A strategy to improve Government Employees Pension Fund Management in the North West Province

By

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DECLARATION

I, Gaonyadiwe Annah Emmanuel, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Mafikeng Campus of North-West University. It has not been submitted before for any degree or examination in this or any other university

Signature : -------------------------------------- Date : ------------------------

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ABSTRACT

This research focuses on decentralisation of financial control as a strategy used to improve decision-making in the Provincial Office to improve of the performance of Government Employee Pension Fund in the North West Province. The research examines the role of the central government in decentralisation of financial control by exploring the administration of pensions expressed through the Government Employee Pension Fund.

A common feature in the implementation of this strategy is the devolution of authority to the Provincial Office in the decision-making in the management of resources.

According to Raywind (1990), the deployment of the strategy stems from the view that when decisions about financial management are devolved to the province, better decisions will be made that affects employee's performance positively. This includes devolution of state allocated budget and delegation of financial management responsibility to the North West Provincial Office through the province as a primary Pension Fund delivery system for the state.

To assist both the National and the Provincial Office in carrying out their responsibilities, a model for Provincial Based Pension Fund Management is presented in this research.

The research methodology applied is mixed method of both qualitative and quantitative method with a population of 500 stakeholders and a sample of 50 stakeholders.

The research findings from both the literature and empirical research include establishing the structure of the Provincial Office and functioning of the Provincial Based Financial Management Structure.

The role of the Provincial Office staff will be transformed from recording and filing to planning, organising, leading, controlling and co-ordinating the budget including giving technical advice, guidance and support.

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BSS	Business Support Services
ESG	Environmental, Social and Government
GAAP	General Accepted Accounting Practices
GEP	Government Employee Pension
GEPF	Government Employee Pension Fund
GPAA	Government Pensions Administration Agency
ICT	Information Communication Technology
IFRS	International Financial Recording System
MISS	Minimum Information Security Standards

NBFMS	National Based Financial Management System
NSF	Non Statutory Forces
PBM	Provincial Based Management
PBFMS	Provincial Based Financial Management Structure
PFMA	Public Finance Management Act
R&D	Research and Development
SARS	South African Revenue Services
MIS	Management Information System
NIA	National Intelligence Agency
LNEP	Limited Nations Environmental programme
SAPS	South African Police Service
TEPF	Temporary Employee Pension Fund
LRA	Labour Relations Act

CHAPTER ONE

1. BACKGROUND OF THE STUDY

1.1 INTRODUCTION

The Government Employee Pension Fund was established on 1 May 1996 through the amalgamation of a number of pension funds from the states of Transkei, Venda, Bophuthatswana, and Ciskei. It has been in existence for 15 years, and it is a juristic entity centrally managed by the Board of Trustees. Its administration and management is governed by the Government Employee Pension Law published under Proclamation 21 GG 17135 of 19 April 1996 as amended.

The GEPF is South Africa's largest pension fund with more than 1,2 million active members, 320 000 pensioners and beneficiaries and net assets of R790 billion. The GEPF is amongst leaders in socially responsible investment and was one of the first South African organisations to become a signatory to the United Nations Principle of Responsible Investment (GEPF Annual Report, 2011).

GEPF operates under its own law, which is the Government Employees Pensions Law 1996, as amended (GEP Law) which defines the GEPF as a benefit pension fund exclusively for government employees in South Africa. The GEPF has more than 320 participating employers, including all national and provincial government departments and the South African Defence Force and National Intelligence Agency.

Overall accountability for the Fund's investment and administrative performance rests with the Board of Trustees which consists of an equal number of employer, employee and pensioner's representatives and Union representatives.

In line with pension industry best practice, the fiduciary and operational functions of the GEPF have been separated with the implementation date of 1 April 2010. The fiduciary functions include governance, legal, compliance and investment matters such as financial reporting, the valuation of funds and assets, preparation and monitoring of investment mandates.

The GEPF core functions include member admission, contribution collections, membership roll maintenance, withdrawals (exit from fund) and benefit payments, and the oversight of the investment of the Fund's assets to match future liabilities. The administration of the GEPF also administers benefits on behalf of the National Treasury, including medical subsidies, special pensions, military pensions and other sundry benefits.

The administrative functions of the GEPF involve processing of pension payouts and other benefits, as well as client interaction and data maintenance.

The investment policy must be consistent with the GEPF's legal responsibility which means the financial interest of the members is paramount, as well as managing the fund consistently with proper diversification and prudence.

Employers and employees have no incentives to include pensions as part of employment contracts unless the pension completes a missing market or corrects imperfection in existing capital or labour market (Bennet & Oates, 2006).

Decentralisation reforms are currently enjoying support in the majority of developing countries. The nature of these reforms, however, varies greatly ranging from technical adjustment of public administration in the form of decentralisation to radical redistribution of political power between central government and the relatively autonomous local governments (Bennet & Oates, 2006).

The demands of an increasingly competitive marketplace in financial services require financial institutions to continually develop and implement change programmes. This focus in change is increased by sophistication of the customer, escalating competition amongst established and emerging players, coupled with difficult economic conditions (GEP Law, 1996).

GEPF Administration lacks proactive interaction with members, beneficiaries and stakeholders.

The immediate challenges faced by financial institutions include: - the consolidation of the major players leading to large dominant players, who can effectively dictate pricing, profitability, and service levels in their sector of the market. The Australian and Chilean developments are good examples, as are the industry or union funds already established here in South Africa. Increasing demands on Boards of Trustees and others responsible for managing these Employee Benefit enterprises are likely to escalate the trend (Banks & Smith, 2006).

Significant shifts in distribution patterns with a move away from traditional and expensive channels to new and emerging direct distribution channels, frequently made possible through the use of technology in South Africa and elsewhere.

Increasing focus on the participant (the member) as a customer and the provision of quality service which considers the total relationship value of the customer, rather than the value of a single product, is rapidly becoming acknowledged in developing systems to support customer retention and cross-selling of new financial services (Banks & Smith, 2006).

The authorities are increasing efforts to improve the governance of financial institutions. Democratisation of the work place, and the consumer in general, means heightened expectations from members/customers and their sponsoring employers/trade unions leading to demands for much-increased access to information, education, and an increased individual choice, flexibility, equity, risk management and financial planning by individuals, even within the context of collective arrangements, such as the Employee Benefit arrangements (GEPF Specification, 1996).

Revenue enhancement is an increasingly important focus as demand for existing services increase. Moves to fee-based income and charging for discrete services all represent opportunities (and threats) for financial institutions such as the Employee Benefit funds.

Operational improvement through both superior service and reduced cost base is essential in the competitive market place. The streamlining of existing paper-intensive procedures is fundamental if significant cost improvements are to be made while enhancing the service quality (Blinder & Porter, 2001).

In order to survive in a consolidating industry, the administration of GEPF must become better at defining, managing and pricing risk. Risk management is vital to achieving improvements in effectiveness.

Better quality, more comprehensive and more accurate information, often from disparate systems, should facilitate more detailed analyses and encourage more effective direction (Blinder & Porter, 2001).

Obtaining the benefits of a new technology is a critical success factor when addressing the issues set out above. Frequently, high spending on technology does not deliver major business benefits to the organisation (Faguet, 2012).

Decentralisation of financial control as a strategy to empower the Provincial Office of the GEPF offer workers, stakeholders in the province and regions the opportunity to increase participation in central and provincial decision making processes from which they have generally been excluded and which will provide them with access to services and improve service delivery (Blundell & Johnson, 2000).

The models of the pension fund management and their benefits are centrally managed by the Board of Trustees. Trustees are appointed in accordance with section 6 of the GEP Law 21 of 1996, as amended. Fund members and employers are equally represented on the Board to protect the interests of all stakeholders of the fund. Member representatives include a pension and a service representative elected through a postal ballot (GEPF Annual Report, 2011).

There are five permanent Board committees to ensure the fiduciary effectiveness of the GEPF through the involvement of Board members in the Fund's strategic goals. The committee deals with benefits and administration, finance and audit, governance and legal, human resources and investment matters (GEPF Annual Report, 2011).

The Chief Executive Officer of the GEPF and Executive and Operational management team, reflected in the organisational structure below, are responsible for the day to day operation of the Fund and for ensuring the implementation of Board strategies and decisions, (GEPF Annual Report, 2011).

1.2 THE PRESENT PENSION FUND MANAGEMENT STRUCTURE

Figure 1 presents the model of the pension fund management and their benefits categorized into six management committees that is, the Corporate Finance, Employee Benefits, Corporate Services, Legal Services, Business systems management and Risk Management.

Corporate Services consist of Human Resource and Support Service. Corporate Services depends on its employees and the optimum use of their knowledge, skill and experience to effectively provide a service to the members. The Fund is committed to creating a business environment that is conducive to the well-being of employees, with efficient and fair human resource practices aligned with the Labour Relations, Skill Development, and Employment Equity Acts as well as The Public Service Act and Regulations (GEPF Rules, 1996).

Human Resources focus on providing human resource management, employee development and logistics services through the following:-

- Effective recruitment and reporting structure.
- Skills training and personal and professional development of employees.
- A reward and recognition system.
- Transfers, appointments and termination of service.
- Policies, procedures and practices aligned with GEPF rules and policies.
- Basic Conditions of Employment.

Business System Management consists of Business Support Services (BSS) and is responsible for defining business requirements of GEPF in order to effectively facilitate and implement system changes. A BSS records category includes Information Technology Committee meeting minutes and test data records (GEPF Rules, 1996).

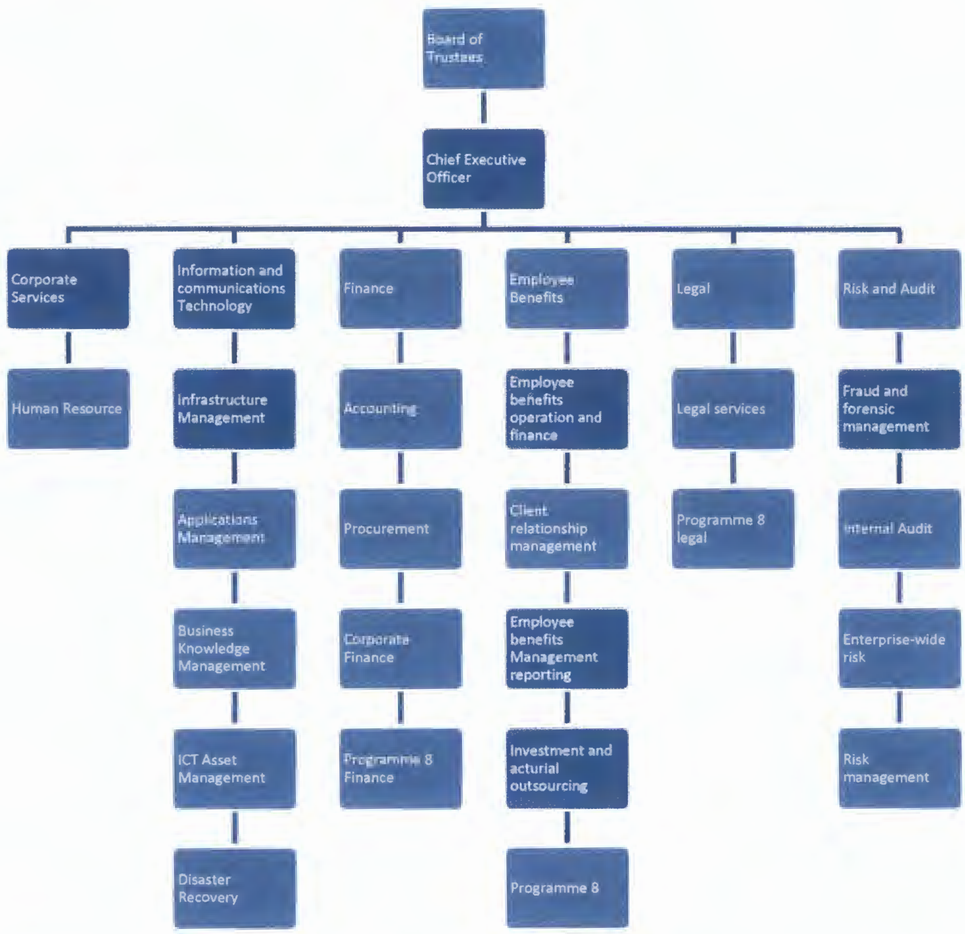

Figure: 1.1: Present Structure of the GEPF, (Source: GEPF Annual Report, 2011)

Corporate Finance which is centrally based in Pretoria is currently responsible for collecting contributions, administering benefit payments, investment accounting, corporate tax, treasury functions and operational services (e.g. budget, inventory control and procurements). Corporate finance records categories include accounting records, contracts and agreements, general correspondence, salary records, pensions fund account records, investment records, income tax records and administration policies (GEPF Proclamation 21 of 1994).

Employee Benefits consist of five operations including operations support services and special pensions. Operations 1-4 are responsible for the administration and payment of pension claims to all GEPF members in respect of Death, Resignation, Retirement and Severance Packages, Records and Internal Policies. Operation 5 is responsible for annuity payments and maintenance (inclusive of compensation benefits), military pension payment, injury on duty benefit processing and other benefits payable from appropriated monies. Employee Benefits includes the Customer Relations Management which includes the Regional Offices in all the nine Provinces. The core operations entails Service channel operations, Call centre, Provincial walk-in centre, Employer education and training, maximizing member relationships, soliciting feedback, monitoring customer satisfaction and customer segmentation.

The Legal services are responsible for addressing any legal risks to which the GEPF may be exposed, by providing legal advice to the various business units and by conducting litigation by and against the fund. The key process areas include practical advice and legal opinion on governance, administration, compliance and benefit payments, drafting of rules and policies, dispute resolution and general advice on all aspects of pension law.

Risk Management is responsible for the provision of an independent appraisal activity, as a service to the GEPF, by examining and evaluating its activities and the effectiveness of other controls. It helps the GEPF accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management (GEPF Rules, 1996).

The unit is also responsible for informing and updating the GEPF Board and management on the vulnerability of the Fund's control environment. It also provides information about any adverse exposure or risk in its business processes and systems or from employees (resources) in the daily execution of their duties and business operation (GEPF Rules, 1996).

Forensic and Fraud Prevention Management is responsible for the investigation and report of alleged and actual incidents of fraud and corruption to protect the Fund from any actual or potential loss.

Information Management services unit is an efficient management information system to identify trends and provide the Fund with quality data, analysis, report and recommendations to inform decision making and enhance performance (GEPF Rules, 1996).

The Project Management unit acts as custodian of the processes and standards followed in managing projects within the GEPF and assists project managers in producing high quality deliverables on time and within budget, by introducing common standards, procedures and tools for the management of projects.

An Information Communication Technology Bid selection Committee of five Trustees was constituted to deal with the appointment of various Information Communication Technology service providers following the issuing of comprehensive tender for the provision of various ICT services to the GEPF.

Operations are responsible for the administration and payment of pension claims to all GEPF members in respect of Death, Resignation, Retirement and Severance packages. Records include general correspondence, member pension's records and internal policies (Dubois & Fattore, 2012).

1.3 THE PRESENT STRUCTURE OF THE NORTH WEST PROVINCIAL OFFICE.

The structure depicts the Provincial Office with three members of Management team and the officers reporting to each one of the supervisors.

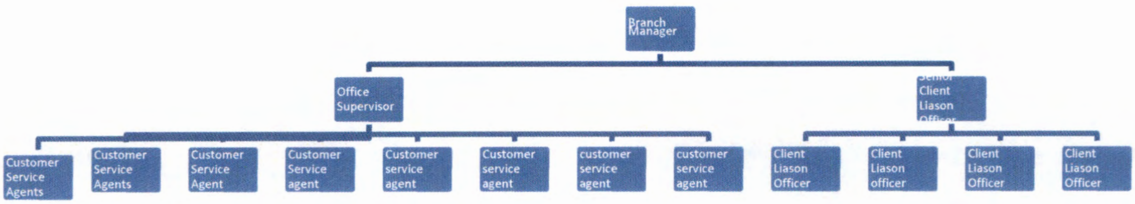

Figure 1.2: North West Provincial Office. Source: (Regional Office Annual Plan, 2011)

A feasibility study was conducted to determine the future locations of additional offices in the provinces where the GEPF is not represented. This culminated in the roll-out of the Provincial Offices. The Provincial offices were established to reach out and build a relationship with employers, unions and other stakeholders and also to provide training on the law and rules of the Fund.

The Provincial Offices consist of a Branch Manager, Office Supervisor and Senior Client Liaison Officer who forms the management team of the Provincial Office (Regional Offices Annual Plan, 2011).

There is a Provincial Office in each of the nine provinces and their core function is to receive the withdrawal documents after the member exits the Fund, resolving and making a follow up on all queries that cannot be resolved on the first contact at the walk-in centre or with Client Liaison Officers. They also receive rejected exit documents from Head Office requesting additional information needed. Their functions include updating personal details of pensioners and members; attending to queries and inquiries from pensioners, members, beneficiaries and employers; and handling inquiries for Special Pension, Orphans Pension, Military, Compensation and Medical Subsidy cases (Regional Office Annual Plan, 2009).

1.4 ACCOUNTABILITY ASPECT

The present regional structure makes no provision for accountability since the region is not involved in the financial management decision making. This is despite the fact that accountability must be measured by the extent to which decisions taken and resources used succeed in altering and producing an efficient administration model and structure in the Region. This must be an administration system to automate processes and calculations, data audit and services. Regional employees must be able to review and redesign the GEPF business process. They must maintain total customer satisfaction, build a knowledge base empowering employees to deliver valued services, create strategic partnership with employers, the members, pensioners and beneficiaries including the South African Revenue Services (SARS), proactive risk management, Treasury and accounting improvement (Banks & Smith, 2006).

1.5 RATIONALE

In the light of the background described, it is therefore important that the Provincial Based Management (PBM) mechanism should develop and aim at improving the Provincial Pension Fund management by shifting decision-making powers regarding the budget from the central level to the Provincial level (Raywind, 1990). According to Raywind (1990), the deployment of the strategy stems from the view that when decisions about financial management are devolved to the province, better decisions that affect employee's performance positively will be made. It is believed that people who are close to the province are better informed about the problems inherent in and the needs of their province than the National Office. By giving provincial management decision making authority the management of resources will enable them to match the resources to the goals they set. This view is motivated by research that found that any attempts to improve province by the central government will not succeed if provinces are not involved (Rossmiller, 2012).

It follows logically from this criticism that meaningful decision-making authority as might be envisaged in PBM is that which empowers people in the province to decide on the use of financial resources. Once these people are trained to handle their affairs locally, they may rightfully be expected to account for their decision and the nature of performance that result from these decisions.

It should be noted that simply transferring power to the province is not enough to bring about desirable improvement. More supportive efforts, particularly on the side of the National Government are needed. In their study of Provincial Based Financial Management, Swanson and Austin (2004) remark that decentralisation of power may lead to improvement if accompanied by organisational changes that enhance the information, knowledge and skills of local participants.

The allocation of the functions to each province is accompanied by the allocation of funds from the Central Government to ensure that provinces exercise their decision- making authority in carrying out these functions efficiently. The current practice is that all funds are controlled and allocated centrally for each province by the central government.

This study focuses on developing a strategy for financial control in the PBM system with the purpose of enhancing performance. The study intends to focus on decentralisation as the main management strategy to support improvement in the current pension fund management of the North West Province. PBM is a management mechanism aimed at improving the Provincial Office by shifting decision-making powers regarding the budget from the central government level to the Province level (Raywind, 1990).

This study aims at developing a strategy for provincial-based management of the Pension Fund.

1.6 THE STATEMENT OF THE PROBLEM

Decentralisation of financial control is one of the strategies designed to empower Provincial Offices of the GEPF. A strategy that involves the devolution of decision-making authority and the delegation of financial management responsibilities to people given such authority should be established (Besley & Coate, 1999).

Applied to Provincial Offices, the strategy presents enormous challenges. One of the challenges is how to operationalise and implement the strategy in order to improve workers' performance. This requires the development of a model for Provincial based financial management that will assist Provincial Offices in carrying out their responsibilities effectively.

In this highly complex, competitive and globalised market with a high degree of media transparency, a Provincial Office needs corporate leaders with good attitude and skills that were not considered essential in the past. Today's corporate leaders need to manage relationships with a wider range of stakeholders who can affect the Provincial Office ability to operate successfully. They need to train staff, retain competent personnel and motivate them, foster innovation and manage teams.

Decentralised decision- making authority is pushed down to the lowest organisational level capable of making timely, informed and competent decisions. The objective is to put adequate decision making authority in the hands of the people closest to and most familiar with the situation and train them to weigh all the factors and exercise good judgment.

Decentralisation of financial control requires selecting strong managers to head each Provincial Office and holding them accountable for crafting and executing appropriate strategies for their units. Empowering down-the-line managers and employees to make decisions related to daily operations and executing the strategy is based on the belief that the organisation can draw on the combined intellectual capital of all its employees to perform and control the Provincial Office (Faguet, 2012).

1.7 SPECIFIC RESEARCH QUESTIONS

The key question is:

- Does a Regional Based Management mechanism (decentralisation) improve the management of GEPF in the North West Province?
- The sub-questions posed in the study are:
- What is the nature and scope of the provincial fund management system?
- What are the operational challenges of the current pension fund management?
- What is the nature and scope of the current relationship between national and provincial management of the fund?
- What are the challenges of decentralising the management of the pension fund?
- What factors enhance decentralisation of financial control of the fund?
- The ways in which national government can monitor and support decentralisation of the pension fund management?

1.8 AIMS AND OBJECTIVES OF GEPF

The following are the aims and objectives of GEPF emanating from the Research Questions.

- To develop a decentralized mechanism in order to improve the pension payout to the pensioners and beneficiaries in the North West Province.
- To improve Provincial Office accessibility and responsiveness.
- To create strategic partnerships with employer community and other key stakeholders.
- To invest in an excellent administrative system that will automate processes.
- To provide strategies to match the resources to the goals set in relation to effective and efficient pension payout.
- To establish the challenges facing managers in a decentralised GEPF Provincial Office.
- To establish the responsibilities to society forced by GEPF as a very large investor through fulfilling its obligations in terms of the Financial Sector Charter and encouraging investment that addresses socio-economic imbalances.
- To establish models for decision making on matters that affect pensions or beneficiaries.

1.9 SIGNIFICANCE OF THE STUDY

The study aims to provide strategy to improve the GEPF Management in the North West Province.

The deployment of the strategy stems from the view that deploying decisions about financial management to the Provincial Office will enhance decentralisation, administration and performance of financial control in the North West Province and produce better decisions that affect the members, pensioners, workers and beneficiaries positively (Faguet, 2012).

1.10 ACCESS AND ETHICAL CONSIDERATION

In planning research, researchers are ethically and morally obliged to consider carefully that ethical issues are complied with, especially when working with people. According to Leedy and Ormord (2005), most ethical issues fall under four categories namely protection from harm, informed consent, right to privacy, and honesty with professional colleagues.

1.11 PROTECTION FROM HARM

In order not to expose the participants to undue physical or psychological harm, during the pilot study participants were observed for instances of uneasiness and anxiety when completing the questionnaires. Where there was a possibility of discomfort participants were informed ahead of time. The participants were given a guarantee that the end product of the study would be the collected property of the researcher and that no distribution of the research work was intended. The fact that participants were not asked to write their names or those of their beneficiaries or even make hints that would link the hint to particular member of the sample, dispelled the fear of the participants as previously reported by Blundell and Johnson (2000).

1.12 INFORMED CONSENT

The participants were informed through a covering letter from the researcher that their participation in the study was voluntary and that they could choose to either continue with the study or withdraw if they felt prejudiced in any way during the data collection process or the administering of the questionnaire. The participants were assured that this study is purely academic and would remain confidential and that no commercial distribution of the research report was intended (Emmerson, Smith & Manor, 2003).

1.13 RIGHT TO PRIVACY

The researcher made an effort to ensure the privacy of participants through the permission letter from the GEPF and the covering letter accompanying the distribution of the questionnaire. The participants were also assured that the responses would be treated with strict confidentiality. Most participants were at ease particularly with the realization that the questionnaire did not make any reference to individuals' management and pensioners (Allen & Clark, 2005).

1.14 HONESTY WITH PROFESSIONAL COLLEAGUES

The research study conforms to the Code of Ethics as described by the North West University rules and regulations governing the conduct of research. Each questionnaire was accompanied by the research permission letter bearing the university logo from the School of Business and Government Leadership and the covering letter from the researcher to the participants wherein the purpose of the study was explained. Should errors be discovered after publication or presentation, the researcher committed herself to make every effort to correct errors by publishing errata, retraction or corrections. She further committed not to duplicate significant portions as her own or other previous publication without permission of copyright holders. The researcher acted within the boundaries of her competence, used scientific knowledge from literature and work experience to help and accept responsibility for her research (Banks & Smith, 2006).

1.15 DELIMITATION AND LIMITATION OF THE STUDY

The limitation in the overall research design is time, cost and funding. Questionnaires are a challenge to design, difficult to interpret, have an impersonal approach, a low, slow response rate by participants, inability to ask for clarity from responses of the questionnaires. Resistance to change by some senior officials, poor record keeping and lack of co-operation from members of the organization could also be problems (Banks & Smith, 2006).

In an attempt to overcome the limitation of the overall research design, the researcher made sure that the questionnaires met the research objectives. The researcher was always present when questions were answered to make sure that they were answered as planned. The questions were easy to answer and they were ordered and sequenced in such a way that they followed a logical order and information may be drawn from a proceeding question. The questions began with general and non-threatening questions to put the subject at ease. The researcher wrote an introduction or additional information that the subject needs to know to answer the question.

As to some of the limitations, the researcher improvised and worked hard by researching for relevant information, approaching the study subsequently and holding interviews, looking for previous records in the computer and personally looking into the previous research on the subject by visiting the local libraries for the literature review (Anderson, Harsman & Quigley, 2007).

1.16 HOW TO SAFEGUARD AND PROTECT INFORMANTS' RIGHTS

In planning the research, researchers are ethically obliged to consider carefully whether the informed consent of research participants is needed for the study. The research with pension members, employers and the state requires their informed consent. Asset protocols provide the information necessary for potential research participants to make informed and voluntary choice about participation. Researchers evaluate the potential risks including the risk of physical or psychological harm, intrusions on privacy, breach of confidentiality and benefits of the research. The researcher only conducted her studies when the risks to participants were minimized and acceptable (Holzman, 2005).

Researchers make data or other information available that provides the basis for findings and conclusions reported in publications and presentation. In the event of such data being needed to address a legislative concern it is under the condition that the confidentially and other rights of research participants are protected. If errors are discovered after publication or presentation of the research, then the researcher will make efforts to correct errors by publishing errata, retractions or corrections.

As a researcher I will only engage in professional practice that maintains the dignity of all individuals. Words and actions will demonstrate respect for privacy, and commitment to just and fair treatment of all persons.

Beneficiaries or responsible caring means to benefit others by acting within the boundaries of competence, using scientific knowledge from literature applying work experience to help pension clients to make informed choices, and accepting responsibility for the work.

To foster and maintain trust means being faithful to the truth and adhering to the professional promises. being forthright about qualifications, competencies and roles, working in full cooperation with other professional disciplines to meet the needs of members, beneficiaries, employers; and avoiding multiple relationship that diminish professional effectiveness (Anderson *et al.*, 2007).

1.17 DEFINITION OF TERMS:-

Beneficiary means the dependent or nominee of a member or pensioner, as the case may be;

Benefit means an annuity or gratuity, or both an annuity and gratuity that is paid out to a member who is exiting the fund, it may be on resignation, death or pensioner on retirement; (Proclamation 103 of 1994).

Board means that the Board shall manage the Fund and shall in respect thereof exercise the powers, perform the functions and carry out the duties conferred upon, assigned to or imposed upon it in terms of the Law.

Contribution means member/employees of participating Fund, Employees contribute 7,5% of their emoluments to the Fund, employers contribute 13% for civil servants and 16% for uniformed employees respectively, for a member's pensionable emoluments to Government Employee Pensions Fund;

Decentralisation is the transfer of authority and responsibility for public functions from the central government to intermediate and local government or quasi-independent government organization and/or private sector and a complex multifaceted concept. Different types of decentralization should be distinguished because they have different characteristics, policy implementation and condition of success (World Bank, 2010).

Efficiency: refers to the allocation of financial resources to the Provincial office in such a way that the allocated resources once deployed will match the financial needs of the Provincial office.

Employer means for purpose of the collection and payment to the Fund of the contributions referred to in section 17(1) and other amounts owing by members to the Fund, the payment to the Fund of the contributions referred to in section 17(2) the administration of membership matters and the payment of benefits to members and their beneficiaries;

Fund means the Government Employee Pension Fund (GEPF) referred to in section 2, of Act 35 of 2003.

Government means the Government of the Republic of South Africa and includes the state;

Member in relation to the Fund means any person who in terms of section 4 is a member of the Fund, and includes any member who is absent with or without leave of absence or who has been suspended from duty and who immediately before such absence or suspension was contributing to the Fund, and any dormant member;

Quality: refers to the provision of financial resources in such a way that improvement will be sustained.

1.18 MATERIAL RESOURCES

Material resources that the province may provide include materials that are not dissolved by budgets. Those include computer software, policy documents and provincial approved documents.

1.19 PERSONNEL (HUMAN RESOURCES)

Personnel as human resources include deployment of administration offices to provincial offices. It may also include ongoing visits to regional offices by members of the Provincial Base Financial Management Structure to offer onsite advice and support services.

1.20 FUNDING (FINANCIAL RESOURCES)

In the content of decentralisation, funding regional offices involves the lump-sum allocation of funds to Provincial Office to provide for the provincial priorities. The provision of these financial resources is time bound and thus the resource should be sufficient to meet the needs of the provincial office and have the potential to be spent within the period covered by the Provincial budget (Fermanich & Archibald, 2005).

1.21 POWER

Power includes decision-making authority to cover the use of dividend resources. It also covers feasibility and autonomy over the use of the resources in accordance with the needs of the province.

1.22 TECHNOLOGY

The use of technology has become a popular practice in financial management today. The province requires technological devices such as photo copiers and fax machines coupled with the associated technical skills. They require equipment such as computers for data capturing processing, analysis, storage and retrieval.

1.23 INFORMATION

The model stresses the importance of information as a resource essential for decision making. Effective and efficient use of state provided resources requires the simultaneous release of accurate and up-to date information in order for the provincial office to make the decision (Botha, 2004).

1.24 TRAINING AND SUPPORT

Training is a resource needed for capacity building and skills development at provincial level. Accompanied by continued support it becomes a powerful empowerment strategy in financial management. Trained provincial-based personnel require national support to convert skills and information acquired into resources needed for improving the effectiveness of the regional office (Owusu, 2003).

1.25 MONITORING AND PERFORMANCE

To execute effective control of resources devolved to the provincial offices and the inputs of the resources on provincial improvements, monitoring and evaluation tools need to be provided to allocate the resources. It is the duty of the National Office to develop control measures for Provincial Offices to implement for managing their financial resources. This involves the development of provincial based budget control of clients and balances and a monitoring tool that each team or committee in the provincial office can use when making purchases. This is done to reinforce internal accountability. Devolution of these measures and tools will enhance the equitable distribution of resources and their efficient use at provincial level (Wohstetter & Mohram, 2012).

1.26 CONCLUSION

This chapter dealt with empowerment of Provincial Based Management through the decentralisation of financial control. Major findings indicated a need for improvement in provincial based financial management in order to bring about improved pension administration performance. A close examination of these findings and their implications necessitated the development of a provincial based financial management model as a possible strategy for improving provinces.

The emphasis put on the qualitative nature of the resources provided stems from the quest for high quality performance throughout the National Pension System. For efficient utilization, these resources flow down to the provincial offices as a package and not as isolated individual items. The Provincial Office is preceded by the provision of the National Financial Management Policy document with allocation within the Provincial Office.

Examination of this model leads to the conclusion that when Provincial Offices are given resources, and the power to control them and direct their use towards goal attainment, improvements can result. The implementation of the model calls for investment in capacity building at both the central government and the provincial level (Meagher, 2001).

CHAPTER TWO

2 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter focuses on research studies and other literature on management of the GEPF. This chapter looks at the pension fund from the view point of various research studies, models for implementation, government policy on pension fund and management, different theoretical perspectives on pension fund management. The chapter looks specifically at the existing literature in order to gain more insight into the research questions.

2.2 HISTORICAL AND DEVELOPMENTAL BACKGROUND OF THE GEPF IN SOUTH AFRICA

The GEPF is the largest pension fund in Africa and in the world (GEPF Annual report, 2008). It has approximately 1.1 million contributors and 320 000 pensioners and beneficiaries who have a stake in R1 050 trillion worth of assets (Employee Satisfaction Survey, 2010). GEPF is a defined Benefit Fund in that all pensions and related benefits are guaranteed and that members will never receive less than the benefits for which they qualify.

The GEPF was established on 1 May 1996 through the amalgamation of a number of pension funds including the previous homeland governments, that is, Transkei, Venda, Bophuthatswana and Ciskei. It has been in existence for 15 years. GEPF is a juristic entity centrally managed by the Board of Trustees. Its administration and management is governed by the Government Employee Pension Law published under Proclamation 21 GG 17135 of 19th April 1996 as amended.

The Board of Trustees manage the fund and exercise the powers, perform the functions and carry out the duties conferred upon, assigned in consultation with the Minister of Finance which determines the investment policy of the Fund. It is responsible for its annual financial statements and submitting its annual report to the Minister of Finance.

The Board consists of an equal number of employer and member representatives including a representative for pensioners and a representative for services, elected from the South African National Defence Force, National Intelligence Agency and the South African Secret Service, each with an appointed substitute (GEPF Financial Report, 2008) (Pension Act 24 of 1956) Income Tax Annual Financial Statement (Act 58 of 1962).

"The Board shall in respect of each financial year draw up annual financial statements and shall submit audited copies of statements, in terms of section 13, to the Minister".

The statement shall consist of a statement of funds and net assets, a revenue account, a cash flow statement, rates to explain such statements, a report of the Board and such other statements as may be prescribed. The financial statements shall be in prescribed form and shall be accompanied by a report of the auditors. The Annual Financial Statement shall in conformity with the generally accepted accounting practices (GAAP), fairly present the state of affairs of the Fund and its business and financial position as at the end of the financial year in question. The annual financial statement shall, will figures, a descriptive report and information, explain any other matter relevant to the affairs of the Fund. The Minister shall, with 30 days of the receipt thereof submit the financial statements, report and information referred to in this section, to Parliament together with such comments as the Minister may wish to make.

The Board of Trustees shall together with its financial statements submit to the Minister a report with regard to the state of affairs, the business and the financial position of the Fund and the degree in which the objects of the Fund have been furthered. Such a report shall in addition set out the function and objects of the Fund, set out the extent to which the objectives of the Fund for the Financial year in question have been achieved, contain relevant performance information with regard to the economical, efficient and effective application of the resources of the Fund, and indicate the total amount of all money received from the Government in respect of the financial year in question and contain information of all financial commitment by the Government in favour of the Fund.

The Board of Trustees consists of five permanent Board Committees and a tender Committee; that is, Benefits and Administration Committee, Finance and Audit Committee; Governance and Legal Committee, Human Resource Committee, Investment Committee, and Bid Selection Committee.

These committees ensure the fiduciary effectiveness of the GEPF through active involvement of Board members in the Fund's strategic goals. It ensures that the Fund's corporate governance systems are relevant to its business and consistent with world-class standards (GEPF Annual report, 2008). The GEPF is born out of the policy decision of separating the GEPF from its administration component, namely the GPAA. The GPAA has been established as a government component in terms of the Public Service Act. Its establishment has been motivated by the decision to create an administration function; in line with best practice, GPAA is guided by the mandate of GEPF and is to improve the payment of pensioners and certain other benefits to persons in the employment of government, certain bodies and institutions and to the dependents or nominees of such persons (Lentswe Quarterly Magazine, June Edition, 2011).

Government Pensions Administration reports to the Minister of Finance and is guided by the Public Finance Management Act and the Public Service Act (Lentswe Quarterly Magazine, June Edition, 2011).

2.3 THE DEFINITION AND OBJECTIVES OF GEPF

2.3.1 Introduction

As a public investor, acting in the interest of the community, GEPF is keen on assessing the extent to which various government departments of government manage the impact of their activities on society, namely how they measure, limit or compensate their negative externalities. As a large investor with significant assets GEPF believe responsible investment should be aligned with their duty to beneficiaries and with the understanding that an enlightened attitude to environmental and ethical issues can enhance its value. GEPF should consider environmental, social and government (ESG) issues in its activities for two reasons; the risk they represent in investments and the essential factors in the pursuit of sustainable economic development both reasons being instrumentally linked (Limited Nations Environmental Programme, 2007).

2.3.2 The objective of the GEPF

The main objective of the GEPF is to make provision for the payment of pensions and certain other benefits to persons in the employment of the Government, certain bodies and institutions and to the dependents or nominees of such persons (Mintzberg, 2011).

GEPF focuses on satisfying contributing members and pensioner needs through the processing of the retirement and other benefits. The primary aim is currently on ensuring that all benefit payments are made within an acceptable timeframe. The key business initiative of GEPF is to implement measures to pay employee benefits prudently within a reduced timeframe, implement the Government Employee Pension Law and Rule amendments, (i.e. the establishment of a permanent Board of Trustees; interest on late payments from date of exit, the recognition of service periods for previously disadvantaged categories of employees such as the Ciskei strikers and General Assistants and the payment of pension for the former non statutory Forces (NSF), collaborate with SARS on tax directives and other tax-related matter.

Collaboration with the National Treasury to determine the impact of the (PFMA) and Pension Fund Act on the GEPF is required. There is continued implementation of the Minimum Information Security Standards (MISS) and related National Intelligence Agency proposals (GEPF Annual Report, 2010).

2.3.3 Definitions

Annuity means an amount which is paid annually to a person who was in the opinion of the Board at the time or moment of death of the member or pensioner in fact dependent upon such member or pensioner for maintenance; is the spouse of the member or pensioner, including a party to a customary union according to indigenous law and custom, or a union recognized as a marriage under the tenets of any religion or a post humours child of the member or pensioner and a person in respect of whom the member or pensioner would have been legally liable for maintenance had that person been a minor.

Board means the Board of Trustees established by the Pension Law. The Board shall manage the Fund and shall in respect thereof exercise the powers, perform the functions and carry out the duties conferred upon, assigned to or imposed upon it in terms of this law.

Commission means the Public Service Commission established by section 209 of the Constitution of the Republic of South Africa, 1993 (Act 200 of 1993).

Employer means for purpose of the collection and payment to the Fund of the contributions referred to in section 17(1) and other amounts owing by members to the Fund, the payment to the Fund of the contribution referred to in section 17(2), the administration of membership matters and the payment of benefits to members and his beneficiaries, a department or administration referred to in schedule (1) of the Public Service Act, 1994 Proclamation 103 of 1994) or an organizational component referred to in schedule 2 of the Act, or any other body or institution which employs person referred to in section 8 of that Act, the Public Service Commission established by section 209 of the Constitution of the Republic of South Africa, 1993 (Act 2000 of 1993).

A Provincial Service Commission established by a provincial legislature in terms of the section 213 of the constitution of the Republic of South Africa, 1993(Act 200 of 1993) except where the legislature establishing such a commission specifically exclude its members from membership of the Fund, the Auditor General referred to in section 191 of the constitution of the Republic, the Office of the Auditor General established in terms of the Audit Arrangement Act, 1992 (Act 122 of 1992), or any other institution or body, determined by the Board as an employer for the purpose of this Law and for all other purposes of the Law in relation to members in the service of the departments, administrations, organizational components, bodies and institutions referred to in paragraph (a) of the Government Gazette.

Fixed date means the date of commencement of this Law.

Fund means the Government Employee Pension Fund.

Government means the Government of the Republic of South Africa and includes the State.

Gratuity means a single amount benefit payable in terms of the law.

Matters of mutual Interest means matters of mutual interest as defined in the Public Service Labour Relations Act, 1994 (Proclamation 105 of 1994) and in the Education labour Relations Act, 1993 (Act 146 of 1993) and all matters dealt with in the law and the rules.

Member in relation to the Fund, means any person who in terms of section 4 is a member of the Fund, and includes any member who is absent with or without leave of absence or who has been suspended from duty and who immediately before such absence or suspension was contributing to the Fund, and any dormant member.

Minister means the Minister of Finance. The Minister has the power to appoint the Board.

Negotiations means negotiation between employer and employee organizations in terms of any law or in accordance with the processes regarding matters of mutual interest for the purpose of reaching binding agreements in relations to matter of mutual interest

Pensionable service in relation to a member means any period of pensionable service as provided in the rules.

Pensioner means any person who is entitled to receive an annuity in terms of the law.

Prescribe means prescribe by rules.

Related Fund means any fund established in terms of any law which provides exclusively for the retirement, to which the Government contributes financially.

South African Police Service means the service established by the South African Police Service Act, 1995 (Act 38 of 1994).

Temporary Employees Pension Fund means the fund established by section 3 of the Temporary Employee Pension Fund Act, 1979 (Act 75 of 1979).

2.4 BENEFITS OF THE PENSION FUND SYSTEM

2.4.1 Introduction

In terms of the Government Employee Pension Law, 1993 (Proclamation 21 of 1996) benefit means an annuity or gratuity, or both. An annuity means an amount which is payable annually to beneficiary (i.e. dependent or nominee of a member or pensioner as the case may be) while gratuity means a single amount benefit payable in terms of the law.

2.4.2 Present benefits of GEPF

Pension Administration is responsible for the administration of the (GEPF), Military and Special Pension Funds and other funds and schemes.

A range of benefit and pension schemes include Military Pensions, Special Pensions, Post Retirement Medical Assistance as well as the Temporary Employee Pension Fund and the associated Institutions. Pension Fund is also being administered under the auspices of Pensions Administration (Terre Blanche, Durrheim, & Painter, 2006).

The main employee benefits that are available to qualifying individuals include Normal Pension, Spouse Pension, Orphan Pension and Funeral benefit. Additional benefits that are also administered on behalf of National Treasury include Medical Subsidy, Special Pension, Military Pension and other sundry benefits, (Act and Rules of GEPF, 1996).

All government employees are required to become members of the Government Employee Pension Fund except where membership is excluded according to the provision of the GEP Law. Members are eligible for benefits provided by GEP law and rules. Benefits are paid on retirement, resignation, ill health, death and discharge.

2.4.3 Retirement benefit

The normal retirement age for members of the fund is 60 years, unless the member's employment contract or law governing the employment stipulate otherwise. Normal retirees with less than ten years pensionable service receive a gratuity (lump sum cash payment)) equal to the member's actuarial interest in the fund. Actuarial interest represents the value of accrued benefits in the fund. To those who have ten years or more of pensionable service, a gratuity and a monthly pension (annuity) is payable, (GEPF rules, 1999).

2.4.4 Early retirement

Under certain circumstances members who retire before the normal retirement age from 55 years up until 59 years and with ten years pensionable service have, their pensions calculated according to the same formula used for normal retirement but with a reduction of a third of one percent for each month between the dates of early retirement and normal retirement date (GEPF rules, 1996).

2.4.5 Ill health retirement

Members may be discharged at any age in the event of a medical reason; that is the member may no longer be able to perform his/her duties according to the norms and standards of the organisation.

2.4.6 Other retirements

Enhanced benefits are payable as a result of discharge due to the abolition of a post, reduction in the workplace, reorganisation or restructuring of the member's post, to promote efficiency of the department, appointment of another post by the president/premier or injury on duty (in which case compensation may be payable by the Government).

Members with less than ten years pensionable service are paid an increased gratuity only

2.4.7 Late retirement

A member may retire after the normal retirement age with the approval of the employer, as governed by the conditions of employment of the respective member (GEPF Policy & Procedure Manual, 2008).

2.4.8 Payment of gratuity to beneficiaries

The fund provides that a member may, on the prescribed form and subject to the prescribed conditions, notify the Board of his or her gratuity accrued on the death of a member may be divided amongst such beneficiaries allocated in the specific form (GEPF Policy & Procedures, 2008).

2.4.9 Death benefits

On the death of a member a benefit, calculated in accordance with the rules and based on the period of service of the member, becomes payable to the surviving spouse, the beneficiaries of the member or to the estate if there are no beneficiaries. (GEPF Policy & Procedures, 2008).

2.4.10 Death after becoming a pensioner

Retirement or discharge annuities are guaranteed for five years after a member's exit. If death occurs within the period, the member's beneficiaries receive the balance of the five years annuity payments, excluding the annual supplement, in a cash lump sum. The gratuity is paid to beneficiaries or to the estate if there is no beneficiary (GEPF rules, 2010).

A spouse is entitled to a percentage of the annuity paid to the member at the date of death. A spouse will receive an annuity equal to 50% or 75% of the annuity paid to the pensioner before the date of death, depending on the option chosen at the time of a member's retirement. This option is only available to pensioners who retired on or after 1 December 2002 and who are entitled to an annuity.

2.4.11 Spouse's annuity

A spouse's annuity is payable to an eligible spouse as defined, including an eligible life partner. The annuity is paid if a pensioner (retires) dies or a member dies while in service and the full potential service period – pensionable service plus unexpired years for normal retirement (known as an unexpired period of service) is at least ten years. Since 1 December 2002 retirees had the option of increasing their spouse's annuity from 50% to 75% by reducing their own gratuity or annuity (GEPF rules, 2010).

The benefit payable applies only to a spouse as defined, and not to other beneficiaries who may have been nominated on the member's nomination of beneficiaries form. In the case of members with more than one eligible spouse, the spouse's annuity is shared equally among the surviving spouse. A spouse's annuity is not affected by re-marriage.

2.4.12 Orphans pension

The GEPF provides annuities for eligible orphans of a member who became a pensioner on or before 1 December 2002 and for members in service at the time of death whose full potential service period unexpired period of service is at least ten years.

2.5. MODELS OF PENSION FUND MANAGEMENT AND THEIR BENEFITS.

2.5.1. Centralisation and Decentralisation.

The methods of pension fund management and their benefits are centrally managed by The Board of Trustees. Trustees are appointed in accordance with section 6 of Government Employee Pension Law 21 of 1996.

The Fund members and employers are equally represented on the Board to protect the interest of all stakeholders of the Fund. Member representatives include a pensioner and a service representative elected through a postal ballot. There are five permanent departments to ensure the fiduciary effectiveness of GEPF through involvement of senior management in the Fund's strategic goals. The management deals with benefits and administration and investment matters.

On the other hand GEPF is an organisation with operations in various regions of the nine provinces of South Africa with geographically scattered organisational units, each of which had surplus or deficit responsibility for its assign geographic area. Each region/unit in the value chain operates as a surplus centre for performance measurement of purpose. GEPF is not a highly diversified organisation because it's Regional Offices or Provincial Offices do not operate as independent surplus centre and the corporate headquarters in Pretoria performs most financial functions for all its business units (Bither, 1999).

In executing the proposal strategy GEPF must decide how much financial authority to delegate to the managers of each organizational Region Office and how much decision-making latitude to give individual employees in performing their job. Presently decision making is controlled at the corporate headquarters (with the CEO and a few close commanders) while the proposed model suggests decentralised decision-making by giving managers and employees in the Regional Office considerable decision-making structure (authority in their areas of responsibility) (Burke & Litwin, 1992).

Presently in the GEPF as a highly centralised organisation structure, top executives retain authority for most strategic and operating decisions and keep a tight rein on business units, comparative with discretionary authority granted to frontline supervisors and rank and file employees. The command and control paradigm (or in case of GEPF, the province regional base employees) have neither the time nor the inclination to direct and properly control the work they are performing and they lack knowledge and judgement to make wise decisions about how best to do it hence the need for managerially prescribed policies and procedures, close supervision and tight control, (Blinder & Porter, 2001)

The thesis underlying the present GEPF structure (i.e. authoritarian structure), is that strict employment of detailed procedures backed by rigorous management oversight is the most reliable way to keep the daily executions of strategy on track. The advantage of an authoritarian structure is tight control by the manager in charge. It is easy to know who is accountable when things do not go well (Blinder & Porter, 2001).

The disadvantage is that hierarchical command and control structures make an organization sluggish in responding to changing conditions because of the time it takes for the review or approval process to run up all the layers of the management bureaucracy. Furthermore, to work well, centralised decision- making requires top-level managers to gather and process whatever information is relevant to the decision when the relevant information/knowledge is rendered at lower organisation level or is technical detailed or hard to express in words, it is difficult and time consuming to get all of the facts and names in front of a high- level executive located far from the scope of the action. Full understanding of the situation cannot be readily copied from one mind to the other. Hence, centralised decision making is often impractical especially because GEPF is large and its Regional Offices are scattered as a result the decision making authority has to be delegated to managers closer to the scene of the action (Waldron, 1994).

2.5.2 Decentralised system

The research focuses on empowering regional base managers through decentralised financial control as a strategy or method used to improve performance. The Regional Based Financial Management System is aimed at improving service delivery in the regions by shifting decision- making powers regarding the budget from the central level to the Provincial level (Raywind, 1990). The deployment strategy comes from the view that if decisions about financial management are devolved to the province, better decisions that affects employee performance positively will be made. It is believed that people who are closer to the regions are better informed about the inherent problems and the needs of their regions than the National Office. Giving officials in the regions decision making authority over the management of resources will enable them to match the resources to the goals (vision, mission, aims and objectives) they set. This view is motivated by research that found that any attempt to improve regions by the central government will not bring about the desired results (Rossmiller, 2012).

In a highly decentralised organisation, decision- making authority is pushed down to the lowest organisation level capable of making timely informed and competent decision. The objective is to put adequate decision making authority in the hands of the people closest and most familiar with the situation and train them to weigh all the factors and exercise good judgement.

Decentralised decision-making means that the managers of each GEPF region are delegated lead responsibility for deciding how best to execute strategy (as well as some role in shaping the strategy for the province they head). Decentralisation thus requires selecting strong managers to head each organisational unit and holding them accountable for crafting and executing appropriate strategies (in relation to the national strategy) for their units (Rossmiller, 2012).

Managers who consistently produce unsatisfactory results have to be weeded out. The case for empowering the regional managers and employees to make decisions (financial) related to daily operations and executing the strategy is based on the belief that a company that draws on the combined intellectual capital of all its employees can outperform a command and control company (Dubois & Fattore, 2012).

Presently, there are nine Regional Offices, North West Provincial Office, Eastern Cape, Mpumalanga, Western Cape, Gauteng, Limpopo, Free State, Northern Cape and Kwa-Zulu Natal.

Regional Office duties are low base clerical work that involves receiving and resolving or following up all queries that cannot be resolved on the first contact at a walk-in centre, or with Client Liaison Officers. They also receive rejected exit documents from internal units to request additional information needed (Dubois & Fattore, 2012).
Services offered by Regional Office includes life certificate activation and reprinting, IRP5 requests and reprinting of IRP5, proof of income letters, pension cards request, estimations, updating of personal details, inquiry on progress of cases within GEPF, receipt and rejection of documents submitted by departments and clients at the walk-in centre, special pension applications, Military Pension, Medical Forms, Orphans Pension application process, NSF

enquiries, Medical Subsidy application process and assisting clients in completing GEPF forms (Dorsey, Cornwell & Macpherson, 1998).

Decentralised decision-making means, for example, that in a diversified company the various business-unit heads have a broad authority to execute the agree on business strategy with comparatively little interference from corporate headquarters, moreover the business unit heads delegate considerable decision-making latitude to functional and process department heads of the various operating units (e.g. Corporate Services, Human Resource, Information Security, Financial Management, Communication and Stakeholder Relations. Legal Services, Management Information Services, Project Management, Risk Management, Forensic and Fraud Prevention Management and Internal Audit.

Typically there are genuine gains in morale and productivity when people are provided with the tools and information they need to operate in a self-directed way (Faguet, 2012).

The past decade has seen a growing shift from authoritarian multilayered hierarchical structures to flatter, more decentralised structures that stress employee empowerment. There is a strong and growing consensus that authoritarian hierarchical organisation structures are not well suited to implementing and executing strategies in an era when extensive information and instant communication are the norm and when a big fraction of the organization's most valuable assets consists of intellectual capital and resides in the knowledge and capabilities of its employees. Many companies have employees throughout their organisation giving them greater discretionary authority to make strategic adjustments in their areas of responsibility and to decide what needs to be done to put new strategic initiative into place and execute them proficiency (Faguet, 2012).

Putting decision-making authority deep down into the provincial structure and empowering employees presents its own challenges, that is, how to execute adequate control over the actions of empowered employees so that the business is not put at risk, at the same time that the benefits of empowerment are realised (Banks & Smith, 2006).

Maintaining adequate provincial or regional control over empowered personnel is generally accomplished by placing limits on the authority that empowered personnel can exercise, holding people accountable for their decisions, instituting compensation, incentives and reward people for doing their job in a manner that contributes to good company performance and creating a corporate culture where there is a strong peer pressure on individuals to act responsibly.

Where cross business collaboration is essential in order to gain strategic fit benefits, it is important to refrain from giving provincial heads full rein to operate independently. Cross provincial strategic fit has to be captured either by enforcing close-provincial collaboration or by centralising performance of functions having strategic fit at the corporate level. According to Faguet (2012), if provinces with overlapping process and product technology have their own independent R&D department each pursuing their own priorities, projects and strategic agendas, it is hard for the central government (corporate parent) to prevent duplication of efforts, capture economies of scale or economies of scope or broaden the central government's R&D efforts to embrace new technological paths, product families and user applications and customer groups. Where cross-regional/provincial R&D fits exist, the best solution is usually to centralise the R&D function and have a coordinate corporate R&D effort that serves both the interests of individual business and the central government as a whole (Dronschoff, Koller & Schneider, 2002).

Likewise, centralising related activities of separate provincial business makes sense when there are opportunities to share a common member force, use common distribution channels, and rely on a common field service organisation to handle member requests or provide registration and administration of members, use common e-commerce systems.

The classic way to coordinate the activities of the provincial structure is to position them in a hierarchy, so that the most closely related ones report to a single person, functional department head, or senior executive. The provincial manager and his middle managers must coordinate, integrate and arrange for the co-operation of units under their supervisor.

In the proposed structure there is Senior Provincial Manager, Senior Financial Manager and Business Level Managers. Providing for collaboration and alliance with central government and strategic allies (i.e. employers and employees) presents immediate opportunities and an open door to future possibilities, However nothing valuable is realised until the relationship grows, develop and blossoms (Breuss & Markus, 2004).

Unless top management sees that constructive organisation bridge building with strategic fit occurs and that productive working relationships emerge, the value of alliance (employer, member and the state) is cost and the GEPF power to execute its strategy is weakened. If close working relationship with allies are crucial then the customer service manager must be given permanent status on the provincial or regional organisation chart and a significant position in the pecking order (Leedy & Ormrod, 2005). It must be assigned the task of nurturing the relationship with forward channel allies. If working is parallel with providers of complementary products, or service contributes, to enhanced organisational capacity, then co-operative organisational arrangements have to be put in place and managed to good effect.

Building organisational bridges with external allies (employers and members) can be accomplished by appointing relationship managers (e.g. Client Liaison Officers) with responsibility for making particular strategic partnerships or allies generate the intended benefits. Relationship managers have many orders and functions gathering the right people together, promoting good rapport, seeing that plans of specific activities are developed and carried out, helping adjust internal organisational procedures and communication systems, ironing out operating dissimilarities and nurturing interpersonal co-operation. Multiple cross organisational ties have to be established and kept open to ensure proper communication and coordination (Leedy & Ormrod, 2005). There has to be enough information sharing to make the relationship work and periodic frank discussion of conflicts, trouble spots and changing situations.

2.5.3 The role players in the current Pension Fund

The key role players in the current pension fund are members and employer departments, SARS and labour organisations (Figure 2.1).

Member: All government employees whose conditions of service fall under the Public Service Act are members of GEPF.

Employer department plays a role of collection and payment to the Fund of the contribution referred to in section 17(1) and other amounts owing by members to the Fund.

South African Revenue Services: The Income Tax Act 1962 was amended by the Taxation Amendment Act in July 1997, with effect from 1 March 1998, to bring the public sector funds on par with private sector funds. However, members of public sector pension funds will still retain their tax-free status for service prior to 1 March 1998. The part of the gratuity that relates to service after 28 February 1998 will be taxed in terms of formula C which is A=(B divide by C) X D and the private sector rebates will also apply, which involves significant tax relief.

Labour Organisation: Matters of mutual interest contemplated in the labour Relations Act, 1995 and specifically excludes non benefit matters. (Act 66 of 1995)

Figure 2.1 Role players in GEPF. Source: (GEPF Annual Performance Plan, 2012

2.5.4. The challenges of the current pension fund management.

The challenges include member's unfamiliarity with benefit structure, roles and responsibilities and compliance to SARS. Employer's fulfilment of their roles and responsibilities in terms of the GEP law, late submission of exit documentation, inaccurate exit documentation, Pension Administration not accorded priority and adequate resources (Blinder & Porter, 2001).

GEPF administration faces challenges of ineffective employer relationships, limited and inaccessible service delivery channels, lack of proactive interaction with members, beneficiaries and stakeholders, inappropriate technology and systems also nepotism, corruption and favouritism (lead to hiring of inexperienced personnel in high positions).

The demand of the increasingly competitive marketplace in financial services requires GEPF to develop and implement change programmes. The increasing sophistication of the member, beneficiaries, pensioners, and the escalating competition amongst established and emerging players, coupled with difficult economic conditions, necessitate the focus on change management (Banks & Smith, 2006).

Consolidation of major players leads to large dominant players, who can effectively dictate the service levels in their sector of the market. The Australian and Chilean developments are good examples, as there are industries or union funds already established in South Africa (Besley & Coate, 1999). Increasing demand on the Board of Trustees and others responsible for managing this Employment Benefit is likely to escalate the trend. Significant shifts in distribution patterns with a move away from traditional and expensive channels to new and emerging direct distribution channels, frequently made possible through the use of technology, also being seen in South

Africa, and elsewhere, is the role of trade unions in distribution of Employee Benefits (Besley & Coate, 1999).

There is an increasing focus on the participant (the member) as a customer and the provision of quality service. The total relationship value of the customer, rather than the value of a single product, is rapidly becoming acknowledged and systems are developed to support customer retention and cross-selling of new financial services. The authority to increase efforts in improving the governance of financial institutions is also a challenge.

Democratisation of the workplace and the consumer in general to heightened expectations from members/customers and their sponsoring employers/trade unions leads to demand for increased access to information, education and increased individual choice, flexibility, equity, risk management and financial planning (Allen & Clark, 2005).

Revenue enhancement is also an important focus as demand for existing services slows; moves to fee-based income and charging for discrete services all represent opportunities and threats for financial institutions (Allen & Clark, 2005).

Operational improvement through both superior service and reduced cost base is essential in the competitive market place. The streamlining of existing paper intensive procedures is fundamental and cost improvements are to be made while enhancing the service quality (Rossmiller, 2012).

GEPF must become better at defining, managing and identifying risk. Risk management is vital to achieving improvements in effectiveness better quality, more comprehensive and more accurate information, facilitating more detailed analyses and encouraging more effective direction.

Obtaining the benefits of new technology is a critical success factor when addressing issues frequently and high spend on technology does not deliver major business benefits to the organisation (Rossmiller, 2012).

2.5.5 Factors promoting effective management of the Pension Fund.

To improve understanding of GEPF benefits structure by employer departments, members must familiarise themselves with the GEPF benefit structure, GEPF processes and procedures. Members must notify their employer of all membership details changes such as contact details, marriage status and registration of dependents. Members must ensure that their tax matters are in order (Eskeland & Filmer, 2002).

2.5.5.1 Administration system to automate processes and calculations:

A model that allows for an administration platform capable of supporting both defined administration, for the management and processing of benefit claims for both defined benefit and defined contribution is needed. This include the clarity to manage payroll function for all pensions; the ability to manage member and pensioner data bases; the ability to automate payment instruction from the system to general ledger support audit and ability of security architecture; secure access to data which allows for personal information to remain confidential. Functionality to grant and restrict user access rights based on defined system roles must be included in the proposed systems (Banks & Smith, 2006).

2.5.5.2 Data audit and clarifications services:

Improve data quality reflecting the accurate member and pensioner data by analysing member data quality and constructing data prioritisation index based on information requirements. Improve data quality reflecting the accurate and pensioner data by engaging key stakeholders in discussions. Perform relevant culture and skill assessments and determine extent of non compliance, (Rossmiller, 2012).

2.5.5.3 Maintain total customer satisfaction:

To maintain customer satisfaction service processes and procedures need to be improved. Increase the GEPF provincial footprint to improve accessibility and fostering close ties with communities. Prompt resolution of queries, requests and complaints. Empower and remodel the Provincial Office according to the Public Finance Management System. Improve client services by revamping the Provincial walk in centre to offer an integrated service, to comply with minimum industry requirements. Introduce call quality monitoring capabilities. Deploy integrated contact centre technology. Establish and process improvement by employer education and training centre of Excellence. Provide appropriate ongoing training, maximize member and beneficiary interactions. Conduct member and pensioner focus group presentation (Lincoln & Guba, 2006).

Improve stakeholder satisfaction by developing a customer satisfaction assessment requirement, determine survey frequency, monitor service and sensitise business on the findings for business improvement by concluding survey during employer pension forums and community road shows to test the questionnaires, (Eskeland & Filmer, 2002).

2.5.5.4 Building a knowledge base-empowering employee to delivery valued services:

To provide a delivery valued service all employees need to understand the strategic imperatives and how each individual contributes to the realisation of strategic goals. Alignment between one's performance impact and the required organisation input can be demonstrated. Track performance is measured daily, weekly, monthly and quarterly. Internal capability is built by introducing a comprehensive training plan, inclusive of skill audit and competency framework. There should be comprehensive training and development technically and leadership training strategy (Eskeland & Filmer, 2002).

2.5.5.5 Creating Strategic Partnership with employer and community:

By providing training and development of employer allows for integration with document management system and imaging software (support scanning of documents to fast track flow of documents and offer electronic interface with employees, (Andersson, Harsman & Quigley, 2007).

2.5.5.6 The main contribution of the model to provincial based financial management system:

It facilitates the delivery of financial management information between the National office and the Provincial Offices. It analyzes financial management with provincial improvement and it is goal oriented. It enables the National Treasury to allocate resources in line with the actual needs of the province. It enhances the decision making powers of the Provincial Based management. It serves as a planning tool as it enables the Provincial and National Treasury to identify areas in which support is needed. The model can serve as an important self-monitoring instrument for provincial based managers (Koontz & Donnel, 1978).

2.6 CONCLUSION

This research deals with empowerment of Provincial Based Management through decentralisation of financial management in order to bring about improved service delivery in terms of GEPF performance.

That is, the model is designed to lay a foundation for a sound financial management administration that will enable the PBM to meet its administrative obligations with speed and ease, deliver service with skill and care, provide clear information and support and create strategic partnerships with employer departments.

CHAPTER THREE

3 RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In this chapter, the methods and procedures used in the research are discussed, namely the research setting, research design, research method, study population, the sample, sampling techniques and data collection methods. In addition, reliability and validity of the approach and the instrument used are also addressed. The chapter further highlights the access and ethical considerations (i.e. how we safeguard and protect information rights) in the course of the study (Fox & Cherrington, 2007).

3.2 RESEARCH SETTING

The GEPF Provincial Office in North West is located in Mahikeng and is chosen for this study because it represents the largest service point in terms of pension administration in the North West Province. The demographic area (refer to Annexure A & B) serviced by the North West Provincial Office is as follows:

- Southern region, which consists of Potchefstroom and Klerksdorp.
- Eastern/Far Eastern region which consist of Bojanala and Rustenburg.
- Western/Far Western region which consist of Taung and Vryburg.

3.3 RESEARCH DESIGN AND METHODOLOGY

3.3.1 Introduction

The research method that has been selected for the study is triangulation or the mixed method which compares multiple sources (qualitative and quantitative) in search of common themes to support the validity of the findings (Lincoln, Guba & Cresswell, 2006).

3.3.2 Research design

Research design is based on triangulating qualitative ethnography and quantitative approach. In terms of the qualitative approach interviews and questionnaires were used (Lincoln, Guba & Cresswell, 2006).

Ethnography is the method of producing a written (and sometimes illustrated) account of a particular group or institution or local culture. It is largely a phenomenon of the past 20 years and parallels the increasing emphasis on naturalistic, qualitative methods of research, particularly the case studies of Gillham (2006) and Yin (2002). Ethnography is concerned with the multiple forms of evidence available; getting people to answer questions is one strand which the researcher is focusing on here.

Ethnography was chosen as it was easier for the researcher as a worker at the GEPF to gain access to the Provincial Office for the first task of the ethnographic interview. It was easy for the researcher to make clear when she stepped out of the role on occasions to be "researcher", and did not have a problem of (a) being allowed in, and (b) establishing her credibility and acceptability once she had gained entry (Gillham, 2006).

The researcher was able to gain access to both the public and private face of the GEPF Provincial Office. The public dimension enabled the researcher the behaviour of people (members, employees, employers, pensioners and beneficiaries) within the Provincial Office. She was able to ask questions, collect "public" documents such as guides and brochures while the private dimension was accessed by means of the endorsement and sponsorship from the provincial managers (Gillham, 2006).

Finding or identifying key informants and sources of information was easy, particularly from those knowledgeable on the administration of the pension fund. Although they were not immediately welcoming, the researcher had to prove herself and be cautious of those who put themselves forward because they wanted to get a particular line across. For example, it was evident that provincial managers were in favour of decentralisation, while corporate senior managers were against the decentralisation and the "real" empowerment of provincial structures; as a result the researcher treated them cautiously.

The problem is that even when people know that you are a researcher, there are often limits to their willingness to answer questions appropriately, leading to a build-up of resentment and irritation (Cresswell, 2009). Recording answers was a further and severely practical problem. Information was sought from informants who came from different "strata" within the group e.g. status, occupational category, or degree of experience. As a result of being placed in different settings provided different information, and this suggested different ways of trying to understand it.

In terms of the characteristics of qualitative research (i.e. theoretical sampling and empirical generalisation), the actual information and opinions of workers in the Provincial office (the facts) were sometimes not the same as those of workers in the corporate office. Our explanation (theory) applied to other settings and as a result we generalise to theory rather than claiming actual evidence that is representative of the decentralisation of GEPF financial control (empirical generalisation).

Detachment and participation raise ethical problems because it is difficult for the researcher to maintain that degree of separation because she is working full-time in the GEPF setting.

The privileged level of access resulted in opportunities that would not have been available if she was not working at GEPF and this resulted in concealed quality because of the access available to the researcher. The ultimate value of ethnographic interviewing is two sided; firstly it provides data which can be cross-validated with other evidence in the setting and secondly, it gives access to people who cannot be interviewed in any other way. The negative characteristics about ethnographic research are that it is difficult to record responsiveness immediately and only a limited number of questions are possible (McCarthy, 2005).

3.3.3 Research approach

Both a qualitative and quantitative design was used. While the descriptive designs (quantitative) are designed to gain more information about a particular characteristic within a particular field of study, the qualitative design serves one or more of the following purposes; they serve to reveal the nature of certain situations, settings, processes, relationships, systems or people (description). They enable the researcher to gain new insight about a particular phenomenon; they develop new concepts or theories, or generalisations within real-world contexts (verification). They provide means through which a researcher can judge the effectiveness of particular policies, practices or innovations (Faguet, 2012).

The advantage of using triangulation (mixed method) is the flexibility in that the ways the researcher was able to use multiple data collection instruments and methods. However, for the purpose of this study, the researcher used the interview and the questionnaires based on the advice given by Owusu (2003) who states that it is advantageous to use a combined methodological approach, particularly in the North West Province where there is rural and urban areas. The introductory sentence is that it was useful for the discovery of new insights as well as pointing out typical responses, for example different viewpoints held about decentralisation and centralisation of financial control.

It could be applied to many people and in this research; it was possible to cover 113 different stakeholders in the three districts of the North West.

It provided data about the present, what people were thinking about the service provided by the North West Provincial Office of GEPF, what is to be done and what is anticipated.

There were challenges in using the mixed method approach of research such as time, cost, funding. Questionnaires are a challenge to design, difficult to interpret, have an impersonal approach, a low and slow response rate by participants, and an inability to ask for clarity from responses to the questionnaires (Anderson & Harsman, 2000).

The problems were worsened by the fact that decentralisation as a phenomenon is confusing, messy and inconclusive. It assumes a character of sweeping across disciplinary claims about the effect of administrative measure on the quality and efficiency of both government and social interaction. Competing proposals expressed in a lesson that spans economics, political themes, sociology and public administration are often hard to compare either as policy instruments or in terms of the effect they are designed to produce. Diverse issues such as access to resources participation, administrative capacity, employment, growth and local and national development strategies are defined (Anderson & Harsman, 2007). It is however worth stating that the afore-mentioned challenges did not impact negatively on the research study.

3.4 RESEARCH METHODOLOGY

The research method that was selected for the study is the mixed method that is both qualitative and quantitative approach. The method is appropriate in the sense that it is a systematic process of collecting, analysing and interpreting of the phenomenon (decentralisation) and service delivery, about which we are interested or concerned (Cresswell, 2009).

The research method selected helped to answer the research questions. Investigating the cause (decentralisation of financial control) and effect service delivery that should enable Provincial Offices to match the resources to the goal they set in relation to effective and efficient pension pay out.

It assisted in investigating the why and how of decision- making, i.e, how decentralisation of financial control can assist in order for GEPF to eliminate or at least minimise poor performance, (Cresswell, 2009).

3.5 THE POPULATION AND SAMPLE

3.5.1 The Population

A population is any group that is the subject of research interest. According to Goddard *et al*. (2001), it is almost impossible to study an entire population. Therefore, it becomes necessary to make a general findings and conclusions based on the study of the subset of the population. The subset of the population is referred to as the sample or according to Leedy and Ormrod (2005).

The researcher's source of information is GEPF North West Provincial Office.

Characteristics and population size are determined form GEPF members in the North West Provincial Office.

Table 3.1 : Sample taken from four regions. Source: GEPF Provincial Office Annual Plan, 2012.

Region	Town	No. of stakeholders	Sample
Southern Region	Potchefstroom/Klerksdorp	100	12
Eastern Region	Bojanala/Rustenburg	190	13
Western Region	Taung/Vryburg	100	12
Central Region	Mmabatho/Mafikeng	110	13
Total		**500**	**50**

3.5.2 The sample frame

A sample must be representative of the population under study; otherwise no general observation about the population can be drawn from the study of the sample. The population for this study comprised of GEPF employees (18) who serviced the following regions: Southern Region which consist of Potchefstroom and Klerksdorp, the Eastern Region which is Bojanala and Rustenburg; the Western Region which include Taung, Vryburg and other adjoining rural areas. The sample frame in this case is taken from a list of four regions in the North West Province as per demarcation of the Provincial Office. A total of 50 members were drawn from the sample frame, (500 GEPF stakeholders) which is representative enough to make general conclusions on the findings (refer to Table 3.1).

3.5.3 Sample size

The study focused on the four categories (i.e. members, employers, pensioners and beneficiaries) because this is the majority of people with direct vested interest in GEPF.

For a clear understanding of the geographical map and location of the GEPF regions, the population was selected because it constituted the focus of the study.

Table 3.2: The focus group and categories of each sample

Focus Group	Number of participant	Percentage
Members	20	20%
Employers	25	25%
Pensioners	20	20%
Beneficiaries	25	25%
Employees	10	10%

The questionnaires were piloted to the focus group to assess the validity of the questions. The process assisted in refining and clarifying questions which could be ambiguous to the respondents. It is also worth noting that some of the questions came from the respondents during the process of the interview.

A sample of 50 stakeholders in four regions was drawn from a population of 500 stakeholders.

3.5.4 Sample techniques

According to Leedy and Ormrod (2005), there are two major types of sampling, probability and non-probability sampling. In probability sampling, the researcher can specify in advance that each segment of the population will be represented in the sample, whereas with non-probability there is no guarantee that each segment of the population will be represented in the sample.

For the study, the researcher used the simple random sampling and stratified random sampling. Simple random sampling is a technique where each member of a population has a chance of being selected in a sample, while the stratified random sample is where each identifiable strata of the population is taken into consideration. In this study of members, pensioners, beneficiaries, GEPF employees and employers of various government departments, five strata were made depicting the four regions in North West Province. The names of all the focus groups per region (stratum) were printed and put in labelled boxes in accordance with the names of the regions. Twenty five (25) participants were randomly drawn from the box and at the end the researcher had a total sample of 50 participants. The data collection instruments were therefore distributed to the various groups in different regions as selected from the sample.

Therefore, the focus of the study was only on the members, beneficiaries, pensioners, North West Provincial Office employees and employers of the selected departments (Leedy & Ormrod, 2005).

3.6 DATA COLLECTION

A questionnaire is defined as an instrument used to collect data in order to assist the researcher to generalise the findings from a sample of responses to the population. The following criteria were adhered to in constructing the questionnaires (Leedy & Ormrod, 2005):

- Questions should be meaningful;
- Questions should be clear; and
- Questions should be written in a simple language.

The questionnaire is divided into seven parts which are:

- Demographics.
- Nature and scope of the Provincial Fund Management System.
- Operational challenges with the current Pension Fund.
- Nature and scope of current relationship between National and Provincial Management of the Fund.
- The challenges of decentralising the management of the GEPF.
- Factors enhancing decentralisation of Financial control of the Pension Fund.
- The ways in which national government monitor can monitor and support decentralisation of the Pension Fund management.

3.6.1 Questionnaires

The questionnaire was designed on the basis of intensive interaction with the relevant literature and with the research questions in mind. The six research questions included in the questionnaire were structured according to the following aspects:-

- the nature and scope of the provincial final management system;
- the operational challenges with the current pension fund management;
- the nature and scope of the current relationship between national and provincial management of the fund;
- the challenges of decentralising the management of the pension fund;
- the factors that enhance decentralisation of financial control of the fund,
- the ways in which national government can monitor and support decentralisation of the pension fund management.

The questionnaire comprised closed-ended questions based on a five point structured, pre-coded Likert interval scale. The questionnaires were distributed to departments of government services based in the central region of the North West, distributed to (50) contributing members, pensioners, employers, and beneficiaries who visited the Provincial Office at Mmabatho on a daily basis (Gerber & Nel, 2004).

Table 3.3. The Likert's interval scale:-

1	2	3	4	5

1= Strongly disagree

2 = Disagree

3 = Do not know

4 = Agree

5 = Strongly agree

The advantage of this five point Likert's scale was that the researcher was in a position during data analysis to couple a group of respondents with the highest score of the total of items (strongly agree and agree) with the respondents with the lowest score (strongly disagree and disagree) while eliminating the uncertain group whose response were unclear. This scale was adapted because of its extensive use over many years in measuring opinions, behaviour, attitude and most important phenomena (decentralisation and service delivery) and it made the data analysis exercise simpler and faster.

3.6.2 The advantages of a questionnaires

It explains to the respondent what the questionnaire is used for. Reponses are gathered in a standardised way and they are more objective than interviews. The researcher was not present during the administration of most questionnaires and therefore this eliminated bias. Generally it is relatively quick to collect information using a questionnaire. Questionnaires are more cost-effective to administer than conducting interviews. Potentially information can be collected from a large portion of a group (Fox & Cherrington, 2007). It is also an effective method to obtain a large quantity of information within a short time.

Questionnaires can be tested before being given to respondents, thus giving the researcher an opportunity to make changes before the questionnaire is used in its final form.

3.6.3 Disadvantage of questionnaires

The questionnaire was standardised so it was not possible to explain any points in the questions that participants might misinterpret. This shortcoming was solved by piloting the questions on a small group of pensioners, beneficiaries, members and employees before it were administered on a large scale. Interviews were used to increase the reliability and accuracy of questions.

Close-ended questions cannot generate large amounts of data that the researcher would need. In order to overcome this shortcoming, the researcher increased the number of questionnaire items to cover the wider scope of data to be collected. Respondents may answer superficially especially if the questionnaire takes a long time to complete. The researcher focused the questionnaire only on those issues that concerned the research questions. Respondents may not be willing to answer certain questions (Fox & Cherrington, 2007).

3.6.4 Interviews

The interviews comprised four focused group, two in depth interviews and one conjoint interview with employees, employers, contributing members, beneficiaries, pensioners and state officials. The purpose of the interview was to determine three things, that is, the ability of Provincial Office workers matching the need of the organisation and the expectation of clients.

In the unstructured interview the researcher asked questions exclusively about service delivery for clients, and critical job requirements for workers. In order to increase the reliability and accuracy of answers, the interview was structured whereby an interviewer asked a series of predetermined service and work related questions.

The answers were scored on a scale of 1 to 5 which means 1 should be rated as poor, 2 for marginal, 3 is average, 4 above average and 5 outstanding. Responses were evaluated and rated by the researcher.

Questionnaires in the structured interview were of four (4) types, that is, situational questions for the client to respond to what he/she has experienced in a certain situation, for example the reception area when he/she enters the office, job knowledge question, is the client convinced that workers understand their jobs, do they have relevant skills, knowledge and experience to resolve the problem.

Job simulation question was used to ask GEPF employees as to whether they have the know-how of processing the claim, how long do they take in processing one claim without assistance. Workers requirement questions concerned the worker's willingness or availability to go the extra mile to assist clients (Emmerson, Smith & Manor, 2003).

3.6.5 The advantage of interviews

Interviews in a qualitative study are rarely as structured as interviews conducted in a quantitative study. They are either open-ended or semi structured revolving around a few control questions; as a result they are more flexible and more likely to yield more information.

3.6.6 The disadvantage of interviews

The primary disadvantage of interviews is that the researcher gets different information from different people and may not be able to compare among the interviewees. Interviews are not easy to conduct. According to Forbes and Goddard, (2001), research constantly shows that the interview is low in both reliability and validity. For many reasons, there is low reliability or consistency in the interview process. First, as an interviewer one has to work consistently to reduce personal bias. Bias can be positive or negative. The knowledge and attitude can also affect the total evaluation of the interview situation. Second the contents of interview can change because no two interviewees have the same background and experience about the GEPF. Third, the setting of the interview affects the outcome, when the interviewee is in a hurry to leave. Fourth, the time limit for completion of the research put additional pressure on the interviewer.

However, in conducting this research and in order to overcome the weaknesses or the needs of the research objective one must make sure that the interview meets the required standards. Questions are direct and to the point to avoid confusion. Accuracy of the information must be checked during the interview. The researcher listens attentively to avoid repetition. The interviewer ensures that the time allocation is fair (Milkovich & Bondreau, 1997).

3.6.7 Mixed mode method

The data gathering techniques used was qualitative (interviews) and quantitative (questionnaires) (Appendices A).

The use of questionnaires in addition to interviews was in response to the advice given by Cresswell (2009) who states that it is advantageous to use the mixed method approach of qualitative and quantitative, particularly in the North West Province. A questionnaire is defined as an instrument used to collect data in order to assist the researcher to generalize the findings from a sample of responses from the population.

The interview comprised five focused groups, two in depth interviews and one conjoint interview with employees, contributing members, beneficiaries, pensioners and employers (Cresswell, 2009).

Questionnaires were structured asking specific questions. The following criteria were adhered to in the construction of the questionnaires that is, questions should be meaningful, short, clear and factual, and questions should be written in a simple language.

3.7 DATA ANALYSIS

Data is presented in a form of a diagram, pie chart, bar chart or histogram, measures of location and arithmetic mean, the median, mode and the measure of spread or disposition from the centre which is dependent on the factors (i.e. range and the standard deviation.

Data is also presented in a form of written memos, analytical files, subjectivity file, title files including introduction and conclusion. Files related to introduction and conclusion will direct the researcher to two obvious aspects, that is, the beginning of this study. The introduction frames the study by providing the necessary context, background and conceptualisation. The concluding chapters summarise all the findings and explain the meaning that the researcher draws from the data in relation to the research problem.

As research data and experience grew the researcher created relevant, specific files on the social process under investigation as well as on several categories such as objectivity, titles, thoughts for introductory and conducting chapters and quotations from the literature (Mesa, 2006).

The subjectivity file helps the researcher to monitor and control the subjectivity. The title file contains the researcher's efforts to capture what she sees as relevant to her study.

3.7.1 Questionnaire inspection:

Upon receipt of all completed questionnaires from the different stakeholders (five categories), the researcher subjected all received questionnaires to an inspection exercise. The rationale behind the exercise was to look at the correctness and the usability of the completed questionnaires. Questionnaires that contained blanks were eliminated as unusable and this constituted 1% of the returned questionnaires. The unusable percentage was deemed negligible and did not have any impact on the study (Gerber & Nel, 2004).

3.7.2 The coding procedure :

The coding of data was done fairly because the researcher used the Likert scale and closed-ended questions in the questionnaires, while an unstructured interview and semi-structured interviews were used to clarify any misunderstanding. N= 50 interviews were conducted.

3.7.3 Transferring of data:

Data was captured on the computer using Excel spread sheet. The captured data was later transferred to the SPSS model (2009) software for analysis of the six sections of the questionnaires.

The frequency distribution was done using SPSS which is a statistical analysis software package that is being widely used in the social science research analysis.

3.8 RELIABILITY AND VALIDITY

Validity and reliability are the major technical considerations in quantitative and qualitative research (De Vos, 2001). In the broadest sense, reliability and validity address issues concerning the quality of the data and appropriateness of the methods used in carrying out the research project. The quality of the data and appropriateness of the method employed are important in social sciences, because of the different philosophical and methodological approaches to the study of human activity (De Vos, 2001). The following procedures were observed to enhance the validity (Cresswell, 2009).

3.9 VALIDITY

Validity is the process where the researcher assures the public that the meaning and interpretation of the research is correct and sound and that the research actually reflects what it set out to test. To ensure the validity of the instrument, the questionnaire items were constructed on the basis of "decentralisation of financial control" and the instrument was administered only to the targeted population which was selected by stratified and simple sampling. To further enhance the validity of the instrument, the questionnaire was piloted to 30 members of the targeted focus group (i.e. employees, employer, members, pensioners and beneficiaries) to assess the validity of the questions. The pilot process assisted in refining and clarifying questions which could be ambiguous to the respondents. It is also worth noting that some of the questions came from the respondents during the pilot stage (Cresswell, 2009).

3.10 RELIABILITY

De Vos (2001) defines reliability as the accuracy or precision of an instruction, as the degree of consistency or agreement between two independently derived sets of scores or the degree to which independent administration of the same instrument yields the same results under comparable conditions.

In simple words, reliability in research is about research being consistent in its measurement, scoring and rating.

To ensure reliability, copies of the questionnaire were physically delivered or given to the sampled members, employees, beneficiaries and employers by the front line staff in the Provincial Office. The Client Liaison Officers assisted the researcher with distribution and collection as they visited the various regions of the North West Province. The questionnaire and interview terns were 100% based on the questions raised about the research topic. Most of the questionnaires were completed on the same day. The researcher interviewed respondents and administered most of the questionnaires to the clients to ensure that nothing unwanted happened during the instrument administration (Phillip & Woller, 2004).

3.11. CONCLUSION

In this chapter the research design and methodology of the study were discussed. An attempt was made to provide reasons as to why a particular design and method were preferred for this particular study. The questionnaire and interview construction was discussed together with the process that was followed in ensuring that the instruments conformed to the research principles of validity and reliability. Access and ethical issues in research were considered. The population and representatives of the population as well as the sampling techniques were discussed.

Lastly ethical issues and access in research on how to safeguard and protect rights were considered (Treisman & Gelade, 2001).

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

The chapter presents data obtained through the questionnaires administered to members, pensioners, beneficiaries, employers of GEPF and employers in the various government departments. The data from the questionnaire is presented and analysed in the order of the research questions.

4.2 DATA ANALYSIS

4.2.1 Biographical data

This section relates to information collected from the respondents regarding their gender, home language, age, work experience, educational qualification, ranking and culture.

4.2.2 Gender of respondents

Analysing the gender of the respondents plays a critical role in understanding contextual information. The gender of the participants is indicated in Figure 4.2.1.

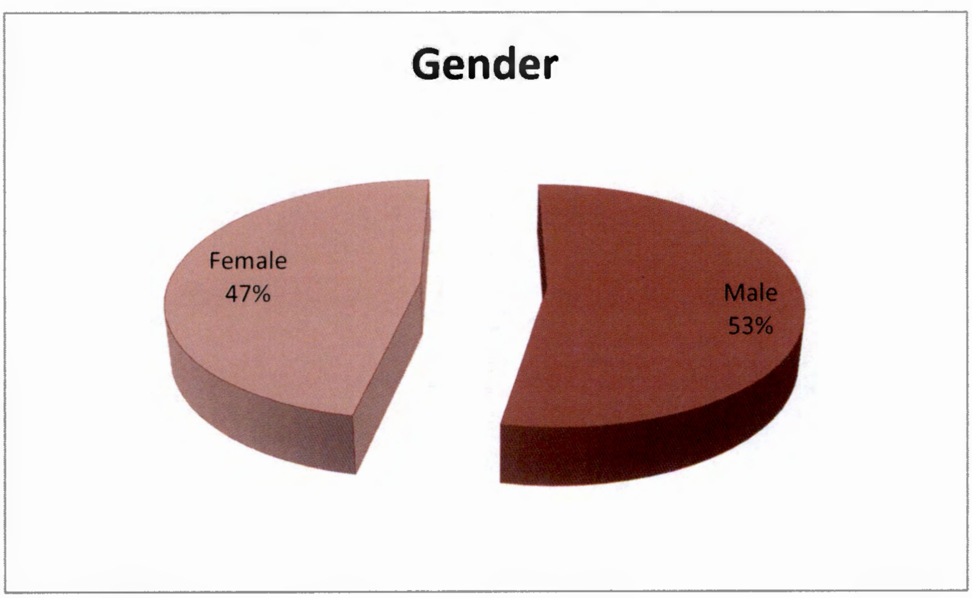

Figure 4.2.1 Gender of respondents

The respondents who participated in the survey were males and females. 53% were males and the remaining 47% were females. This is in line with the average number of people who visited the Provincial Office in Mahikeng.

4.2.3 Home language of respondents

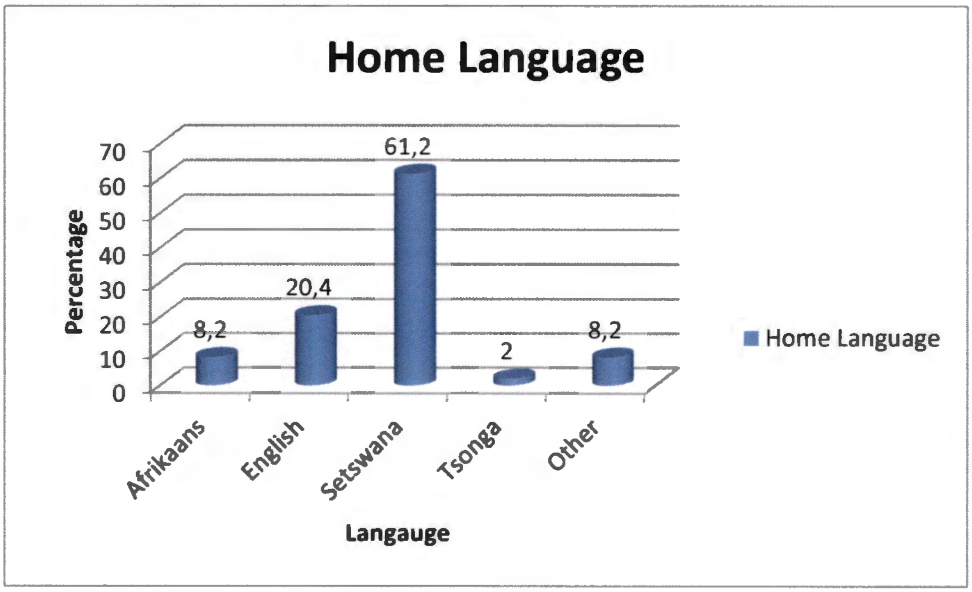

Figure 4.2.2 Home Language of respondents,

Figure 4.2.2 indicates that the 61.2% of the respondents are Tswana speaking with 20.4% being English, 8.2% Afrikaans and other, the lowest percentage is Tsonga at 2%.

4.2.4 Age group for respondents

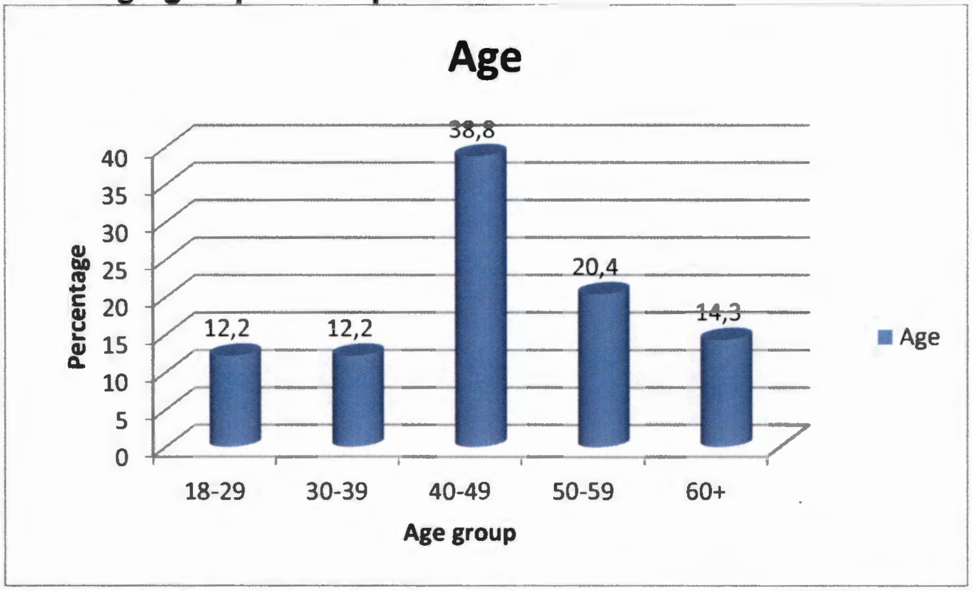

Figure 4.2.3 Age group for respondents.

Figure 4.2.3 shows that most of the respondents are in the age range between 40-49 yrs old. This indicates that 12.2% of contributing members are between the age of (30-39 yrs) and 12.2% members who exited the Fund on resignation/death are between the ages of (18-29 yrs) whereas 20.4% are members who exit on early retirement/ill health and death, 14.3% shows members attained normal retirement age prevalent in the system.

4.2.5 Years of working experience

Figure 4.2.4 Years of Working Experience.

The highest percentage of active members has from 1-15 years working experience. Those with more than 30 years pensionable service are members who are about to exit the Fund and become pensioners.

4.2.6 Occupational band

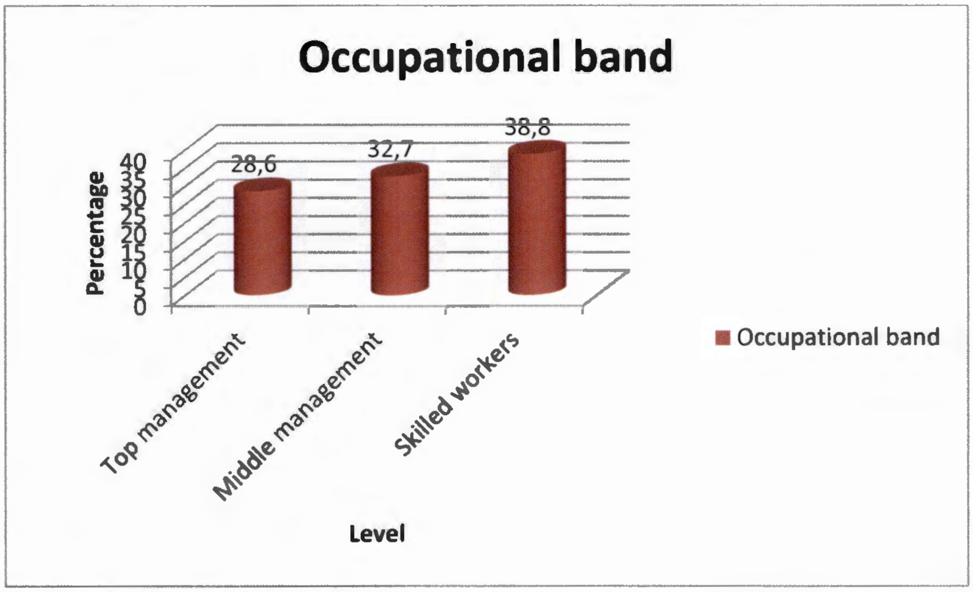

Figure 4.2.5 Occupational band.

Figure 4.2.5 above indicates that 38.8% of the respondents were skilled workers who are still active members of the Fund, 32.7% being middle management and 28.6% is top management.

4.2.7 Ethnic diversity

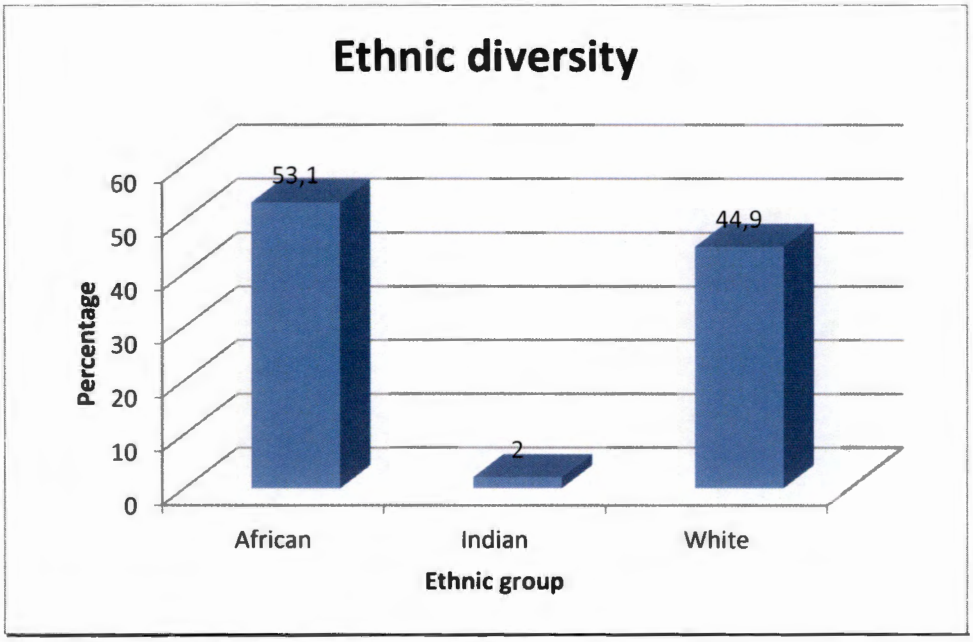

Figure 4.2.6 Ethnic Diversity.

Figure 4.2.6 shows 53,1% of members, pensioners, employers and beneficiaries are African, 44.9% are white and 2% are Indian which indicates that North West Province is dominantly African.

4.3 NATURE AND SCOPE OF GEPF

Table 4.1 Nature and Scope of the Provincial Pension Fund Management System

STATEMENTS	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
The GEPF Provincial Office has a development Plan.	24.5%	34.7%	12.2%	28.6%	0%	100%
The Provincial Office technology and systems are appropriate.	44.9%	30.6%	6.1%	8.2%	10.2%	100%
The management of the Provincial office has ethical standard operation.	65.3%	0%	26.5%	6.1%	2%	100%
The Provincial Office of GEPF processes are in line with modern Pension Administration practices.	22.4%	38.8%	22.4%	14.3%	2%	100%
GEPF has informed its members, beneficiaries and stakeholders about their products.		6.1%	79.6%	14.3%	0%	100%
The GEPF caters for all contract workers.	4.1%	12.2%	28.6%	32.7%	22.4%	100%
Provincial Office is accessible and responsive.	67.3%	24.5%		4.1%	4.1%	100%
The Provincial Office is conveniently located.	2.0%	2.0%	4.1%	51.0%	40.8%	100%
Members of the GEPF are familiar with all services offered by the Provincial Office.	44.9%	12.2%	30.6%	8.2%	4.1%	100%
The stakeholders know how Provincial Office relates to National Office of Government Pension Fund.	12.2%	6.1%	30.6%	51.0%	0%	100%

The results indicate that 59.2% disagree that they know of GEPF Provincial Office development plan. 75.5% disagree that the Provincial Office technology and systems are appropriate and need to be improved, 65.3% disagree that the management of the Provincial office has ethical standard operation, while 68.4% agree that the GEPF processes are in line with modern Pensions Administration practices. 93.9% say GEPF has informed its members, beneficiaries and stakeholders about their products, while 55.1% do not know that the Fund caters for all stakeholders including contract workers. 75.5% disagreed that the Provincial office was accessible and responsive, while 91.8% agree that the provincial office is conveniently located. It was very clear that 57.1% disagreed about the service offered by the Provincial Office and 51.0% of stakeholders know how National Office relates to the Provincial Office.

4.4 CHALLENGES FACING GEPF

Table 4.2 The operational challenges with the current Pension Fund Management.

Statements	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
The management of Provincial Office is competent to handle financial control and decision-making.	36.7%	20.4%	16.3%	14.3%	12.2%	100%
The GEPF complies with the service level agreement and reaches its goal on pension pay outs.	42.9%	24.5%	12.2%	12.2%	8.2%	100%
Medical subsidy is processed in time and members are informed immediately.	20.4%	32.7%	14.3%	32.7%	0%	100%
The interaction of the Provincial Office staff is proactive with member inquiries.	22.4%	59.2%	12.2%	2.0%	4.1%	100%
The Provincial Office is accorded priority and adequately resourced.	18.4%	38.8%	12.2%	14.3%	16.3%	100%
There is a register at a front desk for complaints.	10.2%		16.3%	32.7%	40.8%	100%
Employers, pensioners and members' believe that GEPF services are efficient and effective.	20.4%	38.8%	18.4%	22.4%	0%	100%
Exit documents are submitted and processed on time.	14.3%	57.1%	10.2%	10.2%	8.2%	100%
Business Support Service and communication units inform Provincial Office timeously of any system change.	2.0%	8.2%	36.7%	32.7%	20.4%	100%
GEPF clients have insight about the Pensions Administration.	16.3%	40.8%	38.8%	4.1%	0%	100%

Table 4.2 relates to the operational challenges with the current Pension Fund Management in the Provincial Office. 57.1% disagree that the management of provincial office is competent to handle financial control and decision - making, whilst 16.3% did not know since they had no alternative experience to compare. It was discovered through interview that 67.4% disagree that GEPF complies with the service level agreement and reaches its goal on pension pay out. From the analysis it was evident that most respondents, 53.1% disagree that the medical subsidy is processed in time and members are informed immediately. 81.6% disagree that the interaction of the provincial office staff is proactive with member inquiries. 57.2% disagree that the provincial office is accorded priority and adequate resources. It was very clear that capacity to handle financial control and decision making was non-existent. 73.5% totally agree that there is a register at a front desk for complaints, 59.2% disagreed that the employers, pensioners and members believe that Provincial office services are not efficient and effective, 71.4% disagree that exit documents are submitted and processed on time in line with the service level agreement. 53.1% of employees totally agreed that the Business Support service and communication unit inform them timeously whilst 57.1% disagree that clients have the insight about the Pensions administration.

4.5 NATURE AND SCOPE OF RELATIONSHIP BETWEEN NATIONAL AND PROVINCIAL MANAGEMENT OF THE FUND

Table 4.3 The Nature and Scope of the current relationship between National and Provincial Management of the Fund.

Statements	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
There is an appropriate institutional framework for the operations and communication between the Central and Provincial Office.	20.4%	44.9%	26.5%	8.2%	0%	100%
There is a financial management control implementation structure and internal audit in the Provincial Office.	8.2%	42.9%	46.9%	2.0%	0%	100%
The central government has developed the necessary capacity in the Provincial Office to assume financial control.	26.5%	28.6%	42.9%	2.0%	0%	100%
The Provincial Office administrative capacity for financial control and internal audit is being strengthened.	18.4%	57.1%	22.4%	2.0%	0%	100%
The central or top management have been trained for raising awareness of financial management and control.	24.5%	30.6%	36.7%	8.2%	0%	100%
The central government has strengthened the transparency and accountability of the Provincial administration.	0%	38.8%	34.7%	22.4%	4.1%	100%
The central government has reviewed the Provincial internal financial control policy paper and present laws on GEPF.	22.4%	34.7%	30.6%	8.2%	4.1%	100%
The coherent legislation and adequate institutional capacity are under the guidance of the Minister of Finance.	0%	18.4%	28.6%	40.8%	12.2%	100%
The central government has developed appropriate systems and mechanism for monitoring and evaluation of quality.	0%	57.1%	20.4%	12.2%	10.2%	100%
There is a clear distribution of responsibilities and authority in the Provincial Office.	34.7%	22.4%	14.3%	4.1%	24.5%	100%

The results indicate that 65.3% disagreed that there is an appropriate institutional framework between the Central and Provincial Office whereby it is centrally managed by the Board of Trustees in terms of the Act, while 51.1% disagreed that there is no financial management control structure and internal audit in the Provincial Office. 55.1% disagreed that central government developed the necessary capacity in the Provincial Office to resume financial control. 75.5% disagreed that the Provincial office administrative capacity for financial control and internal audit need to be strengthened, 55.1% disagreed that central management has been trained for raising awareness of financial management and control. 73.5% disagreed that the central government has strengthened the transparency and accountability of the provincial administration. 57.1% disagreed that the central government has reviewed the provincial internal financial control policy paper and presented laws on GEPF. 53% agree that the coherent legislation and adequate institutional capacity is under the guidance of the Minister of Finance. 77.5% totally disagreed that the government developed appropriate systems and mechanism for monitoring and evaluating quality. 57% disagreed that there is distribution of responsibilities and authority in the Provincial Office.

It is very clear that there is a need to develop capacity to manage the provincial administration of GEPF.

4.6 CHALLENGES OF DECENTRALISING THE MANAGEMENT

Table 4.4 relates to the analysis of data on the challenges of decentralizing the Financial Control Management of Pension Fund.

The statistics reveals that 79.6% of top management in the central government agree that decentralization of financial control will lead to indiscipline. 55.1% of the people in the corporate office agree that decentralization of financial control to the province will aggravate financial problems, while 42.8% of them in the region disagree. 85.7% strongly agreed (the majority being from the regions) that decentralization of financial control will improve service delivery. 14.3% did not know. 81.6% strongly agreed that decentralization of financial control will empower the local people, while 65% disagreed that Provincial Office spending will lead to an increase in the national spending deficit, 73.4% agreed that coordinating difficulties between various levels of GEPF governance will challenge the micro-economic sustainability of the Pension Fund while 81.7% agreed that the incentive for responsible financial behaviour will be undermined by lack of provincial autonomy.

Table 4.4 The Challenges of decentralising the management of the GEPF.

Statements	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
The decentralisation of financial control leads to Provincial Office indiscipline.	6.1%	2%	12.2%	16.3%	63.3%	100%
The decentralisation of financial control to Provincial Office aggravates the financial problem at the central government.	26.5%	28.6%	22.4%	20.4%	2%	100%
The decentralisation of financial control to Provincial office improves service delivery.	0%	0%	14.3%	55.1%	30.6%	100%
Decentralisation of financial control empowers the local people in the Province.	0%	2%	34.7%	16.3%	46.9%	100%
The increase in Provincial Office spending leads to increase in National spending deficit.	0%	65.3%	18.4%	10.2%	6.1%	100%
Decentralisation coordinates, difficulties between various levels of GEPF governance, challenges, micro-economic sustainability of the Fund.	8.2%	12.2%	6.1%	26.5%	46.9%	100%
The incentive for responsible financial behaviour is undermined by lack of Provincial autonomy.	0%	2%	16.3%	38.8%	42.9%	100%
Incentive for responsible financial behaviour is undermined by over-expenditure and revenue decisions.	10.2%	8.2%	34.7%	34.7%	12.2%	100%
Decentralization of financial control is associated with large and persistent central government deficit.	53.1%	0%	34.7%	0%	12.2%	100%
The budget institution is weak and undermine responsible financial behaviour	0%	22.4%	16.3%	38.8%	22.4%	100%

Furthermore 69.4% agreed that the incentive for responsible financial behaviour was undermined by over-expenditure and revenue decisions while 18.4% disagree. 53.1% of the Regional Office members disagreed that decentralisation of financial control is associated with large and persistent central government deficit and 61.2% totally agreed that weak budget institutions undermine

responsible financial behaviour (Terre Blanche, Durrheim & Painter, 2006).

4.7 FACTORS ENHANCING DECENTRALISATION OF FINANCIAL CONTROL OF THE PENSION FUND.

Table 4.5 Factors which enhance decentralisation of financial control of the Pension Fund.

Statements	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
The Provincial Office management have skills to control finances.	0%	95.9%	0%	0%	4.1%	100%
The management has ability to initiate and embrace change.	0%	75.5%	22.4%	0%	2.0%	100%
The Provincial Office has the ability to plan, evaluate performance, do creative problem solving and budget planning.	26.5%	6.1%	65.3%	0%	2.0%	100%
The Provincial Office has the ability to design work, diagnose and modify organisational culture, select, develop people and to create high profile teams.	91.8%	4.1%	2.0%	2.0%	0%	100%
The Provincial management has the ability to build powerbase, motivate and divert members of the Provincial Office to contribute to the achievement of GEPF's goals.	67.3%	30.6%	2.0%	0%	0%	100%
The Provincial Office has the ability to determine standards of performance and consistently improve standards of performance.	10.2%	87.8%	2.0%	0%	0%	100%

Table 4.5 refers to the analysis of data on the factors that enhance decentralization of financial control of the GEPF. Statistics indicate that 95.9% totally disagreed that the Provincial Office does not have the skill to control finance while 75.5% disagree that the Provincial Office does not have the ability to initiate and embrace change. 91.8% disagree that the Provincial Office has the ability to plan, evaluate performance, solve problems creatively and plan

budgeting, 95.9% disagreed that the Provincial Office has the ability to design work diagnose and modify organisational culture, select, develop people and create high profile teams. 97.9% disagreed that the Provincial Office management has the ability to build powerbase, motivate and divert employees of the Provincial Office to contribute to the achievement of GEPF's goals. 98.0% disagreed that the provincial office has the ability to determine standards of performance and consistently improve standards of performance.

4.8 STRATEGIES TO MONITOR AND SUPPORT DECENTRALISATION OF MANAGEMENT OF GEPF.

Table 4.6 indicates the analysis of data on the ways in which the National Office can monitor and support decentralisation of financial control to the Provincial Office. The statistics revealed that 77.6% agree that the Provincial Office is conversant with GEPF internal control systems. 89.9% disagreed that the provincial financial control and internal audit comply with GEPF internal financial system. On further investigation through interviews it was clear that there is no independent internal audit. 77% do not know that the Provincial Office is conversant with PFMA, 1999, while 87.8% agree that the Provincial Office follow treasury regulation and 67.3% disagreed that corporate governance agreed with the King Report II and III. 75.5% disagreed that the Provincial Office is not conversant with GAAP and IFRS.

Table 4.6 The ways in which National Government can monitor and support decentralisation of the Pension Fund management.

Statements	Strongly Disagree	Disagree	Do not know	Agree	Strongly Agree	Total
The Provincial Office is conversant with GEPF internal control systems.	0%	77.6%	22.4%	0%	0%	100%
The GEPF Provincial Office financial control and internal audit are in compliance with GEPF Internal Financial system.	0%	89.8%	10.2%	0%	0%	100%
The GEPF Provincial Office is conversant with PFMA, 1999.	0%	0%	77.6%	22.4%	0%	100%
The Provincial Office is conversant with Treasury Regulations.	0%	0%	12.2%	87.8%	0%	100%
The Provincial Office is conversant with Corporate Governance, King Report II and III.	0%	0%	32.7%	67.3%	0%	100%
The Provincial Office is conversant with GAAP and IFRS.	75.5%	0%	2.0%	22.4%	0%	100%
It is important to develop and strengthen administrative capacity in the process of financial management and control	0%	14.3%	6.1%	57.1%	22.4%	100%
The internal audit unit in the Provincial Office is important	0%	22.4%	4.1%	6.1%	67.3%	100%
The Provincial Office management is responsible and competent for public administration.	12.2%	71.4%	4.1%	8.2%	4.1%	100%
The Provincial Office staff is trained and developed in Internal Audit procedures.	79.6%	0%	20.4%	0%		100%

The revelation through interview further emphasises the fact that the present provincial structure does not exchange “real” information both internally and externally, between various structures of the Province and National Treasury. 79.5% of the respondents totally agreed that it is important to develop and strengthen administrative capacity of the Provincial Office in the process of financial management and control. 73.4% agree that the internal audit unit is important in the Provincial Office. 83.6% disagreed that the management of the Provincial Office is responsible and competent to public administration. 79% disagreed that the Provincial Office staff is trained and developed in Internal Audit procedures.

4.9 SUMMARY

Chapter 4 presented empirical data which was cross tabulated for ease of presentation and analysis. However, the raw data had been processed through the SPSS system and the output was copied into the tables. The next chapter discusses the findings, recommendations and conclusion.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION:-

Chapter five presents and discusses findings from the study, supported by findings from the literature study. The discussions are based on the results obtained from each of the research questions. Based on the discussion and the conclusions, recommendations are made. Finally areas that need further research are proposed.

5.2 SUMMARY OF FINDINGS

5.2.1 Nature and scope of the provincial pension fund management system.

The following summary and conclusions were derived from the data analysis.

The results indicated that 59.2% of the respondents do not know about the GEPF Provincial Office development plan. Furthermore the 75.5% totally disagree that the Provincial Office technology and systems are not appropriate and needs to be improved, while 65.3% disagree that the management of the Provincial Office has ethical standards of operation. The 68.4% agreed that the GEPF processes are in line with modern Pensions Administration practices, 93.9% says GEPF has informed its members, beneficiaries and stakeholders about their products, while the 55.1% do not know that the Fund caters for all stakeholders including contract workers. The 75.5% of respondents disagreed that the Provincial Office was accessible and responsive, while 91.8% agreed that the Provincial Office is conveniently located. Through the interviews it was very clear that most clients believed that there was unwillingness of service providers to help clients in unusual situations (e.g. calculations, estimations) and to deal with the problem. It was very clear that most members 57.1% totally disagree about the service offered by the Provincial Office, while 51.0% stakeholders know how National Office relates to the Provincial Office.

On further investigation it is realised that there was a Provincial Business Plan (2009), but the majority of the Provincial staff are not aware of it.

What is actually happening in the Provincial Office of the North West is that the Pension Fund management system is centrally managed by the Board of Trustees. There is evidence from the analysis of data and from the interviews held with Provincial Office staff that the provincial office concerns itself with queries, inquiries and registration of withdrawal documents, funding (but there is no lump sum allocation of funds to Province to provide for the Provincial priorities), the power on decision-making authority over the use of resources including flexibility and autonomy over their use is very limited. On closer examination of data and the interviews firstly it is noted that the Provincial Office has no power to adapt National Policy to provincial conditions without having to comply strictly with the provisions. Secondly, the Provincial Office is unable to identify priorities and decide how and when they can be used. The Provincial Office itself is not in a position to generate inputs that would be considered when funding is allocated to the Provincial office. The present structure does not provide the Provincial office with an opportunity to exercise control over the financial management system and process (Wilson & Cook, 2009).

Analysing the data on issues of service quality such as convenience (access), responsiveness (willingness of service) including reliability, time, assurance, courtesy and tangibles, it was clear that there may be discrepancies between actual customer expectations and management perception of customer expectations and service quality. This view is supported by the literature (Dubois & Fattore, 2012).

It was also clear that there was an attempt by Head Office to improve technology by providing cell phones, computers, printers and modem scanners. There is on-site assistance available from Gijima technician. Provincial Office needs an integrated system that is easily accessible with correct valid information compared to the current MIS reporting system (Source: Provincial Office Business Plan, 2012).

5.2.2 Operational challenges with the current pension fund management.

Most respondents disagree that the management of Provincial Office is competent to handle financial control and decision- making, whilst 16.3% did not know since they had no alternative experience to compare. It was discovered through interview that 67% of the respondents disagree that GEPF complies with the service level agreement and reaches its goal on pension pay-out. From the analysis it was evident that 53% of the respondents disagree that the medical subsidy is processed in time and members are informed immediately, and 81.0% disagree that the interaction of the provincial office staff is proactive with member inquiries thus 57,2% disagreed that Provincial Office is accorded priority and adequate resource. It was very clear that that the capacity to handle financial control and decision making was non-existent. Most of the respondents on the effective and reliable inter-departmental communication were Provincial employees of GEPF and 73.5% totally agreed that there is a register at the front desk for complaints, 59.2% disagreed that the exit documents submitted and processed on time in line with the service level agreement. 53.1% of employees totally agreed that the Business Support Service and communication unit inform them timeously whilst 57.1% disagree that clients have the insight about the Pension Administration.

From the above analysis it is clear that training is a source needed for capacity building and skills development at provincial level. The management of training of staff, from product knowledge, processes and policies, systems application and soft skills are required on an on -going basis. The Provincial Office needs to be capacitated to give good service delivery to the people. This is in line with Gerber and Nel (2004) assertion that effective training is a learning experience activity. A planned business activity in response to identified needs and is an attempt to further the goals of the organization while simultaneously providing the opportunity for individual employees to learn and grow a business, while on the other hand management development is a process whereby managers gain experience, skills and attitudes to become or remain successful leaders in their organisation (Gillham, 2006). According to Fermanich *et al.* (2005), the benefit of effective training for any organization, is that it reduces learning time and cost, it improves performance lead to less supervision, the right attitudes are fostered which lead to a better recruitment and selection that human resource needs are met and its benefit to employees themselves.

This view is supported by Grobler, Warnich and Carrel (2006) who mention that it is essential that the training effort be linked to the organisation's objectives, goals and business strategies if it is to add value. This process is known as strategic training. Training is strategic when it develops essential workers' capabilities, encourages adaptability to change, promotes ongoing learning in the organisation, creates and transfers knowledge throughout the organisation and facilitates communication and focus. To execute this process successfully requires the development of a strategic training plan.

5.2.3 The nature and scope of the current relationship between national and provincial management of the fund.

The results indicate that the majority of respondents 65.0% disagree that there is an appropriate institutional framework between the central and Provincial Office whereby it is centrally managed by the Board of Trustees in terms of the Act, while the 51.1% strongly disagreed that there is no financial management control structure and internal audit in the Provincial Office, 55.1% disagree that central government developed the necessary capacity in the Provincial Office to resume financial control. 75.5% strongly disagreed that the Provincial Office administrative capacity for financial control and internal audit need to be strengthened. 55.1% disagreed that central management has been trained for raising awareness of financial management and control. 73.5% disagreed that the central government has strengthened the transparency and accountability of the Provincial administration. 57.1% disagreed that the central government has reviewed the Provincial internal financial control policy paper and present laws on GEPF. The 53% agreed that the coherent legislation and adequate institutional capacity is under the guidance of the Minister of finance. 77.5% totally disagreed that the government developed appropriate systems and mechanism for monitoring and evaluating quality. 57.0% disagreed that there is distribution of responsibilities and authority in the Provincial Office. However, from the interviews it was clear that the successful management of quality will require that the provincial managers have insight on various aspects of quality. These include defining quality in operational terms, understanding the costs and benefits of quality recognising the consequence of poor quality and re-energising the need for ethical behaviour. It was very clear that there is a need to develop capacity to manage the Provincial administration of GEPF as there was spinal condition on the financial management, central audit and internal control are conducted centrally by the corporate office with less participation of the Provincial Office (McCathy, 2005). Through observation, analysing the questionnaire and interviews the participants became clear that the communication in the present Provincial structure about the questioned asked does not emphasise the exchange of "real" information both internally between various structures in the region and internally between the National Office and the Provincial Office. While the present communication aspect attempt to support a multiple, flexible integrated channels for customer service in order to provide channel system generated communication, used for sending automated correspondence (i.e. letters, sms, e-mails) to members and pensioners when selected updates or events to take place, permit the Regional Office members to view benefits and amount balances view and update their information and communicate with the Fund, (Koontz & Donnel, 1997).

5.2.4 The challenges of decentralising the management of the Pension Fund.

The questions in this section are based on several assumptions from findings both from literature research and empirical research Phillips & Woller, (2004). The assumption include that the Provincial Office has been restructured and had established a functioning Provincial Based Financial Management Structure (PBFMS). The role of the Provincial Office staff has been transformed from that of carrying out operational instructions to that of planning, organizing, leading, control and coordinating the Provincial Pension budget including giving technical advice, guidance and support, the Provincial Office has a property constitutional financial management structure (FMS).

The Provincial Office has a well-developed internal organization structure in the form of task teams responsible for various functions and programmes (i.e. staff development, Pension Fund administration, stakeholder management, health and safety, Pension development). The province has a functional Board of

Trustees that is working effectively in partnership with the employer/employee and the state, (Crook & Sverrison, 2001).

The statistics revealed that 79% of top management in the central government agreed that decentralisation of financial control will lead to indiscipline. 55.1% of the people in the corporate office agreed that decentralisation of financial control to the province will aggravate financial problem while 42.8% of them in the region disagreed (majority being the regions) that decentralisation of financial control will improve service delivery. 14.3% did not know that medical subsidy is processed in time and members are informed immediately. 81.6% agreed that decentralization of financial control will empower the local people, while 65% disagreed that Provincial Office spending will lead to increase national spending deficit and 73.4% agreed that coordinating difficulties between various levels of GEPF governance will challenge the micro economic sustainability of the Pension Fund, while 81.7% agreed that incentive for responsible financial behaviour will be undermined by lack of Provincial autonomy. Furthermore 69.4% agreed that incentive for responsible financial behaviour undermined by over expenditure and revenue decisions and 18.4% disagreed. 53.1% of the Regional Office members disagreed that decentralisation of financial control is associated with large and persistent central government deficit, 61.2% totally agreed that weak budget institution undermine responsible financial behaviour.

From the analysis of the data it was very clear that GEPF as an organisation operates in various regions of the nine Provinces of South Africa (with geographically scattered organisational units, each of which has surplus/deficit responsibility for its assigned geographical area. Each region in the value chain operates as a surplus centre for performance measurement purposes. GEPF is not highly diversified organisation because its Regional Offices do not operate as independent surplus centres and the corporate headquarters perform all financial functions for all its business units, (Davies & Ellis, 2000).

In executing the proposal strategy GEPF must decide how much financial accessibility to delegate to the Provincial managers and how much decision making latitude to give to individual employee in performing their jobs.

Presently decision-making is controlled at the corporate headquarters (with the CEO and a few close management) while the analysis of date seems to suggest decentralised decision making by giving regional managers and employees considerable decision making latitude in their areas of responsibility, (Wohlstetter, 2012).

In analysing the data the majority of statements points to the fact that GEPF is a highly centralised organisation whereby the top executives retain authority for most strategic and operating decisions and keep a tight rein on business-units, with discretionary authority granted to Provincial managers. According to literature review Porter, *et al* (1988) the command and control paradigm of centralised structure is based on the underlying assumption that Provincial based employees have neither the time nor the inclination to direct and properly control the work they are performing, and they lack knowledge and judgement to make more decisions about how best to do it, hence the need for managerial prescribed policies and procedures, close suspicions and tight control. The theses underlying the present GEPF structure (i.e. authoritarian structure) is that strict employment of detailed procedures backed by rigorous management over tight is the most reliable way to keep the daily execution of strategy on track.

According to Burke and Latwin (1992) the advantage of an authoritarian structure is tight control by the manager in charge because it is easy to know who is accountable when things do not go well, while the disadvantage is that the central command and control structure make an organisation sluggish in responding to changing conditions because of the time it takes for the review/approval process to run up all the layers of the management bureaucracy. Furthermore, to work well, centralised decision making requires top-level managers to gather and process whatever information that is relevant to the decision. When the relevant information renders at lower organisation level 5 (or is technical, detailed or hard to express in words) it is difficult and time consuming to get all of the facts and names in front of a high-level executive located from the scope of the action full understanding of the situation cannot be readily copied from mind to the other. Hence, centralised decision making is often, impartial, especially that GEPF is large and its Regional Offices are scattered as a result the decision making authority has to be delegated to manager closer to the action, (Gillham, 2006).

The results of the study, especially those that relate to discipline, empowerment, service delivery, the budget and dependency, incline to agree with the literature research of Dronschoff, Koller and Schneider (2002) which indicates that in a decentralised organisation, decision-making authority is pushed down to the lowest organisational level capable of making timely informed and competent decision. The objective is to put adequate decision making authority in the hands of the people closest and most familiar with the situation and train them to weigh all the factors and exercise good judgement.

Decentralised decision making means the Provincial managers are delegated lead responsibility for deciding how best to execute strategy (as well as some role in shaping the strategy for their province). Decentralising thus require selecting strong managers to head each organisational unit and holding them accountable for crafting and executing appropriate strategies for their units. Managers who consistently produce unsatisfactory results have to be weeded out. The case for empowering down the line managers and employee to make decisions related to daily operations and executing the strategy is based on the belief that a company that draws on the combined intellectual capital of all its employees (including those in the regions) can out- perform a command and control company, (Dronschoff, 2002).

The response to the question of autonomy and discipline seems to indicate to the fact that decentralised decision making in a diversified GEPF various business unit will have broad authority to execute the agreed on business strategy with comparatively little interference from corporate headquarters, moreover, the business unit heads delegate considerable decision-making latitude to functional and process departmental heads of the various operating units.

The findings revealed that lack of Provincial autonomy, high degree of dependency by Provincial Office on central government, weak budget institutions, lack of effective exchange of information between the Provincial Office and corporate headquarters, lack of clarity as to norms and standards for funding the Provincial Office undermines service delivery, responsible financial control and behaviour. However, literature review indicates to the fact that there are genuine gains in morale and productivity when people are provided with tools and information they need to operate in a self directed way, decentralised decision making can shorten organisational response time (in terms of pension pay out) but can also spur new ideas, creative thinking, innovation and create involvement on the part of subordinate managers and employees (Botha, 2004).

According to the literature review (Mesa, 2006), the past decade has seen a growing shift from authoritarian multi-layered hierarchical structure to flatter, more decentralised structure that stress employer's empowerment. There is a strong and growing consensus that authoritarian hierarchical organisation structures are not well suited to implementing and executing strategies at an era when extensive information and instant communication are the norms and when a big fraction of the organisation's most valuable assets consist of intellectual capital and reside in the knowledge and capabilities of its employees.

The findings from the questionnaires and the interviews conducted with top management revealed that there is a strong disagreement from the corporate (central) headquarters to give financial autonomy to the Regional Offices based on the premise that putting financial decision making authority deep down in the provincial structure and empowering employees presents its own challenges, that is, how to execute adequate control over the actions of empowered employees so that the business is not put at risk at the same time that the benefits of empowerment are realised (Sharma, 2006).

According to Lopez and Ricardo (2006), maintaining adequate control over empowered personnel is generally accomplished by placing limits on the authority that empowered personnel can exercise, holding people accountable for their decisions, instituting compensation, incentives that revealed people for doing their job in a manner that contributes to good company performance and creating a corporate culture where there is a strong peer pressure on individuals to act responsibly.

5.2.5 Factors enhancing decentralisation of financial control of the Fund.

Statistics indicate that 95.9% respondents totally disagreed that the Provincial Office does not have skill to control finance, while 75.5% disagreed that the Provincial Office does not have the ability to initiate and embrace change, 91.8% disagreed that the Provincial Office has the ability to plan, evaluate performance, creative problem solving and budget planning, 95.9% disagreed that the Provincial Office has the ability to design work diagnose and modify organisational culture, select, develop people and to create high profile teams. 97.9% disagreed that the Provincial Office management has the ability to build powerbase, motivate and divert employees of the Provincial Office to contribute to the achievement of GEPF's goals. 98% disagreed that the Provincial office has the ability to determine standards of performance and consistently improve standards of performance.

According to the above statistics the majority of respondents agreed that all statements pointed out that there are serious challenges that beset the decentralisation of financial control in the Provincial Office. These range from lack of skill to control finance, to the inability to initiate and embrace change. However, from the interviews it is evident that people want to see change and have the ability to plan and evaluate performance, to be involved in problem solving and budget planning.

There are no means to evaluate and monitor high profile teams. The capacity of the Provincial Office is such that they cannot build powerbase, motivate and divert members of the Regional Office to contribute to the achievement of GEPF goals. Presently there is no manpower to determine standards of performance and consistently improve standards of performance.

The above findings support the study of PBFM by Wohlstetter and Mohrman (2012) who promote decentralisation of power to lead to improvement by organisational changes that enhance the information, knowledge, skills and attitude of the Provincial employees. Simply transferring power to the province is not enough to bring about desirable improvement. More supportive effects from the side of National Government are needed. Giving provincial management decision making authority over the management of resources will enable them to match the resources to the goals they set. This view is motivated by research that found that any attempt to improve the province by central government without empowering will not succeed (Rossmiller, 2012). It follows logically from this criticism that meaningful decision-making authority as might be envisaged by PBM is that which empowers people in the province to decide on the use of financial resources. Once these people are trained to handle affairs locally they may rightfully be expected to account for their decision and the nature of the performance that result from their decision (Faguet, 2012).

5.2.6 The ways in which national government can monitor and support decentralization of GEPF financial management.

The result of the study revealed the following on the monitoring and support of decentralization of financial management. The statistics reveals that 77.6% respondents partially agreed that the Provincial Office is conversant with GEPF internal control systems. 89.9% disagreed that the provincial financial control and internal audit compliance with GEPF internal financial system on further investigation through interviews it was clear that there is no independent internal audit. 77% do not know that the Provincial office is conversant with PFMA, 1999, while 87.8% partially agreed that the Provincial Office follow treasury regulation and 67.3% disagreed that Provincial Office is conversant with corporate governance and King Report II & III. 75.5% totally disagreed that the

Provincial office was not conversant with GAAP and IFRS. The revelations through interview further emphasize the fact that the present Provincial structure does not exchange "real" information both internally and externally between various structures of the Province and National Treasury. 79.5% of the respondents totally agreed that it is important to develop and strengthen administrative capacity of the Provincial Office in the process of financial management and control. 73.4% agreed that the internal audit unit is important in the Provincial Office. 83.6% disagreed that the management of Provincial Office is responsible and competent to public administration. 79% totally disagreed that the Provincial Office staff is trained and developed in Internal Audit procedures. This revelation supported the literature research that decentralization increase responsiveness to local needs (Faguet, 2012). It further supported the view that training and development of Provincial staff as an important tool for professional development and thus an essential empowerment tool (Audit Commission, 2012).

The findings reveal that there are no sufficient efforts made by the central government to come up with quality assurance mechanism to strengthen the effectiveness of the financial management of the Provincial Office. The Provincial Office employees are not allowed to be part of an intelligent anticipation of how to achieve the GEPF objectives (Kroontz & Donnell, 1996). Intelligent anticipation means the Provincial Office employees do not participate in the planning process, they do not estimate the future (forecasting), they do not determine the end result (set objectives), they do not set guidelines inside which objectives or goal can be set and decisions taken. They do not determine the order and priorities of actions for achieving goals (programming). They are not part of determining the starting times and time duration of acts to achieve goals. They do not participate in the planning of the methods for the execution of activities (procedures) and lastly and most important they are not part of assessing of the sources which are necessary for achieving of goals (Budgets). Budget is a plan of action and an important aid in planning. Budgets help with decision-making (Banks & Smith, 2006).

As a control method budgets play an important role. Planning and control are inseparable of each other, therefore the budget is a plan and it is compiled for quantitative units which facilitate control. Budgets form a standard against which achievement can be measured. Budgets ought to be compiled for each aspect where goals are set and should be achieved. Efficient budgeting is an indication of goal management skills. The compiling of budget is an art and planning function on its own (Audit Commission, 2012).

5.3 RESEARCH RESULTS

The research from the questionnaires and interviews reveal that the state plays an important part in the decentralisation and development of PBM. It will also reveal that because of decentralisation policy, the Provincial Office will become a focal point of decision-making and that improvements in this area can be achieved through the state's efforts to enhance the powers of PBM Structure (Cresswell, 2012).

5.4 CONCLUSIONS

It emerged from the study that decentralisation of financial management is confusing, messy and inconclusive. Furthermore it was evident from the research literature (Faguet, 2012) that decentralising government has become popular with reformers and idealist to assist with various issues such as government corruption, autocracy, repression and public sector inefficiency.

The research forms both questionnaires and interviews have revealed that the central government plays an important part in the decentralisation and development of Provincial Based Office. It also revealed that because of service delivery, challenges faced by

GEPF, the Provincial Office can become a focal part of decision-making and that improvement in the area can be achieved through the Provincial Office.

The research revealed that there is a need to develop a Provincial Development Plan used as a factor for determining resource allocation to the Provincial Office and the corporate office is one of critical elements for effective regional based financial management. The corporate office need to develop a financial management, information system that is monitored by the central government. There is a need by the corporate office to develop performance induction to assess the impact of state allocate funding on Provincial improvement. A managerial checklist can be used to gauge the Provincial Office preparedness to assume self-management status, a need to develop an objective evaluation tool with performance indicators.

Questionnaires and interviews revealed that there are no finance committees in this Provincial Office, lack of financial knowledge, and hence the need for tracking and development. Emphasis on financial management training shows that Provincial structures perceive training as important for professional development and thus an essential empowerment tool (Gerber, Nel & Van Dyk, 2004).

The operational challenges with the current pension fund management support the notion from the (GEPF Annual Report, 2008) that members are not familiar with the benefits structure, their roles and responsibilities, failure to comply with SARS and that employer submit exit documents that are late and inaccurate and pension administration is not accorded priority and adequate resources. There is an ineffective employer relationship with limited and inaccessible service delivery channels, lack of proactive interaction with members, beneficiaries and stakeholders and inappropriate technology and systems which result in GEPF failing to comply with the service level agreement and timeous pension pay-outs.

The nature and scope of the current relationship between National and Provincial management of the fund is that GEPF operates in various regions of the nine provinces of South Africa. The Provincial Offices do not operate as independent surplus centres and the corporate headquarters in Pretoria perform all financial functions for all its business units. In executing the proposed strategy GEPF must decide how much financial authority to delegate to the managers of each Provincial Office and how much decision-making latitude to give individual employer in performing their jobs. The central government must review the provincial internal financial control policy and present laws on GEPF, strengthen the democratic aspect of the provincial administration, develops appropriate systems and mechanisms for monitoring and evaluating of quality in the Province (Gerber, Nel & Van Dyk, 2004).

The study revealed that there are many challenges beside the one mentioned above that impact negatively on the decentralisation of financial management of the GEPF. These include the fear that decentralisation of financial control may lead to fiscal indiscipline, aggravate financial problem at the central government, Provincial Office spending lead to increase national spending deficit, the weak budget institution in the province undermine responsible financial behaviour and hard budget. There was lack of constraints while on the other hand provincial autonomy over expenditure and revenue decision undermined service delivery and responsible financial control.

Lastly, the study revealed that quality assurance mechanism that is the degree to which performance of a product or services in our case (Pensions administration) meets or exceeds customer expectations that are lacking in the Provincial Office in the quest to decentralise financial management system in the Province. Dimensions of convenience, reliability, responsiveness, time, assurance, courtesy and tangibles need to be addressed (Cresswell, 2012).

5.5 RECOMMENDATIONS

The proposed recommendations as presented here are based on several assumptions, from findings both from literature research and empirical research Botha (2004), which include the following:

The Provincial Office has been structured and has established a functioning PBMS.

The role of the Provincial Office staff has been transformed from that of recording and filling to that of planning, organizing, and leading, controlling and coordinating the budget including giving technical advice, guidance and support.

The Provincial Pension Office has a properly constituted financial management structure (PBFMS) Provincial based financial management structure (See Annexure C).

The Provincial Office has a well-developed internal organizational structure in the form of task teams/committees responsible for various functions and programmes (staff development, risk management, stakeholder management, health and safety, pension development, Asset management, etc) Internal audit committees, (Wohlstetter, 2012).

The Provincial Office should have functional Internal Audit Committee that is working effectively in partnership with the National Office (Swanson, 2004).

The model will consist of three main components which are linked to each other. These are the National, the Provincial and the GEPF objectives. The first two components will be represented by two main structures, NBFMS and a PBFMS. The two structures have district roles and responsibilities in the area of financial management. Despite this they join hands and work in partnership in pursuit of a common objective, namely, improved service delivery to meet administrative obligations with speed, ease, and accuracy and improve member satisfaction in the Provincial Office.

The role of the NBFMS will be to develop a provincial policy document. The policy is developed with the assistance of guidelines provided by the GEP Law adapted to the provincial content (Swanson, 2004).

According to the model, the policy encompass the following items, the national performance standards with a set of performance indicators used to gauge the Provincial Office's ability to meet standards. The National Office set goals and targets that Provincial Office have to achieve national priorities in terms of resource allocation to the province, articulation of principles of efficiency, equity, effectiveness, redress and cost-benefit analysis to be applied during provincial resource allocation decision-making process followed at National level. Accountability measured taken to secure resources against misuse and development of policies that guides resource allocation and utilisation.

The National Office has a legal mandate to provide essential high quality resources to the Provincial Office. There resources are needed to enhance the quality of service in the Provincial Office and to create conditions conducive to improved pension service delivery. The resources include materials, personnel, funding, technology, information, training and development, monitoring and evaluation.

As the model indicates, the devolution of resources to the province is preceded by providing a National Financial Management Policy document with guidelines on how to apply policy items to resource used and allocation within the Province, (PFMA, 1999), GAAP, International Financial Recording System and Treasury Regulations.

The role of the PBFMS will be divided into two distinct but complimentary parts, namely, National Financial Management Policy implementation on the one hand and Provincial Financial Management Policy implementation on the other. The PBFMS, which represents all stakeholders in the province, namely, the employers, employees, members, pensioners, beneficiaries, SARS and Unions, plays an important role in implementing the National Financial Management Policy as one of its responsibilities. This involves developing its own Provincial Financial Management Policy using guidelines provided by the National Financial Management Policy. The policy outlines processes and procedures followed in managing Provincial Office finances and responses together with the financial implications. It cover issues such as roles and responsibilities, accounting procedures, requisitioning and purchasing of resources, budgeting, monitoring procedures and control measures, reporting and other related issues.

The PBFMS communicate with other provincial based structures responsible for the management of various programmes and functions, and keeps them constantly informed about the policy provisions in order to enable them to make sound decisions.

There are four elements of the model that turn it into a possible empowerment tool for provincial-based financial management. These elements include empowerment, communication, democracy and accountability, (Botha, 2004).

Applied to the Provincial Office, the model will make the following contributions:
It facilitates the delivery of financial management information between National Office and the Provincial Office.

It aligns financial management with provincial goal oriented improvement.

It enables the National Office to allocate resources in line with the actual needs of the Provincial Office.

It enhances the decision-making power of the PBM.

It serves as a planning tool as it enables the Provincial Office and the National Office to identify areas in which support is needed. The model can serve as an important self-monitoring instrument for Provincial Based Managers.

This research can be published to the Government Departments and people who show interest in addressing the visibility of decelisation of Pension Fund in the nine provinces of South Africa.

In conclusion, the examination of the model leads to the conclusion that when the Provincial Office is given resources and power to control them and direct their use towards goal attainment, then improvement can result. The implementation of the model calls for investment in capacity building at both the national and provincial levels (Botha, 2004).

5.6. SUMMARY

In summary chapter five represent the summary of findings, conclusion and recommendations, it further revealed that there is a need for the central government of come with quality assurance mechanism to strengthen the effectiveness of financial management of GEPF in the Provincial Office.

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