

Development Bank  
of Southern Africa



# Public sector transformation in South Africa:

---

## A strategic perspective



# Public sector transformation in South Africa:

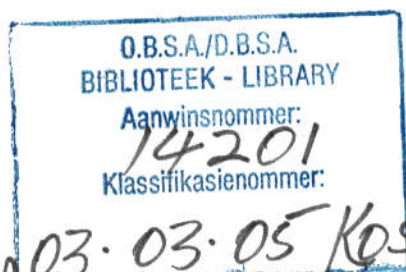
---

## A strategic perspective

Development Bank of Southern Africa  
Policy Working Papers No 7  
Discussion paper  
ISSN 1022-0127  
ISBN 1-874878-04-8

November 1993

Jan Koster  
Centre for Policy Analysis  
Development Bank of Southern Africa



Development Bank of Southern Africa



30010000219389

Price: R5

---

## **Copyright**

The Development Bank of Southern Africa hereby grants permission for copying and quoting from this document, providing it is not done for gain and that the author is acknowledged.

Order this document from:  
Development Bank of Southern Africa  
Corporate Affairs Division  
P O Box 1234  
Halfway House 1685  
South Africa  
Telephone (011) 313-3911  
Telefax (011) 313-3086

---

# Contents

<b>1. Introduction</b> .....	1
Background .....	1
Public sector transformation and the Development Bank of Southern Africa .....	1
Public sector transformation workshop.....	1
<b>2. Setting the stage</b> .....	2
Points of departure .....	2
The current position .....	2
Key result areas .....	3
<b>3. Strategic agenda for public sector transformation</b> .....	5
Strategic policy and planning.....	5
The Commission for Administration function .....	6
Community development.....	6
Capacity building .....	7
Human and financial resources .....	7
<b>4. Resolutions</b> .....	9
<b>References</b> .....	10
List of participants.....	10





# 1. Introduction

## Background

As critical evaluation of almost all facets of human life has become general, governments must increasingly adapt, come to terms with change and develop the capability for managing change. This calls for a comprehensive strategic response rather than a merely tactical one. A critical element of this strategic response is aligning the public sector with the changing environment.

The South African public sector is also increasingly under pressure and its composition, structure and capabilities are under public scrutiny. It is faced with a unique set of challenges. Firstly, it needs to continue rendering public services. However, as the task for the future is socio-economic development, it needs to reorientate itself from control to development. Secondly, as the executive arm of government it will be responsible for operationalising decisions emanating from the negotiation process. Thirdly, the public sector itself will have to change to ensure that a future South Africa does not inherit a public sector that is staffed, structured and managed according to outdated approaches and policies.

It is evident that there can be no quick solution. Rather the situation calls for a carefully considered, coherent strategy for achieving successful public sector transformation at all levels of government.

## Public sector transformation and the Development Bank of Southern Africa

The Development Bank of Southern Africa (DBSA) is much involved in economic restructuring and development and the management of economic change in South Africa. In South Africa, as in most developing countries, the public sector constitutes the largest and most important aggregation of institutions directly involved in the change process. Poor public sector management would accordingly impair socio-economic development and also the

functioning of DBSA.

During the current period of change the public sector must be transformed, specifically in its fostering of economic growth, stimulation of productive investment and employment, promotion of equity and alleviation of poverty. If transformed and strengthened in a qualitative manner, the public sector will be able to initiate, respond to and manage changes in the fluid and rapidly changing South African political and socio-economic environment. It can therefore be an engine for positive socio-economic change.

Since DBSA's major clients in South Africa and southern Africa have been government institutions, it has for some time emphasised the importance of adequate public sector capacity. It has also rendered technical assistance in establishing and improving institutional capacity. With this experience DBSA is in a position to make a valuable policy contribution to public sector transformation in South Africa with the emphasis on managing economic restructuring and development.

## Public sector transformation workshop

DBSA mobilised its own internal expertise in a two-day workshop on 19-20 August 1993. Prominent academics in the field of public management and administration were invited to participate. They are also members of the external advisory panel of DBSA's macro-institutional and public sector transformation policy programme. The purpose of the workshop was to establish a strategic agenda for public sector transformation during the transition. The workshop focused on establishing some points of departure, describing the current reality, identifying key result areas for public sector transformation and eventually establishing a strategic agenda for public sector transformation.



## 2. Setting the stage

### Points of departure

The point of departure of the workshop was an acknowledgement of the importance of the public sector in facilitating and managing the process of change. At the same time new realities required the public sector itself to change fundamentally.

According to Bekker (p2: workshop participants are listed on p10) administrative transformation in South Africa implies deliberate intervention to change the goals, structures and procedures of the bureaucracy through the use of power, authority and influence. For Mokgoro (p1) carefully designed intervention techniques for organisational development and change management are crucial to the success far reaching of administrative reforms. In the light of these requirements it is surprising that the planning of coherent public sector transformation has not already started.

Transition such as South Africa is experiencing is not normally characterised by stability and sound management (Ngutshane, p2). In such fluid political transition, it is the public sector that can provide some measure of government stability. The need for public sector transformation therefore has to be carefully weighed up against the need for continuity and stability of government, especially during the transition period. The public sector has a unique relationship to its environment. The public and private sectors together can for instance achieve the overall objectives of providing better goods and services at competitive prices and aim at improving the standard of life. Too much emphasis should therefore not be placed on the public sector to the neglect of other elements of the social system. Measures must be taken to strengthen other sectors of society at the same time.

Any strategy for public sector transformation

would be insufficient without an appropriate development paradigm (Fitzgerald, p4). The development situation must decide the appropriate public policy framework for facilitating change. Only an integral development vision will lead to sustainable institutional development.

Furthermore (Beale, pp7, 8), the existing constitutional dispensation sets certain limits on what can be achieved in the short to medium term. However, constitutional negotiations and the establishment of an interim government entail reconsideration of the general constitutional order (including fiscal relations and the assigning of functions) that will decide the roles of the various levels of government. This may lead to the vertical and horizontal assignment of functions, powers and resources appropriate to economic management and socio-economic growth and development rather than from purely political considerations. Under these boundary conditions in the transition period and beyond, policy and strategic options for institutional development extend far beyond rationalisation to fundamental public sector transformation.

This leads to considering the effect of the current reality on a possible strategic agenda for public sector transformation.

### The current position

Three major groups of issues were identified as describing current reality: fears or concerns; trends; and structures or initiatives that help or hinder efforts towards public sector transformation.

The following are some of the fears or concerns that were identified:

- the legitimacy of a future public sector for the community
- the expectations of both those currently employed in the public sector and those



- who are going to join in future under conditions of limited financial resources
- the fear of deteriorating standards
- concerns about affirmative action outcomes
- fear of loss of employment benefits (pensions in particular)
- loss of core skills from the public sector or the country at large (where a shortage of skilled and professional human resources is experienced, the labour market will become increasingly competitive as the demand for highly skilled employees rises)
- incomplete ownership of the change process
- institutional collapse
- a large, ineffective public sector.

The following trends in the current situation directly influence a strategic perspective on public sector transformation:

- fiscal constraints preventing expansion of the public sector, although constitutional negotiations were expected to provide some form of protection for most existing public sector employees at least in the interim
- a ('militant') demand for public services
- a non-payment culture in some communities
- violence
- continuance of the public sector as a major employment creator
- global trends: what should governments really do?
- declining morale of public sector employees
- self-interest versus public interest
- a loss of will and ability to govern, contributing to public sector paralysis.

The following structures or initiatives hinder public sector transformation:

- The public sector is structurally fragmented and badly co-ordinated. Development, the primary focus of a new government, currently takes place in an *ad hoc*, uncoordinated manner through a multiplicity of departments and development agencies, each with its own

- objectives and approaches. In general, there is no integrated planning, programming or budgeting.
- The composition of the public sector, especially at the level of senior management, is not representative of the South African population (Schwella, p5).
- A danger exists that elite deals could be struck in isolation. Effective involvement and communication over public sector transformation are critical.
- Accountability and motivation are declining among public sector employees, data and policy frameworks are inadequate, and time-frames for public sector transformation are unrealistic.

The following structures or initiatives assist public sector transformation:

- Development and public sector transformation are assisted by all present negotiating forums, including policy forums, the multi-party negotiating forum and the Transitional Executive Council.
- A paradigm shift from a control orientation towards development management is gradually taking place. This is especially true of current training content.
- Expertise and capacities exist that can serve the transformation.

### Key result areas

Four areas were identified in which it would be crucial, for public sector transformation, to achieve positive results:

#### *Process management*

The process of achieving a transformed public sector is at least as important as the envisaged changes. The following are some of the principles that need to be applied:

- The process should be negotiated, transparent and legitimate.
- What is required is a clearly defined and structured change management process with specified milestones to be reached.
- Public sector transformation needs to take place in the context of societal transformation.

*Environment for transformation*

Important requirements for transformation are:

- political guidelines in terms of which officials can act
- clear leadership of the transformation process
- a system of financial relations and, particularly, institutional arrangements to give effect to these relations
- suitable intergovernmental and interregional relations
- a balanced relationship between political power and society.

*Human factors*

- Public sector employees need to be informed of the process of transformation.
- There need to be clarity and consensus on the values of the new public sector.
- The public sector needs to be representative of the races and the sexes.

*Process support*

The process should be supported by:

- an envisaged future that makes sense
- identification of areas for immediate action and results
- clear roles and responsibilities for civil society, the private sector and the government
- a balanced approach to crisis management and capacity building
- action research and data collection contributing to an information-driven approach
- increased capacity in policy analysis, public management and development management.

The above points of departure, analysis of the current position and identification of potential key result areas set the stage for a strategic agenda for public sector transformation during the transition.



### 3. Strategic agenda for public sector transformation

Areas which are of strategic importance to public sector transformation in the interim period are:

#### **Strategic policy and planning**

The need for public sector capacity for strategic policy-making and planning is clear given the primary point of departure that the development situation must decide the appropriate policy framework for facilitating change. Development depends on the capacity of society to analyse, adapt, initiate and manage change. One of the root causes of the economic crisis in Africa has been the incapacity of governments to respond quickly and decisively to a rapidly changing global environment. The capacity for strategic policy-making and planning should therefore be the starting point of public sector transformation. Development of this capacity is aimed at creating a legitimate and effective process for delivering a strategic policy and plan for public sector transformation.

The present institutional environment is diffuse, unfocused, confused and lacking in the commitment and capacity to give effect to social, economic and constitutional changes. Remedial efforts being undertaken are uncoordinated, *ad hoc* and fragmented. Critical public policy issues are also too often inadequately analysed, being accorded little importance, and no timely research is done. Officials in key ministries are often inadequately trained and equipped for these tasks. This is hampering the South African government's response to the challenges posed by change.

The public sector's capability for basing effective policy-making on sound policy analysis is vital to the success of what is envisaged politically for the transition period. The capacity to analyse and

synthesise and then decide on a future course of action is vital for managing public sector transformation. This is inseparably linked to the capacity to implement the transformation policies. It is only through the actual implementation of policy that a desired course of action comes to fruition.

Notwithstanding this, there has been an intellectual paradigm shift towards development management and there are indications of a growing commitment to changing the profession of public management as bridgeheads are developing between academia and the profession, between people inside and outside the public sector and between the levels and sectors of government.

Actions should be aimed at establishing a change agent or body to manage the process of transformation, to establish a master plan for managing the process, to establish a management information system in support of managing the process, to create closer links between public sector transformation and the constitutional process, to establish resistance management procedures, to co-ordinate the creation of a new public sector through action research, organisational development and strategic management (Schwella, p6), and to develop specific strategies for the reincorporation of the homeland administrations.

Practical steps to achieve this include:

- the initiation of a situation analysis
- the establishment of an information gathering system and network
- the establishment of a co-ordinated management information system
- the creation of a public sector transformation negotiating forum about the following issues, for each of which a technical committee can be established:



- administrative law
- human resources and labour relations
- institutional and administrative reform
- budgeting and finance
- information.

### **The Commission for Administration function**

The central Commission for Administration (CFA) has been identified as one of the keys to public sector transformation. Its role and functions need to be reconsidered and appropriate institutional adjustments made for it to manage public sector transformation.

The current position indicates that CFA has become obsolete while remaining in high demand because of the need for an institution to manage public sector transformation.

Action should be aimed at:

- rationalisation and analysis of the legal framework for the various commissions for administration (national and homeland)
- fundamental reconsideration of CFA's functions
- restructuring it to make it more representative
- evaluating its training programmes and aligning its training capacity with the direction of public sector transformation
- empowering it eventually to manage the public sector transformation process; it should have constitutional power to effect administrative reform
- establishing the proper institutional arrangement for managing public sector transformation at central, regional and local level
- developing strategies for implementing change
- establishing links between the new CFA and the proposed public sector negotiating forum; the latter can assist in establishing a new public service commission.

A two-level structure to deal with public sector transformation is proposed. A Public Sector Transformation Forum will have as its primary objective the development of a

macro public sector transformation programme. A new Public Service Commission would then be responsible for the overall co-ordination and management of this transformation programme at all levels of government. It could be assisted by smaller regional commissions.

### **Community development**

Community involvement in public sector transformation is intended to create communities (coherent groupings) which are capable of and actually do carry responsibility for mobilising resources and allocating and using them effectively to realise their aspirations.

Actions to achieve this end should be aimed at building a culture of self-help and local self-reliance; building a strong civil society that would demand an effective public sector; and creating a public sector that is demand-driven and not supply-driven.

The current position indicates a historical experience of exclusion, powerlessness and marginalisation. There is also an inadequate capacity in communities to effectively influence their own development as a result of fragmentation and ignorance.

Practical steps to give effect to these aims include:

- an extensive public education programme by development agencies, governments, schools, tertiary institutions and the media
- raising awareness of principles of governance, namely accountability, transparency, effectiveness, predictability and consistency
- exposing community representatives to the functioning of all levels of government
- training of trainers in civic affairs
- acceptance of a common destiny for all South Africans
- involving community representatives in governance
- balancing the composition of all levels of government in respect of gender and race
- creating multi-dimensional planning and



- monitoring forums for accommodating local and sectoral interests
- establishing a public education programme aimed at
  - sensitising people to the need for taking responsibility for their own destiny
  - educating people on the modern state (particularly its possibilities and limitations)
  - human rights culture
- imparting practical economic knowledge to equip communities to identify and mobilise resources, plan, set priorities and budget.

### Capacity building

As a strategic element of public sector transformation, capacity building would serve to establish a capable public sector that responds to the needs of the community through service delivery.

Capacity building should be aimed at allaying the fears of public servants; preparing current outsiders for inclusion in the public sector; developing leadership; in-service training; rationalising curriculum reforms of training institutions and linking that to the public sector; and linking training institutions to the proposed public sector negotiating forum.

The current position indicates that the failure of development efforts can *inter alia* be ascribed to a lack of institutional capacity and outdated policies. Training programmes were designed for a different era and lacked an understanding of the dynamics of development. There is also very little proper communication about the process of change and a lack of co-ordination among the various training institutions.

Actions that need to be taken include:

- redefining the strategic role of the public sector
- designing relevant in-service training programmes
- redesigning and rationalising tertiary education training programmes
- encouraging organs of the civil society to

become involved

- changing the public sector ethos
- reconciling different cultures within the public sector.

### Human and financial resources

At the heart of the performance of the public sector lie the issues of the efficiency, competence and morale of its work-force. The efficient and effective management and utilisation of its human resources cannot be over-emphasised (Pelser, p1).

Immediate action is called for in the management of public sector human resources and finances to stabilise the situation in personnel growth, promotions, the restructuring of remuneration, financial commitments, management and discipline; and also to make the public sector more productive and effective. Action should be aimed at establishing financial discipline and arresting the process of unilateral restructuring.

An analysis of the current position indicates that:

- There is no alternative civil service that can totally replace the existing civil service.
- Constitutional negotiations have progressed to a stage of (at least in the interim) affirming existing civil service posts.
- Existing financial constraints make substantial expansions of the public service very difficult: emphasis will have to be placed on increased productivity and efficiency (optimal utilisation of manpower).
- The current civil service is experiencing serious legitimacy problems.
- New policy directions should be taken with awareness of the possible financial implications.

Actions that need to be taken include:

- The establishment of a development perspective on human resources in the public sector. This should be based on current trends and legal frameworks and will have to indicate the management and

financial implications for economic development if current trends continue.

- A human resources policy and strategy should be developed on the basis of this perspective and should focus on immediate short-term actions.

The human resources policy would cover especially:

- appointments
- vacant posts
- creation of new posts
- upgrading of posts
- translations
- promotions
- merit awards
- salary increases
- pension funds
- a human resources data base
- transparent communication and orientation and retraining
- sound financial management practices to ensure accountability and minimise corruption; and the possibility of centralised financial control.

## 4. Resolutions

The workshop resolved that:

- its deliberations be documented and published as a discussion paper stating the key strategic areas for public sector transformation identified by the workshop
- the discussion paper serve as a technical input into the current debate on public sector transformation
- further deliberations be concerned with
  - establishing a public sector transformation negotiating forum, with a technical committee for each of the issues of administrative law; human resources and labour relations; institutional and administrative reform; budgeting and finance; and information
  - establishing a new Public Service Commission at national level with constitutional authority to co-ordinate and manage the implementation of a transformation programme at all levels of government. Regional commissions could also be established. The relationship between the national and regional commissions will however have to be clearly defined
  - creating greater community participation in governance, and building up communities capable of and responsible for mobilising resources and allocating and utilising them effectively to realise their aspirations
  - creating a capable and responsive public sector and changing the public sector ethos through training and in-service training programmes
- stabilising current human resources in the public sector and providing macro-policy guidelines on the future mobilisation, utilisation and remuneration of these human resources.



# References

In the discussion document reference is made to inputs by participants in the workshop. The references are to discussion documents presented at the workshop by the following participants:

Beale, T	Beale and Associates
Bekker, K, Prof	University of the Orange Free State
Fitzgerald, P	University of the Witwatersrand
Mokgoro, J	University of the Western Cape
Ngutshane, E	South African Foundation for Public Management and Development
Pelser, M	Consultant
Schwella, E	Stellenbosch University
Thornhill, C, Prof	University of Pretoria
Van der Merwe, L, Dr	Centre for Innovative Leadership

## List of participants

### External advisory panel

Bekker, K, Prof	University of the Orange Free State
Fitzgerald, P	University of the Witwatersrand
Mokgoro, J	University of the Western Cape
Ngutshane, E	South African Foundation for Public Management and Development
Schwella, E, Prof	Stellenbosch University
Thornhill, C, Prof	University of Pretoria
Van der Merwe, L, Dr	Centre for Innovative Leadership

### DBSA participants

Beale, T (Consultant)
Beukes, E, Prof
De Coning, C
Koster, J
Maharajh, M
Pelser, M (Consultant)
Richter, G J
Somers, O, Dr
Swart, D
Van Niekerk, K
Van Rooyen, C J, Dr
Vink, N, Dr





