or favoured to any division.

Pearce and Robinson, 1999 raised three important issues in translating strategy into an action plan.

- The strategy must be translated into guidelines for the daily activities of the organisation's members.
- The strategy must be reflected in the way the firm organises its activities and in the firm's values, beliefs, and tone.
- In implementing the strategy, the firm's managers must direct and control action and outcomes and adjust to change.

Whether seeking improved implementation of current strategies or adjusting to new strategies, the same basic concerns must be addressed.

- Strategies and their requirements must be communicated and clearly defined for all affected employees.
- All affected employees must receive the management and organisational support necessary to implement strategies. Management and organisational support include an appropriate organisational structure, reinforcing policies, sound leadership, and effective motivational systems.
- Corporate and business unit strategies must be translated into annual objectives and functional strategies

The rural nature of this province demands that departments must strategically respond to the health needs of communities. Strategic planning in public sector organisations involves multiple stakeholders and therefore there is a high expectation on implementation.

6.4 RECOMMENDATIONS

The following recommendations are suggested to improve the application of Strategic Management principles and the implementation of the Strategic plan, which will ultimately lead to achievement of a vision of Optimum Health for all individuals and communities in the North West Province.

- There should be capacity program to improve the understanding of Strategic Management for different levels of managers in the department. It should always be remembered that the theory of Strategic Management is based on pure private sector practices.
- A directorate must be identified to raise the awareness levels of all employees on the Strategic Plan of the department; this can be done through workshops, inclusion in the induction/orientation programs, symposiums and even conferences.
- Resource allocation is not limited to financial resources and its also includes human and material resources. The allocation of resources is an integrated function and cannot be a responsibility of one division. A team should be identified and be responsible for audits of both tangible and intangible resources and an action plan developed to address this anomaly.
- The MTEF inputs should be based on the developed plans and not the other way round. The strategic planning is a forward thinking approach and therefore the MTEF and Strategic planning exercises must happen concurrently.
- Although it is accepted that there is no standard model for developing a Strategic plan in the public sector there exist a general agreement amongst scholars that the private sector models can be customised to fit public sector organisations such as

the department. A generic model founded on the theory and principles of strategic management should be explored.

- It was not the purpose of this study to do content analysis of different plans developed in the department of health, and a further study is recommended to do a critical analysis of plans in the department.

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